

Q1. What would the IMF like to see happen to resolve the situation?

The IMF's priority remains helping the Greek people through this difficult period of economic turmoil. IMF staff believes that the best way to do this is through the balanced approach laid out in a [recent blog](#) by the IMF's Chief Economist, with Greece taking steps to reform its economy and the country's European partners providing additional financing and debt relief. As [stated](#) by IMF Chief Christine Lagarde, the IMF stands ready to pursue this approach with the Greek authorities and our European partners.

The IMF knows through experience working with its many members that economic change is hard and takes time. This is where the IMF's financial support comes in, providing a government with the space needed to carry out reforms over time, in a way that protects the most vulnerable and strengthens the economy.

Q2. What happens to Greece because of the failure to make a repayment when due?

The immediate effect is that Greece can no longer receive financing from the IMF under the existing extended arrangement and the IMF will not approve new financing to Greece until it clears its arrears. This is standard procedure when a member fails to repay the IMF. The IMF's [Selected Decisions](#), 37th issue, page 912, spell out the procedures for a failure to repay and apply to all of its 188 members.

Greece remains a member of the Fund, with voting rights and representation on its Executive Board. The IMF's annual health check of a member country's economy (called [surveillance](#)) will continue to be an obligation. For the time being, Greece will also be eligible for IMF [technical assistance](#) — that is, access to IMF expertise on a range of economic issues, including tax administration and financial sector policies.

Q3. Is there a grace period?

There is no grace period. When a member country fails to pay its obligations to the IMF by the due date, it is in arrears. Under the IMF's procedures, the Managing Director informs the Executive Board of the emergence of overdue obligations. Given the high profile of the Greek program, the Managing Director informed the Board immediately.

Q4. Can a payment be postponed?

A member country can request a postponement. The IMF does not extend payment terms as a matter of longstanding policy. Our goal is to work with a country to resolve their problems. More than 30 years ago, the IMF granted a few low-income countries delays at their request, but in each case the delay proved not to help with immediate financing needs or fundamental economic problems.

Q5. How does the IMF work to resolve overdue payments?

The IMF has a policy in place to work collaboratively with members to clear their arrears, spelled out in the IMF's [Selected Decisions](#), 37th edition. The IMF, guided by this framework, has been broadly successful in helping to restore a country's access to financing. For example, between 1978 and 1989, 19 countries failed to repay and went into arrears to the IMF. With the exception of Sudan and Somalia, all of these members were able during this time period to work with the IMF to clear their overdue balances. The only country with protracted arrears incurred in the more recent past is Zimbabwe.

Q6. Are there penalties for a failure to repay?

The most immediate “penalty” is that the member can no longer receive IMF financing.

Within 12 months, the Executive Board may consider a declaration of ineligibility against Greece if Greece continues to incur arrears to the IMF. If the non-payment persists for more than 12 months, the IMF Executive Board may declare that the country is “noncooperative” in efforts to clear arrears, which could trigger a suspension of technical assistance, possibly followed by a suspension of voting rights and, ultimately—if the non-cooperation is extreme and protracted—compulsory withdrawal from the IMF. The timetable for these steps is flexible, as spelled out in the IMF's [Selected Decisions](#), page 912.

Q7. What does being in arrears to the IMF mean for Greece's other creditors?

The implications of Greece accumulating arrears to the IMF are for other creditors to determine.

Q8. Is the IMF's ability to finance other members hurt by this non-payment?

The IMF's balance sheet is strong. With financing capacity at an all time historic high of about SDR 300 billion (US\$421.9 billion or €377.1 billion), the IMF is well positioned to meet potential financing needs from other members.

Q9. Will the IMF's shareholders suffer losses if Greece does not repay?

No, the IMF's shareholders will not suffer losses. Notwithstanding the overdue obligations, member countries' claims on the IMF are fully secure and the IMF will continue to meet its obligations to members and lenders.