Development cooperation: exceptional aid for heavily indebted ACP countries, HIPC Initiative

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A high level of indebtedness and debt-servicing seriously impedes the economic and social development of the developing countries and debt repayment can lead to an export-led economy which endangers the domestic economy because it is geared to earning foreign exchange. The report by José TORRES COUTO (PES, P), adopted by the Committee, expresses the view that relief should be provided not only for bilateral but for multilateral debts. It agrees with the definition of "debt sustainability" ie. capacity to fulfil obligations punctually without jeopardizing economic growth but calls for human development and social indicators to be included in the definition alongside macroeconomic indicators. It supports the establishment of a connection between successful and sustainable economic reform and debt relief. Developing countries should give undertakings regarding the environment, combating poverty, supplying basic needs and other development projects in return for relief measures. The committee supports the Commission's proposal for the establishment of a single fund for all instruments, which would be managed by the EIB in parallel with the HIPC Trust Fund managed by the IDA. It has also asked the Council to refinance the debt of eligible countries from repayments or earlier loans.