

TRANSFORMATION OF THE DEVELOPMENT AID REGIME AND THE RISE OF PRO-POOR AID: A CRITICAL INSTITUTIONAL ANALYSIS

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ABSTRACT

This study analyzes the historical transformation of the Official Development Assistance (ODA) regime from a Cold War-era geopolitical interest-driven approach to a post-Cold War paradigm centered on human welfare and poverty reduction. Focusing on the institutionalization process of Pro-Poor Aid (PPA) under the leadership of the OECD Development Assistance Committee, the research examines how the concept evolved into an operational norm and governance tool through the Creditor Reporting System (CRS) and sectoral codes. Drawing on critical theory perspectives complemented by International Regime Theory and the Capabilities Approach, the study finds that institutionalization has not fully transformed underlying power asymmetries and dependency relations. The study concludes that PPA represents a meaningful but conditional institutional achievement whose transformative potential depends on distribution-sensitive design, recipient ownership, and evidence that assistance expands the substantive capabilities of people experiencing poverty and exclusion.

Keywords: Official Development Assistance (ODA), Pro-Poor Aid (PPA), Norm institutionalization, Creditor Reporting System (CRS), International Regime Theory.

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INTRODUCTION

This study aims to analyze the historical transformation of the international development assistance regime within the framework of Official Development Assistance (ODA) and the institutionalization process of the Pro-Poor Aid (PPA) norm. The ODA regime, one of the cornerstones of international development cooperation, has experienced a radical paradigm shift in its historical evolution, especially in the post-Cold War period. The shift from a traditional approach dominated by geopolitical interests to a new model centered on humanitarian welfare, poverty reduction and the fight against inequalities has redefined the objectives, legitimacy bases and operational logic of the regime.

A concrete and analyzable manifestation of this far-reaching transformation is the institutionalization of the concept of Pro-Poor Aid within the regime led by the OECD Development Assistance Committee (DAC). PPA represents not only a technical classification, but also a normative claim about to whom aid should be provided, how it should be provided and for what purpose: Development aid should go beyond general economic growth and should lead to direct and observable improvements in the living conditions of the poor in particular (Ludi & Bird, 2008). The background to this claim is the theoretical debate on “pro-poor growth” by economists such as Kakwani and Pernia (2000), Ravallion and Chen (2003), and Kraay (2004), fundamental criticisms of the failure of traditional ODA models to target poverty (Easterly, 2006), and international political tensions arising from the South’s quest for autonomy (Malacalza, 2022).

The main focus of this paper is to analyze this normative transformation and the dynamics of the institutionalization of PPA within the regime. The specific object of scrutiny is how this concept, which took shape in theoretical debates, has been transformed by the OECD-DAC into an operational norm and a governance tool to guide donor behavior through the Creditor Reporting System (CRS) and specific sectoral codes (Education 110, Health 120, Population Policies 130, Water and Sanitation 140, Low-Cost Housing 16040). This process illustrates how complex political and normative conflicts were reduced to a practical compromise through a technical solution (sectoral classification). In order to understand this transformation, this study traces historical and institutional processes and question, in the light of critical theory perspectives (Çakmak, 2003; Escobar, 1995; Ünay, 2013; Wallerstein, 1974/2011), complemented by International Regime Theory (Keohane & Nye, 1977; Krasner, 1982; Young, 1989) and the Capabilities Approach (Nussbaum, 2011; Sen, 1999), whether the PPA has the potential to transform or reproduce power asymmetries and dependency relations.

The study is guided by three research questions: (1) How and why did the ODA regime’s stated priorities evolve from macroeconomic modernization and state-level development towards poverty reduction and human well-being? (2) Through which institutional mechanisms, especially the DAC and CRS, has the pro-poor orientation been translated into reporting categories, monitoring practices and expectations of donor behavior? (3) To what extent can this institutionalization improve aid effectiveness, and what limitations arise when sectoral classifications are treated as evidence of pro-poor outcomes? The main hypothesis is that PPA has become an important normative orientation

within the ODA regime and may improve the targeting and accountability of development cooperation, but that its institutionalization does not by itself prove that aid reaches the poorest groups or reduces inequality. This hypothesis is assessed against published evidence and refined through engagement with recent quantitative evidence demonstrating the empirical effects of PPA on inequality.

The study is limited primarily to donor-side norm-building and reporting; recipient perspectives and local implementation are not examined through primary research. Empirical effects are assessed through existing studies rather than new fieldwork or econometric estimation. The analysis focuses on the DAC-led architecture and does not offer a comprehensive comparison of all development-finance providers.

The significance of this inquiry is both theoretical and practical. Theoretically, it connects International Regime Theory, international norm dynamics and the Capabilities Approach to explain how collective standards can alter the meaning and evaluation of aid while leaving political inequalities intact. Practically, it clarifies what the CRS can establish and what it cannot establish when governments, researchers and the public assess the poverty orientation of development finance. A more precise distinction between aid's declared purpose, its sectoral destination, the people it reaches and its eventual outcomes is essential for assessing effectiveness.

