Executive Board
International Monetary Fund
700 19th Street NW
Washington, DC 20431

Dear members of the IMF Executive Board,

At last year's Annual Meetings, Chair of the International Monetary and Financial Committee Ms. Nadia Calviño stated that the Fund "will consider a review of surcharge policies." As the 2024 Spring Meetings approach, it is our understanding that the Executive Board plans to make good on this commitment, and will soon hold discussions to determine the future of this controversial policy.

We are encouraged by these signs, and appreciate the Fund's willingness to engage with this longstanding demand from a large majority of IMF's shareholders, academics and civil society. Now, we, the undersigned organizations, write to urge you to use this opportunity to put an end to this harmful and counterproductive surcharge policy once and for all.

The case against surcharges has been made many times before. This policy — which levies additional fees of up to 300 basis points on countries with high or longstanding levels of outstanding credit — is plainly procyclical. By punishing heavily indebted countries with additional debt, surcharges increase borrowing costs; exacerbate (rather than alleviate) onerous debt burdens; and divert valuable resources from investments in development, climate action, health, or education. The surcharges policy therefore contributes to the trends of increased social and political unrest recognised by the Fund as a risk to the global economy. It also disregards warnings about the urgent need for a more legitimate and equitable multilateral system in the UN Secretary General's New Agenda for Peace.

From 2019 to 2023, the number of countries paying surcharges doubled from 8 to 16. This year, that number has jumped to 22.* This alarming trajectory is likely to continue as more and more countries resort to the Fund for financing in the face of accelerating debt and climate crises.

The IMF has yet to provide any evidence that surcharges disincentivize reliance on IMF credit. Indeed, the growing number of countries subject to surcharges is evidence to the contrary. The other justification for surcharges — that they are a necessary source of income for the IMF's precautionary balances — is not only directly counter to the IMF's mission, as Nobel Laureate economist Joseph Stiglitz has pointed out, but is also inaccurate.

Since civil society first began raising concerns, opposition to the Fund's surcharge policy has expanded considerably. The G77 and China, representing nearly every nation in the Global South, G20 chair Lula da Silva, UN human rights experts, leading economists, the UN Global Crisis Response Group, UN Secretary-General António Guterres, dozens of former heads of state and government, hundreds of civil society organizations, and many more, have all called on the Fund to suspend or eliminate surcharges.

*The 22 countries now paying surcharges are: Angola, Argentina, Armenia, Barbados, Benin, Costa Rica, Côte d'Ivoire, Ecuador, Egypt, Gabon, Georgia, Jordan, Kenya, Moldova, Mongolia, North Macedonia, Pakistan, Senegal, Seychelles, Sri Lanka, Tunisia, and Ukraine.

As the burden of surcharges and global demands to end them both continue to grow, it is clear that this path is not sustainable. It is no longer a question of *whether* to end this unjust and unjustifiable policy, but *when*. We urge you to act now.

Sincerely,

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