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Is Foreign Aid an Effective Cure for Global Poverty?

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Introduction

This work considers whether governments and other actors should create a supportive environment for development assistance policies, with greater engagement of the local communities to gradually replace the existing top-down, "one size fits all" foreign aid paradigm. The public interest theories, based on state-led aid systems, argue that it is sufficient to fill a financial or investment gap with foreign aid to lift the countries out of a "poverty trap" (Sachs 2015). This remains the core argument for the use of foreign aid for the past 50 years. Contrasting theories contend that foreign aid is inefficient and possibly damaging (Coyne 2013, Easterly 2006, Moyo 2005). Consequently, policy-makers need to look for increasingly efficient and cost-effective ways to institute foreign aid, while designing development assistance programs aimed to reduce poverty and to facilitate long-term sustainable growth.

Additionally, this work argues that participation of the local communities in humanitarian aid delivery and long-term foreign aid development projects are more cost-effective and efficient relative to the conventional top-down foreign aid assistance. It evaluates the performance of some community-driven development projects and safety net and conditional transfers programs. This work concludes that the emerging alternatives to the traditional state-led humanitarian assistance, which feature participatory objectives, are more cost-effective and efficient at poverty reduction and sustainable growth. Meanwhile, the main argument of the paper underlines the necessity of the public sector assistance in those projects. While the top-down, state-led foreign aid paradigm is contended to have fallen short to deliver services in an efficient way, humanitarian aid development programs will not survive without help of the international community. The evidence of the research also reveals that important component of a successful development and short-term relief aid program is a sense of ownership and empowerment of the local communities.

The common consensus on what leads to inefficiency in the top-down programs is the lack of accountability and local knowledge. Thus, this paper attempts to assess the efficiency of alternative models, namely participatory community-based and safety net and conditional transfers programs, by evaluation of the degree of accountability and information. Although community-based development efforts have had mixed results (Mansuri 2013), namely falling short in monitoring system, they make crucial steps toward finding alternative solutions to official state-led aid system.

Official State-Led Foreign Aid

At the United Nations Sustainable Development Summit on 25 September 2015, the world leaders adapted 17 Sustainable Development Goals (SDGs), which were the extension of the Eight Millennium

Development Goals. Three main pillars of sustainable development are economy, environment, and social community with world poverty at the epicenter. It comes as no surprise that ending world poverty takes first place on the list of SDGs.

Since the Point Four Program, announced by Harry Truman in his inaugural address on January 1949, it has become evident that the West, predominantly North America and Western Europe, would take the lead in building programs for "the improvement and growth of underdeveloped areas" (Truman). In recognizing that it was the responsibility of the West to relieve the suffering of the less developed countries of the world, his speech broke new ground. Truman's speech started a chain reaction of the "state planning" mindset. A handful of agencies were created after World War II to implement the programs: the International Monetary Fund, the World Bank, the United States Agency for International Development (USAID), the United Nations Development Program (UNDP), the Inter-American Development Bank (IDB), and many more. The future course of eliminating poverty and fighting humanitarian crises was out of the discussion. The consensus was clear: both short-term emergency relief aid and development of long-term assistance programs were to become a state-led international effort with the means of foreign aid.

Analysis of the state-led humanitarian efforts distinguishes multidimensional issues of the virtue and hidden agenda of self-serving motives of national interests (Barnett 2008; Coyne 2013; Easterly 2006), the issue of sovereignty and emergency intervention by donor states, the chronic aid-dependence of recipient states (Moyo 2009), the resentment to donor states and their efforts by the recipient states based on the sense of embarrassment over weakness vis-à-vis superpower states, the security issue of aid personnel, and the corruption of recipient states' governments (Moyo 2009). Setting aside the issue of motives and moral obligations, the most prominent critics of the state-led foreign aid examine cost-effectiveness and efficiency on poverty reduction and long-term growth alike.

Michael Barnett calls for a regime change for humanitarian aid to make it more accountable and efficient. Although Michael Barnett focuses on short-term relief aid, his analysis is equally applicable to the long-term development assistance. He points out that the humanitarian community is aware of its prime failures in delivering aid. He questions, however, whether the old system is resilient to adopt the emerging changes in the humanitarian aid paradigm (Barnett 2015).

