UNITED STATES AID PROGRAM TO TUNISIA

March 1963

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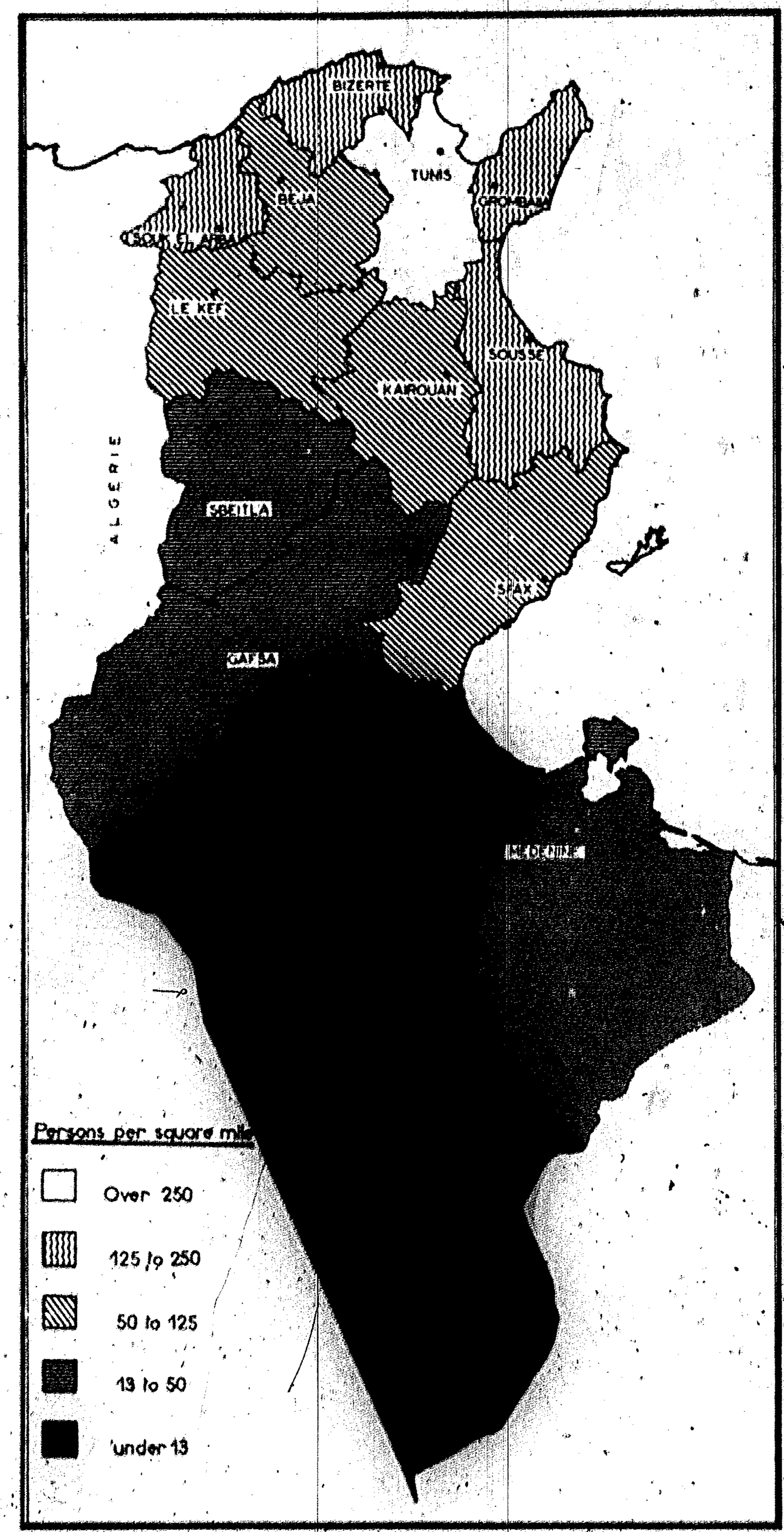

BIZERTE
TUNIS
BEJA
GROMBALIA
SOUK EL ARBA
LE KEF
SOUSSE
KAIROUAN
ALGERIE
SBEITLA
SFAX
GAFSA
Persons per square mile
Over 250
125 to 250
50 to 125
13 to 50
under 13

INTRODUCTION

ECONOMIC BACKGROUND

Pre-Independence Period

Two Tunisias 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-fourth of the population, and was growing faster than the total output of the country. Engaged mainly in low-yield agriculture and handicrafts, the annual per capita income of this sector was barely $60. There were large numbers of unemployed and underemployed people, and substantial migration from the rural to the urban areas was taking place.

The modern Tunisia, made up of the remaining one-fourth of the population, included some 300,000 Europeans. This sector comprised the large grain and wine producers; the owners and managers of mines and light industry; the builders and the entrepreneurs, the people engaged in trade and commerce, 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 five or six years immediately preceding independence, the French Government undertook a "Modernization and Equipment Plan" for Tunisia. This plan involved large expenditures for rebuilding war damage and for improving o. expanding railroads, communications, ports, power plants, roads, utilities and irrigation projects. It is estimated that this investment amounted to more than 240 million dollars from 1950 to 1957. Gross investment was about 20% of Gross Domestic Product, 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 G.D.P.).

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

The Government of Tunisia, therefore, turned its attention to economic growth. Austerity measures such as increased savings, curtailment of luxury goods imports, price controls and generally holding the line on wages were initiated; large numbers of the unemployed and underemployed were incorporated into the development effort; a ten-year Development Perspective setting forth goals to be attained by 1972 was formulated; a three-year Plan of Economic Development was promulgated, and efforts and actions generally subordinated to this plan.

Tables 1 through 8, Part II, provide additional data.

HISTORY OF THE AID PROGRAM

In December 1956, a Special Mission came to Tunisia to study the feasibility, and suggest the scope and composition, of U.S.

assistance to the newly-independent country. As a result of the recommendations of this Mission, a Bilateral Agreement for Economic and Technical Assistance was signed on March 26, 1957. This agreement created the U.S. Special Mission for Economic and Technical Cooperation (USAID/Tunis).

In October 1960, President Eisenhower, in response to a letter from President Bourguiba, expressed the willingness of the U.S. Government to consider a request for increased assistance; he suggested that a high level team visit Tunisia later in 1961.

In his address of March 27, 1961, President Kennedy announced the policy of long-term assistance to countries that met certain conditions: comprehensive plans for economic development; a large measure of social justice, and a demonstrated ability to mobilize their own resources.

In the course of his visit to the United States in May 1961, President Bourguiba stressed that Tunisia was at work on a development plan, based on the very criteria set forth by President Kennedy. As a result, an American team visited Tunisia in November 1961. This team reviewed in detail the Ten-Year Perspective and a draft of the Three-Year Plan; recommended that the United States make a long-term aid commitment to Tunisia, and proposed a level of assistance in the vicinity of $180,000,000. A commitment for this amount, subject to annual appropriations, was announced on July 30, 1962.

COMPOSITION OF THE AID PROGRAM

The U.S. assistance program to Tunisia is a blend of financial aid, technical cooperation and U.S. surplus agricultural commodities.

Financial aid consists of dollar and hard currency grants, and development loans from various sources. Dollar grants have been made for commodity imports, purchase of equipment and for financing specific projects. Hard currency grants are the result of so-called "triangular arrangements". Under these arrangements, the proceeds of sales of American agricultural commodities to other countries

[illegible] Germany, France, for example) have been granted by the U.S. to Tunisia for purchases in those countries of goods needed by Tunisia [illegible] development program. The total amount of grants, from the [illegible]on of the program to June 30, 1962, is $90,400,000.

Ten loans have been granted thus far to the Tunisian Government: seven for financing specific projects, and three for purchases of equipment and materials. The total amount of these loans is $58,000,000.

Technical cooperation (labeled since 1961 "Development Grant") has been provided in a variety of fields, such as agricultural development, skills training, water resources development, education, management training, communications, tourism, civil aviation, housing, industrial development and employment services.

Technical cooperation is primarily concerned with sharing technological advances, new methods and improved techniques. Some funds are provided for the purchase of demonstration equipment. From 1957 to the close of Fiscal Year 1962, a total of $17,900,000 has been contributed to Tunisia under this part of the program.

