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A REPORT
ON TEN YEARS OF OPERATIONS
OF THE
U.S. ASSISTANCE PROGRAM
IN TUNISIA

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PART I

FOREWORD

As an independent country, Tunisia is just over 11 years old. The French protectorate which began in 1881 came to an end on March 20, 1956.

During the brief span of its independent life and through its own efforts, Tunisia has made most impressive strides towards economic development.

In the country's achievements towards self-sustaining growth, American assistance, which started on March 26, 1957, has played a significant role. This report attempts to describe, in some detail, the nature and scope of American aid to Tunisia during the past ten years. Hence, Tunisian contributions to projects undertaken is not always mentioned. It must be kept in mind, however, that all projects, in which the American Aid Program has participated are Tunisian activities and that in carrying out these activities the Tunisian Government has made substantial investments, often much larger than the U. S. contribution.

Projects financed by "counterpart funds" - wholly Tunisian-owned local currency - are mentioned in this report for two reasons: first, because 'counterpart funds' are closely connected with the U. S. Assistance Program, as will be seen in the chapter "Composition of the Program." Second, because investments of counterpart funds are made with the approval of both governments, and, hence, projects undertaken by the Tunisian Government and financed by these funds fit closely into the objectives of the U. S. Assistance Program.

While the investment made in a given project is a fair indication of its magnitude, costs alone are not an adequate measure of its significance to Tunisian development: in many cases the effects of new methods and innovations, of an activity's multiplier factor, are much greater than one would be led to think by costs alone. Likewise the total worth of the U. S. Assistance Program to Tunisia cannot be assessed by the money value of the assistance given, great as this may be. The timeliness of the assistance proffered, the forms that this assistance has taken, and the close association and give-and-take that daily contacts and almost continuous negotiations have required, make this aid far more valuable than its dollar sign would indicate.

Lastly, it must be borne in mind that the accomplishments of the U. S. Assistance Program to Tunisia are due, in large measure, to those qualities and actions by the local authorities that have made Tunisia one of the countries in which the U. S. Government has concentrated a large share of its foreign aid efforts and resources - intelligent planning and singleness of purpose in striving for self-sufficiency, willingness to commit the country's resources to this purpose, public servants of unquestionable dedication and integrity, and leadership capable of mobilizing the entire nation in the "struggle against underdevelopment," as President Bourguiba has aptly labeled the task facing Tunisia today.

I N T R O D U C T I O N

ECCNOMIC BACKGROUND

Pre-Independence Period

Two Tunisiās existed side by side in pre-independence days--the traditional and the modern.

The traditional Tunisia comprised about 2,800,000 people, or about three-fourths of population, and it was growing faster than the total output of the country. Engaged mainly in low-yield agriculture and handicrafts, these people were averaging an annual per capita income of barely \$60. There were large numbers of unemployed and underemployed people among them, and substantial migration from rural to urban areas was taking place.

The modern Tunisia, made up of the remaining one-fourth of the population, included some 300,000 Europeans. It included the large grain and wine producers, the owners and managers of mines and light industry, the builders and the entrepreneurs, the tradesmen and the merchants, the professionals and the technicians. Largely developed by French initiative and capital, the growth of the economy was almost exclusively restricted to this sector.

During the six years immediately preceding independence, the French Government undertook a "Modernization and Equipment Plan" for Tunisia. This plan, financed in part through funds made available by the Marshall Plan, involved large expenditures for rebuilding war damage and improving or expanding railroads, communications, ports, power plants, roads, utilities and irrigation facilities.

It is estimated that this investment amounted to more than \$240 million from 1950 to 1967. Gross investment during this period was about 20% of the Gross Domestic Product (GDP) with an annual growth of 5.6% for the period 1950-1953.

Consolidation of Economic Independence (1956-1959)

During the first few years of independence, there was a mass exodus of European technicians and entrepreneurs as well as a flight of capital from Tunisia. This was associated with a fall of investment and a diminishing rate of economic growth. (Gross investment fell to about 10% of the GDP.)

During this period, the Government of Tunisia placed emphasis on the consolidation of its economic independence. A new trade and exchange agreement with France was negotiated; a national currency (the Dinar) was introduced; the Central Bank of Tunisia was established; foreign exchange reserves built up and domestic price stability maintained. These measures - coupled with three successive bumper-crops, substantial American aid and investments from France (which continued until 1957) - achieved economic stability but did not provide for economic growth.

Development Efforts (1960 to Present).

Beginning about 1960 the Government of Tunisia turned increasing attention to economic growth. Measures were instituted to increase savings, curtail luxury goods imports and stabilize wages and prices. Through a works project employment program, large numbers of the unemployed and underemployed were incorporated into the development effort.

In early 1961, the Ministry of Plan and Finance was created. Vigorous efforts were made to integrate the planning work previously being done by several agencies into a comprehensive development program. These efforts resulted, first in a Ten-Year Perspective setting forth the goals to be attained by 1971, and, second, in the formulation of two successive action plans: the Three-Year Plan (1962-64) and the Four-Year Plan (1965-68).

The Ten-Year Perspective lays down four main objectives for Tunisia's social, political and economic development: (a) decolonization, (b) human resources development, (c) the reform of structures and (d) independence of foreign financing on a net basis.

The Three-Year Plan was the working document for economic policies and investment outlays during the period 1962 through 1964. Its objectives were similar to, but more ambitious than those of the Ten-Year Perspective. Although the quantitative goals set forth were not entirely attained by 1965, progress was impressive. In real terms, between 1961 and 1965: (a) output expanded by 20%, (b) investment increased 42% to 115 million dinars, equal to 25% of gross domestic product, and (c) domestic savings reached 55 million dinars, an increase of 41%.

Of total investment during the period of the Three-Year Plan, 22% was in agriculture, 29% in industry, mining and energy, and 49% in housing, infrastructure and services. Major investments included an oil refinery, a pulp mill, a steel mill, land conservation and irrigation development, and school and housing construction. The Tunisian development effort was supported during 1962 through 1964 by \$152.5 million of U. S. aid and \$95 million from other donors.

The rapid increase in investment relating to government expenditures and foreign aid outlays resulted in the virtual exhaustion of foreign exchange reserves and in significant inflationary pressures by mid-1964. The steps taken by the Government of Tunisia to control these problems have included a 20% devaluation in September 1964, ten percent increases in domestic taxes in 1965 and 1966, and the adherence to domestic credit ceilings recommended by the International Monetary Fund.

In 1965, a Four-Year Plan was adopted. This plan sets goals that, if attained, will place the country much closer to the objectives of the Ten-Year Perspective. It emphasizes industrialization and productive investment.

The current Four-Year Plan is being implemented through a series of annual economic budgets to assure that the total investment effort (equal to about 24% of the GNP in 1966) does not exceed actual domestic and external financing availabilities.

The growth rate in 1965 was 7% but, due to poor crops, it slowed to about 2% in 1966. Despite intensified stabilization efforts in 1967, including reduced investment, a recovery in the growth rate to about 6% is currently expected. The outlook is for continued impressive progress despite financial stringencies.

COMPOSITION OF THE AID PROGRAM

The U. S. Assistance Program to Tunisia has been a blend of financial aid, technical assistance and sales and donations of agricultural products.

The relative proportion of these various elements has changed from time to time. These changes generally reflect varying needs and different stages of Tunisian development. For example, hard currency grants, which constituted 32.8% of the total program during its first six years - when the need for this type of assistance was greatest - have not been made since fiscal year 1962; on the other hand, dollar loans, which represented 15.45% of the program through 1962, have increased to 28.4% of the total since then, reflecting the ability of Tunisia to use this form of assistance.

Financial Aid

Financial aid has consisted of grants and loans, both in foreign exchange and in local currency.

Dollar grants amounting to \$58.6 million have been made for general economic support; for the importation of products such as sugar, petroleum products, tea, rice and textiles; and to finance specific projects.

Hard currency grants were the result of so-called "triangular arrangements." Under these arrangements, the proceeds of sales to other countries (Italy, Germany, France) were granted by the United States to Tunisia for purchases in those countries of goods needed in Tunisia for its development program. These grants amounted to \$26.5 million.

To finance specific projects such as the construction of the Nabana River Dam and the Tunis-Carthage International Airport, 13 loans have been granted the Tunisian Government. These loans amount to \$69.75 million. In addition, eight loans have been granted for the purchase of equipment and commodities and to finance the importation of commodities by the private sector. These loans amount to \$78.5 million.

For the amounts and origin of local currency loans and grants, see Agricultural Commodities, below.

Technical Cooperation

Technical cooperation, primarily concerned with sharing technological advances, new methods and improved techniques, has been provided in a

variety of fields: agricultural development, skills training, water resources development, management, communications, tourism, civil aviation, industrial development and personnel management. Part of the funds granted for these activities have been used for the purchase of demonstration equipment. From 1957 to the close of Fiscal Year 1966, \$20.2 million were contributed under this part of the program.

The training of Tunisian technicians and professionals has been an integral part of all technical assistance projects. This training has been done either on-the-job with American technicians and advisers, or abroad, through the Participant Program. (See page 31.)