Michael Barnett, a professor of international affairs and political science, argues that the 'Humanitarian Club', the elite players of the humanitarian community that includes a network of donors, international organizations, and non-governmental organizations with the UN at the epicenter, is aware of the aid delivery flaws. In recent years, humanitarians, faced with wide-ranging criticism for their failures, responded with reforms. They have made remarkable progress in improving their competence, coordination, and professionalism The UN replaced its outdated Department of Humanitarian Affairs with the Office of the Cooperation of Humanitarian Affairs in 1998. NGOs drew up a voluntary code of conduct, crafted a common standard for meeting victims' basic needs such as food, water, health care, and shelter, and built a network to strengthen program evaluation and accountability.

More comprehensive reforms took place in 2005, and later the Transformative Agenda, launched by the UN in 2011, an updated funding system for assistance from most UN agencies, followed suit with pooled resources in the new Central Emergency Response Fund. Better reporting and new data-collection techniques have kept aid workers accountable and allowed them to learn from past mistakes.

Improving reporting methods also furthered financial transparency of aid agencies. Thus, the availability of the data registered with the Center for Global Development exposed information regarding projects in post-earthquake Haiti. It was revealed that approximately 90 percent of the US aid contributions dissolved into international agencies and organizations (Barnett 2015). A large donor may provide a grant to a large INGO which may channel money to smaller NGOs, faith-based organizations, or Haitian community groups. Each layer in the process may absorb up to ten percent for administrative costs.

On an optimistic note, "when it comes to efficiency of aid delivery, there has been slow but steady progress," (Barnett 2015), more coordination, and centralization at the top. The humanitarian community has been preparing for another big push for reform that will be discussed at the World Humanitarian Summit convened by the UN secretary-general in 2016.

To conclude, Barnett argues that there is optimistic evidence that the members of the top-down humanitarian system have made attempts to build stronger partnership with local communities and recognized the necessity of reform. However, the future of the global humanitarian sector depends on the "club's willingness and ability to continue to evolve," to share its power and accept a diminished role on the world stage.

Christopher Coyne argues in Doing Bad by Doing Good that the humanitarian aid system falls under "the man of the humanitarian system mentality" that does not refer to a specific person, rather to a mentality, which contends that modern humanitarian action must be state-led. This mentality holds that human suffering can be removed if the right people, who possess the required resources and power, are in charge. Under this mentality, the problem of suffering can be eliminated by simply applying a purely technological universal solution to complex economic, political, and social systems of the developing world. According to Coyne, "instead of appreciating these complexities, the man of the humanitarian system views the world as a grand science project that can be improved upon as he wishes" (17). As an outcome of this mentality, humanitarian action suffers from the "planner's problem," which, in essence, refers to disempowerment of citizens in the recipient states to find innovative paths towards sustainable growth through engagement with the market.

By state-led actions, Coyne infers "a government or a group of governments as a leading role for the agenda setting, carrying out, funding, and overseeing the humanitarian efforts" (37). Almost all major humanitarian aid, as we know it today, is built by wealthy country governments and international NGOs. In some cases, the state's role is less evident than in others. For instance, majority of NGOs are viewed as principal actors, but in reality, they receive funding from private donors or governments. Subsequently, NGOs have become dependent on continued government contracts and funding, furthering the ability of the governments to influence the work of NGOs with their own political and military agendas. Another case in point is international NGOs, the major players of the humanitarian aid system, which have increasingly contracted aid delivery out to local NGOs. On the surface, it is an honorable deed, but in fact, most local NGOs are staffed with Western experts, not local citizens. As Coyne concludes, "NGOs have increasingly come to rely on governmental funding of their aid programs, and such funding has entailed increasing government control over the actions of these ostensibly private organizations" (23).

To illustrate how humanitarian aid programs operate on the international scope, Coyne makes a comparison to the Soviet Union. Similar to the Soviet centrally planned economy, humanitarians tend to rely on central planning to allocate their resources. The central planning of humanitarian action takes place through numerous, and often times overlapping layers of bureaucracy. The most prominent example is the expansion of the United Nations system with its numerous agencies that perform similar functions and whose work often overlaps. The problem with central planning, as in the case with the Soviet Union, is a lack of incentives for a higher performance and knowledge constrain that lead to overproduction and waste.

Coyne argues that "planners outside markets cannot solve the economic problems, or replicate the ability of markets to foster societal economic progress" (77). Planners lack local knowledge due to the absence of economic calculation to anticipate and coordinate goods in order to complete the projects. In lieu of the knowledge, planners attempt to replicate conditions of their own developed countries. This model discourages productive entrepreneurship and impedes promotion of society-wide economic development. Coyne argues that the best means to achieve the end of poverty is by providing citizens with the means to engage with the free market. To accomplish this arduous task, William Easterly suggests to empower "searchers."

