

ANNEX A  
USE OF THE LOAN

1. The proceeds of the loan shall be used to finance the costs of:
  - (a) purchases in Canada of farm and agro-industrial materials, spare parts, equipment and machinery;
  - (b) Canadian services related to the assembly or installation of the goods described in paragraph (a) above;
  - (c) marine shipment and insurance of the goods mentioned above from the Canadian port of exit to the port of entry in Honduras; and
  - (d) purchases of raw and semi-processed materials, provided that the total value of such purchases does not exceed two hundred thousand Canadian dollars (Can \$200,000).
  
2. The proceeds of the loan may not be used for purchase of:
  - (a) machinery, equipment or other goods specifically excluded by Canadian export regulations;
  - (b) arms, armaments, firearms, ammunition, nor any equipment, machinery or materials that could be used for the production of said items;
  - (c) machinery, equipment or materials intended directly or indirectly for production or utilization of atomic energy or its applications or for development of nuclear, atomic or strategic arms;
  - (d) foodstuffs; or
  - (e) luxury items that cannot be considered essential to development.