

# **European Neighbourhood Instrument (ENI)**

## **Summary of the 2017-20 single support framework**

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### ***TUNISIA***

#### **1. Milestones**

Although the Association Agreement signed in 1995 continues to be the institutional framework of relations between the European Union and Tunisia, the most significant elements of this partnership have been identified and elaborated in several successive documents. After 2011 the Tunisian Government made a strategic choice to strengthen the country's relations and integration with the EU. In 2012 this gave rise to the finalisation of a 'privileged partnership' and the conclusion of an ambitious action plan within the European Neighbourhood Policy (ENP) framework. In terms of financial cooperation, this action plan has been translated into projects via the 2014-15 single support framework, extended until end-2016.

The adoption on 29 September 2016 of the Joint Communication of the High Representative of the European Union for Foreign Affairs and Security Policy and the Commission: 'Strengthening EU support for Tunisia'<sup>1</sup>, which was endorsed by the Foreign Affairs Council on 17 October 2016, highlights the ambitious nature of the relationship that the EU wishes to develop with Tunisia and spells out priorities and levels of funding commitments.

This single support framework is designed to translate the expectations identified by the Joint Communication and Tunisia in the 2016-20 development plan, adopted by the Tunisian Parliament on 12 April 2017, into concrete action. The plan, which also served as a framework for the 'Tunisia 2020' international conference held on 29 and 30 November 2016, has five main components: (a) good governance, public administration reform and the fight against corruption, (b) the transition from a low-cost economy to an economic hub, (c) human development and social inclusion, (d) realisation of regional ambitions, and, lastly, (e) the green economy, which is a pillar of sustainable development. The 2016-20 development plan puts forward a medium-term projection of Tunisia, while immediately addressing the cyclical problems facing the country. In 2016 these were reflected by GDP growth of 1.5 % and unemployment at 15.6 % of the working population, with some groups worse affected than others (unemployment in the 20-24 age group was 31.8 % in 2016 according to the National Institute of Statistics).

#### **2. Strategic objectives of the EU's relations with Tunisia**

It is in the EU's strategic interest to have a strong and democratic Tunisia as its neighbour. The EU's strategic objective in its relations with Tunisia for the coming years is to secure the democratic transition in that country following the 2011 'Arab Spring', which is the only example of its kind. The EU must demonstrate that it can *'live up to the challenge of securing democracy and respect for human rights and ensuring security and prosperity in its neighbourhood'*<sup>2</sup>.

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<sup>1</sup> JOIN (2016) 47 final of 29 September 2016.

<sup>2</sup> Joint Communication of 29 September 2016.

The EU's commitment to helping Tunisia is fully consistent with the principles of the revised ENP, which underlines the need to develop differentiated approaches, in particular with a view to taking partners' ambitions to deepen relations with the EU into account.

Tunisia has made substantial progress in the transition to democracy, adopting a new constitution and making a start on setting up new institutions after the elections at the end of 2014. However, this transition remains fragile and incomplete. At present, relaunching economic growth is also an urgent priority. This is a prerequisite to easing tension in society and making it clear that the path taken by Tunisia in 2011, in a difficult regional context, is the right one. Overall, as indicated by the Joint Communication, the current challenges are: (a) good governance and the rule of law, thereby ensuring that institutions serve the public interest and guarantee civil liberties; (b) relaunching economic growth in order to promote socioeconomic development and employment - particularly youth employment - and (c) reducing social, geographical and generational disparities, with the challenge of integrating young people into the labour market; (d) optimum management of temporary but real constraints, namely the security issue and the complex issues of migration and mobility in a difficult regional context.

The Joint Communication recognises the importance of investing in the future, and in particular in the aspirations of young Tunisians to contribute to the sustainable socioeconomic development of their country. Against that background, on the occasion of the Tunisian President's visit to Brussels on 1 December 2016, the two sides launched the *EU-Tunisia Youth Partnership*, which seeks to put the youth issue at the heart of our relations and financial cooperation.

EU financial assistance concerns all policy areas where European expertise and know-how can support the transition process. The EU's political commitment to intensifying support for the Tunisian transition is reflected in a steady increase in the volume of aid, which rose from EUR 77 000 000 in 2010 to EUR 213 500 000 in 2016 for the European Neighbourhood Instrument alone. Between 2017 and 2020, assuming that Tunisia continues with these reforms, the volume of aid allocated to it by way of this instrument could reach EUR 300 million per annum, as provided for in the Joint Communication of September 2016.