Agricultural Surpluses

Since June 1961, the Governments of Tunisia and the United States have signed three sales agreements of surplus agricultural commodities (under Title I, Public Law 480). The total value of these commodities at world market prices, is $33,600,000. Of the dinar proceeds of these sales the U.S. Government has granted Tunisia the equivalent of $7,150,000 and, to this date, made available the equivalent of $12,608,000 in long-term loans for development projects. Under Titles II and III of Public Law 480, large amounts of surplus foods have been donated to Tunisia for various programs. The total value of these food donations, at world market prices and to the end of Fiscal Year 1962, is $47,200,000.

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, and b) foreign currency grants resulting from triangular transactions. From this counterpart account funds are released for approved development projects.

Tables 9 through 14, Part II, give breakdowns by type, year, field of activity, and other data regarding U.S. contributions.

THE CURRENT PROGRAM

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 the following, projects will be grouped by field of activity.

There are 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 expenditures of such funds for the purposes proposed by the Tunisian Government. These projects will be labeled "Counterpart Projects" and the funds allocated by the Tunisian Government from this account will be called "Counterpart Funds".

There are other projects where part or all of the U.S. contribution has been local currency derived from Public Law 480, Title I agreements. The words "U.S.-owned local currency" will identify this type of contribution.

In the following narrative, dollar equivalents are given for all contributions and investments in counterpart funds and U.S.-owned local currency.

Unless otherwise specified U.S. Government contributions are given to June 30, 1962.

AGRICULTURAL DEVELOPMENT

Many of the current projects aim at the development of this important sector of the Tunisian economy. Among them, one of the more extensive undertaken by the Tunisian Government is the development of the Lower Medjerda Valley - an area of about 740,000 acres capable of producing crops worth more than $60 million per year. Since 1958, USAID/Tunis has provided technical assistance, equipment valued at $88,000 and the equivalent of $447,000 in local currency.[1/] The Tunisian Government has earmarked for this project counterpart funds equivalent to $1,690,000. At present, USAID/Tunis is providing technical assistance in matters relating to soils classification and land use.

Already 600 farm families have been settled in newly irrigated lands in the Medjerda Valley. These lands yielded less than $50 per acre before the improvement program started; now, some of the new farms are grossing more than $400 per acre.

Through a "Fresh Fruit and Vegetable Improvement" project that started in 1959, vegetable production in Tunisia has increased from 260,000 tons in 1958 to 400,000 tons in 1963; many improved varieties of fruit and vegetables have been introduced; seed production of these varieties is underway with the cooperation of farmers, and eight nurseries are producing enough saplings to carry out the GOT fruit tree planting program.

Some 25,000,000 seedlings are being distributed at token prices to truck farmers from eight vegetable nurseries; seventeen demonstration centers are training farmers in modern methods. It is estimated that 20% of all Tunisian truck farmers are getting yields comparable to those obtained at experimental stations. The Horticulture Section

1/ Derived from a triangular transaction and owned by the U.S.

of the Ministry of Agriculture has grown from a 3-man operation to an organization employing 10 technicians and 145 employees; 60 farmers are cooperating with this Section in carrying out demonstrations on new techniques and the use of insecticides and fertilizers.

USAID/Tunis has provided technical assistance, seed and fruit trees. This contribution amounts to $205,000; the Tunisian Government has provided Counterpart Funds equivalent to $444,000 and local funds equivalent to $203,000 from other sources.

Complementing this activity, another project is endeavoring to enlarge present export markets and to develop new outlets for Tunisian fresh fruits and vegetables. As a result of technical assistance provided through this project, selection, grading, quality and packing standards have been adopted by the Government and the Tunisian fresh fruit and vegetable industry.

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

A modern poultry industry is well on its way in Tunisia, thanks mainly to a Poultry Improvement project that has provided technical assistance and commodities for the development of government poultry stations and private poultry farms. This year the Sidi Thabet station, the largest in the country, is distributing close to one million baby chicks to poultrymen who agree to have staffs trained at the station and follow the advice of technicians. Six substations are now in operation and 60 projects have been established at schools, private farms and private cooperatives. In the four years that this project has been in operation, annual production of eggs has risen from 300 million in 1958 to about 600 million in 1963.

The U.S. Government has contributed $534,000 to this project and the Tunisian Government has allocated to it $575,000 of which

$122,000 is in counterpart funds.

To strengthen the Tunisian Agriculture Extension Service USAID/Tunis has contributed $410,000 in technical services and demonstration equipment to the Ministry of Agriculture and to three training centers (see under Education and Training); the Tunisian Government has budgeted $200,000 for this activity.

To help general agricultural development, approximately three and a half million dollars have been granted to the Tunisian Government to finance the import of heavy equipment, trucks, and vehicles. With a few exceptions, the equipment has been delivered and put to use in land leveling and grading, construction of terraces and other land improvement works. Some of this equipment has also been used in road construction and similar projects.

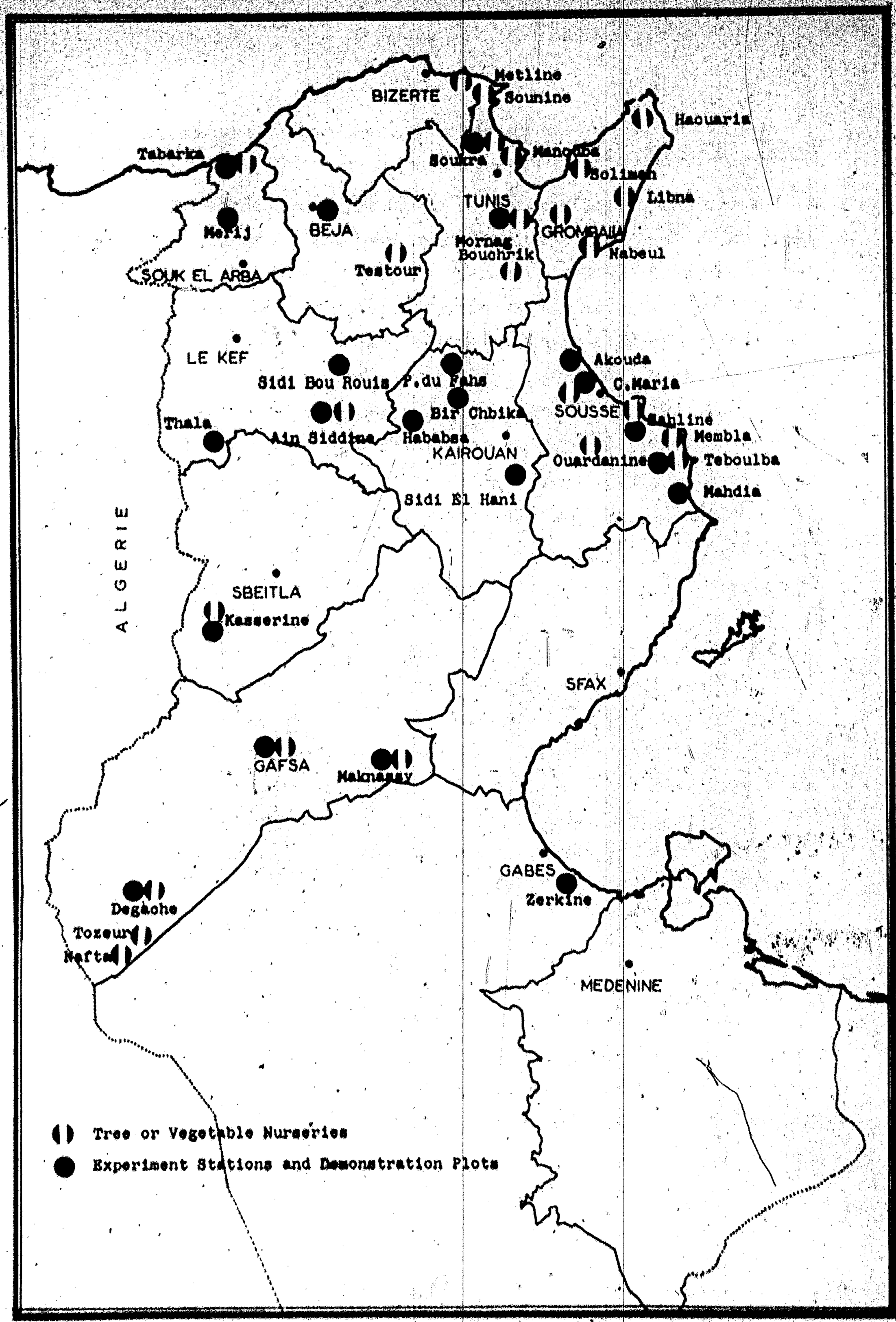
Technical assistance has been given to the National Agricultural Bank to improve its services, including use of mobile bank units to serve rural areas. The U.S. has contributed $144,000 to this phase of the operation.

