**Follow-up to the European Parliament non-legislative resolution on the adoption of the special measure in favour of Tunisia for 2023**

1. **Resolution tabled pursuant to Rule 136(5*)* of the European Parliament's Rules of Procedure**
2. **Reference numbers:** 2024 [/2573 (RSP)](http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2016/2891(RSP)) / B9-0173/2024 / P9\_TA- (2024)0175
3. **Date of adoption of the resolution:** 14 March 2024
4. **Competent Parliamentary Committee:** Committee on Foreign Affairs (AFET)
5. **Brief analysis / assessment of the resolution and requests made in it:**

The European Parliament raises several questions on the EUR 150 million Budget Support for Tunisia (Programme d’Appui aux Réformes macro-économiques), an individual measure adopted on 20 December 2023 under the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE). The questions relate to the need to use an urgent written procedure for the individual measure; to respect parliamentary scrutiny, comitology and to have an informal dialogue with the European Parliament and proactively make available the relevant Financing Agreement.

The Parliament also enquires about the assessment of the Commission in terms of fundamental values to justify the adoption of the programme and the baseline for the assessment of fundamental rights’ situation; the conditionality applied to the programme and its assessment; the choice for a single tranche programme and the political commitment of the Memorandum of Understanding (MoU) to pay in full; the contribution of the action to improving business and investment climate; the reasons for Tunis’ rejection of the recent EUR 60 million Budget Support payment; and, finally, about the formal guarantees from the Commission for the Parliament to visit EU-funded projects.

In its resolution, the Parliament reinstated the five previous questions (oral questions) which were discussed with Commissioners Reynders and Johansson at the 12 March plenary, expanded the scope of three of them and added two new ones. The Parliament requested to receive clarification at the High-Level Geopolitical Dialogue with the Commission, held on 9 April, as well as in writing, which is the object of this reply.

The questions are raised in the context of the EU - Tunisia MoU on a comprehensive and global partnership, which was signed on 16 July 2023. The adoption of this budget support programme is one of the key operational follow-up actions of the MoU.

1. **Response to the requests and overview of the action taken, or intended to be taken, by the Commission:**

**On paragraphs 1, 2 and 4:**

The programme is part of the EU engagement to continued support to Tunisia’s macro-economic stability and reforms, in line with the MoU pillar 1. The time factor – namely providing support to Tunisia still during the Tunisian budget year 2023 – was a crucial parameter to opt for an urgency procedure and have the financing decision adopted still in 2023.

In addition to the 4 general conditions always applied to budget support, the Commission negotiated 3 additional specific conditions to ensure that the programme would be conducive to progress on macro-economic stability, in line with the MoU. The negotiations of the programme ended on 30 November 2023. Using the urgency procedure permitted to conclude the comitology procedure within 15 days (5-20 December 2023) instead of early February under the standard procedure. A standard adoption procedure would have allowed the adoption of the file only on 12 February 2024.

The Commission ensured the usual consultation with the Member States at the NDICI committee meeting on 12 December 2023. The Parliament received the information on the individual measure before its adoption (dated 20 December 2023), as indicated in the procedure (whether “normal” or urgent): the Commission’s Secretariat General transmitted the Action Document of the programme to the Parliament via the comitology register on 13 December 2023, as well as, on 18 December 2023, the result of the NDICI committee votes. The Commission did not receive feedback from the Parliament at that time.

In addition, several exchanges between the Parliament and the Commission on the MoU took place, with AFET but also with the Committee on Development (DEVE), the Sub-Committee on Human rights (DROI) and the Committee on Civil Liberties, Justice and Home Affairs (LIBE), between June and November 2023, and in plenary several times between September and November 2023. Commissioner Olivér Várhelyi and Commissioner Ylva Johannson, Director General from the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), Gert-Jan Koopman, the EU Ambassador to Tunisia, Marcus Cornaro, intervened at the Parliament on the MoU. The EUR 150 million programme was mentioned and/ or discussed in most of these occasions.

It should be noted that in the current NDICI procedures (see the Financial Regulation[[1]](#footnote-1) and NDICI-GE Regulation[[2]](#footnote-2), both voted by the European Parliament), the Parliament is not involved as a legal stakeholder when adopting financing decisions, regardless of the opted aid modality (budget support or other). It is nevertheless informed beforehand according to the procedure on implementing acts[[3]](#footnote-3).

Finally, regarding the Financing Agreement,the Commission shared it on 12 February 2024 with the Parliament.

**On paragraphs 6 and 8**:

The programme is framed as a State and Resilience Building Contract (SRBC), a type of Budget Support programme used in countries in situation of crisis or transition.

