

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

UNCLASSIFIED

AID-AFE/P-13/1  
AID-AFR/P-26/1

June 19, 1967

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Tunisia: University of Tunis  
Tunisia: Chott Maria Agricultural School

Attached for your review are the recommendations for amended Loan Authorizations (1) increasing by \$290,000 a loan in an amount of \$1,800,000 made to the Government of Tunisia to assist in financing the foreign exchange costs of the construction and equipment of the School of Law, Economics and Business Administration of the University of Tunis, and (2) increasing by \$110,000 a loan in an amount of \$2,000,000 made to the Government of Tunisia to assist in financing the foreign exchange costs of goods and services required for the construction and equipping of the Chott Maria Agricultural School located near Sousse, Tunisia.

If any member of the DLC has a basic policy issue arising out of this proposal, it is requested that you communicate this to us as early as possible but in no event later than close of business on Friday, June 23, 1967. In the absence of any indication that there is a fundamental policy problem, we propose to proceed with the authorization of these amendments promptly after June 23.

Rachel C. Rogers  
Assistant Secretary  
Development Loan Committee

Attachments:  
Memorandum for the DLC  
ANNEXES I-IV

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June 19, 1967

## MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Tunisia - Amendments to University of Tunis (SLEBA) Loan  
664-H-015 and Chott Maria Agricultural School  
Loan 664-H-020

I. Problem: \$700,000 in additional funds are required to finance the cost of goods and services for the projects because actual costs will exceed preliminary estimates.

II. Discussion:

A. Background

1. Chott Maria. A \$2 million loan was authorized in April, 1964, to the GOT to assist in financing the foreign exchange costs of goods and services required for the construction and equipping of the Chott Maria Agricultural School located near Sousse, Tunisia.

The school, which began operation in 1963 in temporary facilities, presently enrolls about 206 students at the moyen (corresponding to the US seventh, eighth and ninth grades) and secondaire (tenth, eleventh and twelfth grades) levels. Plans call for a total enrollment of 500 students by 1969-70.

The curriculum is designed to prepare some of the students for college-level education in agriculture at the Ecole Nationale Supérieure d'Agriculture a Tunis. Thus the Chott Maria school offers high-school level courses in chemistry, physics, biology and natural sciences, as well as a wide variety of agricultural subjects such as beef, dairy, poultry and vegetable production, field crops, fertilizers, insect and disease control, conservation, animal husbandry and agricultural economics.

Technical advice and assistance in the development of the Chott Maria Agricultural School has been furnished under AID contract since 1962 by Texas A & M University. A teacher training program (participant training) has been carried out by Texas A & M to help assure that sufficient numbers of qualified teachers are available as the Chott Maria school grows to its planned student capacity. Texas A & M has also provided US teachers to help staff the Chott Maria faculty.

2. University of Tunis (SLEBA). In 1963 AID authorized a \$1.8 million loan to the GOT to assist in financing the foreign exchange costs of constructing and equipping the School of Law, Economics and Business Administration (SLEBA)--one of the seven

schools forming the recently established University of Tunis. The 4-year school has an initial-stage planned capacity of 1,800 students utilizing five basic structures: an administration-library building, two auditoriums, and two classroom buildings.

The school began operating in 1960 in temporary structures with an enrollment of 467 students. The present enrollment (1966-67) is 1,491 with 1,870 planned for the 1968-69 academic year. At present the school offers a two-year certificate in law and one in economics and business administration (in preparation for sub-professional positions). The four-year degree programs are in "law" (this includes political science and public administration specialities) and "economics" (specialization in economic research, economic administration and planning and business administration).

Technical assistance has been and is being provided by the University of Minnesota under AID contract in connection with the planning, equipping and development of SLEBA.

Plans and specifications for both SLEBA and Chott Maria facilities were developed by the Architects Collaborative (TAC), also under AID grant-financing. The US construction contractor for both projects, Franchi Construction Company, began construction on the projects in late 1966. Construction is proceeding satisfactorily in each case and is presently about 25% completed. The construction contract calls for the completion of both facilities by November, 1968.