SCOPE AND METHODOLOGY

In this broader process of transformation, the specific focus of the analysis is on how the concept of pro-poor growth, shaped by theoretical debates (Kakwani & Pernia, 2000; Kraay, 2004; Ravallion & Chen, 2003), has been transformed into an operational norm within the regime led by the OECD Development Assistance Committee (DAC), driven by international political tensions (Malacalza, 2022) and criticisms of traditional ODA models (Easterly, 2006). In this context, the analysis focuses on the Creditor Reporting System (CRS) and its sectoral classification codes (Education 110, Health 120, Population Policy/Reproductive Health 130, Water and Sanitation 140, Low-Cost Housing 16040) as institutional mechanisms for measuring, monitoring and shaping donor behavior.

Methodologically, this study combines a number of approaches. First, it uses qualitative process tracing to examine the historical and institutional processes underlying the normative transformation of the ODA regime from a geopolitical to a pro-poor orientation and the institutionalization of the PPA norm. In particular, this will involve systematic analysis of ODA documents, international conference outputs and relevant academic literature. This process will help explain the role of norm entrepreneurs, the norm cascade (Finnemore & Sikkink, 1998), and the stages of norm internalization.

Secondly, the study will conduct an institutional analysis. This entails focusing on the rules, norms, procedures and decision-making mechanisms (Krasner, 1982; Young, 1989) that define the ODA regime. In particular, the analysis examines how the OECD-DAC has developed its definition of ODA, measurement standards (CRS), and performance monitoring mechanisms. Studies on the institutional evolution of ODA, such as Führer (1994) and Hynes and Scott (2013), provide the basis for this analysis.

Thirdly, Critical Theory perspectives will be integrated to reveal the limits and contradictions of normative transformation. Dependency Theory (Amin, 1974), World Systems Analysis (Wallerstein, 1974/2011) and Neo-Colonial Critiques (Escobar, 1995; Çakmak, 2003; Ünay, 2013) will be utilized. This integration will provide an opportunity to interrogate the extent to which the institutionalization of the PPA norm has transformed or reproduced the fundamental power asymmetries and dependency relations between North and South. This inquiry also provides a framework for examining the tension between Lumsdaine's (1993) moral vision and Morgenthau's realist critique.

The Capabilities Approach (Nussbaum, 2011; Sen, 1999) supplies the normative criterion for asking whether interventions plausibly expand people's substantive opportunities, while critical scholarship is used to identify asymmetries in agenda-setting and implementation. The study distinguishes four analytical levels: (1) normative commitment, meaning the declared purpose of reducing poverty; (2) allocation, meaning the amount and sectoral destination of reported aid; (3) reach and distribution, meaning which groups actually receive services or resources; and (4) outcomes, meaning observable changes in capabilities, poverty or inequality. CRS data can directly inform the second level and support analysis of the first, but it cannot alone establish the third or fourth. This distinction prevents the article from equating a sector code with demonstrated poverty impact.

The analysis centers on OECD-DAC norm-making and reporting and does not systematically examine recipient-country resistance, local implementation, or multilateral development banks. It uses existing empirical studies rather than primary data or a new causal evaluation; their findings should not be generalized beyond their samples and methods. Nor does it comprehensively compare bilateral, multilateral, South-South and private providers.

THEORETICAL FRAMEWORK: INTERNATIONAL REGIMES, NORM DYNAMICS AND HUMAN CAPABILITIES

International Regime Theory

International Regime Theory provides the primary framework for analyzing the ODA system as more than the sum of individual donor decisions. Krasner (1982) defines international regimes in terms of principles, norms, rules and decision-making procedures around which actors' expectations converge. Keohane and Nye's work on complex interdependence similarly directs attention to the ways in which institutions and repeated cooperation can structure relations among states even where interests differ (Keohane & Nye, 1977). Applied to ODA, this perspective highlights how agreed definitions, eligibility rules, statistical standards, peer reviews and policy declarations help make aid flows legible and comparable across providers. Young (1989) examined the formation of international regimes in the field of natural resources and the environment, providing a conceptual basis for understanding how international norms and rules, including those of the development aid regime, take shape and function.

Regime theory does not assume that states abandon national interests or that institutional rules are neutral. Rather, it helps explain how cooperation can be organized through shared expectations and how those expectations can constrain, legitimate or redirect behavior. The analytical question is therefore not whether

aid is wholly altruistic or wholly strategic. It is how a regime develops common standards that influence the justification, allocation, reporting and assessment of aid, and how power imbalances shape whose priorities become embedded in those standards.

Norm Dynamics and Institutionalization

Finnemore and Sikkink's (1998) account of international norm dynamics offers a complementary explanation of change. Norm entrepreneurs may promote new standards; wider adoption can produce a norm cascade; and repeated use may lead to internalization. In development cooperation, poverty reduction, human development, local ownership and accountability have increasingly become criteria through which aid policies are justified. The Millennium Development Goals (MDGs), the Sustainable Development Goals (SDGs), the Paris Declaration on Aid Effectiveness (OECD, 2005) and the Busan Partnership for Effective Development Co-operation (2011) are relevant milestones in the wider institutional environment. They did not eliminate political competition, but strengthened the expectation that aid providers should demonstrate development results and responsiveness to recipient priorities.

