Basic information

2013/0416(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Macro-financial assistance to Tunisia See also 2016/0039(COD) **Subject** 6.20.07 Macro-financial assistance to third countries **Geographical area** Tunisia	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	MOREIRA Vital (S&D)	17/12/2013
	Shadow rapporteur BERRA Nora (PPE) DE SARNEZ Marielle (ALDE) KELLER Ska (Verts/ALE) ZAHRADIL Jan (ECR) MURPHY Paul (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3310	2014-05-06

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	REHN Olli

Key events

Date	Event	Reference	Summary
05/12/2013	Legislative proposal published	COM(2013)0860	Summary
13/01/2014	Committee referral announced in Parliament, 1st reading		
13/02/2014	Vote in committee, 1st reading		
14/02/2014	Committee report tabled for plenary, 1st reading	A7-0110/2014	Summary
16/04/2014	Decision by Parliament, 1st reading	T7-0439/2014	Summary
16/04/2014	Results of vote in Parliament		
06/05/2014	Act adopted by Council after Parliament's 1st reading		
15/05/2014	Final act signed		
15/05/2014	End of procedure in Parliament		
21/05/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/0416(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	See also 2016/0039(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 212
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/14777

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE526.226	13/01/2014	
Amendments tabled in committee		PE527.982	27/01/2014	
Committee report tabled for plenary, 1st reading/single reading		A7-0110/2014	14/02/2014	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0439/2014	16/04/2014	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00041/2014/LEX	15/05/2014	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2013)0860	05/12/2013	Summary
Document attached to the procedure	SWD(2013)0498	05/12/2013	
Commission response to text adopted in plenary	SP(2014)471	09/07/2014	
Follow-up document	COM(2021)0033	29/01/2021	
Follow-up document	SWD(2021)0008	29/01/2021	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2014/0534
OJ L 151 21.05.2014, p. 0009 Summary

Macro-financial assistance to Tunisia

2013/0416(COD) - 05/12/2013 - Legislative proposal

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

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the Tunisian economy has been negatively affected by the domestic unrest that followed the 2011 revolution, regional instability (notably the war in Libya). In particular, the fiscal and balance of payments situation has deteriorated quite markedly, generating important financing needs.

At the same time, following the ousting of President Ben Ali on 14 January 2011, the country is taking significant steps towards the establishment of democratic mechanisms. However, the political transition has not been without difficulties and episodes of instability.

Against this background, the Tunisian authorities reached in mid-April 2013 an agreement with the International Monetary Fund (IMF) staff on a 24-month Stand-By Arrangement (SBA) in the amount of USD 1.75 billion (400% of quota), which was approved by the IMF Board in June. The aim of the SBA is to support the government's economic reform programme, reduce economic vulnerabilities and foster sustainable and inclusive growth.

In this context, the Tunisian government requested Macro-Financial Assistance (MFA) from the EU in the amount of EUR 500 million on 28 August 2013, with a portion in the form of a grant. The European Commission submits to the European Parliament and the Council a proposal to grant a MFA

to the Republic of Tunisia amounting to a maximum of EUR 250 million. The assistance would take the form of medium-term loans, with no grant component being envisaged given that Tunisia does not meet the eligibility criteria for the use of grants in MFA operations.

CONTENT: the proposal seeks to make available to Tunisia MFA for a total maximum amount of **EUR 250 million** in order to:

- contribute to cover Tunisia's residual external financing needs in 2014-15;
- support the fiscal consolidation effort and external stabilisation in the context of the IMF programme;
- facilitate and encourage efforts of the authorities of Tunisia to implement measures identified under the EU-Tunisia ENP Action Plan, and;
- support structural reform efforts aimed at improving the overall macroeconomic management, strengthening economic governance and transparency, and improving conditions for sustainable growth.

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.