In his book The White Man's Burden, Easterly distinguishes between those who play the traditional role in providing international aid through the Big Plan ("planners"), and those who actively challenge the existing system, searching for alternative ways to deliver goods and services ("searchers"). Searchers are oftentimes local actors that find creative solutions to specific problems, provided they are granted resources, and other actors who are willing to get genuinely engaged in the process.

Easterly urges the readers to note that the statements, such as the one Jeffrey Sachs makes in his book The End of Poverty (2005), despite the purity of intentions, can be misleading. Sachs concludes in his book that "success in ending the poverty trap will be much easier than it appears" (56). He contends that the world poverty can be overcome with the help of a Big Plan, the widespread Planners' approach to design the ideal aid agencies, administrative plans, and financial resources. William Easterly's counterargument is based on the fact that planners do not possess the knowledge and motivation of searchers, therefore, a Big Plan of the existing foreign aid scheme is bound to fail.

Easterly draws a distinct line between "planners" and "searchers" to show how the traditional model of planned state-led humanitarian action falls short. Planners think they know already the universal answers; they think of poverty as a technical engineering problem. Searchers admit that they do not know the answer in advance; they believe that poverty is a complicated tangle of political, social, historical, and institutional factors. Searchers hope to find answers for individual problems only by trial and error experimentation. Searchers believe only insiders have the knowledge to find solutions, and that most solutions must be homegrown. Even when Planners have good intentions, they do not motivate anyone to carry them out, neither do the Planners take responsibility for their actions. Planners determine what to supply; Searchers find out what is in demand. Planners apply global blueprints; Searchers adapt to local conditions. Planners at the top lack knowledge of the bottom; Searchers find out what the reality is at the bottom. Planners never hear whether the end users got what is needed; Searchers find out if the customer is satisfied.

Two key elements that make Searchers work highly efficiently are feedback and accountability. Searchers know if something works only if the people at the bottom can give feedback. Easterly asserts that lack of feedback is one of the most critical flaws in existing aid system. More importantly, Searchers take responsibility for the outcome. Easterly suggests that the balance of power in aid ought to be shifted from Planners to Searchers.

Participation Is the Key Solution to Efficiency

Although the two prominent economists do not suggest a feasible alternative scheme to the existing 'Big Plan' humanitarian action and foreign aid development, participation of the local communities seems to be a viable solution. Community-based development (CBD) narrows the gap between knowledge on the ground and implementing agencies. Community-based development refers to a broad spectrum of program approaches that channel aid directly to the community and often prioritizes participation and ownership by community members in program implementation (Mansuri 2013).

Poverty alleviation through participatory development projects has originated in a language of critique of the dominant state-led development initiatives. They have now become part of accepted organizational action used by multilateral and bilateral development agencies, governments and organizations of civil society. The CBD programs with participation are increasingly regarded as a solution to the accountability problem.

Participation is viewed as most common means to empowerment of the poor in development. A more engaged citizenry should be able to achieve a higher level of cooperation and make government more accountable. Organic participation (World Bank 2013)-- participation spurred by civic groups, acting independently from government-- can be an important component of the new tendency in humanitarian aid. For instance, the Garmeen Bank in Bangladesh is a successful example that can serve as a template for microcredit lending.

For example, given the absence of a stable banking system, Africa, which is founded on a communal sense of interdependency and trust, could use a grassroots model of microcredit lending. Microcredit schemes were designed by a Nobel Prize winner, a Bangladesh national, Muhammad Yunus, to lend to the poorest and most rural segments of countries. The mechanics of the Grameen Bank ("Bank of the Village") are straightforward. The Grameen Bank lends to a group $100. Within that group the amount is passed on to trader A for a certain period. When the loan is repaid, the next $100 loan is made to trader B. If trader A fails to repay, the group is cut off the future loans.

The Grameen model, in one form or another, has been adopted in at least forty-three countries around the world. In 1995, a few years into its success, the Grameen Bank adopted the principal "No Donor Money, No Loans." It decided to not receive any more donor funds, and today it funds itself 100 per cent through its deposits. The Grameen Bank is intended to ensure individual accountability. Individuals tend to be more accountable to groups of their peers with whom they have to continue to live and work than the external agents with whom they do not share their daily lives (Barnett 2015).