The UNDP Human Development Index symbolized a shift from GDP-centered understandings of development towards human well-being. During the 1990s, the ODA regime began internalizing this orientation (Finnemore & Sikkink, 1998), marking a change in its principles (Krasner, 1982). The MDGs, participatory local initiatives (Wiener, 2018), the SDGs and the Paris Declaration's emphasis on ownership and accountability (OECD, 2005) strengthened the stated priority of poverty reduction over macroeconomic stability alone.

The Capabilities Approach and the Meaning of Pro-Poor Aid

The Capabilities Approach provides the article's normative foundation. Sen (1999) understands development as the expansion of people's substantive freedoms and capabilities to lead lives they have reason to value. Nussbaum (2011) similarly emphasizes central human capabilities, including bodily health, education, practical reason and participation. From this perspective, poverty is not merely low income; it also involves deprivation of the real opportunities required to live safely, participate in society and exercise agency.

This approach clarifies why aid to education, health, water and sanitation, social protection or accessible housing can be relevant to PPA. Education assistance may expand people's ability to acquire knowledge and participate in economic and civic life; primary healthcare can protect health and reduce the financial shocks associated with illness; safe water and sanitation can reduce preventable disease and time burdens; and social protection can help households withstand crises without sacrificing food, schooling or essential care. These are plausible capability-enhancing pathways, not automatic effects. The extent of benefit depends on affordability, geographic reach, service quality, discrimination, implementation and whether the poorest people can access the intervention.

A Critical Institutional Perspective

A critical perspective is retained as a test of the framework's limits, rather than as a substitute for regime theory. Dependency and post-development scholarship warns that development programs can reproduce unequal relations when

donors define priorities, impose conditions or privilege external expertise over local knowledge (Amin, 1974; Escobar, 1995; Wallerstein, 1974/2011). This critique is especially relevant where a donor-defined classification becomes the dominant account of what counts as pro-poor. Institutionalization can improve transparency while still leaving recipients with limited influence over the categories, indicators and financing decisions that govern assistance.

Dependency and post-development critiques question whether pro-poor programs can reproduce unequal relations. Escobar (1995) warns that microcredit may increase dependence on financial markets; Wallerstein (1974/2011) highlights the cultural power exercised through NGO-led assistance; and Çakmak (2003) and Ünay (2013) argue that donor conditionality and commercial interests can coexist with humanitarian objectives. These accounts expose the tension between poverty-reduction claims and the unequal power relations through which aid is designed and delivered.

TRACING THE LITERATURE ON PRO-POOR DEVELOPMENT AID

The evolving literature on development assistance reflects a fundamental transformation in the purpose and intended beneficiaries of aid. Tracing this transformation requires starting with the classic and influential work of Morgenthau (1962). In his essay “A Political Theory of Foreign Aid”, Morgenthau argues that foreign aid is essentially a political tool. For him, the ostensible “humanitarian” or “economic development” rhetoric of aid is a front for national interest and power struggle (realpolitik). Aid is a means for donor countries to gain geopolitical influence, gain allies or weaken enemies. This perspective explains why, in the context of the Cold War, early development assistance practices were largely directed towards strategically important governments and projects, not the poor of the recipient country. Morgenthau’s realist critique initiated a lasting questioning of the “real” nature of aid.

In the 1970s, Morgenthau’s political/geostrategic emphasis was challenged from the perspective of dependency theory. Chase-Dunn’s (1975) comparative study on international dependency and inequality argued that aid could increase domestic inequalities by making recipient countries even more dependent on the global capitalist system. This raised concerns that aid structurally perpetuated poverty rather than reducing it. In the late 1980s, work on international cooperation and regime theory shed light on the institutional framework of aid. Young (1989) explored the emergence of international regimes in the areas of natural resources and environmental governance, providing a conceptual framework for understanding how international norms and rules, including those governing development aid, are established and operate.

Subsequently, in the 1990s, the official history and institutional evolution of the development assistance system were documented. The history of the OECD DAC by Führer (1994) detailed the institutionalization of donor country coordination and norm-making processes, showing the emergence of a collective “aid regime” beyond the individual national interests emphasized by Morgenthau. In the early 2000s, the concept of “pro-poor growth” gained a central place in development debates. Kakwani and Pernia (2000), by defining and attempting to measure this concept, emphasized the importance of the quality (not just the quantity) of economic growth and the proportionately greater benefits that the poor derive from this growth. Following soon after, Kraay (2004) looked for empirical

evidence on when pro-poor growth occurs. This conceptual framework provided a theoretical basis for shifting the focus of development assistance towards the welfare of the poor and the reduction of inequalities. Ludi and Bird (2008) consider what this approach means for donors and how they should adapt their policies and programs to support pro-poor growth.

At the same time, fundamental criticism of aid effectiveness and objectives intensified. In his bestselling book *The White Man's Burden*, Easterly (2006) sharply criticized the failure and even damaging consequences of the West's top-down, grand design approach to aid. By drawing attention to aid's insensitivity to the real needs of recipients and market dynamics, this critique amplified Morgenthau's critique of political manipulation to include technocratic arrogance and inefficiency. Hynes and Scott (2013) have contributed to this debate by systematically reviewing the evolution of ODA, its achievements and criticisms, and suggesting ways forward.