### **3. Choice of priority sectors and justification**

The proposed sectors, which are directly derived from ongoing work to develop joint programming and a diagnosis shared by the EU and its Member States, are located at the interface between the priorities of the 2016-20 development plan and the key priorities of the Joint Communication, which in turn reflects the analysis made by the development partners and Tunisian players.

EU support should be designed to meet three requirements: (a) to ensure good governance and the rule of law by the effective implementation of the Constitution, especially through the creation and functioning of modernised institutions, and to provide for the separation of powers while also enabling different authorities to interact effectively in a way which respects human rights; and through the reform of public services, to support the decentralisation process and the fight against corruption; (b) to get the economy back on track by integrating it into the world economy in a gradual, controlled fashion; to stimulate investment and improve the business environment while (c) guaranteeing security and a high level of social protection throughout the country, promoting employment and combating social inequalities and regional imbalances. These are recurring themes in dealings with the Tunisian authorities, the Member States, civil society and the social partners, in Tunis and the governorates alike.

Support for youth is also recognised by all our partners as an overarching imperative which affects several sectors.

- **Sector 1 — Promoting good governance and the rule of law (20 % of the total budget)**

Tunisia has made significant progress towards consolidating the rule of law and democracy. But the process of translating the democratic principles and fundamental values enshrined in the Constitution into functioning institutions, effective rules and procedures and an efficient civil service remains fragile and incomplete. The public administration reform strategy is in the process of being adopted, and a national strategy and action plan for good governance and the fight against corruption were adopted recently. The decentralisation process, with the adoption of the code of local authorities and the organisation of local and regional elections, also lies at the core of the government's agenda. Compliance with international commitments in terms of respect for human rights and fundamental freedoms remains an important priority for the transition. Within that framework, setting up the independent bodies provided for by the Constitution and international conventions, in particular with regard to human rights, continues to be a priority.

- **Sector 2 — Investing in the future: stimulating sustainable economic growth which creates jobs (38.5 % of the total budget)**

Since the Revolution, in addition to the detrimental effects of the terrorist attacks, a weak global economy and a slower pace of reform have severely affected the Tunisian economy. Current economic growth is insufficient to bring down unemployment; domestic and foreign investment has declined sharply while fiscal and external deficits have increased. The government is well aware of the urgency of the situation and of the need to come up with specific responses in the short and long term, as demonstrated by the development plan and the 'Tunisia 2020' conference held at the end of November 2016.

- **Sector 3 - Strengthening social cohesion between generations and regions (38.5 % of the total budget)**

It is imperative to bridge the social and regional disparities that were key triggers of the 2011 revolution. Decisive action to improve social policy and dialogue should be adopted and implemented as a matter of urgency, as discontent - especially among young people and in the poorest regions - persists and could continue to grow. This is compounded by years of underinvestment in public services and social and economic infrastructure in large parts of the country. There is also a clear link between the lack of opportunity and the risk of migration and radicalisation, the latter representing a threat to both Tunisia and the EU.

**Complementary support for capacity building/ institutional development (1% of the total budget)**

The approach adopted in the new single support framework consists in integrating institutional support in a targeted manner, within each bilateral programme, in a similar way to current practice, and in considering technical assistance, especially institutional twinning, as an aid modality in its own right that will be applied for in projects where appropriate.

**Complementary support for civil society (2% of the total budget)**

Strengthening civil society (including social partners) and youth organisations, at local and regional level, continues to be one of the EU's main priorities in its relations with Tunisia. The EU will continue to actively involve civil society actors in the different phases of its bilateral cooperation.

In this context, the EU will reinforce the funding of civil society organisations, notably at regional and local level, with bilateral and thematic financial instruments, in line with the EU civil society roadmap. The Tunisian situation allows for the setting-up of a dedicated bilateral programme which will be based on the lessons of the civil society support programme. This action will be fully integrated into the programme provided for in this single support framework, and will be designed to support the development of a civil society which is vibrant and active in terms of its advocacy and dialogue activities with the authorities and with the general public in Tunisia, who in recent years have demonstrated a willingness to get involved in building a genuinely new society. In addition to this specific programme, whenever possible and relevant, ‘support to and by civil society’, including in the form of calls for proposals, will be integrated into bilateral actions carried out by the EU in Tunisia.

