

- Balance of payments** The measure of a country's net international position in terms of income from exports of goods and services versus expenditures on imports (the current account), and financial inflows and outflows (the capital account). A "deficit" is when a country is paying out more than it is receiving.
- Brady Plan** An initiative outlined in a speech by current U.S. Treasury Secretary Nicholas Brady in Washington D.C. in March 1989. In these proposals the U.S. finally embraced the principle of negotiated debt and debt service reduction. The "plan" included a number of other elements, but was directed mainly at countries with large amounts of commercial bank debt. It called for debt reduction schemes to be supported by up to US\$ 35 billion over three years from the IFIs and Japan.
- Bretton Woods institutions** The post-war network of international financial institutions—principally the IMF and world Bank—the groundwork for which was laid at a conference in Bretton Woods, New Hampshire in 1944. The original emphasis on reconstruction in Europe later shifted to the developing nations.
- Concessional lending** Loans offered to borrowing countries at below-market terms.
- Conditionality** The requirement that countries agree to certain policies as a condition of receiving financial assistance. A substantial proportion of the IFIs' concessional lending is policy-based—i.e., subject to conditionality.
- Country risk provisions** Amounts set aside by lenders to cover the risk of potential losses on their loans to sovereign debtors. Canadian commercial banks are required by law to hold provisions up to 45% of their total loan exposure in 42 problem debtor countries as designated by the Superintendent of Financial Institutions.
- Debt conversion** A debt relief technique whereby old debt that cannot be fully serviced is converted into a new debt instrument that carries a lesser value but supposedly greater security.