Through a contribution of $3,955,000 in U.S.-owned local currency and the allocation of $2,500,000 in counterpart funds, a revolving loan fund was created in this bank. As of December 31, 1962, 5,024 loans have been made from this fund, for a total of $5,096,300.

A dollar Loan Fund was created through a Development Loan Fund line of credit of $5,000,000. To January 1, 1963, 68 loans have been made from this fund for a total of $317,223,000.

Counterpart Projects

In addition to the foregoing the Tunisian Government has budgeted approximately $6,400,000 in counterpart funds for a number of projects contributing to the agricultural development of the country, in such fields as drainage and flood control, reforestation, irrigation, and land improvement.


Metline
BIZERTE
Sounine
Haouaria
Tabarka
Soukra
Manouba
Solimen
Libna
TUNIS
Mefij
BEJA
GROMBALIA
Mornag
Bouchrik
Nabeul
SOUK EL ARBA
Testour
LE KEF
Akouda
Sidi Bou Rouis
F.du Fahs
C.Maria
SOUSSE
Bir Chbika
Thala
Ain Siddine
Hababsa
Kashline
Membla
KAIROUAN
Ouardanine
Teboulba
Sidi El Hani
Mahdia
ALGERIE
SBEITLA
Kasserine
SFAX
GAFSA
Maknassy
GABES
Zerkine
Degache
Tozeur
Nefta
MEDENINE
Tree or Vegetable Nurseries
Experiment Stations and Demonstration Plots

WATER RESOURCES DEVELOPMENT

Water Resources Development is an important phase of the Medjerda Valley Project. Several other projects in this field have been undertaken by the Government of Tunisia with U.S. assistance: Largest among them is the construction of the Oued Nebana River Dam, besides construction of the dam proper, construction of more than 80 miles of concrete pipeline, an irrigation system for 14,000 acres, and installation of an 80 KW power plant. When completed, this project will provide an additional source of water for the city of Sousse. The U.S. Government has lent $18,000,000 for this project, matched by an equivalent amount from the Tunisian Government. Completion of the dam, presently being constructed under contract by the Utah Construction Company, is scheduled for 1965.

Basic to the sound development of water resources are feasibility studies, and plans and specifications for storage dams. Under a project agreement, USAID/Tunis has provided technical assistance, and financing for a contract to conduct studies regarding location of storage dams. U.S. contributions amount to $355,000. The Government of Tunisia has allocated to this project $441,200 in counterpart funds.

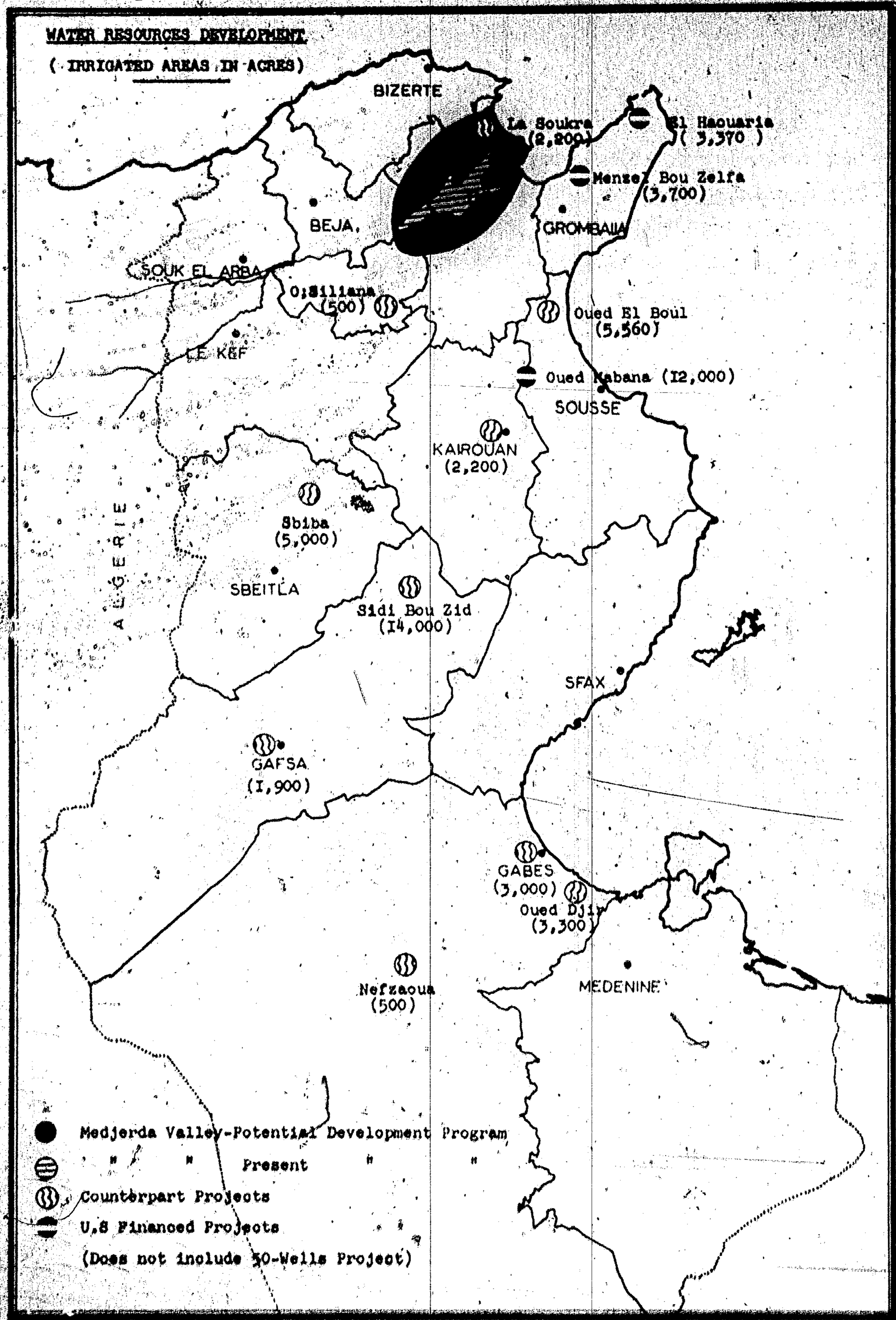
Other water resources development projects are:

A loan of $2,400,000 (the agreement was signed on February 2, 1963) to increase the water supply for Tunis and Sfax, and construct an irrigation system for 3,300 acres in the Cap Bon area. (The Government of Tunisia has allocated $2,800,000 of its own funds to this project).

Installation of 50 wells to provide water for 60,000 persons and irrigate about 3,400 acres; this project will serve to train GOT crews in modern well-drilling and development techniques. USAID/Tunis has provided technical assistance in completing all preliminary studies and plans - including feasibility studies - for this project, and in developing a ground water resources report of the Sahel area. It has allocated funds for equipment, contracts and other costs of the project, amounting to a contribution of $2,106,000 to date.

Counterpart Projects

The Government of Tunisia has allotted approximately two and a half million dollars in counterpart funds for the provision of urban water supply, rural domestic water systems, sewer systems, development of underground water resources and similar projects.


WATER RESOURCES DEVELOPMENT
(IRRIGATED AREAS IN ACRES)
BIZERTE
La Soukra (2,200)
El Haouaria (3,370)
Menzel Bou Zelfa (3,700)
BEJA
GROMBALIA
SOUK EL ARBA
Oued Sillana (500)
Oued El Boul (5,560)
LE KEF
Oued Nabana (12,000)
SOUSSE
KAIROUAN (2,200)
ALGERIE
Sbiba (5,000)
SBEITLA
Sidi Bou Zid (14,000)
SFAX
GAFSA (1,900)
GABES (3,000)
Oued Djir (3,300)
Nefzaoua (500)
MEDENINE
Medjerda Valley-Potential Development Program
" " Present " "
Counterpart Projects
U.S Financed Projects
(Does not include 50-Wells Project)

INDUSTRIAL DEVELOPMENT

Feasibility studies, management training and consulting services generally support industrial development and specific projects in this field.

Through a U.S. financed contract with the Wolf Management Engineering Company, specialized services have been made available to the Tunisian Government, and especially to the National Investment Corporation, to assist in conducting feasibility studies to determine the possibilities for new industrial ventures and expansion of existing facilities.

This project has assisted the National Investment Corporation in establishing an asbestos cement pipe plant, sheet and moulded products plants, and in solving problems related to the building materials and other industries. In addition, studies have been completed covering textiles, caustic soda, chemical fertilizers and fibro-cement production, and an Industrial Development Center. The U.S. has contributed $333,000 to this project.