Agricultural Commodities

Loans and Grants

Since June 1961, the Governments of Tunisia and the United States have signed seven sales agreements for agricultural commodities under Title I of Public Law 480. The total value of these commodities, at world market prices, is \$79.9 million. Of this total, the U. S. Government has granted Tunisia the equivalent of \$7.2 million and made available \$47.0 million for grants and long-term loans for development projects. The part of these funds already used (\$39.6 million) have been invested to finance specific projects or to defray the local costs of projects financed from other types of assistance. In this report these funds are labeled "US-owned local currency." From the total of sales agreements, an amount of \$8.8 million has been reserved for loans to persons or private concerns for the establishment of businesses in Tunisia (Cooley Loans), and \$14.3 million has been retained by the U. S. Government for its own needs in Tunisian currency--rentals, utilities, local travel and the like. The balance, \$3.5 million, is repayable in dollars.

Food Donations

Under Titles II and III of Public Law 480, large amounts of foodstuffs have been donated to Tunisia for various programs. Most important among these are: (1) A "Food-for-Wages" program in which up to 250,000 workers have participated; (2) a Child Feeding Program currently benefiting 325,000 youngsters, and food distribution to needy people through which voluntary agencies are currently distributing food to an estimated 260,000 persons. The total cost to the U. S. Government of these food donations has been \$172.4 million.

The Counterpart Account

The Tunisian Government deposits in a "counterpart account" an amount of local currency equivalent to: (a) dollar grants for commodity and equipment imports; (b) foreign currency grants resulting from triangular transactions, and (c) dollar loans for commodity imports. From this counterpart account funds are released for purposes approved by both governments.

One significant use of funds deposited in the counterpart account has been the establishment of a "trust fund," managed by the US AID Mission to Tunisia. With the approval of the Tunisian Government, this fund has been used to cover about 80% of salaries of local US AID/Tunis employees, international travel of trainees under the Participant Program, and international travel, transportation of effects and housing allowance for technical personnel of the US AID Mission assigned to projects. The value of trust fund contributions at current rates of exchange to December 31, 1966, amounted to \$4.33 million.

As will be seen from this report, the Tunisian Government has allocated funds from the counterpart account to cover part of the local costs of several projects receiving U. S. assistance.

There are, besides, a number of projects whose sole connection with the U. S. Assistance Program is the fact that the Government of Tunisia has allocated to them funds from the counterpart account and the U. S. Government has agreed to the expenditure of such funds for the purpose proposed by the Tunisian Government. These projects are labeled "counterpart projects" and the funds allocated by the Tunisian Government from this account, which are its sole property, are called "counterpart funds."

Organization of the Report

Projects undertaken by the Tunisian Government utilizing one form or another of U. S. assistance, or a combination of several of them, cover a wide range of activities. In this report, projects will be grouped by field of activity, and dollar equivalents will be given for all contributions and investments in counterpart funds and US-owned local currency.

Tables in Part II of this report give breakdowns by type, year, field of activity, and other data regarding U. S. contributions.

Unless otherwise specified, U. S. Government contributions are given to June 30, 1966.

WATER RESOURCES DEVELOPMENT

A major portion of Tunisia's territory is semi-arid. The development of water resources, therefore, is of vital importance to the agricultural production of the country, to its industrial development and to the welfare of its people.

The Government of Tunisia has invested, consequently, large sums for the development of water resources, and requested substantial assistance to carry out some of its projects.

The main purposes of projects undertaken with U. S. assistance in this field have been to survey the underground and surface water resources of Tunisia, to determine the feasibility and plan the exploitation of these resources, and to provide water for the irrigation of a number of areas, and for several urban and rural domestic water systems.

In the following pages detailed attention will be given to specific projects in which the Tunisian and American Governments have cooperated over the past decade.

These include groundwater surveys and studies of a 22,00 square mile area in the Sahel region; underground and surface water resource studies of the Upper Medjerda Valley, drilling 50 wells throughout Tunisia for irrigation purposes, to train Tunisians in modern well-drilling techniques and to assemble cost data; drilling of other wells to irrigate specific areas; acquisition of pumps and motors; a loan for the construction of the Nabana River Dam, 80 miles of connecting pipelines and an irrigation system there; water salinity control at the Medjerda Valley; an irrigation system at Cap Bon and water distribution system improvement in both Tunis and Sfax, irrigation of 5,000 acres in the Kairouan plain; and a dam and canals to irrigate 5,560 acres in the Enfidaville plain.

The U. S. Assistance Program has devoted \$20.6 million to these projects, and the equivalent of \$7.090 million in US-owned local currency, 20.8% and 17.5%, respectively, of total dollars and dinars allocated for projects in all fields.

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Three projects were carried out to provide some of the basic data required for water resources development: (1) a survey of the groundwater resources of central Tunisia; (2) feasibility studies for the storage and utilization of surface water in the upper Medjerda Valley;

and (3) a study of ground water resources of this area.

The first of these projects resulted in a report on the ground water resources of 22,000 square miles of the Sahel area. Besides technical assistance, US AID/Tunis contributed an amount of \$2.096 million for equipment, contracts and other costs.

For the feasibility studies made through the second project--which included plans and specifications--US AID/Tunis contributed technical assistance and financing for a contract. This contribution amounted to \$368,000. The Government of Tunisia allocated to this project \$441,200 in counterpart funds. The studies made through this project led to undertaking a survey of the groundwater resources of the Upper Medjerda Valley. This activity is part of a larger project which involves installing 50 production wells throughout the country, introducing modern well-drilling techniques, training Tunisian crews in these techniques and gathering cost-data of drilling, developing and equipping production wells. The fifty wells to be developed through this project have been drilled and 130 employees of the government well drilling services have received classroom and on-the-job training.

The total U. S. contribution for this project, completion of which is scheduled for June 1967, is estimated at \$2.4 million. Extension of the contract through which these services were provided - to continue training of Tunisian crews - is under consideration.

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Other projects in this field range from a contribution of \$71,000 for the acquisition of pumps and motors, to an \$18. million loan for the construction of the Nebana River Dam. This latter project, the largest undertaken in terms of investment, includes construction of the dam proper, more than 80 miles of pipeline and an irrigation system for about 12,560 acres of land. The dam was completed in March 1966. The U. S. Government loan was matched by an allocation of \$20. million in local currency by the Tunisian Government.

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Water resources development is an important phase of the Medjerda Valley Development program. In this connection, US AID/Tunis has provided technical assistance in soil classification and water salinity control, and in maintenance of irrigation canals.

A loan of \$2.4 million was granted for a project aimed at water system improvement for the cities of Tunis and Sfax, and to construct an irrigation system for 3,300 acres in the Cap Bon area. Completion of this project--to which the Tunisian Government has allocated \$2.8 million of its own funds--is scheduled for 1968.

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A total of \$210,000 in counterpart funds and \$425,000 from other Tunisian Government funds were allocated to three projects to provide: irrigation for 5,000 acres in the Kairouan plain through 22 wells; construction of a diversion dam and a system of canals to irrigate 1,850 acres planted with olive and fruit trees, and 5,560 acres of cereal land in the Enfidaville plain; installation of water distribution equipment on existing wells and improvement of canals to irrigate 900 acres in the Nefzaoua area, Southeast of the Chott Djarid. Grants of US-owned local currency amounting to \$1.771 million were also made available for these projects.

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Counterpart Projects

The Government of Tunisia has invested \$10.171 million in counterpart funds and \$14.419 million from other sources to carry out 17 projects for purposes such as providing or improving irrigation of 45,000 acres, including some 3,000 acres in 12 oases; exploration of underground water resources, drilling and equipping wells and providing water for cities and industrial plants and rural domestic water systems.

AGRICULTURAL DEVELOPMENT

The development of Tunisian agriculture is both an urgent need and a rich promise for the future. It is a need because agricultural production today is not enough adequately to feed the country's population. To achieve any real social progress, to avoid heavy expenditures in food imports and to be independent of contributions from other countries, Tunisia's agricultural production must grow at a higher rate than its population.

But agricultural development means more to Tunisia than the welfare of its people. Agricultural products, mostly wine and olive oil, already accounts for 45% of Tunisia's exports. Its climate and its geographical position place Tunisia in an excellent position to increase this source of foreign exchange by exporting certain foodstuffs, mainly to Europe.

For these reasons, the Government of Tunisia has stressed agricultural development, and, as a consequence, a major share of U. S. project assistance has been devoted to this important sector of the Tunisian economy.

The major thrust of the Tunisian Government's efforts and consequently of projects undertaken in the past ten years has been to increase the productive area of the country, to increase production, to introduce crops with an export potential and to improve agricultural methods and practices.

The following pages will go into detail about projects such as fruit and vegetable improvements; training in horticulture; projects to improve olives, dates and pistachios, and to introduce many new or improved varieties of plants; a poultry improvement project; soil and water conservation and reforestation in many areas; assistance to mechanization and to agricultural credit; drainage, land improvement and range development, and important and far-reaching planning and demonstrations in two major areas - the Marguelli river watershed and the Medjerda Valley.

The development of water resources, a crucial element of agricultural production, is discussed in a separate chapter.

Contributions to agricultural development amount to \$19.317 million, or 19.5% of dollar project assistance, and the equivalent of \$15.672 million in US-owned local currency, or 39.5% of dinar project assistance.