Since the early 2000s, there has been an increase in the number of studies focusing on different dimensions of aid. Hattori (2001) reconceptualized aid from a "gift" sociology perspective, drawing attention to the power relations and symbolic meanings between donor and recipient. Carbonnier (2010) emphasized that aid is subject to ever-increasing criticism and is in search of legitimacy. Cornell (2013) empirically analyzed whether the impact of aid on democracy varies according to the regime type of the recipient country. Fukuda-Parr (2016) argued that the shift from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs) represents a significant shift in the purpose, conceptualization and politics of global goal-setting, including the multidimensionality of poverty and the emphasis on inequalities, reflecting the institutionalization of a global focus on the poor.

Furia (2015) treats foreign aid as a regime of gift-giving through which global power relations are constructed and sustained. Engberg-Pedersen (2018) examines the conditions under which norms travel in development cooperation. Lumsdaine (1993), revisiting Cold War aid, argues that moral and humanitarian motivations mattered alongside strategic interests, renewing debate over the relationship between politics and morality.

Lumsdaine (1993) emphasizes the influence of moral commitments, while dependency-oriented accounts warn that aid can reinforce unequal international economic relations (Amin, 1974; Chase-Dunn, 1975). The history of aid is therefore not a linear transition from self-interest to altruism, but a contested process in which strategic, economic, institutional and ethical motives coexist.

The post-Cold War period expanded the policy prominence of human development and poverty reduction. The Human Development Reports of the United Nations Development Programme broadened the concept of development beyond aggregate output, while the MDGs and later SDGs placed measurable social outcomes and multidimensional deprivation at the center of global agendas (United Nations, 2015). The Paris Declaration (OECD, 2005) emphasized ownership, alignment, harmonization, managing for results and mutual accountability. These commitments reinforced a shift towards justifying aid in terms of human welfare, although their implementation has remained uneven.

Pro-Poor Growth, Poverty and Distribution

The PPA debate is related to, but distinct from, the literature on pro-poor growth. Kakwani and Pernia (2000) stress whether poor people benefit proportionately more from growth, while Ravallion and Chen (2003) and Kraay (2004) examine ways to identify growth episodes associated with poverty reduction. These debates reveal an important distinction: growth may reduce absolute poverty without reducing inequality, and average income growth may coexist with the exclusion of particular communities. The design of aid should therefore be assessed against both aggregate poverty outcomes and the distribution of benefits.

Ludi and Bird (2008) translate the pro-poor growth agenda into implications for donors, while the OECD (2007) emphasizes the pace and pattern of growth, the importance of productive sectors and infrastructure, and the use of ex-ante poverty impact assessment. The resulting policy agenda is broader than allocating funds to social sectors alone. Agriculture, transport, energy, private-sector development and public institutions may also have pro-poor effects where access, affordability, employment and distribution are explicitly considered.

Aid Allocation, Effectiveness and the New Geography of Poverty

Research on aid effectiveness cautions against treating total aid as a single homogeneous input. Kharas (2007) highlights fragmentation, coordination challenges and the gap between headline aid totals and resources that can be programmed by recipient governments. Kanbur and Sumner (2012) show that the changing geography of global poverty particularly the growing share of poor people living in middle-income countries raises questions about country-income classifications as a guide to need. A country's average income does not reveal the distribution of poverty within its borders.

Empirical research also finds that the effects of aid depend on sector, context and institutional conditions. Kasuga and Morita (2018), using panel data for 34 countries over 1996–2014, report that a higher share of pro-poor aid was associated with lower inequality, while their analysis also highlights the importance of the poverty context. More recent studies underline the heterogeneity of results. Dreher et al. (2024) argue that aid effectiveness should be evaluated in relation to the different objectives and motives behind assistance rather than only through aggregate growth. Rustad et al. (2024) find that the location of aid projects and the inclusion of politically excluded groups vary by donor and sector. Maruta and Banerjee (2024) report that education aid's relationship with inequality depends on institutional quality and other contextual factors. These studies support a conditional rather than automatic account of PPA.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA) AS AN INTERNATIONAL REGIME

Official Development Assistance (ODA) is public-sector financial and technical assistance intended to promote the economic development and welfare of developing countries. Governed by the OECD Development Assistance Committee (DAC), it constitutes an institutionalized regime of shared definitions, rules, standards and monitoring. The definition agreed in 1969, often treated as a benchmark for foreign aid, supports coordination, comparability and scrutiny of donor policies.

The ODA definition took shape through negotiations among DAC members between 1969 and 1972, reflecting demands for transparency and comparability. To qualify as ODA, a transfer must: (1) come from the public sector and be reported through official channels; (2) have the promotion of recipient-country development and welfare as its primary objective; (3) be concessional, with loans meeting the DAC grant-element thresholds; and (4) benefit eligible developing countries or designated multilateral institutions on the DAC List of ODA Recipients. These criteria define both the regime's purpose and the boundaries of reportable assistance.

The DAC is at the governance center of the ODA regime and is responsible for its functioning. Its main functions include collecting comprehensive and comparable data on ODA and Other Official Flows (OOFs) from members; developing and continuously updating the definition of ODA and its eligibility rules in line with the international development agenda; regularly reviewing, reporting and publicizing member countries' aid performance (including long-term commitments such as providing 0.7% of GNI as ODA); and formulating principles and recommendations to improve aid effectiveness, coherence and contribution to development results. Beginning with the first 1969 Presidential Report, this monitoring and reporting process forms the basis of the regime's accountability mechanism, and the 0.7% target has become the symbolic and quantitative commitment of international development cooperation.

