



Treaty Series No. 52 (1974)

Exchange of Notes

concerning an Interest-free Loan by the
Government of the United Kingdom of
Great Britain and Northern Ireland to
the Government of Nicaragua for the
purchase of Hospital Equipment

(United Kingdom/Nicaragua Loan No. (1) 1974)

Managua, 21 March 1974

[The Agreement entered into force on 21 March 1974]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
November 1974*

LONDON

HER MAJESTY'S STATIONERY OFFICE

11p net

ISBN 0 10 157390 1

**EXCHANGE OF NOTES
CONCERNING AN INTEREST-FREE LOAN BY THE
GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND TO THE GOVERNMENT OF
NICARAGUA FOR THE PURCHASE OF HOSPITAL
EQUIPMENT**

No. 1

*Her Majesty's Ambassador at Managua to the Nicaraguan
Minister for Foreign Affairs*

*British Embassy,
Managua.*

Your Excellency,

21 March, 1974.

I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of Nicaragua and to inform your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Nicaragua in the following terms. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Nicaragua as regards associated matters shall be as respectively set out in Part A and Part B below:

- A. The Government of the United Kingdom declare that it is their intention to make available to the Government of Nicaragua by way of an interest-free loan a sum not exceeding £500,000 (five hundred thousand pounds sterling) for the purchase of equipment for use in two hospitals recently constructed with assistance from USAID following the devastation by earthquake in Managua in December 1972.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of, or to matters under the control of, that Government. The Government of Nicaragua shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of, or to matters under the control of, that Government.
- (2) (a) For the purposes of these arrangements the Government of Nicaragua shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London, S.W.1 (hereinafter referred to as "the Crown Agents"). The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request.

- (b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Nicaragua shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the foregoing provisions of this paragraph. The Government of Nicaragua, or the Crown Agents on their behalf, shall at the same time, and so often as any change is made therein, notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on its behalf the Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate of each such officer.
- (3) Save and to the extent to which the Government of the United Kingdom may otherwise agree, drawings from the loan shall be used as provided in Part A of this Note only:
- (a) for payments by the Crown Agents acting on behalf of the Government of Nicaragua for the purchase in the United Kingdom of items of hospital equipment, etc., to be agreed by the two Governments and which are wholly produced or manufactured in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man), such items being imported into Nicaragua free of all duties, imposts and charges;
- (b) for reimbursement to the Government of Nicaragua for the cost, which shall exclude import duty, sales tax and any other tax levied directly in Nicaragua, of those items which the Government of the United Kingdom agrees may be purchased locally and which shall not exceed £125,000 (one hundred and twenty five-thousand pounds sterling) or twenty-five per cent of the total sum borrowed;
- (c) for payments of charges and commission due to the Crown Agents in respect of their services on behalf of the Government of Nicaragua in connection with this loan.
- (4) (a) To the extent that the Crown Agents acting on behalf of the Government of the United Kingdom agree to payment from the Account, the Government of the United Kingdom shall, on receipt of a request from the Crown Agents acting on behalf of the Government of Nicaragua in the form set out in Annex B to this Note, make payments in sterling into the Account, and each such payment shall constitute a drawing on the loan.
- (b) Unless the Government of the United Kingdom otherwise agree, payments into the Account shall not be made after 1 October, 1975.
- (5) Withdrawals from the Account shall be made only to meet the costs
- (a) of the purchase, transportation and other delivery charges of agreed items of hospital equipment of United Kingdom origin in accordance with paragraph B 3 (a) above;

- (b) of the reimbursement to the Government of Nicaragua for agreed items purchased locally in accordance with paragraph B 3 (b) above. Withdrawals in this respect shall be made only on receipt by the Crown Agents of certified paid invoices from the suppliers concerned, or photographs or duplicates of such invoices; and
- (c) of charges and commission due to the Crown Agents in accordance with paragraph B 3 (c) above, in respect of which the Crown Agents shall debit the Account directly.
- (6) The Government of Nicaragua shall repay to the Government of the United Kingdom in pounds sterling in London, the total sum borrowed under the arrangements set out in this Note, such repayments to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date only the amount then outstanding needs to be paid.

