International Monetary Fund

Kyrgyz Republic and the IMF

Press Release:
IMF Completes First Review Under Exogenous Shock Facility with the Kyrgyz Republic and Approves US$25.5 Million Disbursement
May 22, 2009

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Kyrgyz Republic: Letter of Intent and Technical Memorandum of Understanding

May 6, 2009

The following item is a Letter of Intent of the government of Kyrgyz Republic, which describes the policies that Kyrgyz Republic intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Kyrgyz Republic, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

May 6, 2009

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
700 19th Street, N.W.
Washington, D.C. 20431

Dear Mr. Strauss-Kahn:

In December 2008, the International Monetary Fund approved an arrangement under its Exogenous Shocks Facility (ESF) for the Kyrgyz Republic, in support of our economic program for 2008–09 aimed at managing the effects of the external shocks that have hit our economy since early 2008. This support proved valuable and timely, and we are grateful to the IMF for its support.

This letter describes the economic policies that we plan to implement during the rest of 2009. As the global and regional economic outlook has continued to worsen, we remain committed to implementing policies aiming to support growth and the poor, while keeping inflation on a downward path and maintaining financial sector stability. In this regard, we remain, of course, fully committed to carrying out the policies set out in our economic program attached to our letter of intent dated November 25, 2008.

Recent Economic Developments

Overall economic performance in 2008 was still strong. Real GDP grew by 7.6 percent, compared to 8.5 percent in 2007. The impact of the shocks that have hit our economy, however, including the rise in commodity prices until mid-2008, a shortfall in hydropower, and the slowdown in regional growth, contributed to a decline in activity outside the gold sector. Real GDP excluding gold production slowed to 5.4 percent last year, from 9 percent in 2007.

Inflation has come down sharply since spiking at over 30 percent in mid-2008. Reflecting a tightening of monetary policy, declining international commodity prices, and slowing domestic demand, 12-month inflation subsided to 20 percent by end-2008 and further to 13.6 percent in the 12 months through March 2009. Core inflation has remained relatively high at 14.4 percent in March.

The current account balance deteriorated in 2008, mainly due to the higher cost of importing food and fuel. Strong remittance inflows mitigated the widening trade deficit. The overall balance still recorded a surplus and the National Bank of the Kyrgyz Republic's (NBKR) foreign exchange reserves increased slightly to $1,222 million by end-2008 (covering about 3½ months of imports).

Our national currency, the som, came under pressure, however, in the last quarter of 2008, as the global financial crisis spread and the Russian ruble depreciated against the dollar. Pressures on the exchange rate of the som intensified in early 2009, especially in the period immediately following the devaluation of the Kazakh tenge. Since end-August, the som has depreciated by about 25 percent against the dollar, while appreciating by about 10 percent against the ruble. The NBKR allowed the exchange rate to adjust, but intervened to avoid an overly rapid depreciation that could undermine confidence in the currency, contributing to a decline in reserves to $1,042 million by end-March 2009.

Macroeconomic Policies for 2009

The outlook for the Kyrgyz economy has worsened as the global economic crisis has intensified. The economic slowdown in several of our main regional partners, notably Russia and Kazakhstan, is affecting growth in the Kyrgyz Republic via trade and remittance channels, spilling over to domestic demand. As a result, economic growth is expected to slow sharply to less than 1 percent in 2009. The slowdown in activity is creating fiscal and balance of payment gaps in 2009 that are expected to persist in 2010. These gaps are covered, however, by the sizable and timely financial support provided by the Russian Federation. This support will help us weather the effects of the global economic crisis and avoid a major contraction in economic activity.

We will use the $450 million in concessional budget support provided by the Russian Federation in a medium-term fiscal framework, and intend to use $165 million during 2009. This allows fiscal policy to accommodate the large shortfall in government revenues expected for 2009, while creating some room for an increase in spending, both of which will support growth. Measured by the primary fiscal balance excluding grants, this will imply a fiscal stimulus of almost 6 percent of GDP. The overall fiscal balance will remain limited to less than 2 percent of GDP.

