Ireland: lessons from building resilience

From crisis to recovery, to navigating future shocks

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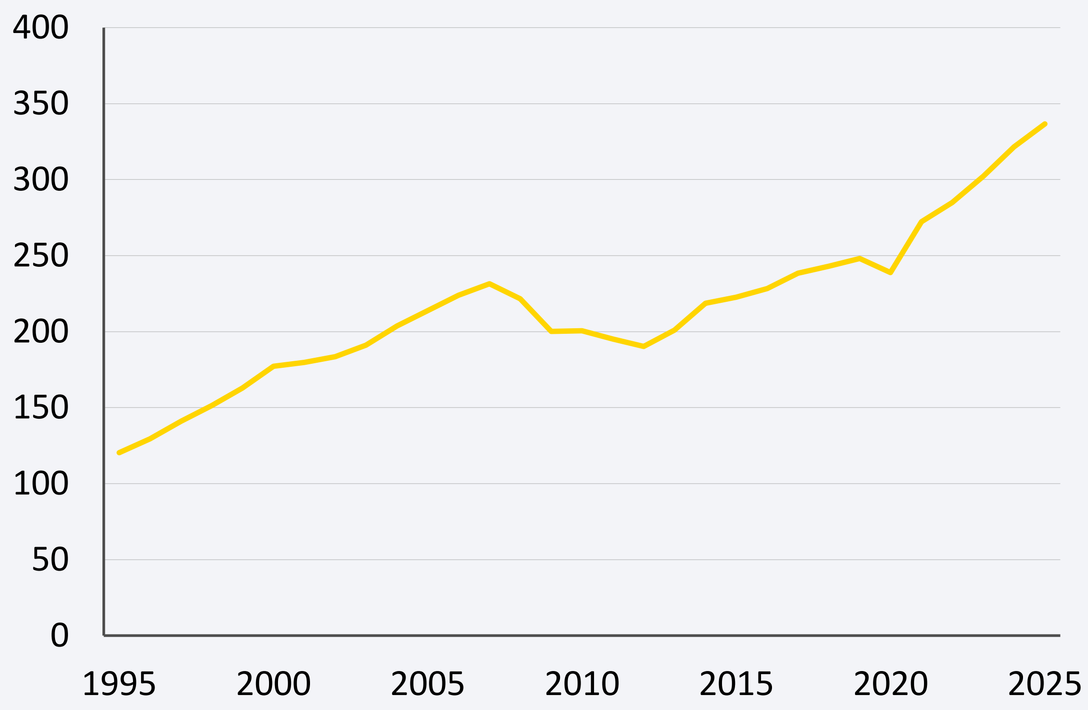
Dublin, 19 August 2026

European Stability Mechanism

Ireland: from deep crisis to resilience – a success story

The recovery demonstrates the value of credible institutions, policy adjustment and openness



Real GNI*, billion euro

A systemic shock

The crisis exposed vulnerabilities across banks, households, firms, and the state.

A difficult adjustment

Repair required credible institutions, policy correction, and sustained implementation.

A European response

External support helped protect financial stability, while Ireland rebuilt capacity.

Thrice-tested, it looks forward

Brexit, Covid-19, and the energy crises tested the resilience of the Irish economy. But new challenges stem from previous strengths.

2010–2013: Financial assistance and reforms

Financial assistance was tied to an economic adjustment programme

Financial assistance to Ireland

Lenders

EFSF	€17.7 bn
European Commission (via its lending arm, the European Financial Stabilisation Mechanism)	€22.5 bn
International Monetary Fund	€22.5 bn
the UK, Sweden and Denmark (bilateral loans with total value of)	€4.8 bn

Financial sector strategy comprising fundamental downsizing and reorganisation of the banking sector (including recapitalisation and deleveraging).

A strategy to restore fiscal sustainability, reducing government expenditure, tax system reform, generation of additional revenues.

A structural reform package to strengthen economic growth, focusing on competitiveness and job creation.

Looking ahead: a changed risk landscape

Prolonged geopolitical tensions

Risks around critical inputs, energy, and need for defence spending

AI adoption

Productivity opportunity, transition uncertainty, cybersecurity risks

An abrupt repricing of US assets

Price-sensitive non-bank financial institutions, reduced stabilising role of USD

Climate risks

A warmer Europe has to face mitigation and adaptation costs

Implications for Ireland, EU policy making, and the ESM

Looking ahead, resilience must be strengthened in four mutually reinforcing domains

Fiscal

Build buffers in good times, spend efficiently: strong budgetary frameworks, saving vehicles, wide tax base.

European

Deeper Single Market, Savings and Investments Union, ESM toolkit always up to date.

Economic

Reduce critical dependencies, invest in the digital and green transitions, prepare the labour market for tomorrow.

Financial

Mobilise domestic savings, monitor asset quality, strengthen supervisors, financial literacy, consumer protection.

Ireland shows resilience can be built

The question is not whether the next shock will come; it is whether we will be ready when it does.

These lessons go beyond Ireland. Across Europe, resilience today means:

- Credible public finances
- Investing in competitiveness
- Strengthening our collective European capacity

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