Over the past fifty years humanitarian and economic assistance have been a cornerstone of the developed countries foreign policy. However, public support for aid has waxed and waned mainly due to the lingering question: Can foreign assistance make a lasting difference to the lives of poor people in poor countries? Does economic assistance really work? While data collection is difficult and researchers have encountered major methodological problems major research institutions argue that aid indeed works, in particular special-purpose programs, i.e., poverty reduction, job creation, community development, etc. The World Bank had surveyed 116 developing countries and randomly sampled over 1.2 million people. The research showed that two dependent variables persist in determining the success or failure of an aid program: (a) multilateral aid is more effective (some researchers claim it is 50% more effective) than bilateral aid and, (b) aid is most effective when projects and programs are executed in a “bottom up” method, namely, the recipients of aid are the stakeholders, the “owners”, and the major participants in the carrying out of the aid projects.

The WB-PNGO project was launched in 1997, with a humble initial budget of $17 million (donors were the WB, Saudi Arabia and Italy), and the project is now in its third cycle. In the first cycle, 365 applications were submitted and 39 projects received funding. In the second cycle 235 proposals were submitted and 35 projects were approved for funding. In the second cycle the WB introduced a new funding mechanism: Block Grants, i.e., outstanding and experienced PNGOs were given large grants to in turn distribute and manage small sub-projects under their supervision. The purpose of this aid mechanism is to enhance and empower the capacity of the PNGO community to independently manage projects of poverty alleviation, job creation, and reach marginalized population unreachable by the local governments.

The third Cycle is in progress and has a budget of $18 million. The focus of the Third Cycle is on improving the institutional capacities of the PNGOs to ensure their capacity to provide “social services to those who are poor, vulnerable or affected by the deteriorating socioeconomic conditions by establishing effective mechanism to improve the quality and sustainability of NGO social service delivery.” Other goals included: improve the institutional capacities of smaller PNGOs receiving WB grants, and support efforts by the PA the PNGOs sectors to strengthen their working relationships, including support for the development of a positive legal framework for the two sectors.

Based on the positive results of the WB-PNGO project, the World Bank launched in 2007 a unique community development project: “Village and Neighborhood Development Project, a Pioneering Community Development Project in the West bank & Gaza.”. The

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project has a starting budget of $10 million and its main goals are community empowerment and inclusion of marginalized groups into the mainstream of society. "The WB is supporting a pioneering new community driven development project where poor marginalized communities will be in the driver’s seat to lead their own development process."  

The paper (a) reviews and analyzes the principles guiding the WB- PNGO aid projects, (b) examines the processes and procedures used in the execution of the projects, (c) determines the roles of the various actors (donors and recipients) in the success of the projects, and (d) and explores the correlations between the execution of the aid projects and the results (1998-2009).

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