ODA can cover economic and social infrastructure and services, humanitarian assistance, eligible first-year refugee costs in donor countries, technical cooperation, capacity-building, debt relief and civilian peacebuilding activities. Eligible post-conflict activities may include infrastructure rehabilitation, demining, demobilization support and technical assistance to elections. Exclusions include military expenditure, near-market export credits serving donor commercial interests, counterterrorism, general crime prevention and direct support to security forces. Scholarships and migrant-related costs are eligible only within specific limits and conditions.

The DAC maintains the regime through data collection, definition and eligibility rules, peer reviews and public reporting on donor performance, including the long-standing 0.7% of GNI ODA target. Its standards are periodically revised to reflect changing development priorities and financing practices. ODA remains a key measure of public development finance and a reference point for monitoring progress towards the SDGs.

HISTORICAL TRANSFORMATION OF THE ODA AND THE NORMATIVE BREAK

The Official Development Assistance regime underwent a profound normative rupture as it evolved from the geopolitical conflicts of the Cold War to a global welfare-oriented model of cooperation. The traditional ODA paradigm of the Cold War era was state-centered, geopolitical interest-driven and based on large-scale infrastructure projects. The basic norms of this period included viewing aid as a tool of political-military influence of the donor country, equating development with state-led industrialization and macroeconomic growth, and considering the local dynamics of recipient countries as secondary (Riddell, 2007). The regime architecture created by institutions such as the OECD-DAC and the World Bank reinforced the North-South hierarchy through technical

expertise and resource control. From a critical theory perspective (Amin, 1974), this structure was instrumental in maintaining the dependency relationship of the “center” on the “periphery” and the neo-colonial economic order.

The normative foundations of this traditional regime have been shaken by three dynamics since the late 1980s: The end of the Cold War delegitimized geopolitical justifications; the collapse of Structural Adjustment Programs revealed that the World Bank’s neoliberal policies increased poverty; and the rise of civil society (NGOs such as Oxfam, MSF) put the ethics of humanitarian aid on the global agenda. In this process, norm entrepreneurs such as NGOs and UN agencies initiated a norm cascade by placing the “human dimension of poverty” at the center of the regime. The widespread adoption of the UNDP’s Human Development Index in the 1990s symbolized a shift in the understanding of development from GDP to human well-being.

In the period between 1990 and 2000, the ODA regime entered the norm internalization stage in Finnemore and Sikkink’s (1998) model. This transformation represents a break at the principles level of the regime (Krasner, 1982). The focus on geopolitical interests was replaced by a focus on human welfare, as seen in the UN Millennium Development Goals (MDGs, 2000); top-down projects were replaced by participatory local initiatives (Wiener, 2018), in which NGOs could also be involved; and the emphasis on macroeconomic stability was replaced by direct poverty reduction. “Sustainable human development” under the UN Sustainable Development Goals and “local ownership” and “accountability” underlined by the Paris Declaration (OECD, 2005) became the new fundamental principles of the regime.

Yet the normative shift has not removed structural inequality. Critical accounts argue that microcredit may deepen financial dependence (Escobar, 1995), NGO assistance may transmit Western-centered values (Wallerstein, 1974/2011), and conditionality may preserve donor control or intersect with commercial interests, including in health programs (Çakmak, 2003; Ünay, 2013). Humanitarian language can therefore coexist with practices that reproduce asymmetrical relations.

In this context, the transition of the ODA regime to a “pro-poor” model is not a mere norm shift but a transformation with deep contradictions. While the regime gains legitimacy by putting humanitarian welfare at the center (Finnemore & Sikkink, 1998), it continues to reproduce power asymmetries and neo-colonial patterns of relations between OECD-DAC donor states and recipient countries. This dual structure is the fundamental tension that will determine the future of ODA: The meaningfulness of normative evolution depends on a fundamental transformation of the regime grounded in critical awareness and an egalitarian understanding of global governance.

PRO-POOR AID: NORMATIVE INSTITUTIONALIZATION WITHIN THE REGIME

The international development assistance regime underwent a normative and institutional transformation in the early 2000s around the concept of pro-poor growth, moving away from the post-World War II modernization paradigm in which Western welfare states imposed technological progress, industrialization and the market economy as the universal development model. This transformation

represents not only a technical change of approach, but also a deepening process of normative institutionalization within the regime, redefining the bases of legitimacy and priorities of aid. This process has been shaped by a complex interplay of theoretical debates, international political tensions and operational needs.

The fundamental divide in the pro-poor growth debate has also set the stage for a normative conflict. The absolute approach, pioneered by Kraay (2004), sees the ultimate indicator of aid impact in the absolute reduction in the poverty rate (P0), gap (P1) or severity. This view reflects a more neutral normative position, focusing on the extent of poverty reduction rather than the distribution of its benefits. In contrast, the inequality-focused approach advocated by Kakwani and Pernia (2000) and Ravallion and Chen (2003) links the legitimacy of aid to the fact that the income growth rate of the poor exceeds the average and the income distribution improves, or at least does not worsen, in their favor. This is clearly a redistributive and egalitarian normative demand. The institutionalization of pro-poor growth within the development aid regime has faced the challenge of reconciling or prioritizing these two different and potentially conflicting normative expectations.

