



# **ECONOMIC COMMISSION FOR LATIN AMERICA**

## **COMMITTEE OF THE WHOLE REPORT ON THE SEVENTH EXTRAORDINARY SESSION**

(16-18 January 1973)

**ECONOMIC AND SOCIAL COUNCIL  
OFFICIAL RECORDS: FIFTY-FIFTH SESSION**

**SUPPLEMENT No. 8A**

**UNITED NATIONS**

**NOTE**

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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# CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
PART I. A. ATTENDANCE AND ORGANIZATION OF WORK . . . . .	1 - 10	1
Opening and closing meetings . . . . .	1 - 5	1
Membership and attendance . . . . .	6 - 8	1
Credentials . . . . .	9	2
Election of officers . . . . .	10	2
B. AGENDA . . . . .	11	2
C. ACCOUNT OF PROCEEDINGS . . . . .	12 - 36	3
General debate and discussion of draft resolutions . . . . .	12 - 31	3
Statement of administrative and financial implications of the draft resolution contained in document E/CN.12/AC.64/L.1/Rev.1, submitted in accordance with rule 26 of the rules of procedure of the Economic Commission for Latin America . . . . .	32 - 36	6
PART II. RESOLUTIONS ADOPTED BY THE COMMITTEE OF THE WHOLE AT ITS SEVENTH EXTRAORDINARY SESSION . . . . .	37	8
ANNEX. STATEMENT BY MR. JUAN JOSÉ MARTÍNEZ L., MINISTER OF ECONOMY, INDUSTRY AND TRADE OF NICARAGUA . . . . .		14

## PART I

### A. ATTENDANCE AND ORGANIZATION OF WORK

#### Opening and closing meetings

1. In agreement with the Government of Nicaragua, and after obtaining the approval of the Secretary-General of the United Nations, the Executive Secretary of ECLA decided to convene a session of the Committee of the Whole in accordance with rule 1 (b) of the rules of procedure of the Commission. The purpose of the session was to consider what technical and financial international co-operation might be obtained for Nicaragua, which was in need of sizable emergency aid, both medium-term and long-term, as a result of the earthquake that had occurred on 23 December 1972, causing heavy loss of life and practically destroying the capital city, Managua.
2. The venue of the session was United Nations Headquarters; three meetings (164th to 166th meetings) were held on 16, 17 and 18 January 1973.
3. At the opening meeting, the Executive Secretary, after declaring open the seventh extraordinary session and expressing regret that the current President of the Committee of the Whole, Mr. Pedro Vuskovic, was unable to attend owing to duties which could not be postponed, invited those present to observe a minute of silence in memory of the victims of the disaster.
4. The Committee then proceeded to the election of officers for the session.
5. At the closing meeting, following the adoption of draft resolutions, statements were made by the Executive Secretary of ECLA, the head of the Special Mission of Nicaragua and the President for the session.

#### Membership and attendance

6. Representatives of the following States members of the Commission attended the session: Argentina, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Venezuela.
7. In accordance with paragraph 6 of the Commission's terms of reference, a representative of the following State Member of the United Nations which is not a member of the Commission attended the seventh extraordinary session in a consultative capacity: the Union of Soviet Socialist Republics.
8. The session was also attended by representatives of the following organs and bodies of the United Nations system and associated agencies: the United Nations Development Programme (UNDP), the World Food Programme (WFP), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural



Organization (UNESCO), the World Health Organization (WHO), the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF). Also present were representatives of other intergovernmental and regional organizations, as follows: the Central American Bank for Economic Integration (BCIE), the Central American Institute for Public Administration (ICAP), the Central American Monetary Council (CMAC), the Central American Research Institute for Industry (ICAITI), the Centre for Latin American Monetary Studies (CEMLA), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Inter-American Council of Commerce and Production (IACCP), the Inter-American Development Bank (IDB), the Latin American Demographic Centre (CELADE), the Mexican League of Red Cross Societies (ISCRM), the Organization of American States (OAS), the Organization of Central American States (OCAS), the Pan American Sanitary Bureau (PASB) and the World Federation of United Nations Associations (WFUNA).

#### Credentials

9. The Credentials Committee, pursuant to rule 15 of the Commission's rules of procedure, informed the Committee at its 166th meeting, on 18 January 1973, that it had examined the credentials of the delegations to the seventh extraordinary session of the Committee of the Whole and had found them to be in order.