Some of the projects undertaken by the Tunisian Government with U. S. assistance are national in scope; others aim at the improvement of specific agricultural areas.

Among projects of national scope, one of the most significant is the "Fresh Fruit and Vegetable Improvement" project. Through this project, vegetable production increased from 260,000 tons in 1958 to 400,000 tons in 1964, when U. S. assistance was no longer required. Many improved varieties of fruits and vegetables were introduced and have become favorites of the Tunisian consumer; seed production of these varieties has been assured through the cooperation of farmers. From twelve vegetable nurseries 60,000,000 plants per year currently are distributed at token prices to truck farmers, 30% of whom are getting yields comparable to those obtained at experimental stations. Upwards of 12,000,000 fruit trees have been established in ten government nurseries, and 6,000,000 saplings distributed annually to fruit growers--thus saving Tunisia more than \$1. million a year formerly spent for the importation of fruit trees.

The Horticulture Service of the Ministry of Agriculture has grown from a one-man operation to an organization employing 10 senior technicians and 148 technicians - 109 of whom have been trained abroad through the Participant Program. Farmers have received training in modern methods, including the use of insecticides and fertilizers at 17 demonstration centers and at 60 farms cooperating with the Horticulture Service.

US AID/Tunis contributed to this project technical assistance and seed, trees and demonstration equipment amounting to \$307,000. The Tunisian Government provided counterpart funds equivalent to \$444,000, and local currency equivalent to \$203,000 from other sources. This investment has been recovered many times over. Before this project started, Tunisia spent about \$14. million of foreign exchange per year in imports of fruit and vegetable crops that could be grown in the country. Today Tunisia spends slightly more than \$1. million for these types of foodstuff and produces enough of some varieties for its own needs, with a small margin for export which, it is hoped, will grow into a substantial foreign exchange earner.

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Another project aiming at the development of fruit production was undertaken late in 1959. Through this project, technical assistance, equipment and fertilizer were provided for the establishment of four

experimental stations and three tree nurseries capable of producing three million trees annually. The U. S. made available \$136,000 for this project to which the Tunisian Government allotted a total of \$1.04 million, \$595,000 of which were counterpart funds.

Complementing these activities, another project was carried out to enlarge export markets and to develop new outlets for Tunisian fresh fruits and vegetables. With the help of technical assistance provided through this project, selection, grading, quality and packing standards were adopted by the Government and the Tunisian fresh fruit and vegetable industry.

The U. S. Government contributed \$85,000 for this project, and the Tunisian Government allocated to it \$11,000 in counterpart funds.

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Results obtained from the activities described above--which are being continued without further U. S. assistance--caused the Government of Tunisia to undertake a research project to improve further fruit and vegetable crops.

Research activities concentrated in four fields: improvement of date crops and pistachio trees, olive tree production, and adaptability of new types of vegetables.

US AID/Tunis contributed technical assistance, equipment and supplies valued at \$43,000 to this project. The activity has been carried forward by the Tunisian National Institute of Research and the Horticulture Service without any assistance since March 1966.

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A modern poultry industry is well on its way in Tunisia, due in part to a poultry improvement project that started in 1959 and for which no further U. S. assistance has been required since 1964. This project provided technical assistance, training and commodities for the development of government poultry stations and private poultry farms. The Sidi Thabet station, the largest in Tunisia, distributes chicks to poultrymen who agree to have their staffs trained at the center and follow the advice of technicians. Six substations provide similar services, and 60 demonstrations were established at schools, private farms and cooperatives. In the five years during which U. S. assistance was provided, production of eggs rose from 200 million to about 300 million per year.

The U. S. Government contributed \$596,000 to this project and the Tunisian Government allocated to it \$532,000, of which \$122,000 was in counterpart funds.

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To finance soil and water conservation projects throughout the country, the Tunisian Government made total investments estimated at nearly \$21. million. To assist in this effort, US AID/Tunis loaned the Tunisian Government \$5.4 million in US-owned local currency. Soil and water conservation projects include terracing (197,600 acres), cultivation of trees and cereals (148,700 acres), contour cultivation of 370,000 acres and improvement of about one million acres of range lands.

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The Government of Tunisia contributed a total of \$638,000 to two projects aimed at training in agricultural and drainage practices and testing the yield of certain intensive crops. This included \$425,000 in counterpart funds. On these same projects, the U. S. Government provided technical assistance and equipment valued at \$179,000.

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An amount of \$3.41 million was granted to the Tunisian Government to finance the import of heavy equipment, trucks and other vehicles. This equipment has been used in land leveling and grading, construction of terraces and other land improvement works, and in maintenance of drainage canals. Some of this equipment has also been used for road construction and improvement.

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A loan of \$6.5 million was provided for the purchase of tractors, attachments and spare parts in the U. S. This equipment is being used for general agricultural development, for forestry and for soil and water conservation projects.

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The National Agricultural Bank has undertaken a program to improve its services, including farm credit organization and operations of credit cooperatives and use of mobile bank units to serve rural

areas. The U. S. has contributed technical assistance valued at \$164,000 to this phase of the project.

This bank has enlarged its farm credit operations. To assist in this effort, a revolving loan fund was established through loans of US-owned local currency totaling \$5.892 million and an allocation by the Tunisian Government of \$2.5 million in counterpart funds.

A dollar loan fund was created in the National Agriculture Bank through a loan of \$5. million. As of June 30, 1966, 380 sub-loans had been made from this fund for a total of \$4.635 million. Of this total, sub-loans totaling \$3. million were made to 109 cooperatives for purchases of American equipment.

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US AID/Tunis contributed technical services and demonstration equipment, valued at \$430,000 to assist in strengthening the Ministry of Agriculture Extension Service. A total of \$55,000 to help the development of agriculture production cooperatives has been allocated.

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Among projects undertaken by the Tunisian Government for the development of specific areas, the most ambitious is the Medjerda Valley Development Program. The Medjerda Valley has an area of one million acres, with a potential of producing crops worth \$75. million per year. The total investment required for the development of this area is estimated at \$200. million. The Medjerda Valley Development Program is being managed by an organization patterned after the Tennessee Valley Authority.

Prior to 1956, the French Government invested a substantial amount of funds derived from the Marshall Plan in a basic irrigation system for this area. Since 1958 US AID/Tunis has directly contributed to this program \$11,000, the equivalent of \$480,000 in US-owned local currency, and technical assistance in land classification, land use, salinity control and maintenance of irrigation canals. (U. S. contribution: \$91,000.)

Thus far, 110,000 acres have been classified, 23 reports on the use of saline water published and 15 Tunisians trained in this type of work.

The Government of Tunisia has allocated \$1.704 million in counterpart funds and \$5.760 from other sources to that portion of the program to which the U. S. has directly contributed.

Because of its size and the importance attached by the Tunisian Government to the Medjerda Valley Development Program, many of the projects undertaken with U. S. assistance have contributed significantly to this program. Among them: the water resources development of the upper Medjerda, well drilling, agricultural extension, school construction, road building, low-cost housing, enlargement of electricity distribution systems, fruit and vegetable production, soil and water conservation, and livestock and poultry improvement.

5,000 families have been settled in newly irrigated lands of the Valley. These lands yielded net incomes of \$15 per acre before the improvement program started. Now, some of the new farmers are netting more than \$120 per acre.

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Another large local project undertaken by the Tunisian Government is aimed at developing a stable agricultural economy in the Marguelli river watershed, an area of 388,000 acres of semi-arid land in central Tunisia. This project will also provide demonstrations and training to speed up application of sound soil and water conservation techniques to all semi-arid lands of Tunisia.

A reconnaissance survey of the entire area has been completed as well as detailed soils survey of range lands, the upper watershed and sub-watershed areas.

As a first phase of the project, the following activities are being carried out:

1. Demonstration and training in the integrated land conservation treatment of an entire sub-watershed of 4,400 acres.
2. Demonstrations and training in reseeding and range management practices that are required on large areas of non-arable land in Tunisia. This part of the project is being carried out on a 5,000 acre range area.
3. Development of an integrated flood control program for two sub-watersheds covering a total of 21,500 acres.
4. Development of a 250-acre nursery to produce the grass seed required for reseeding all range land in the watershed.

Up to June 30, 1966, the U. S. Government contributions to this project were \$943,000 in dollar grants, and \$297,000 in U. S.-owned currency loans. The Tunisian Government has allocated \$700,600 in counterpart funds to this project.

Technical assistance, seed and equipment were provided to assist the Tunisian Government in its programs to improve the range land of Central Tunisia. The U. S. contribution was \$77,000. The Tunisian Government allocated to this project \$30,000 in counterpart funds and \$396,000 from other sources.

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Substantial investments by the Government of Tunisia for the reforestation of selected areas - \$1.842 million in counterpart funds and \$2.820 million from other sources - were supplemented by technical assistance from US AID/Tunis. Through this project, 51,500 acres were planted, roads cut and fences built to protect the plantations.

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Through government programs for the construction of drainage canals, culverts, bridges, aprons and step dams, 62,500 acres of fertile but poorly drained land have been added to the productive area of the country. For these projects US AID/Tunis contributed \$1.988 million in US-owned local currency, and the Government of Tunisia \$1.533 million, of which \$778,000 in counterpart funds.

