



COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION

**to the budgetary authority on guarantees covered by the general
budget - situation at 31 December 2001**

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Part One:

Events since the report at 30 June 2001, the risk situation and activation of budget guarantees

1. INTRODUCTION: TYPES OF OPERATION

The risks covered by the Community budget derive from a variety of lending and guarantee operations which can be divided into two categories: loans with macroeconomic objectives and loans with microeconomic objectives.

1.1. Operations with macroeconomic objectives

The first of these are the balance-of-payments loans for Member States or non-member countries, normally carrying strict economic conditions and undertakings.

1.2. Operations with microeconomic objectives

These are loans to finance projects which are usually repaid over the long term from funds which these projects are expected to generate; as a rule, they are granted to companies, financial institutions or non-member countries and, in addition to the Community guarantee, are covered by the usual guarantees demanded by banks.

This covers Euratom and NCI loans in Member States and the Euratom and EIB loans outside the Community (Mediterranean countries, Central and Eastern Europe, countries of Asia and Latin America, Republic of South Africa).

2. EVENTS SINCE THE REPORT AT 30 JUNE 2001

2.1. Federal Republic of Yugoslavia

On 23 May, 2001, the Commission presented a proposal for a Council Decision providing macro-financial assistance to the Federal Republic of Yugoslavia. The amount to be granted is €225 million in the form of a loan with a maximum maturity of fifteen years and €75 million in the form of non-repayable grants. On 16 July 2001 the Council decided to grant macro-financial assistance to the Federal Republic of Yugoslavia. The amount to be granted is €225 million in the form of a loan and €75 million in the form of non-repayable grants. On 10 December 2001 the Council decided to amend this decision by providing an additional amount of €45 million in the form of non-repayable grants. The grant component of this assistance shall now amount to a maximum of €120 million.

2.2. Community Guarantee to the European Investment Bank for loans for projects in the Federal Republic of Yugoslavia

On 6 November, 2001, the Council decided to amend Decision 2000/24/EC to extend the Community guarantee to the European Investment Bank to cover loans for projects in the Federal Republic of Yugoslavia. The amount of these loans is subject to an overall ceiling of €350 million. The guarantee is limited to 65 % of the overall ceiling of €350 million decided on by the Council.

2.3. Community Guarantee to the European Investment Bank for loans for projects in the Baltic Sea basin of Russia

On 6 June, 2001, the Commission presented a proposal for a Council Decision granting a Community guarantee to the European Investment Bank against losses under a special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension. The overall ceiling of the credits opened shall be €100 million. The Community guarantee with respect to credits opened by the EIB under this Decision shall take the form of an extension of the 65 % global Community guarantee granted to the EIB under the general external lending mandate. On 6 November, 2001, the Council decided to grant the European Investment Bank a guarantee for investment projects carried out under this special lending action in the Baltic Sea basin of Russia under the Northern Dimension. The overall ceiling of the credits opened shall be €100 million. The EIB shall benefit from an exceptional Community guarantee of 100 %. The guarantee shall cover loans signed during a period of three years from the date of adoption of this Decision. This period shall be automatically extended by six months if, on expiry of those three years, the loans signed by the EIB have not attained the overall ceiling of €100 million.

3. RISK SITUATION

There are two possible methods for evaluating the risks borne by the Community budget:

- The method, often used by bankers, of the total amount of capital outstanding for the operations concerned on a given date (situation described in Table 1 below),
- The more budgetary approach of calculating the maximum amount which the Community could have to pay out in each financial year.

The second approach itself has been applied in two different ways:

- By reference only to actual disbursements at the date of the report, assuming that there are no early repayments (see Table 2 below showing the lower limit of this maximum risk to the Community budget);
- On a more forward-looking basis, by reference to all the operations decided by the Council or proposed by the Commission in order to estimate the impact on future budgets, assuming that the Commission's proposals are accepted (see Table 3 below showing the upper limit of this maximum risk borne by the Community budget).

The latter exercise gives some idea of the future level of risks connected with the proposals made. However, a number of assumptions have to be made about dates of disbursement and terms of repayment (details are given in the annex) as well as interest¹ and exchange rates².

The results are shown in Tables 1 to 3, which make separate assessments of the risks relating to countries inside the Community and countries outside the Community.

¹ An average interest rate of 8% is assumed for EIB loans; The average interest rate assumed for borrowing and lending operations is 4.4%. An interest rate of 4.89% has been applied for the new operations in Table 3.

² The exchange rates used for loans in currencies other than the euro are those of 31 December 2001.

The overall figures quoted cover risks of different types; loans to one country in the case of macro-financial assistance and loans for projects guaranteed by the borrowers in the case of NCI and EIB operations, for example.

The following analysis distinguishes between total risk, the risk in respect of Member States and the risk in respect of non-member countries.

3.1. Amount outstanding at 31 December 2001

The amount outstanding is set out in Table 1.

The total risk at 31 December 2001 came to €15 443 million, as against €15 041 million at 30 June 2001, an increase of 2.7 %³.

The following table shows the operations which have had an effect on the amount outstanding since the last report.

	<i>€ million</i>
Amount outstanding at 30 June 2001	15 041.00
Loan repayments	
Euratom	0.00
NIC	- 83.50
Financial assistance	- 252.00
EIB	- 533.00
Loans disbursed	
Euratom	0.00
Financial assistance	225.00
EIB	900.00
Exchange rate differences between the Euro and other currencies	145.50
Amount outstanding at 31 December 2001	15 443.00

The capital outstanding in respect of operations in the Member States was €52 million at 31 December 2001, a fall of 59.0 % compared with 30 June 2001.

The capital outstanding from non-member countries at 31 December 2001 was €15 391 million, an increase of 3.2 % compared with 30 June 2001.

3.2. Maximum annual risk borne by the Community budget: operations disbursed at 31 December 2001

The maximum annual risk is set out in Table 2.

The total risk for the first half of 2002 comes to €1 602 million.

– The risk in respect of the Member States comes to €11 million.

³ Part of the change over the past six months is due to exchange rate differences on loans in currencies other than the Euro.

- The risk in respect of non-member countries comes to €1 591 million.

3.3. Maximum theoretical annual risk borne by the Community budget

The situation is set out in Table 3.

This risk comes to €1 859 million during 2002. It will increase from 2003 onwards and reach €4 675 million in 2010.

- The trend in the maximum risk in respect of Member States is the same as described in Table 2.
- The risk in respect of non-member countries amounts to €1 843 million for 2002. The risk will increase from 2003 onwards to reach €4 675 million by 2010.

TABLE 1
CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED
million Euro

Operations	Authorised ceiling	Capital outstanding at 30.06.01	Capital outstanding at 31.12.01	Remainder to be disbursed 31.12.01
MEMBER STATES				
A.Balance of payments	14000			
1. Italy		0	0	0
B.Others				
2. Euratom (*)	4000	0	0	0
3. NCI and NCI earthquake	6830	89	19	0
4. EIB Mediterranean Spain, Greece, Portugal	1500	38	33	0
MEMBER STATES - TOTAL	26330	127	52	0
THIRD COUNTRIES				
A.Financial assistance				
1. Bulgaria	750	460	390	0
2. Romania	780	225	225	100
3. Algeria	600	250	100	100
4. FYROM	90	40	50	40
5. Bosnia-Herzegovina	20	20	20	0
6. Baltic States	220	25	25	85
7. Moldova	75	55	46	15
8. Ukraine	435	343	326	92
9. Belarus	55	30	24	25
10. Georgia	142	100	100	32
11. Armenia	28	23	23	0
12. Tajikistan	75	60	60	15
13. Albania	20	0	0	20
14. Euratom (*)		40	40	0
15. FR Yugoslavia	225	0	225	0
B.Other				
16. EIB Mediterranean(**)	16147	5089	5629	3651
17. EIB Central & Eastern Europe	17750	5124	5608	3137
18. EIB Asia, Latin America	4405	1251	2013	761
19. EIB South Africa	1500	595	487	257
20. EIB The Baltic Sea basin of Russia	100	0	0	0
THIRD COUNTRIES - TOTAL	43417	13730	15391	8330
GRAND TOTAL	69747	13857	15443	8330

(*) The overall ceiling is 4 000 million Euro. By Decision 94/179/Euratom of 21 March 1994 the Council decided to extend Euratom loans to the financing of projects of certain non-member countries.

(**) The amount outstanding has been increased by 12,0 million Euro to take account of the principal due but not paid at 31.12.01

ANNEX TO TABLE 1
SITUATION IN RESPECT OF EIB OPERATIONS (31.12.01)

Operations	Credit line authorised	Loans made available minus cancellations	Amounts disbursed	Amounts outstanding at 31.12.01
Mediterranean: Member States	1500	1465	1753	33
Non-EU countries, old mandates				
Mediterranean Protocols	6362	5932	6156	3758
Central & Eastern Europe I and II	4700	4090	4264	3163
Asia, Latin America I and II	903	757	831	589
South Africa	300	285	224	214
Non-EU countries, decision of 14.4.97				
Mediterranean	2310	2250	1385	1366
Central & Eastern Europe	3520	3414	2166	2087
Asia, Latin America	1022	1022	816	791
South Africa	375	375	271	270
FYROM, decision of 19.5.98	150	150	61	61
Bosnia, decision of 14.12.98	100	100	4	4
Turkey, decision of 29.11.99	600	450	319	319
Non-EU countries, decision of 22.12.99				
Mediterranean	6425	1906	120	121
Central & Eastern Europe	8680	1768	358	358
Asia, Latin America	2480	939	633	633
South Africa	825	202	2	3
Croatia, decision of 7.11.2000	250	146	0	0
Turkey, decision of 4.12.2000	450	0	0	0
FR Yugoslavia, decision of 6.11.2001	350	66	0	0
The Baltic Sea basin of Russia, decision of 6.11.2001	100	0	0	0
Total	41402	25317	19363	13770

NB: As the loans are disbursed in national currencies, the loan ceiling may be exceeded when the amount disbursed up to the date of the report are converted into Euro.

TABLE 2
MAXIMUM ANNUAL RISK BORNE BY THE COMMUNITY BUDGET
(Estimate in million Euro based on all operations disbursed at 31.12.01)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
MEMBER STATES										
CAPITAL										
A. Balance of payments										
1. Italy										0
B. Structural loans										
2. Euratom										0
3. NCI and NCI EQ			19							19
4. EIB Mediterranean Spain, Greece, Portugal	7	9	4	3						23
Capital - subtotal	7	9	23	3	0	0	0	0	0	42
INTEREST										
A. Balance of payments										
1. Italy										0
B. Structural loans										
2. Euratom										0
3. NCI and NCI EQ	2	2	2							6
4. EIB Mediterranean Spain, Greece, Portugal	2	1								3
Interest - subtotal	4	3	2	0	0	0	0	0	0	9
MEMBER STATES - TOTAL	11	12	25	3	0	0	0	0	0	51
NON-MEMBER COUNTRIES										
CAPITAL										
A. Financial assistance										
5. Bulgaria		40		63	73	88	88	25	15	390
6. Romania	55		70			25	25	25	25	225
7. Algeria	100									100
8. FYROM							5	8	8	21
9. Bosnia									2	2
10. Lithuania	25									25
11. Moldova	12	12	12	7	3					46
12. Ukraine	37	57	57	57	55	35	15	15		326
13. Belarus	6	6	6	6						24
14. Georgia								22	22	44
15. Armenia								6	6	11
16. Tajikistan										0
17. FR Yugoslavia										0
18. Euratom							2	24	28	54
B. Guarantees										0
19. EIB Mediterranean	263	308	314	324	340	345	356	334	305	2889
20. EIB Central & Eastern Europe	383	449	562	498	544	380	334	359	271	3780
21. EIB Asia, Latin America	95	130	152	170	174	195	158	123	75	1272
22. EIB South Africa	20	21	42	21	22	46	32	98	28	330
Capital - subtotal	996	1023	1215	1146	1210	1113	1014	1038	785	9539
INTEREST										
A. Financial assistance										
5. Bulgaria	14	14	13	12	10	7	4	1	1	76
6. Romania	7	6	6	3	3	3	2	1	0	32
7. Algeria	3									3
8. FYROM	2	2	2	2	2	2	2	2	1	16
9. Bosnia	1	1	1	1	1	1	1	1	1	6
10. Lithuania	1									1
11. Moldova	2	1	1	0	0					4
12. Ukraine	12	11	9	7	5	3	1	1		48
13. Belarus	1	1	0	0						2
14. Georgia	4	4	4	4	4	4	4	4	3	36
15. Armenia	1	1	1	1	1	1	1	1	1	7
16. Tajikistan	2	2	2	2	2	2	2	2	2	17
17. FR Yugoslavia	8	8	8	8	8	8	8	8	8	72
18. Euratom	2	5	12	18	28	34	39	41	40	219
B. Guarantees										
19. EIB Mediterranean	215	200	182	165	148	130	111	93	76	1320
20. EIB Central & Eastern Europe	237	211	187	162	139	111	93	78	64	1282
21. EIB Asia, Latin America	59	54	50	46	41	35	31	26	22	364
22. EIB South Africa	24	20	18	15	14	14	11	9	3	128
Interest - subtotal	595	540	495	446	405	354	309	267	221	3632
NON-MEM. COUNTRIES - TOTAL	1591	1563	1710	1591	1615	1467	1323	1305	1006	13171
GRAND TOTAL	1602	1575	1735	1594	1615	1467	1323	1305	1006	13222