Particular emphasis will be given to capital spending, which improves medium-term growth prospects, but also to social support. The decline in economic activity and, even more so, the expected decline in remittance inflows will result in a considerable reduction in disposable household incomes that threatens to reverse much of the gains in poverty reduction achieved in recent years. To mitigate the effects on the poorest segments of the population, as of July 1, 2009, we will top up the Unified Monthly Benefit (UMB) by another Som 40 per UMB recipient (structural benchmark for July), in addition to the Som 35 top-up introduced in October 2008, which we will maintain. Meanwhile, we will continue our work to refine the eligibility criteria for the UMB to improve its targeting, for implementation in 2010. We are furthermore considering options to increase revenue collection, including changes in the tax structure, tax rates, and measures to strengthen tax administration.

The NBKR will continue to aim its policies at further reducing inflation and maintaining financial sector stability. With interest rates at positive real levels and the easing of international price pressures, but taking into account additional increases in utility tariffs and the impact of the depreciation of the som, we expect 12-month inflation to fall to within a range of 10–15 percent by end-2009. The NBKR will allow continued exchange rate flexibility to absorb the large external shocks, maintain competitiveness, and limit reserve losses. The NBKR will manage commercial banks' excess liquidity through its operations in the financial markets. Should it be necessary to act decisively to withdraw liquidity, the NBKR is prepared to raise interest rates on its securities and repurchase operations. However, provided that inflation continues on a downward path and exchange rate pressures ease, interest rates could be eased gradually, to help stimulate economic growth.

Banks have held up well to the global financial crisis. Bank capitalization and liquidity remain high. Credit growth, however, has come to a halt, as demand for financing has weakened and banks have become more cautious. Non-performing loans have started to rise and are likely to increase further as the economy slows. Deposits have fallen and new funding from external sources has been drying up. In this more challenging financial environment, the NBKR has taken a proactive approach and is monitoring banks closely. We have prepared contingency plans that envisage emergency liquidity support by the NBKR, and possible capital injections by the government for systemic banks (which would require revisions to the budget). The NBKR has also required banks to prepare their own contingency plans. Legislation to advance the date at which the deposit insurance scheme comes into effect and to increase coverage of household deposits from $500 to $2,500 was approved in March. In accordance with this legislation, we will ensure that the deposit insurance fund will be fully funded by end-June to enable the deposit insurance to come into effect on July 1, 2009 (structural benchmark).

While our main focus is on macroeconomic policies to manage the spillover effects of the global economic crisis, we will continue to advance structural reforms, to improve macroeconomic management and ensure strong growth over the longer term. In this regard, we will continue with our efforts to further strengthen public financial management, reduce the administrative burden on businesses, including in the areas of taxation and trade, enhance financial intermediation, strengthen the energy sector, and fight corruption.

Program Monitoring

All performance criteria for end-December 2008 under the ESF arrangement were met. We also observed the structural benchmarks for end-2008. We therefore request the completion of the first review under the arrangement and the disbursement of the second tranche of SDR 16.65 million.

As the ESF arrangement is subject to semi-annual reviews, we understand that the second and third reviews are expected to be completed no later than November 2009 and May 2010, respectively, and will require observance of the quantitative performance criteria for end-June and end-December 2009, respectively, set out in Table 1 attached to this letter and described in more detail in the attached revised Technical Memorandum of Understanding (TMU).

The current economic environment remains highly uncertain and risks are on the downside. We believe that the policies set forth in our economic program attached to our letter of November 25, 2008 and as supplemented by this letter are adequate to achieve our objectives, but we are prepared to take all additional measures necessary to achieve these objectives. We will consult with the IMF on the adoption of these measures and in advance of any revision to the policies contained in our economic program, in accordance with the IMF's policies on such consultation. The Kyrgyz government and the NBKR will continue to provide the Fund with the necessary information for assessing progress in implementing our program, as specified in the attached revised TMU, and will maintain a close policy dialogue with the IMF staff.

We authorize the IMF to publish this Letter of Intent and its attachments, as well as the related staff report on the Fund's website following consideration of our request by the IMF's Executive Board.

Sincerely yours,

/s/

Igor Chudinov
Prime Minister of the Kyrgyz Republic

/s/

Marat Alapaev
Chairman
National Bank of the Kyrgyz Republic

Table 1. Kyrgyz Republic: Quantitative Program Targets

(In millions of soms, unless otherwise indicated; eop)

