

No. 18072

**UNITED STATES OF AMERICA
and
HONDURAS**

Project Loan Agreement relating to small farmer technologies (with annex). Signed at Tegucigalpa on 28 November 1977

Authentic texts: Spanish and English.

Registered by the United States of America on 14 November 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
HONDURAS**

Accord de prêt relatif à la réalisation d'un projet de technologie des petites entreprises agricoles (avec annexe). Signé à Tegucigalpa le 28 novembre 1977

Textes authentiques: espagnol et anglais.

Enregistré par les États-Unis d'Amérique le 14 novembre 1979.

PROJECT LOAN AGREEMENT¹ BETWEEN THE REPUBLIC OF HONDURAS AND THE UNITED STATES OF AMERICA FOR SMALL FARMER TECHNOLOGIES

Tegucigalpa, Honduras, [28 November 1977]

Agency for International Development
A.I.D. Loan No. 522-T-032
A.I.D. Project No. 522-0123

[TRANSLATION—TRADUCTION]²

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A.I.D. PROJECT No. 522-0123

PROJECT LOAN AGREEMENT No. 522-T-032 dated November 28, 1977, between the GOVERNMENT OF THE REPUBLIC OF HONDURAS ("Borrower") and the UNITED STATES of AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.")

Article I. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described below and with respect to the financing of the Project by the Parties.

¹ Came into force on 28 November 1977 by signature.

² The table of contents appears only in the authentic Spanish text (translation supplied by the Secretariat).

Article II. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in annex 1, will consist of a program to improve small farmer productivity by increasing the availability and use of appropriate agricultural technology. Included within this program are the following components:

- (i) Technical assistance in farm system planning and evaluation;
- (ii) Research and development for appropriate rural technologies;
- (iii) A capital investment fund in the Banco Nacional de Fomento (BNF) to provide credit for small investment; and
- (iv) Training activities related to improved farm technology.

Within the limits of the definition of the Project in this section, elements of the amplified description stated in annex 1 may be changed by written agreement of the authorized representatives of the Parties named in section 9.3 without formal amendment of this Agreement.

Article III. FINANCING

Section 3.1. THE LOAN. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., in furtherance of the Alliance for Progress, and pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement, not to exceed six million United States ("U.S.") dollars (\$6,000,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "principal".

The Loan may be used to finance foreign exchange costs, as defined in section 7.1, and lempira costs, as defined in section 7.2, for goods and services required for the Project.

Section 3.2. BORROWER RESOURCES FOR THE PROJECT. (a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Borrower for the Project will be not less than the equivalent of U.S. \$3,614,000, including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "project assistance completion date" (PACD), which shall be three (3) years from the date of this Agreement or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Loan will have been performed and all goods financed under the Loan will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Loan for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project implementation letters, are to be received by A.I.D. or any bank described in section 8.1 no later than six (6) months following

the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project implementation letters, were not received before the expiration of said period.

Article IV. LOAN TERMS

Section 4.1. INTEREST. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in section 8.5) of each respective disbursement and will be payable semi-annually. Interest shall be computed on the basis of a 365-day year. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. The Borrower will repay to A.I.D. the principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semiannual installments of principal and interest. The first installment of principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this section after the final disbursement under the Loan.

Section 4.3. APPLICATION, CURRENCY AND PLACE OF PAYMENT. All payments of interest and principal hereunder will be made in U.S. dollars and will be applied first to the payment of interest due and then to the repayment of principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) In the light of the undertakings of the United States of America and of the other signatories of the Act of Bogotá¹ and the Charter of Punta del Este² to forge an Alliance for Progress, the Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Honduras, which enable the Borrower to repay the Loan on a shorter schedule, taking into consideration the relative capital requirements of Honduras and of the other signatories of the Act of Bogotá and the Charter of Punta del Este.

¹ United States of America, *Department of State Bulletin*, 3 October 1960, p. 537.

² *Ibid.*, 11 September 1961, p. 463.

(b) Any request by either Party to the other to so negotiate will be made pursuant to section 9.1 and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to section 9.1, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations, no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Ministry of Finance and Public Credit in Honduras.

Section 4.6. TERMINATION ON FULL PAYMENT. Upon payment in full of the principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

Article V. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. FIRST DISBURSEMENT. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) An opinion of the *Procurador General* of the Republic of Honduras or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the name of the person holding or acting in the office of the Borrower, specified in section 9.2, and of any additional representatives together with a specimen signature of each person specified in such statement.