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Counterpart Projects

For the development of the Enfindaville domain, Southeast of Tunis, the Government of Tunisia invested \$2.801 million in counterpart funds and \$1.199 million from other sources.

Results of this project are:

-Basic studies of land use	88,900 acres
-Clearing and leveling	19,360 acres
-Soil conservation work	38,300 acres
-Construction of small dams to irrigate	1,600 acres
-Wells drilled to irrigate	250 acres
-Range improvement	27,900 acres
-Tree planting	6,500 acres
-Construction of 850 houses	

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Through investment of \$337,000 in counterpart funds and of \$1.188 million from other sources, the Ministry of Agriculture surveyed, reviewed and established land ownership of 1,361,300 acres of agricultural land.

Investments of \$2.79 million in counterpart funds and of \$3.67 million from other Tunisian Government sources were made for a project which combined improving of nine irrigation perimeters in Southern Tunisia, repairing pipelines, improving 2,500 acres of grazing land, irrigating 950 acres and developing 12,350 acres for grazing and olive and cereal production.

The Government of Tunisia invested a total of \$2.026 million of which \$1.131 million in counterpart funds, in three projects which resulted in draining 14,800 acres of land, and construction of a diversion dam, canals and other works to provide flood protection to the cities of Sfax and Grombalia and three villages in the Cap Bon area.

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TRANSPORT, POWER AND COMMUNICATIONS

Adequate transportation, power and communications are essential to the economic development of the country, and particularly to industrial growth and agricultural development.

The Government of Tunisia has spent considerable amounts of money and effort in maintaining, improving and enlarging facilities built by the French Government before Tunisian independence, and in building new facilities.

Projects for which the Tunisian Government requested U. S. assistance and where a more detailed description follows, include major improvements at the Tunis-Carthage airport to enable it to take international jet traffic; a civil aviation project which entailed improving facilities, training personnel and installing necessary modern equipment; purchase of new rolling stock and equipment for Tunisia's National Railroad; a grant to purchase road-building equipment; the installation of a new micro-wave link between Tunis and Sfax capable of handling 600 simultaneous telephone conversations; and a project to modernize and expand the electrical distribution system of the country. Counterpart projects have included building and improving roads, building bridges, improving the fishing port of Mahdia and electrification of six areas in southern Tunisia.

The share of project dollar assistance in this field is \$26.688 million or 27.5% of the total dollar project assistance, and \$3.191 million in U. S.-owned currency, or 8.0% of total dinar project assistance.

To make the Tunis-Carthage Airport suitable for international jet aircraft traffic, major construction and improvements were undertaken. To cover foreign exchange costs of building runways, taxiways, parking areas and a control tower, and power, lighting and navigational aids, a loan of \$5.1 million was granted. Local costs were financed by US-owned local currency loans totalling \$2.365 million and allocations by the Tunisian Government of \$8.511 million of which \$3,251 in counterpart funds.

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Closely related to the activity described above, a Civil Aviation Improvement project was undertaken in 1963. This project aims both improving aeronautical facilities and training Tunisian civil aviation personnel.

Some of the accomplishments of this project are:

Installation of a VOR (very high frequency omni-directional radio range) at Djerba Airport. This VOR serves both as the only precision navigational aid for aircraft flying south of Tunis and as a training facility. Tests for the location of another VOR in the Cap Bon area have been completed.

Surplus VOR and teletypewriter equipment were donated to the National Aviation School for training student pilots and technicians in maintenance and telecommunications.

Requirements in power, lighting, navigational aids and air terminal for the Djerba Airport were developed.

An English language training program for airport personnel was established, with a Peace Corps Volunteer as instructor. Thirty Tunisian technicians have gone to the U. S. for training in various phases of civil aviation, and 13 are scheduled to go during this fiscal year.

Thus far, the U. S. Assistance Program has contributed \$394,000 to this project.

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Through a loan of \$2.75 million, the Tunisian National Railroads bought 12 self-propelled coaches, 25 other coaches and foundry equipment. The additional rolling stock has permitted an increase of 1.2 million in passenger traffic per year.

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To replace obsolete and worn-out heavy road building equipment, a grant of \$2.816 million was made in 1962. A loan of \$6.75 million was made in September 1965 to provide highway and engineering equipment, and technical assistance. Of this loan, \$36,525 worth of surplus U. S. Government machines and spare parts, has been bought (original cost \$248,501) and invitations for bids for all highway equipment have been prepared, under contract, by the Afro-American Purchasing Center, Incorporated.

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The installation of a microwave link between Tunis and Sfax, capable of transmitting 600 telephone communications at the same time, was financed through a grant of \$584,000 and a Tunisian investment of an equivalent amount.

The Government of Tunisia undertook a large project to expand and modernize the medium and low voltage electricity distribution system of Tunisia in 1964. To provide the equipment and materials required for this activity, which include 150 separate sub-projects, a loan of \$7.4 million was granted by the U. S. Assistance Program. The Tunisian Government's allocation for this project is about \$2.7 million.

To extend electricity distribution lines to 14 towns and one mining area with an estimated population of more than 130,000 people, \$144,000 in US-owned local currency were made available. The Tunisian Government allocated a total of \$1.102 to this project, of which \$742,000 in counterpart funds.

Counterpart Projects

Through an investment of \$1.72 million in counterpart funds and \$931,000 from other Tunisian Government sources, 392 miles of highway were improved and five bridges built.

The fishing port of Mahdia was improved to enable it to harbor larger and heavier fishing vessels and to increase safety of fishermen. Investments for this project were \$286,000 in counterpart funds and \$175,000 from other Tunisian Government sources.

The Tunisian Government allocated \$3.44 million in counterpart funds and \$167,000 from other sources for the electrification of 6 areas in southern Tunisia with an estimated population of 108,000 and \$135,000 in counterpart funds and \$79,000 from other sources to extend telephone lines.

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INDUSTRIAL DEVELOPMENT

Basic to the balanced progress of Tunisia is the development of its industry, both to provide essential goods for internal consumption--and thus save foreign exchange required for imports--and as a potential for exports, especially to other African countries.

Tunisian Government activities aiming at the industrial development of the country for which U. S. assistance has been requested include: studies to establish the feasibility of new industrial ventures and expansion of existing concerns; help to establish an asbestos cement pipe plant; assistance with studies of various possible new industries for Tunisia--including textiles, fertilizer, cork, rubber products, bottling, phosphates and tourism; enlargement of industrial credit facilities; loans to construct and equip a plant at Kasserine to produce high-quality paper pulp from esparto grass; assistance in the development of a pilot plant to enrich rock phosphates; help in improving crafts production by the construction of a ceramic plant at Nabeul and the initiation of a crafts design center.

The share of U. S. assistance to this sector amounts to \$13.83 million or 13.9% of dollar project assistance, and the equivalent of \$2.778 million in US-owned local currency, or 6.9 % of Dinar project assistance.

Assistance in making surveys and studies include:

1. A contract with a U. S. management engineering firm. Through this contract specialized services were made available to the Tunisian Government, and particularly to the National Investment Corporation--a semi-private organization--to make studies of the feasibility of establishing new industrial ventures and expanding existing concerns. The contract consultants helped the National Investment Corporation establish an asbestos cement pipe plant, and in solving problems related to the building materials and other industries. In addition, studies were completed covering textiles, caustic soda, chemical fertilizers, and securities exchange. The United States contributed \$342,000 to this project.

2. US-financed contracts with 121 bilingual European technicians with critically needed skills. These technicians helped conduct technical and feasibility studies in such industries as cork, rubber products, bottling, phosphates and tourism. They served also in banking, insurance, and food processing firms and various government departments. US AID/Tunis provided \$385,000 for this project.

Industrial credit facilities were enlarged by the establishment of two loan funds at the Societe Tunisienne de Banque, an industrial development bank: a revolving loan fund--established through a loan of \$262,000 in US-owned local currency and an allocation by the Tunisian Government of \$5. million in counterpart funds--and a dollar loan fund established through a line of credit of \$5. million.

From the local currency revolving fund, 159 sub-loans have been made for a total of \$12.608 million of current rates of exchange. The Bank has made 141 loans from the dollar loan fund, totaling \$4.9 million. It has been estimated that the new installations and plant expansion made possible through these sub-loans are providing employment to more than 6,000 workers.

Technical assistance to help the Bank in the operation of these two funds was provided. The U. S. contribution to this part of the project was \$142,000.

Projects in specific industries include:

Loans totaling \$7.05 million were made for the construction and equipment of a plant to produce high quality paper pulp from esparto grass, and for a contract to provide management assistance for this enterprise and training of personnel. The plant, located at Kasserine, started producing export quality pulp in September 1963. However, due to technical difficulties as yet unresolved, this plant has not reached its full production capacity of 80 tons per day. Once these difficulties are eliminated, the plant could provide Tunisia with foreign exchange earning of up to \$5. million per year.

Assistance in developing Tunisia's phosphate industry included technical assistance to the Sfax-Gafsa Company (a partially Government-owned mining company) and a contract with an American firm to conduct studies of the technical and economic feasibility of carrying out the government's expansion program which envisages tripling phosphate production by 1971.