	2007	2008				2009	
	December	June	December			June	December
	Actual	Actual	IMF/CR/08/381 PCs	Adjusted	Actual 1/	PCs	PCs
I. Performance criteria							
1. Floor on net international reserves of the NBKR in convertible currencies (eop stock, in millions of U.S. dollars) 2/	901	884	903	903	988	1,194	1,198
2. Ceiling on net domestic assets of the NBKR (eop stock) 2/ 3/	-2,036	-948	-994	-994	-2,705	-15,723	-10,477
3. Ceiling on cumulative overall deficit of the general government 2/	444	423	2,332	2,021	130	-2,325	4,077
4. Ceiling on contracting or guaranteeing by the state government, NBKR, or any other agency acting on behalf of the state government, of new nonconcessional external debt with maturity of less than one year (continuous, in millions of U.S. dollars) 4/	0	0	0	0	0	0	0
5. Ceiling on contracting or guaranteeing by the state government, NBKR, or any other agency acting on behalf of the state overnment, of new nonconcessional external debt with maturity of one year or more (continuous, millions of U.S. dollars) 4/	0	0	0	0	0	0	0
6. Ceiling on accumulation of new external payment arrears (continuous, in millions of U.S. dollars)	0	0	0	0	0	0	0
II. Indicative targets							
1. Ceiling on reserve money (eop stock)	31,583	32,540	37,144	37,144	35,132	30,099	35,483
2. Cumulative floor on state government tax collections in cash	26,545	15,925	35,834	35,834	35,925	15,461	33,922

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

1/ Preliminary data for fiscal outcome.

2/ These targets are subject to adjustment in case of changes in flows of external budget financing by bilateral and multilateral donors as defined in the TMU.

3/ The target excludes medium- and long-term central bank liabilities (i.e., the loan by the Eximbank of Turkey and the EBRD/IDA enterprise loan channeled through the NBKR).

4/ External debt contracted or guaranteed other than with a grant element equivalent to 35 percent or more, calculated using a discount rate based on the OECD commercial interest reference rates. Excludes borrowing from the IMF.

Table 2. Kyrgyz Republic: Structural Measures	
Measures	Comment
Structural benchmarks for continuous implementation	
The Ministry of Finance and the National Bank of the Kyrgyz Republic to exchange and discuss projected financial operations, including state budget spending and revenue forecasts and securities and notes issuance plans on at least a bi-weekly basis.	Observed.
For purposes of the IMF program, reflect the transfers of public resources to the Development Fund, the Kazakh-Kyrgyz Fund, and any other off-budget state-owned agencies transparently under net lending in the State budget, while the Development Fund refrains from unsecured borrowing and issuing guarantees to guarantee consistency with the law on Public and Non-Public Debt of the Kyrgyz Republic.	Observed.
Structural benchmarks for 2008	
Adopt the Resolution on Decision Making Procedure for Measures for Rehabilitation of Banks of Systemic Importance, identifying the roles of the NBKR and the Ministry of Finance in the bank resolution process (end-December, 2008).	Observed. The Government and the NBKR issued a joint Resolution (No. 734).
Submit to Parliament amendments to the Law on the NBKR to: (i) increase its statutory capital to at least Som 1 billion; and (ii) ensure that net unrealized price and exchange rate valuation gains are not reflected in the NBKR's income statement, while net unrealized price and exchange rate valuation losses are reflected in the NBKR's income statement at the end of the financial year, in line with international central bank best practice. This provision shall be reflected in the NBKR's financial reporting (end-December, 2008).	Observed. The draft law was submitted to Parliament on December 24, 2008 and approved on March 13, 2009.
Structural benchmarks for 2009	
Conduct a review, with the assistance of the IMF, of the pilot project at the stock market selected to become the platform for the government securities market to assess whether arrangements meet public interests, including confidentiality and transparency concerns, and international best practices. This review will examine: (i) information sharing and decision making for public debt auctions; (ii) governance structures; and (iii) settlement and custody arrangements (end-March, 2009).	Completed with delay in April 2009.
Ensure that the deposit insurance fund is fully funded (end-June, 2009).	
Top up the Unified Monthly Benefit by Som 40 per beneficiary (in addition to the Som 35 top-up introduced in October 2008) (July 1, 2009)	
Ensure that the NBKR's capital is at least equal to its statutory minimum (end-December, 2009).	

REVISED TECHNICAL MEMORANDUM OF UNDERSTANDING

I. INTRODUCTION

1. The Kyrgyz Republic's performance during the period January 1, 2009–December 31, 2009 under the 18-month arrangement under the Exogenous Shocks Facility will be assessed by the IMF on the basis of the observance of quantitative performance criteria and structural benchmarks. This memorandum and its attached tables define the quantitative performance criteria and indicative targets under the ESF-supported program. It reflects the Economic Program of the Kyrgyz authorities as attached to their Letter of Intent dated November 25, 2008 and updated in their Letter of Intent dated May 6, 2009.