INSTALMENTS

<i>Date due</i>	<i>Amount</i>
	£
(a) 15 September 1981 and on 15 September in each of the succeeding 17 years ...	13,900
(b) 15 March 1982 and on 15 March in each of the succeeding 16 years	13,900
(c) 15 March 1999 (Final Payment) ...	13,500

- (7) Notwithstanding the provisions of paragraph (6), the Government of Nicaragua shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan that is still outstanding.
- (8) In relation to goods and services financed from the loan, the Government of Nicaragua shall permit officers from the British Embassy and other servants or agents of the British Government to inspect any such goods or the documents relating to any such goods and services and shall furnish such officers, servants or agents with such information relating to the goods as the latter may reasonably require.

2. If the foregoing proposals are acceptable to the Government of Nicaragua, I have the honour to propose that the present Note and its Annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and which shall be known as the United Kingdom/Nicaragua Loan No. (1) 1974.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

D. F. DUNCAN

ANNEX A

GOVERNMENT OF NICARAGUA

To: The Crown Agents for Oversea
Governments and Administrations,
4 Millbank,
London, S.W.1.

Dear Sirs,

United Kingdom/Nicaragua Loan No. (1) 1974

1. I confirm your appointment as agents of the Government of Nicaragua (hereinafter called "the Government") in connection with the purchase and payment for goods under the terms of the above loan to a value not exceeding £500,000 (five hundred thousand pounds).

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Nicaragua Loan No. (1) 1974 Account (hereinafter called "the Account"), and immediately to proceed on behalf of the Government of Nicaragua with the purchase of approved items of hospital equipment which are to be purchased in the United Kingdom, full details of which are being provided separately. In view of the Government's urgent need for additional hospital facilities in Managua you are requested to take all steps to arrange for deliveries to be completed by the end of July 1974. Full use of air rather than sea freight facilities should be made for this purpose and both the United Kingdom and Nicaraguan Governments should be informed at once and in any case not later than 1st May if it seems possible that a part of the consignment will not be ready for shipment by 1st June.

3. Payments into the Account will be made from time to time by the Government of the United Kingdom on receipt of requests in the form shown in Annex B to the United Kingdom/ Nicaragua Loan Agreement No. (1) 1974 (a copy of which is attached hereto) and which you are hereby authorised to present on behalf of the Government.

4. Payments from the Account are to be made only in respect of the expenditures falling due under Part B paragraph (3) of the above-mentioned Loan and in the manner and subject to the conditions described in that Loan.

5. You are to send to the Government at the end of each month a detailed statement showing all debits to the Account during the month.

6. You are to send to the Government of the United Kingdom specimen signatures of the officers of the Crown Agents authorised to sign Requests for Drawing in the form shown in Annex B to the United Kingdom/Nicaragua Loan Agreement No. (1) 1974 on behalf of the Government.

7. Your charges and commission for acting as our agents in connection with this loan shall be chargeable to the Account.

8. A copy of this letter has been sent to the Government of the United Kingdom.

Yours faithfully,

ANNEX B

United Kingdom/Nicaragua Loan No. (1) 1974

D.F. No.....

Please pay the sum of £..... to the United Kingdom/
Nicaragua Loan No. (1) 1974 Account of the Crown Agents. This sum shall, on
payment into the Account, constitute a drawing on the Loan.

The balance in hand is £.....

.....

For the Crown Agents acting on behalf
of the Government of Nicaragua

Funding approved.....ODA

*The Nicaraguan Minister for Foreign Affairs to
Her Majesty's Ambassador at Managua*

*Ministerio de Relaciones Exteriores,
Managua, D.N.,*

Excelencia:

21 de Marzo de 1974.

Tengo el honor de acusar recibo de la Nota de Su Excelencia, con fecha de hoy, la cual traducida se lee de la siguiente manera:

“Tengo el honor de referirme a las recientes discusiones concernientes a la ayuda para desarrollo del Gobierno del Reino Unido de Gran Bretaña e Irlanda del Norte al Gobierno de Nicaragua y de informar a Su Excelencia que el Gobierno del Reino Unido está preparado para concluir un Acuerdo con el Gobierno de Nicaragua en los términos siguientes.