Assistance to the Sfax Gafsa Company resulted in putting into operation and testing the results of a pilot plant to enrich rock phosphates--one of Tunisia's largest natural resources.

A feasibility study by an American engineering firm was financed. This study resulted in a request for a \$7.437 million loan to enlarge production and to improve transportation and port facilities. The loan is at present under consideration. For the technical assistance part of this project, the U. S. contributed \$92,000.

Although not the object of one specific project, there have been several contributions to tourism development. Through the participant program, three officials from the Tunisian National Tourism Office, a group of five hotel owners and hotel equipment importers visited the United States and twenty-five participants were sent for training, twelve to Cornell University and thirteen to European countries. Two hotel training consultants, one from Cornell University and one from Hilton Hotels International made a study of training needs in Tunisia. Seventeen hotels have been financed through sub-loans from the S.T.B. revolving loan fund. US AID/Tunis technicians have assisted in the development of model hotels feasibility studies, market information, tourist market investigations, statistical research and promotional materials.

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A ceramic plant was established at Nabeul - the most important ceramics crafts center of Tunisia - and technical assistance provided to develop clay mixtures to insure high quality products. The plant which employs 103 workers is supplying local artisans up to 12 tons of prepared clay each month. It is also producing a high grade of ceramic tableware which is being sold throughout the country and by Tunisian handicraft sales in several foreign countries. Total U. S. contributions to this program amounted to \$185,000.

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Further assistance was provided the Tunisian handicraft industry by assisting in the creation of a crafts design center and making available a U. S. expert on industrial and crafts design. This center is now part of the National Crafts Office. US AID/Tunis contributions to this project totaled \$86,000.

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A team of five experts has been providing technical assistance to a foundry that makes castings for industrial plants and for the National Railroads. Under the guidance of these experts, the first steel castings were poured in September 1964, productivity in some departments has tripled, and pattern makers and other skilled workers have been trained through on-the-job training and class instruction. US AID/Tunis has provided \$205,000 to this project.

To foster the development of commercial fisheries, a project was carried out which included technical assistance to improve fishing methods, provide demonstration equipment and establish a fishmeal plant. Methods such as offshore trawler fishing, improved underwater lights, power block net hauling and echo sounder for sardine fishing were introduced. A sardine vessel and dredge were provided and a fishmeal plant installed. The U. S. contributed \$126,000 and \$370,000 in US-owned local currency to this project.

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A sum of \$36,000 was provided by US AID/Tunis to finance a study of phosphate fertilizer use and marketing in Tunisia. Recommendations resulting from this study are being put into practice.

HUMAN RESOURCES DEVELOPMENT

Pervasive shortages of trained personnel, a literacy rate of 25% and, at the time of independence, a school plant insufficient to meet Tunisia's need, have made human resources development one of the basic requirements of the country's progress. Aware of this basic need, the Government of Tunisia has invested considerable effort and money in the "promotion de l'homme" - the broad development of the country's human resources, which it made one of the principal goals of its Ten-Year Perspectives.

Specific activities for which the Tunisian Government has requested U. S. aid include:

Assistance in establishing vocational training centers and skill improvement centers in various cities in Tunisia; construction of 805 primary school rooms and 255 teacher's houses throughout the country and construction, enlargement and equipment of vocational, technical, agricultural and other secondary schools; construction of a new school of Law, Economics and Political Science as part of a new national university; establishment of a new center for advanced management studies and education; assistance to programs of adult education, including printing and film distribution facilities; English-language training; help in establishing a national employment office; assistance in assessing the government's manpower requirements and in conducting labor market analyses; middle management seminars for more than 1,000 Tunisians, and assistance in sending students to the United States and Europe to study subjects in which training in Tunisia is not available.

Contribution in this field has been \$6.8 million (6.90% of total dollar project assistance) and the equivalent of \$11.455 million in US-owned local currency (28.9% of total dinar project assistance).

Formal Education and Training

Projects undertaken in this field range from vocational to postgraduate training. To assist the Tunisian Government carry out its ambitious plans for establishing an apprenticeship training program, vocational training centers and skills improvement centers, the U. S. Assistance Program has provided technical assistance, training of supervisory personnel, teaching materials and financial help.

One automotive mechanic training center was established at Ariana, near Tunis, through a contract with a U. S. vocational training institute. A total of 296 Tunisians and 14 young men from other African countries have graduated from this center and 90 are presently in training there. For technical services, equipment, teaching materials and the construction of buildings to house the center, the U. S. granted \$862,000 and loaned \$279,600 in US-owned local currency. The Tunisian Government has allocated \$43,000 in counterpart funds to this project.

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For the establishment of occupational training centers at Kairoan and Ben Arous, construction of a vocational school at Tozeur, enlargement of vocational schools at Gabes and Tunis and the construction of six vocational agricultural schools, US AID/Tunis granted the Tunisian Government a total of \$3,870,800 in US-owned local currency.

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Technical assistance was provided to develop training programs at railroad repair shops to train several hundred Tunisians and to organize the railroad repair center. \$32,000 were contributed to this project.

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US AID/Tunis granted \$3,001,700 in US-owned local currency towards the construction of 805 primary school classrooms and 255 housing units for teachers throughout the country, and for the enlargement and remodeling of secondary schools at Gafsa and Monastir.

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The purpose of a large current project is the establishment of an agricultural high school at Chott Maria, near Sousse. This school will be the testing ground for the development of new teaching methods and programs for all agricultural secondary schools in Tunisia.

This project includes: a contract with the Texas Agricultural and Mechanical University system to develop curriculum and teaching materials, and to provide interim faculty and training for Tunisian staffs; construction of temporary buildings; architectural services to develop plans and specifications for new buildings to house the school; and construction of a 28-building complex to accommodate 500 students.

A team from Texas A&M has been teaching at Chott Maria since 1962; seven Tunisians have finished their training and are working at this school and 46 future faculty members are now studying at Texas A&M. Construction of the permanent school buildings started in October 1966 and will be completed for the 1968-69 academic year.

Thus far, the U. S. Assistance Program has contributed to this project: grants totaling \$1,254,800, of which \$122,400 in US-owned local currency, a dollar loan of \$1,912,000 and loans of US-owned local currency totaling \$1,783,700. Counterpart funds invested thus far total \$319,000.

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A team of three consultants came to Tunisia to help develop plans for the establishment of a new national university. As a result of this visit, US AID/Tunis undertook a project to build a new School of Law, Economics and Political Science, as part of the new University. For architectural services--provided by a US firm--US AID Tunis granted \$189,000; for construction costs, two loans have been made: a dollar loan for \$1,742,500 and a dinar loan of \$1,527,255 in US-owned local currency. Construction of the five buildings that will house the School started in October 1966 and completion is scheduled for the 1968-69 academic year. Technical assistance, especially training of professors, is also being provided.

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A survey made by three professors from Harvard University resulted in a contract to provide assistance for the establishment and development of a center for advanced management studies and education. The center will do research and conduct seminars and courses on management at the post-graduate level. The present contract--financed through a grant of \$77,200--calls for the provision of short term consultants, research specialists and professors.

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Counterpart Projects

The largest single project undertaken by the Government of Tunisia involved expenditures of \$4,597,000 in counterpart funds and \$4,605,000 from other Tunisian Government sources. This project included construction of secondary schools at Monastir, Gabes, Beja, Bizerte, Gafsa, Mahadia, Menzel Temimi and M'Sakan; enlargements of secondary schools at

Sousse and Kairouan; construction of vocational schools at Souk El Arba and Gammarth; provision of workshops for the Sadiki school of Tunis, and of equipment for some of the above mentioned schools and for other technical and vocational schools throughout Tunisia.

Other counterpart projects involved construction of vocational agricultural schools, including the agricultural middle school at Sidi Bouzid, construction of a girl's dormitory in Tunis, and provision of shops, laboratory equipment and tools for technical and vocational schools. Counterpart funds investments totaling \$8.583 million were made for these projects.

Adult Education

To assist the Tunisian Government in conducting popular education programs, two projects were carried out with the Ministry of Cultural Affairs and Information:

A printing section was established at this ministry through provision of training, technical advice and equipment. This section, capable of two million impressions per month, is currently printing booklets and periodicals for adult education programs, including literacy training.

Training, technical assistance and equipment were also provided to help establish the ministry's national technical film library. This library services schools, clubs, associations and other government agencies, 13 information centers and 41 community centers. Through the operation of mobile units, it presents film showings in practically all towns and villages in the country. It is estimated that motion picture shows conducted or serviced by the library--which include educational films--attract an estimated audience of 100,000 people each month. The library also produces sound versions of foreign technical films in French and Arabic.

For these two projects, the U. S. Assistance Program contributed a total of \$272,000. The Tunisian Government contributed \$120,000 in counterpart funds and an estimated \$776,000 from other sources.

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To support the development of English language training, the U. S. cooperated in establishing and strengthening the Bourguiba Institute of Living Languages. This modern, laboratory-equipped institute can provide English language training to 1,100 students at its Tunis, Sfax, and Sousse branches. The U. S. Government contributed \$97,000 and the Tunisian Government \$212,000 in counterpart funds. This project has also been assisted by the Ford Foundation.