#### B. Construction Contract Award

Bids were invited in the fall of 1965 on the basis of a combined construction project, including the Chott Maria School and the University of Tunis School of Law, Economics, and Business Administration (SLEBA). The two AID-financed projects were combined for bidding purposes in an effort to attract bidders.

Three bids were received in January, 1966, which were approximately 65-80% in excess of TAC's final cost estimates (made one year before receipt of bids). The GOT considered, and AID concurred, that all the bids received in response to the invitation to bid were excessive in cost and, on this basis, all bids were rejected. Franchi, the low bidder, offered to negotiate the bid price with the GOT. Under these circumstances, AID considered various alternatives, including rebidding the project and decided to offer all bidders the opportunity to negotiate. This decision was based, in part, on an investigation by TAC which indicated

that rebidding the project probably would not result in lower total project costs, even if the bidding was opened to Tunisian contractors.

After considering revised offers, the GOT and AID concurred in a bid award to Franchi. The final Franchi offer represented a total combined bid price reduction of about \$660,000, reducing from 65% to 55% the amount by which the total Franchi bid exceeded the construction cost estimates prepared by TAC in January, 1965. The total US dollar price for construction under the Franchi construction contract signed in August, 1966, was \$3,654,500 (Chott Maria: \$1,912,000; SLEBA: \$1,742,500). This total dollar construction price was within the total \$3.8 million of AID loan funds previously authorized for the two projects (Chott Maria: \$2 million; SLEBA: \$1.8 million). In approving the contract award, AID noted that additional funds would have to be provided to cover non-construction costs (e.g., engineering supervision, equipment and books). Therefore AID stated that it was prepared, upon the request of the GOT, to consider providing additional loan funds to cover non-construction foreign exchange costs when such costs were adequately determined.

C. Financial Requirements

1. Chott Maria. The foreign exchange requirements for the project, as indicated in the Capital Assistance Paper (AID/AFR/P-26, April 20, 1964) were estimated as follows:

Construction	\$1,388,600
Engineering Supervision	100,000
Furnishings	213,015
Academic Equipment	39,000
Administrative Equipment	20,000
Farm Equipment	47,000
Books	41,250
10% Contingency	138,600
	<u>\$1,987,465</u>

The local currency requirement was estimated at \$1,476,870 and is being provided by the GOT.

Present foreign exchange requirements are calculated as follows:

1. <u>Construction costs under Franchi contract:</u>		\$1,912,000
2. <u>Supervision of construction (TAC contract):</u>		83,620
		<u>\$1,995,620</u>
3. <u>Equipment:</u>		
a. Lab & Classroom Equipment	\$ 40,156	
b. Farm Engineering Teaching Equipment	22,833	
c. Farm Operating Equipment	49,617	
d. Transportation Equipment	25,000	
e. Administration Equipment	12,153	
f. Books	20,000	
g. Kitchen Equipment	60,000	
h. Laundry Equipment	4,000	
i. Laboratory Equipment	6,000	
	<u>\$239,756</u>	
Shipping (15%)	<u>35,962</u>	\$ 275,718
		<u>\$2,271,338</u>
4. <u>Contingencies and Miscellaneous:</u>		
a. Contingencies (5% of 2,271,338)	\$115,000	
b. Banking Charges	6,000	
c. Additional TAC Design Services	5,000	
d. Procurement Services	<u>10,000</u>	<u>136,000</u>
Grand Total		\$2,407,338
Less Existing AID Loan		<u>2,000,000</u>
<u>Additional Foreign Exchange Requirement</u>		<u>\$ 410,000</u>

The revised equipment requirements were recently prepared by the GOT and forwarded to AID along with a loan amendment request in the amount of \$630,000. AID has reviewed the GOT's request in light of previous equipment estimates and present needs and concludes that a supplementary loan in the amount of \$410,000 should be sufficient to complete the construction contract and adequately equip and furnish the Chott Maria facilities. A more detailed breakdown of equipment needs is presented in Annex I.