#### Election of officers

10. At the 164th meeting, on 16 January 1973, the following officers were elected:

President: Mr. Carlos Molina Mencos (Guatemala); First Vice-President: Mr. Leonardo Díaz González (Venezuela); Second Vice-President: Mr. G. L. Hearn (Canada); Rapporteur: Mr. Uldaricio Figueroa (Chile).

#### B. AGENDA

11. At the same meeting, the Committee of the Whole considered the provisional agenda (E/CN.12/AC.64/1) prepared by the ECLA secretariat and adopted it without change, as follows:

1. Election of officers
2. Adoption of the agenda
3. Situation in Nicaragua following the earthquake of 23 December 1972 and measures of the United Nations for international co-operation
4. Adoption of the report of the Committee of the Whole to the Economic and Social Council

## C. ACCOUNT OF PROCEEDINGS

### General debate and discussion of draft resolutions

12. The Secretary-General of the United Nations made a statement in which he reported on the steps taken by the Organization, as soon as news of the earthquake had been received, to give the victims all the assistance that the United Nations could provide. He had requested action by the Disaster Relief Co-ordinator and by all organizations which could render any assistance to Nicaragua. It had been gratifying to note the immediate response on the part of the organizations of the system and the interest shown by nations and individuals throughout the world in going to the aid of the people of Nicaragua. He pointed out that the Economic and Social Council, at its organizational meetings for the fifty-fourth session, had adopted resolution 1733 (LIV) of 8 January 1973, concerning measures to be taken following the earthquake in Nicaragua. The United Nations was performing what was essentially a co-ordinating role, since it could not provide any substantial aid beyond the resources available to the system unless it received special contributions from Member States. The Secretary-General reiterated his intention that the Organization should make every effort to provide the greatest possible aid in such emergencies, and offered Nicaragua the fullest co-operation of the agencies of the United Nations.

13. The Executive Secretary of ECLA noted that the magnitude of the problems was essentially outlined in the document submitted jointly by ECLA and SIECA (E/CN.12/AC.64/2/Rev.1). The Committee was considering a case where the progress of a developing country which had been making a sustained effort to invigorate its economy had been interrupted by heavy damage from natural causes. Apart from that, the crisis in Nicaragua could not be regarded as an isolated case in the history of Latin America, and he therefore felt that the time had come for the Latin American community truly to demonstrate its reaction to such contingencies by creating machinery which would enable countries, in similar circumstances, speedily to obtain the aid they needed to overcome the immediate effects of natural disasters and the medium-term and long-term consequences that they would have to contend with. He offered the fullest co-operation of ECLA in whatever the Government of Nicaragua might consider it appropriate to ask of the Commission.

14. The Disaster Relief Co-ordinator gave an account of his actions from the time when he had received instructions from the Secretary-General until his departure from Nicaragua, where he had gone in order to co-ordinate United Nations activities. He stated that high priority must be given to the problem of feeding the population - a category of aid that would have to continue at least until September 1973 - and to action on the problems of resettling the homeless and of unemployment.

15. The Committee of the Whole heard a statement by the Permanent Representative of Nicaragua to the United Nations on the situation in his country and the efforts his Government was making to help the victims. He expressed gratitude for the assistance received from all quarters.

16. The Minister of Economy, Industry and Trade of Nicaragua went into greater detail, giving a comprehensive account of the damage caused by the earthquake and indicating the specific cost in many cases. He emphasized his country's need for immediate and effective aid to enable it to cope with really urgent problems, and he estimated the amount required for the rehabilitation of the



economy at more than \$1,000 million, equivalent to more than nine times the annual budget of Nicaragua in 1972. He noted that in the first phase of the emergency reconstruction plan a minimum investment of \$170 million would be required. (For the full text of the statement, see the annex to this report.)

17. The delegations of member States and observers participating in the debate expressed their condolences to the Government and people of Nicaragua on the tragic results of the earthquake and their admiration for the courage displayed in those circumstances and the resoluteness with which the rehabilitation process had been begun. Many delegations referred in particular to the emergency aid supplied by their countries.

18. Statements were made by representatives of United Nations bodies, specialized agencies, regional agencies and intergovernmental and non-governmental organizations, who referred to the aid that had been provided and the plans that each of those institutions was preparing for rendering assistance to Nicaragua in close consultation with the Government of Nicaragua and in accordance with the priorities determined by the latter.

