EUROPEAN CENTRAL BANK

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# OPINION OF THE EUROPEAN CENTRAL BANK

## of 12 August 2026

## on Ireland's participation in the International Monetary Fund's Resilience and Sustainability Trust

## (CON/2026/24)

**Introduction and legal basis**

On 8 July 2026 the European Central Bank (ECB) received a request from the Irish Minster for Finance (hereinafter the 'Minister') for an opinion on the Finance (International Financial Institutions) Bill 2026 (hereinafter the 'draft law').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and Article 2(1), third indent, of Council Decision 98/415/EC[1], as the draft law relates to the Central Bank of Ireland (CBI). In accordance with Article 17.5, first sentence, of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

## 1. Purpose of the draft law

1.1 The primary objective of the draft law is to provide for Ireland's participation in the Resilience and Sustainability Trust (RST) of the International Monetary Fund (IMF)[2].

1.2 *Agreement between the CBI and the IMF to transfer special drawing rights (SDRs) to the RST loan and deposit accounts*

The draft law provides that the CBI may enter into an agreement with the IMF on behalf of the Irish State for the purposes of transferring SDRs held by the CBI to the RST (a) on loan to the loan account of the RST and (b) on deposit to the deposit account of the RST[3]. The draft law specifies that the amount of SDRs to which such agreement may apply is set at SDR 551 095 665 for the loan and SDR 110 219 133 for the deposit[4]. For this purpose, the draft law is accompanied by a template contribution agreement between contributors and the IMF for participation in the RST.

1.3 *Agreement between the Minister and the IMF to make grants to the RST's reserve account*

The draft law authorises the Minister to enter into an agreement with the IMF on behalf of the Irish State to make a grant to the reserve account of the RST and sets the limit (EUR 15 million) for such grant[5]. The template contribution agreement may be used for this purpose.

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1 Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42, ELI: http://data.europa.eu/eli/dec/1998/415/oj).

2 For this purpose, section 2 of the draft law defines the RST as the trust established in accordance with Article V, Section 2(b), of the Articles of Agreement of the IMF pursuant to Decision No. 17231-(22/37) of the Executive Board of the IMF taken on 13 April 2022.

3 Section 5(1) of the draft law.

4 Section 5(2) and (3) of the draft law.

5 Section 4 of the draft law.

1.4 *Guarantee by the Minister in respect of SDRs transferred by the CBI to the RST loan and deposit accounts*

The draft law authorises the Minister, following consultation with the CBI, to guarantee the payment to the CBI up to the value of any SDRs loaned or deposited by the CBI to the RST pursuant to the draft law, as well as any interest payable under the agreement with the IMF, payable out of the State's central fund[6]. The draft sets out further parameters in respect of the guarantee and obligations on the CBI, including that the guarantee shall include provision for repayment to the Minister by the CBI, if the CBI recovers SDRs or interest, and a continuing obligation on the CBI to use all reasonable means to recover such SDRs and interest[7].

1.5 *The CBI's reporting obligations to the Minister*

The draft law sets out annual reporting obligations of the CBI to the Minister in relation to, inter alia, amounts of SDRs loaned or deposited to the RST over the past two-year period, outstanding SDRs on loan or deposit, and any guarantee payments and repayments as well as any recovery efforts in respect of such guarantee payments[8].

1.6 *Ireland's membership of the IMF*

The draft law also amends the legislation that underpins Ireland's membership of a number of international financial institutions, including the IMF, so that amendments to the articles of any agreement or convention of those institutions that are technical or administrative in nature, or that have already been approved by a decision of the Union, or that do not raise a charge on public funds, can be approved by way of resolution to *Dáil Éireann* (the Irish House of Representatives), rather than by way of a primary legislative amendment[9].

1.7 *Miscellaneous provisions*

The draft law repeals an existing provision of Irish law dating from 1999 which provides for the Minister to guarantee the participation by the CBI in a credit facility of the Bank of International Settlements in favour of Banco Central do Brasil[10].

## 2. General observation

2.1 The RST was established by the IMF in May 2022. It is a loan-based trust. The RST resources are mobilised on a voluntary basis from members with strong external positions that wish to channel their SDRs or currencies to support low-income and vulnerable middle-income countries regarding longer-term structural challenges that entail significant macroeconomic risks, such as climate change and pandemic preparedness[11].

6 Section 6(1) and 6(2) of the draft law.

7 Section 6(4) and (6) of the draft law.

8 Section 6(8) of the draft law.

9 See Part 3 of the draft law.

10 Section 12 of the draft law.

11 See International Monetary Fund, IMF Executive Board Approves Establishment of the Resilience and Sustainability Trust (13 April 2022). See also paragraph 1.1 of Opinion CON/2022/46 and paragraph 1.2 of Opinion CON/2023/23. All ECB opinions are published on EUR-Lex.