2. University of Tunis (SLEBA). The total financial requirements for the project were estimated in the Capital Assistance Paper (AID/AFE/P-13, June 21, 1963) as follows:

	<u>Foreign Exchange</u> (AID)	<u>Local Currency</u> (GOT)	<u>Total</u>
Construction	\$1,400,000	\$ 756,700	\$2,156,700
Engineering Supervision	48,000	--	48,000
Final Design*	108,000	--	108,000
Land	--	21,400	21,400
Land Preparation	--	91,200	91,200
Utilities	--	238,000	238,000
Books**	135,000	135,000	270,000
Equipment	120,000	--	120,000
Procurement Services	25,000	--	25,000
	<u>\$1,836,000-60%</u>	<u>\$1,242,300-40%</u>	<u>\$3,078,300</u>

\* AID Grant-financed

\*\* 18,000 US books @ \$7.50 each and 27,000 French books @ \$5.00 each.

Present foreign exchange requirements are estimated as follows:

1. Construction costs under Franchi contract: \$1,742,500
2. Supervision of construction (TAC contract): 74,580
- \$1,817,080

3. Equipment:

a. <u>Academic</u>	\$ 46,325	
Projectors (25)	22,800	
Projections Screens (15)	2,885	
Tape Recorders	1,200	
P.A. Systems (3)	4,900	
Teaching Films	4,000	
Calculators (8)	5,510	
Food Preparation Equipment	325	
Spares, Misc.	<u>4,705</u>	
b. <u>Books</u>		
10,000 @ \$7.50 (English)	\$ 75,000	
c. <u>Administrative</u>	\$ 15,273	
Typewriters (23)	5,989	
Calculators (2)	1,780	
Copy Machines (2)	4,000	
Microfilm Camera & Viewer	1,500	
Misc. Office Equipment	2,000	
Total Equipment	<u>\$136,598</u>	
Shipping (15%)	<u>20,490</u>	157,088
		<u>\$1,974,168</u>

4. Contingencies and Miscellaneous:

a. Contingencies (5% of \$1,974,168)	\$103,000	
b. Banking Charges	5,226	
c. Procurement Services	<u>5,500</u>	113,726

Grand Total	\$2,087,894
Less Existing AID Loan	<u>1,800,000</u>
Additional Foreign Exchange Requirement	<u>\$ 290,000</u>

The GOT recently prepared revised equipment requirements for SLEBA and forwarded the requirements analysis to AID with a request for \$480,962 in additional loan funds. AID has reviewed the request of the GOT in light of the equipment requirements contained in the original loan paper and concludes that an additional \$290,000 in AID loan funds should be sufficient to cover the construction and equipment needs for the project.

D. Statutory Criteria: Satisfied. See Annex II.

Under the revised US AID policy for Africa, agreed to in November 1966, Tunisia is identified as one the "development emphasis" countries scheduled to receive continuing substantial development support on a country basis as part of a multi-laterally coordinated country program.

All goods and services to be procured under the loan amendments will have their source and origin in the US. In the absence of the AID loan, it is likely that most of the equipment for the schools would be purchased from France or other European countries, following previous trade patterns. The equipment to be purchased in the US under both loans should represent, therefore, "additional" exports from the US to Tunisia, and can be expected to encourage further additional sales of US educational and related equipment to Tunisia as the Tunisian educational system expands.

III. Recommendation: It is recommended that (1) the Chott Maria Agricultural School Loan 664-H-020 be amended to provide an additional \$410,000 to finance project costs and (2) the University of Tunis (SLEBA) Loan 664-H-015 be amended to provide an additional \$290,000 for the project.

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CHOTT-MARIA - ESTIMATED EQUIPMENT COSTS BY CATEGORY

<u>I. Laboratory and Classroom Equipment</u>		
A. Audio-Visual	7,812.00	
B. Chemistry	8,272.38	
C. Physics	6,114.73	
D. Language Lab	13,205.00	
E. Plant and Animal Science	<u>4,751.90</u>	
		40,156.01
<u>II. Farm Engineering Teaching Equipment</u>		
A. Farm Power and Machinery	1,909.00	
B. Soil and Water	1,830.00	
C. Welding	4,538.00	
D. Farm Electrification	476.00	
E. Metal Working	4,506.00	
F. Farm Building (Carpentry)	8,486.00	
G. Concrete and Masonry	99.00	
H. Plumbing	<u>989.00</u>	
		22,833.00
<u>III. Farm Operating Equipment</u>		
A. Maintenance Shop	5,843.64	
B. Farm Equipment (10 Pieces)	32,300.00	
C. Dairy Equipment	5,368.00	
D. Livestock and Livestock Feeding	3,016.00	
E. Poultry Equipment	<u>3,086.00</u>	
		49,613.64
<u>IV. General Equipment</u>		
A. Transportation Equipment (4 Vehicles)	25,000.00	
B. Administration Equipment	11,200.00	
C. Medical Equipment	953.45	
D. Books (4,000 volumes @ \$5 each)	<u>20,000.00</u>	
		57,153.45
<u>V. Owner Supplied, Contractor Installed Items</u>		
A. Kitchen Equipment	60,000.00	
B. Laundry Equipment	4,000.00	
C. Laboratory	<u>6,000.00</u>	
		<u>70,000.00</u>
<b>TOTAL</b>		<u>\$239,756.10</u>

