

## International Monetary Fund

[Pakistan](#) and the IMF

### **Pakistan:** Letter of Intent

**Press Release:**

[IMF Approves Nine-Month Extension of Stand-By Arrangement for Pakistan](#)

December 27, 2010

December 17, 2010

[Country's Policy Intentions Documents](#)

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

Islamabad, Pakistan  
December 17, 2010

Mr. Dominique Strauss-Kahn  
Managing Director  
International Monetary Fund  
Washington, DC 20431

Dear Mr. Strauss-Kahn:

On November 24, 2008, the IMF's Executive Board approved a 23-month Stand-by Arrangement (SBA) for Pakistan that was augmented on August 7, 2009 and extended through December 30, 2010. We hereby request that the SBA be extended for a further nine months, to enable us to implement the policy measures envisaged under our reform program, and to allow sufficient time to complete the remaining fifth and sixth reviews under the SBA. In pursuit of our program objectives, we have submitted to the National Assembly the federal part of the legislative package for the reformed General Sales Tax and the provincial part of the package will be submitted to the provincial assemblies shortly. We have also made progress in devising a plan to ensure financial viability of the electricity sector, which—together with the package of other measures—will enable us to achieve the budget deficit target of 4.7 percent of GDP, revised from the original target of 4.0 percent of GDP to accommodate additional flood-related spending.

The Government and State Bank of Pakistan believe that extending the arrangement through September 30, 2011 will support confidence and help restore macroeconomic stability at a time when our economy is still recovering from the recent devastating floods. We remain committed to implementing a Fund-supported program, and will continue to consult with the Fund in accordance with the relevant Fund policies.

Sincerely yours,

/s/  
Abdul Hafeez Shaikh  
Minister of Finance

/s/  
Shahid H. Kardar  
Governor of the State Bank of Pakistan