Further macro-financial assistance to Tunisia

2016/0039(COD) - 06/07/2016 - Final act

PURPOSE: to provide macro-financial assistance to Tunisia in order to support economic stabilisation of the country and its structural reform agenda, and thus to contribute to its external financing needs.

LEGISLATIVE ACT: Decision (EU) 2016/1112 of the European Parliament and of the Council providing further macro-financial assistance to Tunisia.

CONTENT: by this Decision, the Union makes **macro-financial assistance of a maximum amount of EUR 500 million available to Tunisia**, with a view to supporting Tunisia's economic stabilisation and a substantive reform agenda. The assistance shall contribute to covering Tunisia's balance of payments needs as identified in the International Monetary Fund (IMF) programme.

Tunisia is a country covered by the European Neighbourhood Policy (ENP) and it should be considered to be eligible to receive macro-financial assistance from the Union. Since 2011, the Union has expressed its unequivocal commitment to supporting Tunisia in its economic and political reform process. It has increased its financial support to Tunisia, strengthening its cooperation in many fields, including the civil society the electoral system, security, regional development and social and economic reforms.

In 2015, the Tunisia's economy has been significantly affected by several terrorist attacks that have targeted key economic industries like tourism and transport as well as aiming to disrupt the consolidation of its political transition. Those attacks have had a negative impact on the economic recovery Tunisia was beginning to experience.

Together with persistent regional instability (including the reactivation of the Libyan conflict), and the still weak European and global economic environment, those events have exacerbated Tunisia's already weak balance of payments and fiscal positions. This has resulted in significant external and budgetary financial gaps.

In this challenging context, the Union has reaffirmed its commitment to supporting Tunisia in its economic and political reform process.

Loans: the Union's macro-financial assistance shall be made available **for a period of two and a half years.** It shall be made available in **three loan instalments**. The loans shall have a maximum average maturity of **15 years**.

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, will be laid down in a **Memorandum of Understanding** to be concluded between the Commission and the Tunisian authorities. The detailed financial terms of the Union's macro-financial assistance shall be laid down in a Loan Agreement.

Conditions: a pre-condition for granting assistance shall be that Tunisia respects effective democratic mechanisms, and guarantees **respect for human rights**.

In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the **public finance management** systems in Tunisia and should promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation.

The Commission and the European External Action Service shall **monitor the fulfilment** of the pre-condition throughout the life cycle of the Union's macro-financial assistance.

In order to ensure that the European Parliament and the Council are able to follow the implementation of this Decision, the Commission should regularly inform them of developments relating to the assistance and provide them with relevant documents.

ENTRY INTO FORCE: 12.7.2016.