June 19, 1967

CHECK LIST OF STATUTORY CRITERIA

(Development Loan Fund)

1. FAA §.102. Precautions that have been or are being taken to assure that loan proceeds are not diverted to short-term emergency purposes (such as budgetary, balance of payments, or military purposes) or any other purpose not essential to the country's long-range economic development. Satisfied in Loan Agreements.
2. FAA §.102. Information on measures taken to utilize U.S. Government excess personal property in lieu of procurement of new items. To be satisfied in Loan Agreement Amendments.
3. FAA §.102. Information whether the country permits or fails to take adequate measures to prevent the damage or destruction by mob action of U.S. property. a/
4. FAA §.201(b). Manner in which loan will promote country's economic development, emphasizing help for long-range plans and programs designed to develop economic resources and increase productive capacities. Satisfied. Section II.B.,\* Sections I.A. and B.\*\*
5. FAA §.201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within the United States. Satisfied. Sections I.E. and II.D.5,\* Section II.E.6.\*\*
6. FAA §.201(b)(2). Information and conclusion on activity's economic and technical soundness, including the capacity of the recipient country to repay the loan at a reasonable rate of interest. Satisfied. Sections II.A.2, II.B.8, and II.D.3,\* Sections II.C., II.D. and II.E.7.\*\*
7. FAA §.201(b)(3). Information and conclusion on existence of reasonable promise activity will contribute to development of economic resources or increase of productive capacities. Satisfied. Section II.B.,\* Sections I.A., B. and C.\*\*
8. FAA §.201(b)(4). Information and conclusion on activity's relationship to other development activities, and its contribution to realizable long-range objectives. Satisfied. Section I.D.,\* Sections I.A. and I.B.\*\*

The following abbreviations are used:

FAA - Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1966.

App. - Foreign Assistance and Related Agencies Appropriations Act, 1967.

\* Capital Assistance Paper AID/AFR/P-26, April 20, 1964

\*\* Capital Assistance Paper AID/AEE/P-13, June 21, 1963

9. FAA §.201(b)(5). Country's self-help measures, including institution of Foreign Assistance Act investment guaranty programs. Satisfied. Section II.C.,\* Annex I.\*\* An Investment Guaranty Program with Tunisia was instituted March 18, 1959.
10. FAA §.201(b)(6). Information and conclusion on possible effects on U.S. economy, with special reference to areas of substantial labor surplus. Satisfied. Section II.E.\* and Section II.D. of this memo.
11. FAA §.201(b)(7). Information and conclusion on the degree to which the country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise.<sup>b/</sup>
12. FAA §.201(b)(8). Information and conclusion on the degree to which the country is taking steps to improve its climate for private investment. Tunisians are actively promoting private investment and offer numerous incentives to private foreign investors.
13. FAA §.201(b)(9). Information and conclusion on whether or not the activity to be financed will contribute to the achievement of self-sustaining growth. Satisfied. Section II.B.,\* and Section I.\*\*
14. FAA §.201(b). Information and conclusion on reasonable prospects of repayment. Satisfied. Section II.D.3,\* Section II.E.7.\*\*
15. FAA §.201(b). Information on applicability of the ten country ceiling. Section II.D. of this memo. Tunisia was included in Presidential Determination 67-14 (January 5, 1967).
16. FAA §.201(d). Information and conclusion on legality (under laws of the country and the U.S.) and reasonableness of lending and relending terms. Loan will be on minimum terms permitted under FAA. These are deemed reasonable. An opinion of the GOT's counsel that the Loan Agreement is valid will be required.
17. FAA §.201(e). Information and conclusion on availability of an application together with sufficient information and assurances to indicate reasonably that funds will be used in an economically and technically sound manner. Satisfied. Section I.B. and II.A.3,\* Section II.A.1 and II.C.,\*\* and Section II.C. of this memo.
18. FAA §.201(f). If a project, information and conclusion whether it will promote the economic development of the requesting country, taking into account the country's human and material resource requirements and the relationship between the ultimate objectives of the project and the country's overall economic development. Satisfied. Section II.B.\* and Section I.\*\*
19. FAA §.201(f). If a project, information and conclusion whether it specifically provides for appropriate participation by private enterprise. Satisfied. Section II.A.2,\* Section II.A.2 of this memo.
20. FAA §.202(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports

