

ANNEX C  
COUNTERPART FUND

1. Without restricting or altering in any way the scope of Article II of this Loan Agreement or Annex A thereto regarding use of the proceeds of the loan, COHDEFOR may at its discretion make loans to companies or corporations owned by Honduran interests working in the forestry sector, in order to enable them to procure the goods obtained by COHDEFOR from the proceeds of the loan.

2. Any loan made by COHDEFOR pursuant to paragraph 1 above shall bear interest at a rate 2 per cent lower than the preferential rate charged by the chartered banks operating in Honduras.

3. The interest collected by COHDEFOR on the loans made pursuant to paragraph 1 above must be deposited in the name of COHDEFOR in a special account, hereinafter called the "counterpart fund". This special account shall be opened by December 31, 1978.

4. COHDEFOR is authorized to use up to 3 per cent of the interest collected by COHDEFOR on the loans made pursuant to paragraph 1 to cover the administration costs in connection with these loans. The balance of the income from interest in the counterpart fund must be utilized for the purposes and in accordance with the conditions provided below.

5. (1) As of the date the counterpart fund is established or as of December 31, 1978 at the latest, COHDEFOR shall annually provide CIDA with a statement of account of the counterpart fund and shall put forward projects or programs it proposes to undertake in reforestation, protection or other forestry activities in Honduras.

(2) COHDEFOR agrees to take the necessary measures to carry out as quickly as possible the projects or programs decided on in agreement with CIDA and to finance them in whole or in part from the counterpart fund.

(3) COHDEFOR shall give CIDA all information it might reasonably request concerning utilization of the counterpart fund.

6. This counterpart fund shall be closed when all the monies deposited therein pursuant to the above paragraphs have been utilized for the purposes provided for in this Annex.