TABLE 3
MAXIMUM THEORETICAL ANNUAL RISK BORNE BY THE COMMUNITY BUDGET
(Estimate in million Euro based on all operations disbursed, adopted and proposed by the Commission)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
MEMBER STATES										
CAPITAL										
A. Balance of payments										0
1. Italy										
B. Structural loans										19
2. Euratom and NCI			19							
3. EIB Spain, Greece, Portugal	12	13	5	3						33
Capital - subtotal	12	13	24	3	0	0	0	0	0	51
INTEREST										
A. Balance of payments										0
1. Italy										
B. Structural loans										7
2. Euratom and NCI	2	2	2							
3. EIB Spain, Greece, Portugal	2	1	0	0						3
Interest - subtotal	4	3	2	0	0	0	0	0	0	10
MEMBER STATES - TOTAL	16	16	26	4	0	0	0	0	0	61
NON-MEMBER COUNTRIES										
CAPITAL										
A. Financial assistance										
4. Bulgaria		40		63	73	88	88	25	15	390
5. Romania	55		70			25	25	50	50	275
6. Algeria	100									100
7. FYROM							5	8	8	21
8. Bosnia									2	2
9. Lithuania	25									25
10. Moldova	12	12	12	7	3		3	3	3	55
11. Ukraine	37	57	57	57	55	35	15	15		326
12. Belarus	6	6	6	6						24
13. Georgia								22	22	44
14. Armenia								6	6	11
15. Tajikistan										0
16. FR Yugoslavia										0
17. Euratom							2	24	28	53
B. Guarantees										
18. EIB Mediterranean	302	326	354	431	526	627	716	754	754	4790
19. EIB C + E Europe	354	352	438	476	604	751	853	951	951	5730
20. EIB Asia, Latin America	125	168	223	267	307	385	359	277	277	2388
21. EIB South Africa	26	27	62	34	48	101	100	229	229	856
Capital - subtotal	1042	988	1222	1341	1615	2011	2165	2363	2344	15090
INTEREST										
A. Financial assistance										
4. Bulgaria	14	14	13	12	10	7	4	1	1	76
5. Romania	9	9	9	7	7	6	5	5	3	60
6. Algeria	3									3
7. FYROM	2	3	3	3	3	3	3	3	2	25
8. Bosnia	1	1	1	1	1	1	1	1	1	6
9. Lithuania	1									1
10. Moldova	2	2	1	1	1	1	1	0	0	8
11. Ukraine	14	14	13	10	8	6	5	4	4	79
12. Belarus	1	1	0	0						2
13. Georgia	4	4	4	4	4	4	4	4	3	36
14. Armenia	1	1	1	1	1	1	1	1	1	7
15. Tajikistan	2	2	2	2	2	2	2	2	2	17
16. FR Yugoslavia	8	8	8	8	8	8	8	8	8	72
17. Euratom	2	5	12	18	28	34	39	41	40	219
B. Guarantees										
18. EIB Mediterranean	318	388	431	471	583	779	926	992	992	5880
19. EIB C + E Europe	255	384	536	512	558	701	832	864	864	5506
20. EIB Asia, Latin America	119	124	121	115	167	215	326	242	242	1671
21. EIB South Africa	44	63	71	89	88	116	138	169	169	947
Interest - subtotal	801	1022	1225	1254	1468	1884	2295	2336	2331	14615
THIRD COUNTRIES - TOTAL	1843	2010	2447	2594	3083	3895	4459	4699	4675	29705
GRAND TOTAL	1859	2026	2473	2598	3083	3895	4459	4699	4675	29767

4. ACTIVATION OF BUDGET GUARANTEES

4.1. Payments from cash resources

The Commission draws on its cash resources, under Article 12 of Council Regulation (EC, Euratom) No. 1150/2000 of 22 May 2000, implementing Decision 94/728/EC, Euratom on the system of the Communities' own resources, in order to avoid delays and resulting costs in servicing its borrowing operations when a debtor is late in paying.

4.2. Activation of the Guarantee Fund

Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 established a Guarantee Fund for external action. In the event of late payment by a recipient of a loan granted by the Community, the Guarantee Fund is called on to cover the default within three months of the date on which payment is due. If a borrower defaults on an EIB loan guaranteed by the Community budget, the Community will act within three months of receiving a letter from the Bank calling for the guarantee to be activated. The Commission will then authorise the Bank to take the corresponding amounts from the Guarantee Fund.

Default interest for the time between the date on which cash resources are made available and the date of activation of the Fund is drawn from the Fund and repaid to the cash resources.

In the last six months the Fund has been called on to honour guarantees for the following debtors:

€uro

Non-member country	Date	Amount (principal + interest)
Former Yugoslavia		
Vojvodina	29.08.2001	1.366.351,99
Serbia	29.08.2001	3.546.225,45
Kosovo	29.08.2001	15.628,96
Total		4.928.206,40

4.3. Arrears at 31 December 2001

As of 31 December 2001, all amounts due by the Former Republic of Yugoslavia have been repaid to the EIB under its guaranteed loans. On 23 October 2001, a transfer to the Guarantee fund's EU liaison account was made for an aggregate amount of €162.345.253,00.

5. ANALYSIS OF THE COMMUNITY'S THEORETICAL LENDING AND GUARANTEE CAPACITY IN RESPECT OF NON-MEMBER COUNTRIES

In practice, the Guarantee Fund and reserve facility limits the Community's lending and guarantee capacity to non-member countries, since the appropriations available for provisioning the Fund whenever a new lending decision (or any annual tranche in the case of

guarantees for multiannual operations) is adopted are limited by the amount entered for the guarantee reserve in the Financial Perspective⁴.

At any given time, lending capacity corresponds to the margin remaining in the guarantee reserve. This margin is equal to the difference between the reserve and the estimated amount needed to provision the Guarantee Fund for operations which have already been adopted and which are in preparation.

Table 4 shows an estimate of the Community's lending capacity in respect of non-EU countries over the period 2001-2004 in line with the Guarantee Fund mechanism. The method of calculation and references to legal texts are set out in greater detail in the Annex.

On the basis of the decisions adopted by the Council and decisions proposed and in preparation (see Table 4), €163.74 million is expected to be used from the guarantee reserve in 2002, leaving €49.26 million available at the end of the year.

If account is taken of the effect on the guarantee reserve of the provisioning of the Fund in respect of loans already decided and loans proposed and in preparation for 2002, the annual capacity available for loans is as follows:

- €47.33 million for loans with a 100% guarantee under the Community budget, or
- €42.05 million for loans with a 65% guarantee (in accordance with Council Decision 2000/24/EC of 22 December 1999).

At 31 December 2001, outstanding lending and loan guarantee operations for non-member countries plus unpaid interest due totalled €15.391,00 million.

€million

	Situation au 31.12.01
1. Capital outstanding, borrowing and lending	1 654.00
2. Capital outstanding, EIB	13 737.00
3. Capital outstanding, payment defaults	0.00
4. Default interest	0.00
Unpaid interest due ⁵	0.00
TOTAL	15 391.00

The ratio between the Fund's resources and outstanding capital liabilities, within the meaning of the Regulation establishing the Fund, was 11.39%, which is higher than the target figure of 9% set in Regulation No 1149/1999 amending Regulation No 2728/94 establishing the Fund. The rules state that at the end of a year the surplus shall be paid back to a special heading in the statement of revenue in the general budget of the European Communities.

⁴ The figure entered in the 2000-2006 Financial Perspective is €200 million at 1999 prices.

⁵ Unpaid interest due within the meaning of the Regulation establishing the Guarantee Fund.

The surplus of €372,46 million at the end of the financial year 2001 will be repaid to the budget in the second half of 2002.

6. SITUATION OF THE GUARANTEE FUND AT 31 DECEMBER 2001

At 31 December 2001, the Guarantee Fund amounted to € 774 million. The following movements were recorded in the second half of 2001:

- €9.75 million drawn from the Fund as a result of further defaults;
- late repayment by FRY of €162.34 million in arrears;
- net revenue of around €74.07 million on investments from the Fund's assets.
- a transfer of €207.2 million from the 2001 reserve;
- €372.46 million repaid to the budget as Fund surplus at 31 December 2001;

7. RELATIVE SOLIDITY

The ratio between the amount in the Fund at 31 December, 2001 (€1 774 million) and the maximum annual risk for loans to non-member countries (defined as the total amount falling due) shown for 2002 in Table 3 (€1 843 million) is 96 %.

Table 4 - Indicative amounts of loans and loan guarantees to be provisioned under the reserve for guarantees
(in EUR million)

Year	9%					
	2002		2003		2004	
	Expected loan amounts	Expected provision.	Expected loan amounts	Expected provision.	Expected loan amounts	Expected provision.
Amount of the reserve		213		217		221
Total lending and guarantee capacity	<i>min.</i>	2367	<i>min.</i>	2411	<i>min.</i>	2456
	<i>max.</i>	3641	<i>max.</i>	3709	<i>max.</i>	3778
1. GUARANTEES OF EIB LOANS ¹						
Decided operations						
Mediterranean Basin, 1997-2000 general lending mandate	35,00	2,36				
2000-2007 general lending mandate ³ correction forecasted/realized	3.075,00	179,89	2.975,00	174,04	2.875,00	168,19
		-19,15				
<i>s/total 2000/2007</i>		160,74				
Special Turkey reconstruction facility correction forecasted/realized	150,00	8,78			150,00	8,78
	75,00	4,39				
Baltic sea Russia special action correction forecasted/realized	25,00	2,25	40,00	3,60	35,00	3,15
		-9,00				
<i>s/total 2000/2007</i>		-6,75				
2. MACROFINANCIAL ASSISTANCE (LOANS)						
Decided operations						
FRY						
Proposed operation ⁴						
Ukraine	18,00	-2,98				
Suspended operation ⁵						
Albania (estimated carry over ²)	-20,00	-2,80				
3. EURATOM LOANS						
Provisional estimates ⁶						
Ukraine					154,00	0,00
Romania			224,00	0,00		
Use of the reserve (1+2+3)		163,74		177,64		180,12
Margin within the reserve (after provisioning of above-indicated loans)		49,26		39,36		40,88
Residual lending and guarantee capacity	100%	*	547,33	437,36		454,22
	65%	**	842,05	672,82		698,80

¹ The EC guarantee for EIB loans covers 75 % of the principal for loans provided under the 4th Syrian Protocol (Mediterranean Basin), 70 % of the principal for loans provided under the 1997-2000 general lending mandate, 100 % of the principal for loans provided under the recently adopted Baltic sea Russia special action and 65 % of the principal for loans provided under the other mandates and facilities.

² Correction of estimated levels of implementation.

³ The figures mentioned under the 2000-2007 general lending mandate include the amounts for Croatia and the Federal Republic of Yugoslavia and those for the Turkey customs special action.

⁴ The Commission proposal provides for new macro-financial assistance to Ukraine for up to EUR 110 million. However, the corresponding Council Decision will cancel in parallel undisbursed amounts of EUR 92 million loans under a previous Council Decision (98/592/EC) for macro-financial to Ukraine already provisioned for in the Guarantee Fund. The new provisioning required by the new operation should therefore be calculated on the net increase (EUR 18 million) of the loan amounts decided in favour of Ukraine.

⁵ This operation (Council Decision 99/282/EC) is not programmed any more and is not expected to be implemented.

⁶ For Ukraine, under the envisaged EUR 657 million loan for the K2-R4 project, EUR 503 million are already provisioned from previous years and EUR 154 million are planned to be provisioned in 2004. For Romania, under the Cernavoda 2 project, provisioning operations in 2003 would cover a loan amount of EUR 224 million. Should the Euratom limit being increased prior to the Commission decision for Romania, it could be envisaged to increase the total loan amount to EUR 126 million requiring an additional provisioning of EUR 11,34 million

* For macro-financial assistance and Euratom loans.