2. The program exchange rate of the Kyrgyz som to the U.S. dollar is set at som 38.2101 = $1. The corresponding cross exchange rates and program gold price for the duration of the program are provided in Table 7.

3. Central government and republican government are synonymous in this memorandum. The State budget comprises central and local government budgets. The general government budget comprises the State and Social Fund budgets.

II. QUANTITATIVE PERFORMANCE CRITERIA

4. The quantitative targets (i.e., quantitative performance criteria) for end-June 2009 and end-December 2009 as presented in Table 1 attached to the letter, dated May 6, 2009, are defined below.

A. Floor on net international reserves of the National Bank of the Kyrgyz Republic (NBKR) in convertible currencies

5. The program contains a floor on the stock of net international reserves of the NBKR in convertible currencies. This floor will be calculated as the difference between total international reserve assets and total international reserve liabilities of the NBKR in convertible currencies.

6. Total international reserve assets of the NBKR are defined as the NBKR holdings of monetary gold, holdings of SDRs, any reserve position in the IMF, and any holdings of convertible foreign currencies in cash or with foreign banks, and debt instruments (including accrued interest) issued by nonresidents that are liquid. Amounts pledged as collateral or in swaps or otherwise encumbered, capital subscriptions in foreign financial institutions, and illiquid assets of the NBKR are excluded. Also excluded are net forward positions, defined as the difference between the face value of foreign currency denominated NBKR off-balance sheet claims on nonresidents and foreign currency obligations to both residents and nonresidents. For program monitoring purposes, international reserve assets shall be valued at program exchange rates and gold prices. Total international reserve liabilities of the NBKR in convertible currencies are defined as outstanding liabilities to the IMF and other convertible currency liabilities to nonresidents with an original maturity of up to and

including one year. For program monitoring purposes, total international reserve liabilities will be valued at the program exchange rates as described in paragraph 2 above.

7. Thus calculated, the stock of net international reserves in convertible currencies amounted to $988 million at December 31, 2008 and $833 million at March 31, 2009. The program floors on the NIR of the NBKR in convertible currencies are reported in Table 1 below.

Table 1. Floors on NIR of the NBKR in Convertible Currencies 1/

(In millions of U.S. dollars)

June 30, 2009 (performance criterion)	1,194
December 31, 2009 (performance criterion)	1,198

1/ End-of-period stocks.

8. The NBKR's net foreign assets consist of net international reserve assets plus other net foreign assets, including the medium- and long-term foreign obligations of the NBKR, other net claims on CIS countries, amounts pledged as collateral or in swaps or otherwise encumbered, net forward positions, capital subscriptions in foreign financial institutions, and illiquid assets. For program monitoring purposes, the other net foreign assets will also be valued at the program exchange rates.

9. The floor on net international reserves of the NBKR will be adjusted upward/downward to the full extent of any excess/shortfall in program grants and program loans as given in table 4, and upward/downward to the full extent that amortization of public external debt is less/more than the amortization given in table 4.

B. Ceiling on the net domestic assets of the NBKR

10. Net domestic assets of the NBKR are defined as reserve money of the NBKR (defined below), minus the NBKR's net foreign assets as defined above, minus the counterpart of the loan by the Eximbank of Turkey and the counterpart of the EBRD and IDA enterprise loans. Items in foreign currencies will be valued at the program exchange rates.

$$\text{NDA}=\text{RM}–\text{NFA}–\text{Turkish Loan}–\text{EBRD-IDA Enterprise Loan}$$

11. Thus defined, the NBKR's net domestic assets consist of: (a) gross credit to the general government from the NBKR, minus deposits of the general government with the NBKR, minus the counterpart of the loan by the Eximbank of Turkey; (b) gross credit to domestic banks by the NBKR, minus the counterpart of the EBRD and IDA enterprise loans; and (c) all other net assets of the NBKR (other items net). Thus defined, the stock of the NBKR's net domestic assets amounted to minus Som 2,705 million on December 31, 2008 and minus Som 2,318 on March 31, 2009.

12. The program ceilings on the NDA of the NBKR are reported in Table 2 below.

Table 2. Ceilings on the NDA of the NBKR 1/

(In millions of soms)

June 30, 2009 (performance criterion)	-15,723
December 31, 2009 (performance criterion)	-10,477
1/ End-of-period stocks.	