Manpower Management

US AID/Tunis provided technical assistance and financial help amounting to \$120,000 to foster the development of a national employment service. A pilot employment office in Tunis and local offices in five cities were in operation at the time further U. S. assistance was considered no longer necessary. Up to that time, the Tunisian Government had allocated \$140,000 in counterpart funds and \$510,000 from other sources to this activity.

A project is currently underway to assist the Tunisian Government improve its capability to assess labor supply and demand requirements. This project includes providing the services of two advisers and training for several Tunisian technicians. For the current fiscal year, US AID/Tunis has allocated \$46,000 to this project.

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Public Administration

As one element of Tunisia's continuing effort to train its management personnel, middle management seminars for which US AID/Tunis provided \$195,000 were undertaken. More than 1,000 Tunisians participated in seminars on accounting, financing management controls and personnel administration. Through the same project, 105 trainees in cellulose plant operations completed training in European countries.

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A group of five advisers, four from AID and one from the National Science Foundation, spent five months in Tunisia studying government manpower needs and available resources. This study was instrumental in the Tunisian Government's decision to create the National School of Administration. Establishment of this school was assisted by representatives of the Ford Foundation, and a committee which was set up to develop curriculum, requirements and organization for such an institution.

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Through several participant training projects, 57 Tunisians have gone to the United States, and 67 to European Countries to study public administration. A few of these went abroad on short observation visits. Examples of these short observation tours are: six-week visits to the United States and Canada by the Director of the Budget and the Director of the Civil Service System to observe administrative practices in their respective fields; two Tunisian Government officials spent two months

In the United States to study planning procedures, and two officials of the Ministry of Public Health spent six months in the United States studying the organization and administration of Social Security and related programs. The balance of the 124 trainees received training of varying lengths in fields such as finance, insurance, statistics, personnel administration and organization and methods.

The Participant Program

The Tunisian Government attaches great importance to having Tunisians trained for all specialties, including those for which courses are not locally available. To assist in meeting this objective, a participant program is underway to provide training in fields and specialties for which training is not available in Tunisia. Individual training programs range from brief observation and study visits to full university degree programs of four or more years duration. The Participant Program supports and complements most of the technical cooperation projects undertaken thus far. Generally, therefore, training has been provided in fields related to the aims of these projects. In some cases, however, participant training has been the sole activity of a project. In addition to training projects described under Public Administration, examples of this form of technical assistance are:

Training aiming at a Bachelor's degree in Business Administration for 42 young Tunisians was started during the period from 1960 and 1963. A number of the participants who were successful in the early stages of this program are still in the United States completing their studies for the doctor's degree in business administration. Others have completed their first or second degree and have moved into positions of importance in both the private and public sectors in Tunisia.

A total of 72 future teachers of English spent part of one summer in the United States. The objective of this project was to increase the language proficiency of these student-teachers and to give them exposure to American teaching methods. Most of these returned participants are now serving as teachers of English in the Tunisian school system.

The purpose of yet another project is to provide training for officers of the Garde Nationale in such subjects as criminal investigation, traffic control, personnel management, riot control, accident prevention and other specialized fields. To date, a total of 62 officers have gone to the United States for this kind of training.

As of January 31, 1967, a total of 1,273 Tunisians had been given participants grants. Of these, 1,224 had gone abroad for training, 823 to the United States and 401 to other countries, primarily to Europe.

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MISCELLANEOUS PROJECTS

A few projects that do not fall neatly into the five fields of activity described in the foregoing pages are grouped under the category of miscellaneous projects.

Projects under this heading include assistance to strengthen the national police forces; assistance to Tunisia's Family Planning program; low-cost housing; support to a work mobilization program that has provided employment to up to 250,000 workers; emergency assistance to repair damages and help victims of floods; and provision of equipment to the government's topographic service. Counterpart projects include flood control activities and provision of additional water supplies for the city of Sfax.

Contributions to these projects amount to \$6.749 million or 6.9% of total dollar project assistance.

Public Safety

The training project for officers of the National Guard described under the Participant Program, above, is a continuation of the training element of a project carried out with the Ministry of Interior, which terminated in June 1963. Through technical assistance and grants to finance equipment, this project's accomplishments were as follows:

Tunis headquarters were connected by radio-telephone, radio teletype and telegraph with all provincial headquarters, and these, in turn, with district stations by radio-telephone; mobile equipment for each district was provided; photographic and mobile communications equipment was provided for traffic control; two training centers for maintenance and operation of equipment were established, and 73 members of the "Surete Nationale" and the National Guard organizations sent to the United States for training. The U. S. Assistance Program contributed \$1.613 million to this project.

Population Control

Tunisia's population growth rate has been variously estimated at between 2.3% and 2.8%. Aware of the threat to economic and social development implicit in such rapid population growth, the Tunisian Government undertook a National Family Planning Program with assistance from the Ford Foundation through the Population Council. US AID/Tunis has contributed technical assistance to help the Ministry of Social Affairs plan and execute the public education component of the program, to produce the motivational and educational materials required and to utilize and evaluate these materials.

Work Mobilization Program

The Government of Tunisia allocated \$2.733 million in counterpart funds for equipment and personnel for the work mobilization program (see "Food for Freedom Program" page 36).

Disaster Relief

Food stocks available under Title III, Public Law 480 (see "Food for Freedom Program" page 36) have been made available to victims of disasters, whenever these have occurred. In addition, \$113,000 were granted to buy blankets for victims of the Sousse and Sfax area flood of November 1962, and \$144,000 to replace the railroad bridge at Keledia destroyed by the flash floods of October 30, 1964. This last project has considerable economic significance:

The U. S. Army Corps of Engineers supplied and erected a Bailey bridge (and trained a company of the Tunisian Army in the process) 30 days after a request for assistance was received from the Tunisian Government. It would have taken six months to replace the bridge--over which iron ore and phosphates are moved to the port of Tunis--by a conventional structure.

This time saving avoided losses of foreign exchange evaluated at \$6.5 million, plus domestic revenue losses of nearly \$3. million.

Modernization of the Topographic Service

The U. S. contributed \$200,000 and the Tunisian Government invested \$89,000 in counterpart funds for the modernization of this service. Photographic, printing and optical equipment was provided to enable the topographic service to develop and print maps from aerial photography surveys of the country.

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Low and Medium Cost Housing

The Tunisian Government has invested considerable effort and money in building low and medium cost housing. To assist these efforts, the U. S. has provided:

1. Technical assistance in the making and using stabilized soil construction blocks
2. An investment guaranty of \$5. million and a Cooley Loan of \$300,000 to an American-owned Tunisian company for construction of approximately 725 medium-priced houses.

Counterpart Projects

The Tunisian Government invested \$2.992 million in counterpart funds and \$3.747 million from other sources for the construction of 5,840 low-cost houses in various areas of Tunisia.

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To provide additional water for Sfax, a city of 100,000 inhabitants, extensive improvements in the collection galleries of the springs at Sbeitla were made, nearly 70 miles of delivery pipe installed, and two reservoirs of 177,000 cubic feet capacity were built. For this project, the Government of Tunisia invested \$1.786 million in counterpart funds and \$482,000 from other sources.

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To provide flood protection to Moknine, Le Bardo, Gafsa, M'Dilla, El Djem and the Gafsa Oasis, the Government of Tunisia allocated \$315,000 in counterpart funds and \$274,000 from other sources.

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FOOD FOR FREEDOM PROGRAM

As stated under "Composition of the AID Program," from the proceeds of sales of American agriculture products under Title I, Public Law 480, an amount equivalent to \$7.2 million has been granted and \$ 47. million has been made available to the Tunisian Government in additional grants and long-term loans for development projects.

Besides these grants and loans, the Food for Freedom Program includes substantial donations of foodstuffs.

The largest part of food donations made under Title II, Public Law 480 is being used by the Tunisian Government in a rather unique fashion, which has awakened much interest in other developing nations.

Since its independence Tunisia has been faced with the problem of large numbers of unemployed and substantially underemployed people. These people represent a heavy burden to the government and, at the same time, a great potential. Both to relieve the problem and to take advantage of the potential, the Government of Tunisia decided on a Work Mobilization Program. The idea behind this program is to use this labor potential in economically and socially useful projects, such as land clearance and improvement, reforestation, road building, construction of schools, clinics and low-cost housing. The program was made feasible by paying wages partly in cash (by the Tunisian Government) and partly in food rations from American surplus stocks.

By the end of Fiscal Year 1966, the United States had contributed food valued at \$102.2 million to this program and the Tunisian Government had paid cash wages amounting to \$128.95 million. Up to 250,000 Tunisians and their dependents have been helped by this program.

A second part of the Food for Freedom Program under Title II, Public Law 480, is a Child Feeding Program. Food donations are used to contribute to a school luncheon program and to help feed children out of schools. 325,000 children are being assisted through this part of the program to which the United States had contributed food valued at nearly \$16.123 million.

Surplus agricultural stocks valued at \$15.227 million were donated under Title II for relief of Algerian refugees who flocked to Tunisia during the Algerian war of independence; agricultural products donations were also used for emergency animal feeding programs following severe droughts. The value of the food contributed for this purpose is \$13.246 million.

