

The International Development Assistance Regime: From Poverty Reduction to the SDGs

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This paper investigates what kind of international development assistance regime was in place before it was superseded by the Sustainable Development Goals (SDGs). The paper identifies that regime as one of “poverty reduction,” which was maintained by soft laws, peer pressure and peer reviews, and institutionalization by the major donors. It finds that the “poverty reduction regime” was internationally agreed-upon and established, and had highest acceptance among certain Sub-Saharan African, South and Southeast Asian, and Central and South American low-income, high-aid dependency countries. Relatedly, there was considerable overlap of these recipients with the Nordic Plus donor group’s focus countries. However, it was found that among countries with a high degree of affiliation with the regime, actual results were low compared to less-receptive countries. Finally, this paper suggests that in order to consider the establishment of an appropriate international development assistance system in the SDG era, and to promote the development of the recipients concerned, it is necessary to develop measures to maximize the roles of various actors and to build a platform where various actors can effectively cooperate together, in the same way that “the Paris declaration on aid effectiveness” played its role in the “Poverty Reduction Regime”.

Keywords: Aid effectiveness, Soft laws, Poverty reduction, Regime, MDGs, SDGs

Received August 21, 2020

Accepted November 27, 2020

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INTRODUCTION

The current development agenda of the international community has transitioned from the “Millennium Development Goals” (MDGs) adopted in September 2000 to the “Transforming Our World: the 2030 Agenda for Sustainable Development” (UNSD, 2016) endorsed by the United Nations (UN) General Assembly in September 2015. These Sustainable Development Goals (SDGs) have vowed to “leave no one behind,” and they have come to be shared not only by developing countries, but throughout the world. The SDGs included 17 goals and 169 targets, but the concrete role of the international development assistance system to help achieve these goals remains unclear. Therefore, it is crucial to examine what kind of international development system was in place before it was taken over by the SDGs in order to seek for a new international development assistance system under the SDGs.

Since poverty is a universal problem within the international community the United Nations adopted the MDGs, which deemed poverty reduction to be the highest goal of international development assistance. Poverty here refers to so-called absolute poverty, and is mainly used to understand the poverty status of developing countries. The International Poverty Line agreed by the MDGs is \$1.25 a day. People living on less than this in-

come and expenditure are recognized as poor. The merit of using this is that it is possible to compare the poverty rates between nations. The goal of poverty reduction in the MDGs aims to halve the number of absolute poor by 2015.

Toward the realization of these goals, the Paris Declaration on Aid Effectiveness was adopted at the Development Assistance Committee (DAC) High Level Forum in March 2005. The various measures contained in this declaration were considered to form the basis of a coherent “poverty reduction regime”. However, achievement in the reduction of poverty differed from region to region, with progress in Sub-Saharan Africa and South Asia slow, and not showing the kind of achievement expected by the international community¹.

Hence, the question arises as to whether there are problems with the “poverty reduction regime” itself, or if the regime has not been thoroughly implemented. Clarifying this has significant implications for the new international development assistance system emerging under the SDGs. Therefore, this paper will analyze the “poverty reduction regime” to verify what kind of international development assistance regime the SDGs are replacing. Accordingly, this paper focuses on the “poverty reduction regime” as consisting of the MDGs and “the Paris declaration on aid effectiveness” from 2000 to 2010. As will be discussed below, even if the position is taken that regimes are constructed within the field of international development assistance (Inada, 2004; Yanagihara, 2008, etc.), and previous studies such as Lumsdaine (1993) extracted trends of increased foreign aid in relation to GNP, to my knowledge there has not been a post-Cold War study that has analyzed this issue through the lens of international regimes.

The remainder of this paper is organized as follows. First, the following Section 2 will discuss regimes and the categorization of international development assistance as a regime. Section 3 will explain the emergence of the regime through providing a background to the Paris Declaration. Section 4 examines regime governance through soft laws and peer pressure, which provide the supporting mechanisms of the regime. On this basis, Section 5 will clarify the status of the institutionalization of “poverty reduction regime” by the major donors: World Bank/IMF, the Nordic Plus, the EU, the US and Japan. Section 6 will analyze the degree of acceptance of “poverty reduction regime” by developing countries. Section 7 will then analyze the relationship between the acceptance of “poverty reduction regime” and the reduction of poverty. The final section provides a discussion of the conclusions and implications.

POVERTY REDUCTION AS AN “INTERNATIONAL REGIME”

Regimes have various definitions. For example, Puchala and Hopkins (1982, pp. 246-247) hold the view that “international regimes are a subjective concept, which exists everywhere that there is a recognizable pattern to activities”. Young (1982, pp. 277-279) also stated that “international regimes are the convergence of expected activities and the practice of recognized patterns”. However, from the 1980s the question of regime theory shifted from whether or not a regime exists to the impact of national actions on regimes, where regimes were redefined as “a system of explicit rules negotiated between nations”, moving away from an emphasis on action (Ogawa, 2011, p. 7).

However, official development assistance has not generally been captured by trade or currency “systems” or

¹According to “The Millennium Development Goals Report 2015,” the number of people living in extreme poverty (living on less than US\$1.25 a day) has dropped by more than half, from 1.9 billion (1990) to 836 million (2015). However, approximately 80% of people in extreme poverty live in South Asia or Sub-Saharan Africa and nearly 90% of low birth weight children live in South Asia or Sub-Saharan Africa. The net primary school enrollment rate in developing countries increased from 80% (1990) to 91% (2015), and of the 57 million people who do not attend primary school, 33 million live in Sub-Saharan Africa. In more than two-thirds of developing countries, the gender gap in primary school enrollment has been eliminated. Of the developing countries where the gender gap in primary school enrollment has not been closed, 56% are in Sub-Saharan Africa. Looking at the annual number of deaths under the age of 5 (2015) by region, Sub-Saharan Africa has the highest number of deaths, with 3 million, followed by South Asia with 1.8 million. Maternal mortality decreased from 380 per 100,000 (1990) to 210 (2013) (a decrease of 45%); however, maternal mortality is concentrated in Sub-Saharan Africa and South Asia, accounting for 86% of the world total in 2013.

“regimes” (Inada, 2004), due at least in part to the history of aid being determined on a case by case basis by individual donors, based on specific circumstances and interests. Nevertheless, Lumsdaine (1993) conducted a statistical analysis of foreign aid data for DAC countries, and found that from 1970, DAC countries exhibited clear trends in foreign aid, which arguably show that a foreign aid regime was in place with respect to the common direction of DAC countries. These trends were as follows:

- 1) increase in foreign aid relative to GNP;
- 2) increase in aid which is not restricted to special or exclusive relationships;
- 3) an increase in aid delivered through international organizations;
- 4) reduction in the provision of aid with concessional conditions and tied aid; and,
- 5) increase in aid to impoverished countries.

Due to the varied definitions of international regime, there is a split in the field of international development assistance on the question of whether this pattern means a regime has been constructed (Inada, 2004; Yanagihara, 2008), or whether this is simply a “pseudo-regime” without any effect (Ogawa, 2011). The point of focus is whether the rules of the regime have binding force, and whether there is a mechanism to enforce this. Ogawa (2011, p. 8) argues that the field of international development assistance has no numerical targets or binding force, which represent the degree of (in-)effectiveness.

In this paper, the common-denominator definition of Krasner is used, which defines regimes as containing patterned activities, and not necessarily explicit systems. In other words, regimes are “a set of principles, standards, rules and decision-making procedures where the expectations of actors in a certain area converge”, which may include “a system of explicit rules negotiated between nations” (Krasner, 1983, p. 1). Arguably, the “certain area” discussed by Krasner is “development assistance” for developing countries, and the “set of principles, standards and rules where the expectations of actors converge” are the code of conduct between members developed by DAC donors, as well as the “development targets” and “concessionality principles” developed as minimum requirements for ODA (OECD, 2006, p. 16). The “principles, standards and rules” in relation to “poverty reduction” are the eight goals and numerical targets set for achievement by the MDGs, agreed to by the United Nations in 2000. The means of achieving these are the five principles and twelve indices for improving the effectiveness of aid as set out in the Paris Declaration on Aid Effectiveness², which is “a practical, action-oriented roadmap to improve the quality of aid and its impact on development” (The Paris Declaration, 2005). The Paris declaration aimed to achieve better development outcomes through improving foreign aid quality. “Poverty reduction” has both clear goals and standards of conduct and thus can be seen to have the minimum elements required to construct a regime. Now, I will clarify what kind of issues the Paris Declaration tried to address in order to improve the quality of aid as a standard of conduct for embodying the MDGs.

