

# Open Letter to the International Monetary Fund Board of Directors on the Need for Significant Lending Policy Reform

*October 10, 2024*

Dear International Monetary Fund Board of Directors,

This Friday October 11, 2024, the International Monetary Fund (IMF) is expected to announce reforms to its policy on charges and especially surcharges, which levies extra fees on countries whose debts have surpassed certain size and time thresholds. We the undersigned urge the IMF to meaningfully reform its policies, especially on surcharges.

[Research shows](#) that IMF surcharges are procyclical and regressive, extracting higher lending rates and fees from countries during financial crises when they should be investing in their own recovery. For years, researchers and advocates have documented how the current surcharge policy prevents low- and middle-income countries from regaining financial stability, including by piling on higher borrowing, and preventing access to international markets. Surcharges increase the total potential annual interest rate imposed by the IMF to almost 8%. Moreover, the arguments put forward in defense of the surcharges [have shown to have little if any validity](#).

We are concerned by reports that the IMF is not considering significant reforms that would remedy the flaws inherent in its surcharge policy. We fear that the IMF is instead contemplating insufficient half-measures. Tinkering at the edges will not help ensure global stability. The IMF itself projects that the number of countries paying surcharges will keep increasing. Already, 675 million people live in low- and middle-income countries whose taxpayers are projected to pay the [IMF roughly \\$2 billion just in surcharges](#) every year for the next five years. Every one of those dollars is a dollar not spent on health, education, and the clean energy transition. If the IMF Board maintains its current system of charging the taxpayers of already struggling, indebted countries extra surcharge fees, which cushion its general reserves, its members cannot expect that we will perceive the Fund as the steward of global financial stability that it was founded to be and confidence and trust in the Fund will diminish.

Sincerely,

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