** For guarantees of EIB loans.

Part Two:

Evaluation of Potential Risks: Economic and Financial Situation of the non-member countries benefiting from the most important loan operations

1. INTRODUCTION

The figures in Part One provide information on quantitative aspects of the risk borne by the general budget. However, this data should be accompanied by an assessment of the quality of the risk, which depends on the type of operation and the standing of the borrower. Recent events, which may influence the portfolio country risk, are analysed below.

The country risk evaluation presented in Part Two presents a table of risk indicators (see Annexes) for each non-member country that has received EC macro-financial assistance and still has outstanding debts to the EC. To complement this, textual analysis is provided for those countries where significant new information influencing the risk evaluation has become available since the previous report, which covered the first six months of 2001.

The evaluation in this Part does not deal with countries other than those mentioned, mainly because Community exposure elsewhere (notably through guarantees of EIB lending) represents only a small fraction of total exposure and is also well diversified among countries.

2. ACCESSION COUNTRIES

2.1. Bulgaria

In 2001 growth continued at a high rate, albeit somewhat slower than in the year 2000 (4.7% over the first three quarters of 2001 against 5.8% in 2000). Industrial production grew by 9% in the first 9 months of 2001. While foreign direct investment has been less abundant than in the year 2000, domestic investment is rising, reflecting a growing business confidence as a result of economic stability and reforms. Unemployment has fallen over the last half a year by approximately half a percentage point, but remains high at close to 17%.

The currency board arrangement (EUR 1 = BGN 1.96) has been maintained over the period and the government plans to preserve the currency board at least until accession to the European Union. Nevertheless, inflation accelerated at the end of 2000 and in the first half of 2001, reaching 12% year-on-year at one stage, but fell steadily to around 5% (autumn 2001).

The current account deficit is estimated at 6.5% of GDP in 2001, slightly higher than in the year 2000. The surplus on the services account continued to grow chiefly because of tourist revenues, while the trade balance worsened somewhat.

Bulgarian public finances remain sound. The general government deficit stood at 1.1% of GDP in 2000 and for 2001, an election year, final figures are expected to be below 1% of GDP. A deficit of 0.8% is expected for 2002, while public finances are planned to be broadly in balance in 2003. Meanwhile, public debt is falling rapidly, from well above 100% of GDP in 1997 to approximately 69% (72.2% in Q301) of GDP at the end of 2001.

Mid-December 2001, the IMF and the new Bulgarian government came to an agreement on a further programme. Although the stand-by agreement has been approved by the board of directors of the IMF in February, rating services upgraded Bulgaria's sovereign debt already before (Moody's Investors Services upgraded Bulgaria's rating from B2 to B1 on December 19, 2001; Fitch and Standard & Poor's increased the rating from B+ to BB- on January 14, 2002).

2.2. Lithuania

Several indicators point to an economic strengthening in Lithuania. The previous estimate of GDP growth for 2000 has been revised upwards by 0.6 percentage points to 3.9%. Growth in 2000 relied very much on a strong export performance, and this trend has remained, despite the economic slowdown in many of Lithuania's trade partners. Thanks to this development, Lithuania managed to keep up strong growth in 2001. Based on preliminary figures, growth is estimated at 5.8%. An important change, however, in economic performance compared to previous years, is the increase in gross fixed capital formation in 2001, which is important for potential growth in coming years.

Notwithstanding strong growth, inflation has remained at a relatively low level. On average, consumer prices rose by 1.3% in 2001. Low inflation has been facilitated by the appreciation of the litas against the Euro. However, with the litas pegged against the Euro, as from February 2002, and with domestic demand picking up, inflation is likely to be somewhat higher in the future.

Although unemployment has decreased somewhat since the peak in early 2001, no clear downward trend is recognisable. With an unemployment rate at 16.5% in the second quarter of 2001, according to the labour force survey, this remains one of the most severe problems for the economy. The segmentation of the labour market might hamper further growth in the coming years.

Strong export performance, in combination with relatively weak domestic demand, has led to a significant decline in the current account deficit. For the first three quarters of 2001, the current account deficit amounted to 3.3% of GDP, compared to 5.0% one year earlier. At the same time, foreign direct investment has increased and fully covered the current account deficit for the first three quarters of 2001.

Lithuania has conducted a tight fiscal policy in order to cut down the budget deficit, which peaked in 1999 at 7.8% of GDP. In 2000 it came down to 2.8% and the target for 2001, 1.4% of GDP, seems to be attainable as both the state budget and the social insurance budget report better than expected balances. The target for 2002 is 1.5% of GDP. In the coming years, the budget deficit might be expected to remain at about that level, as any further decline is obstructed by expenses related to structural reforms such as the pension reform, the savings restitution etc.

2.3. Romania

In the second half of 2001, economic performance continued to improve. The authorities secured renewed IMF support and began tightening an excessively expansionary policy stance. The current account deficit widened but was easily financed as all major rating agencies upgraded Romania's paper. Despite the recent progress, macroeconomic prospects remain uncertain in view of the weakening export performance caused by the slow down in the world economy and the authorities' repeated failures to tighten income policy and financial discipline on a sustained basis.

GDP grew by 5.1% in the first nine months of 2001 driven by rising stock accumulation and increasing household consumption. Fiscal and income policies were initially loosened, contributing to the strengthening of the recovery, but were tightened in the second half of the year. This allowed the authorities to meet their 3.5% of GDP deficit target, slow down the widening of the current account deficit which totalled 5.0% of GDP by November 2001, and reduce year-on-year inflation some 10 percentage points to 30.3% at end-2001, despite sharp increases in energy tariffs. Prompted by the improving economic performance, all three major rating agencies upgraded Romania's debt, allowing the country to finance itself on the international markets at improved terms. At 30.2% of projected GDP at end-October, external indebtedness increased but remained low by international standard.

On October 31, 2001, the IMF executive Board approved an 18-months Stand-By Arrangement for SDR 300 million (USD 383 million), supporting a programme aimed at achieving a gradual reduction of inflation and a moderate external adjustment, whilst maintaining a sustained pace of economic growth.

In the run up to the IMF agreement, structural reforms were re-launched, most notably in the energy area where the authorities began increasing tariffs with the ultimate aim of achieving cost recovery. The sale of a major loss-maker, steel plant SIDEX, marked an important success in the authorities' privatisation programme. However, the overall pace remained slow as the authorities missed the indicative privatisation targets set with the IMF. Further slippage's occurred with respect to improving energy utilities' collection rates and reducing arrears to the government.

3. WESTERN BALKANS

3.1. Bosnia and Herzegovina

In the second half of the year, the entities' new governments formed in early 2001 regained momentum in their progress with reforms. Macroeconomic data for 2001 indicate that GDP growth continued to decelerate, and the authorities expect a growth rate of around 5-6% for the year 2001 as a whole, compared to an initial 8% estimate. Unemployment is estimated at about 40% of the labour force, one of the highest rates in the Western Balkans. Tentative estimates for the ratio of external financing to GDP in 2001 indicate a sharp reduction to 23%, from the high ratio of 2000 (44%). Inflation remained subdued (estimated at about 4.5% in 2001) and the exchange rate of the Konvertible Marka (KM) firmly pegged 1:1 to the Deutsche Mark/Euro, thanks to a strict adherence to the rules of the currency board. General government expenditure remained very high and was estimated at about 44% of GDP in 2001. Larger than expected deficits

have forced the State to take action towards the end of the year to bring current expenditure into line with available resources.

The trend of export recovery initiated in 2000 (partly due to a reopening of the Yugoslav market), combined with a decline of imports (mainly due to reductions in donor finance for reconstruction) continues. The current account deficit therefore declined, but only slightly (from 22.2% of GDP in 2000 to 20.8% in 2001, transfers excluded). The inhospitable business environment explains BiH's weak performance in attracting much-needed foreign investment, for which it has one of the poorest records among Central and Eastern European countries (only USD 164 million in 2001).

After the completion in May 2001 of the IMF final reviews of the Stand-By Arrangement (SBA) signed in May 1998, negotiations for a new SBA have been going on with the BiH authorities. Slow progress of the BiH authorities in specific key actions, as well as the events of the September 11 have delayed the signature of the new SBA, which should now be completed in the early months of 2002.

Foreign debt remains at high levels (about 55.7% of GDP in 2001), partly as a result of a substantial debt burden inherited from the former Yugoslavia. The ratio of debt service to exports is relatively low, though, reflecting the concessional nature of much of the debt and favourable debt rescheduling. None of the rating agencies provide risk indicators for BiH. EBRD transition indicators, reflecting progress in reforms in Central and Eastern European countries, placed BiH towards the low end of the scale in 2001, even though some progress was visible on privatisation of large-scale enterprises. Although in 2001 BiH remained current on its external debt-service obligations, high levels of its external debt and current account deficit, together with the prospects of declining foreign assistance, mean that the country risk remains significant. The mechanisms that regulate the transfers from the Entities to the State for debt servicing need some strengthening.

3.2. Federal Republic of Yugoslavia

Overall, it appears that one year after the political changes occurred in the FRY in late 2000, the authorities have accomplished substantial progress toward restoring macro-economic stability, liberalising the exchange, price and trade regime and improving market confidence in the context of IMF-supported programmes. Real GDP in 2001 grew by some 5.5% (including some 3.5% in Montenegro). Monetary policies remained tight throughout 2001 and the 30% of real base money was mainly due to purchases of the National Bank of Yugoslavia on the foreign exchange market. Inflation came down considerably from 115% at end-2000 to around 40% at end-2001 (in Montenegro it reached 25% after 22% in 2000), and the consolidated deficit (before grants) of the general government had been contained to 2.4% of GDP, compared to an original programme target of 6.1%.

The balance of payments recorded a widening trade deficit in 2001 which is estimated at some \$3.000 million. However, large inflows of remittances from abroad and service receipts contained the current account deficit to around \$ 1.075 million before grants. Preliminary balance of payments projections of the authorities for 2002 point to a current account deficit of around \$1.500 million (before grants), reflecting an increase in debt service and in foreign-financed project-related imports. The Dinar remained stable at YuD30 per Deutschmark whereas gross foreign exchange reserves reached some \$1.300 million in January 2002 (compared to \$605 million in January 2001).

Significant progress has been made in the restructuring of FRY's outstanding external debt of some \$12.2 billion at end-2001 or 140% of GDP. On multilateral debt, the FRY has fully settled arrears towards the IMF and the EIB and has reached a debt restructuring agreement with the World Bank. Also, the agreement between the Paris Club and the FRY authorities must be seen as an important element in fostering the sustainability of the country's external position. It provides for a phased 66% reduction by 2005 in the net present value of obligations towards Paris Club creditors (some \$4.5 billion) and a rescheduling of the remaining stock over 22 years with a 6 year grace period. The agreed relief is conditional on FRY's negotiation and successful implementation of a new three-year arrangement under the Extended Fund Facility. The authorities hope to be able to conclude bilateral agreements with Paris Club creditors in early 2002 and are actively seeking a similar agreement with London Club creditors. No political agreement has been reached between Serbia and Montenegro on the split of outstanding external obligations, with the exception of debt owed to the EIB and the World Bank. However, both republics have debt service appropriations in their 2002 budgets which they consider as conservative.

3.3. Former Yugoslav Republic of Macedonia

As a result of the security crisis in the first semester, GDP decreased markedly in 2001 by about 4.6%. The public finances deficit 2001 is estimated by about 6.7% of GDP. Unemployment with a 29.5% rate at the end of 2001 remained very high and reflects the low level of production. In spite of the crisis, some degree of macroeconomic stability was maintained. CPI inflation remained at around 5.3% over the year 2001, owing to conservative monetary policies based on the exchange anchor to the Euro which have prevented the country from falling into the spiral of high inflation.

The crisis had disruptive effects on foreign trade. In comparison with 2000, the fall in imports (USD -348 million) was stronger than the fall in exports (USD -161 million) and accordingly the trade deficit narrowed (USD -187 million). The current account deficit instead increased sharply to a level of 10.6% of GDP. Hard currency reserves remained significant to the amount of about USD 779 million by the end of the year, or 4.9 months of exports, largely due to important privatisation receipts from the sale of 51% of the telecom operator in January 2001.

In late 2001, after the previous IMF programme had gone off track in spring, the authorities reached a new agreement with the IMF on a 6-month Staff Monitored Programme, which lays down a macro-economic framework (which started on 1 January 2002). The authorities have indicated that they are aiming at the conclusion of a new upper credit tranche arrangement with the IMF later in the course of 2002.

