

persist in a number of the poorest countries. Last December, as called for at the Naples Summit, the Paris Club of creditor governments agreed to increase the level of debt reduction to (up to) 67 percent for the most severely-indebted, low-income countries and to operationalize a "stock of debt" approach. We welcome the Paris Club's progress to improve the treatment of the debt of these countries and urge the full and constructive implementation of Naples terms, a step that is in the interest of both debtors and creditors.

- **To address the overall debt burdens of these countries in a comprehensive manner, a coordinated approach should be maintained to official bilateral, commercial, and multilateral debt, and special attention should be paid to the prevention of future debt problems.**
- **Further study on a country-by-country basis needs to be made of the extent and nature (by institution and type of debt) of the problems faced, in order to determine where innovative approaches are most appropriate.**

There is general agreement that measures have to be taken to ensure that the burden of multilateral debt does not impede the growth prospects for the poorest countries. Exit strategies need to be found for countries with particularly high levels of multilateral debt, but with good track records.

- **The IMF and World Bank should take the lead in developing a comprehensive multilateral approach to assist countries with multilateral debt and debt-service ratios above prudent levels in addressing their debt burdens, through the flexible implementation of existing instruments, and new mechanisms where necessary.**
- **Thought should be given to the better use of all existing IMF and World Bank resources and further consideration of appropriate measures in the multilateral development banks, to advance this objective.**
- **An important part of any resolution of these debt problems will be the availability of financing on more highly concessional or grant terms. Thought also should be given to increasing the share of official bilateral assistance directed to the poorest countries and the degree of concessionality in such assistance.**

Disasters and other crises have demonstrated gaps in the institutional machinery. To help resolve emerging crises, the Bretton Woods institutions and the UN should establish a new coordination procedure, supported as necessary by existing resources, to facilitate a smooth transition to the rehabilitation phase in countries