first co-ordinated effort to help a country clear its arrears to the IMF and World Bank.

Throughout the developing world there are good signs that the international debt strategy is working. For example, the debt-to-GNP ratio of developing countries declined from 52 per cent in 1987 to 38 per cent in 1991. Perhaps more important, the debt service ratio has declined by one-third, from 30 per cent in 1986 to 20 per cent in 1991.

These improvements allow debtor governments greater flexibility in adjusting other domestic social and economic programs to ensure continuing progress toward sustainable development.

We cannot treat debt in isolation. It is linked to a country's overall performance, including its relationship with its natural environment. We can be proud that at the U.N. Conference on the Environment and Development, the Prime Minister proposed ODA debt-for-environment conversions of up to $145 million for Latin American countries which will reduce the debt burden while supporting domestic environmental programs.

The conversions will be negotiated individually, taking other factors into account including the promotion of human rights and democracy, and the implementation of sound economic policies.

This initiative is only one of the new elements in the global debt strategy. Another is the aforementioned Trinidad terms, an agreement which will provide up to a 50 per cent reduction in payments (principal and interest) on Paris Club claims for the world's poorest countries. This should have a particular impact on many African countries who find themselves in this category.

Most important, countries who are eligible for Trinidad terms could be eligible for a reduction in their entire stock of debt after a period of sustained adjustment, usually three or four years.

This is a very positive incentive and shows that there is a bright light at the end of what for some has been a very long tunnel.

It is interesting to note that in Africa, for the 20 core countries of the World Bank's Special Program for Assistance (SPA), the annual GDP growth rate in the period 1988 to 1990 rose to four per cent from an average of one per cent annual growth in the period 1980 to 1984. Their debt has stabilized, while unfortunately the debt of those countries not undertaking adjustment programs has continued to rise.

For middle income countries, the Brady Plan has provided a mechanism for debt reduction by commercial banks. Five countries, soon to be joined by Brazil and Argentina, have