ORIGINS OF THE POVERTY REDUCTION REGIME: BACKGROUND TO THE PARIS DECLARATION

In recent decades, several important areas of focus have emerged in the development assistance discourse. There are two papers that have influenced the policies of the donor community in terms of a greater emphasis on good governance. One is the Dollar and Kraay paper (Dollar and Kraay, 2001) and the other is “Assessing Aid” (World Bank, 1998). Dollar and Kraay examined empirically the causality between economic growth and poverty reduction, emphasizing the importance of sound economic policy and good governance on the part of the recipient in making aid effective. The paper sparked an influential and sometimes heated debate on the role

²The five principles are: 1) developing country led (“ownership”), formation of Poverty Reduction Strategy Papers (PRSP) in cooperation with stakeholders, medium-term expenditure frameworks (MTEF), and sector programs etc., as development strategies for the achievement of MDGs; 2) assistance provided in “alignment” to leverage country systems which improve the predictability of development assistance; 3) “harmonization” of procedures and evaluation; 4) “performance management”; and 5) “accountability” with specific numerical targets based on these five principles.

of good governance³. “Assessing Aid” was part of the “World Bank Policy Research Report” announced in 1998, and had a major impact on spurring greater “selection and concentration” and the introduction of budget support⁴. This report focused on two issues. One was to set out the validity of strengthening the systems and policies of low-income countries with good policy environments and sound economic management, and supporting the policy efforts of reformers. The other was a discussion that a transformation from traditional “project aid” was necessary and developed an argument on the problems of fungibility. With project aid, as with budget support, no matter how well conceived a project may be, as long as the uses of finances are not thoroughly checked there exists the possibility of wasteful expenses. Also, an issue of fungibility is that recipient governments can substitute international funds for domestic funds, freeing up their use elsewhere, not necessarily for pro-development purposes. As a result, rather than contributing to the development of the country overall, there is a possibility of aid actually having a negative effect (Lu et al., 2010). Therefore, there was a perceived need to transition from providing project aid to budget support. In acceptance of this concept, major donors, including the Nordic Plus countries, have moved rapidly to implement “selection and concentration” for assistance as well as budget support.

As detailed in Furukawa (2020), another main issue in this respect was aid fragmentation⁵, which causes a heavy burden on many of the recipient countries and a strain on governments (see for example Frot and Santiso, 2010; Kharas, 2007). This phenomenon of aid fragmentation had been reported in Kenya, Zambia, Tanzania, Vietnam, Cambodia and so forth (van de Walle and Johnston, 1996; Roodman, 2006). And, various responses to aid fragmentation had been carried out by DAC donors, especially the Nordic Plus (Nordic countries, Ireland, Netherlands and United Kingdom)⁶, the EU and the World Bank in the 1990s.

Two papers have had a great influence on the effort to overcome aid fragmentation: The Harrold Report discussion paper (Harrold and Associates, 1995), and the Helleiner Report (Helleiner et al., 1995), both released in 1995. These papers have had a great influence on donors by extracting the problems raised in aid fragmentation, presenting measures for the problems, and providing concrete blueprints for putting those measures into practice. The Harrold Report was part of a survey conducted to help determine how the World Bank could expand development lending in Sub-Saharan Africa into the future. It took into account the concerns of the World Bank after the end of the Cold War to find more effective ways to give aid, following criticisms of the negative impact of its structural adjustment policies on low income countries including in Sub-Saharan Africa. The report popularized “Sector Investment Programs” (SIPs) as “operational tools for implementing a broad sector approach to investment lending.” After that, the report proposed a new business model for the “what, why, and how to implement” in order to explore a sector approach for project formation and implementation by overcoming “aid fragmentation” (Harrold and Associates, 1995). On the other hand, in Tanzania, there was frustration among OECD/DAC donors because development assistance did not work as expected as well as perceived corruption⁷. For its part, the report led by Gerald Helleiner reviewed development assistance up to that point, highlighting and gaining recognition for the problematic role of aid fragmentation⁸.

Both reports highlighted the following negative effects of aid fragmentation: the

- 1) negative impact on development plans;
- 2) problems of managing donor assistance, securing recurrent expenses and appropriate technology;

³I thank a reviewer for this point.

⁴Budget support refers to donor funds that are disbursed through the recipient government’s own financial management system rather than being earmarked for specific uses.

⁵Aid fragmentation is where large numbers of fragmented and non-coordinated donor projects are carried out using procedures that vary from donor to donor, imposing high transaction costs on recipients (Roodman, 2006).

⁶This initiative, drawn from Director level discussions by Nordic countries (Denmark, Finland, Norway and Sweden) up to 2002, was expanded to include Ireland, the Netherlands and the United Kingdom and named the Nordic Plus from 2002 (Author interview with SIDA, February 28th, 2008).

⁷I thank a reviewer for this point.

⁸I thank a reviewer for this point.

- 3) increasing transaction costs;
- 4) adverse effects on organizations due to the implementation and operation of projects in parallel with organizations in developing countries; and
- 5) limited effect on development and hindering sustainability (Harrold and Associates, 1995, pp. 3-5).

In order to overcome aid fragmentation in Tanzania, a sector-wide approach (SWAp)⁹ was introduced based on the Helleiner report. SWAp consists of, under the initiative of the Government of Tanzania, formulating development plans for the sector and its budgets, implementing, managing, monitoring and evaluating the plans in collaboration with all stakeholders.

Since the mid-1990s, SWAp has been rapidly introduced mainly by the World Bank and the Nordic Plus. In 1994, a workshop on new forms of program assistance was held in Harare, the capital of Zimbabwe. In the same year, the Danish International Development Agency (DANIDA) published the New Sector Program Support (SPS) Strategy in line with “A Developing World” and the “Guidelines for Sector Program Support”. Similarly, in 1995, the Swedish International Development Cooperation Agency’s (SIDA) policy paper on sector program support was published, and the Dutch Ministry of Foreign Affairs issued guidelines for sector budget support. In the same year, the concept of sector development programs was introduced at the EU Secretariat meeting. At the same time, in the Special Assistance Program for Africa (SPA), which discusses the balance of payments assistance and Africa’s assistance, it was agreed among the participating donors that they would be fully incorporated into SWAp. As a result, SWAp has become the center of aid approaches in the World Bank, the Nordic Plus, the EU and others.

Furthermore, with the introduction of Poverty Reduction Strategy Papers (PRSP)¹⁰ in 1999, that approach has been applied to development in general across sectors as a national plan. Tanzania is an illustrative example¹¹. With the introduction of PRSP, the common development plan of the Tanzanian government and donors were unified into PRSP, and the aid effectiveness agreed in the “Paris Declaration” were locally adopted before the actual agreement and ahead of other countries. In this process, general budget support (GBS) became the most preferred aid modality, then sector budget support, common basket funds (CBF), and finally projects, respectively. When SWAp was introduced, CBF was adopted from project type assistance to reduce transaction costs. Then the preference moved to sector budget support from CBF to further reduce transaction costs. Eventually, GBS was introduced along with the introduction of PRSP. In 2006, the Joint Assistance Strategy for Tanzania (JAST) was approved by the Parliament in order to clarify and bind the efforts of aid effectiveness in Tanzania. JAST regulated the ideal way of development assistance in Tanzania. Such movements were also seen in Uganda, Zambia, Kenya and so forth.