Another program has been recently established under Title II, through which American agricultural commodities are being contributed to the World Food Program to carry out a poultry production and sheep husbandry project in Tunisia. Contributions made thus far amount to \$838,000.

Food donations are being distributed also through voluntary agencies under Title III, Public Law 480. At present, agencies distributing US food donations include CARE, the Catholic Relief Services, the American Joint Distribution Committee and the UNICEF. These agencies distribute surplus foods to needy families, institutions and health agencies throughout the country. The value of food distributed through these agencies to the end of fiscal year 1966 was \$9.553 million. It is estimated that 260,000 persons are being helped through this part of the program.

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PART II

T A B L E N O. I

FACTS and FIGURES about TUNISIA

NATURAL RESOURCES

Area:	63,000 sq miles	
Agricultural Land	25,500,000 acres	
Total Productive Area		
Cultivated Area	10,000,000	
Planted In Tree Crops	2,500,000	
Range Lands	8,500,000	
Forest Lands	2,000,000	
Esparto Grass	2,500,000	
Total Non-Productive Area	15,000,000 acres	
Livestock Numbers (heads-in 1965)		
Cattle	500,000	
Goats	500,000	
Sheep	3,000,000	
Camels	220,000	
Draft Animals	500,000	
Principal Crops (\$ millions) *		
Wheat	22	
Barley	4	
Olives	14	
Grapes	5	
Citrus	3	
Vegetables	8	

Agriculture contributes - 25% of GNP and accounts for about 45% of exports

Mining and Minerals contribute - 5-8% of GNP and account for about 35% of exports. Chief minerals are phosphate rock, iron ore, lead and zinc

* Average production for the period 1962-66.

FACTS and FIGURES

HUMAN RESOURCES

Population Total 4,458,000 (1966 census)

Over 50% of the population is
under 20 years of age.

Annual Growth: 2.3% *

Education

Literacy	Estimated at 25%
Schools	primary 10,101
	intermediate 71
	secondary 66
	post secondary 10

Students (1966-67 school year)	primary 777,686
	intermediate 29,769
	secondary 70,836
	post secondary 6,830

Teachers (1966-67 school year)	primary 14,148
	intermediate 1,328
	secondary 2,454

Labor Force 1,600,000

Agriculture	780,000
Industry and Construction	290,000
Others	300,000
(Commerce, Services, Government)	

* official estimate. Other estimates range from 2.3% to 2.8%.

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TABLE NO. 2

Gross National Product, 1963-65

(In millions of dollars at 1965 prices)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>Est. 1966</u>
Gross National Product	826	882	936	954
Gross National Product per capita	184	192	200	199
Per cent Annual Increase In Gross National Product	7%	7%	6%	2%

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T A B L E N O. 3

GOT Estimates of National Accounts

In Constant Prices of 1960
(millions of dinars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>Est.</u> <u>1966</u>
<u>Resources</u>							
Gross Domestic Product at market prices	334.2	359.4	367.4	383.5	409.8	437.3	445.2
Imports Goods and Services	<u>100.4</u>	<u>108.6</u>	<u>110.0</u>	<u>111.6</u>	<u>122.2</u>	<u>131.0</u>	<u>125.2</u>
<u>Total=</u>	434.6	468.0	477.4	495.1	532.0	568.3	570.4
<u>Uses</u>							
Private Consumption	253.5	260.9	275.0	275.9	290.7	309.6	298.1
Public Consumption	56.1	59.7	63.0	65.5	67.2	72.8	83.0
Gross Fixed Investment	59.5	66.6	76.1	86.2	96.5	106.0	102.5
Changes in Stocks	-11.1	+ 8.3	- 6.3	- 4.9	+ 0.3	+ 4.8	-
Export Goods and Services	<u>76.8</u>	<u>72.5</u>	<u>69.6</u>	<u>73.4</u>	<u>77.3</u>	<u>75.1</u>	<u>86.8</u>
<u>Total=</u>	434.6	468.0	477.4	495.1	532.0	568.3	570.4
<u>Domestic Saving</u> (excl. stock changes)	35.9	30.5	35.7	48.0	51.6	50.1	64.1

NOTE: Tunisian use of domestic (rather than national) concepts results in Inclusion of net factor service imports (labor and interest) in DGP and Domestic Saving and exclusion in Imports and Exports. Thus, except for 1960, GDP and Domestic Saving are higher than GNP and National Saving, while the net import surplus here shown is lower than the goods and services payments deficit shown in the balance of payments.

T A B L E N O. 4

GOT Estimates of Value Added by Sector

In Constant Prices of 1960
(millions of dinars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>Est.</u> <u>1966</u>
Agriculture	70.8	76.5	74.0	79.5	82.5	85.2	60.5
Food Industries *	22.1	29.6	25.3	24.5	25.7	26.5	25.7
Oil Products	-	-	-	-	3.2	3.0	5.8
Electricity	2.7	2.7	2.8	3.2	3.5	3.8	5.3
Other Energy, Water	3.2	3.2	3.4	3.5	3.5	3.6	3.7
Construction Materials	3.4	3.2	3.6	3.6	4.3	4.2	4.4
Extractive Industries	6.3	6.0	5.3	6.4	7.0	7.7	8.2
Mechanical & Elec- trical Industries	1.2	1.0	1.4	1.5	1.7	1.8	3.4
Chemicals	1.0	1.1	0.8	1.0	1.1	1.5	1.5
Textiles, etc.	6.3	5.3	5.5	6.8	7.6	8.5	10.0
Wood Working, etc.	2.0	2.3	2.1	2.0	2.9	3.3	3.5
Paper, etc.	2.5	2.3	2.7	2.9	3.4	3.6	4.5
Construction Public Works	21.2	27.4	31.8	32.7	31.0	33.8	33.0
Transportation Telecommunications	19.1	20.3	23.2	26.2	27.9	31.2	33.5
Rents	12.2	13.0	14.2	15.0	15.6	16.9	17.7
Services	22.5	23.8	24.1	24.8	27.3	34.0	42.0
Commerce	46.7	48.3	50.8	48.1	51.8	53.9	51.7
Government Serv. Salaries	38.3	42.6	47.6	49.5	49.7	52.5	63.5
Domestic Services	2.1	2.2	2.2	2.3	2.3	2.3	2.3
GDP at Factory Cost	284.1	310.8	320.8	333.5	352.0	377.3	380.2
<u>Indirect Taxes</u>	<u>50.1</u>	<u>48.6</u>	<u>46.6</u>	<u>50.0</u>	<u>57.8</u>	<u>60.0</u>	<u>65.0</u>
GDP at Market Prices	334.2	359.4	367.4	383.5	409.8	437.3	445.2

* Including rural households

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T A B L E N O. 5

Consolidated Government Finances
(Millions of dinars)

	<u>1964</u>	<u>1965</u>	<u>1966*</u>	<u>1967*</u>	<u>1968*</u>
Domestic Revenues	91.9	107.2	117.9	123.7	131.7
Current Expenditures **	70.8	83.4	97.4	104.2	114.5
Capital Expenditures **	56.1	59.5	54.4	47.9	48.0
Total Expenditures	126.9	142.9	151.8	152.1	162.5
Surplus on Current Account	21.1	23.8	20.5	19.5	17.2
Budget Deficit	35.0	35.7	33.9	28.4	30.8
Foreign Aid Financing	16.7	23.6	16.4	24.6	23.2
"Domestic Deficit," financed by					
Borrowing from Central Bank ****	4.8	3.7	10.3	- 0.6	3.0
Other Borrowing and Sources	13.5	8.4	7.2	4.4	4.6

* Estimates

** Current expenditures include interest on public debt; Capital expenditures include repayment of public debt.

*** GOT records differ from US AID record for technical reasons

**** Gross borrowing. Estimates for 1966 assume borrowing against repayment of \$2.4 million plus net borrowing of \$7.9. These figures are based on the new credit ceilings agreed to by the GOT with the IMF. The large borrowing in 1966 results from a temporary 4.0 MD increase in the credit ceiling.

Data above is based on AEB.