Through another project, bilingual, third-country technicians in critically needed skills have been provided.

These technicians have helped conduct feasibility studies in such industries as cork, rubber products, bottling, phosphates and tourism. They have served, besides, in banking, insurance, and food processing firms and various government departments. USAID/Tunis has provided $150,000 for this project.

Development projects in specific industries include:

A $6,250,000 DLF loan for the construction of a plant to make paper pulp from esparto grass at Kasserine. Annual capacity of this plant, when in full operation will be 30,000 tons of pulp. Since it is planned to export the total production to England (for production of very fine paper), the plant should provide Tunisia with foreign

exchange estimated at $5,400,000 per year. The Tunisian Government has budgeted $6,000,000 from its own resources for this plant.

Through technical assistance to the Sfax-Gafsa Company, a partially-owned government phosphate mining company, a pilot plant to enrich Tunisian rock phosphates - one of the country's largest natural resources - has been put into operation; the tests required to analyze results are under way. This may lead to the acquisition of $7,600,000 of new plant and mining equipment. The U.S. Government has contributed $24,000 to this project.

$22,000 has been provided by USAID/Tunis to finance a study of fertilizer use and marketing in Tunisia. A U.S. technician is at present engaged in this work which is intended to provide a basis for further feasibility studies regarding the establishment of a nitrogenous fertilizer plant. The "Industries Chimiques Magrebines", the firm that may eventually establish the plant, has contracted a French concern to carry out feasibility studies.

Technical assistance (U.S. contribution $120,000) has been provided to the Tunisian Development Bank (Societe Tunisienne de Banque) to assist in the operation of two revolving funds administered by this banking institution: an Industrial Revolving Loan Fund, established through the allocation of $5,500,000 in counterpart funds and $260,000 in U.S.-owned local currency, and a dollar revolving loan fund established through a DLF line of credit of $5,000,000.

From the local currency revolving fund, 120 loans have been made for a total of 3,596,000 Dinars ($8,631,600). These loans have made possible plant expansion and new installations valued at nearly $13,500,000. These new production facilities are providing employment to 2,800 skilled Tunisians with a total annual take-home pay of

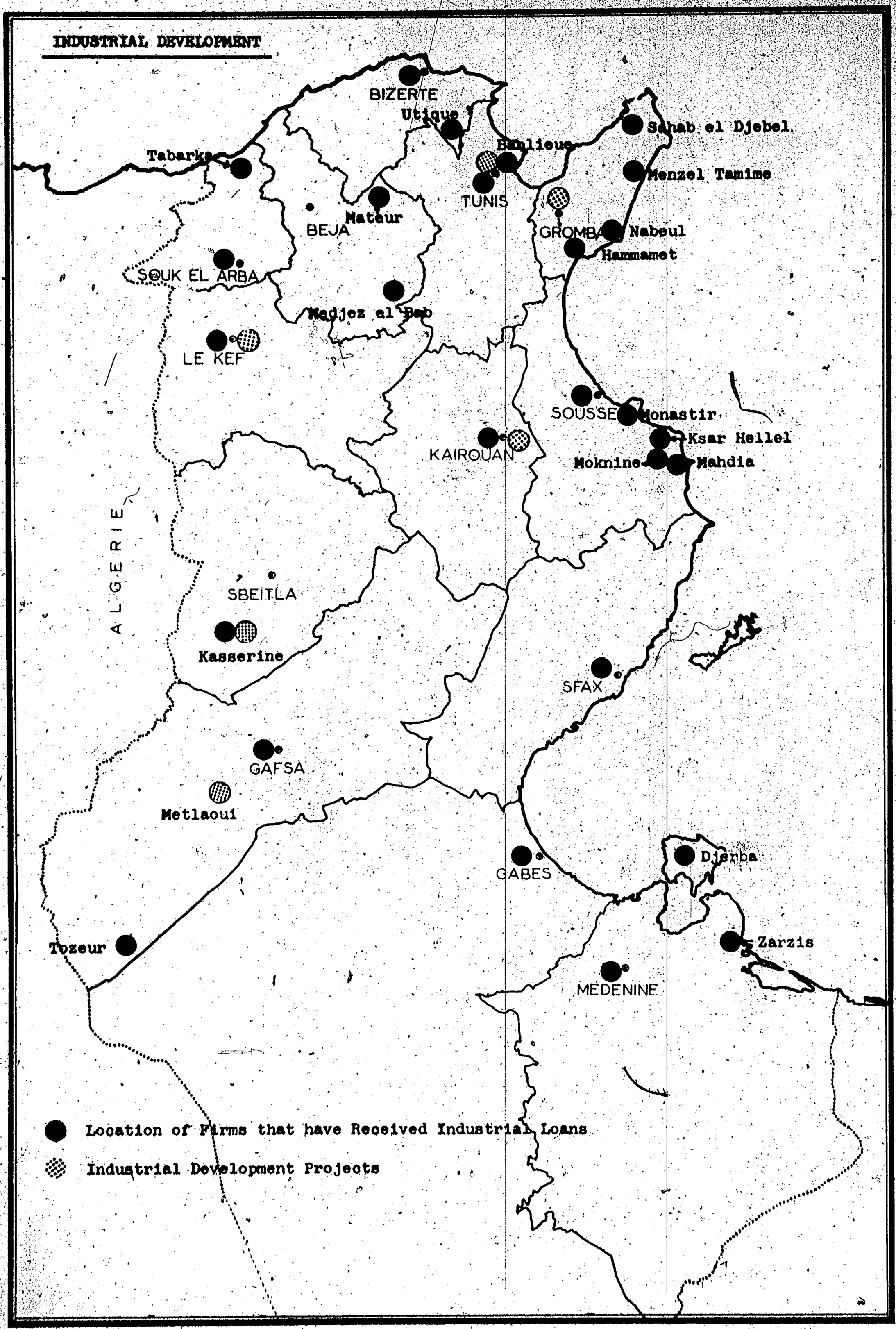
nearly $2,500,000.

From the dollar revolving fund 9 loans have been made to date for a total of $1,160,000. These loans have helped 6 different types of industries and resulted in the employment of 970 new workers.

The U.S. has contributed an amount of $200,000 for the modernization of equipment at the Tunisian Topographic Service.

Counterpart Projects

The Government of Tunisia is investing $2,359,000 in counterpart funds for electrification; $3,721,000 for low-cost housing; $668,900 for development of tourism, and $16,800 for improving accounting methods at the Tunisian Association of Industry and Commerce.


INDUSTRIAL DEVELOPMENT
BIZERTE
Utique
Banlieue
Sahab el Djebel
Tabarka
Menzel Tamime
TUNIS
Mateur
BEJA
GROMBA
Nabeul
Hammamet
SOUK EL ARBA
Medjez el Bab
LE KEF
SOUSSE
Monastir
Ksar Hellel
KAIROUAN
Moknine
Mahdia
ALGERIE
SBEITLA
Kasserine
SFAX
GAFSA
Metlaoui
Djerba
GABES
Zarzis
Tozeur
MEDENINE
Location of Firms that have Received Industrial Loans
Industrial Development Projects

TRANSPORT AND COMMUNICATIONS

In addition to agricultural equipment, which has been used in part for the construction of roads, $2,892,000 has been contributed by USAID/Tunis to replace obsolete and worn-out heavy road construction equipment. The Tunisian Government has allocated a total of $3,000,000 to this project. Part of this project involves training local personnel in maintenance and repair of heavy equipment.

Other cooperative projects aiming at the development of transportation facilities are:

Helping Tunisia to develop an adequate airways system through training local personnel in air traffic control and operation and maintenance of navigational aids. (U.S. contribution $70,000).

Through a DLF loan of $2,750,000, the Tunisian National Railroads have purchased 12 self-propelled coaches, 25 other coaches and foundry equipment. (The additional rolling stock has resulted in an increase of 1,200,000 in passenger traffic per year). A second loan of $4,200,000 to the National Railroads for the purchase of additional motorized equipment, machine tools and rails is under consideration.

To help the National Railroads improve the operation of their steel foundry plant, $125,000 has been contributed to finance a team of five foundry specialists who will arrive shortly to assume operational responsibility of major departments while training Tunisian technicians.

