

No. 13066

**UNITED STATES OF AMERICA
and
NICARAGUA**

**Grant Agreement relating to earthquake relief (with annexes).
Signed at Managua on 15 January 1973**

Authentic texts: English and Spanish.

Registered by the United States of America on 12 February 1974.

**ÉTATS-UNIS D'AMÉRIQUE
et
NICARAGUA**

**Accord relatif à l'octroi de secours à la suite du tremblement
de terre (avec annexes). Signé à Managua le 15 janvier
1973**

Textes authentiques : anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 12 février 1974.

GRANT AGREEMENT¹

Agreement, dated the 15th of January, 1973, between the Republic of Nicaragua ("The Government") and the United States of America, acting through the Agency for International Development ("A.I.D.")

Whereas, the Republic of Nicaragua has recently suffered an earthquake of major intensity; and

Whereas, such earthquake and the conditions resulting therefrom have taken a large toll in human lives and have caused widespread damage and human suffering including rendering an estimated 200,000 people homeless; and

Whereas, the Government of the Republic of Nicaragua is confronted with the arduous task of relieving such suffering and has instituted a program designed to meet such needs; and

Whereas, the Government of the Republic of Nicaragua has requested assistance from the United States of America; and

Whereas, the people of the United States of America, in a spirit of friendship and fraternal cooperation which has long distinguished the relationship between the United States of America and the Republic of Nicaragua, propose to help relieve the suffering caused by said natural disaster and to assist the people of Nicaragua in the task of relief and rehabilitation; and

Whereas, in furtherance of the above purposes, the United States of America has expressed its intention to make available the equivalent of up to three million dollars (\$3,000,000) for emergency shelter for earthquake victims.

Now therefore, the Parties agree as follows:

1. *The Grant.* The United States of America, acting through the Agency for International Development, hereby grants to the Republic of Nicaragua an amount not to exceed the equivalent of three million United States dollars (\$3,000,000) to assist the Government in financing and carrying out the Program ("Program") described in annex II, attached hereto and made a part hereof, designed to provide emergency shelter for persons rendered homeless as a consequence of the recent earthquake; provided, that all expenditures and operations by A.I.D. related to this Agreement must be in accordance with, and are subject to, the applicable laws and regulations of the United States of America.

2. *Freedom from Taxation.* This Agreement and the funds made available hereunder and goods and services procured with such funds shall be free from any and all taxation, charges and/or fees of any kind imposed under the laws of the Republic of Nicaragua or any political subdivision thereof.

3. *Use of Representatives.* All actions required or permitted to be performed or taken under this Agreement by the Government or A.I.D. may be performed by their respective duly authorized representatives.

¹ Came into force on 15 January 1973 by signature.

4. *Procedures.* This grant shall be used, and the funds disbursed, in accordance with the procedures and conditions set forth in annex I, attached hereto and made a part hereof and Implementation Letters issued thereunder.

5. *Termination.* Either party may terminate this Agreement for its own convenience at anytime upon written notice to the other party.

6. *Terminal Dates for Disbursement.* Except as A.I.D. may otherwise agree in writing, no letter of commitment or other commitment document shall be issued in response to requests received by A.I.D. after three months from the execution of this Agreement, and no disbursement shall be made against documentation received by A.I.D. or any bank designated by A.I.D. after six months from the execution of this Agreement.

Effective Date. This Agreement shall be effective as of the day and year first above written.

IN WITNESS WHEREOF, the Government and A.I.D., each acting through its respective duly authorized representative have caused this Agreement, in both English and Spanish, to be executed in their names and delivered as of the date and year first above written.

The United States of America

[Signed]

By: TURNER B. SHELTON
U.S. Ambassador
to Nicaragua

[Signed]

By: ERNEST J. BARBOUR
Acting Director
USAID Mission to Nicaragua

The Republic of Nicaragua

[Signed]

By: ANASTASIO SOMOZA DEBAYLE
President of the National
Emergency Committee

Concur:

Banco de la Vivienda de Nicaragua

[Signed]

By: FAUSTO ZELAYA
President

ANNEX I

Activities financed under the Grant shall be carried out in accordance with this annex, the Grant Agreement and the Implementation Letters issued hereunder.

Section 1.1. Disbursements

(a) *Local Currency Costs.* The Government may, from time to time, request disbursement by A.I.D. of local currency for Local Currency Costs of goods and services procured for the mutually agreed activities of the Program as set forth in Implementation Letters. A.I.D. shall make such disbursements from currency of Nicaragua owned by the United States Government and obtained by A.I.D. with United States dollars. The United States dollar equivalent of the local currency made available hereunder will be the amount of United States dollars required by A.I.D. to obtain such currency.

(b) *Other Forms of Disbursement.* Disbursements of the Grant may also be made through such other means as the Government and A.I.D. may agree to in writing.

Section 1.2. Procurement of Goods and Services for the Program

Except as A.I.D. may agree in writing disbursements made for local currency costs shall be used exclusively to finance the procurement of goods and services having their source and origin in the Central American Common Market or the United States of America. All goods and services financed under the Grant shall be used exclusively for the Program.

Section 2.1. Execution of the Program, Continuing Consultation

(a) The Government, acting through the Housing Bank of Nicaragua (BAVINIC) shall carry out the Program with due diligence and efficiency, and the Government and A.I.D. shall cooperate fully to assure that the purpose of this grant will be accomplished. To this end, the Government and A.I.D. shall, from time to time, at the request of either party exchange views through their representatives with respect to the progress of the Program.

(b) The Government shall provide the necessary land owned by BAVINIC for the Program which shall remain continuously available for the such use until the purposes of the Program have been met.