By the end of 2001, the FYRoM had an external debt to GDP ratio of 39% and was on track with its debt servicing obligations. Overall, the country risk was still very high in the second half of 2001. On the economic side, the Staff Monitored Programme ensures enhanced fiscal discipline and is a first stage towards a more ambitious agreement. On the political side, important progress was achieved such as the Framework Agreement signed on 13 August, providing a basis for a peaceful settlement, the adoption by the parliament of amendments to the Constitution on 16 November, and the Law on local self-government adopted in January 2002. Recent information, however, shows the evidence of continuing ethnic tensions, and the situation remains fragile.

4. NEWLY INDEPENDENT STATES

4.1. Armenia

The Armenian economy grew at a record rate of about 9 % in 2001 (up from 6 % in 2000). Both exports and domestic spending supported growth. Exports increased by 14 % while imports remained virtually unchanged from the previous year. On the other hand, retail sales were up by 13 %. Because Armenia is fairly isolated from world markets, the current economic slowdown has not affected the country.

During 2001, budget revenues increased as tax collection improved, but the positive development was not maintained throughout the year and there were problems in budget implementation towards the end of the year. These revenue increases allowed the government to reduce pension arrears to some extent. No significant reduction in the general government deficit has been recorded for 2001, and the deficit is estimated to have remained at nearly 5 % of GDP. Monetary policy was loosened gradually over 2001, and consumer price inflation rose from 0.4 % in 2000 to 2.9 % in 2001, which remains, however, below the projected 3.5 %. The Armenian dram was rather stable in 2001 at about 560 dram per USD. The current account deficit (including transfers) declined in 2001 somewhat to 11 % of GDP (from 14 % of GDP in 2000). Gross international reserves are still comfortable at more than 3 months of imports. External debt amounted to around USD 860 million (about 45 % of GDP) at the beginning of 2001, and there was no substantial change during 2001. At the end of the year, Armenia negotiated an agreement with Russia on a debt-equity swap for its USD 94 million debt. This agreement becomes effective in 2002.

4.2. Belarus

Real GDP grew by 3% in the year for the first nine months of 2001. Despite further growth in the industrial sector, Belarus' industrial enterprises show increasing signs of weakness, including rising stocks of inventory and declining profits. Inflation is down considerably, and the exchange rate is relatively stable.

Long-term programmes with low credibility remain the principal element of economic policy. The monetary authorities have achieved considerable deflation and prevented currency instability, but continue to extend credit to the government, which has allowed domestic expenditure arrears to accumulate in order to contain its budget deficit. Although the IFIs supported some recent policy steps, they have given no indication that any sustained lending programmes are imminent.

Exports have performed poorly since the first quarter of 2001, with foreign sales to Russia down year on year and growing only moderately to non-CIS markets. Belarus is unlikely to witness a compensatory boost in its exports to non-traditional markets: for this, improved competitiveness, marketing and distribution of Belarussian goods in Western Europe would have to be achieved, and the chances of the country attracting investment on the scale needed to do this are remote. Import suppression and programmes of import substitution, which currently permit a positive trade balance, will not succeed over the long run in stemming the growth of import demand. As a result, the current-account deficit is likely to widen substantially in the medium term. However, due to the low levels of foreign debt (under 10% of GDP), the repayment of these liabilities is not immediately at risk.

4.3. Georgia

Economic growth accelerated in 2001 with a real GDP growth of 4.5 % (1.9 % in 2000). This resulted mainly from agriculture, which recovered from the previous year's drought. Industrial production, on the other hand, declined by one percent.

The general government deficit has been reduced markedly (from -7 % in 1999 to -4 % in 2000 and -2 % in the first half of 2001). Because of disappointing results in revenue mobilisation, fiscal consolidation has been achieved through continued expenditure restraint. Consequently, the government was not able to reduce the stock of accumulated social expenditure arrears as planned. Total revenues of the general government increased slightly to about 14.5 % of GDP, which is still one of the lowest ratios in the region.

The monetary authorities maintained their commitment to sustain a low inflation environment. Consumer price inflation was slightly lower than expected at 3.4 % at the year-end (4.6 % in end-2000). The nominal exchange rate of the lari depreciated about 7% in 2001, first in the connection of the financial crisis in Turkey and then affected by the dismissal of the government in November 2001. At the end of the year the lari was at around 2.15/USD. The current account deficit deteriorated somewhat further in 2001 from the deficit of 5,5% of GDP in 2000, official transfers included. Foreign direct investment has declined after an increase in 2000 and no immediate turn in the current negative trend is expected for 2002, because the overall investment climate remains unfavourable. Foreign exchange reserves increased slightly but are still at a low level in terms of imports coverage (at below 1.5 months). Georgia's external debt stood at close to USD 1.7 billion at the end of the year (about 52 % of GDP). Bilateral discussions continued with the creditors following the Paris Club agreement, which was reached in March 2001. All bilateral discussions should be concluded in early 2002, also with the largest non-Paris Club creditor, Turkmenistan.

4.4. MOLDOVA

Moldova's real GDP growth is expected to remain moderately strong, around the 4-5% level recorded in 2001, but it will be constrained by the slow pace of reform and by the country's undiversified economy. Relatively low inflation and moderate currency weakening will preclude further real appreciation. The current-account deficit will remain high at between 5-7% of GDP. Since the fourth quarter of 2001, fiscal policy has been loosened substantially.

The country's external debt has grown enormously in the past eight years. It now stands at USD 1.5 billion, or 120% of GDP. Only 9% of these credits were invested in the economy, the remainder going to cover budgetary and balance of payments deficits.

In 2001, Moldova has paid USD 110 million in external debt service, which equals one-third of budget revenues. The government will be forced to seek further debt restructuring, in particular since 2002 marks the peak of liabilities, with USD 200 million due for repayment. The structure of the debt, 20% each to the IMF, World Bank, Russian gas monopoly Gazprom and the Paris Club of sovereign creditors, with the remainder to a number of multilateral and smaller bilateral creditors, precludes the possibility of swift, large-scale restructuring. Payment has already proved difficult in 2001. Moldova

struggled to cover a USD 3.7 million Eurobond payment in June. The parliament even obliged the central bank to open a USD 30 million credit line for the repayment of external debt. This has been reflected in increasingly negative external assessments. Ratings agency Moody's downgraded the country's foreign liabilities rating to Caa1 and its bank deposits rating to Caa2, while Fitch declared that the chances of integral payment of a \$ 75 million Eurobond due in June 2002 are minimal.

The Moldovian authorities requested a meeting of its Paris Club creditors in March 2002, in the hope of securing debt rescheduling. However, this requires a resumption of its IMF programme, which is subject to renegotiations on the terms and conditions of Moldova's debts to Gazprom, and in particular the withdrawal of the earlier provided state guarantee.

4.5. Tajikistan

Real GDP is estimated to have grown with 6 % in 2001 (8.3 % in 2000). Economic growth has gradually spread to several sectors of the economy outside the dominating cotton and aluminium sectors (such as food processing, forestry and construction materials). Aluminium production continued on its increasing trend and also the cotton harvest was good, but declining world prices in both sectors dampened the results. The effects of the severe drought, which affected the region in 2000-2001, are still being felt. The grain harvest continued to suffer from the drought, which also affected the hydroelectric plants, necessitating an increase in net electricity imports.

The general government deficit is estimated at about 0,5 % of GDP for 2001 (roughly the same as in 2000). The deterioration in terms of trade, the drought and the additional security expenditure (related to the situation in neighbouring Afghanistan) brought additional pressures on the budget during the year.

The current account deficit is estimated to have increased to about 7 % of GDP in 2001 (deficit of 6.3 % in 2000). Cross-border trade was affected by increased difficulties at the borders. Aluminium and cotton continue to provide up to 65 % of all export revenues, and the trade balance is therefore very vulnerable to fluctuations in world commodity prices.

Following monetary tightening, the rate of inflation slowed down rapidly during 2001 to some 10 % in the first nine months of the year (from an average of 33 % in 2000). The Tajik somoni stabilised during 2001, having depreciated initially after its introduction in October 2000. Tajikistan's external debt remained roughly constant during 2001 at about USD 1,3 billion (estimated at 116 % of GDP). The ratio of the net present value of the external debt to fiscal revenues was at about 400 percent for 2001. The import coverage of gross international reserves of the National Bank is at below 2 ½ months.

4.6. Ukraine

Despite the slowdown in global growth, Ukraine's real GDP grew by 9% in the first eleven months of 2001 compared to the same period of 2000. On the supply side, growth has been fuelled by both industrial and agricultural production, with the latter benefiting from another exceptional grain harvest. On the demand side, the main driving forces are consumer spending and investment. Growth is, however, showing some signs of deceleration due to weaker demand from Russia and other main trading partners. In 2002,

GDP growth is expected to decelerate to around 5%, reflecting the negative effect of an appreciating real exchange rate on net exports and the low probability that the favourable weather conditions seen in the last two years will be repeated.

Despite the strengthening of economic activity, inflation has been on a downward trend. In November 2001, year-on-year consumer price inflation reached a post-independence low of 4.5%, down from a recent peak of 32% in July 2000. The decline in inflation reflects a combination of factors, including a moderate nominal appreciation of the hryvnia, a prudent fiscal policy, the good harvests of 2000 and 2001, and lower oil prices. However, the surge in real wages and pensions and the fast rate of expansion of the monetary aggregates is expected to increase inflation again in 2002. In December 2001, monetary policy was loosened further when the central bank cut its refinancing rate from 15% to 12.5%, the sixth reduction in 2001 (this rate stood at 27% at end-2000).

The deficit of the consolidated government reached 1.5 % of GDP in 2001. The budget for 2002 foresees a deficit of 1.8 % of GDP, as requested by the IMF, but it does not properly take into account either the need to clear the arrears on VAT refunds or the cost of the parliament's decision to reintroduced privileges for certain categories of the population for housing, transportation and communal services.

Progress with structural reforms, in particular the privatisation process, slowed down significantly in the second half of 2001. There have been, however, certain encouraging steps such as the withdrawal of the operating licence from Banka Ukraina (an insolvent state-owned bank), the adoption of a new land code, and the improvement in cash collection rates in the power sector.

With domestic demand keeping import growth strong and export growth decelerating, due to weaker foreign demand and the appreciation of the real exchange rate, the surplus in the current account is narrowing. The surplus is estimated to have shrunk from 4.7% of GDP in 2000 to about 3% of GDP last year and is projected to fall further to about 1½ % of GDP this year. Although the current account remains in surplus, the balance of payments is still vulnerable. Access to the international bond markets was lost in the wake of the Russian crisis of 1998 and FDI inflows have continued to be disappointing. In this context, official foreign exchange reserves remain low (about USD 2.9 billion, or 7.5 weeks of imports, at end-June 2001), although they have shown an upward trend since the spring of 2000. The Paris Club agreed a rescheduling of Ukraine's debts last July. The IMF reactivated its EFF in the autumn of 2001 but disagreements over the budget have delayed the completion of the 7th review of the programme, which was initially scheduled for January 2002. Ukraine's external debt stock stood at the equivalent of about 30% of GDP at end-2001.

5. OTHER NON-MEMBER COUNTRIES

5.1. Algeria

Weak growth in 2001 due to sluggish performance of the non-oil sector prompted the government to implement an Economic Recovery Plan (2001-2004) to stimulate demand and labour intensive activities, to rehabilitate public infrastructure and to develop human resources. The total package represents broadly 13% of GDP over 4 years and will temporarily boost growth. The GDP growth for 2001 was around 3%. Prices remained subdued with the CPI average at 3.4% and the fiscal position remained in surplus in 2001 (4% of GDP) due to strong revenues from the oil sector, despite increased expenditures on the Recovery Plan in the second half of the year.

Fluctuations in oil and gas prices continue to have a major impact on external accounts given the large size of the hydrocarbon sector (95% of exports, 30% of GDP). External accounts remained strong in 2001 given an average oil price of USD 24 per barrel despite oil price weakness after September 11. The current account surplus was 8.6% of GDP in 2001 compared with 17% of GDP in 2000 allowing official foreign exchange reserves to build to USD 18 billion equivalent to 17 months of imports by the end of the year.

The debt to GDP ratio improved to 40% at end 2001 compared with 48% in 2000. However, the debt service ratio worsened to 26% in 2001 due to lower exports. The authorities have stated their intention to follow a prudent debt policy and to lengthen the maturity structure of the existing debt stock.

