

Table 1. Kyrgyz Republic: Second-Year Quantitative Program Targets 1/
(in millions of soms, unless otherwise indicated; eop)

	2002			2003			2003			2003		
	December			March			June			September		
	Benchmarks			Performance Criteria			Benchmarks			Performance Criteria		
	Program	Adjusted	Actual	Program	Adjusted	Actual	Program	Adjusted	Actual	Program	Adjusted	Actual
I. Performance criteria												
1. Floor on net international reserves of the NBKR in convertible currencies (eop stock, in millions of U.S. dollars) 2/	96.1	94.9	105.2	104.2	97.2	109.0	113.4	103.2	114.8	119.8	114.4	131.7
2. Ceiling on net domestic assets of the NBKR (eop stock)	1,920	1,976	1,780	1,804	2,131	1,850	1,749	2,224	2,136	1,539	1,795	1,588
3. Ceiling on cumulative fiscal deficit of the state government 3/	1,548	n.a.	1,339	2,713	n.a.	2,390	3,351	n.a.	3,748	4,401	n.a.	4,527
4. Cumulative floor on state government tax collections in cash 3/	3,025	n.a.	3,085	5,303	n.a.	5,343	8,280	n.a.	8,216	11,437	n.a.	11,442
5. Ceiling on the stock of central government budget arrears	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0
6. Ceiling on the stock of Social Fund pension arrears	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0
7. Floor on payroll collections in cash of the Social Fund 3/	975	n.a.	920	1,715	n.a.	1,777	2,515	n.a.	2,628	3,389	n.a.	3,602
8. Ceiling on the stock of Social Fund arrears to the Medical Insurance Fund	50	n.a.	43	40	n.a.	38	20	n.a.	20	10	n.a.	10
9. Ceiling on contracting or guaranteeing by the state government or NBKR of new nonconcessional external debt of less than one year (in millions of U.S. dollars) 4/	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0
10. Ceiling on contracting or guaranteeing by the state government or NBKR of new nonconcessional external debt with a maturity of one year or more (cumulative, in millions of U.S. dollars)	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0
11. Ceiling on accumulation of new external payment arrears (in millions of U.S. dollars) 4/	105.0	n.a.	1.14	0	n.a.	0	0	n.a.	0	0	n.a.	0
II. Indicative targets												
1. Ceiling on reserve money (NBKR liabilities)	7,432	n.a.	7,659	7,677	n.a.	7,871	7,986	n.a.	8,429	8,057	n.a.	8,672
2. Ceiling on the electricity sector quasi-fiscal deficit (in millions of som)	...	...	9,024	...	...	...	...	...	...	...	...	...

Sources: Kyrgyz authorities; and Fund staff estimates and projections.

1/ Performance criteria, benchmarks, and indicative targets are defined in the Supplementary Technical Memorandum of Understanding.

2/ Foreign exchange components are valued at the exchange rate US\$1 = som 47, gold holdings valued at US\$322.4 per ounce, SDR valued at SDR 1 = US\$1.3186. Targets exclude net claims to BRO countries.

3/ Cumulative begins on October 1, 2002.

4/ On a continuous basis.

Adjustors

1. The floor on net international reserves of the NBKR will be adjusted: (i) upward/downward by 100 percent of excess/shortfall in net foreign financing of the state government budget and cash grants; and (ii) upward/downward by 100 percent of excess/shortfall in cash privatization receipts. The adjustment for shortfalls in adjustors (i) and (ii) is to be limited to US\$ 15 million each, valued at the program exchange rate. In the case of a release of the NBKR's pledged foreign reserves, the NIR floor will be adjusted upward/downward by 100 percent of any excess/shortfall in the net effect of the releases and related amortization payments.

2. The ceiling on net domestic assets of the NBKR will be adjusted: (i) downward/upward by 100 percent of excess/shortfall in net foreign financing of the state government budget and cash grants; and (ii) downward/upward by 100 percent of excess/shortfall of cash privatization receipts. The adjustment for shortfalls in adjustors (i) and (ii) is to be limited to US\$ 15 million each, valued at the program exchange rate, excluding the amortization payments for the release of the NBKR's pledged foreign reserves.

