

1

UNITED STATES OF AMERICA
AID MISSION TO TUNISIA

PROJECT COMPLETION REPORT

- I. PROJECT TITLE: Societe Tunisienne de Banque (STB) Revolving Loan Fund
- II. PROJECT NO: 664-0183
- III. DATE PROJECT INITIATED: December 1957
- IV. PROJECT TERMINATION DATE: December 1981
- V. FUNDING ~~xxx~~SOURCES:

1. U.S. Funds - Net Obligations (\$000 U.S.)

| | Local Currency Financing Dollar (D000) | Dollar Equivalents Trust Fund and/or XXX Owned Local Currency (\$000) |
|--|---|---|
| Total - From FY <u>1958</u> | | |
| TO FY <u>1969</u> | | |
| US Technical Services Counterpart Funds | 2,310 | 4,620 xx |
| Participants Title I (104f) Funds | 1,110 | 2,182 x |
| Commodity Countervalue | 1,000 | 2,000 xx |
| Contract Services (CIP Loans) | | |
| Other | | |
| TOTAL | 4,420 | 8,802 |

2. Cooperating Country Resources

| | | |
|-------------------------------|-------|-------|
| Total XXXXXXXXXXXX | 4,420 | 8,802 |
|-------------------------------|-------|-------|

x per Project Agreement as revised

xx Exchange rate TD 1.000 = \$2.00

VI. HISTORY AND OBJECTIVES:

During the early period of Tunisia's independence, when large numbers of the French population returned to Europe, much of the capital available for investment was in large measure, in flight or hiding. At that time the only banking institutions that existed were branches of European banks dealing primarily in commercial credit, and their operations were curtailed. It was virtually impossible to obtain credit for the expansion of industries, or to develop new ones.

In order to alleviate the situation, the USAID entered into a project with the Tunisian Government for the establishment of a Special Revolving Loan Fund (SRLF) to be administered by the then newly organized Tunisian bank, the Societe Tunisienne de Banque (STB). The SRLF was to be utilized by the STB to make development loans to industries in Tunisia in order to:

- a. Contribute to an increase of production in Tunisia.
- b. Create new employment (or at least not decrease employment).
- c. Improve the Balance of Payments.
- d. Not increase the existing economic difficulties.
- e. Stimulate as far as possible a type of production which would be competitive on the world market and not require permanent protection, or other forms of aid.

VII. PROJECT RESULTS:

Since the organization of the SRLF, 266 projects for a total amount of 13,959,069 dinars (\$27,000,000) have been financed by the STB. Loans have been used for working capital, acquisition of machinery and equipment, for land and buildings, and other capital investment purposes. Loans have been made in such varied industries as hotels for tourism, leather tanning, clothing manufacturing, food processing, fishing, fresh fruit packaging, beverages, ice production, olive oil processing, soap, paper and paper products, printing, plastics, ceramics, furniture manufacturing, and transportation. The average size of the projects has been approximately 52,500 dinars with loans ranging from 400 dinars to 380,000 dinars.

Tourism, now an important sector of the Tunisian economy benefited of some 59% of total commitment under SRLF or 6,837,200 dinars as of December 31, 1981 and manufacturing and other services industries had 3,739,803 dinars. The USAID also assisted the STB in the organization of its industrial development loan department by providing two U.S. advisors (a financial advisor and an industrial engineer) under Project 664-013 completed in 1964.

Another development of this project was the creation of a separate loan activity, within the framework of the SRLF, to provide loans for Tunisian importers of U.S. source capital equipment. The sum of 762,800 dinars was utilized as of December 31, 1981 for such purpose.

VIII. EVALUATION OF PROJECT:

This project was designed to help revive private investment which was at a very low level. The management of the SRLF operations has been successful in spite of the difficulties encountered at the start of the program. The SRLF has reached its goals of helping the Tunisian economy at a very critical period.

Clearances:

CONT:SBChouikha (draft) 4/14/82
PROG:MAHassairi 4/14/82
F&A:SMahjoub (draft) 4/14/82
RLA:SCarlson (draft) 4/14/82

USAID/TUNISIA

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