\* Capital Assistance Paper AID/AFR/P-26, April 20, 1964

\*\* Capital Assistance Paper AID/AFE/P-13, June 21, 1963

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from private sources, or is otherwise being used to finance procurements from private sources. Satisfied. Section II.C. and D. of this memo.

21. FAA §.281. Extent to which the loan will contribute to the objective of assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions. These educational facilities are closely related to economic development in Tunisia and can be expected to broaden participation in the economy and in private local institutions.
22. FAA §.601(a). Information and conclusions whether loan will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; (f) strengthen free labor unions. These projects are intended to improve technical efficiency of industry, agriculture and commerce.
23. FAA §.601(b). Information and conclusion on how the loan will encourage U.S. private trade and investment abroad, and how it will encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). Satisfied. Sections II.A. and D. of this memo.
24. FAA §.601(d). Conclusion and supporting information on compliance with the Congressional policy that engineering and professional services of U.S. firms and their affiliates are to be used in connection with capital projects to the maximum extent consistent with the national interest. US engineering and professional services will be financed under the loan.
25. FAA §.602. Information and conclusions whether loan will permit American small business to participate equitably in the furnishing of goods and services financed by it. Satisfied in Loan Agreements.
26. FAA §.604(a); App. §.108. Compliance with restriction of commodity procurement to U.S. except as otherwise determined by the President and subject to statutory reporting requirements. Satisfied in Loan Agreements.
27. FAA §.604(b). Compliance with bulk commodity procurement restriction to prices no higher than the market price prevailing in the U.S. at time of purchase. Not applicable.
28. FAA §.604(d). Compliance with requirement that marine insurance be purchased on commodities if the participating country discriminates, and that insurance be placed in the U.S. Satisfied in Loan Agreements.

29. FAA §.611(a)(1). Information and conclusion on availability of engineering, financial, and other plans necessary to carry out the assistance and of a reasonably firm estimate of the cost of the assistance to the United States. Satisfied. Section II.A.3,\* Section II.C.2,\*\* and Section II.C. of this memo.
30. FAA §.611(a)(2). Necessary legislative action required within recipient country and basis for reasonable anticipation such action will be completed in time to permit orderly accomplishment of purposes of loan. No such legislative action is believed necessary.
31. FAA §.611(b); App. §.101. If water or water-related land resource construction project or program, information and conclusion on a benefit-cost computation. Not applicable.
32. FAA §.611(c). Compliance with requirement that contracts for construction be let on competitive basis to maximum extent practicable. Satisfied. See Section II.B. of this memo.
33. FAA §.612(b); §.636(h). Appropriate steps that have been taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services. The GOT has agreed to finance all local currency costs under these projects. See Section II.C.\* and Section II.E.\*\*
34. FAA §.619. Compliance with requirement that assistance to newly independent countries be furnished through multilateral organizations or plans to maximum extent appropriate. Not deemed appropriate in view of the AID commitments made in 1963 and 1964 to finance the reasonable foreign exchange costs of the project. See Section II.D.5,\* Section II.\*\* and Annex I.\*\*
35. FAA §.620(a); App. §.107(a); App. §.107(b). Compliance with prohibitions against assistance to Cuba and any country (a) which furnishes assistance to Cuba or failed to take appropriate steps by February 14, 1964, to prevent ships or aircraft under its registry from carrying equipment, materials, or supplies from or to Cuba; or (b) which sells, furnishes, or permits any ships under its registry from carrying items of primary strategic significance, or items of economic assistance. Tunisia is not known to be in violation of these sections.
36. FAA §.620(b). If assistance to the government of a country, existence of determination it is not controlled by the international Communist movement. The Secretary of State has made a determination (dated October 11, 1961) that Tunisia is not controlled by the International Communist Movement.
37. FAA §.620(c). If assistance to the government of a country, existence of indebtedness to a U.S. citizen for goods or services furnished or ordered where such citizen has exhausted available legal remedies or where the debt