The process of normative institutionalization is not independent of deep tensions in the broader international development regime. As highlighted by Malacalza (2022), the process from the Bandung Conference to the Southern Commission represents a series of structural milestones in the Southern countries' quest for collective identity and autonomy against the traditional "donor-recipient" dynamics. This process exposed a fundamental mismatch between the North's modernization-oriented normative framework (emphasis on growth and macro-stability) and the South's structuralist normative perspective (transformation of unequal international relations and demand for structural justice). Even technical effectiveness initiatives, such as the Paris Declaration (OECD, 2005) and the Global Partnership for Effective Cooperation (2011), have been shaped by the competition between the OECD-DAC and the UN Development Cooperation Forum (DCF), and have reflected these deep normative differences at the institutional level. Growing criticism of the failure of traditional ODA to directly target poverty has triggered a quest to fill this normative gap.

It is precisely in the midst of these theoretical and political tensions that the concept of pro-poor aid has emerged as the crystallization of a new normative focus within the regime. As emphasized by Ludi and Bird (2008), the central normative claim of PPA is this: Development aid should not only support overall economic growth but should specifically and directly contribute to improving the living conditions of the poor. This claim points to a pragmatic synthesis that combines the poverty reduction objective of the absolute approach with the demand of the inequality-focused approach to prioritize the most disadvantaged. The Capabilities Approach helps explain the substantive logic of PPA. Its concern is not simply whether aid increases national income, but whether it expands the real opportunities available to people experiencing deprivation. This shifts attention towards the accessibility and quality of services and towards barriers faced by groups who are poor, rural, displaced, disabled, politically excluded or otherwise underserved.

The operational institutionalization of this normative framework took place through the database of the Creditor Reporting System of the OECD-DAC. The OECD's 2007 Promoting Pro-Poor Growth: Policy Guidance for Donors played a key role in this process. The Guidance proposed a sectoral categorization to make the pro-poor growth norm measurable and comparable. Five key sectors (Education 110, Health 120, Population Policies/Reproductive Health 130, Water and Sanitation 140, Low-Cost Housing 16040) were identified as having the highest potential to provide "direct benefits" to poor households, and aid to these sectors was classified as "pro-poor." By reducing deep theoretical debates and political tensions to a technical category, this operational solution created a standard of measurement and monitoring that could be adopted with broad buy-in within the regime. The CRS has become a governance tool that not only collects data but also embodies normative expectations, shaping donor resource allocation decisions and priorities.

The OECD's Promoting Pro-Poor Growth: Policy Guidance for Donors (2007) is an important policy milestone because it translates the pro-poor growth agenda into practical guidance for donor behavior, including attention to the pace and pattern of growth, infrastructure, agriculture, private-sector development and ex-ante poverty impact assessment. This guidance supports the argument that PPA institutionalization is broader than the creation of a single statistical category: it is part of a policy process that connects normative commitments with program design and assessment.

The institutionalization of PPA through the CRS reflects a degree of normative consensus within the regime. The characteristics of this institutionalization can be listed as follows:

1. It is based on a pragmatic compromise. Rather than resolving deep normative conflicts (absolute vs. relative, North vs. South perspectives), it offers a basis for practical compromise by focusing on action for concrete poverty reduction.
2. It is a technical norm. It reduces complex socio-economic processes, including how growth benefits the poor, to sectoral codes and quantitative indicators, particularly the share of aid allocated to PPA sectors.
3. The initiative is donor-driven. The definition and measurement of the norm have been largely shaped by DAC donors, with a limited role for recipient countries in defining their own poverty reduction priorities.
4. It emphasizes "direct benefits." At the heart of the norm is the claim of direct benefit, meaning visible improvements in the lives of the poor, as opposed to the macro effects of traditional ODA. This represents a fundamental normative shift in the effectiveness and legitimacy of aid.

However, the CRS should not be described as automatically certifying that a project is pro-poor simply because it is coded to education, health, population policy, water and sanitation, or housing. A purpose code primarily identifies the area a transfer is intended to support. It does not independently verify the income profile of beneficiaries, the distribution of benefits, service quality or causal impact on poverty. Nor should these five sectors be treated as a definitive, exhaustive CRS definition of PPA. The code lists and reporting directives evolve, and any empirical calculation must specify the version of the classification,

the codes included, the relevant denominator and whether commitments or disbursements are being measured.

The CRS is thus best understood as an enabling institution rather than a direct outcome measure. It makes allocations legible and comparable, but outcome claims require additional evidence: project evaluations, household or beneficiary data, poverty and inequality indicators, geographic information, and qualitative assessments of access and local ownership. A robust analysis should also distinguish commitments from actual disbursements and sector-allocable aid from flows that cannot sensibly be assigned to a specific sector. These distinctions are necessary to avoid overstating the volume or effectiveness of aid directed towards poor people.

PPA emerged from debates on pro-poor growth, North–South tensions and criticism of traditional aid. Under OECD-DAC leadership, the CRS and sectoral classifications translated this orientation into a practical reporting and governance framework. This donor-driven, pragmatic institutionalization made the claim of direct benefits to poor people a shared expectation, but did not resolve underlying power inequalities or establish that reported allocations produced pro-poor outcomes.

