# Macro-financial assistance to Tunisia

2013/0416(COD) - 15/05/2014 - Final act

PURPOSE: to provide macro-financial assistance to the Republic of Tunisia for an amount of EUR 250 million.

LEGISLATIVE ACT: Directive No 534/2014/EU of the European Parliament and of the Council providing macro-financial assistance to the Republic of Tunisia.

CONTENT: the Decision seeks to make macro-financial assistance available to Tunisia of a maximum amount of EUR 300 million, with a view to:

- supporting Tunisia's economic stabilisation and reforms;
- covering Tunisia's balance of payments needs as identified in the IMF programme.

The full amount of the Union's macro-financial assistance shall be provided to Tunisia in the form of **loans** . The loans shall have a maximum maturity of **15 years**.

The Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions and to on-lend them to Tunisia.

The Union's macro-financial assistance shall be made available for a period of two and a half years, starting from the first day after the entry into force of the Memorandum of Understanding referred to in this Decision.

**Democratic clause**: a pre-condition for granting the Union's macro-financial assistance shall be that Tunisia respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. The Commission shall monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance.

**Implementing conditions of the loan**: the Commission, in accordance with the examination procedure, shall agree with the Tunisian authorities on **clearly defined economic policy and financial conditions**, focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject, to be laid down in a Memorandum of Understanding, which shall include a time-frame for the fulfilment of those conditions. The economic policy and financial conditions set out in the Memorandum of Understanding shall be consistent with the agreements or understandings, including the macro-economic adjustment and structural reform programmes implemented by Tunisia, with the support of the IMF.

The detailed financial terms of the Union's macro-financial assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the Tunisian authorities. The Commission shall verify at regular intervals that the conditions continue to be met, including whether the economic policies of Tunisia are in accordance with the objectives of the Union's macro-financial assistance. In so doing, the Commission shall coordinate closely with the IMF and the World Bank and, where necessary, with the **European Parliament** and the Council.

**Disbursement of assistance**: the Union's macro-financial assistance shall be made available by the Commission in three loan instalments. The size of each instalment shall be laid down in the Memorandum of Understanding.

Where the conditions as regards the release of the instalments are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance and inform the European Parliament and the Council of the reasons for that suspension or cancellation.

**Decreased assistance**: where the financing needs of Tunisia decrease fundamentally during the period of the disbursement of the Union's macro-financial assistance compared to the initial projections, the Commission, acting in accordance with the examination procedure, shall reduce the amount of the assistance or suspend or cancel it.

Where the circumstances permit, and if Tunisia so requests, the Commission may take the steps necessary to ensure that an **early repayment clause** is included in the loan terms and conditions and that it is matched by a corresponding clause in the terms and conditions of the borrowing operations.

**Implementing conditions**: in order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Tunisian authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No 182/2011. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the **examination procedure** be used for operations above that threshold as well as to any reduction, suspension or cancellation of the assistance.

Implementation and procedural rules:

**Implementation and rules of procedure**: in accordance with the **examination procedure** and the joint EP/Council declaration set out in the Annex to the Decision granting additional macrofinancial assistance to Georgia (used as an overall general framework to grant Union macrofinancial assistance), the Commission shall agree with the Tunisian authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, to which the Union’s macro-financial assistance is to be subject.

**Report**: by 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of this Decision in the preceding year.

Not later than two years after the expiry of the availability period, the Commission shall submit to the European Parliament and to the Council an ex post evaluation report, assessing the results and efficiency of the completed Union's macro-financial assistance and the extent to which it has contributed to the aims of the assistance.

ENTRY INTO FORCE: 24.05.2014.