The last two months of 2001 saw Algeria adversely affected by natural disasters (flooding) and increased civil disturbances. In terms of financial vulnerability and risk developments, the oil market will continue to have the major impact. Since September 11 developments have been unfavourable. Oil prices have been on a downward trend and have not risen again as many had expected. Even with agreed production cuts, global demand remains weak and the outlook for prices is on the downside. This will hit the fiscal and external positions although the oil stabilisation fund should help to cushion the impact. However, with a good record of domestic policy management the Algerian economy is now more able to weather external shocks such as lower oil prices.

List of abbreviations

DM	Deutsche Mark
EC	European Community
EFF	Extended Fund Facility
EIB	European Investment Bank
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Monetary Fund
SBA	Stand-By Arrangement
US\$	Dollar of the United States of America

ANNEX

1. EXPLANATORY NOTES ON THE SITUATION OF RISKS COVERED BY THE COMMUNITY BUDGET

1.1. Tables 1 to 3

The purpose of Tables 1 to 3 is to show the outstanding amount of guarantees and annual repayments of capital and interest in respect of borrowing and lending operations for which the risk is covered by the Community budget. The figures show the maximum possible risk for the Community in respect of these operations and must not be read as meaning that these amounts will actually be drawn from the budget. In the case of Table 3, in particular, it is not certain that all the operations described will actually be disbursed.

1.1.1. *Authorised ceiling (Table 1)*

This is the aggregate of the maximum amounts of capital authorised (ceilings) for each operation decided by the Council.

In order to relate it to the risk which the budget might have to cover, account should be taken of the following factors which could affect it:

- Factor increasing the risk: the interest on the loans must be added to the authorised ceiling
- Factors reducing the risk:
 - limitation of the guarantee given to the EIB to 75% of the loans signed in the Mediterranean countries;
 - limitation of the guarantee given to the EIB to 70% of the loans signed as part of lending operations with certain non-member countries authorised by the Council Decision of 14 April 1997 and a sharing of risk between the Community and the EIB as the budget guarantee covers only political risks in some cases;
 - limitation of the guarantee given to the EIB to 65% of the loans signed as part of lending operations with certain non-member countries authorised by the Council Decision of 22 December 1999 and a sharing of risk between the Community and the EIB as the budget guarantee covers only political risks in some cases;
 - operations already repaid, since the amounts concerned, except in the case of balance of payments support (Member States), are the maximum amount of loans granted and not outstanding amounts authorised;
 - the amounts authorised are not necessarily taken up in full.

1.1.2. Capital outstanding (Table 1)

This is the amount of capital still to be repaid on a given date in respect of operations disbursed.

Compared with the previous aggregate, the amount outstanding does not include loans which have not yet been disbursed nor the proportion of disbursed loans which have already been repaid. It may be described as the amount of loans which exist on a given date.

1.1.3. Annual risk (Tables 2 and 3)

Estimated amount of principal and interest due each financial year.

This amount is calculated for:

- a) disbursements alone (Table 2) in which case the capital to be repaid corresponds to the amount outstanding;
- b) disbursements, decisions still awaiting disbursement and Commission proposals still awaiting decisions (Table 3)

in which case the capital to be repaid corresponds to the ceiling on loans authorised plus, where applicable, the amounts in respect of operations proposed by the Commission and not yet decided.

1.2. Loan operations covered by a budget guarantee

Tables 5a, 5b(1), 5b(2) and 6.

TABLE 5a

Borrowing and lending operations: Member States
Changes in amounts outstanding during six-month period

in million Euro

COUNTRY	Decision	Date of decision	Loan term (years)	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 01.07.01	Operations in six-month period		Amount outstanding at 31.12.01
							Amounts disbursed	Amounts repaid	
ITALY	93/67/CEE	18.01.93			8.000,00	0,00		0,00	000
			6	(c)	2.000,00				
			6	(c)	2.000,00				
			-	(d)	2.000,00				
EURATOM	77/270-271/Euratom	29.03.77			4.000,00	40,00	0,00	0,00	40,00
			(3)	(c)	500,00				
				(c)	500,00				
				(c)	1.000,00				
				(b)(4)	1.000,00				
				(d)(4)	1.000,00				
NCI	90/212/Euratom	23.04.90			6.830,00	89,10		83,50	18,90
			(3)	(c)	1.000,00				
				(c)	1.000,00				
				(c)	80,00				
				(c)	1.000,00				
				(c)	3.000,00				
				(c)	750,00				
				(c)					
TOTAL					18.830,00	129,10	0,00	83,50	58,90

(1) Exceptional aid for the reconstruction of areas hit by the earthquake in Italy in 1980.

(2) Exceptional aid for the reconstruction of areas hit by the earthquake in Greece in 1981.

(3) Long-term loans for which the schedule of repayments depend on the dates of disbursement.

(4) By Decision 94/179/Euratom of 21 March 1994 the Council decided to extend Euratom loans to the financing of projects in certain non-member countries.

(5) Discrepancy caused by change in the rates of the other currencies against the Euro.

TABLE 5b (1)

Financial assistance to non-member countries

Changes in amounts outstanding during six-month period, broken down by countries and tranche

in million Euro

COUNTRY	Decision	Date of decision	Loan term (years)	Expiry date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 01.07.01	Operations in six-month period		Amount outstanding at 31.12.01
								Amounts disbursed	Amounts repaid	
BULGARIA II	92/511/EEC	19.10.92				110,00				
1st tranche			7	07.12.2001	(c)	70,00	70,00		70,00	0,00
2nd tranche			7	29.08.2003	(c)	40,00	40,00			40,00
BULGARIA III	97/472/EC	22.07.97				250,00				
1st tranche			10	10.02.2008	(c)	125,00	125,00			125,00
2nd tranche			10	22.12.2008	(c)	125,00	125,00			125,00
BULGARIA IV	99/731/EC	08.11.99				100,00				
1st tranche			10	21.12.2009	(c)	40,00	40,00			40,00
2nd tranche			-	-	(c)	60,00	60,00			60,00
ROMANIA II	92/551/EEC	27.11.92	7	26.02.2000	(a)	80,00				0,00
ROMANIA III	94/369/EC	20.06.94				125,00				
1st tranche			7	20.11.2002	(c)	55,00	55,00			55,00
2nd tranche			7	20.11.2004	(c)	70,00	70,00			70,00
ROMANIA IV	99/732/EC	08.11.99				200,00				
1st tranche			10	29.06.2010	(c)	100,00	100,00			100,00
2nd tranche			-	-	(d)	100,00	0,00			0,00
BALTIC STATES	92/542/EEC	23.11.92				220,00				
ESTONIA						40,00				
1st tranche			7	31.03.2000	(a)	20,00	0,00			0,00
2nd tranche			-	-	(d)	20,00	0,00			0,00
LATVIA						80,00				
1st tranche			7	31.03.2000	(a)	40,00	0,00			0,00
2nd tranche			-	-	(d)	40,00	0,00			0,00
LITHUANIA						100,00				
1st tranche			7	27.07.2000	(a)	50,00	0,00			0,00
2nd tranche			7	16.08.2002	(b)	50,00	25,00			25,00
FYROM I	97/471/EC	22.07.97				40,00				
1st tranche			15	27.09.2012	(c)	25,00	25,00			25,00
2nd tranche			15	13.02.2008	(c)	15,00	15,00			15,00
FYROM II	99/733/EC					50,00				
1st tranche					(c)	10,00	10,00			10,00
2nd tranche					(d)	40,00	0,00			0,00

TABLE 5b (2)

Financial assistance to non-member countries

Changes in amounts outstanding during six-month period, broken down by countries and tranche

in million Euro

COUNTRY	Decision	Date of decision	Loan term (years)	Expiry date	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amount decided	Amount outstanding at 01.07.01	Operations in six-month period		Amount outstanding at 31.12.01
								Amounts disbursed	Amounts repaid	
BOSNIA	99/325/EC	10.05.99				20,00				
1st tranche			15	22.12.2014	(c)	10,00	10,00			10,00
2nd tranche			-	-	(c)	10,00	10,00			10,00
MOLDOVA I	94/346/EC	13.06.94				45,00				
1st tranche			10	07.12.2004	(c)	25,00	20,00		5,00	15,00
2nd tranche			10	08.08.2005	(c)	20,00	20,00		4,00	16,00
MOLDOVA II	96/242/EC	25.03.96				15,00	15,00			15,00
UKRAINE I	94/940/EC	22.12.94				85,00	85,00		17,00	68,00
UKRAINE II	95/442/EC	23.10.95				200,00				
1/2 tranche			10	29.08.2006	(c)	50,00	50,00			50,00
1/2 tranche			10	30.10.2006	(c)	50,00	50,00			50,00
2nd tranche			10	30.10.2008	(c)	100,00	100,00			100,00
UKRAINE III	98/592/EC	15.10.98				150,00				
1st tranche			10	30.07.2009	(c)	58,00	58,00			58,00
2nd tranche			-	-	(d)	92,00	0,00			0,00
BELARUS	95/132/EC	10.04.95				55,00				
1st tranche			10	28.12.2005	(c)	30,00	30,00		6,00	24,00
2nd tranche			-	-	(d)	25,00	0,00			0,00
ALGERIA I	91/510/EEC	23.09.91				400,00				
1st tranche			5	15.12.1997	(a)	250,00	0,00			0,00
2nd tranche			7	17.08.2001	(c)	150,00	150,00		150,00	0,00
ALGERIA II	94/938/EC	22.12.94				200,00				
1st tranche			7	27.11.2002	(c)	100,00	100,00			100,00
2nd tranche			-	-	(d)	100,00	0,00			0,00
GEORGIA	97/787/EC	17.11.97				110,00	100,00			100,00
ARMENIA	97/787/EC	17.11.97				28,00	23,00			23,00
REPS FORMER USSR	91/658/EEC	16.12.91				1.250,00	0,00			0,00
TAJKISTAN	2000/244/EC	20.03.00				75,00	60,00			60,00
FR YUGOSLAVIA	2001/549/EC	16.07.01				225,00	0,00	225,00		225,00
TOTAL						4.253,00	1.641,00	225,00	252,00	1.614,00

TABLE 6
LOAN GUARANTEES TO EIB

in million Euro

GEOGRAPHICAL AREA	Decision	Date of decision	Rate of guarantee	Date of guarantee contract	Amount decided	Loans signed		Amount outstanding	
						at 01.07.01	during six-month period	at 01.07.01	at 31.12.01
MED. Financial protocols(1)		8.03.77	75% (2)	30.10.78/10.11.78	6062	5629	0	2429	2228
MED. Horizontal cooperation	R/1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1800	1768	0	1625	1563
TOTAL MED.					7862	7397 (3)	0	4054	3791 (*)
C and E Europe I	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1000	912	0	654	583
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700	498	0	340	324
C and E Europe II	93/696/EC(6)	13.12.93	100%	22.07.94/12.08.94	3000	2792	0	2349	2256
Asia, Latin America I	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750	621	0	529	495
Asia, Latin America II	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153	153	0	153	95
Asia, Latin America II	96/723/EC	12.12.96	70%	21.10.97	122	122	0	118	135
South Africa	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300	300	0	285	214
New mandates	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7105	7009	0	4118	4379
FYROM	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150	150	0	53	61
Bosnia	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100	100	0	0	4
Turkey	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600	375	75	165	319
Mandates 2000-2007	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00	19460	3167	1861	453	1114
The Baltic Sea basin of Russia	2001/777/EC(9)	06.11.01	100%		100	0	0	0	0
TOTAL					41402	23597	1936	13271	13770

(1) Including EUR 1 500 million for Spain, Greece and Portugal.

(2) General guarantee of 75% for all credits made available under lending operations under a guarantee contract signed between the Community and the EIB on 30.10.78 and 10.11.78. By way of exception, a 100% guarantee applies to the emergency aid granted to Portugal in accordance with the Council Decision of 7 October 1975.

(3) The Community has guaranteed EUR 5 497 million, of which EUR 141.5 million is covered by a 100% guarantee for Portugal.

(4) Non-member countries: Poland, Hungary.

(5) Non-member countries: Czech Republic and Slovak Republic, Bulgaria, Romania.

(6) Non-member countries: Poland, Hungary, Czech Republic and Slovak Republic, Bulgaria, Romania, Baltic States and Albania.

(7) Non-member countries: Central and Eastern Europe, Mediterranean, Asia and Latin America, South Africa.

(8) Non-member countries: Central and Eastern Europe, Mediterranean, Asia and Latin America, South Africa.

(9) A special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension.

(*) The amount outstanding has been increased by 12,0 million euro to take account of the principal due and not paid at 31.12.01.

1.3. Expected signature and disbursement of EIB loans

The EIB has supplied the figures used for calculation of the assumptions made for drawing up Table 3 (EIB loans to non-member countries from its own resources).

