

**FOR  
AGENDA**

SM/08/350  
Supplement 1  
Correction 1

January 21, 2009

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: **Charges and Maturities—Proposals for Reform**

The attached correction to SM/08/350, Sup. 1 (1/16/09) has been provided by the staff:

**Typographical Error**

**Page 1, line 4:** for “Prepared by the Policy, Development, and Review”  
read “Prepared by the Strategy, Policy, and Review”

Questions may be referred to Mr. Giorgianni, SPR (ext. 35326) and Mr. Savastano, WHD (ext. 38545).

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

**Charges and Maturities—Proposals for Reform  
Supplement**

Prepared by the Strategy, Policy, Review and Finance Departments

In consultation with Legal and other departments

Approved by Reza Moghadam and Andrew Tweedie

January 16, 2009

Contents	Page
I. Alternative Surcharge Systems .....	2
II. Implications for Surcharge Income and Precautionary Balances .....	4
III. Sensitivity of Reserve Accumulation to Credit Outstanding .....	7
Tables	
1. Alternative Surcharges Schedules .....	3
2. Comparison of Surcharges Income under Alternative Schedules .....	4
Figures	
1. Cumulative Surcharge Income under Alternative Schedules .....	5
2. Reserve Accumulation under Alternative Schedules .....	6
3. Reserve Accumulation Scenarios .....	8

## A NEW SYSTEM OF SURCHARGES—SENSITIVITY ANALYSES OF STAFF’S PROPOSAL

*In SM/08/350, staff proposed a new system of surcharges to replace the current system. At an informal seminar on December 16, 2008, Directors expressed interest in comparing the staff proposal with other possible surcharge systems. The question was also raised about the sensitivity of the pace of reserve accumulation to the level of credit outstanding. This supplement seeks to address these two issues.*

### I. ALTERNATIVE SURCHARGE SYSTEMS

**1. Table 1 summarizes the main features of the six alternative surcharge systems examined in this supplement.** All the systems combine level-based and time-based surcharges, but differ in (i) the access threshold (in percent of quota) after which surcharges start to apply; (ii) the time at which the time-based surcharge(s) kicks in; and (iii) the level of the surcharges.

- Schedules 1 and 2 consist of a single level-based surcharge and a single time-based surcharge, as in the staff proposal of SM/08/350. In both schedules, the size of the level-based surcharge is 200 basis points: in Schedule 1, this is applicable to access above 500 percent of quota, while it is applicable to access above 300 percent of quota in Schedule 2. In both schedules, the time-based surcharge applies after 36 months: in Schedule 1, the size of this surcharge is 100 basis points, while it is 50 basis points in Schedule 2.
- Schedules 3–4 combine a single level-based surcharge (respectively of 200 and 100 basis points) applying to access above 300 percent of quota, but two time-based surcharges of different sizes and kicking in at different times;
- Schedule 5 contains two level-based surcharges each of 100 basis points (the first applicable to access between 200 percent and 500 percent of quota and the second to access above 500 percent of quota) and one time-based surcharge of 100 basis point kicking in after 36 months;
- Schedule 6 contains three level-based surcharges each of 100 basis points (the first applicable to access between 200 percent and 300 percent of quota, the second to access between 300 percent and 500 percent of quota, and the third to access above 500 percent of quota) and one time-based surcharge of 100 basis point kicking in after 36 months.