Sovereign debt Debts owed by national governments and their agencies or which have been publicly guaranteed. Sovereign loans are amounts loaned by government bodies or by private lenders with public guarantees.

Secondary markets Refers to markets where loans outstanding to highly-indebted countries are traded. The buyer pays less than the face value because of the risk of non-payment. By early 1989 the market was discounting debts of the "Baker 15" countries by an average 70%. However, these transactions represent no benefit to the country unless it is able to buy back its own debt at this discount.

Structural adjustment Usually refers to a program of economic policy reforms designed to put a country on a path of sustainable growth. In situations of high external debt, adjustment is often tied to measures to "stabilize" the country's finances. So-called "orthodox" structural adjustment packages prescribed by the IMF and World Bank emphasize the operation of efficient markets.

Terms of trade The relationship between the prices of a country's exports and the prices of its imports. Declining terms of trade has been a major obstacle to overcoming debt for some developing countries.

Toronto terms Named after an agreement reached during the Toronto G-7 summit of 1988; creditor governments subsequently agreed to choose among three debt relief options for low-income African countries rescheduling their official debts in the Paris Club.