

No. 13919

---

**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
NICARAGUA**

**Exchange of notes constituting an agreement concerning an interest-free loan by the Government of the United Kingdom to the Government of Nicaragua for the purchase of hospital equipment. Managua, 21 March 1974**

*Authentic texts of the exchange of notes: English and Spanish.*

*Authentic text of the annexes: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on 28 April 1975.*

---

**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
NICARAGUA**

**Échange de notes constituant un accord concernant un prêt sans intérêt du Gouvernement du Royaume-Uni au Gouvernement nicaraguayen en vue de l'achat d'équipement hospitalier. Managua, 21 mars 1974**

*Textes authentiques de l'échange de notes : anglais et espagnol.*

*Texte authentique des annexes : anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 28 avril 1975.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF NICARAGUA CONCERNING AN INTEREST-FREE LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT OF NICARAGUA FOR THE PURCHASE OF HOSPITAL EQUIPMENT

I

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

BRITISH EMBASSY  
MANAGUA

21 March, 1974

Your Excellency,

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.

<sup>1</sup> Came into force on 21 March 1974, the date of the note in reply, in accordance with the provisions of the said notes.

(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>Amount</i>
<i>Date due</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 the 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

(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 ARGÜELLO

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

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

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:

[*Voir note I*]

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 ARGÜELLO

<sup>1</sup> Translation supplied by the Government of the United Kingdom.

<sup>2</sup> Traduction fournie par le Gouvernement du Royaume-Uni.