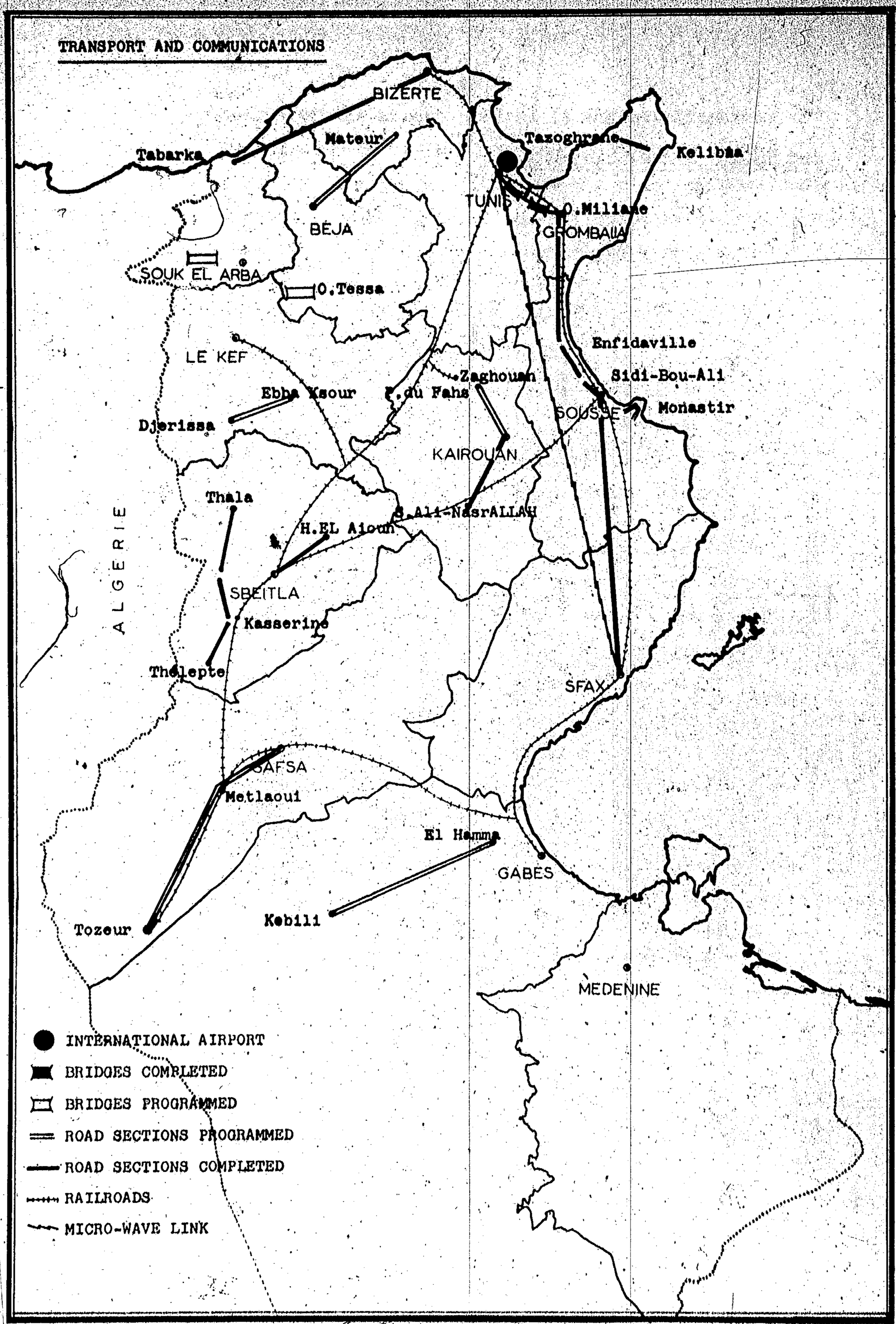
A DLF loan of $5,100,000 was granted the Tunisian Government to finance the foreign exchange costs of the Tunis Airport to make it suitable for international jet aircraft traffic. The Tunisian Government has budgeted $1,773,000 in counterpart funds and the equivalent of $5,300,000 from other sources to this project. The runway has been completed and engineering studies for navigational aids, a control tower and a lighting system are in progress.

Ten road sections and two bridges have been completed through a project that calls for construction of 16 separate road sections and 4 bridges. The Tunisian Government has allocated $2,204,000 in counterpart funds and $1,890,000 from other sources to this project.

Through Tunisian investments of $286,000 in counterpart funds and $263,000 from other sources, the Mahdia fishing port is being improved to harbor larger and heavier fishing vessels. Work on this project is about 60% completed.

A U.S. grant of $596,000 and a Tunisian investment of an equivalent amount have been dedicated to the establishment of a microwave link between Tunis and Sfax. This project is nearing completion.

TRANSPORT AND COMMUNICATIONS



HUMAN RESOURCES DEVELOPMENT

Education and Training

Projects undertaken in this field range from vocational training to university education.

$2,522,800 in U.S.-owned local currency has been granted to the Ministry of Agriculture for the construction and equipment of six vocational agricultural schools.

The establishment of a Land Grant-type Agricultural School at Chott Maria, near Sousse, is the purpose of another project to which USAID/Tunis has allocated $1,041,000. The school will have an initial 500 student capacity, with provisions for expansion to 1,000. During the first three years, this school will be a vocational school; it will then become a college conferring a degree equivalent to a U.S. Bachelor of Science. A contract has been entered into with Texas A&M for partial staffing of the school and for training future Tunisian faculty members. The Tunisian Government has awarded two contracts for construction of temporary school facilities.

To help meet a need for additional professional competence in Tunisia, USAID/Tunis is cooperating in two projects; through one of these from one to three years of college education is provided to young Tunisians who are expected to assume supervisory positions in private industry and government service. USAID/Tunis has contributed $221,000 to this project through its Participant Program. (See below).

The objective of the second project is the establishment of a School of Law, Economics and Business Administration in the University of Tunis. The project involves the planning and construction of the school, graduate instruction of Tunisians who will become faculty members, and staffing the school with interim professors until trained Tunisians will have been recruited.

Preliminary plans for the school, prepared by an American architectural firm, have been accepted by the GOT.

For the technical assistance component of this project, USAID/Tunis has contributed $307,000; the Tunisian Government has allocated $225,000. A loan of $3,484,800 is being considered for the construction and equipment of the school, including books for its library.

An amount of $169,000 and $211,700 in counterpart funds have been allocated to date to the Bourguiba Institute of Living Languages a part of the University of Tunis, for the establishment of a modern laboratory equipped center that provides intensive English language training to some 400 participants and Tunisian teachers each year.

$123,000 has been provided by USAID/Tunis to defray the costs of middle management seminars and on-the-job training of workers in key sectors of the economy. More than 600 Tunisians have participated in seminars on Accounting and Financing, Management Controls, and Personnel Administration; 52 trainees on cellulose plant operations are scheduled to undertake training in European countries.

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

The Ministry's printing facilities have been strengthened through

provision of training, technical advice and equipment. USAID/Tunis has contributed $185,000 to this activity.

Through a contribution of $71,000, training, technical assistance and equipment have been provided to the Ministry's National Technical Film Library. This library services schools, clubs, associations and other government agencies, 13 Information Centers and 6 Community Centers. Through the operation of 17 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 135,000 each month. The Library also produces sound versions of foreign technical films in French and Arabic.

USAID/Tunis has granted $3,001,700 in U.S.-owned local currency for the construction of 805 primary school class rooms and 255 housing units for teachers, and for the enlargement and remodeling of secondary schools at Gafsa and Monastir.

USAID/T is assisting Tunisia in establishing apprenticeship and occupational training programs.

One occupational training center at Ariana, near Tunis, where automotive mechanics are being trained, was established through a contract with the Delgado Trades and Technical Institute. 180 young Tunisians have graduated from this center, and 60 are presently in training there.

The U.S. has contributed $816,000, and the Tunisian Government has allocated $43,800 in counterpart funds to this center.

A sum of $801,000 in U.S.-owned local currency has been contributed to date for the establishment of occupational training centers at

Kairouan and Ben Arous, and a contribution of $300,000 for an apprenticeship training center at Tunis is under consideration.

Through technical assistance, traning of supervisory officials and supply of teaching materials, USAID/Tunis is contributing to the implementation of the Tunisian Government's plans for the establishment of in-job apprenticeship training and of 50 masonry training centers, 50 pre-apprenticeship centers, and 18 accelerated and skills improvement centers.

An interesting development in this connection is the negotiations that are being carried out, at USAID/Tunis initiative, for increased participation of French speaking European countries in this program, in which UN agencies (ILO and UNICEF) have played a major role.