In this way, there was a progressive expansion to overcome aid fragmentation from the initial introduction of SWAp to a PRSP approach and budget support. According to IDD and Associates (2006, S1), GBS has contributed to better harmonization and greater policy alignment through donor coordination, to increases in pro-poor expenditures, and to the enhancement of the partner government’s discretion by increasing the on-budget aid and reducing the scope of earmarked assistance. In summary, GBS was accepted as the new aid modality which has made positive contributions to aid effectiveness. Table 1 shows average GBS over all recipient-countries and Figure 1 shows the trend of GBS up to the Paris declaration period.

The heavily indebted poor countries (HIPC) Initiative further accelerated the introduction of PRSPs in developed countries. The HIPC Initiative was initiated by the International Monetary Fund (IMF) and the World

⁹This approach was initially called Sector Program Support, but from the late 90s it has been called SWAp, and since 2000 it has also been called Program-based approach (PBA).

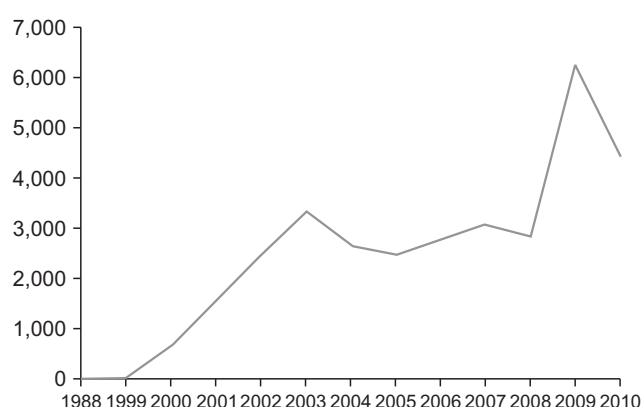
¹⁰Poverty Reduction Strategy Papers (PRSPs) are prepared by member countries through a participatory process involving domestic stakeholders and development partners, including the World Bank and the International Monetary Fund. Updated every three years with progress reports, PRSPs describe a country’s macroeconomic, structural, and social policies and programs over a three-year horizon or longer, to promote broad-based growth and reduce poverty, while also covering associated external financing needs and major sources of financing. See: <http://www.imf.org/external/np/prsp/prsp.aspx>

¹¹I thank a reviewer for this point.

Table 1. Average general budget support over all recipient-countries (millions, US\$)

Year	Number of recipients	Average	Min.	Max.
1998	3	2.9	0.0	4.8
1999	2	6.9	4.7	9.1
2000	32	20.8	2.3	68.5
2001	44	36.0	0.2	145.0
2002	43	57.3	1.5	543.6
2003	50	66.5	0.0	829.5
2004	48	55.2	0.0	293.5
2005	47	52.7	0.1	363.9
2006	57	48.3	0.0	372.0
2007	52	59.2	0.0	559.2
2008	38	74.9	0.7	468.2
2009	63	99.6	0.6	898.5
2010	61	72.5	0.5	451.5

Source: Estimated from DAC CRS by the author.

**Fig. 1.** ODA provided as general budget support (in millions of US dollars). Source: Estimated from DAC CRS by the author.

Bank in 1996 as a mechanism to provide debt relief and low-interest loans to cancel or reduce external debt repayments to sustainable levels. Since preparation of a PRSP is an entry criterion for debt relief under the HIPC Initiative, and is also an eligibility criterion for concessional lending from the International Development Association (IDA) of the World Bank and the Poverty Reduction Growth Facility (PRGF) programme of the IMF (Christiansen and Hovland, 2003), a large number of countries fostered PRSP formulation.

The above mentioned effort of aid effectiveness led to the Monterrey Consensus (2002)¹², the Declaration on Harmonization in Rome (2003)¹³, and the Marrakech Roundtable on Managing for Development Results (2004).

¹²At the Monterrey meeting, efforts to achieve the MDGs, increased aid funding, “8 items for aid effectiveness”, etc. were agreed. The “8 items for aid effectiveness” include the introduction of development strategies such as PRSP, harmonization, un-tied aid, aid absorptive capacity, support for improving property management and promoting the effective use of local technical cooperation, focusing on strengthening the administrative and financial capacity, etc.

¹³The points adopted as desirable aid approaches and forms for improving aid effectiveness at the High-Level Forum on Harmonization in Rome were: 1) implementation of program-based approach, 2) introduction of new forms of aid such as budget support and pooled funds, 3) harmonization of aid procedures (between donors, donors / developing countries) and simplification, 4) improvement of donor-side aid predictability, and 5) development results management, SWAp and budget support.

The process came to fruition in the Paris Declaration in 2005. Then, the Paris Declaration has been updated through the Accra Agenda on Action (2008) and the Busan Principles (2011).

REGIME GOVERNANCE: SOFT LAWS AND PEER PRESSURE

The next question is whether the “poverty reduction regime” has binding force, or whether it is simply a “pseudo-regime” as described by Ogawa (2011). International development assistance regimes certainly cannot be said to be legally binding, and there are no governing treaties. Most of the standards which have been developed within the field of development assistance can be characterized as soft laws¹⁴ (Paulo and Reisen, 2010). The benefit of soft laws is that they are able to handle uncertain and multi-faceted situations where legally binding hard laws would likely fail (Paulo and Reisen, 2010). For example, they are able to help manage situations in which the differing interests of members has resulted in an impasse (Schäfer, 2006). OECD/DAC donors, who play a pivotal role in development assistance, have a variety of interests, and it is possible that rules with penalties applied to them could limit their participation. In comparison, soft laws allow the continued participation of members with a variety of structures, having non-heterogeneous values and interests promoting action along a set of standards, and for this reason they are often used in fields such as international development assistance.

In addition to soft laws, the OECD/DAC soft governance model is supported by peer review¹⁵ (Paulo and Reisen, 2010, p. 543). One of the important features of this peer review is the monitoring and strengthening of compliance by each country of the policies, standards and rules which have been internationally agreed. Unlike traditional enforcement mechanisms such as using sanctions and so on, the system has “soft enforcement” through non-binding final reports and recommendations (Pagani, 2002, p. 16). The (peer) pressure exerted by contemporaries within this process is defined by Pagani (2002, p. 16) as the “influence and convincing power exerted by peers as part of the peer review process”. In other words, through mutual influence and persuasion the validity of each other’s claims is enhanced, and their own legitimacy is reflected in the rules. Peer review mechanisms have also been developed for “poverty reduction” in order to improve the binding force of internationally agreed MDGs and “measures to improve aid effectiveness”.

In this way, “poverty reduction regime” has become a system which is maintained by soft laws, peer pressure and peer reviews. Thus, the strength of the relationship between donors influences the trends of the regime.

INSTITUTIONALIZATION OF THE “POVERTY REDUCTION REGIME”

This section will examine the state of institutionalization of the “poverty reduction regime” by the major donors. In order to do this, the state of poverty reduction aid policies and “measures to improve aid effectiveness” of major donors shall be analyzed. In addition, “the view that increased budgets increase the effectiveness of international standards” (Ogawa, 2011, p. 17) could be a criterion. Therefore, budgets will be examined. In order to make this analysis, I will first examine the World Bank/IMF, EU and Nordic Plus, which are said to have a major influence on the formation of “poverty reduction regime”. Then the United States and Japan will be mentioned, who have been considered reluctant in “measures to improve aid effectiveness” (see Knack and Eubank, 2009). Before looking at the institutionalization status of these donors, since one of the core characteristics of efforts to improve the aid effectiveness is to utilize the country system of developing countries, the use of partner-

¹⁴According to Schäfer (2006, p.2), soft laws are “rules for acts that use measures which may create a substantial impact, or may, for the purpose of having a substantial impact have certain (indirect) legal effect without being legally binding”. In addition, Cosma and Whish (2003, p.29) stated that the three elements of soft laws are 1) the setting of mainly “rules of behavior”; 2) given that these rules are not legally binding, they do not, in the strict sense, produce legal obligations; and 3) signatories to soft laws feel an obligation to comply, and cannot simply behave as if there are no rules.

