

- establishing a system of multilateral surveillance of national financial, supervisory and regulatory systems. Our Finance Ministers will consider ways, and have asked the relevant international institutions to develop proposals on ways to achieve greater co-operation in this area, including options for institutional reform.
- **ensuring that the private sector takes full responsibility for its own decisions in order to reduce moral hazard:**
- developing a framework to ensure that the private sector plays a timely and appropriate role in the resolution of financial crises.
  - asking the IMF to signal that in the event of a crisis it will be prepared to consider lending to countries that are in arrears, including in situations where debt standstills have arisen, if the debtor country adopts appropriate adjustment policies.
  - encouraging clauses in international bond issues that allow for re-negotiation in the event of default.

9. We ask our Finance Ministers to take forward these ideas in co-operation and discussion with emerging market and other countries, with the International Financial Institutions and the private sector. We also ask our Finance Ministers to consider further how the existing global discussion fora, particularly the IMF's Interim Committee, could be developed to permit a deeper and more effective dialogue. We hope firm proposals on all these issues can be put forward for decision later this year, and we ask our Finance Ministers to report to us on progress without delay.

## **Ukraine**

10. We renewed our resolve to work with Ukraine to implement strong financial and economic reform. We look forward to the Ukrainian government and parliament taking the steps necessary to agree on an Extended Financing Facility with the IMF.

11. We reaffirmed our commitment to the full implementation of the Memorandum of Understanding (MoU) between the G7 and Ukraine. In addition we have made a major effort with the funding of the Shelter Implementation Plan. We note that the funding from the G7 and other international donors envisaged under the MoU is dependent on the closure of Chernobyl taking place on schedule by the year 2000. The safety of Chernobyl Unit 3 is already giving rise to concern.

12. We commend the Ukrainian Government's decision to adopt a Financial Recovery Plan for the energy sector. We look to the Government of Ukraine to implement the fundamental reforms which are needed to make investments in the energy sector and elsewhere financially viable. With the Financial Recovery Plan in place, we look to the EBRD to complete its review of the Khmel'nitsky 2 and Rovno 4 (K2/R4) project swiftly and to contribute substantially to a successful loan package, while respecting the Bank's due diligence requirements. This, like the other funding, will of course depend on the Ukrainian Government fulfilling its undertakings under the MoU.