Manpower Development and Utilization

One agency of the Tunisian Government -- the Manpower Service -- is responsible for both skills training and employment services. USAID/Tunis has provided technical assistance and financial help to this agency for the development of its training activities, as stated above, and for the establishment of a nation-wide system of employment services.

A pilot Employment Office in Tunis and local offices in three cities are now in operation. Through these offices an estimated 12,700 job applications have been processed, and approximately 3,700 job placements made. These offices have also conducted several labor market analyses, provided a modest amount of counselling and conducted aptitude tests for job seekers, and potential trainees, as well as tests for physically handicapped workers.

To date, the U.S. has contributed $109,000 to this activity, to which the GOT has allocated $140,000 in counterpart funds.

Administration

While the Middle Management seminars mentioned above contribute to reduce present shortages of qualified administrative personnel, USAID/Tunis has cooperated in two other activities that aim at further alleviating this shortage:

A planning committee has been established to develop curriculum and requirements for an Institute of Administration. The committee has completed a draft of the proposed curriculum. The Institute is designed to train administrative personnel for both government and private enterprise, and to conduct research in the Administration field.

As a stop-gap measure, USAID/Tunis has provided funds for contracting technically qualified personnel to fill critical vacancies in government services and private enterprise. The U.S. Government has contributed $486,000 and the Tunisian Government has allocated $50,000 in counterpart funds to this project.

The Participant Program

This program supports and complements most of the projects undertaken thus far. Through this program Tunisians are given grants to study abroad, so that they are able, upon return, to contribute to development activities.

Candidates for participant training are selected jointly by the Tunisian Government and USAID/Tunis.

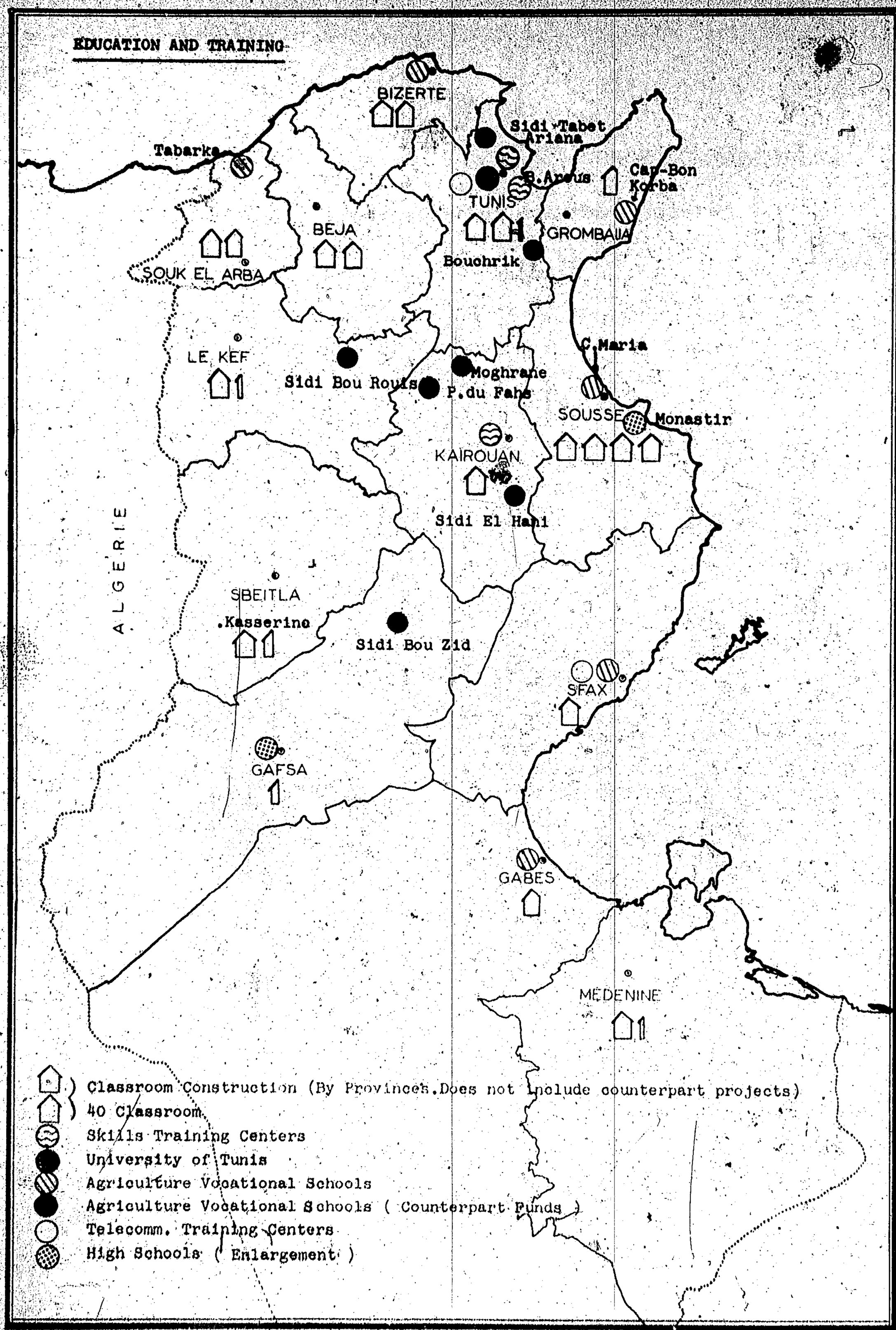
Individual training programs range from brief observation visits to four years of university training.

As of March 1, 1963, 827 Tunisians have been given participant grants at a total cost to the U.S. Government of $2,141,470. Of these participants, 507 have gone to the U.S. and 320 to European countries. (See Table 14, Part II).

Counterpart Projects

The Tunisian Government has earmarked $11,338,152 in counterpart funds and $3,639,271 from other sources for construction and enlargement of primary, secondary, technical and vocational schools, providing laboratory equipment and tools for technical and secondary schools and building housing units for primary school teachers. In addition, it has budgeted $1,597,000 in counterpart funds for vocational agricultural schools.

EDUCATION AND TRAINING



PUBLIC SAFETY

A project is being carried out with the Ministry of Interior to help national police forces maintain internal security through technical assistance in telecommunications and provision of some equipment. Two training centers for maintenance and operation of equipment have been established; Tunis is now connected by radio-telephone, radio-teletype and telegraph with all provincial headquarters, and these in turn with district stations through radio-telephone; mobile equipment for each district has been provided.

USAID/Tunis has contributed $1,680,000 to this project, which is to terminate in April, 1963.

FOOD FOR PEACE PROGRAM

As stated previously, from the proceeds of American agricultural surplus sales under Title I, Public Law 480, an amount equivalent to $7,150,000 has been granted, and the equivalent of $6,785,000 made available to the Tunisian Government in long-term loans for development projects.

The largest part of food donations made (under Title II, Public Law 480), is being used 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 a very large number of unemployed and substantially underemployed people. These people represent both a heavy burden to the Government and at the same time a great potential. Both to relieve the problem and take advantage of this potential, the Government of Tunisia decided on a Work Mobilization Program, dramatically labeled "the Struggle Against Underdevelopment". The idea behind this program is to use this labor potential in economically and socially useful projects, such as land clearance 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 June 1963 the United States will have contributed food valued at $91,000,000 to this program and the Tunisian Government will have paid cash wages amounting to $78,200,000.

In addition, the Government of Tunisia has allocated $3,460,000 in counterpart funds to this project.

Up to 250,000 Tunisians, and their dependents are being helped through this program.

A second part of the Food for Peace Program under Title II is a Child Feeding Program. Food donations are used to contribute to a School Luncheon Program and to help feed children out of schools. 255,000 children are being assisted through this part of the program

to which the United States will have contributed food valued at nearly $12,000,000 by June 30, 1963.

Surplus agricultural stocks were donated for an Emergency Animal Feeding Program following severe drouths. The value of the food contributed is approximately $1,200,000.

Food donations are being distributed also through Voluntary Agencies under Title III of Public Law 480. These agencies distribute surplus foods to needy families, institutions and health agencies throughout the country. The value of food distributed through these agencies to June 30, 1963, will have been about $4,500,000.

It is estimated that 136,000 persons are being helped through this part of the program.