13. The ceiling on net domestic assets of the NBKR will be adjusted downward/upward to the full extent of any excess/shortfall in program grants and program loans as given in table 4, and downward/upward to the full extent that amortization of public external debt is more/less than the amortization given in table 4.

C. Ceiling on the cumulative overall deficit of the general government

14. The overall deficit of the general government is defined as the sum of: (a) the change in the stock of net claims of the domestic banking system and nonfinancial institutions—including state-owned enterprises and public companies—and households on the general government; (b) the change in the stock of net claims of the foreign banking system and nonfinancial institutions and households on the general government; (c) net privatization receipts including from any new sales or purchases of shares; (d) net foreign loans disbursed to the state government for budgetary support; and (e) net foreign loans disbursed to the general government for project financing. The targets for the fiscal balance are based on an Som/US dollar exchange rate of 42.8140. Adjustments, as defined in paragraph 17, will be made using program exchange rates.

15. The change in the stock of net claims of the domestic banking system on the general government is defined as the change in the stock of the banking system claims on the general government, less the change in the stock of all deposits of the general government with the banking system. The claims of the banking system on the general government include: (a) bank loans to the general government; (b) securities or bills issued by the general government held by banks, with the exception of those issued in relation with bank rescue operations; and (c) overdrafts on the current accounts of the general government with banks.

16. The program ceilings on the cumulative overall deficit of the general government are reported in Table 3 below. The ceiling on the overall budget deficit of the general government will be adjusted upward to the full extent that concessional foreign loans with a grant element of at least 35 percent disbursed to the budget are higher than the amounts given in Table 4. The ceiling on the overall budget deficit of the general government will also be

adjusted upward to the full extent that program grants received are less than the amounts given in Table 4. The ceiling on the overall budget deficit of the general government will be adjusted downward/upward to the full extent that disbursements of PIP loans are less/more than the amounts given in Table 4. The ceiling on the overall budget deficit of the general government will be adjusted downward/upward to the full extent that amortization of public external debt is less/more than the amortization given in Table 4.

Table 3. Ceilings on the Overall Budget Deficit of the General Government 1/

(In millions of soms)

	Overall Deficit
June 30, 2009 (performance criterion)	−2,325
December 31, 2009 (performance criterion)	4,077

1/ Cumulative starting from the beginning of each calendar year.

Table 4. Projected Budget Support
(millions of US dollars)

	H1 2009	2009
Program grants	171.9	188.1
WB	3.8	5.0
EU	2.6	9.2
SWAP (including WB)	15.4	23.9
Other donors	150.0	150.0
PIP grants	45.3	94.0
Asian Development Bank	13.5	28.0
World Bank	21.2	43.9
KfW	6.1	12.7
Switzerland	1.8	3.7
DFID	2.7	5.6
Program loans (BOP support)	308.9	308.9
WB	1.1	1.1
ADB	7.8	7.8
Other donors	300.0	300.0
PIP loans	38.4	91.0
ADB	9.0	21.3
WB	5.2	12.3
Islamic Development Bank	7.7	18.2
KFW	7.2	17.1
China	9.3	22.1
Amortization of public external debt 1/	21.8	47.4

1/ Excluding repayments to the Fund.

D. Ceilings on contracting or guaranteeing of new external debt by the state government of the Kyrgyz Republic or the NBKR or any other agency acting on behalf of the state government

17. In connection with the contracting or guaranteeing of external debt by the state government of the Kyrgyz Republic, the NBKR, or any other agency acting on behalf of the state government of the Kyrgyz Republic, "debt" is understood to have the meaning set out in point 9 of the Guidelines on Performance Criteria with respect to External Debt in Fund arrangements (Decision No. 12274–00/85, dated August 24, 2000).[1]

18. External debt ceilings apply to (a) the contracting or guaranteeing of new non-concessional short term external debt (i.e. external debt with an original maturity of less than one year and grant element less that 35 percent, except normal import-related credits and NBKR reserve liabilities); and (b) contracting or guaranteeing of nonconcessional medium- and long-term external debt (i.e., external debt with an original maturity of one year or more and with grant element of less that 35 percent). Disbursements by the Fund are excluded from the ceilings on external debt. Also excluded from these external debt ceilings is the contracting or guaranteeing of new external debt that constitutes a rescheduling or refinancing of existing external debt at terms more favorable to the debtor. The limit on the contracting or guaranteeing of short-term external debt is zero on a continuous basis throughout the period of the arrangement. The limit on the contracting or guaranteeing of medium- and long-term nonconcessional external debt is also zero and on a continuous basis throughout the period of the arrangement, as specified in Table 1 of the economic program of the authorities.