19. The Committee's discussions related to three main aspects. The first was an evaluation of the human and material losses caused by the earthquake and the repercussions of the natural disaster on the future development of Nicaragua's economy. The second was the emergency assistance thus far received by Nicaragua. The third was the characteristics and modalities which, in view of the magnitude of the disaster, might be adopted by international co-operation both with a view to the continuation of immediate assistance and for the purpose of medium-term and long-term reconstruction programmes.

20. With regard to the first point, the Committee was informed in the report given by the Special Representative of the Government of Nicaragua and in the document submitted by ECLA and SIECA that the disaster had left approximately 10,000 dead and 20,000 injured. Added to which there were problems connected with the evacuation of the city, the need to set up camps for the 300,000 people left homeless, the 45 per cent unemployment rate among the working population, natural difficulties in supplying food to the victims, the need to establish minimum health standards to prevent the spread of disease, pressures on public services and supply sources, the effects of drought and, lastly, family disintegration.

21. The Committee was also informed that the city of Managua, apart from being the seat of the central Government and of the most important autonomous agencies, was the dynamic centre of Nicaragua, where most of the population, commerce, industry and financial services were concentrated, a fact which added to the gravity of the material losses, estimated at several hundreds of millions of dollars. Apart from the loss of life, the sector most affected was housing, followed by commerce and other private services, public installations and urban infrastructure services. In the industrial sector, the worst effects were felt by small and medium-sized industry. To those must be added the damage to stocks of goods, the accounts and credits irrecoverable by the commercial, financial and industrial sectors, the costs of the temporary paralysis of business, the loss of tax revenues and the clearing of ruins in the city of Managua.

22. The ECLA/SIECA document stated that Nicaragua's economic growth had been sharply halted as a result of the disaster, with natural repercussions on the



level of living of the population and on the country's productive machinery. Nicaragua would urgently need large amounts of international funds, not only for the reconstruction of Managua but also in order to be able to continue its normal economic and social development programmes.

23. The States members of the Economic Commission for Latin America considered the characteristics and modalities of the assistance which had been provided and might be provided in the future to Nicaragua, in the country's reconstruction and economic and social rehabilitation effort.

24. Three draft resolutions (E/CN.12/AC.64/L.1/Rev.1, E/CN.12/AC.64/L.2/Rev.1 and E/CN.12/AC.64/L.3/Rev.1) were submitted, sponsored by the delegations of Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, the Netherlands, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela, subsequently joined by Canada, France, the United Kingdom and the United States of America. The drafts contained recommendations for resolving the difficulties in which Nicaragua found itself. The first recommendation was for a continuation and expansion of the immediate aid that was required by Nicaragua to solve the most urgent problems with regard to food, medicines, temporary housing, health care and unemployment. In that connexion, attention was drawn to the need for the continuation and maximum expansion, without delay, of donations and of technical and financial assistance, and the hope was expressed that Economic and Social Council resolution 1733 (LIV) would be speedily and effectively implemented.

25. Secondly, ECLA and ILPES were asked to collaborate in the preparation of a national plan of reconstruction and rehabilitation. As a result of its consideration of the medium-term and long-term social and economic development problems of Nicaragua, aggravated by the earthquake, the Committee called for the co-operation of the international community and of certain bodies and specialized agencies in granting the greatest possible volume of resources, under their respective programmes, and on the most favourable terms, in order to satisfy, as far as possible, the requests of the Government of Nicaragua for reconstruction and rehabilitation work. The financial agencies were urged to speed up the granting of loans requested by Nicaragua prior to the earthquake. With regard to new requests for credits, the member Governments of the International Bank for Reconstruction and Development, the Inter-American Development Bank and the International Development Association were requested to instruct their Directors to pay special attention to the needs of Nicaragua for financing its rehabilitation and reconstruction programmes.

26. Thirdly, the Executive Secretary of the Commission was requested to prepare semi-annual reports with a view to facilitating the evaluation by member States of the progress achieved in implementing the provisions of the resolutions adopted, so that countries might have the necessary information to determine to what extent the recommendations approved were being carried out, might ascertain the effectiveness of the assistance to Nicaragua and might, if necessary, redirect co-operation to any other priority areas indicated by the Government of Nicaragua.