PART II

TABLE 1

Facts and Figures

NATURAL RESOURCES

Area: 48,000 sq. miles

Agricultural Land

Total Productive Area		25,564,000 acres
Cultivated Area	9,880,000	
Planted in Tree Crops	2,470,000	
Range Lands	8,645,000	
Forest Lands	2,223,000	
Esparto Grass	2,346,500	
Total Non-Productive Area		6,545,500

Livestock Production (heads-in 1960)

Cattle	633,000
Goats	845,000
Sheep	4,000,000
Camels	172,000
Draft Animals	313,000

Principal Crops (1000 mt. tons) (a)

Wheat (durum)	370	Edible Legume Seeds	36
Wheat (bread)	110	Citrus	70
Barley	170	Other fruit	98
Olives (oil)	70	Dates	43
Grapes (table)	19	Vegetables	225
(wine)	50 (b)		

Agriculture contributes - 35-40% of GNP and accounts for about 50-60% of exports.

Mining and Minerals contribute - 5-8% of GNP and account for about 30% of exports. Chief minerals are phosphate rock, iron ore, lead and Zinc.

a) Average production based upon last 10 years.

b) Millions of gallons.

TABLE 1 (Continued)

Facts and Figures

Population Total		4,198,400 (a/o Jan. 1, 1961) Over 50% of the population is under 21 years of age.
Tunisians	3,990,400	
Other Moslems	98,000	
Europeans and others	110,000	
Annual Growth		2.2%
Density		87 per sq. mile (U.S., 55 per sq. mile)

Emigration	1956	1962
French	180,000	30,000
Italians	67,000	20,000

Education (School Year 1960-61)	
Literacy	Estimated at 28%
Schools	1,142 primary 110 intermediate or secondary
Students	492,184
Teachers	10,730
Health	
Medical Personnel	In 1960, 421 doctors. 1 per 9,800 inhabitants. (U.S. 1 per 760 inhabitants)

Labor Force		1,420,000
Agriculture	780,000	
Industry & Construction	128,000	
Others - Commerce, Services, Govt.	212,000	
Work Mobilization Program	300,000	

a) Between 1956 and 1960 there was a 23% reduction in the numbers of doctors practicing in Tunisia. After the Bizerte incident in July 1961, there was another exodus of doctors.

b) The GOT now reports that there are 300,000 people working part time in the work mobilization program. This would indicate that all workers previously reported as unemployed are now receiving some work.

TABLE 2

TUNISIA: Supply of Resources - Gross Domestic Product by Sector of Origin plus Imports; 1950, 1955, 1961

(In millions of dollars at 1957 prices)

	1950	%	1955	%	1961	%
Agriculture	144.5	32	129.8	26	140.0	23
Mining	16.3	4	22.6	4	19.0	3
Manufactures	46.1	10	51.6	10	81.0	13
Construction	29.5	7	29.3	6	41.0	7
Services+	213.1	47	272.4	54	341.0	54
Total	449.5	100	505.7	100	622.0	100
Indirect Taxes less subsidies	40.6		53.8		62.0	
Gross Domestic Product	490.1		559.5		684.0	
Imports of Goods and Services	153.4		167.3		215.0	
Total Resources	643.5		726.8		899.0	

+Note: Services consists of Electricity and Gas, Water; Transportation and Communications; Commerce, Banking, Insurance; Miscellaneous Services; Salaries of Officials.

TABLE 3

TUNISIA: Use of Resources, 1950, 1955, 1961

(In millions of dollars at 1957 prices)

	1950	1955	1961
Gross Domestic Product	490.1	559.5	684.0
Imports of Goods and Services	153.4	167.3	215.0
Total Supply of Resources	643.5	726.8	899.0
Use for:			
Consumption	404.4	540.0	634.0
Investment a/	100.8	84.6	129.0
Exports	138.3	102.2	136.0
Investment as a percent of total supply of resources	15.6%	11.6%	14.3%

a/ Gross Capital Formation

Tunisia: Central Government Operating Budget 1959, 1961, 1962

(In millions of dollars)

	1959	1961	1962
Revenues			
Direct taxes	22.4	23.9	23.1
Indirect taxes	70.7	77.8	81.4
Revenue from govt. monopolies and enterprises	31.4	20.4	19.8
Other receipts	8.1	11.1	10.9
Total	132.6	133.2	135.2

	1959	1961	1962
Expenditures			
Sovereignty (includes defense)	12.1	14.3	14.9
Public debt	12.6	13.3	13.8
General expenses (salaries and materials)	67.3	61.2	65.9
Grants for social, cultural and economic purposes	31.3	43.0	39.2
Surplus	9.3	1.4	1.4
Total	132.6	133.2	135.2

Tunisia: Central Government; Capital Budget 1959, 1961, 1962 a/

(In millions of dollars)

	1959	1961	1962
Sources of Finance			
Contribution from Operating Budget and other annexed budgets	9.3	12.4	14.8
Foreign aid (Grants & Loans	19.2	28.1	47.6
Treasury resources	24.6	43.0	37.1
Total	53.1	83.5	99.5

	1959	1961	1962
Expenditures			
Agriculture	19.0	22.1	28.0
Infrastructure	19.3	21.7	24.0
L.C.S.D.	4.9	27.6	35.0
Education & Training	5.4	5.9	7.0
Others	4.5	6.2	5.5
Total	53.1	83.5	99.5

Note a/ All 1962 figures are USAID/T estimates

TABLE 5

Tunisia: Balance of Payments in 1958, 1961, 1962

(In millions of dollars)

Current	1958	1961	1962 b/
Exports	153	115.0	116.0
Less:			
Imports	153	215.0	216.0
Trade deficit	0	100.0	100.0
Services			
Foreign govt. a/ expenditures (net)	75.0	29.0	16.0
Other	- 9.0	-8.0	-11.0
Totals:	66.0	-79.0	-95.0

Capital	1958	1961	1962 b/
Private capital outflow	66.0	-16.0	-18.0
Official capital and grants (-)	-20.0	-44.3	-62.0
Subscription to I.M.F.	3.0	-	-
Changes in gold and short-term capital c/	17.0	-18.0	-15.0
Net errors and omissions	-	-0. 7	-
	66.0	-79.0	-95.0

a/ The largest single factor here is French Government expenditures which decreased sharply in 1962, especially with regard to the maintenance and operation of the Bizerte base.

b/ The figures for 1962 are GOT estimates.

c/ Tunisian gold & foreign exchange reserves as of December 31

1958	1959	1960	1961	1962
58	97	97	79	58

TABLE 6

TUNISIA: Commodity Imports, 1958-1961

(In millions of dollars)

	1958	1959	1960	1961
All textiles, yarns, cloth	31.0	31.0	32.0	27.6
Petroleum products	15.0	17.0	18.0	18.6
All machinery and electrical equipment	15.0	14.0	24.0	27.3
Iron and steel semi-finished and finished products	10.0	8.0	14.0	14.1
Tractors, buses, trucks, cars and mother vehicle parts	12.0	14.0	19.0	16.0
Railroad equipment	--	0.5	0.2	2.7
Sugar	9.0	8.0	7.0	7.0
Fertilizers, paints and other chemical products	7.0	7.0	8.0	7.2
Pharmaceuticals	5.0	4.0	5.0	5.0
Wheat (Bread)	2.0	5.0	11.0	24.0
Other cereals	0.3	0.4	1.2	8.7
Fiber and wood products	3.0	4.0	5.0	5.5
Paper and paper products	5.0	4.5	5.0	5.8
Tires and other rubber products	3.0	4.5	5.0	4.6
Glass and ceramics	2.0	2.0	3.0	2.9
Tobacco	4.0	2.0	2.0	1.4
Tea	3.0	4.0	4.0	4.5
Coffee	1.5	1.5	1.0	1.2
Hides and leather	2.5	2.0	1.5	1.5
Shoes	0.7	0.3	0.4	0.7
Optical, photographic equipment	2.0	2.0	2.5	2.7
All others	18.7	17.1	22.6	26.2
TOTAL:	153.0	153.0	191.0	215.0

T A B L E 7

TUNISIA: Commodity Exports, 1958-1961

(In millions of dollars)

	1958	1959	1960	1961
Olive Oil	22.0	35.0	14.0	23.0
Wine	31.0	18.0	17.0	18.7
Phosphate Rock	20.0	18.0	15.0	16.0
Phosphates	7.0	6.0	6.0	8.4
Iron Ore	10.0	8.0	8.0	7.2
Wheat (Durum)	11.0	8.0	12.0	3.8
Barley	4.0	6.5	4.0	0.0
Semolina	5.0	4.0	4.0	1.4
Lead	6.0	4.0	3.0	3.4
Citrus	4.0	4.0	4.0	4.5
Cement	3.0	3.0	2.5	1.0
Alfa Grass	2.0	2.0	3.0	2.3
Sponges	1.6	0.9	1.0	0.8
Preserved Fish & Seafood	2.0	2.0	2.0	1.4
Hides and Skins	1.5	1.7	1.8	1.3
All others	23.0	21.0	23.0	21.8
TOTAL:	153.0	142.0	120.0	115.0

