Re: Credit No. 3871 KG
Payments and Banking System Modernization Project
Performance and Monitoring Indicators

Dear Sirs,

This refers to the provisions of paragraph 10(a) of Schedule 4 to the Development Credit Agreement dated June 9, 2004 between the Kyrgyz Republic (the Borrower) and the International Development Association (IDA) for the above-captioned project.

The borrower hereby confirms to IDA the indicators set forth in the attachment to this letter shall serve as the basis for the Borrower to monitor and evaluate the Progress of the Project and the achievement of the objectives thereof.

Sincerely,

Vice minister

A.Kojoshev
**PERFORMANCE MONITORING INDICATORS**

**Project Development Objective (PDO):** Assist the Borrower in the implementation of the national payments system modernization program and banking system reform

**Revised Project Development Objective:** Assist the Borrower in the implementation of the national payments system modernization program

### PDO Level Results Indicators*

<table>
<thead>
<tr>
<th>Indicator One: Total value of transactions channeled through and processed by the national payments system (in Som mlns)</th>
<th>C</th>
<th>Number</th>
<th>90,000</th>
<th>99,000</th>
<th>109,000</th>
<th>125,000</th>
<th>144,000</th>
<th>180,000</th>
<th>650,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator Two: Total number of bank accounts</td>
<td>C</td>
<td>Number</td>
<td>140,000</td>
<td>168,000</td>
<td>200,000</td>
<td>250,000</td>
<td>350,000</td>
<td>500,000</td>
<td>850,000</td>
</tr>
<tr>
<td>Indicator Three: General ledger of the NBKR automated and integrated with the RTGS and BCS</td>
<td>N</td>
<td>Yes/No</td>
<td>No</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Yes</td>
<td>NBKR</td>
</tr>
</tbody>
</table>

### Intermediate Results

**Intermediate Result (Component One):** Establishment of the bulk clearing system (BCS); sufficient number of commercial banks participate in the national shared inter-bank card system (Card Processing Center) and establishment of the real-time gross settlement system (RTGS)

**Revised Intermediate Result (Component One):** NA

<table>
<thead>
<tr>
<th>Intermediate Result indicator One: Bulk Clearing System: total number of batches of transactions processed through the system</th>
<th>R</th>
<th>Number</th>
<th>690,900</th>
<th>750,000</th>
<th>800,000</th>
<th>900,000</th>
<th>1,000,000</th>
<th>1,200,000</th>
<th>1,600,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediate Result indicator Two: Inter-bank card system: Total number of cards</td>
<td>R</td>
<td>Number</td>
<td>7,700</td>
<td>10,000</td>
<td>20,000</td>
<td>30,000</td>
<td>60,000</td>
<td>100,000</td>
<td>280,000</td>
</tr>
</tbody>
</table>

Quartly reports, BCS reports, NBKR reports

NBKR, CBK, CPC, BCS
### Intermediate Result (Component One): Modernization of the general ledger (GL) of NBKR to complement the payments system infrastructure

**Revised Intermediate Result (Component One): NA**

<table>
<thead>
<tr>
<th>Intermediate Result indicator Five: Status of procuring and operations of the improved General Ledger of the NBKR</th>
</tr>
</thead>
</table>

### Intermediate Result (Component Two): Improvement in SSC’s service delivery capacity

**Revised Intermediate Result (Component Two): NA**

### Intermediate Result (Component Three): Improvement in SSC’s service delivery capacity

**Revised Intermediate Result (Component Three): NA**

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1. This indicator is added to meet the corporate requirement for reporting on direct number of beneficiaries (this case, understood as the number of bank account holders).