27. Lastly, in the field of regional emergency programming for cases of disaster, the Secretary-General was requested to recommend that countries bear in mind in their national planning the question of dealing with emergencies similar to the one that had arisen in Nicaragua. The secretariat of the Commission and the Latin American Institute for Economic and Social Planning (ILPES) were requested to prepare, in close co-operation with the Government of Nicaragua, a national plan for cases of mass emergency and other cases, which might serve as a pilot plan for an international model.

28. In that connexion, one delegation suggested that the Commission might well consider convening a meeting of geologists and earthquake experts with a view to studying the possible reduction of loss of life and damage, especially in the Americas. The Executive Secretary said that the Commission could consider that suggestion at its next session in Quito.

29. The Committee of the Whole, after considering and discussing the three draft resolutions contained in documents E/CN.12/AC.64/L.1/Rev.1, E/CN.12/AC.64/L.2/Rev.1 and E/CN.12/AC.64/L.3/Rev.1, adopted them unanimously, with some drafting changes. (For the texts, see para. 37 below, resolutions 314 (AC.64), 315 (AC.64) and 316 (AC.64).)

30. On the proposal of the representative of Brazil, it was agreed to place expressly on record that it was implicit in paragraph 10 of draft resolution E/CN.12/AC.64/L.2/Rev.1, adopted as resolution 315 (AC.64), that the reports to be prepared semi-annually by the Executive Secretary would include a study of the activities carried out under resolutions adopted by other international organizations in connexion with the rehabilitation and reconstruction of the city of Managua.

31. The delegation of Cuba stated that, while it was essentially in agreement with all the terms of the recommendations in the three draft resolutions, it was unable to endorse draft resolution E/CN.12/AC.64/L.2/Rev.1, paragraph 2, because Cuba was not a member of the International Bank for Reconstruction and Development or the Inter-American Development Bank, which were mentioned in that paragraph, and had reservations with regard to their activities and functions. It expressed the desire that that reservation should be expressly stated in the report of the session.

Statement of administrative and financial implications of the draft resolution contained in document E/CN.12/AC.64/L.1/Rev.1, 1/ submitted in accordance with rule 26 of the rules of procedure of the Economic Commission for Latin America

32. Under the terms of paragraph 5 of the draft resolution contained in document E/CN.12/AC.64/L.1/Rev.1, the Committee of the Whole of the Economic Commission for Latin America would request the secretariat of the Commission and the Latin American Institute for Economic and Social Planning, in co-operation with the Government of Nicaragua and the Office of the Disaster Relief Co-ordinator and with the participation of the appropriate bodies and agencies, to prepare a national plan for cases of mass emergency and other cases which might serve as a pilot plan for an international model; under the terms of paragraph 6, the Committee of the Whole would request the secretariat of the Commission and the Latin American Institute for Economic and Social Planning, in close co-operation with the Government of Nicaragua, to take the necessary steps to prepare a national reconstruction and rehabilitation plan, and in providing machinery for such a plan, to include in such work the measures required for scientific and research personnel and teams to assist in the emergency and other studies needed.

33. In order to respond to the above request, additional resources would be required in 1973 and 1974 and, should the draft resolution be adopted, the Secretary-General would have to seek the concurrence of the Advisory Committee

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1/ Adopted as resolution 314 (AC.64).



on Administrative and Budgetary Questions so as to enter into commitments for 1973 under the provisions of General Assembly resolution 3045 (XXVII) relating to unforeseen and extraordinary expenses.

34. It is assumed that the work relating to the preparation of a pilot plan and the assistance to the Government of Nicaragua in the elaboration of a national reconstruction and rehabilitation plan would cover the last eight months of 1973 and the first four months of 1974. The total additional resources required for that period are estimated as follows:

	US dollars
5 professional staff for one year	150,000
30 man-months of consultant services	60,000
2 secretaries for one year	12,000
Staff travel in 1973 and 1974	10,000
Office accommodation and equipment for 5 professional and 2 General Service staff who would be located at the ECLA Office in Mexico City	7,000
	<u>239,000</u>

35. The total cost of implementing the draft resolution is therefore estimated at \$239,000.

36. One delegation expressed the hope that the cost of the participation of the Commission and ILPES in the preparation of a reconstruction and rehabilitation plan could be absorbed to the maximum possible extent by their current budgets.