TABLE 8

TUNISIA: FOREIGN TRADE PATTERN
(In millions of dollars)

Major Trading Partners	1955	1958	1961
Exports to:			
France	49	95	61
Italy	7	12	10
U.K.	10	9	7
Western Germany	3	2	2
Yugoslavia	0.5	2	3
Soviet-Sino Bloc	1	3	7
U.S.	3	3	0.6
All others	15	27	19
Total	89	153	110
Imports from:	1955	1958	1961
France	113	110	114
U.S.	4	5	32
Italy	7	6	11
U.K.	2	5	6
Western Germany	0.2	3	10
Soviet-Sino Bloc	1	3	9
Ceylon	2	3	3
Yugoslavia	0.2	1	2
All others	21	18	28
Total	151	154	210

TABLE 7

TUNISIA: Commodity Exports, 1958-1961

(In millions of dollars)

	1958	1959	1960	1961
Olive Oil	22.0	35.0	14.0	23.0
Wine	31.0	18.0	17.0	18.7
Phosphate Rock	20.0	18.0	15.0	16.0
Phosphates	7.0	6.0	6.0	8.4
Iron Ore	10.0	8.0	8.0	7.2
Wheat (Durum)	11.0	8.0	12.0	3.8
Barley	4.0	6.5	4.0	0.0
Semolina	5.0	4.0	4.0	1.4
Lead	6.0	4.0	3.0	3.4
Citrus	4.0	4.0	4.0	4.5
Cement	3.0	3.0	2.5	1.0
Alfa Grass	2.0	2.0	3.0	2.3
Sponges	1.6	0.9	1.0	0.8
Preserved Fish & Seafood	2.0	2.0	2.0	1.4
Hides and Skins	1.5	1.7	1.8	1.3
All others	23.0	21.0	23.0	21.8
TOTAL:	153.0	142.0	120.0	115.0

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Soviet-Sino Bloc	1	3	7
U.S.	3	3	0.6
All others	15	27	19
Total	89	153	110
Imports from:	1955	1958	1961
France	113	110	114
U.S.	4	5	32
Italy	7	6	11
U.K.	2	5	6
Western Germany	0.2	3	10
Soviet-Sino Bloc	1	5	9
Ceylon	2	3	3
Yugoslavia	0.2	1	2
All others	21	18	28
Total	151	154	210

TABLE 9

TUNISIA: U.S. AID Programs 1957 - 1962

Obligations

(In millions of dollars)

Financial Assistance (FA):	FY 57	FY 58	FY 59	FY 60	FY 61	FY 62	TOTAL	TOTAL a/
Grants	5.5	14.0	19.4	19.5	25.0	11.2	94.6	90.4
Development Loan (Non-Project)	2.5	1.0	-	-	-	10.0	13.5	13.5
Development Loan (Project)	-	4.3	4.4	23.4	10.0	2.4	44.5	44.5
Technical Cooperation (DG) b/	.5	1.3	1.7	2.3	2.2	6.3	14.3	17.9
SUB-TOTAL	8.5	20.6	25.5	45.2	37.2	29.9	166.9	166.3
P.L. 480 Programs c/								
Title I	-	-	-	-	15.3	5.7	21.0	21.0
Title II, III	3.5	4.2	4.5	5.4	14.5	14.9	47.0	47.0
SUB-TOTAL	3.5	4.2	4.5	5.4	29.8	20.6	68.0	68.0
TOTAL	12.0	24.8	30.0	50.6	67.0	50.5	234.9	234.3

NOTES:

a/ This column reflects a reduction of $589,000 for cumulative TC/DG deobligations and transfer of $4,154,000 (6/30/62) of unliquidated prior year project FA to DG category per AID/W instructions.

b/ Termed Development Grant (DG) since 1962.

c/ At world market prices.

TABLE 10

TUNISIA: Financial Assistance Grants (USFY 1957-62)

Cumulative Totals

(In millions of dollars)

Commodity Imports	Value	Percent Share
Petroleum Products a/	11.5	12
Sugar	13.3	14
Heavy Equipment	9.5	10
Tea, Rice, Pepper	3.6	4
Jute bags, Cotton fabrics	0.9	1
Sulphur	0.6	0.5
Cash Grants b/		
U.S. Dollars	20.1	21
French francs	15.7	16.5
German marks	12.1	13
Italian lira	7.5	8
TOTAL	94.6 c/	100

NOTES:

a/ In 1958 petroleum imports of $3.5 million were financed by loans.

b/ Dollar equivalents of foreign currency derived from Triangular Transactions.

c/ This figure does not reflect the changes described under a/, Table 9.

TABLE 11

TUNISIA DEVELOPMENT LOANS
(in thousands of dollars)

Project Loans

Project	Loan Nº	Date Signed	Amount
Cellulose Plant	A-003	5-13-59	6,250
National Railways (SNCFT)	A-004	5-27-59	2,750
Nebana River, Dam	A-005	10-11-60	18,000
Tunis Airport (El Aouina)	A-006	1-27-61	5,100
Banque Nationale Agricole (Agricultural Development Bank.)	A-007	6-27-61	5,000
Industrial Development Bank (STB.)	A-008	6-27-61	5,000
Tunis-Sfax Water; El Haouaria Irrigation	A-012	2-15-63	2,400
			44,500

Non-Project Loans

Non-Project (MSP)	B-001	6-11-57	2,500
Non-Project (MSP)	B-002	6-30-58	1,000
Non-Project	H-011	11-27-62	10,000
			13,500

TABLE 12

TUNISIA: Technical Assistance (Development Grants)

Cumulative Totals USFY 1957-62

(In millions of dollars)

Sector	Value	Percent Share
Agriculture	3.6	24
Water Resources Development	2.8	19
Technical Support	2.0	14
Industry	1.7	12
Education	1.5	11
Employment and Training Service	1.0	7
Government and Management Training Service	0.8	6
General & Miscellaneous	0.9	7
TOTAL:	14.3 a/	100

NOTE:

As of January 1963 50 U.S. financed technicians in Tunisia b/

496 Participants sent to the U.S.

293 Participants sent to Third Countries.

a/ This figure does not include the changes described under footnote a/ table 9.

b/ Excludes staff financed from AID/W Administrative Funds.

TABLE 13

TUNISIA P.L. 480 Programs, Title I

Sales Agreement	Commodities	Metric Tonnage	Value (In million $)
June 30, 1961			
	Wheat	175,000	15.3
	Barley	50,000	
	Corn	6,000	
February 16, 1962			
	Wheat	50,000	5.7
	Barley	28,000	
September 14, 1962			
	Wheat	95,000	12.6
	Oil	20,000	

TABLE 14

TUNISIA: P.L. 480 Programs, Title II

Cumulative Totals through FY 1962

Purpose	Commodities	Metric Tonnage	World Market Value (in million $)
Famine Relief	Wheat	45,000	3.5
Child Feeding	Flour	3,353	
	Wheat	27,369	
	Milk	3,215	
	Cheese	1,202	4.8
LCSD	Wheat	345,470	
	Barley	2,000	26.2
Relief to Algerian Refugees	Wheat	65,681	
	Rice	7,100	
	Milk	460	
	Cheese	506	
	Flour	980	
	Beans	200	7.5
Emergency Animal Feed	Corn	70,000	
	Sorghum	15,000	3.4
		TOTAL:	45.5

TUNISIA: P.L. 480 Programs Title III

Cumulative Totals through FY 1962

Distributing Agency	Commodities	Metric Tonnage	World Market Value (in million $)
U.S. Voluntary Agencies	Flour	4,536	
	Milk	797	
	Cornmeal	102	
	Rice	139	
	Cheese	59	
	Oil	455	
	Beans	108	1.1
UNICEF	Milk	1,599	.6
		TOTAL	1.7

TABLE 15

Participant Program

Participants by Field of Activity

(to 2/28/63)

Agriculture and Water Resources Development	204
Industrial Development	201
Education and Training	144
Public Safety	72
Public Administration	57
Manpower Development	44
Banking, Credit and Finance	28
Community Development	25
Building and Housing	23
Transport and Communications	17
Communication Media	12
	827

TUNISIA - March 1963

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