¹⁵In the context of the OECD, peer reviews are defined as “the systematic evaluation and verification of the performance of target countries by another country, where the reviewing country has the ultimate goal of assisting in compliance with established standards and principles, the adoption of best practice, and the improvement of policies” (Pagani, 2002, p. 15).

country Public Financial Management (PFM) systems (%) and use of partner-country procurement systems (%) are shown in Table 2. As can be seen from the table, the Nordic Plus countries and the World Bank are more actively working to improve aid effectiveness. On the other hand, it can be seen that Japan and the United States are more reluctant to use developing countries' systems.

IMF/World Bank

In a speech to the IMF/World Bank General Assembly in September 1999, World Bank President Wolfensohn stated the Bank's determination to continue to work with United Nations agencies and other regional international financing agencies, as well as bilateral donors and civil society, to eradicate poverty and improve aid effectiveness (Wolfensohn, 1999). In addition, IMF Managing Director Camdessus declared that the IMF must achieve the goal of reducing poverty. Based on this view, the name of IMF's Enhanced Structural Adjustment Facility (ESAF) was changed to "Poverty Reduction and Growth Facility (PRGF) (World Bank, 2004). At the same time, it was announced that in place of the Policy Framework Paper developed in cooperation with the World Bank, PRSPs would now be created. In addition, at the IMF/World Bank General Assembly in September

Table 2. Percentage use of partner-country PFM systems and procurement systems (%) (2007)

Donor	Use of PFM systems (%)	Use of Procurement systems (%)
Ireland	82	67
United Kingdom	61	60
Finland	56	59
World Bank	55	59
Netherlands	55	58
Denmark	52	57
Italy	51	55
Sweden	50	54
France	44	47
Korea	44	46
Belgium	44	45
Norway	43	44
Germany	43	42
Spain	42	41
Greece	42	41
EU Institutions	40	40
Canada	37	39
Switzerland	34	37
Australia	33	37
Austria	33	36
Japan	25	27
New Zealand	16	21
United States	10	15
Luxembourg	8	8
Portugal	3	6

Source: Created by the author with data from the Paris Declaration Monitoring Survey.

2000, the World Bank designated that forms of financing related to the IMF's PRGF would now be designated as Poverty Reduction Support Credit (PRSC), institutionalizing the promotion of PRSP (World Bank, 2004). These PRSC would in some cases be applied as budget support, based on the state of public finance management in the developing country.

EUROPEAN UNION¹⁶

The EU makes decisions based on direct influence from member governments, and has the characteristics of a bilateral agency more than a multilateral institution. Thus, the EU, which has many of its members working actively to improve the effectiveness of aid, has taken an active position itself. In 2005, "The European Consensus on Development (ECD)"¹⁷ was formulated as a new development policy, which had the main aims of mainstreaming the MDGs and the Paris Declaration. The EU had also actively promoted institutionalization to improve aid effectiveness prior to this. For example, as explained above, by 1995 the EU had already introduced the concept of Sector Development Programs within its Secretariat, and it promoted SWAp as a solution for "project fragmentation". Regarding budget support which was considered as the preferred aid modality to improve the effectiveness of aid, 44% of the 10th Economic Development Fund of 2008-2013 (22.6 billion Euro) was devoted to budget support¹⁸. Also, within the official "EU Code of Conduct on Division of Labor in Development Policy"¹⁹ documentation of 2006, the 2005 Paris Declaration, ECD and the 2006 "EU Aid Effectiveness Action Plan" were implemented, in order to improve performance and heighten the effectiveness of aid by strengthening complementation within the EU. In this way, not only did the EU mainstream the MDGs and the Paris Declaration as part of their basic policy, but also took active steps to institutionalize them in a practical sense.

Nordic Plus

The Nordic Plus is a collection of donor countries that share a strong commitment to "poverty reduction" and "measures to improve aid effectiveness". The group was formed in 2003 in an effort to increase members' mutual cooperation and to harmonize procedures and practices in the interest of reducing the burden placed on developing countries in administering development cooperation (JICA UK Office, 2009). Even before their existence as a formal group, these donors actively promoted the "poverty reduction regime," and institutionalized measures associated with it since the mid-1990s. It has worked to combine "selection and concentration" as it aims to further enhance the efficiency of aid.

Thus, the members of the Nordic Plus have become a driving force behind the Paris Declaration (see for example Takahashi, 2002; Furukawa, 2004; Knack and Eubank, 2009). The member countries have also agreed to engage in delegated cooperation with one another. This means that all members have pre-approved one another in principle to be able to act as a lead donor in projects or programmes where funds from multiple members are used, but administered by only one donor on the ground. The Nordic Plus have also formulated the Nordic Plus Joint Action Plan on Harmonization, and conducted joint research into PRSP and SWAp in relation to harmonization. Thus, the Nordic Plus have promoted the institutionalization of the "poverty reduction regime" with "measures to improve aid effectiveness" through coordination and the division of labor and delegated cooperation ("silent partnerships") (Norad, 2006).

Most of the individual member countries of the Nordic Plus might not be called large-scale donors. However, as a group of donors sharing the same mindset, with a common agenda, they can exert a significant influence.

¹⁶In this paper, the European Commission, the Council of the European Union and the European Parliament are collectively referred to as the "EU".

¹⁷See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Ar12544>

¹⁸Partnership Agreement Between the Members of the African, Caribbean and Pacific Group of States of the One Part, and the European Community and its Member States, of the Other Part Signed in Cotonou, Benin on 23 June 2000; see http://ec.europa.eu/development/how/source-funding/10edf_en.cfm.

¹⁹See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Ar13003>

Also, comprising about one third of DAC members, the Nordic Plus can exert a significant influence over the DAC decision-making process such as the Rome Declaration on Harmonization, the Paris declaration on aid effectiveness and so forth.

United States

Compared to the World Bank/IMF, the EU and the Nordic Plus, changes to security policy following the September 11, 2001 terrorist attacks (9/11) have had a profound impact on the institutionalization of “poverty reduction regime” by the United States. The United States rapidly expanded its foreign aid following World War II, amidst significant changes to international conditions, for the purposes of economic recovery, consumer stability and the containment of communism. However, since the end of the Cold War, the two main policy focuses have been: 1) the promotion of democracies and market economies primarily for major diplomatic purposes, and 2), improving the lives of people in developing countries. The event that turned this development-oriented aid policy on its head was 9/11. In September 2002, President Bush announced a new National Security Strategy, and the direction of post-9/11 US security policies were thus made clear. Among these, the relationship between terrorism and poverty suggested that, for the elimination of terror, poverty reduction was also crucial. This brought out an expansion of cooperation on poverty reduction. On the other hand, the US negotiators sent to the Paris Declaration demanded the removal or weakening of principles that supported the use of developing countries’ procurement systems and the advocacy of budget support (Carter, 2008, p. 23). The reason behind this action reflected the perception of policymakers that maintaining public and political support for foreign aid programs requires ensuring direct economic benefits to private enterprise in the US. After the Paris Declaration on Aid Effectiveness, the US has had the highest percentage of tied aid among major donors even though the portion of tied aid from all donors fell dramatically (Lawson and Morgenstern, 2020, p. 24). The result was that even though the US was generally supportive of the trend toward improving aid effectiveness in poverty reduction, it took a reserved stance toward the core of aid effectiveness as pushed by the World Bank and the Nordic Plus.