La posición del Gobierno del Reino Unido con relación al abastecimiento de financiamiento y los compromisos de ese Gobierno y del Gobierno de Nicaragua en lo que se refiere a los asuntos relacionados serán como respectivamente expuestos en Parte A y Parte B seguidamente:

- A. El Gobierno del Reino Unido declara que es su intención poner a disposición del Gobierno de Nicaragua un préstamo sin intereses por una suma que no exceda L500,000 (Quinientas mil libras esterlinas) para la compra de equipo para usarse en dos hospitales construídos recientemente con la ayuda de la USAID después de la devastación de Managua como consecuencia del terremoto de Diciembre de 1972.
- B. (1) El Gobierno del Reino Unido adoptará los arreglos y procedimientos descritos en los párrafos siguientes de esta Nota en cuanto estos se relacionen a cosas que deberán ser hechas por o a nombre de, o en asuntos bajo el control de, ese Gobierno.

El Gobierno de Nicaragua adoptará los arreglos y procedimientos así descritos en cuanto estos se relacionen a cosas que deberán ser hechas por o a nombre de, o en asuntos bajo el control de, ese Gobierno.

- (2) (a) Para los objetivos de estos arreglos el Gobierno de Nicaragua por medio de una demanda tal como la expuesta en el Anexo A de esta Nota, abrirá una cuenta especial (que de aquí en adelante se denominará “la Cuenta”) con los Crown Agents for Overseas Governments and Administrations, 4 Millbank, London, S.W.1 (que de aquí en adelante se denominará como “los Crown Agents”). La Cuenta será manejada solamente para los fines del préstamo y de acuerdo con las instrucciones contenidas en dicha demanda.
- (b) Tan pronto como se abra “la Cuenta” y antes de dar otros pasos requeridos por estos acuerdos para obtener alguna parte del préstamo, el Gobierno de Nicaragua suministrará al Gobierno del Reino Unido con una copia de sus instrucciones a los Crown

Agents dadas de acuerdo con las estipulaciones anteriormente expuestas en este párrafo. El Gobierno de Nicaragua, o los Crown Agents en su nombre, notificarán al mismo tiempo al Gobierno del Reino Unido cuantas veces sea necesario el nombre de los oficiales debidamente autorizados para firmar en su representación las Solicitudes de Retiro aquí y en adelante proveída y suplirán una muestra de la firma en duplicado de cada uno de tales oficiales.

- (3) Salvo y en el dado caso que el Gobierno del Reino Unido no disponga lo contrario, retiros del préstamo serán usados en la forma descrita en la Parte A de esta Nota, solamente:
 - (a) para pagos por los Crown Agents actuando en representación del Gobierno de Nicaragua para la compra en el Reino Unido de equipo de hospital, etc. acordado por los dos Gobiernos y totalmente producido o manufacturado en el Reino Unido (término que en esta Nota incluye las Islas Normandas y la Isla de Man), tales artículos siendo importados a Nicaragua libres del pago de todos los impuestos y gastos;
 - (b) para reembolso al Gobierno de Nicaragua por el costo que excluirá el impuesto de importación, impuesto de ventas de importación y cualquier otro impuesto cobrado directamente en Nicaragua sobre los artículos que el Gobierno del Reino Unido acepte puedan ser comprados localmente y cuya suma no exceda L125,000 (Ciento Veinticinco mil libras esterlinas) o el veinte y cinco por ciento de la suma total prestada;
 - (c) por pagos de gastos y comisiones a los Crown Agents respecto a sus servicios en representación del Gobierno de Nicaragua en conexión con este préstamo.
- (4)
 - (a) A tal punto que los Crown Agents actuando en representación del Gobierno del Reino Unido aceptan desembolso de "la Cuenta", el Gobierno del Reino Unido al recibir una solicitud de los Crown Agents actuando en representación del Gobierno de Nicaragua como estipulado en el Anexo B a esta Nota, pagará en libras esterlinas a "la Cuenta" y cada uno de estos pagos constituirá un retiro al préstamo.
 - (b) Al menos que el Gobierno del Reino Unido acuerde lo contrario, los pagos a "la Cuenta" no deberán ser hechos después del 1.º de Octubre de 1975.
- (5) Retiros de "la Cuenta" se harán solamente para pagar los costos
 - (a) de compra, transporte y otros cargos de entrega de los equipos de hospital acordados de origen Británico de conformidad con el párrafo B (3) (a) arriba mencionado;
 - (b) de los reembolsos al Gobierno de Nicaragua para los artículos comprados localmente de acuerdo con el párrafo B (3) (b) arriba mencionado. Retiros a este respecto se harán solamente después de la recepción por los Crown Agents de facturas pagadas certificadas

