

Most debtors and creditors, including Canada, continue to endorse the cooperative, case-by-case approach for managing the debt problem. If developing countries are to "grow out of their debt," however, attention must increasingly be focused on improving the implementation of this strategy. Among the major challenges that lie ahead are promoting greater action by creditor governments and international financial institutions in providing financial resources for growth and adjustment; further broadening the "menu of options" to engage commercial banks more effectively in providing financing to debtor countries that implement appropriate adjustment programs; reconciling the need for additional financing with the recent emergence of "options" that actually reduce the stock of debt, with banks absorbing the associated losses; and, finally, providing further incentives to debtor countries to reinforce economic adjustment programs.

Summit leaders will review these issues in Toronto.