Another emerging alternative to the conventional top-down aid system is unconditional direct cash transfer (UCT) programs. The spectrum of donors can vary from private, bilateral and multilateral actors, and national government. For instance, Chris Blattman sets an example of a UCT program initiated by the Nigerian government in 2011 which according to Blattman (2014), boosted the Nigerian economy. The Nigerian government handed out 600 million dollars to about 1200 entrepreneurs. As a result, three years later, hundreds of newer companies opened, employing 7000 new people.

The emerging models of foreign aid, such as unconditional cash transfers (ex. GiveDirectly project in Kenya, the Nigerian case) and microcredit lending (ex. the Garmeen Bank) provide poor households with resources that meet their most-pressing needs. These alternatives to the top-down humanitarian aid development are designed to improve psychological and economic well-being of impoverished communities.

Although the unconditional direct cash transfers and microcredit lending bypass middle-men and corrupt officials avoiding the cost-ineffectiveness problem and, as indirect result, target the local knowledge problem, its limited scope cannot replace the large-scale of induced development programs, such as community-driven development and safety net and transfers programs. Direct cash transfers and microcredit lending are disputably applicable to the settings of building infrastructure and institutions for better political stability and sustainable economic growth. Rather, these aforementioned models have the potential to become complement to the participatory community-driven and decentralized development projects.

The World Bank Policy Research Report of 2013 distinguishes two major modalities for local participation: community-driven development and decentralization of resources and authority to local government, also known as induced programs (Mansuri 2013). Community-driven projects support efforts to bring civil groupings to manage developing resources by engaging in service delivery and design of the programs without relying on local governments. The degree of community participation in design and management of the project can vary.

On the other hand, decentralization participatory programs are carried out by the local government. They are claimed to strengthen citizens' participation in governments and become a conduit for political culture, social, and institutional change. Decentralization may pave the way for greater control over decision-making at the local level, closing the gap between citizens and local officials. On a negative note, decentralization may shift power from central to local governments without any empowerment of the poor.

Although unconditional cash transfers and microcredit lending have the potential to become the most commonplace humanitarian aid delivery and development aid model, it has the disadvantage of a limited scope. The unconditional cash transfers and microcredit lending should be complementary to the long-term decentralized projects that are designed and implemented in collaboration between central governments, local governments, NGOs, and independent project implementation agencies with a high degree of local participation.

Induced programs are bureaucratically managed; they are long-term development interventions that ideally require monitoring and evaluation system. The biggest advantage of the induced type of development programs is the technical and financial assistance provided by bilateral and multilateral donors. More narrowly, decentralized participatory projects run by national government and carried out locally with various degrees of community participation can target a larger scope of population, have the potential for changing political culture, and can lead to sustainable economic growth. One example of decentralized participatory projects is the Bolsa Familia Program.

Decentralized Participatory Program: Bolsa Familia-Safety Net and Conditional Transfer Program

Bolsa Familia Program (BFP) is a centerpiece program in the Brazil's social safety net. On the other hand, it is a model of conditional cash transfers program that provides money directly to poor families in return for keeping their children in school and attending preventive health care visits. The program was launched by the newly elected government of Luiz Lula da Silva in 2003 to stimulate rapid growth and social progress. Since its launch, it has covered about 46 million people.

Regarding the social aspect, the BFP was a comprehensive reform of Brazil's social safety net, which integrated four previously existing cash transfer programs into a single program under a newly created "Ministry of Social Development." The transfers are made preferentially to women in each family. The program supports the formation of human capital such at children's attendance, health care, and other social services. It also aims to break the poverty cycle and to assure 'graduation' from cash transfers dependency by providing job-related services.

Regarding the international aspect, the Bolsa Familia Program is an example of an induced decentralized development program. The BFP is run by the Brazilian federal government and carried out by 5,564 municipalities. The program has a decentralized institutional context with technical and financial support from the World Bank. The Brazilian government requested the World Bank to partner over the BFP in the context of longstanding Bank support for its social agenda. The first WB four-year loan was US$572.2 million (The World Bank 2007). It is a large-scale multilateral program that is also supported by the UK, the UNDP, and the Inter-American Development Bank. It has been applied in this form or the other in five other cases: Mexico's Education, Health and Nutrition Program (Progresa), the Families in Action in Colombia, the Social Protection Network in Nicaragua, the Family Assistance Program in Honduras, the Program of Advancement through Health and Education in Jamaica, and the Social Solidarity Fund in Turkey.