\* Capital Assistance Paper AID/AFR/P-26, April 20, 1964

\*\* Capital Assistance Paper AID/AFE/P-13, June 21, 1963

- is not denied or contested by such government or the indebtedness arises under an unconditional guaranty of payment given by such government. No such indebtedness is known to exist, but a possible case involving the Utah Construction & Mining Co. contract for the Oued Nebaana project is being investigated.
38. FAA §.620(d). If assistance for any productive enterprise which will compete with U.S. enterprise, existence of agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan. Not applicable.
  39. FAA §.620(e)(1). If assistance to the government of a country, extent to which it (including government agencies or subdivisions) has, after January 1, 1962, taken steps to repudiate or nullify contracts or taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking appropriate steps to discharge its obligations. <sup>c/</sup>
  40. FAA §.620(f); App. §.109. Compliance with prohibitions against assistance to any Communist country. Tunisia is not considered to be a communist country.
  41. FAA §.620(g). Compliance with prohibition against use of assistance to compensate owners for expropriated or nationalized property. Satisfied in Loan Agreements.
  42. FAA §.620(h). Compliance with regulations and procedures adopted to insure against use of assistance in a manner which, contrary to the best interests of the U.S., promotes or assists the foreign aid projects or activities of the Communist-bloc countries. Satisfied in Loan Agreements.
  43. FAA §.620(i). Existence of determination that the country is engaging in or preparing for aggressive military efforts. No such determination exists.
  44. FAA §.620(i). Information on representation of the country at any international conference when that representation includes the planning of activities involving insurrection or subversion against the U.S. or countries receiving U.S. assistance. No such representation is known to have occurred.
  45. FAA §.620(j). Indonesia restriction. Not applicable.
  46. FAA §.620(k). If construction of productive enterprise where aggregate value of assistance to be furnished by U.S. will exceed \$100 million, identification of statutory authority. Not applicable.

47. FAA §.620(1). Consideration which has been given to denying assistance to the government of a country which after December 31, 1966, has failed to institute the investment guaranty program for the specific risks of convertibility and expropriation or confiscation. Guaranty program with the GOT has been instituted.
48. FAA §.620(n); App. §.107(b); App. §.116. Compliance with prohibitions against assistance to countries which traffic or permit trafficking with North Vietnam. Tunisia is not known to be in violation.
49. FAA §.620(o). If country has seized, or imposed any penalty or sanction against, any U.S. fishing vessel on account of its fishing activities in international waters, information on the consideration which has been given to excluding the country from assistance. No such situation is known to exist.
50. FAA §.620(p); App. §.117. U.A.R. restriction. Not applicable.
51. FAA §.620(q). Existence of default under any Foreign Assistance Act loan to the country. No such default exists.
52. App. §.102. Compliance with requirement that payments in excess of \$25,000 for architectural and engineering services on any one project be reported to Congress. Such reports will be made.
53. App. §.104. Compliance with bar against funds to pay pensions, etc., for military personnel. Such payments are not eligible for financing under the Loan Agreement
54. App. §.106. If country attempts to create distinctions because of their race or religion among Americans in granting personal or commercial access or other rights otherwise available to U.S. citizens generally, application which will be made in negotiations of contrary principles as expressed by Congress. Tunisia is not known to have made any such attempt.
55. App. §.111. Compliance with existing requirements for security clearance of personnel. Satisfied in Loan Agreements.
56. App. §.112. Compliance with requirement for approval of contractors and contract terms for capital projects. Satisfied in Loan Agreements.
57. App. §.114. Compliance with bar against use of funds to pay assessments, etc., of U.N. member. Such payments are not eligible for financing under the Loan Agreements.