Japan

Japan’s development assistance has started as part of postwar reparations for Asian countries affected by the war with Japan (Jain, 2015). Almost all of the aid was concentrated in neighboring countries in Asia during the 20 years leading up to the first oil crisis (98.2% of Japan’s aid in 1970 was in the Asian region) and Japan tried to avoid involving itself in the domestic affairs of recipient countries as much as possible (Fujita, 2000). After that, due to the oil crisis in the 1970s, Japan provided commercially and developmentally-oriented assistance to Asia with the aim of establishing Japan’s economic security by securing resources (Jain, 2015). Then, while the ODA budget increased rapidly in the 1980s, it began to pay attention to countries outside of Asian countries, and Japan became a top donor in 1989, and would stay so from 1991 to 2000 (Fujita, 2000). The first ODA Charter was formulated when Japan expanded its ODA in 1992²⁰. The 1990s was a time when other major donors were reviewing how development assistance was provided, as discussed above. However, since Japan had some confidence in its success in Asia, the transformation of the development assistance system based on the project type assistance up to that point did not happen, unlike for the Nordic Plus. Against this background, a poverty reduction regime was formed. After the adoption of the MDGs, the 1992 ODA charter was revised in August 2003, to include 1) cooperation toward the problem of poverty; 2) support for sustained growth in developing countries; 3) activity to help solve global-scale problems; and 4) the creation of peace. In the form of a response to the poverty reduction regime, poverty reduction was declared to be the goal of development aid. However, when in March 2005 developing and developed country governments adopted the Paris Declaration on Aid Effectiveness, like

²⁰The ODA general framework was first established by cabinet decision in June 1992 as “the ODA Charter”. Here, the following were raised as points of concern regarding ODA provision: 1) the compatibility of development and the environment; 2) military use, or the avoidance of aid funds fueling international conflicts; 3) caution over military expenditure on weapons of mass destruction, missile development/production, arms trading, etc.; and 4) the advancement of democratization, market economics, and basic human rights. In summary, it was a policy concerned with maintaining order, the environment, human rights, and other global issues.

the US, Japan supported it generally but gave a cautious response to specific portions. Afterward, there was some institutionalization of budget support, but on a small-scale. However, as Table 2 shows, Japan continued to retain a basically conventional project type aid system, without the visible commitment to the “poverty reduction regime” shown by the Nordic Plus countries or the IMF/World Bank.

Next, I will examine the relation between adoption of the MDGs and budget trends. Figure 2 shows the trends of ODA from 1990 for the EU, the Nordic Plus, the World Bank, Japan and the United States.

As shown in Figure 2, since the agreement on the MDGs, there has been a gradual trend to increase ODA budgets by the World Bank and the EU. Also, the Nordic Plus has expanded their budgets significantly. And while the United States has also greatly expanded its budget since 2001, Japan displays a slight downward trend which reflected the challenging domestic economic situation. While Japan has raised the profile of poverty reduction within its assistance policy, Japan has not yet sufficiently institutionalized the core aspects of the aid effectiveness discourse, such as budget support, utilizing developed country systems, harmonization and so forth. This shows that there is a difference in the degree of institutionalization of the “poverty reduction regime” among donors.

ACCEPTANCE LEVEL OF “POVERTY REDUCTION REGIME” BY DEVELOPING COUNTRIES

This section reviews to what extent the core aid approaches and aid modalities of the poverty reduction regime—including PRSP, SWAp and GBS—are implemented in developing countries. This is done to measure the acceptance of the regime, which shows the degree to which developing countries have accepted the measures to improve aid effectiveness promoted by OECD/DAC donors. Therefore, it should be noted that this confirmation does not indicate the achievement status of the conditionality associated with PRSP, GBS and so forth, or that aid actually became more effective. For the purposes of identifying the level of acceptance of the regime, this paper summarized the state of PRSP formulation success with HIPC initiatives and implementing SWAp, CBF and GBS immediately after the adoption of the MDGs and the confirmed state of GBS as of 2005, when the Paris declaration was agreed, as shown in Table 3.

At its introduction in 1999, the PRSP targeted 78 countries, and full PRSP were formulated in 61 countries. In February 2002, a few years after the introduction of PRSP, there were 74 target countries, in 41 of which interim PRSPs had been formulated, and in 10 of which full PRSPs had been formulated. Although developing countries were under no obligation to develop PRSPs, it is apparent that the application of those PRSPs rapidly increased over those few years. In particular, among the 74 countries, 38 were HIPC. And, of those, 26 had adopted the HIPC initiative and four had completed it, highlighting developing countries’ strong determination toward debt reduction. Furthermore, at this point in time, health and education sector programs had been introduced in 11 countries, agricultural programs in six, and road programs in five countries. GBS was introduced in 10 countries, but as of 2005 the number had increased to 35, representing a rapid expansion. Of the donors who pro-

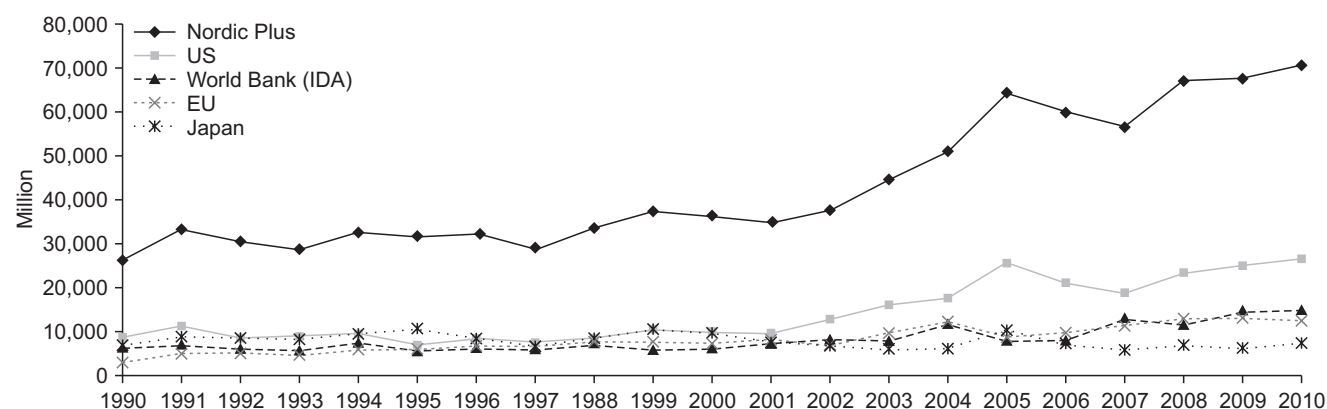


Fig. 2. Trends ODA provision among major donors (in millions of US dollars). Source: Measured based on DAC CRS data.

Table 3. PRSP formulation status and SWAp, GBS introduction status (as of March 2002) and GBS in 2005

Region	IDA financing recipient countries	PRSP formulation status	Introduction status as of March 2002			GBS in place as of 2005	HIPCs***
		□: Interim PRSP ■ : PRSP	SWAp introduction status	CBF (Common Basket Fund)	General Budget Support (GBS)		
		Successfully formulated					
Southeast Asia (5 countries)	Indonesia***	0303				PRSC	
	Cambodia	0010, ■ 0212, ■ 0512	health, education				
	East Timor	■ 0205					
	Laos*	0103, ■ 0406, ■ 0810				PRSC	
	Vietnam**	0103, ■ 0205, ■ 0311, ■ 0607	heavy donor coordination		Planned move to establishment of poverty reduction fund (PRSC active)	PRSC	
East Asia	Mongolia	0106, ■ 0307					
South Asia (7 countries)	Bhutan	■ 0408					
	Bangladesh	0303, ■ 0510	health, education, roads				
	India***						
	Maldives	■ 0801					
	Nepal	■ 0305	health, education		PAF (poverty alleviation fund)	PRSC	
Oceania (5 countries)	Pakistan***	0111, ■ 0312	social action programs	social action fund		PRSC	
	Sri Lanka	■ 0212, ■ 0805				PRSC	
	Kiribati						
	Solomon Islands						
	Tonga						
Central and South America (9 countries)	Vanuatu						
	Samoa						
	Dominican Rep.***	0311, ■ 0604					
	Grenada***	0603					
	Haiti	0609, ■ 0803					
	Honduras	0004, ■ 0108				PRSC	
	Nicaragua	0008, ■ 0107, ■ 0511, ■ 1005	intent to introduce social sector		Toward establishment of multisector fund...	PRSC	
	Saint Lucia***						
	Saint Vincent***						
	Bolivia	0001, ■ 0103	(education, agric., decentrlz., sys. reform, citzn. rights)	(education, agric., decentrlz., sys. reform, cit. rights)	(DUF: general fund)		
	Guyana	0010, ■ 0205				PRSC	