Section 5.2. DISBURSEMENT FOR THE CAPITAL INVESTMENT FUND ACTIVITY. Prior to the first disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the capital investment fund activity, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) Evidence that a Farm Planning Advisory Group:
 - 1. Has been established and is operating within the Office of Sector Planning of the Ministry of Natural Resources;
 - 2. Has been provided with sufficient support facilities, such as secretarial and technical services, to carry out its functions under the Project; and
 - 3. Has developed a time-phased implementation plan setting forth the use of financial, administrative and technical resources in formulating farm investment plans;
- (b) The policies and procedures governing the operations of the capital investment fund;

- (c) A copy of the agreement executed between the Borrower and the Pan American Agricultural School governing the establishment and implementation of the research and development activity;
- (d) Evidence of the Borrower's commitment to contribute on a grant basis the sum of \$8,000,000 (\$5,000,000 from Loan funds and \$3,000,000 from the Borrower's counterpart contribution) to the permanent capital of the capital investment Fund of the Banco Nacional de Fomento (BNF) in accordance with a financial plan previously approved by A.I.D.; and
- (e) Evidence that the professional staff of the Section for Services to Cooperatives and similar Associations of the BNF has been increased to a level adequate to meet the expanded lending program.

Section 5.3. DISBURSEMENT FOR THE TRAINING ACTIVITIES. Prior to the first disbursement or to the issuance of any commitment document under the Loan for the purpose of financing each of the discrete training activities, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A time-phased implementation plan for each discrete training activity; and
- (b) A copy of an agreement between the Borrower and the National Institute for Professional Formation ("INFOP") relating to the training to be carried out by INFOP.

Section 5.4. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in sections 5.1, 5.2 and 5.3 have been met, it will promptly notify the Borrower.

Section 5.5. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified in section 5.1 have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

(b) If all of the conditions specified in sections 5.2 and 5.3 have not been met within one hundred and twenty (120) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Borrower. In the event of such termination, the Borrower will repay immediately the principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

Article VI. SPECIAL COVENANTS

Section 6.1. PROJECT EVALUATION. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include during the implementation of the Project and at one or more points thereafter (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Section 6.2. ADDITIONAL COVENANTS. Borrower hereby further covenants and agrees as follows:

- (a) To maintain the value of the capital investment Fund during the life of the Project in a manner acceptable to A.I.D.;
- (b) That the BNF shall provide production credit for the purpose of financing farm plans developed under the Project, in an amount acceptable to A.I.D.;
- (c) To contribute on a grant basis the sum of \$8,000,000 (\$5,000,000 from Loan funds and \$3,000,000 from Borrower's counterpart contribution) to the permanent capital of the capital investment fund of BNF in accordance with a financial plan acceptable to A.I.D.;
- (d) That the effect of the Project upon the natural environment will be taken into consideration prior to and during the implementation of the Project, in order to minimize any harmful effects upon the natural environment; and
- (e) That unless the Parties otherwise agree in writing, all credit resources made available to the BNF from A.I.D. Loans 522-T-025 [and] 522-T-030 and this Loan for agricultural credit, as well as related Government counterpart contributions, will be made available during the life of these Loans (repayment period), and maintained at their original levels, for farm credit for groups of small farmers pursuant to the purposes set forth in said Loan Agreements; the Parties agree to determine, by the first anniversary date following the signing of this Agreement, the feasibility of establishing a trust fund or other financial arrangement within the National Development Bank for managing these credit resources on a consolidated basis.

Article VII. PROCUREMENT SOURCE

Section 7.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book (excluding the countries of Central America) as in effect at the time orders are placed or contracts entered into for such goods and services ("foreign exchange costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex, section C.1 (b), with respect to marine insurance.

Section 7.2. LEMPIRA COSTS. Disbursements pursuant to section 8.2 will be used exclusively to finance the costs of goods and services (other than ocean shipping) required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the countries of Central America ("lempira costs").

Article VIII. DISBURSEMENTS

Section 8.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the foreign exchange costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project implementation letters, (i) requests for reimbursements

for such goods or services or (ii) requests for A.I.D. to procure commodities or services in Borrower's behalf for the Project; or

- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (i) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services or (ii) directly to one or more contractors or suppliers committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan, unless the Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

Section 8.2. DISBURSEMENT FOR LEMPIRA COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for lempira costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project implementation letters, requests to finance such costs.

(b) The lempiras needed for such disbursement hereunder will be obtained:

- (1) By acquisition by A.I.D. with U.S. dollars by purchase; or
- (2) By A.I.D. requesting the Borrower to make available the lempiras for such costs, and thereafter reimbursing an amount of U.S. dollars equal in value to the amount of lempiras made available by the Borrower.