Domestically, the BFP showed positive results. By the end of 2006, the Bolsa Familia Program covered 11.2 million families (about 44 million people). It is merely 0.2-0.5% of Brazil's GDP. It has become an instrument for long-term human capital investments (i.e. attendance rates in educational institutions, vaccination, pre-natal visits) and short-term social assistance. It helped promote the dignity and autonomy of the poor. This is particularly true for women, who account for over 90% of the beneficiaries. Interestingly, unconditional cash handouts are perceived as negative in Brazil. The BFP is expanding into empowerment of the BFP beneficiaries by linking them to job-related services to help the poor break the cycle and "graduate" from dependence on cash-assistance. Given the program has expanded beyond country boundaries to be replicated in other countries, it is a fair question to ask whether the program is efficient and cost-effective.

Bolsa Familia is a decentralized program run by the federal government and carried out by municipalities. It is expected that its implementation requires high bureaucratic spending. Controversially, the evaluation of Progresa, the Mexican analogous of the Brazilian Bolsa Familia, revealed that conditional cash transfer investments can be delivered cost-effectively. Money is transferred directly to poor families' bank accounts. Data shows the BFP administrative costs of delivering to poor households are very low, MEX$8.9 to MEX$100 (Rawlings et al. 2005). The largest cost components are those associated with household targeting (nearly 30 percent), followed by those associated with conditioning the receipt of transfers (26 percent). The data is at odds with the Barnett's argument about the conventional top-down aid delivery which states that only ten percent of the donor funds reach the goal.

Efficiency evaluation of accountability and sufficient knowledge shows a mixed record. First, grants are distributed directly to poor household, thereby removing the intermediaries and changing accountability relationships among the national government, service providers, and the poor. Second, the program targets mainly women. Preference for payment to women reflects the international experience that suggests that women are more likely to invest into improving education, health, and welfare of their families. Third, the use of cash leads to the creation of domestic markets. Fourth, decentralized context creates opportunities for better knowledge gathering at municipal level. Furthermore, the BFP targeting system enables municipalities to collect data and register poor families efficiently. The results show that the BFP is extremely well targeted. According to the World Bank report data (2007), 85% of all benefits went to the poorest, while none went to the rich population.

Decentralized context frames challenges and opportunities for better accountability and knowledge acquisition. While the BFP is managed by the Ministry of Social Development, it is carried out by the municipalities. State governments provide technical support and training to municipalities. Three control agencies are responsible for oversight and monitoring of the program. The principal challenge is principle-agent dilemma for "third party implementation." This challenge involves how to develop management mechanism to oversee and promote quality of implementation by actors other than the Federal Government, namely municipalities that are constitutionally autonomous and the federal bank.

To solve the dilemma, the federal government signed agreements with municipalities to clarify roles and responsibilities and to establish minimum institutional standards for program operations at the municipalities level. Meantime, the federal government rewarded innovations in implementation and exchange of experiences between municipalities. In some ways, the decentralized context has created conditions for experimenting with service delivering, additional conditionality and different approaches to monitoring. However, monitoring covers only certain aspects of the BFP. The joint management agreements and the Decentralized Management Index are important tools of monitoring, but additional designs are needed, such as random audits, implementation evaluation based on field feedback, not on administrative data.

Programs of the nature of Bolsa Familia require sufficient administrative capacity with extensive banking system. Its replications in this form or another can be found in Mexico, Nicaragua, Jamaica, Turkey, Honduras, and Colombia. Although the program proves to be cost-effective, its efficiency showed a mixed record. Decentralization helps inquire local knowledge, however, there is room for improvement in monitoring for better accountability.

Community-Driven Development Programs

Participatory development approach is broadly varied. Its typology ranges from community control over decision-making and management of grants, such as the Indonesian Kecamatan Development Program or the Philippines KALAHI-CIDSS, to a lesser degree of community involvement via inputs into planning process of local government through semi-autonomous governmental bodies, such as the Brazilian Bolsa Familia Program. How are other emerging participatory models comparable to the BFP in regard to efficiency on poverty elimination and sustainable growth?