Expected signatures

At 31 December 2001 a total of €14 433 million was still to be signed under the new mandate of EIB loans (2000-2007) adopted by the Council on 22 December 1999:

€ million

Mediterranean	4 969
Central and Eastern Europe	7 300
Asia and Latin America	1 541
FYROM	623

Disbursement forecasts

As regards disbursement of the loans still awaiting signature, it is assumed that nothing will be paid in the year of signature, 10% in the second year, 25% a year between the third and fifth years and 15% in the sixth year.

At 31 December 2001, €3 914 million still had to be disbursed against loans signed at that date under the new mandate of EIB loans (2000-2007) adopted by the Council on 22 December 1999:

The total breaks down as follows:⁶

€ million

Mediterranean countries	1 786
Central and Eastern Europe	1 622
Asia and Latin America	306
South Africa	200

1.4. Payment of the budget guarantee

1.4.1 *Borrowing/lending operations*

In this type of operation, the Community borrows on the financial market and on-lends the proceeds (at the same rate and for the same term) to Member States (balance of payments), non-member countries (medium-term financial assistance) or firms (NCI, Euratom).

⁶ Based on a working assumption that 25% of the loan will be disbursed every year for four years and that the average term will be fifteen years with a three-year period of grace.

The loan repayments are scheduled to match the repayments of the borrowings due from the Community. If the recipient of the loan is late in making a repayment, the Commission must draw on its resources to repay the borrowing on the due date.

The funds needed to pay the budget guarantee in the event of late payment by the recipient of a loan granted by the Community are raised as follows:

- a) the amount required may be taken provisionally from cash resources in accordance with Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000, implementing Decision 94/728/EC, Euratom, on the system of the Communities' own resources. This method is used so that the Community can immediately repay the borrowing on the date scheduled in the event of late payment by the recipient of the loan;
- b) if the delay extends to three months after the due date, the Commission draws on the Guarantee Fund to cover the default. The funds obtained are used to replenish the Commission's cash resources;
- c) the transfer procedure can be used to provide the budget heading with the appropriations needed to cover the default; any margin available in the guarantee reserve is drawn on first. This method is used when there are insufficient appropriations in the Guarantee Fund and must be authorised in advance by the budgetary authority;
- d) the re-use of amounts repaid by debtors who have defaulted, leading to activation of the Community guarantee, allows payments to be made within a short period of time always providing, of course, that there are recovered funds available.

1.4.2. Guarantees given to third parties

The loan guarantee is in respect of loans granted by a financial institution such as the European Investment Bank (EIB). When the recipient of a guaranteed loan fails to make a payment on the due date, the EIB asks the Community to pay the amounts owed by the defaulter in accordance with the contract of guarantee. The guarantee must be paid within three months of receiving the EIB's request. The EIB administers the loan with all the care required by banking practice and is obliged to demand the payments due after the guarantee has been activated.

Since the entry into force of the Regulation establishing a Guarantee Fund for external action, the provisions of the Agreement between the Community and the EIB on management of the Fund state that, after the EIB calls in the guarantee in the event of a default, the Commission must authorise the Bank to withdraw the corresponding amounts from the Guarantee Fund within three months.

If there are insufficient resources in the Fund, the procedure used for activating the guarantee is the same as for borrowing/lending operations.

An implementation agreement was concluded between the Community and the EIB on 20 and 22 January 1999 to determine payment and repayment procedures in connection with Community guarantees to the EIB.

2. METHODOLOGICAL NOTE ON THE ANALYSIS OF THE COMMUNITY'S ESTIMATED LENDING CAPACITY IN RESPECT OF NON-MEMBER COUNTRIES OVER THE PERIOD 1999-2001 UNDER THE GUARANTEE FUND MECHANISM (TABLE 4)

2.1. Reserve for loan guarantees to non-member countries

As agreed at the Edinburgh European Council, the Interinstitutional Agreement of 29 October 1993 on budgetary discipline and improvement of the budgetary procedure provided for the entry of a reserve for loan guarantees to non-member countries as a provision in the general budget of the European Communities. This reserve is intended to cover the requirements of the Guarantee Fund and, where necessary, activated guarantees exceeding the amount available in the Fund, so that these amounts may be charged to the budget.

The amount of the guarantee reserve is the same as in the financial perspective for 2000-2006, viz. €200 million at 1999 prices. The amount in the reserve was €203 million in 2000 and will be €208 million in 2001.

The conditions for the entry, use and financing of the guarantee reserve are laid down in the following decisions:

- Council Decision 94/729/EC of 31 October 1994 on budgetary discipline.
- Council Regulation (ECSC, EC, Euratom) No 2730/94 of 31 October 1994 amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.
- Council Decision 94/728/EC of 31 October 1994 on the system of the Communities' own resources.

2.2. Bases for the calculation of the provisioning of the Guarantee Fund

The bases for the provisioning of the Fund are calculated by applying the appropriate rate of guarantee (65%, 70%, 75% or 100%):

- to the loan guarantees authorised by the Council and to the loan guarantees proposed or being prepared by the Commission on the basis of the estimates of loan signatures contained in the financial statements (EIB and Euratom loans);
- to the loans (for financial assistance) authorised by the Council and to the loans proposed or being prepared by the Commission.

The annex to Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 establishing a Guarantee Fund for external actions, which relates to the arrangements for payments into the Guarantee Fund, states that, in the case of borrowing/lending operations or guarantees to financial bodies under a framework facility spread over a number of years and with a microeconomic and structural purpose, payments into the Fund will be made in annual tranches calculated on the basis of the annual amounts indicated in the financial statement attached to the Commission proposal, adapted where appropriate in the light of the Council decision.

For other Community borrowing/lending operations, such as loans for the balance of payments of third countries, whether made in one or more than one tranche, payments into the Fund are calculated on the basis of the total amount for the operation decided on by the Council.

The annex to the Regulation establishing the Guarantee Fund states that, as from the second year (in the case of operations spread over a number of years), the amounts to be paid into the Fund will be corrected by the difference recorded on 31 December of the previous year between the estimates that were taken as a basis for the previous payment and the actual figure for the loans signed during that year. Any difference relating to the previous year will give rise to a payment in the following year.

The annex states that, when it starts a payment procedure, the Commission will check the situation with regard to the performance of the operations which were the subject of previous payments and, where the commitment deadlines originally laid down have not been met, will propose that this will be taken into account in calculating the first payment to be made at the start of the following financial year for operations already under way.

In the second half of 2001, the budgetary authority accordingly adopted four transfers:

- Transfer 10/2001: EUR 169 151 000. This first transfer at the beginning of the year was for payments into the Fund in respect of the Council Decisions of 24 January 1994, 19 May 1998 and 22 December 1999 in accordance with the arrangements set out in the Annex to the Regulation establishing the Fund.
- Transfer 24/2001: EUR 20 250 000. This second transfer was for payments into the Fund in respect of loan operations adopted by the Council on 16 July 2001
- Transfer 49/2001: EUR 8 775 000. This third transfer was for payments into the Fund in respect of loan operations adopted by the Council on 6 December 2001
- Transfer 48/2001: EUR 9 000 000. This fourth transfer was for payments into the Fund in respect of loan operations adopted by the Council on 6 November 2001.

2.3. Basis for the provisioning of the Fund in the event of a part guarantee

For EIB loans covered by an aggregate 75% guarantee, the Fund is provisioned on the basis of 75% of the total amount of operations authorised.

The guarantee on the EIB loans authorised by the Council on 14 April 1997, 19 May 1998 and 14 December 1998 is limited to 70% of the total amount of credits opened. The basis for provisioning is 70% of the annual forecast of signatures.

The guarantee on the EIB loans authorised by the Council on 29 November 1999 and 22 December 1999 is limited to 65% of the total amount of credits opened. The basis for provisioning is 65% of the annual forecast of signatures.

2.4. Provisioning of the Guarantee Fund

The amounts paid into the Fund are obtained by applying the rate of provisioning (14%) to the calculation base set out above.

Pursuant to Articles 2 and 4 of the Regulation establishing the Guarantee Fund, the Fund is endowed by payments from the general budget equivalent to 14% of the capital value of the operations until it reaches the target amount. As the target amount was reached at 31 December 1997, the Commission, in accordance with the Regulation, submitted proposals to review the rate of provisioning. These proposals appear in the comprehensive report on the functioning of the Fund which the Commission drew up in accordance with Article 3 of the Regulation (COM(1998) 168 final of 18 March 1998). Regulation No 2728/94 establishing a Guarantee Fund for external action has been amended by Council Regulation (EC, Euratom) No 1149/1999 of 25 May 1999 under which the provisioning rate for the Fund and the target amount is fixed at 9% from 1 January 2000.

2.5. Margin remaining in the guarantee reserve

The margin remaining in the guarantee reserve is equivalent to the difference between the reserve and the heading for the provisioning of the Guarantee Fund.

2.6. Residual lending capacity

The residual lending capacity is the loan equivalent of the margin left in the reserve, allowing for the guarantee rates in force.

3. EXPLANATORY NOTES FOR COUNTRY-RISK INDICATORS (+ TABLES)

Standard footnotes

- (1) Includes only EC and EIB loans (outstanding disbursements) to CEEC, NIS and MED
- (2) The higher the ranking number, the lower the creditworthiness of the country. No ranking was published by Euromoney in March 1998.
- (3) Countries are rated on a scale of zero to 100; 100 represents the least chance of default. A given country may improve its rating and still fall in the ranking if the average global rating for all rated countries improves.

Abbreviations and English words used in tables

S&P Standard and Poor's

CCFF= Compensatory and Contingency Financing Facility

EFF= Extended Financing Facility

SBA = Stand-By Arrangement

STF= Systemic Transformation Facility

est.= Estimates

n.a. = Not available

prelim.= Preliminary

Country-risk indicators					
Country: Bosnia & Herzegovina (4)					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		10,0	5,0	5,5
Industrial production	(% change)				
Federation			11,0	12,0	11,0
Republika Srpska			2,0	6,0	-13,0
Unemployment (end of period) (5)	(% of labour force)		40,0	40,1	40,0
Federation			n.a.	n.a.	n.a.
Republika Srpska			n.a.	n.a.	n.a.
Inflation rate (CPI) (Dec/Dec)	(% change)				
Federation (in KM terms)			-1,0	2,0	2,3
Republika Srpska (DEM based index) (6)			14,0	15,0	8,9
Exchange rate (end of period)	KM per DEM		1,0	1,0	1,0
	YUD per DEM (7)		6,3	3,3	n.a.
	Croatian Kuna per DEM		3,9	3,9	n.a.
	KM per EUR		2,0	2,0	2,0
General government balance	(% of Entity GDP)				
Federation			-1,3	-2,8	n.a.
Republika Srpska			-5,1	-3,8	n.a.
Balance of payments					
Exports of goods and services	(m USD)		649,0	732,0	877,0
Current account balance (8)	(% of GDP)		-23,2	-22,2	20,8
Net inflow of foreign direct investment	(m USD)		90,0	150,0	164,0
Official reserves, including gold (end of period) (9)					
m USD			456,0	499,0	526,0
months' imports of goods and services			2,2	2,5	2,5
External debt					
Convertible currency external debt (end of period)	(m USD)		3095,0	2584,0	2652,0
Convertible currency debt service	(m USD)		62,9	100,0	173,6
principal	(m USD)		n.a.	n.a.	68,3
interest	(m USD)		n.a.	n.a.	105,3
External debt/GDP	(%)		68,2	59,4	55,7
External debt/exports of goods and services	(%)		319,0	276,0	302,4
Debt service/exports of goods and services	(%)		8,0	12,0	19,8
Arrears (on both interest and principal)	(m USD)		n.a.	0,0	0,0
Debt relief agreements and rescheduling		(10)	20,0	946,0	0,0
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,1	0,1	0,2
EU exposure/external debt	(%)		0,3	0,4	0,8
EU exposure/exports of goods and services	(%)		1,6	1,3	2,4
IMF arrangements					
Type			SBA	SBA	SBA
(Date)			(5/98-5/01)	(5/98-5/01)	(5/98-5/01)
On track			Yes	Yes	Yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney				09/00	03/01 09/01
Position in the ranking (number of countries)		(2)	none	178 (185)	124 161 (185) (185)
The Institutional Investor					
Position in the ranking (number of countries)		(2)	none	none	none
Credit rating		(3)	none	none	none

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

(4) Data refer to the entire country unless otherwise indicated.

(5) World Bank estimates, adjusted unemployment figures. Official figures are higher as there is a general tendency towards over-reporting.

(6) Measured in DM using the RS parallel market exchange rate for FRY dinar (YUD)

(7) YUD/DM exchange rate in the parallel market in the Belgrade area, as reported by the National Bank of FRY.