ILLUSTRATIVE EVIDENCE FROM THE EXISTING LITERATURE

The enclosed literature illustrates why the institutionalization of PPA through the CRS should be understood as a necessary but insufficient condition for pro-poor outcomes. A first limitation concerns the gap between reported aid flows and the resources that recipient countries can actually use for coherent poverty-reduction strategies. Kharas (2007) draws attention to the proliferation of donors and aid activities, the fragmentation of assistance and the gap between headline aid totals and resources that recipient governments can program. Even when CRS-based reporting identifies substantial commitments to sectors such as education, health, water and sanitation, these headline totals may overstate the programmable resources available to recipient governments. Standardized reporting is therefore essential for transparency and comparison, but it cannot by itself demonstrate that aid is predictable, aligned with recipient priorities, or free from the transaction costs that weaken effectiveness. This point directly qualifies the article's central claim: a sector code may make aid legible, but it does not establish that aid is usable in practice.

A second and more direct empirical illustration comes from research on the distributional effects of pro-poor aid. Kasuga and Morita (2018), using panel data for 34 countries over 1996–2014, report that a higher share of pro-poor aid was associated with lower inequality, suggesting that the composition of aid not only its total volume may matter for distributional outcomes. This finding is compatible with the article's argument that allocation towards sectors and activities capable of reaching poorer households can improve equity. Nevertheless, the result must be interpreted within the study's period, sample and model specifications. It does not show that every project in a designated sector is pro-poor, nor that sector coding alone causes inequality to decline. The evidence thus supports a conditional rather than automatic account of PPA and leads naturally to the question of who actually receives the benefits.

A third and closely related concern is inclusion and unequal access to benefits. Rustad et al. (2024), studying aid-project locations in sub-Saharan Africa, find variation across donors and sectors; health and water projects funded by the World Bank were more likely to be located in areas inhabited by politically excluded groups, while the overall pattern differed by provider and type of aid. Maruta and Banerjee (2024), using data from 65 recipient countries for 1990–2017, further find that the relationship between education aid and inequality is conditional on institutional quality and other socioeconomic factors. Taken together, these studies reinforce the article's conclusion that the sectoral composition of aid can matter, but that distributional effects depend on where projects are located, how services function, and which institutions shape access. A CRS purpose code can standardize the description of an activity, but it cannot substitute for context-sensitive design, recipient-country ownership or outcome evidence disaggregated by income, gender, geography and political inclusion.

FINDINGS AND DISCUSSION

Taken together, the evidence supports three conclusions. First, the ODA regime has developed a stronger normative commitment to poverty reduction and human well-being, although strategic interests and structural inequalities remain. Second, the DAC and CRS have helped institutionalize this orientation by making aid activities more standardized, comparable and open to scrutiny. Third, neither policy declarations nor sectoral reporting codes establish that assistance has reached the poorest or improved their capabilities. The most defensible interpretation is therefore that PPA is a meaningful but incomplete institutional achievement whose effectiveness depends on distribution-sensitive implementation and independent outcome evidence.

The findings refine the hypothesis in two ways. They support the claim that PPA can provide a basis for redefining development cooperation around the question of who benefits, not only how much aid is transferred or how quickly national output grows. They also qualify the claim that the regime has shifted decisively from national interest to humanitarian purpose. Normative change is better understood as layering: poverty reduction and human development have become more institutionalized alongside, rather than instead of, geopolitical, commercial and diplomatic considerations.

International Regime Theory explains how shared rules and statistical routines can shape conduct without eliminating conflict. The CRS is important because it gives practical form to collective expectations and allows aid allocation to be examined across time and providers. Yet the categories used in a reporting system are not politically neutral. Donors and institutions with greater technical and financial capacity often have greater influence over definitions and standards. Recipient-country ownership therefore requires more than consultation: recipient institutions and affected communities should help define priorities, interpret data and assess results.

The Capabilities Approach adds a substantive test for the pro-poor norm. It asks whether aid expands the real freedoms of disadvantaged people, rather than assuming that the financing of a relevant sector necessarily does so. For this reason, an adequate PPA assessment should combine financial inputs with measures of access, quality and distribution. Examples include school attendance and learning outcomes among low-income children; out-of-pocket health costs

and geographic access to care; household access to safe water; and the coverage, adequacy and continuity of social protection. Where possible, such indicators should be disaggregated by income, gender, disability, location and political or social exclusion.

A further implication concerns aid effectiveness. Aid volumes alone are an incomplete measure of effort, while sectoral allocations alone are an incomplete measure of results. Evaluations should examine the interaction between need, institutional capacity, implementation quality and monitoring. They should also recognize that an intervention may produce benefits at the project level without generating measurable macroeconomic change in the short term. This calls for mixed-method evaluation and realistic causal claims, not the abandonment of quantitative measurement.

The critical perspective further underscores that the institutionalization of PPA through the CRS, while enhancing transparency and comparability, has not fundamentally altered the structural power asymmetries between North and South. The “thin consensus” that characterizes this institutionalization reflects a pragmatic compromise that reduces deep theoretical and political conflicts to technical categories. As de Soysa et al. (2024) point out, it remains an open empirical question whether the resources allocated to PPA sectors have led to tangible improvements in poverty indicators. The risk of reproducing dependency relations, limited recipient country autonomy, and the potential gap between normative claims and operational outcomes persist as fundamental challenges.