Benjamin Olken conducted a field experiment of top-down monitoring in 49 Indonesian villages that applied for infrastructure projects as part of the Indonesian Kecamatan Development Program (KDP). Similar to the Bolsa Familia Program, the KDP is a national Indonesian government program, carried out in a decentralized context, and funded through a loan from the World Bank. The main difference of the KPD is its high degree of community involvement in the process of project design and funds allocation. Olken suggests that better monitoring and punishment can reduce corruption using the strategies of monitoring by the government auditors and grassroots participation in the village. He offers an example of how a carefully designed monitoring system can keep in place villagers' deep participation meantime avoiding corruption and elite capture.

In the context of the Kecamatan Development Program, the results of the independent government development audit agency were read publicly to an open village meeting by the auditors, and also were sent to the central government, project officials and other villages. Under means of punishment, village officials faced several sanctions: retribution from the village or the possibility of criminal action; public return of stolen money or the possibility that the village would not receive a grant in the future which result in social sanctions. Aside from random audits, the local officials need to file an accountability report at the end of the project in order for the village to apply for a project next year.

The grassroots participation is prone to capture by local elites. Although open to the entire village, the meetings aimed to design projects and discuss funds allocation, are typically attended by only 30-50 people, most of whom are members of the village elites. In the case of Indonesia, Javanese villagers consider it rude to attend a meeting to which they have not been formally invited. To assure a broader diversity in attendance, Olken performed an experiment in which he distributed written invitations, most effectively with the help of school children. Invitations included a comment form asking villagers' opinion of the project for anonymous comments to increase the villagers' fear of retaliation from the elites.

The KDP monitoring model

can be used in participatory development projects with the purpose of enabling poor people to monitor service providers and preventing elite capture. Its design can be used as a template and evidence that better monitoring is conceivable. It is fair to assume that each community-driven program will require various monitoring and punishment designs.

Controversially, analysis of the grassroots democratic intervention in 1,250 villages randomly selected to participate in a four-year long community-driven development project "Tuungane" in eastern Congo showed mixed or no positive effect on participation, accountability, efficiency, transparency, and capture (Humphrey 2015). Tuungane sought to "improve the understanding and practice of democratic governance, improve citizens' relationships with local government and thereby communities' ability to resolve conflict peacefully" (Humphrey 2015). Thus, population was trained and mobilized before organizing elections by the means in which the Village Development Committees of locals were formed.

The committee members decided how to allocate the loans and design a development project. The projects were then voted on by the whole village. Thus, the village members were holding the committee accountable. The committee members had to participate in intense training on leadership, responsibilities, gender issues, and principles of good governance. The leaders were trained in financial management and accounting practices. The project made a significant emphasis on the inclusion of women and other vulnerable groups. In addition, villages were granted unconditional cash transfers to enable the committees to decide who should manage the funds and how to spend it.

To measure the effect of Tuunagane project on participation, accountability, transparency, and capture, the implementation agency employed observers of behavior in the villages, performed extensive audits and survey data collection. The overall conclusion based on the findings can be summarized as follows: "exposure to grassroots democratization left power structures and related behavior unaffected" (Humphrey).

The example of the Tuungane program shows that community-driven models can target a large scope of issues. However, implementation and monitoring design require extensive expertise and creative thinking. Although the emerging participatory development programs suggest templates of various participatory programs components, each case must be carefully designed and accordingly adapted to its historical, geographical, political, and economic particularities. The biggest challenge of the participatory programs reflects the conclusion that "one size fits all" will never work in its context. Humanitarian community and development agencies need to find new avenues to empower local searchers and to incentivize searchers in the West.

Conclusion

This paper argues that empowerment of local communities through participation leads to additional efficiency and overall effectiveness by addressing the issues regarding accountability and local knowledge. Participatory programs eased by implemented agencies or local government officials constrained by a carefully designed monitoring system prove to be more efficient types of participatory development programs. The Bolsa Familia Program and the Kecamata Development Program showed promising results in addressing cost-effectiveness and efficiency problems in traditional top-down foreign aid programs. The international community can share its technical assistance, resources, expertise, and knowledge in developing the design and implementation of projects. From the research presented in this paper, two paths towards increased effectiveness of foreign aid programs become apparent. First, a renewed commitment to information and resource sharing paradigms can empower local communities through participation to plan and manage the activities needed on the ground. In addition, design must guarantee a viable monitoring system to avoid corruption and elite capture. A combination of these steps can assist in the further development of poorer countries, and provide economic prosperity by ensuring all boats rise.

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