(8) Excluding official transfers.

(9) Foreign assets of the monetary authorities, excluding earmarked funds and blocked accounts; including foreign exchange held by the payments bureaus.

(10) Paris Club in 1998.

Country-risk indicators					
Country: Bulgaria					
		footnotes	1999	2000	2001 estimated
Real GDP growth rate	(%)		2,4	5,8	4,7
Industrial production	(% change)		-5,0	15,3	9,0
Unemployment (end of period)	(% of labour force)		17,0	16,4	16,7
Inflation rate (CPI) (Dec/Dec)	(% change)		7,0	11,4	5,2
Exchange rate (end of period)	(Leva per USD)		1,84	2,12	2,22
General government balance	(% of GDP)		0,2	-1,1	-0,9
Balance of payments					
Exports of goods and services	(m USD)		5740	6981	7524
Current account balance	(% of GDP)		-5,3	-5,9	-6,4
Net inflow of foreign direct investment	(m USD)		739	865	651
Official reserves, including gold (end of period)					
m USD			3222	3273	3579
months' imports of goods and services			6,4	5,1	4,8
External debt					
Convertible currency external debt (end of period)	(m USD)		9980	10071	10025
Convertible currency debt service	(m USD)		975	1101	1364
principal	(m USD)		495	546	870
interest	(m USD)		480	555	494
External debt/GDP	(%)		82,3	86,5	75,9
External debt/exports of goods and services	(%)		174,0	144,3	131,4
Debt service/exports of goods and services	(%)		17,0	15,7	19,5
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling			none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	6,0	6,1	5,2
EU exposure/external debt	(%)		6,7	6,6	5,9
EU exposure/exports of goods and services	(%)		11,7	9,5	7,9
IMF arrangements					
Type			EFF	EFF	
(Date)			(06/98-06/01)	(06/98-06/01)	SBA concluded
On track			yes	yes	February 2002
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			B2	B2	B1
S&P long-term foreign currency rating (end of period)			B	B+	BB-
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking			87 89	84 80	76 74
(number of countries)	(2)		(180) (180)	(180) (185)	(185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking			80 79	76 74	74 70
(number of countries)	(2)		(136) (136)	(145) (145)	(145) (145)
Credit rating		(3)	28.6 30.3	32.5 37.1	35 36.6

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Federal Republic of Yugoslavia					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		-15,7	5,0	5,5
Industrial production	(% change)		-22,5	10,9	0,0
Unemployment (end of period)	(% of labour force)		26,5	27,3	27,8
Inflation rate (CPI) (Dec/Dec)	(% change)			113,0	40,0
Exchange rate (end of period)	(YuD per DM)		6,0	30,0	30,0
General government balance	(% of GDP)		...	-0,2	-2,4
Balance of payments					
Exports of goods and services	(m USD)		1676	1923	1998
Current account balance	(% of GDP)		-7,5	-7,6	-10,2
Net inflow of foreign direct investment	(m USD)		112	25	120
Official reserves, including gold (end of period)					
m USD			289	516	1012
months' imports of goods and services			0,9	1,3	2,3
External debt					
Convertible currency external debt (end of period)	(m USD)		n.a.	11304	11980
Convertible currency debt service principal	(m USD)		101,0	56,0	59,0
interest	(m USD)		17,0	14,0	11,0
External debt/GDP	(%)		84,0	42,0	48,0
External debt/exports of goods and services	(%)		n.a.	140,0	n.a.
Debt service/exports of goods and services	(%)		n.a.	443,0	441,0
Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling			n.a.	9667,0	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	2,9	2,6	2,2
EU exposure/external debt	(%)		n.a.	n.a.	2,1
EU exposure/exports of goods and services	(%)		17,0	13,2	12,4
IMF arrangements					
Type					SBA
(Date)					6/01-05/02
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		171 174 (180) (180)	175 180 (180) (185)	178 178 (185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		129 130 (136) (136)	141 134 (145) (145)	141 131 (145) (145)
Credit rating		(3)	8.9 8.2	10.7 12.7	10.7 12.2

Footnotes

(1) (2) (3) See explanatory notes.

Country-risk indicators					
Country: Former Yugoslav Republic of Macedonia					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		2.7	5,1	-4,6
Industrial production	(% change)		-2.5	3,5	n.a.
Unemployment (end of period)	(% of labour force)		32.4	32,2	29,5
Inflation rate (CPI) (Dec/Dec)	(% change)		-0,7	5,8	5,3
Exchange rate (end of period)	(Denar per USD)		60,3	65,3	60,9
General government balance	(% of GDP)		0,0	2,5	-6,7
Balance of payments					
Exports of goods and services	(m USD)		1190	1319	1158
Current account balance	(% of GDP)	(4)	-3,3	-3,4	-10,6
Net inflow of foreign direct investment	(m USD)		38	175	434
Official reserves, including gold (end of period)					
m USD			460	710	779
months' imports of goods and services			3,0	3,8	4,9
External debt					
Convertible currency external debt (end of period)	(m USD)		1490	1490	1350
Convertible currency debt service	(m USD)		160,0	199,9	264,4
principal	(m USD)		n.a.	119,6	186,9
interest	(m USD)		n.a.	80,3	77,5
External debt/GDP	(%)		42,1	43,6	39,0
External debt/exports of goods and services	(%)		125,2	109,0	117,0
Debt service/exports of goods and services	(%)	(5)	13,4	15,2	22,8
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling	(m USD)		22	20	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,7	1,0	1,1
EU exposure/external debt	(%)		5,6	7,0	9,6
EU exposure/exports of goods and services	(%)		7,0	7,9	11,2
IMF arrangements					
Type			ESAF	EFF/PRGF	EFF/PRGF until
(Date)			(04/97-04/00)	(12/00-12/03)	spring 2001
On track			no	no	SMP approval 24.12.2001
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		146 160 (180) (180)	120 100 (180) (185)	104 150 (185) (185)
The Institutional Investor					
Position in the ranking (number of countries)	(2)		none	none	none
Credit rating	(3)		none	none	none

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables

(4) The current account deficit may be overestimated due to unreported remittances.

(5) Debt service excluding IMF; it includes an estimate of debt service due to commercial creditors.

Country-risk indicators					
Country: Lithuania					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		-3,9	3,9	5,7
Industrial production	(% change)		-11,2	7,0	16,8
Unemployment (end of period)	(% of labour force)		10,0	12,6	12,5
Inflation rate (CPI) (Dec/Dec)	(% change)		0,3	1,4	2,0
Exchange rate (end of period)	(Litas per USD)		4,0	4,0	4,0
General government balance	(% of GDP)		-7,8	-2,8	
Balance of payments					
Exports of goods and services	(m USD)		4238	5109	4845
Current account balance	(% of GDP)		-11,2	-6,0	-3,3
Net inflow of foreign direct investment	(m USD)		478	375	436
Official reserves, including gold (end of period)					
m USD			1242	1359	1669
months' imports of goods and services			2,8	2,8	3,0
External debt					
Convertible currency external debt (end of period)	(m USD)		4528,4	4856,6	5209,5
Convertible currency debt service	(m USD)		n.a.	n.a.	
principal	(m USD)		n.a.	n.a.	
interest	(m USD)		n.a.	n.a.	
External debt/GDP	(%)		42,5	42,9	43,6
External debt/exports of goods and services	(%)		106,8	95,1	86,0
Debt service/exports of goods and services	(%)		20,0	20,9	27,6
Arrears (on both interest and principal)	(m USD)		none	none	
Debt relief agreements and rescheduling			none	none	
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	1,8	1,5	1,5
EU exposure/external debt	(%)		4,3	3,5	3,4
EU exposure/exports of goods and services	(%)		4,6	3,3	3,6
IMF arrangements					
Type			-	SBA	SBA
(Date)			-	(3/00-6/01)	(9/01-4/03)
On track			-	yes	
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			Ba1	Ba1	Ba1
S&P long-term foreign currency rating (end of period)			BBB-	BBB-	BBB-
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking	(2)		63 65	61 69	67 66
(number of countries)			(180) (180)	(180) (185)	(185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking	(2)		69 66	66 69	62 60
(number of countries)			(136) (136)	(145) (145)	(145) (145)
Credit rating	(3)		36.1 38.3	40.8 43.7	44 45.5

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

Country-risk indicators						
Country: Romania						
		footnotes	1999	2000	2001	Latest
Real GDP growth rate	(%)		-2,3	1,6	5,1	Jan-Sep
Industrial production	(% change)		-2,2	8,2	8,4	Jan-Nov
Unemployment (end of period)	(% of labour force)	(4)	6,8	7,1	7,7	Jan-Mar
Inflation rate (CPI) (Dec/Dec)	(% change)		54,8	40,7	30,3	
Exchange rate (end of period)	(Lei per USD)		18255	25926	31597	
General government balance	(% of GDP)	(5)	-3,8	-4,0	-2,8	Jan-Nov
Balance of payments						
Exports of goods and services	(m USD)		9854	12133	11157	Jan-Oct
Current account balance	(% of GDP)		-4,1	-3,7	-5,0	Jan-Nov
Net inflow of foreign direct investment	(m USD)		1025	1038	867	Jan-Oct
Official reserves, including gold (end of period)	m USD		1526	2470	3926	
months' imports of goods and services			1,6	2,1	2,6	Oct
External debt						
Convertible currency external debt (end of period)	(m USD)		9138	10475	11450	Oct
Convertible currency debt service principal	(m USD)	(6)	3415	1953	2147	Jan-Nov
interest	(m USD)		2948	n.a.	n.a.	
External debt/GDP	(%)		467	n.a.	n.a.	
External debt/exports of goods and services	(%)		26,1	28,5	30,2	Oct
Debt service/exports of goods and services	(%)		92,7	86,3	85,7	Oct
Arrears (on both interest and principal)	(%)	(6)	34,6	16,1	17,4	Jan-Oct
Debt relief agreements and rescheduling	(m USD)		none	none	none	
			none	none	none	
Indicators of EU exposure						
EU exposure/total EU exposure	(%)	(1)	6,2	7,1	8,8	
EU exposure/external debt	(%)		7,5	7,4	8,7	
EU exposure/exports of goods and services	(%)		6,9	6,4	9,0	
IMF arrangements						
Type			SBA	SBA	SBA	
(Date)			(8/99-3/00)	(8/99-2/01)	(9/01-3/03)	
On track			no	no	(6)	
Indicators of market's perception of creditworthiness						
Moody's long-term foreign currency rating (end of period)			B3	B3	B2	
S&P long-term foreign currency rating (end of period)			B-	B	B	
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01	
Position in the ranking (number of countries)	(2)		89 95 (180) (180)	107 103 (180) (185)	83 82 (185) (185)	
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01	
Position in the ranking (number of countries)	(2)		76 85 (136) (136)	92 85 (145) (145)	89 85 (145) (145)	
Credit rating	(3)		31.2 28.7	27.5 30.3	28.3 29.1	

Footnotes

- (1) (2) (3) See explanatory notes at beginning of tables.
(4) ILO methodology
(5) Figure for 1999 is an estimate
(6) For 2000, only medium and long term debt

Country-risk indicators					
Country: Armenia					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		3,3	6,0	9,5
Industrial production	(% change)		5,2	6,4	3,8
Unemployment (end of period)	(% of labour force)		11,1	11,7	11,1
Inflation rate (CPI) (Dec/Dec)	(% change)		2,0	0,4	2,9
Exchange rate (end of period)	(Dram per USD)		524	552	560
General government balance	(% of GDP)		-5,2	-4,9	-4,8
Balance of payments					
Exports of goods and services	(m USD)		247	307	339
Current account balance	(% of GDP)		-16,6	-14,5	-11,0
Net inflow of foreign direct investment	(m USD)		123	160	n.a.
Official reserves, including gold (end of period)					
m USD			331	330	330
months' imports of goods and services			3,7	3,5	3,5
External debt					
Convertible currency external debt (end of period)	(m USD)		855	854	850
Convertible currency debt service	(m USD)		61,3	65,8	n.a.
principal	(m USD)		42,2	47,3	n.a.
interest	(m USD)		19,0	18,5	n.a.
External debt/GDP	(%)		46,3	44,6	41,0
External debt/exports of goods and services	(%)		346,2	278,2	250,0
Debt service/exports of goods and services	(%)		24,8	21,4	n.a.
Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling			n.a.	n.a.	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,2	0,2	0,1
EU exposure/external debt	(%)		2,9	2,5	1,7
EU exposure/exports of goods and services	(%)		9,9	6,9	4,2
IMF arrangements					
Type			ESAF		PRGF
(Date)			(12/98-11/99)		(05/01-05/04)
On track			yes		yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		159 134 (180) (180)	144 131 (180) (185)	114 116 (185) (185)
The Institutional Investor					
Position in the ranking (number of countries)	(2)		none	none	none
Credit rating		(3)	none	none	none