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T A B L E N O. 6

Summary Balance of Payments
(millions of dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Exports	117	122	137	120	133
Imports, fob	-202	-219	-247	-243	-230
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Trade Balance	-85	-97	-110	-123	-97
Net Service	<u>-16</u>	<u>-25</u>	<u>-27</u>	<u>-44</u>	<u>-28</u>
<u>Goods and Services</u> <u>Balance</u>	- 101	-122	-137	-168	-125
Foreign Private Investment	6	12	14	23	15
Private Credits	8	21	36	48	35
Non-US Aid	26	36	43	59	42
IMF Credits	0	0	5	12	5
US Project Aid	12	8	10	14	16
US PL 480	28	19	11	24	14
US Non-Project Loans/Grants	<u>1</u>	<u>12</u>	<u>20</u>	<u>18</u>	<u>10</u>
Gross Capital	81	108	139	198	136
Debt Amortization	-3	-6	-14	-17	-26
IMF Repayments	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Capital Balance</u>	78	102	125	181	110
Errors and Omissions	-2	-	-10	-6	-
Decrease in FX Reserves	<u>25</u>	<u>20</u>	<u>22</u>	<u>-7</u>	<u>15</u>
<u>Total Financing</u>	101	122	137	168	125

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T A B L E N O. 7

EXPORTS, IMPORTS AND SERVICES
(\$ millions)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Oil Exports	0	0	0	0	7
Phosphate Exports	22	26	25	38	36
Olive Oil Exports	31	24	27	26	23
Other Exports	<u>64</u>	<u>72</u>	<u>85</u>	<u>56</u>	<u>67</u>
<u>Total Exports:</u>	117	122	137	120	133
Equipment Imports	44	52	67	77	67
Raw Material & semi fin.	53	65	79	81	93
Energy	15	18	13	11	12
Consumer Goods	55	51	51	42	39
Cereals	26	12	6	16	10
Other Foods	24	25	32	18	20
cif-fob adjustments	<u>-14</u>	<u>-4</u>	<u>-1</u>	<u>-3</u>	<u>-10</u>
<u>Total Imports (fob):</u>	202	219	247	243	230
Trade Balance:	-85	-97	-110	-123	-97
Gross Tourism Receipts	4	8	12	18	28
Interest Payments	+2	-2	-4	-8	-12
Oil Profits	0	0	0	0	0
Other Services - Net	<u>-22</u>	<u>-31</u>	<u>-35</u>	<u>-54</u>	<u>-44</u>
<u>Total Services - Net</u>	-16	-25	-27	-44	-28
<u>Goods & Services Balance</u>	-101	-122	-137	-168	-125

T A B L E N O. 8

US AID/TUNIS PROGRAMS 1957 - 66
(Obligations)

	In \$ millions				Fiscal Years			Total
	1957/60	1961	1962	1963	1964	1965	1966	
Technical Cooperation (DG)	5.6	2.0	5.8	1.2	0.3	1.0	2.0	17.9
Other Grant Assistance	59.5	24.8	10.0	(0.1)	-	0.1	-	94.3
Non-project Loans	3.5	-	10.0	15.0	10.0	10.0	15.0	63.5
Project Loans	<u>32.1</u>	<u>9.7</u>	<u>2.4</u>	<u>8.3</u>	<u>10.2</u>	<u>6.8</u>	<u>-</u>	<u>69.5</u>
Sub Total	100.7	36.5	28.2	24.4	20.5	18.4	17.2	245.9
<u>PL 480 Programs</u>								
Title I - Total	-	14.3	5.3	11.8	4.2	16.2	0.8	52.7 *
Country Use Funds	-	11.4	4.5	10.6	3.8	13.2	0.6	44.1
U. S. Use Funds	-	(2.9)	(0.8)	(1.2)	(0.4)	(3.1)	(0.2)	(8.6)
Title II - Total	33.1	57.2	11.5	21.9	16.9	19.3	0.8	160.7 **
Title III - Total	<u>1.5</u>	<u>0.6</u>	<u>0.7</u>	<u>2.0</u>	<u>1.5</u>	<u>1.9</u>	<u>1.0</u>	<u>9.2 **</u>
Sub Total	34.6	72.1	17.5	35.7	22.6	37.5	2.6	222.6
Total	135.3	108.6	45.7	60.1	43.1	55.3	19.6	467.7

Note: Details may not add to totals due to rounding

* World market prices

** c.c.c. prices

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T A B L E N O. 9

FOREIGN EXCHANGE GRANTS

(In thousands of dollars)

Project grants8.850
Disaster relief	350
	9.200
<u>Commodities</u>	
Petroleum products	13.100
Sugar	13.200
Tea, Rice, Paper	3.600
Jute Bags, cotton fabrics900
Sulphur600
Surplus agricultural commodities	7.200
	38.600
<u>Hard Currency Grants</u>	
U. S. Dollars.	20.000
Foreign Currencies *	26.500
	46.500
Total	94.300

* Dollar equivalent resulting from "triangular transactions."

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T A B L E N O. 10

DEVELOPMENT LOANS AUTHORIZED
(In \$ millions)

	<u>Loan No.</u>	<u>FY</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>
<u>Project Loans</u>			
Agriculture Development Bank	A-007	1961	4.66
Agricultural Equipment	A-016	1963	6.50
<u>Water Resources</u>			
Nabana River Dam	A-005	1960	18.00
Tunis-Sfax Water) El Haouaria irrigation)	H-012	1962	2.40
<u>Transport, Power, Communications</u>			
National Railways	A-004	1959	2.75
Tunis-Carthage Airport	A-006	1960	5.10
Electrical Distribution	H-021	1965	7.40
Road Equipment	H-025	1965	6.75
Airport Fire/Crash Equipment	H-027	1967	.23 *
Airport A&E services	H-028	1967	.50 *
<u>Industry and Mining</u>			
Kasserine Pulp Mill	A-003	1958	6.25
Kasserine Pulp Mill (Management)	A-003	1964	.80
Industrial Development Bank-STB	A-008	1961	5.00
<u>Human Resources</u>			
University of Tunis	H-015	1963	1.80
Chott Marja Agricultural School	H-016	1964	2.00
Sub Total			70.14
<u>Non-Project Loans</u>			
Commodity Assistance (MSP)	B-001	1957	2.50
Commodity Assistance (MSP)	B-002	1958	1.00
Commodity Imports	H-011	1962	10.00
Commodity Financing	H-015	1963	15.00
Commodity Financing	H-019	1964	10.00
Commodity Financing	H-024	1965	10.00
Commodity Financing	H-026	1966	15.00
Commodity Financing	H-033	1967	15.00 *
Sub Total Non-Project Loans			78.50
Total - Development Loans			148.64

* Not Included in Table No. 8

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T A B L E N O. I I

TECHNICAL ASSISTANCE

by field of activity

Cumulative Totals (FY 1957-1967)

<u>Sector</u>	<u>Amount (\$ millions)</u>
Agriculture	4.3
Water Resources	3.1
Human Resources	2.7
Transport, Power and Communications	.9
Industry	1.6
Various Programs	2.3
Technical Support	3.0
	<hr/>
	17.9

Note: As of March 1, 1967

U. S.-financed technicians in Tunisia	80
Participants sent to the U. S.	623
Participants sent to other countries	401

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TABLE NO. 12

FOOD FOR FREEDOM PROGRAMS

Sales Agreements	(Title I, PL 480) Commodities	Metric Tonnage	World Market Value \$ million
June 30, 1961	Wheat	175,000	15.3
	Barley	50,000	
	Corn	5,000	
February 16, 1962	Wheat	50,000	5.7
	Barley	28,000	
September 14, 1962	Wheat	95,000	15.7
	Soybean Oil	34,000	
April 4, 1964	Cotton	1,560	2.9
	Corn	4,000	
	Soybean Oil	8,000	
	Poultry	60	
February 17, 1965	Wheat	90,000	13.1
	Cotton	2,300	
	Soybean Oil	20,000	
	Feedgrain	40,000	
July 30, 1966 *			5.3
September 19, 1966 *			8.1
March 17, 1967 *			13.8
	Total		<u>79.9</u>

* Does not appear on Table No. 8

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T A B L E N O. 13

FOOD FOR FREEDOM PROGRAMS

(Title II PL 480)

Cumulative Totals - Commodities Delivered Through Fiscal Year 1966

<u>Purpose</u>	<u>Commodities</u>	<u>Metric Tonnage</u>	<u>WMP Value \$ million</u>	<u>CCC Value \$ million</u>
LCSD	Wheat	650,817		
	Barley	2,000	48.9	102.2
Child Feeding	Flour	3,337		
	Wheat	52,897		
	Milk	5,789		
	Beans	456		
	Cheese	1,206		
	Butter	1,735		
	Oil	420	8.6	16.1
Algerian Refugees	Wheat	65,756		
	Rice	7,056		
	Milk	459		
	Cheese	514		
	Flour	1,095		
	Beans	210	7.3	15.2
Emergency Animal Feed	Corn	54,717	3.7	13.2
		23,124		
World Food Program	Corn	14,142	1.1	0.8
Total				<u>147.5</u> *

(Title III PL 480)

Distributing Agencies

AJDC	Beans	1,185		
CRS	Cheese	345		
CARE	Milk	6,953		
UNICEF	Cornmeal	9,134		
	Flour	26,279		
	Vegetable Oil	986		
	Rice	227		
	Butter	53		
	Bulgar	8,915		
	Rolled Wheat	2,029	7.3	9.2

*The difference between this total and figures shown in Table 8 represent CCC value of commodities programmed but not delivered as of June 30, 1966.

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T A B L E N O. 14

PARTICIPANTS -- FY 1957-1966

by major field of activity

<u>Activity</u>	<u>U. S.</u>	<u>OTHER COUNTRIES</u>	<u>TOTAL</u>
Agriculture	203	131	334
Industry	161	163	324
Education	194	13	207
Public Administration	58	71	129
Public Safety	120	4	124
Labor	28	38	66
Communications Media	10	5	15
Leadership	7		7
<hr/>			
TOTAL	781	425	1,206

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Planned for Fiscal Year 1967 (All to U. S.)

Agriculture	34
Industry	39
Education	12
Public Safety	5
Field not yet established	40

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