58. App. 8.115. Compliance with regulations on employment of U.S. and local personnel for funds obligated after April 30, 1964, (Regulation 7). Not applicable.
59. App. 8.118. Vietnam iron and steel restrictions. Not applicable.
60. App. 8.401. Compliance with bar against use of funds for publicity or propaganda purposes within U.S. not heretofore authorized by Congress. Such a use of funds are not eligible for financing under the Loan Agreements.

a/ On June 5, 1967, a mob broke windows and damaged about 15 automobiles at the US Chancery in Tunis during a half-hour demonstration. Tunisian policemen, who dispersed the mob with teargas, were reinforced by the national guard. These forces were replaced on June 6 by heavily armed troops and no further damage was reported. The GOT publically deplored all mob violence and expressed strong regret over the attack, which it said had been unexpected. The GOT has offered full compensation for the damage and the State Department considers the matter closed.

b/ Tunisia is a constitutional republic with a strong presidential system. The President is elected by popular vote for a five-year term. He may succeed himself, and President Bourguiba is now serving his second term. Parliamentary elections are held simultaneously with the Presidential election. The Parliament meets twice a year. When it is not in session, the President may issue decree laws which must, however, be subsequently ratified by Parliament. The Cabinet is appointed by the President, and responsible to him.

As a small, homogeneous country, Tunisia enjoys a high degree of national unity. Far from being aloof and distant, the President and his Cabinet Secretaries are in close contact with the people. Tunisia has developed a political system based on the primary of Destourian (constitutional) socialism which allows for discussion of political and economic issues at all levels of the single party political structure. Although the Government intervenes in the economic process when it believes this is in the national interest, increasingly large areas of the economy are being left to private enterprise as soon as the situation permits effective, competitive private management and the private sector meets the country's needs. The Constitution provides for an independent judiciary, and freedom of expression and the press are guaranteed, although political attacks on the person of the President are not permitted.

c/ Real property owned by US citizens was seized by the GOT pursuant to Law 64-5 of May 12, 1964. Settlement Commission has been established by GOT, and we believe that to date GOT is taking appropriate steps. See also comment under Item 37, above.

CAPITAL ASSISTANCE LOAN AUTHORIZATION

FIRST AMENDMENT

Provided from: Development Loan Funds  
Tunisia: Chott Maria Agricultural School

Pursuant to the authority vested in the Assistant Administrator for Africa of the Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize an amendment, pursuant to Part I, Chapter 2, Title I, the Development Loan Fund, of the April 20, 1964 authorization for the Chott Maria Agricultural School Loan to the Government of Tunisia ("Borrower") increasing the Loan by an amount not to exceed \$410,000 (so that the total of the Loan as amended shall be an amount not to exceed \$2,410,000). Borrower shall pay interest on the unrepaid principal of the amount hereby added to the Loan and any interest accrued thereon at the rate of:

- (a) 1% per annum during the grace period, and
- (b) 2 1/2% per annum thereafter.

Except as hereby amended, the April 20, 1964 authorization shall continue in full force and effect.

\_\_\_\_\_  
Assistant Administrator for Africa

\_\_\_\_\_  
Date

## CAPITAL ASSISTANCE LOAN AUTHORIZATION

## FIRST AMENDMENT

Provided from: Development Loan Funds  
Tunisia: University of Tunis

Pursuant to the authority vested in the Assistant Administrator for Africa of the Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize an amendment, pursuant to Part I, Chapter 2, Title I, the Development Loan Fund, of the June 28, 1963 authorization for the University of Tunis Loan to the Government of Tunisia ("Borrower") increasing the Loan by an amount not to exceed \$290,000 (so that the total of the Loan as amended shall be an amount not to exceed \$2,090,000). Borrower shall pay interest on the unrepaid principal of the amount hereby added to the Loan and any interest accrued thereon at the rate of:

- (a) 1% per annum during the grace period, and
- (b) 2 1/2% per annum thereafter.

Except as hereby amended, the June 28, 1963 authorization shall continue in full force and effect.

\_\_\_\_\_  
Assistant Administrator for Africa

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Date