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Belarus					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		3,4	5,9	3,0
Industrial production	(% change)		9,7	8,0	
Unemployment (end of period)	(% of labour force)		2,0	2,0	2,0
Inflation rate (CPI) (Dec/Dec)	(% change)		251,3	108,0	26,0
Exchange rate (end of period)	(Rbs per USD)		905	1180	1620
General government balance	(% of GDP)		-2,2	-0,6	-1,8
Balance of payments					
Exports of goods and services	(m USD)		5949	7380	7800
Current account balance	(% of GDP)		-1,6	-1,3	1,6
Net inflow of foreign direct investment	(m USD)		150,0	89,9	84,0
Official reserves, including gold (end of period)					
m USD			309,0	357,0	343,0
months' imports of goods and services			0,6	0,5	0,5
External debt					
Convertible currency external debt (end of period)	(m USD)		1900	1880	1880
Convertible currency debt service	(m USD)		195	182	182
principal	(m USD)		n.a.	n.a.	n.a.
interest	(m USD)		n.a.	n.a.	n.a.
External debt/GDP	(%)		15,5	12,5	9,5
External debt/exports of goods and services	(%)		22,3	17,2	12,4
Debt service/exports of goods and services	(%)		2,1	1,5	1,4
Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling			none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,3	0,3	0,2
EU exposure/external debt	(%)		1,7	1,5	1,1
EU exposure/exports of goods and services	(%)		0,5	0,4	0,3
IMF arrangements					
Type			-	-	-
(Date)					
On track					
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		137 135	140 129	131 157
			(180) (180)	(180) (185)	(185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		122 129	129 129	130 130
			(136) (136)	(145) (145)	(145) (145)
Credit rating	(3)		11,9 13,4	12,7 14,4	14 12,5

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Georgia					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		3,0	1,9	4,5
Industrial production	(% change)		4,5	10,8	-1,0
Unemployment (end of period)	(% of labour force)		4,8	5,1	6,4
Inflation rate (CPI) (Dec/Dec)	(% change)		10,9	4,6	3,4
Exchange rate (end of period)	(Lari per USD)		1,9	2,0	2,1
General government balance	(% of GDP)		-6,7	-4,1	-2,0
Balance of payments					
Exports of goods and services	(m USD)		477	521	n.a.
Current account balance	(% of GDP)		-8,0	-5,4	n.a.
Net inflow of foreign direct investment	(m USD)		60	152	n.a.
Official reserves, including gold (end of period)					
m USD			132	110	160
months' imports of goods and services			1,6	1,1	1,2
External debt					
Convertible currency external debt (end of period)	(m USD)		1700	1623	1700
Convertible currency debt service principal	(m USD)		99,3	193,8	n.a.
interest	(m USD)		49,2	144,4	n.a.
External debt/GDP	(%)		50,1	49,4	n.a.
External debt/exports of goods and services	(%)		60,0	54,0	52,0
Debt service/exports of goods and services	(%)		356,4	326,3	n.a.
Arrears (on both interest and principal)	(m USD)		20,8	37,2	n.a.
Debt relief agreements and rescheduling			n.a.	n.a.	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	1,1	0,8	0,7
EU exposure/external debt	(%)		6,9	5,7	4,8
EU exposure/exports of goods and services	(%)		24,6	17,7	n.a.
IMF arrangements					
Type			ESAF		PRGF
(Date)			(07/98-06/99)		(01/01-01/04)
On track			yes		yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		141 150 (180) (180)	155 133 (180) (185)	150 148 (185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		126 127 (136) (136)	134 108 (145) (145)	112 123 (145) (145)
Credit rating		(3)	10.9 10.8	11.1 21	18.2 15.4

Footnotes

(1) (2) (3) See explanatory notes.

Country-risk indicators					
Country: Moldova					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		-3,4	1,9	4,8
Industrial production	(% change)		-13,6	6,9	14,2
Unemployment (end of period)	(% of labour force)		2,0	2,1	1,9
Inflation rate (CPI) (Dec/Dec)	(% change)		39,3	31,3	6,5
Exchange rate (end of period)	(Leu per USD)		11,6	12,4	13,0
General government balance	(% of GDP)		-3,2	-1,0	-1,8
Balance of payments					
Exports of goods and services	(m USD)		469	597	580
Current account balance	(% of GDP)		-3,8	-9,4	-7,0
Net inflow of foreign direct investment	(m USD)		30,5	127,5	127,5
Official reserves, including gold (end of period)					
m USD			199	203	228
months' imports of goods and services			3,2	3,4	3,6
External debt					
Convertible currency external debt (end of period)	(m USD)		1465	1530	1515
Convertible currency debt service	(m USD)		178,0	90,5	110,0
principal	(m USD)		n.a.	n.a.	n.a.
interest	(m USD)		n.a.	n.a.	n.a.
External debt/GDP	(%)		126,5	123,0	121,0
External debt/exports of goods and services	(%)		312,4	256,3	261,2
Debt service/exports of goods and services	(%)		38,0	15,2	19,0
Arrears (on both interest and principal)	(m USD)		none	none	none
Debt relief agreements and rescheduling			none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,6	0,5	0,4
EU exposure/external debt	(%)		4,4	3,3	2,7
EU exposure/exports of goods and services	(%)		13,6	8,5	7,0
IMF arrangements					
Type			EFF	-	PRGF
(Date)			(05/96-05/99)		
On track			no	no	no
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			B2	Caa1	Caa1
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		117 127 (180) (180)	142 140 (180) (185)	134 143 (185) (185)
The Institutional Investor				03/00 09/00	03/01 09/01
Position in the ranking (number of countries)			none	122 125 (145) (145)	116 118 (145) (145)
Credit rating	(3)		none	16 15,8	17,6 16,2

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Tajikistan					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		3,7	8,3	6,0
Industrial production	(% change)		5,6	10,3	15,0
Unemployment (end of period)	(% of labour force)		3,0	3,0	2,6
Inflation rate (CPI) (Dec/Dec)	(% change)		31,3	60,6	15,0
Exchange rate (end of period)	(Somoni per USD)		1,4	2,2	2,4
General government balance	(% of GDP)		-3,1	-0,6	-0,5
Balance of payments					
Exports of goods and services	(m USD)		666	792	660
Current account balance	(% of GDP)		-3,4	-6,4	-7,2
Net inflow of foreign direct investment	(m USD)		21	22	n.a.
Official reserves, including gold (end of period)					
m USD			58	87	96
months' imports of goods and services			1,7	2,4	2,2
External debt					
Convertible currency external debt (end of period)	(m USD)		1214	1330	1300
Convertible currency debt service	(m USD)		22,8	58,7	n.a.
principal	(m USD)		15,8	43,8	n.a.
interest	(m USD)		7,0	14,9	n.a.
External debt/GDP	(%)		117,0	129,0	116,0
External debt/exports of goods and services	(%)		182,3	164,1	197,0
Debt service/exports of goods and services	(%)		3,4	7,4	n.a.
Arrears (on both interest and principal)	(m USD)		n.a.	n.a.	n.a.
Debt relief agreements and rescheduling			n.a.	n.a.	n.a.
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	0,5	0,5	0,4
EU exposure/external debt	(%)		4,8	3,8	3,5
EU exposure/exports of goods and services	(%)		8,8	6,4	6,9
IMF arrangements					
Type			ESAF	PRGF	PRGF
(Date)			(07/98-06/99)	(10/00-09/01)	(10/00-09/01)
On track			yes	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		139 142 (180) (180)	172 176 (180) (185)	165 152 (185) (185)
The Institutional Investor				03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		none	128 130 (145) (145)	134 135 (145) (145)
Credit rating	(3)		none	12.9 14.2	12.3 11.9

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

Country-risk indicators					
Country: Ukraine					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		-0,4	5,8	7,0
Industrial production	(% change)		4,3	12,9	13,0
Unemployment (end of period)	(% of labour force)		5,4	5,3	4,5
Inflation rate (CPI) (Dec/Dec)	(% change)		19,2	25,8	6,1
Exchange rate (end of period)	(Hryvnia per USD)		5,2	5,4	5,3
General government balance (4)	(% of GDP)		-2,4	-1,5	-1,5
Balance of payments					
Exports of goods and services	(m USD)		16230	17712	19015
Current account balance	(% of GDP)		2,7	4,7	3,0
Net inflow of foreign direct investment	(m USD)		489	587	795
Official reserves, including gold (end of period)					
m USD			1090	1150	2900
months' imports of goods and services			0,8	1,0	1,9
					(5)
					(5)
External debt					
Convertible currency external debt	(m USD)		11879	10368	10733
(end of period)					
Convertible currency debt service	(m USD)		1964	2373	1198
principal	(m USD)		860	1039	524
interest	(m USD)		1104	1334	674
External debt/GDP	(%)		39,0	36,2	28,5
External debt/exports of goods and services	(%)		73,2	58,5	56,4
Debt service/exports of goods and services	(%)		12,1	13,4	6,3
Arrears (on both interest and principal)	(m USD)		none	yes	yes
Debt relief agreements and rescheduling			yes	yes	yes
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	3,3	2,9	2,5
EU exposure/external debt	(%)		3,1	3,1	2,7
EU exposure/exports of goods and services	(%)		2,3	1,8	1,5
IMF arrangements					
Type			EFF	EFF	EFF
(Date)			(09/98-03/01)	(09/98-03/01)	(09/98-09/02)
On track			no	yes	yes
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			Caa1	Caa1	Caa1
S&P long-term foreign currency rating (end of period)			none	none	B
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking	(2)		126 129	134 115	122 121
(number of countries)			(180) (180)	(180) (185)	(185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking	(2)		112 110	113 117	117 113
(number of countries)			(136) (136)	(145) (145)	(145) (145)
Credit rating		(3)	17.2 18.7	18.1 17.7	17.2 17.5

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.

(4) On a cash basis and showing privatisation revenues as a financing item.

(5) End-October 2001 data.

(6) Debt service after July 2001 Paris Club rescheduling

Country-risk indicators					
Country: Algeria					
		footnotes	1999	2000	2001
Real GDP growth rate	(%)		3.3	2.4	3.0
Industrial production	(% change)		4.8	3.1	na
Unemployment (end of period)	(% of labour force)		~30	~30	~30
Inflation rate (CPI) (Dec/Dec)	(% change)		2.6	0.3	3.4
Exchange rate (end of period)	(Dinars per USD)		69.3	75.3	77.1
General government balance	(% of GDP)		-0.4	9.9	4.0
Balance of payments					
Exports of goods and services	(m USD)		12300	21650	18600
Current account balance	(% of GDP)		0.0	16.8	8.6
Net inflow of foreign direct investment	(m USD)		460	420	1970
Official reserves, including gold (end of period)					
m USD			4400	11900	18036
months' imports of goods and services			4.6	12.2	17
External debt					
Convertible currency external debt (end of period)	(m USD)		28300	25500	22420
Convertible currency debt service principal	(m USD)		5332	4507	4900
interest	(m USD)		3521	n.a.	3100
External debt/GDP	(%)		1810	n.a.	1800
External debt/exports of goods and services	(%)		59.1	47.9	40.7
Debt service/exports of goods and services	(%)		217.1	113.0	123
Arrears (on both interest and principal)	(m USD)		39.6	20.9	26
Debt relief agreements and rescheduling	(m USD)		none	none	none
			none	none	none
Indicators of EU exposure					
EU exposure/total EU exposure	(%)	(1)	8,7	10,7	8,8
EU exposure/external debt	(%)		3,4	4,6	4,5
EU exposure/exports of goods and services	(%)		7,8	5,4	5,4
IMF arrangements					
Type			CCFF	-	-
(Date)			(05/1999)		
On track			yes		
Indicators of market's perception of creditworthiness					
Moody's long-term foreign currency rating (end of period)			none	none	none
S&P long-term foreign currency rating (end of period)			none	none	none
Euromoney			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		113 117	99 96	85 92
			(180) (180)	(180) (185)	(185) (185)
The Institutional Investor			03/99 09/99	03/00 09/00	03/01 09/01
Position in the ranking (number of countries)	(2)		93 93	91 81	80 83
			(136) (136)	(145) (145)	(145) (145)
Credit rating	(3)		25.2 26.5	27.7 33.1	31.6 30.6

Footnotes

(1) (2) (3) See explanatory notes at beginning of tables.