Table 3. Continued

Region	IDA financing recipient countries	PRSP formulation status	Introduction status as of March 2002			GBS in place as of 2005	HIPC***
		□: Interim PRSP ■: PRSP	SWAp introduction status	CBF (Common Basket Fund)	General Budget Support (GBS)		
		Successfully formulated					
Middle East (2 countries)	Yemen**	□0012, ■0205				●	●
	Afghanistan	□0603, ■0802					
EUrope (6 countries)	Albania	□0005, ■0111, ■0808				●PRSC	
	Macedonia***	□0011					
	Bosnia and Herzegovina***	■0403					
	Armenia***	□0103, ■0311, ■0810				●PRSC	
	Azerbaijan***	□0105, ■0304					
	Serbia and Montenegro	■0402					
	Kyrgyzstan***	□0106, ■0212, ■1205				●PRSC	
Central Asia (5 countries)	Moldova***	□0011, □0204, ■0405, ■0804				●	
	Tajikistan	□0003, ■0206, ■0704, ■1202					
	Georgia***	□0011, ■0306					
	Uzbekistan	□0503, ■0801					
Africa (38 countries)	Ethiopia	□0011, ■0207	health, education, roads, power	health, education (planned)		●PRSC	●
	Eritrea						
	Gambia	□0010, ■0204, ■0709					●
	Ghana	□0006, ■0302, ■0511	health, education	health	●HIPC Relief Fund account established	●PRSC	●
	Kenya**	□0007, ■0403, ■1007				●	●
	Lesotho	□0012, ■0507, ■0604					
	Malawi	□0008, ■0204, ■06**	health, education, agri.	health, education (planned)	Planned HIPC account establishment	●	●
	Nigeria***	■0512					
	Uganda	■0003, ■0504, ■1003	health, education, agri., roads	health, education	●PAF (Poverty action fund)	●PRSC	●
	Tanzania	□0003, ■0010, ■0506, ■1012	health, education, agri., loc. govt reform, roads	health, education, loc. govt. reform, (PER/MTEF, PRSP monitoring planned)	●PRBS (poverty reduction budget support)	●PRSC	●
	Zambia	□0007, ■0203, ■0612, ■0708	health, education, agri., roads, tech training	health, education	Being introduced	●	●
	Zimbabwe***						
	Angola**						●
Benin	□0006, ■0212, ■0804				●PRSC	●	

Table 3. Continued

Region	IDA financing recipient countries	PRSP formulation status	Introduction status as of March 2002			GBS in place as of 2005	HIPCs****
		□: Interim PRSP ■: PRSP	SWAp introduction status	CBF (Common Basket Fund)	General Budget Support (GBS)		
		Successfully formulated					
Africa (38 countries)	Burkina Faso	■0005, ■0407	education	education (planned)	●	●PRSC	●
	Burundi	□0311, ■0609					●
	Cameroon	□0008, ■0304, ■1008					●
	Cape Verde	□0201, ■0409, ■0807				●PRSC	
	Central Africa	□0012, ■0611					●
	Chad	□0007, ■0306, ■1005					●
	Comoros	□0510					●
	Ivory Coast	□0201, ■0901	Activity in various sectors	(planned)			●
	Djibouti	□0106, ■0403, ■0907					
	Guinea	□0010, ■0201, ■0708					●
	Guinea-Bissau	□0009, ■1106					●
	Madagascar	□0011, ■0307, ■0702				●PRSC	●
	Mali	□0007, ■0205, ■0804				●	●
	Mauritania	■0012, ■0610, ■1106					●
	Mozambique	□0002, ■0104, ■0605, ■1106	health, education, agriculture	agri.; (planned) for health, education;	●	●PRSC	●
	Niger	□0010, ■0201, ■0805					●
	Rwanda	□0011, ■0206, ■0803			●	●PRSC	●
	São Tomé and Príncipe	□0004, ■0212, ■0501 (update)					●
	Senegal	□0005, ■0205, ■0505, ■0709	health			●PRSC	●
	Sierra Leone	□0106, ■0503				●	●
	Togo	□0804					●
	DR Congo	□0203, ■0607, ■0709					●
	Rep. of Congo	□0409					●
	Liberia	□0701, ■0807					
Total	78	□=56 ■=61	health = 11, edu. = 11	education=8	● = 10	● = 35	
As of March 2002	74	□=41 ■=10	agri. = 6, roads = 5	health=7		PRSC 23 countries	38

Note: *These countries did not apply for the application of an expanded HIPC Initiative. **These countries will likely continue to be in debt even without the application of expanded HIPC Initiatives. ***These countries are focused on by both IDA and IBRD. ****HIPC includes 42 countries, but due to "inactive country" data 4 have been removed resulting in a total of 38.

Source: Created by the author from World Bank and IMF data.

vided GBS, 23 introduced World Bank PRSC.

What is immediately clear from this table is that PRSPs began to be developed promptly, centering on Africa. Adoption is especially striking in HIPC-designated countries. These countries are IDA loan-eligible, low-income

developing countries with high aid dependency and low financial administrative capacity²¹. Many of these countries are located in South and Southeast Asia and Sub-Saharan Africa.

The second feature is that education and health sector-focused social sector programs introduced through SWAp were instituted prior to the introduction of PRSPs. The establishment of sector programs takes at least two to three years²².

The third feature is that countries such as Vietnam, Ghana, Malawi, Uganda and Tanzania, which quickly introduced budget support, had funding in place under the HIPC initiative for debt reduction and poverty reduction, and so there was already a foundation in place leading to GBS. Here, the introduction of SWAp, common basket funds and debt reduction form a set, leading to the introduction of budget support, as part of the process of establishing the “poverty reduction regime”. Furthermore, this also shows that the interface between the governments of developing countries and donors moved toward a focus on broader overall development, shifting from projects to sector programs, and then to PRSP. It also suggests that the transformation of this interface allows for close policy dialogue between governments and aid agencies, centered on the finance ministries of the developing countries that administer the budgets and the donors that provide budget support.

The fourth feature is the speed of the formulation of PRSP by countries that implemented budget support early. While the formulation of sector programs takes at least two to three years, in Uganda, Tanzania, Mozambique and Burkina Faso, preliminary strategy papers that comprehensively covered PRSP for the entire country were formulated in the very short period of half a year. Full PRSP were also formulated in about one year to one-and-a-half years following the announcement of the introduction of PRSP in September 1999. This demonstrates the great extent to which debt reduction and budget support become an incentive to developing countries’ governments.

Fifth, in countries which are not in Sub-Saharan Africa, South Asia or Southeast Asia, where aid coordination is not necessarily active, budget support was also expanded through the implementation of PRSC. However, overall, where the acceptance of the “poverty reduction regime” is high, there is a feature that the degree of aid dependence is high but financial administrative capacity is low, and aid coordination with donors is active. This is particularly remarkable in Sub-Saharan African. As shown in Table 4, these countries are consistent with the priority countries identified by the Nordic Plus for active support under the “poverty reduction regime”. These include Uganda, Tanzania, Zambia, Mozambique, and so on.

As shown in Table 4, in addition to focusing on certain countries for prioritized assistance, budget support has been expanded to low-income countries, with a focus on “good performers” with “good institutions and policies”.

As can be seen from the above analysis, countries with a high degree of acceptance of the “poverty reduction regime” have become priority countries for the Nordic Plus. More specifically, priority countries have had low incomes and high dependence on aid, in Sub-Saharan Africa and some parts of South and Southeast Asia and Latin America.