## PART II

### RESOLUTIONS ADOPTED BY THE COMMITTEE OF THE WHOLE AT ITS SEVENTH EXTRAORDINARY SESSION

37. The Committee of the Whole adopted the following three resolutions:

314 (AC.64). International co-operation to deal with the disaster which occurred in Nicaragua on 23 December 1972

The Committee of the Whole of the Economic Commission for Latin America,

Considering that the earthquake which occurred in the city of Managua caused enormous loss of human life and property, left large sectors of the population homeless and unemployed, destroyed most of the public buildings, the urban infrastructure, industrial, commercial and banking facilities and other services and generally gave rise to serious repercussions on the future economic and social development of the country,

Considering also that the earthquake has caused a difficult problem with regard to the supply of food to the population, a problem which has been further complicated by the effects of the recent drought,

Taking note of the reports submitted by the Special Representative of the Government of Nicaragua, the Disaster Relief Co-ordinator and the Executive Secretary of the Commission on the extent of the damage and the repercussions suffered by the Nicaraguan economy, as well as the possible technical and financial assistance requirements for the emergency plan and rehabilitation and reconstruction programmes for the city of Managua,

Taking into account the document jointly prepared by the secretariat of the Economic Commission for Latin America and the Permanent Secretariat of the General Treaty on Central American Economic Integration (E/CN.12/AC.64/2/Rev.1),

Bearing in mind that assistance offered to a State Member of the United Nations that has suffered a natural disaster of such magnitude is in accordance with the concept of international solidarity embodied in the Charter of the United Nations,

Noting with appreciation the assistance furnished to Nicaragua by States Members of the United Nations, and particularly the emergency relief offered by the countries that are members of the Economic Commission for Latin America, as well as the preliminary aid measures taken by the Secretary-General of the United Nations, by the Executive Secretary of the Commission, by the executive heads of the specialized agencies and by other international organizations, foundations and private individuals,

Considering that the Government of Nicaragua has begun the work of reconstructing and rehabilitating the affected area and, moreover, has drawn up a preliminary plan to define in detail its financial and technical assistance requirements of an international nature,

1. Decides to express its deep sympathy to the people and Government of Nicaragua with regard to the loss of life and devastation caused by the recent disaster;

2. Invites Governments of States members of the Economic Commission for Latin America to continue their co-operation for the purpose of relief and for the purpose of reconstruction and economic and social rehabilitation wherever necessary;

3. Welcomes the unanimous adoption by the Economic and Social Council of its resolution 1733 (LIV) of 8 January 1973 concerning measures to be taken following the earthquake in Nicaragua, and expresses its confidence that that resolution will be speedily and effectively implemented;

4. Expresses its gratitude to the United Nations system for the emergency relief measures it has taken on behalf of Nicaragua;

5. Requests the secretariat of the Commission and the Latin American Institute for Economic and Social Planning, in co-operation with the Government of Nicaragua and the Office of the Disaster Relief Co-ordinator and with the participation of the appropriate bodies and agencies, to take the necessary steps to prepare a national plan for cases of mass emergency and other cases, which might serve as a pilot plan for an international model;

6. Requests the secretariat of the Commission and the Latin American Institute for Economic and Social Planning, in close co-operation with the Government of Nicaragua and with the relevant international bodies and agencies, to take the necessary steps to contribute to the preparation of a national reconstruction and rehabilitation plan, and in providing machinery for such a plan, to include in the work the measures required to enable scientific and research personnel and teams to assist in the emergency and other studies needed;

7. Urges the Secretary-General to request the Director-General of the Food and Agriculture Organization of the United Nations to determine, in collaboration with the Government of Nicaragua, the necessary expansion of programmes with a view to achieving, in the case of Nicaragua, the objectives and aims laid down in the preamble and in article 1 of the Constitution of that organization;

8. Urges the Secretary-General to encourage still further the World Food Programme, in close collaboration with the Government of Nicaragua and the United Nations Children's Fund, speedily and effectively to bring into operation plans and programmes to meet food requirements which might affect the Nicaraguan population in the country's present circumstances, particularly with regard to long-term aid for victims of the earthquake and drought and supplementary food for children of school and pre-school age, and plans and programmes that may be established as pilot projects for international aid to stimulate the economic and social development of the country;