## 3. Monetary financing prohibition

3.1 *Prohibition on granting credit facilities to public authorities*

Article 123(1) of the Treaty prohibits the national central banks (NCBs) from granting overdraft facilities or any other type of credit facility to public authorities and bodies of the Member States. When specifying definitions for the application of this prohibition, Article 1(1), point (b), of Council Regulation (EC) No 3603/93[12] defines the concept of credit facility inter alia as 'any financing of the public sector's obligations vis-à-vis third parties' or 'any transaction with the public sector resulting or likely to result in a claim against that sector'. Further, the monetary financing prohibition is subject to certain exemptions contained in Regulation (EC) No 3603/93. In particular, Article 7 of Regulation (EC) No 3603/93 provides that the financing by NCBs of obligations falling upon the public sector vis-à-vis the IMF is not regarded as a credit facility within the meaning of Article 123 of the Treaty. The fourteenth recital of Regulation (EC) No 3603/93 clarifies the rationale behind this exemption, stating that it is appropriate to authorise the financing by the NCBs of obligations falling upon the public sector vis-à-vis the IMF because such financing 'results in foreign claims which have all the characteristics of reserve assets'. Therefore, the exemption in Article 7 of Regulation (EC) No 3603/93 must be interpreted in line with this rationale[13].

3.2 *Contribution to the RST loan and deposit accounts*

3.2.1 Reserve assets are defined as those external assets, including gold, that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for interventions in exchange markets to affect the currency exchange rate, and for other related purposes, such as maintaining confidence in the currency and the economy and serving as a basis for foreign borrowing. Under this definition, reserve assets must be denominated and settled in foreign currency and, other than gold bullion, must be claims on non-residents[14]. The need for availability on demand to meet balance of payments financing needs and other related purposes implies that the credit quality and liquidity of the claims must be ensured[15].

3.2.2 For the exemption laid down in Article 7 of Regulation (EC) No 3603/93 to apply to the CBI's transfers to the RST loan and deposit accounts envisaged by the draft law, the terms and conditions of the agreement with the IMF must provide for a potential early repayment of the principal amount of the resources borrowed from the CBI. On the basis of the template contribution agreement, the CBI would have the right to seek early repayment of all or part of the principal amount of its outstanding claims on the RST's loan and deposit accounts if the CBI represents that Ireland's balance of payments and reserve assets position justifies early repayment. Under this arrangement, the SDRs transferred by the CBI to the RST would be readily repayable, to meet balance of payments and reserve needs, so that the liquidity of the claims of the CBI is safeguarded with a view to ensuring their reserve asset status[16].

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12 Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles referred to in Articles 104 and 104(b)(1) of the Treaty, OJ L 332, 31.12.1993, p. 1., ELI: http://data.europa.eu/eli/reg/1993/3603/oj).

13 Consistent with this interpretation, see Opinions CON/2005/29, CON/2013/16, CON/2017/4, CON/2021/39, CON/2022/46 and CON/2023/23.

14 See International Monetary Fund, *Balance of Payments and International Investment Position Manual* (White Cover (pre-edited) Version, seventh edn., 2025), Chapter 6, Section F, p. 265.

15 See also paragraph 2.2 of Opinion CON/2022/46.

16 See section 6 of the Borrowing Agreement and section 8 of the Deposit Agreement included in the template Contribution Agreement accompanying the draft law. See also paragraph 2.4 of Opinion CON/2021/39, paragraph 2.4 of Opinion

3.2.3 Subject to the above arrangement, the ECB considers that the CBI's loan to the IMF's RST loan and deposit accounts is compatible with the monetary financing prohibition, as it results in SDR-denominated claims of the CBI against the RST that have all the characteristics of reserve assets[17].

3.3 *Guarantee by the Minister with respect to the reimbursement of principal and interest on the RST loan and deposit by the IMF*

3.3.1 The ECB considers that section 6(4) of the draft law is drafted in a way that allows for an interpretation that would be incompatible with the monetary financing prohibition.

3.3.2 Specifically, this results from the unclear wording of section 6(4) which states that the guarantee shall include such provision 'as the Minister thinks fit, following consultation with the [CBI]', for the repayment of an amount to the Minister by the CBI '(with such interest, if any, as may be provided for)' if the CBI recovers SDRs or interest in respect of which a guarantee payment was made. If 'amount' refers to both SDRs and interest, the text in brackets could be interpreted as obliging the CBI to pay additional interest to the Minister, as the Minister thinks fit, in addition to the recovered SDRs or interest. As the payment the CBI received under the guarantee would not constitute an advance or loan from the Minister, an obligation on the CBI to pay the Minister additional interest would constitute a form of prohibited financing of the public sector. There is no basis for an additional interest payment obligation from the CBI to the Minister beyond interest recovered from the RST.

3.3.3 In the light of the above, the ECB considers that the wording of section 6(4) of the draft law should clarify that the only interest the CBI must repay is the interest it has recovered from the RST.

## 4. Financial dimension of central bank independence

From the perspective of the financial dimension of central bank independence laid down in Article 130 of the Treaty[18], the ECB takes note of the guarantee provided by the Minister under the draft law with respect to the reimbursement of principal and interest on the RST loan and deposit by the IMF[19].

This opinion will be published on EUR-Lex.

Done at Frankfurt am Main, 12 August 2026.

[signed]

*The President of the ECB*

Christine LAGARDE

CON/2022/46 and paragraph 3.2.1 of CON/2023/23.

17 See also Opinions CON/2017/4, CON/2020/27, CON/2020/32, CON/2020/34, CON/2020/37, CON/2021/39, CON/2022/46 and CON/2023/23.

18 Under the financial dimension of central bank independence, Member States may not put their NCBs in a position where they have insufficient financial resources to carry out their ESCB or Eurosystem-related tasks required of them under the Treaty. See ECB Convergence Report 2026, paragraph 2.2.3.5.

19 See also Opinions CON/2021/39 and CON/2022/46.