The next task is to see whether this high degree of acceptance by developing countries of the “poverty reduction regime” has led to an improvement in poverty, the stated aim of the regime.

EFFECTIVENESS OF THE “POVERTY REDUCTION REGIME”

In analyzing the relationship between the acceptance of the “poverty reduction regime” and poverty reduction, I will look at countries that have agreed to the MDGs and Paris Declaration, and the presence or absence of PRSP formulation, which form the components of the “poverty reduction regime” at the policy level. Thus, by grouping these beneficiary countries, it is possible to check the degree of poverty reduction for each group. In

²¹IDA Resource Allocation Index. see <https://data.worldbank.org/indicator/IQ.CPA.IRALXQ>

²²For example, it took two years for health in Zambia, two and a half years for health in Bangladesh (Harrold and Associate, 1995, p. 44) and three years for health and education in Tanzania.

Table 4. Relationship between countries prioritized by the nordic plus and general budget support

Region	Country	UK	Nether-lands	Sweden	Norway	Denmark	Ireland	Finland	GBS	Aid as % of GNI	
										**	
										2000	2005
Africa	Ethiopia	●	●	●	●		●	●	■	8.8	17.4
	Eritrea		●	●	●					27.7	36.9
	Somalia			●						No data	No data
	Gambia							●		12.2	13
	Ghana	●	●			●			■	12.4	10.6
	Kenya	●	●	●	●	●		●	■	4.1	4.1
	Lesotho	●					●			3.4	3.9
	Malawi	●		●	●		●		■	26.1	28.4
	Nigeria	●			●					0.4	7.4
	Uganda	●	●	●	●	●	●		■	14.1	14
	Tanzania	●	●	●	●	●	●		■	11.4	12.5
	Zambia	●	●	●	●	●	●		■	25.8	13.9
	Zimbabwe	●		●						2.5	11.4
	Angola			●	●					4.1	1.5
	Benin		●			●			■	10.6	8.2
	Burkina Faso		●			●			■	12.9	12.8
	Burundi			●	●				■	12.8	46.8
	Cape Verde		●						■	No data	No data
	Madagascar			●	●					8.4	18.7
	Mali		●	●	●				■	15	13.6
	Mozambique	●	●	●	●	●	●	●	■	24.7	20.7
	Rwanda	●	●						■	17.9	27.1
	Senegal		●						■	9.9	8.5
	Sudan	●		●	●					2.1	7.1
	Sierra Leone	●							■	29.4	29.6
	DR Congo	●		●						4.5	26.9
	South Africa	●	●	●	●			●		0.4	0.3
	Namibia									4.4	2
Southeast Asia	Indonesia	●	●		●				■	1.1	0.9
	Cambodia	●							■	11.2	9.1
	China	●		●	●					0.1	0.1
	Laos			●					■	17	11.4
	Vietnam	●	●	●	●	●	●	●	■	5.5	3.7
	East Timor			●	●		●			No data	No data
South Asia	Bhutan					●				No data	No data
	Bangladesh	●	●	●	●	●			■	2.4	2.1
	India	●		●	●					0.3	0.2
	Nepal	●		●	●	●		●		7	5.8
	Pakistan	●	●	●	●				■	1	1.5
	Sri Lanka		●	●	●					1.5	5.1

Table 4. Continued

Region	Country	UK	Nether-lands	Sweden	Norway	Denmark	Ireland	Finland	GBS	Aid as % of GNI	
										**	
										2000	2005
Lat. America	Nicaragua		●	●	●	●		●	■	15	15.4
	Colombia		●							0.2	0.4
	Suriname		●							No data	No data
	Bolivia		●			●			■	5.8	6.5
	Guatemala		●	●	●					1.4	0.8
	Peru									0.8	0.5
Middle East	Egypt		●			●				1.3	1
	Palestine		●	●	●					No data	No data
	Yemen		●							3	2.5
	Afghanistan	●	●	●	●			●		No data	37.8
	West Bank							●		13.3	25
	Lebanon			●						1.2	1.1
EUrope	Albania		●							8.4	3.7
	Macedonia		●	●					■	7.1	4
	Bosnia and Herzegovina		●	●						13.1	5.2
	Armenia		●							11	3.9
	Yugoslavia			●						No data	No data
	Croatia			●						0.4	0.3
Central Asia	Mongolia		●							23.1	11.6
	Moldova		●						■	9.4	5.9
	Georgia		●						■	5.3	4.8

Source: Nordic Plus data was assembled by the author with reference to the UK office Nordic Plus series reports.

Note: *JAS = Joint assistant Strategy: joint strategy paper about aid approaches, etc., between developing country governments and donors. **World Bank Development Report 2007.

addition, in order to better determine if the “expected outcome” has been achieved, the “poverty reduction rates” of these countries were then compared before and after the application of the “poverty reduction regime”.

Specifically, the following groups were formed:

- 1: Countries that have agreed to the MDGs and Paris Declaration with formulated PRSP.
- 2: Countries that have agreed to the MDGs and Paris Declaration without formulated PRSP.
- 3: Countries that have agreed to the MDGs but not the Paris Declaration, with formulated PRSP.
- 4: Countries that have agreed to the MDGs but not the Paris Declaration, without formulated PRSP.

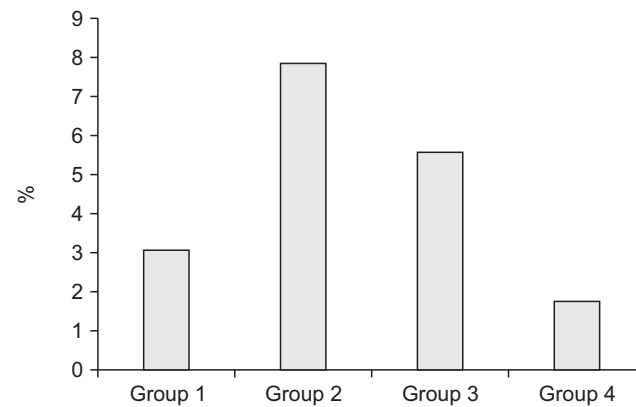
Data from DAC CRS, World Bank, etc. were utilized. Due to the unavailability of poverty rate data in many countries, the sample size was 89²³. Moreover, few of the countries measured the poverty rate every year, and therefore, I used log differences to calculate an annual poverty reduction rate. Because the “poverty reduction regime” began in 2000, for the log difference calculation for the poverty reduction rate I used the two data points before and after the introduction of the “poverty reduction regime”. These poverty reduction rates as calculated based on the four groups are shown in Table 5 and Figure 3.

There is an expectation that countries in which the “poverty reduction regime” has been implemented will experience significant results in poverty reduction. However, as Table 5 and Figure 3 show, the poverty reduction rate (3.1% p.a.) for Group 1 countries that have agreed to the MDGs and Paris Declaration with formulated

²³Please see Appendix 1 which shows details on countries contained in Groups 1 to 4.

Table 5. Poverty reduction regime reception and poverty reduction rate (log diff, annual)

Regime reception	Number	Average	Standard error	Minimum	Maximum
Group 1	33	0.031	0.046	-0.103	0.161
Group 2	16	0.079	0.07	-0.03	0.202
Group 3	10	0.056	0.125	-0.098	0.279
Group 4	30	0.018	0.228	-1.066	0.4

**Fig. 3.** Poverty reduction regime degree of reception and poverty reduction rate (log difference, annual (%)).

PRSP, or in other words, countries that have the highest degree of acceptance of the “poverty reduction regime” falls below that of Group 2 with 7.9% and Group 3 with 5.6%.

Now we will look at results shown in Tables 6 and 7. Table 6 also shows the relationship between the acceptance of the “poverty reduction regime” and income classifications. Table 7 shows the relationship between the acceptance of the “poverty reduction regime” and regional classifications.

