

the IMF for greater concessionality in ESAF lending for a limited number of poor and highly indebted countries, as the IMF's contribution to putting them in a sustainable position. We will examine constructively and positively the options for financing the needed subsidies, using primarily resources held by the IMF, without excluding bilateral contributions. If needed, the IMF should consider optimizing its reserves management in order to facilitate the financing of ESAF. This will enable the IMF to hold out to the poorest countries the prospect of macro-economic stability and structural reforms aimed at growth.

50. We welcome progress achieved in the alleviation of the debt problems and the active implementation, by the Paris Club, of the Naples terms. However, for some heavily indebted poor countries, we acknowledge the need for additional action, in particular to reduce debts owing to multilateral institutions and other bilateral creditors that are not members of the Paris Club. Following the proposals developed by the Bretton Woods Institutions, we look forward to a concrete solution being agreed by next Autumn at the latest on the following basis:

- the solution should provide an exit for unsustainable debt and be based on a case by case approach adapted to the specific situation of each country concerned, once it has shown its commitment to pursuing its economic adjustment;
- the continuation of ESAF will provide the basis for a reduction in the burden of the debt to the IMF for these countries;
- we welcome the proposal by World Bank management to commit 500 million \$ to this initiative and substantial amounts for future years. We will support and work together for an overall World Bank contribution of the order of 2 billion \$ for this initiative. We look to the World Bank together with the Regional Development Banks to develop practical funding mechanisms for treating debt owed to these institutions;
- as concerns bilateral credits, we are committed to work, in conjunction with a maximum possible contribution by the World Bank and the IMF, to achieve financial viability and debt sustainability for all these countries which undertake the necessary adjustment efforts. We acknowledge Official Development Aid debt cancellation already given by some creditor countries. We urge the Paris Club creditor countries, where they deem appropriate, on a case by case basis, to go beyond the Naples terms for these countries. These efforts would include, on a voluntary basis, debt conversion schemes up to 20% instead of currently 10% of the stock of debts, and increased debt alleviation. In parallel, and on the basis of the same assessment, all other bilateral creditors are encouraged to make their own contributions to these countries in terms comparable.