The U.S. dollar equivalent of the lempiras made available hereunder will be in the case of subsection (b)(1), the amount of U.S. dollars required by A.I.D. to obtain the lempiras acquired by A.I.D. and in the case of subsection (b)(2), the amount of U.S. dollars required by A.I.D. to reimburse the Borrower for the lempiras made available.

Section 8.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

Section 8.4. RATE OF EXCHANGE. If funds provided under the Loan are introduced into Honduras by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into lempiras at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Honduras. If A.I.D. under the Loan is obligated to reimburse the Borrower in U.S. dollars, it will do so at the highest rate of exchange which, at the time reimbursement is made, is not unlawful in Honduras. The term "highest" refers to the quantum of lempiras in the conversion or reimbursement.

Section 8.5. DATE OF DISBURSEMENT. Disbursements by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract or purchase order or (b) on the date on which A.I.D. disburses to the Borrower or its designee lempiras acquired in accordance with section 8.2 (b).

Article IX. MISCELLANEOUS

Section 9.1. COMMUNICATIONS. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the Borrower:

Mail address:

Ministerio de Hacienda y Crédito Público
Tegucigalpa, D.C., Honduras, C.A.

Cable address:

Hacienda
Tegucigalpa, D.C., Honduras, C.A.

To A.I.D.:

Mail address:

Agency for International Development (A.I.D.)
c/o American Embassy
Tegucigalpa, D.C., Honduras, C.A.

Cable address:

USAID/Honduras
c/o American Embassy
Tegucigalpa, D.C., Honduras, C.A.

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 9.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of the Minister of Finance and Public Credit and A.I.D. will be represented by the individual holding or acting in the office of the Director, USAID Mission of Honduras, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under section 2.1 to revise elements of the amplified description in annex 1. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 9.3. STANDARD PROVISIONS ANNEX. A Project Loan Standard Provisions Annex¹ (annex 2) is attached to and forms part of this Agreement.

Section 9.4. LANGUAGE. This Agreement is prepared in both Spanish and English. In the event of ambiguity or conflict between the two versions, the English language will control.

¹ United Nations, *Treaty Series*, vol. 1116, p. 97.

EN FE DE LO CUAL, el Prestatario, y los Estados Unidos de América cada cual actuando a través de su representante debidamente autorizado, celebran el presente Convenio en la fecha y año indicados al principio del mismo.

La República de Honduras:

[Signed—Signé]

General de Brigada¹

JUAN ALBERTO MELGAR CASTRO

Jefe de Estado²

[Signed—Signé]

P. M. PORFIRIO ZAVALA SANDOVAL

Ministro de Hacienda

y Crédito Público³

IN WITNESS WHEREOF, Borrower, and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Los Estados Unidos de América:

[Signed—Signé]

MARI-LUCI PARAMILLO

Embajadora⁴

[Signed—Signé]

J. B. ROBINSON

Director de la A.I.D. en Honduras⁵

¹ Brigadier General.

² Chief of State.

³ Minister of Finance and Public Credit.

⁴ Ambassador.

⁵ Director of A.I.D. in Honduras.

ANNEX 1

PROJECT DESCRIPTION

The purpose of this Project is to assist the Government of Honduras (GOH) in its efforts to increase the productivity of small farmers. The target group consists primarily of former landless laborers who are now organized into multi-family units, but also will include farmers working individual farms and/or those who are organized into cooperatives to obtain production inputs, to obtain credit or to sell agricultural products. The adoption of technology appropriate to the circumstances is seen as the key to improved productivity. It is necessary to determine the most productive technology for a wide range of ecological conditions. The basic elements of the Project include (1) Farm Systems Planning; (2) Agricultural Credit, including Capital Investment and Production Funds; (3) Research and Development of Appropriate Technology; and (4) Training.

To assist in achieving the Project's objectives, a coordinating and administration unit for the Project will be established within the Sectorial Planning Division of the Ministry of Natural Resources.

1. *Farm Systems Planning.* The GOH will establish a farm investment and management advisory network to assist the owner/operator members of farm businesses to choose among various farm management alternatives those which are most likely to result in the highest net income consistent with acceptable risk. Initial emphasis will be on developing farm plans for 250 multi-family farm units of the Agrarian Reform. The research and development component to be performed by the Panamerican Agricultural School under contract with the Ministry of Natural Resources is expected to provide a larger number of technology choices for farm managers to use in developing viable farm investment plans for both the larger farm units of the agrarian reform and for individual production units up to 15 hectares.