A main feature of Group 1 is that it accounts for about 90% of poor low and moderately low income countries. Also, in terms of regional classification, half of the Group 1 countries are from Sub-Saharan Africa. Thus, it can be seen that it is a feature of Group 1 countries, with their high degree of acceptance of the “poverty reduction regime”, that they are poor countries from Sub-Saharan Africa. The poverty reduction rate of this Group 1 is lower than that of Groups 2 and 3, where the acceptance of the “poverty reduction regime” is lower²⁴.

CONCLUDING DISCUSSION

This paper began with an overview of the “poverty reduction regime”, looking at the process leading up to the establishment of the core of the regime, the Paris Declaration. It examined, the supporting mechanisms of the regime, the adoption and acceptance system of DAC donors and aid recipient countries, and a correlative relationship between the degree of acceptance of this “poverty reduction regime” and the poverty reduction rate. As a result, it was found that the “poverty reduction regime” is internationally agreed-upon and established. How-

²⁴The above analysis displays a correlative relationship between the degree of acceptance of the “poverty reduction regime” and the poverty reduction rate, and is not intended to be seen as a causal relationship. In the first place, it is regions in which “poverty reduction” is most difficult where the “poverty reduction regime” tended to be applied, and so the possibility of a causal relationship cannot be excluded. In addition, the poverty reduction rate is greatly influenced by macro-economic and political conditions, so it would be necessary to conduct a more sophisticated multivariate analysis in order to see the effect of the “poverty reduction regime”.

Table 6. Poverty regime acceptance and income classifications

Regime reception	Income distribution*				Total
	Low income countries (less than \$1,025 USD)	Low-medium income countries (\$1,025 USD-\$4,035 USD)	High-medium income countries (\$4,036 USD-\$12,475 USD)	High income countries (over \$12,476 USD)	
Group 1 no. of countries	18	14	1	0	33
Group 1 share (%)	54.55	42.42	3.03	0	100
Group 2 no. of countries	2	4	9	1	16
Group 2 share (%)	12.5	25	56.25	6.25	100
Group 3 no. of countries	3	5	2	0	10
Group 3 share (%)	30	50	20	0	100
Group 4 no. of countries	0	9	16	5	30
Group 4 share (%)	0	30	53.33	16.67	100
Sample size	23	32	28	6	89
Total (%)	25.84	35.96	31.46	6.74	100

*Grouping based on World Bank Atlas (2011).

Table 7. Poverty reduction regime acceptance and regional classifications

Degree of reception of regime	Advanced regions	North America	Sub-Saharan Africa	South America, Caribbean	Caucasus, Central Asia	East Asia	South Asia	Southeast Asia	Middle East	Oceania	Total
Group 1 no. of countries	1	0	18	4	1	0	4	4	1	0	33
Group 1 share (%)	3.03	0	54.55	12.12	3.03	0	12.12	12.12	3.03	0	100
Group 2 no. of countries	2	3	2	4	1	1	0	2	1	0	16
Group 2 share (%)	12.5	18.75	12.5	25	6.25	6.25	0	12.5	6.25	0	100
Group 3 no. of countries	2	0	5	1	2	0	0	0	0	0	10
Group 3 share (%)	20	0	50	10	20	0	0	0	0	0	100
Group 4 no. of countries	9	0	3	12	3	0	2	0	0	1	30
Group 4 share (%)	30	0	10	40	10	0	6.67	0	0	3.33	100
Sample size	14	3	28	21	7	1	6	6	2	1	89
Total (%)	15.73	3.37	31.46	23.6	7.87	1.12	6.74	6.74	2.25	1.12	100

ever, in practice, acceptance is higher among low income countries in Sub-Saharan Africa, and a part of South and Southeast Asia, and Latin America. Accepting countries tend to have a high dependency on aid, and be the recipients prioritized by the Nordic Plus donors. However, it was found that for countries where acceptance is high, the poverty reduction rate after acceptance was comparatively lower than that of countries with low degrees of acceptance.

These findings have important implications for understanding the emerging international development assistance system of the SDGs. The structure of the international development assistance system is closely related to international development goals. To an important extent, it is determined by the policies and aid approaches of donor countries, and the acceptance donor countries systems in recipient countries. In the SDGs, the intent to “leave no one behind” has been avowed. And this is a goal of not only developing countries but also developed countries. In addition, as a feature of the SDGs, the actors involved in international development assistance are becoming more diverse than ever. Donors are not limited to government-related organizations in developed

countries, but also non-DAC donors such as China, commercial enterprises, local governments, educational and research institutions, NGOs/private foundations, grassroots organizations, and informal entities. This shows that in developing countries, it is becoming easier to choose assistance from various actors in order to realize the goals of the SDGs. Under the “Poverty Reduction Regime”, in the poor countries where the “Poverty Reduction Regime” is readily received, specific donors had great influence. On the other hand, the involvement of various aid actors in the SDGs suggests that developing countries are now able to choose assistance from a variety of aid actors. This will likely mean that the SDG regime has less binding force, and is more of a “quasi-regime”. Nevertheless, it may allow recipients to compare the aid approaches of the various available donors and accept the most desirable aid approach for their own development. Under such circumstances, in order to consider the establishment of an appropriate international development assistance system for the SDGs, and to promote the development of the recipient concerned, it is necessary to develop measures to maximize the roles of various actors and to build a platform where various actors can effectively cooperate together.

Finally, the limitations of this article and opportunities for future research topics shall be noted. Due to the wide range of subjects covered, this paper has not been able to conduct in-depth analysis on each theme due to the lack of space. Therefore, in the future, it will be necessary to accumulate more detailed analyses and case studies from each country on each theme. Specifically, in the transition from MDGs to SDGs, how the development assistance system has changed, how each country is responding, whether the lessons of the MDGs are being applied, and so on, all deserve detailed attention. At the moment, the world is facing an unprecedented crisis of COVID-19 in the middle of the SDG implementation timetable. As each country is busy responding, it is focusing on its own needs first. However, to overcome this unprecedented crisis to reach the SDGs, it is necessary to cooperate with all stakeholders. As “the Paris declaration on aid effectiveness” played its role in the “poverty reduction regime,” the SDGs are expected to build such a platform for all stakeholders to cooperate in the future. Based on the lessons learned from aid coordination in the poverty reduction regime, reconsideration of aid coordination in the SDGs is required and can be a future research arena.

ACKNOWLEDGEMENTS

I wish to express my gratitude to anonymous reviewers, Sebastian Paulo of DIE (Deutsches Institut für Entwicklungspolitik) and Joel Atkinson for providing valuable suggestions and comments. I would also like to thank the University of Shizuoka who supported this work with Research Funds. All remaining errors are ours.

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Appendix 1. Countries in groups 1 to 4

Group 1	Group 2	Group 3	Group 4
Albania	Brazil	Azerbaijan	Argentina
Bangladesh	China	Bosnia-Herzegovina	Armenia
Bolivia	Egypt	Central African Rep.	Belarus
Burkina Faso	Gambia	Cote d'Ivoire	Belize
Burundi	Guatemala	Georgia	Bulgaria
Cambodia	Jamaica	Guinea-Bissau	Chile
Cameroon	Jordan	Guyana	Colombia
Dominican Republic	Mexico	Moldova	Costa Rica
Ethiopia	Morocco	Nigeria	Croatia
Ghana	Philippines	Sierra Leone	Ecuador
Guinea	Poland		El Salvador
Honduras	Romania		Estonia
Indonesia	South Africa		Fiji
Kenya	Tajikistan		Hungary
Kyrgyz Republic	Thailand		India
Laos	Tunisia		Iran (Islamic Republic of)
Madagascar			Kazakhstan
Malawi			Lesotho
Mali			Lithuania
Mauritania			Namibia
Mozambique			Panama
Nepal			Paraguay
Nicaragua			Peru
Niger			Slovakia
Pakistan			Slovenia
Rwanda			Swaziland
Senegal			Turkmenistan
Sri Lanka			Ukraine
Tanzania			Uruguay
Uganda			Venezuela
Viet Nam			
Yemen			
Zambia			