At the same time, use will be made of the specific instruments geared either to identified operators - civil society organisations, local authorities - or to specific policy objectives designed to promote democracy and human rights (through the European Instrument for Democracy and Human Rights and the Non-State Actors/Local Authorities Instrument). As part of the same trend, the development of local democracy and decentralisation in Tunisia suggests that a mechanism will be needed enabling decentralised cooperation activities to be deployed more easily.

#### **4. Brief description of objectives and corresponding expected results**

When all sectors of intervention of the single support framework are implemented, particular attention will be devoted to youth issues in order to ensure an optimal mobilisation of the resources needed to achieve this overarching objective. Cross-cutting issues, including protection of rights and fundamental freedoms, gender, the environment and climate measures, are vital elements in the implementation of actions in the different sectors of intervention.

##### **Sector of intervention 1: - Promoting good governance and the rule of law**

**General objective:** to ensure that the democratic system is resilient and in line with the Tunisian Constitution so that the State is adapted to meet the expectations of ordinary Tunisians and to ensure respect for human rights and fundamental freedoms through support for the democratic transition.

**Specific objective(s):** to support finalisation of the constitutional structure by consolidating legislative and judicial powers and reforming the public administration, in particular by improving central and local public service provision; to support finalisation of the legislative framework for decentralisation and local democracy and its implementation; to support the fight against corruption for the creation of a transparent system of law; to ensure Tunisia’s resilience in the face of security challenges by providing for modernised security institutions which respect human rights; to support the establishment of effective migration management, international protection and measures to combat irregular migration, including border management; to support the electoral process; to support the process of complying with international commitments on respect for human rights and fundamental freedoms; to support the setting-up of the independent bodies provided for by the Constitution and international conventions, in particular with regard to human rights; to promote the involvement of citizens, especially young people, in political life and the decision-making process.

## **Sector 2 — Investing in the future: stimulating sustainable economic growth which creates jobs**

**General objective:** to relaunch sustainable economic growth and employment, and foster closer economic integration with the EU and the world economy.

**Specific objective(s):** to support aggregate demand, particularly by way of public infrastructure projects within a regional planning framework designed to reduce the isolation of inland regions while promoting rural development and modernised agriculture, and to support the development of the fisheries sector; to develop trade with the rest of the world, thereby creating conditions more propitious to the return of foreign direct investment, and tackle unemployment, particularly among young people; to create the conditions for a fully competitive and open economy in which the Tunisian state acts as a regulator rather than an operator and exercises its sovereign powers effectively thanks to public finances which are on a sounder footing; to assist Tunisia in its efforts to improve the business climate so that Tunisian and foreign companies can operate; to help Tunisia achieve fiscal rebalancing which promotes productive investment rather than consumption; to continue legislative and regulatory alignment to increase opportunities for the Tunisian economy in the EU and to ensure that full benefit is derived from the future DCFTA; to support the transition to a green and circular economy by promoting sustainable consumption and production; to promote innovation and support initiatives by young people in connection with the new digital economy (e.g. start-ups and creative industries).

### **Sector of intervention 3: Strengthening social cohesion between generations and regions**

**General objective:** to promote social cohesion through the development of solidarity, a reduction in unequal treatment nationwide, and measures to boost employability, with a particular focus on young people.

**Specific objective(s):** to promote the adoption and implementation of national social policy and the formulation of regional strategies for socioeconomic development; to ensure nationwide provision of an adequate level of public services (education, health, primary needs), universal coverage of certain risks (sickness, old age); to promote a consolidated quality education and vocational training system to provide future-oriented sectors with a highly skilled workforce and diversify economic resources; to promote equality of opportunity; to promote the role of culture as an element of social cohesion; to promote mobility of young people and students between regions, the countries of the Maghreb and the EU.

## **5. Indicative allocation**

The indicative bilateral allocation for 2014-20 is: EUR 725 000 000 - EUR 886 000 000.

The indicative bilateral allocation for 2017-20 is: EUR 504 000 000 - EUR 616 000 000.

Indicative allocation for 2017-20	Percentage of the total budget
Sector 1 - Promoting good governance and the rule of law	20 %
Sector 2 - Investing in the future: stimulating sustainable economic	38.5 %

growth which creates jobs	
Sector 3 - Strengthening social cohesion between generations and regions	38.5 %
Additional support for development/institutional capacity building	1 %
Measures in favour of civil society	2 %