Adherence to the fundamental values remains an underlining condition for this kind of contract and is assessed and taken into account as part of the risk management framework (political risk category), as indicated in the budget support guidelines. That assessment also includes the identification of mitigation measures for follow-up in the context of the ongoing political dialogue.

The decision of the Commission on the use of Budget Support as an implementation modality is taken on a case-by-case basis, taking into consideration the advantages of remaining engaged in the country, the EU’s reputational risk, the EU’s leverage to spur reforms, and the political and economic risks linked to a non-intervention.

In the case of Tunisia, the Commission has followed a proportional and gradual approach on Budget Support since 2021, in line with the EU budget support guidelines. In 2021, the Commission committed to a new budget support programme to accompany Tunisia on its post-COVID-19 economic recovery. In 2022, no new budget support was committed, while payments of ongoing sectoral programmes were executed in line with achieved sectoral targets.

The respect and protection of human rights and fundamental freedoms are at the core of the relations between the EU and Tunisia, as per Article 2 of the EU-Tunisia Association Agreement[[4]](#footnote-4), and the Commission maintains a regular political dialogue with the Government, including on fundamental values. Fundamental values are also supported through targeted EU financial assistance, which is substantial with an ongoing portfolio of programmes worth EUR 62 million to support civil society organisations.

**Paragraphs 5 and 7:**

The mutually-agreed conditions of the Financing Agreement of the programme consist in: 1) progress on the 4 usual general conditions of budget support (implementation of the relevant public policy; macro-economic policy oriented towards stability; good Public Financial Management (PFM); transparency and control of the Budget); and 2) fulfilment of 3 additional specific conditions: i) the publication of the 2024 Budget Law and its annexes, ii) the adoption of the PFM Action Plan by the Council of Ministers, and iii) the proposal by Tunisia of a date to hold a macro-economic discussion.

The assessment of the conditions of the Financing Agreement was carried out in- depth, in line with the budget support guidelines (disbursement request by the Government of Tunisia, analysis by the EU Delegation, technical review by all relevant Commission services and EEAS, positive assessment and conclusions by the services, authorisation of payment).

**Paragraphs 3 and 9**:

The MoU is a non-binding instrument and refers to political commitments.

A single tranche approach was considered the most appropriate option, benefiting Tunisia’s 2023 budget year, subject to 3 additional specific conditions considered as key steps to incentivise Tunisia towards reforms, economic stability and transparency, also in line with the MoU’s objective to contribute to Tunisia’s macro-economic stability.

**Paragraph 10**:

The action contributed to support Tunisia in improving business and investment climate in 3 ways. First, general budget support conditions request a credible and relevant policy in this sector. Second, the additional conditions requested a published budget and its annexes, and a new PFM strategy, both welcomed by international partners as pillars of a new positive framework to investment and business-based growth. Third, the EU and Tunisia held, in February 2024, in-depth discussions on development, fiscal, budgetary, and monetary policy priorities, that have clearly showed recent reform progress and a positive trend.

Furthermore, the Government has adopted its 2023-2025 development plan and has worked on implementing its Business Climate strategy, which was adopted in January 2023. As of mid-February 2024, it had implemented 46 out of 189 of its actions, including financial inclusion in Small and Medium-size Enterprises (SMEs), incentive for savings, investment promotion, while other actions will be implemented once the Parliament approves the Code de Changes, which was adopted by the Council of Ministers in mid-March 2024. The Government has also been working on a new investment law. Finally, the Commission keeps engaging with Tunisia to present further progress at the EU-Tunisia Business Conference in 2024.

**Paragraph 11**:

On 10 October 2023, Tunisia returned a payment of EUR 60 million. This was the only budget support payment made in 2023. This amount was part of an ongoing budget support programme adopted in 2021, focused on the economic recovery from COVID-19. This payment was not linked to the MoU.

**Paragraph 12:**

The Commission fully supports the Parliament’s role in line with Article 14 of the Treaty on the European Union. Cooperation with the Parliament is an important element of the EU cooperation with Tunisia.

To conclude, this Budget Support was adopted in compliance with the Financial Regulation (FR), the NDICI-GE Regulation and the EU budget support guidelines. It ensured consultations of the relevant parties (Commission services/EEAS and Member States) and informed the Parliament formally, as well as informally.

The Commission stands ready to continue engaging with the Parliament. It is also available to answer any question on the MoU implementation.

1. Financial Regulation N° 2018/1046 OJ L 193, 30.7.2018 [↑](#footnote-ref-1)
2. NDICI Global Europe Regulation N°2021/947 OJ L 209, 14.6.2021 [↑](#footnote-ref-2)
3. Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission’s exercise of implementing powers - OJ L 55/13 of 28.2.2011. [↑](#footnote-ref-3)
4. OJ L 97 of 30.03.1998, p. 2 [↑](#footnote-ref-4)