de los suplidores interesados o fotocopia o duplicado de tales facturas; y

- (c) de cargo y comisión debidos a los Crown Agents de acuerdo con el párrafo B (3) (c) arriba mencionado, en respecto a lo cual los Crown Agents debitarán directamente a " la Cuenta ".
- (6) El Gobierno de Nicaragua reembolsará al Gobierno del Reino Unido en libras esterlinas en Londres, la suma total prestada bajo los arreglos estipulados en esta Nota, tales reembolsos debiendo hacerse en plazos pagados en las fechas y en las cantidades especificadas abajo; excepto que si en la fecha cuando cualquiera de los plazos deba pagarse, hay entonces un saldo menor del monto especificado en relación a esta fecha, solamente el monto entonces pendiente necesita ser pagado.

MODALIDADES DE PAGO

<i>Fecha</i>	<i>Cantidad</i>
(a) el 15 de Septiembre de 1981 y el 15 de Septiembre de cada uno de los subsiguientes 17 años	L13·900
(b) el 15 de Marzo de 1982 y el 15 de Marzo de cada uno de los subsiguientes 16 años	L13·900
(c) el 15 de Marzo de 1999 (Pago Final) ...	L13·500

- (7) No obstante las provisiones del párrafo 6, el Gobierno de Nicaragua quedará libre de pagar en cualquier fecha más temprano al Gobierno del Reino Unido, en libras esterlinas en Londres, el saldo total o parcial del préstamo que estuviere pendiente.
- (8) En relación a los bienes y servicios financiados con el préstamo el Gobierno de Nicaragua permitirá a oficiales de la Embajada Británica y otros empleados o agentes del Gobierno Británico inspeccionar tales bienes o los documentos relacionados con dichos bienes y servicios y proveerá a estos oficiales, empleados o agentes con tales informaciones relacionadas a los bienes como estos últimos razonablemente lo requieran.

2. Si las propuestas anteriormente expuestas son aceptables al Gobierno de Nicaragua, tengo el honor de proponer que la presente Nota con sus anexos y junto con la respuesta de Vuestra Excelencia en este sentido, constituya un acuerdo entre los dos Gobiernos, el cual entrará en vigor en la fecha de su respuesta y será conocida como Reino Unido/Nicaragua Préstamo No. (1) 1974 ".

Tengo el honor de informar a Vuestra Excelencia que las propuestas presentadas con anterioridad, son aceptables por el Gobierno de Nicaragua, quien por lo tanto, acuerda que su Nota y sus Anexos, junto con la presente respuesta, deben constituir un Acuerdo entre los dos Gobiernos y entrarán en vigor inmediatamente y serán conocidos como Reino Unido/Nicaragua Préstamo No. (1) 1974.

Aprovecho esta oportunidad para renovar a Vuestra Excelencia las seguridades de mi más alta consideración.

A. MONTIEL ARGUELLO

[Translation of No. 2]

*Ministry of Foreign Affairs,
Managua, D.N.,*

21 March, 1974.

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note, dated today, which translated reads in the following manner:

[As in No. 1]

I have the honour to inform Your Excellency that the foregoing proposals are acceptable to the Government of Nicaragua who therefore agree that your Note and its Annexes together with the present reply, shall constitute an Agreement between the two Governments which shall enter into force immediately and which shall be known as the United Kingdom/Nicaragua Loan No. (1) 1974.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

A. MONTIEL ARGUELLO

HER MAJESTY'S STATIONERY OFFICE

Government Bookshops

49 High Holborn, London WC1V 6HB

13a Castle Street, Edinburgh EH2 3AR

41 The Hayes, Cardiff CF1 1JW

Brazennose Street, Manchester M60 8AS

Southey House, Wine Street, Bristol BS1 2BQ

258 Broad Street, Birmingham B1 2HE

80 Chichester Street, Belfast BT1 4JY

*Government publications are also available
through booksellers*