End of Project status will find an established capacity within the Ministry of Natural Resources, the Banco Nacional de Fomento and the Agrarian Reform Institute to assist farmers to prepare farm investment and management plans, to adopt appropriate technology and increase net family income from the operation of farm businesses.

2. *Capital Investment Fund.* The GOH will increase the capital of the Banco Nacional de Fomento (BNF) by \$8.0 million, of which \$5.0 million will be A.I.D. Loan funds and the equivalent of \$3.0 million in lempiras will be from GOH resources. The BNF will increase by \$8.0 million the Small Farmer Capital Development Fund established under A.I.D. Loan No. 522-T-025. These funds will be used exclusively to finance the investment requirements of approximately 250 agrarian reform farms or cooperatives targeted for assistance under the Project. These investment requirements might include goods and services related to the installation of irrigation systems, the preparation of land for cultivation, the planting of tree crops, all types of installations for storing agricultural products, the storage, preparation and marketing of agricultural commodities, livestock, and poultry, and other medium- to long-term investment needs, including financing for the establishment and operation of small firms providing mechanized agricultural services. Complementary production credits, totalling an estimated \$12.0 million over the next three years, will be provided through the Cooperative Production Credit Fund. These production credits might include financing for seed, fertilizer, insecticides, feed, transportation, and other working capital needs of a short-term nature. A principal source of funds for this purpose will be the production credit funds provided under A.I.D. Loan No. 522-T-030. Farm investment plans will be required as a condition of sub-lending.

End of Project status will find a strengthened BNF whose lending to organized farmers has increased by over \$12.0 million during the Project period.

3. *Research and Development of Appropriate Technology.* The failure to identify appropriate technology for the typical Honduran farmstead is a primary constraint to increasing farm productivity and income. The Ministry of Natural Resources will contract with the Panamerican Agricultural School to investigate the applicability of available intermediate technology to Honduran conditions. The Project will attempt to identify and promote farm technologies appropriate to a wide variety of farming units. The focus of

research activity will be on (1) traction—research on the source of traction power and the appropriate implements for land preparation and crop cultivation, (2) water management—the emphasis will be on management of water for irrigation; the goal is to find methods with which to transport water, to find sources of power for water transport which are least dependent upon purchased fuels, to conserve water supplies and to use water for producing electricity on the farm; (3) crop storage—low cost methods to reduce post-harvest losses will be examined; (4) transportation and packaging—closely related to the storage of produce on the farm, means of packaging and transporting the final product will be investigated.

End of Project status will find an established capacity to perform adaptive research with appropriate technology identified in each of the following areas: (a) traction power; (b) water management; (c) post-harvest storage; and (d) transportation and packaging. In addition, there will be a library with current information on farm technologies, at least 50 bulletins reporting research activities will have been produced and at least ten studies of prototype farms will be available.

4. *Training.* Training in farm machinery operation and maintenance for at least two members of each farm unit assisted under this Project will be provided by contracting the services of INFOP or other teaching entities. In addition, the Panamerican Agricultural School or other entity will be contracted to present a series of short courses for extension agents, personnel of farm planning advisory groups and farm managers to cover subjects of farm management, machinery operation, intermediate technology and communications skills.

End of Project status in 1980 will find at least 500 farm machinery operators trained, at least 250 farm managers trained in basic farm management principles, and 50 rural service/industrial enterprise owners assisted in technical/managerial disciplines. In addition, at least 100 extension or field agent personnel of agriculture sector institutions will have received farm management and related training.

A summary financial plan of Project activities is set forth below. This plan includes, for planning purposes only, the A.I.D. Grant funds and counterpart costs covered under Project Agreement No. 522-7-TQ dated September 30, 1976.

Those elements of the plan financed by the A.I.D. Loan and related counterpart funding may be changed without formal amendment of this Agreement within the limits established under section 2.1 herein.

	(\$000)				
	AID Grant	AID Loan	GOH	Other	Total
1. Farm system planning and evaluation	265	630	549		1,444
2. Credit resources:					
— Capital Investment Fund		5,000	3,000		8,000
— Productive Credit Guaranty Program				250 *	250
— Investment Credits for Individual Farmers				225 **	225
3. Research and development	925	25	—	—	950
4. Training activities	50	345	65	—	460
TOTAL	1,240	6,000	3,614	475	11,329

* Commercial loans to small repair shops/fabricators of agricultural equipment and tools, guaranteed by the Productive Credit Guaranty Program.

** Investment credits to individual farmers from BNF resources.