Aid conditionality is largely linked with the World Bank (WB) and IMF to third countries in foreign exchange crises, i.e., balance of payments difficulties. The IMF's original role was to provide liquidity for countries in need of payments, without any conditionality. It is controlled largely by the G7, the seven major industrialized countries. IMF pressure today is almost excluse on the countries and accompanied by harsh conditionality. It has virtually no influence on the economic policies of the G7.

The WB conditionality is in the form of so-called Structural Adjustment Programmes (SAPs). This is a general understanding with countries in the Third World countries on which the UN Charter is based. Such conditionality was associated with specific projects like economic growth in the developing countries. In fact, no economic improvement was conditioned when relevant economic policies of the export-oriented sectors were not translated into the internal economy. The logic behind the SAPs is to build up, in contrast to the 1980s after the 1978-1979 debt crisis, the debt and balance of payments deficits because manageable.

Thus, in the 1980s aid shifted to a programme of 'policy conditionality'. This became the main conditionality in the structural adjustment policies in the developing countries, which in turn conditioned the exports of the Third World countries. Further, the rise in interest rates, the uncontrolled build-up of debt and with this the deterioration of trade for primary commodities made the Third World countries increasingly dependent on the international financial agencies.

The WB is said to improve the supply efficiency of the economy by such measures as privatization, promotion of free market, investment. Flexible labour markets are set up at the cost of losing the protection for the weak and the elderly. Inflationary pressures in the economy by controlling wages, overseas earnings, increasing saving, monetary discipline, stable exchange rate and trade liberalization and free movement of capital is conditional.

The other important point is that bilateral aid is not loan aid but aid conditioned upon countries being given 'approved' by the WB/IFM. Bilateral aid can be cut off if conditionality fails to implement the WB/IFM conditions. Both these institutions claim that the conditionality is embodied in their programmes. They are unforged by their programmes, and this is seen as the result on a short-term basis.

The WB/IMF programmes are a total failure, as by their own admission the conditionality was not implemented and the IMF and WB then focused on 'bad managers'. The WB/IMF programmes fail, and the government will blame the WB/IMF. The programmes have not been implemented and the conditionality attached to it should be freely accepted without the conditionality of the WB/IMF.

Instead, the WB/IMF programmes failed to build up the debt because the country's debt and balance of payments deficits became manageable.

The conditions failed to take into account different social circumstances, economic policies, different countries and social classes. The core of the problem is that the WB/IMF programmes failed to implement the conditionality conditioned by the WB/IMF and that the conditions for the WB/IMF programmes were not implemented.

Another failure applies to the WB/IMF programmes, as by their own admission 'the conditionality was not implemented'. The WB/IMF programmes failed to implement the conditionality conditioned by the WB/IMF and that the conditions for the WB/IMF programmes were not implemented.