CONCLUSION AND POLICY IMPLICATIONS

This study analyzes the profound normative transformation of the ODA regime in the post-Cold War era and the institutionalization of the pro-poor aid norm as a concrete manifestation of this transformation. The study reveals how ODA has evolved from a traditional paradigm centered on geopolitical interests to a new model centered on human welfare and poverty reduction. This radical shift has profoundly redefined the objectives, priorities and legitimacy bases of international development cooperation.

A number of dynamics lie behind this normative break. The end of the Cold War greatly weakened the geopolitical rationale for aid. Growing criticism of the social costs of Structural Adjustment Programs has led to a questioning of existing models. On the other hand, the humanitarian ethics that civil society actors brought to the global agenda provided a new ground for legitimacy. In line with Finnemore and Sikkink's (1998) “norm cascade” model, norm entrepreneurs triggered a process of internalization by placing the human dimension of poverty at the center of the regime. This evolution, embodied in the UNDP's Human Development Index, the UN Millennium Development Goals and eventually the Sustainable Development Goals, expanded the understanding of development from pure macroeconomic growth to a more inclusive framework focused on human well-being and reducing inequalities. The principles of “local ownership” and “accountability” emphasized in the Paris Declaration (OECD, 2005) have formed the cornerstones of this new normative framework.

PPA draws on debates about whether growth should be judged by absolute poverty reduction or by improvements in the relative position of poorer groups

(Kakwani & Pernia, 2000; Kraay, 2004; Ravallion & Chen, 2003). North–South tensions (Malacalza, 2022) and criticism of traditional ODA (Easterly, 2006) further shaped the norm that aid should contribute directly to poor people’s welfare (Ludi & Bird, 2008). The OECD-DAC operationalized this claim through the CRS and sectoral codes, which made allocations more comparable and influenced donor priorities.

On the other hand, the nature and limitations of this institutionalization of the PPA through the CRS should be carefully examined. This institutionalization can be seen as a pragmatic compromise and a donor-driven technical norm that reduces deep theoretical conflicts (absolute vs. relative) and political tensions (North–South) to a technical category. It reduced complex socio-economic processes to sectoral codes and quantitative indicators. More importantly, there is a marked limitation in transforming the structural power asymmetries that lie at the core of the regime. As studies such as de Soysa et al. (2024) point out, it remains an open empirical question whether the resources allocated to PPA sectors have led to tangible improvements in poverty indicators.

The CRS is central to this process. Its activity-level data, purpose codes and reporting standards improve comparability and transparency and provide a basis for monitoring allocation patterns (OECD, 2024). The OECD’s 2007 pro-poor growth guidance links these reporting practices to a broader policy agenda, including poverty impact assessment and attention to the pattern as well as the pace of growth. However, the analysis also shows that a CRS purpose code is not proof of beneficiary incidence or impact. PPA should be treated as an institutionalized orientation that requires outcome verification, not as an automatic label of success.

The enclosed cases illustrate the point. Aid fragmentation can limit the resources available for coherent programs; poverty within middle-income countries complicates country-income targeting; empirical research suggests that pro-poor aid may be associated with lower inequality under particular conditions; and pandemic-era social protection underscores the importance of continuity and resilience. Recent research on political exclusion and education aid further indicates that outcomes depend on location, institutions and access. Together, these findings favor a conditional and empirically grounded assessment of PPA.

Consequently, the normative transformation of the ODA regime and the rise of PPA represent a significant advance in shifting the basis of legitimacy of development assistance towards human well-being and poverty reduction. The operationalization of PPA through institutional mechanisms such as the CRS has had a tangible impact in shaping donor behavior and setting priorities in resource allocation. However, this model of “thin consensus” and technical institutionalization have not eliminated the fundamental problems inherent in the regime: deep power asymmetries between North and South, the risk of reproducing dependency relations, limited recipient-country autonomy, and the potential gap between normative claims and operational outcomes.

Four policy implications follow. First, CRS reporting should be complemented by transparent indicators of beneficiary reach, distribution and outcomes. Second, donor and recipient institutions should use ex-ante poverty and distributional impact assessments in program design and ex-post evaluations to test whether intended benefits materialize. Third, recipient-country ownership

and participation by affected communities should be strengthened in priority-setting and evaluation, reducing the risk that donor-defined classifications displace local understandings of poverty. Fourth, aid effectiveness assessments should distinguish commitments from disbursements, sector-allocable resources from non-sectoral flows, and sectoral purpose from verified impact.

PPA can strengthen the legitimacy and potential effectiveness of development cooperation, but its transformative effect remains conditional. A genuinely pro-poor regime requires more than classification and reporting: it needs equitable access, accountable institutions, recipient agency and evidence that assistance expands the capabilities of people experiencing poverty and exclusion. This in turn requires greater attention to local contexts and a less donor-centered approach to global governance.

Ethical Commission Approval

This study did not require approval from an ethics committee as it did not involve human participants, animals, or sensitive personal data. All data used in this research were obtained from publicly available sources.

Conflict of Interest Statement

There is no conflict of interest with any institution or person within the scope of this study.

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