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Critical Evaluation of the Effects of Conditionalities and Structural Adjustments on the Poor and Developing Countries

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Abstract : Conditionality refers to a precondition for getting external funds from IMF or WB by giving consent for implementation of the program of economic or political reforms especially relating to open economies. These are put forth under the label of structural adjustment. It is a kind of challenge on the part of borrowing government to exercise balance between the domestic obligations and the expectations of external funding agencies. Countries have to take loans under certain criteria and regulations because better loans are often not readily available. Therefore taking loans and renewing them to pay the same with new interest rates and conditions makes the governments entangled in the circle of debt. They are forced to compete with well-established multinational companies. If their access to industrialized countries' markets is impaired through protectionism, the developed world will be condemning the indebted nations to perpetual financial crisis. On the other hand, the ability to sell their goods free in the world market is reduced through the introduction of Structural Adjustment Programmes. Although there are examples of positive effects on certain economies like India, some Third World, and poor countries have experienced the ire of these remedies. This paper tries to find out the effects of SAPs on some borrowing countries.

Keywords : IMF, world bank, conditionalities, SAPs, Third World Countries
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