ACP heavily indebted poor countries HIPC: special loans, debt alleviation

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The committee adopted the report by Mario MANTOVANI (EPP-ED, I) on the Commission communication. It pointed out that many loans had been granted to the ACP countries in recent years to enable them to service their debt rather than for the purpose of fresh investment. This vicious circle was hampering the development of those countries, which were increasingly affected by the world economic slowdown following 11 September 2001. The Commission's proposal was therefore to be welcomed, although MEPs said that the enhanced HIPC initiative was still inadequate in the current context of economic globalisation. Moreover, this initiative, and debt-relief measures in general, should not serve as a pretext for a reduction in development aid. In this context, MEPs recalled the EU Member States' commitment to work rapidly towards achieving the UN target of 0.7% of GNP in official development assistance. They added that trade was also an important source of growth and poverty reduction and that greater access to markets would provide a major boost to development. The committee believed that the process of public debt relief should be speeded up and taken further in countries whose governments respected human rights and the principles of good governance and gave priority to eradicating poverty. Whatever additional funds governments gained through debt relief should be allocated to social expenditure in areas such as basic education and primary healthcare, AIDS, etc. The Commission and the Member States were also urged to offer technical assistance to the ACP countries so that they could devise debt management schemes. The report stressed that the success of the HIPC initiative required coordination between the various donors and creditors so that the burden of implementing debt-relief plans was fairly distributed. Strict supervision of the operation of the HIPC mechanisms and additional debt-relief measures was also essential to combat corruption and the misuse of funds. Lastly, the committee called for the EDF to be incorporated into the EU's overall development budget, which would help increase the transparency and consistency of the EU's external actions.