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[1] Debt is understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debt can take a number of forms, the primary ones being as follows: (a) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (b) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until some time after the date on which the goods are delivered or services are provided; and (c) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.
Under the above definition of debt, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

19. For the purposes of the ceiling on contracting and guaranteeing new external debt, any other agency acting on behalf of the state government will in particular include the Development Fund and the Kazakh-Kyrgyz Fund as well as all nonfinancial public enterprises with share capitals of not less than Kyrgyz som 100 million in which the state government holds at least 51 percent of the share capital.

E. Ceiling on accumulation of new external payments arrears

20. For the purposes of the program, external payment arrears will consist of all debt-service obligations (i.e., payments of principal or interest) arising in respect of any debt contracted or guaranteed or assumed by the state government of the Kyrgyz Republic, or the NBKR, or any agency acting on behalf of the state government of the Kyrgyz Republic since the Kyrgyz Republic's independence, including, without limitations, unpaid penalties, interest charges or judicially awarded damages associated with these arrears owed by the state government of the Kyrgyz Republic, or the NBKR, or any agency acting on behalf of the state government of the Kyrgyz Republic. The ceiling on new external payment arrears shall apply on a continuous basis throughout the period of the ESF arrangement.

III. Indicative Targets

A. Ceiling on reserve money

21. For the purposes of the program, reserve money consists of currency issued by the NBKR and balances on commercial banks' correspondent accounts with the NBKR. The indicative program limits are reported in Table 5 below.

Table 5. Ceilings on Reserve Money 1/

(In millions of soms)

June 30, 2009 (performance criterion)	30,099
December 31, 2009 (performance criterion)	35,483

1/ End-of-period stocks.

B. Cumulative floor on state government tax collections in cash

22. Tax collections in cash correspond to the line "Tax Receipts" in the Treasury Report and comprise the following categories: tax on income and profits; taxes on goods and services; specific taxes on services; turnover taxes; taxes on property; taxes on international trade; and other taxes. Cumulative tax collections in cash include collections of tax arrears but exclude tax offsets.

23. The program floors for the cumulative state government cash tax collection are reported in Table 6 below.

Table 6. Floors on State Government Cash Tax Collections 1/

(In millions of soms)

June 30, 2009 (performance criterion)	15,461
December 31, 2009 (performance criterion)	33,922

1/ Cumulative from the beginning of the calendar year.

IV. Reporting Requirements Under the Program

24. The government and the NBKR will provide the Fund with the necessary economic and financial statistical data to monitor economic developments and the quantitative targets. In particular, the government and the NBKR will provide the following specific information:[2]

A. The balance sheet of the NBKR

25. The NBKR will provide to the Fund its balance sheet on a daily basis. The information provided will clearly identify the following items in the definitions specified above: the gross foreign assets and liabilities of the NBKR, decomposed by currency and instrument for the assets and by currency and creditor for the liabilities (decomposition provided on a monthly basis); the net foreign assets of the NBKR; the net international reserves of the NBKR; medium- and long-term liabilities; the net domestic assets of the NBKR; net credit from the NBKR to the general government; net credit from the NBKR to commercial banks; the balance of unused PIP funds held in the NBKR; other items net; and reserve money. The balance sheet will be provided valued at the actual exchange rate as well as according to the valuation applied under the program, as specified in Section I. The above information will be provided to the IMF Resident Representative and/or transmitted by e-mail to the Fund.

B. Monetary survey

26. Monthly banking system data, in the form of a monetary survey, will be reported to the Fund by the NBKR within 14 days of the end of the month. The information provided will clearly identify the following items: net foreign assets and net domestic assets of the banking system, medium- and long-term liabilities, net credit from the banking system to the general government, financing provided to the rest of the economy, other items net, and broad money. The monetary survey will be provided valued at the actual exchange rate as well as according to the valuation applied under the program, as specified in Section I.

[2] Any correction or revisions to data previously reported should be clearly indicated and documented along with the reasons for revision.