9. Recommends that the International Labour Organisation, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, the International Atomic Energy Agency, the United Nations Children's Fund, the United Nations Institute for Training and Research and the United Nations Volunteers programme increase still further their efforts to devote the largest possible volume of resources, within their respective programmes, in close co-operation with the Government of Nicaragua and the Office of the Disaster Relief Co-ordinator, to meeting the requests from the Government relating to short-term, medium-term and long-term reconstruction and rehabilitation work, including such work as is intended to improve co-operative development and to increase the training of human resources needed for Nicaragua's economic and social recuperation;

10. Expresses the hope that the Governing Council of the United Nations Development Programme will take affirmative decisions on the requests for assistance which the Government of Nicaragua will submit in connexion with short-term, medium-term and long-term reconstruction and rehabilitation plans and programmes;

11. Requests the secretariat of the Commission to continue, within its field of competence, to give particular attention and assistance to the Government of Nicaragua, in accordance with the latter's requests of an economic, social and technical nature, and similarly requests the Latin American Institute for Economic and Social Planning to support the secretariat of the Commission in the co-operation programmes referred to above.

166th meeting,  
18 January 1973.



315 (AC.64). International financial assistance in the emergency situation in Nicaragua resulting from the earthquake of 23 December 1972

The Committee of the Whole of the Economic Commission for Latin America,

Bearing in mind the unanimous adoption by the Economic and Social Council of its resolution 1733 (LIV) of 8 January 1973 concerning measures to be taken following the earthquake in Nicaragua,

Endorsing the belief expressed by the Economic and Social Council that assistance offered to a State Member of the United Nations that has suffered a disaster of such magnitude is in accordance with the concept of international solidarity embodied in the Charter of the United Nations,

Considering that all Governments represented in the Economic Commission for Latin America have expressed in many ways their concern and desire that international financial assistance to Nicaragua should be sufficient to enable it to meet its need for assistance and that problems of reconstruction and rehabilitation should be considered as inseparable from problems of economic and social development,

Considering also the spirit of solidarity shown in the immediate assistance and full co-operation given by States Members of the United Nations and members of international bodies and institutions, specialized agencies, intergovernmental and non-governmental organizations, foundations and other private institutions and individuals,

Taking into account that in past years Nicaragua has been afflicted by various natural disasters, the serious consequences of which, despite the considerable international assistance rendered, have been met largely with that country's own resources, and that this new disaster has economic and social implications that exceed Nicaragua's ability and capacity to bear the costs of reconstruction without special international assistance,

1. Decides to express its deep gratitude to all those Governments, international institutions, intergovernmental and non-governmental organizations, specialized agencies, foundations and other private institutions and individuals that have offered speedy and effective emergency relief to the people and Government of Nicaragua;

2. Requests the Governments of States members of the International Bank for Reconstruction and Development, the Inter-American Development Bank and the International Development Association to ask their directors in the Banks and the Association to give particular attention, if necessary, to Nicaragua's need for funds to finance its programmes of rehabilitation and reconstruction and to study the possibility of special machinery and procedures which would permit the total financing and effective execution of projects relating to those programmes;

3. Recommends that the specialized agencies and financial institutions associated with the United Nations system should accelerate the granting of the loans requested by the Government of Nicaragua prior to the earthquake that are still under consideration and take into account the grave emergency that Nicaragua has suffered and the demands created by rehabilitation, in connexion with any request that Nicaragua might make for loans and credits for the task of reconstruction, and ensure that such loans and credits are of the greatest possible magnitude and granted on the most favourable terms;

4. Exoresses the hope that the Governing Council of the United Nations Development Programme will consider favourably, within its competence, requests for assistance that the Government of Nicaragua might submit in connexion with its special medium-term and long-term programmes of rehabilitation;

5. Recommends that the International Labour Organisation, the World Food Programme and other specialized agencies co-operate with the Secretary-General in the formulation and implementation of a plan to alleviate the grave unemployment problem created by the earthquake, as part of the medium-term and long-term programme of reconstruction and development to be prepared by the Government of Nicaragua;

6. Further requests the Secretary-General to give the highest priority to requests submitted by the Government of Nicaragua relating to plans for housing reconstruction and rehabilitation;

7. Invites those Governments members of the international community that are also members of technical and financial bodies situated outside Latin America to take steps to ensure that those bodies collaborate, in their respective fields of action, in the efforts of the Government of Nicaragua to reconstruct its productive installations and its administrative system;

8. Urges Governments and non-governmental organizations to contribute to the greatest possible extent to support of emergency and reconstruction plans submitted by the Government of Nicaragua;

9. Requests the Executive Secretary of the Economic Commission for Latin America to take steps to establish links for co-operation and co-ordination with the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development for the purpose of obtaining the special co-operation of those institutions in matters within their competence in order to increase assistance to the Government of Nicaragua;

10. Further requests the Executive Secretary of the Commission to submit to member States and to the relevant international bodies and agencies semi-annual reports on the implementation of the provisions of the resolutions adopted at the seventh extraordinary session of the Committee of the Whole.