Section 2.2. Approvals

(a) All construction carried out under the Program shall be in accordance with plans and specifications and upon sites owned by BAVINIC and previously approved by A.I.D.

(b) All procurement of materials and services shall be at reasonable prices and in accordance with procedures provided in Implementation Letters or under contracts approved by A.I.D. in advance of their effective date. All subsequent contract modifications shall also be subject to A.I.D. approval.

(c) Operations, construction schedules, methods of selection of beneficiaries of the program, operational budgets and material inventories shall be approved by both parties.

Section 2.3. Notice of Adverse Developments

The Government shall promptly notify A.I.D. of any conditions which interfere with or threaten to interfere with carrying out the Program.

Section 2.4. Maintenance of Records, Inspection and Reports

(a) The Government shall maintain or cause to be maintained records adequate to identify the goods and services financed by this Grant for such period and in accordance with such procedures as will be set forth in Implementation Letters, and shall within a reasonable period of time furnish to A.I.D. such reports and information relating to such goods and services and other provisions of this Agreement as A.I.D. may reasonably request.

(b) The Government will authorize the representatives of A.I.D. to have access to the records which are referred to in sub-section (a) above, and any other documents, data, or records related to this Grant. The Government will facilitate A.I.D. and provide a reasonable opportunity for its authorized representatives to visit zones of Nicaragua for purposes related to the Grant.

(c) The Government will furnish reports to A.I.D. in the form and at times which A.I.D. shall reasonably request in relation to the execution of the Program.

Section 3.1. Refunds

If A.I.D. determines that any disbursement made pursuant to this grant is not made or used in accordance with the terms of the Agreement, A.I.D. at its option may, notwithstanding the availability of any other remedy provided for under the Agreement, require the Government to refund to A.I.D. within thirty (30) days after receipt of a request therefor, such amount, provided, that such request by A.I.D. shall be made not later than five (5) years after

the date of final disbursement hereunder. Notwithstanding the fact that this Agreement may have terminated, the rights of A.I.D. set forth in this section shall remain in force after such termination.

Section 3.2. Waiver of Default

No delay in exercising, or omission to exercise, any right, power or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any of such right, power or remedy.

Section 3.3. Notice

Any notice, request or communication given, made or sent by the Government or A.I.D. pursuant to the Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such other party at the following addresses:

Banco de la Vivienda de Nicaragua
Apartado Postal 553
Managua
Nicaragua

USAID
American Embassy
Managua
Nicaragua

Section 3.4. Implementation Letters

Implementation Letters shall be issued from time to time by A.I.D. as necessary to supplement provisions hereof or to establish procedures for matters not contained but necessary to realization of the goals of this grant.

ANNEX II

PROGRAM DESCRIPTION

Program purpose. The purpose of the program is to meet an emergency shelter need described in the January 2, 1973 letter from the President of BAVINIC to A.I.D., through construction of temporary shelters meeting specified standards on sites owned by BAVINIC.

Temporary shelters. The Program will consist of construction of temporary shelters as necessary to meet the shelter emergency. The parties hereto contemplate the construction of approximately 13,000 to 16,000 shelters with the grant funds.

The shelters will be in conformance with plans and specifications developed by the Government providing for a covered area of 20 square meters enclosed on four sides but without flooring. It is recognized by the parties that the materials to be utilized will depend upon availabilities thereof provided, however, that all materials shall be subject to the approval of both parties.

Placement of the shelters shall be according to a previously approved site plan including provision for the following services:

1. Electric light in each shelter,
2. Community water taps for every ten to twenty families,
3. One latrine for the exclusive use of each family sheltered.

Based upon preliminary information regarding availability of materials and labor during the emergency situation, BAVINIC and A.I.D. have determined that the shelters as described above can be financed with the Grant funds made available hereunder.

Program administration. The Program will be administered by BAVINIC in close cooperation with A.I.D. BAVINIC will:

1. Immediately develop time scheduling for sites and services construction and occupancy which shall be submitted to A.I.D. within five days after the execution of this Grant.
2. Establish written guidelines for eligibility for occupancy and a method of selection of occupants and submit the same to A.I.D. within ten days of the execution of this Grant.
3. Arrange with appropriate authorities for street lighting time phased with the occupancy schedule.
4. Prepare and submit a plan within 10 days for the execution of the Grant for inspection of the shelters as they are completed in order to facilitate payment to contractors.
5. Do all other things as may from time to time be necessary to carry out the Program or insure its continuing success.
6. Prepare and submit to A.I.D. within 3 months after execution of this Grant, a plan for the settlement of occupants of the shelters constructed hereunder in permanent type houses upon the same site or elsewhere.

Program financing. The Program shall be financed with the equivalent of 3,000,000 United States dollars granted by the United States, provided, that the Government shall be responsible for the financing of administration, bringing electricity onto the site, street lighting, trash disposal and other services and facilities necessary to the health and well being of the occupants of the shelters.

A.I.D. will advance an agreed amount of funds in advance of commencement of construction. Thereafter, disbursements will be made to BAVINIC against certification of completed shelters on a per unit basis subject to approval of an A.I.D. inspection officer. BAVINIC disbursements to contractors shall be in accordance with provisions of the construction contracts.

The Government recognizes that because grant funds are being made available from the United States any income received from rental or sale of the shelters produced hereunder or from the Program in any other way must be segregated into a separate account for use in improving the social well-being of the people of Nicaragua as approved by A.I.D.

Future planning. It is the intention of the Government and A.I.D. that the shelter communities created under the Program be eliminated or upgraded in the reasonably near future to prevent the creation of a permanent slum condition detrimental to the health and welfare of the occupants of such communities.

Program modifications. This Annex II may be modified in writing by representatives of the parties provided such modification shall be within the scope of the Grant Agreement and Annex I.