Table 2. Kyrgyz Republic: Third-Year Quantitative Program Targets 1/
(in millions of soms, unless otherwise indicated; eop)

	2003		2004		
	December	March	June	September	December
	Benchmarks	Performance	Indicative	Performance	Indicative
	Program	Criteria	Targets	Criteria	Targets
Program					
I. Performance criteria					
1. Floor on net international reserves of the NBKR in convertible currencies (eop stock, in millions of U.S. dollars)	139.3	134.6	159.4	162.5	169.4
2. Ceiling on net domestic assets of the NBKR (eop stock)	2,168	2,656	1,827	1,926	1,671
3. Ceiling on cumulative fiscal deficit of the state government	835	2,052	3,118	4,183	600
4. Cumulative floor on state government tax collections in cash	3,398	5,845	8,966	12,503	4,063
5. Ceiling on the stock of central government budget arrears	0	0	0	0	0
6. Ceiling on the stock of Social Fund pension arrears	0	0	0	0	0
7. Floor on payroll collections in cash of the Social Fund	910	1,755	2,657	3,703	1,081
8. Ceiling on the stock of Social Fund arrears to the Medical Insurance Fund	0	0	0	0	0
9. Ceiling on contracting or guaranteeing by the state government or NBKR of new nonconcessional external debt of less than one year (in millions of U.S. dollars)	0	0	0	0	0
10. Ceiling on contracting or guaranteeing by the state government or NBKR of new nonconcessional external debt with a maturity of one year or more (cumulative, in millions of U.S. dollars)	0	0	0	0	0
11. Ceiling on accumulation of new external payment arrears (in millions of U.S. dollars)	0	0	0	0	0
II. Indicative targets					
1. Ceiling on reserve money (NBKR liabilities)	9,298	9,566	9,831	10,069	10,128
2. Ceiling on the electricity sector quasi-fiscal deficit (in millions of som)	9,645	...	4,900	...	8,650

Sources: Kyrgyz authorities; and Fund staff estimates and projections.

1/ Performance criteria, benchmarks, indicative targets, and adjustors are defined in the Technical Memorandum of Understanding.

Table 3. Structural Performance Criteria and Benchmarks Through End-September 2003

	Structural Benchmarks (end-January 2003)	Assessment on Implementation
1.	Submit to parliament draft Anti-Money Laundering and Combating Financing Terrorism (AML/CFT) legislation.	Observed
2.	Publish the list of the 50 largest tax payers.	Observed
3.	Eliminate the specialized bank status.	Observed
	Structural Performance Criteria (end-March 2003)	
1.	Adoption by the upper house of parliament and enactment of the VAT extension on the direct sales of large agricultural producers.	Observed with delay Adopted by parliament by end-March, but signed by President on April 14.
2.	Adoption by parliament and enactment of a new tax law on real property.	Observed with delay Upper House approved with a one-week delay; signed by President on April 30.
3.	Approval by the Economic Policy Council and publishing of the 2004-2006 Medium-Term Budget Framework designed to achieve real GDP growth of 5 percent and inflation of not more than 4 percent a year.	Observed
	Structural Benchmarks (end-March 2003)	
1.	Reduce arrears on VAT refunds as specified in paragraph 16 of the SMEP.	Observed
2.	Issue implementation regulations for extra-judicial arbitration of commercial disputes.	Observed
3.	Develop a commitment control and arrears tracking system on a manual basis.	Observed
4.	Issue a privatization tender for KAIRAT bank.	Not observed
	Structural Benchmarks (end-September 2003)	
1.	Modify the cigarette excise tax to eliminate the current differential excise rates between domestically-produced and imported products by implementing a non-discriminatory ad valorem excise tax.	Observed
2.	Submit to parliament amendments to the Law on Audits, as described in paragraph 16 of the SMEP	Observed
3.	Issue a privatization tender for KAIRAT Bank, as described in paragraph 16 of the SMEP.	Observed with delay The tender was issued on November 25
4.	Develop a semi-annual reporting framework for the electricity sector quasi-fiscal deficit, as specified in Table 12 of the Supplementary TMU, and present to Fund staff the first report, based on end-June 2003 data.	Observed

Table 4. Structural Conditionality in the Third Annual Program

Prior action for completion of the fourth review

- Adoption by parliament of the 2004 State Budget Law and Social Fund Budget Law consistent with fiscal targets and measures as specified in paragraphs 19 and 23, and Table 2 of the Memorandum of Economic Policies.

Structural benchmarks for end-March 2004

- Approve and publish 2004–07 Medium Term Fiscal Framework based on quantified policy plans in key line ministries (Ministries of Education, Health, and Agriculture).
- Adopt tax policy package as described in paragraph 21 of the Memorandum of Economic Policies.

Structural benchmarks for end-June 2004

- Complete external audit of the 2003 financial statements of KAFC as well as the assessment of its loan portfolio, both conducted by a reputable international firm—by end-June 2004.

Structural benchmarks for end-September 2004

- Submit to parliament amendments to the Bank Secrecy Law and the Law on Banks and Banking Activity to eliminate inconsistencies with the Basle Principles regarding bank secrecy. In particular, allow the disclosure of confidential information to foreign banking supervision agencies based on bilateral agreements.
- Submit to parliament amendments to the Code of Administrative Liability and the Law on Banks and Banking Activity to increase monetary fines levied against employees of banks and financial institutions that are licensed and regulated by the NBKR.