27. The NBKR will provide monthly data to the Fund within seven days after the end of the month on the amount of holdings of treasury bills, GKOs, state obligations, state bonds, and other securities issued by the state government, differentiated by the following categories of holders: the NBKR, resident banks, resident nonbanks, and nonresidents. The information will be provided in both the book (nominal) value and the actual value, where applicable.

C. International reserves and key financial indicators

28. The NBKR will provide detailed monthly data within 14 days from the end of the month on the composition of both its gross and net international reserves in convertible currencies and holdings of monetary gold. These data will be provided at two alternative sets of the exchange rates and the gold price: first, at those used to derive the NFA position in the NBKR accounts; second, at those specified in the program (Section I). In addition, weekly reports should be sent to the Fund on (a) exchange rates (including the official and interbank exchange rates), foreign exchange interbank market turnover, and the volume of NBKR foreign exchange sales and purchases in the interbank market and with other parties, on a daily basis; and (b) treasury bill yields and the amount of treasury bill sales and redemptions on a weekly basis every Monday. On the 25th day of the month following the reference month, the NBKR will provide indicators of financial soundness of the banking system, including the ratios of regulatory capital to risk-weighted assets, nonperforming loans to total loans, and return on equity, as well as data on bank deposit and lending rates by maturity.

D. External debt

29. The Ministry of Finance, together with the NBKR, will provide monthly information on the disbursements, principal and interest payment—both actual and falling due; on contracting and guaranteeing of medium- and long-term external loans by the state government and the NBKR; and any stock of outstanding arrears on external debt service payments within 21 days of the end of each month. In addition, the Ministry of Finance will report the total amount of outstanding government guarantees and external arrears on a monthly basis. While the NBKR will provide the debt service payment data on private debt, the ministry of finance will provide data on debt service on public and publicly guaranteed loans.

E. Budgetary and extra budgetary data

30. In addition to the monthly treasury report, the Social Fund will report monthly on its operations. This information will be provided to the Fund staff within 26 days from the end of each reference month. The Ministry of Finance will also provide monthly reports on the disbursements and use under the public investment program and budgetary grants with a one-month time lag. The Development Fund will also submit a monthly report including its balance sheet and its deposits in the NBKR and the rest of the financial system.

F. Balance of payments data

31. The NBKR will provide current account and capital account data, including data on foreign trade, services, official and private transfers, foreign investment, and disbursements

of public and private loans, on a quarterly basis, with at most a two-month lag. The NBKR will also provide monthly foreign trade data with a two-month lag.

G. Other general economic information

The National Statistics Committee will notify the Fund of the monthly Consumer Price Index by category by the 15th business day of the following month, and convey quarterly GDP estimates within two months of the end of each quarter.

Table 7. Program Cross Exchange Rates

	Currency Names	Currency/US$	US$/ Currency
AUD	Australian dollar	0.6329	1.5800
AZN	Azerbaijani manat	0.8111	1.2329
BYR	Belarusian ruble	2,115.0282	0.0005
CAD	Canadian dollar	0.7823	1.2783
CHF	Swiss franc	0.8539	1.1711
CNY	Chinese yuan	6.8488	0.1460
CZK	Czech crown	20.1903	0.0495
DKK	Danish krone	5.9253	0.1688
EEK	Estonian kroon	12.4228	0.0805
EUR	Euro	0.7940	1.2595
GBP	UK pound sterling	0.6392	1.5645
HUF	Hungarian forint	223.3072	0.0045
INR	Indian rupee	49.9478	0.0200
JPY	Japanese yen	93.9908	0.0106
KRW	South Korean won	1,420.4498	0.0007
KZT	Kazakh tenge	119.7809	0.0083
LTL	Lithuanian litas	2.6952	0.3710
LVL	Latvian lats	0.5500	1.8182
MDL	Moldovan lei	10.3176	0.0969
NOK	Norwegian krone	7.0535	0.1418
NZD	New Zealand dollar	0.5730	1.7452
PKR	Pakistani rupee	81.3154	0.0123
RUR	Russian ruble	27.0591	0.0370
SDR	SDR	0.6700	1.4925
SEK	Swedish krona	7.9594	0.1256
TJS	Tajik somoni	3.4026	0.2939
TRY	Turkish lira	0.5875	1.7020
UAH	Ukrainian hryvnia	5.1500	0.1942
UZS	Uzbek sum	1,340.7053	0.0007
XAU	Gold ($/troy ounce)	692.5000	