

# Introduction

Commonwealth Heads of Government, when they met in New Delhi in November 1983, surveyed the world economic situation and expressed concern over the serious crisis confronting developing countries because of the debt problem. They therefore asked the Secretariat, with the aid of a group of experts, to examine the developing country debt problem in all its aspects and to report to the Toronto meeting of Commonwealth Finance Ministers.

The Secretary-General constituted our Group in early 1984 and we met on three occasions before finalising this Report. We have seen our task primarily as one of drawing attention to the central features of a fast moving and deteriorating situation. In doing this we have endeavoured to take into account the work that has already been carried out in order to ensure that our recommendations are of the maximum practical use. The issues are immensely detailed. We have not thought it necessary to attempt to reach full agreement on all of them as a group. Our main purpose has been to stimulate action. In Part I of our Report we first put the debt issue in perspective. We then go on to explain the need for a more systematic and long-term strategy involving as its core a sustainable combination of public and private finance. We then set out our recommendations which cover the management of commercial debt, special measures for low-income countries, the role of the international financial institutions and the policies of the industrial countries.

Part II of the Report contains the background analysis which has served as a basis for our discussion and recommendations. Chapter 1 presents a survey of the debt problem. Chapter 2 reviews current policies on developing countries' commercial bank debt. Chapter 3 discusses the debt crisis as it affects the low-income developing countries. Chapter 4 deals with the international financial institutions and the debt crisis. Chapter 5 discusses future prospects for debt and resource flows.