Disbursement of assistance: the assistance is planned to be disbursed in three loan instalments:

- the disbursement of the first instalment (EUR 90 million) is expected to take place in mid-2014;

- the second instalment (EUR 80 million), conditional on a number of policy measures, could be disbursed towards the end of 2014;

- the third and last instalment (EUR 80 million) could be made available, provided the policy measures are met, during the first half of 2015.

Implementing conditions:

- **respects effective democratic mechanisms**: a pre-condition for granting the Union's macro-financial assistance should be that Tunisia respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. Both fulfilment of the preconditions and the achievement of those objectives should be regularly monitored by the Commission;
- **release of the Union's macro-financial assistance**: this shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Tunisia;
- **implementing reforms**: the Commission and the Tunisian authorities would agree on specific structural reform measures in a Memorandum of Understanding. The Commission will target structural reforms aimed at improving the overall macroeconomic management and the conditions for sustainable growth (e.g. targeting the transparency and efficiency of public finance management; fiscal reforms; reforms to strengthen the social safety net; labour market reforms; and reforms to improve the regulatory framework for trade and investment).

The proposed MFA would be made available for **two and a half years**, starting from the first day after the entry into force of the Memorandum of Understanding.

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.

Reports: 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, including an evaluation of that implementation.

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.

BUDGETARY IMPLICATIONS: the planned assistance would be provided in the form of a loan and should be financed through a borrowing operation that the Commission will conduct on behalf of the EU. The budgetary costs of the assistance will correspond to the provisioning, at a rate of 9%, of the amounts disbursed in the guarantee fund for external lending of the EU, from budget line 01 03 06 ("the provisioning of the Guarantee Fund").

Assuming that the first and second loan disbursements will be made in 2014 for a total amount of EUR 170 million and the third loan disbursement in 2015 for the amount of EUR 80 million, and according to the rules governing the guarantee fund mechanism, the provisioning will take place in the 2016-17 budgets.

Macro-financial assistance to Tunisia

2013/0416(COD) - 14/02/2014 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Vital MOREIRA (S&D, PT) the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Republic of Tunisia.

The committee recommended that Parliament's position in first reading following the ordinary legislative procedure should amend the Commission position as follows:

Amount of macro-financial assistance: the amount of macro-financial assistance to be granted to Tunisia has been increased from EUR 250 million to **EUR 300 million**, with a view to supporting Tunisia's economic stabilisation and reforms.

Individual rights and freedoms: in a recital, it has been stipulated that the Constitution being drawn up by the National Constituent Assembly of Tunisia includes some advances in the field of individual rights and freedoms and gender equality, which set Tunisia on the path towards democracy and the rule of law.

It should be noted that the amendments contained in the text reflect the considerations and principles contained in that Joint Declaration; and/or harmonise the wording of this proposal with the recitals and articles contained in the latest MFA decision (in particular Decision No 778/2013/EU of the European Parliament and of the Council of 12 August 2013 providing further macro-financial assistance to Georgia).

Macro-financial assistance to Tunisia

2013/0416(COD) - 16/04/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 488 votes to 51 with 17 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Republic of Tunisia.

Parliament adopted its position at first reading under the ordinary legislative procedure. The amendments adopted in plenary were the result of a compromise between Parliament and Council. They amend the Commission's proposal as follows:

Amount of macro-financial assistance: the amount of macro-financial assistance to be granted to Tunisia has been increased from EUR 250 million to **EUR 300 million**, with a view to supporting Tunisia's economic stabilisation and reforms.

Individual rights and freedoms: in a recital, it was stipulated that the Constitution being drawn up by the National Constituent Assembly of Tunisia included some advances in the field of individual rights and freedoms and gender equality, which set Tunisia on the path towards democracy and the rule of law.

It should be noted that the amendments contained in the text reflect the considerations and principles contained in that Joint Declaration and/or harmonise the wording of the proposal with the recitals and articles contained in the latest MFA decision (in particular Decision No 778/2013/EU of the European Parliament and of the Council providing further macro-financial assistance to Georgia).

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.