

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 materials, spare parts, equipment and machinery necessary for the development of the forestry sector in Honduras, such as forest and forest product management, exploitation, protection and processing, as well as related research work;
 - (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 landing in Honduras; and
 - (d) purchasing services, provided that the total value of such services does not exceed five hundred thousand Canadian dollars (Can \$500,000).

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.