166th meeting,  
18 January 1973.



316 (AC.64). Regional emergency measures for cases of natural disaster

The Committee of the Whole of the Economic Commission for Latin America,

Recalling Economic and Social Council resolution 1546 (XLIX) of 30 July 1970, and General Assembly resolutions 2435 (XXIII) of 19 December 1968, 2816 (XXVI) of 14 December 1971, and 2959 (XXVII) of 12 December 1972, relating to assistance in cases of natural disaster,

Taking into account that most countries in the region are liable to suffer various kinds of natural disaster, the consequences of which affect large sectors of the population and are extremely detrimental to the national economies,

Recalling its resolution 314 (AC.64) on international co-operation to deal with the disaster which occurred in Nicaragua on 23 December 1972, particularly the reference to preparing a national plan in Nicaragua for cases of mass emergency and other cases, which might serve as a pilot plan for an international model,

1. Requests the Secretary-General, in close collaboration with the relevant specialized agencies, to take appropriate action to ensure that the countries in the area which have not already done so prepare their national plans to deal with such emergencies, exchange information and take the necessary measures, with a view to drawing up a regional plan for emergencies and mutual assistance in cases of natural disaster;

2. Further requests the Secretary-General to make full use of the financial, technical and other resources placed at his disposal for such purposes and to take appropriate steps to ensure the implementation of this resolution, utilizing to that end, in particular, the Office of the Disaster Relief Co-ordinator.

166th meeting,  
18 January 1973.



ANNEX\*

Statement by Mr. Juan José Martínez L., Minister of Economy,  
Industry and Trade of Nicaragua

First of all, I wish to thank the Secretary-General, on behalf of the people and the Government of Nicaragua, for his timely response to the request of our country and of the Central American Economic Co-operation Committee, which gives me an opportunity to speak in this forum of the United Nations, the supreme organ of the international community, embodying, above all, the concepts of human and international solidarity that are characteristic of our times. The people and Government of Nicaragua are, of course, equally grateful to the Governments represented here, and to you who are their worthy spokesmen.

It is my intention to give you an objective picture of the real state of affairs in our country at this time, of its most urgent needs and of the efforts made to put the country back on its feet again in the near future, and later to resume our process of economic and social development, which was entering the "take-off" stage. The figures I present on the basis of the partial and still preliminary data assembled by us for preparing this document, concerning the havoc wrought by the earthquake of 23 December 1972 in the different sectors of Nicaragua's economy and population, will, nevertheless, necessarily produce an emotional impact. This could not be otherwise, when we consider that Nicaragua is a country with 2 million inhabitants and that the disaster totally destroyed 80 per cent and damaged the rest of Managua, a city in which one quarter of the country's population lived. Impressive as this figure may be, it should be remembered that Managua, being the capital of the country and following the Latin American pattern, was also very densely populated and had a high level of secondary and tertiary economic activities. More than 50 per cent of the country's commercial services and 70 per cent of its total industrial production were in that city, as were the seat of the entire central Government and its autonomous institutions, the financial system, most of the health, educational, cultural and transport services, and all the diplomatic missions of friendly countries and the offices of international agencies; in a nutshell, it was the nerve centre of the country.

In human terms, as a result of the earthquake more than 50,000 families today are deprived of their means of livelihood; in addition to this tremendous material burden, they are stunned by the irreparable loss of their dear ones. The dead, estimated on the basis of direct information from medical and hospital sources, number between 8,000 and 10,000, but the truth will not emerge for some time, when the number of persons in the "missing" category becomes known through indirect procedures.

Foreigners arriving in Nicaragua in the last few days who had witnessed the destruction wrought in the cities that were bombed during the Second World War report that the scale of destruction, desolation and death in Managua is, almost without exception, beyond comparison with the fate of those cities.

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\* See also document E/CN.12/AC.64/L.4/Rev.1.

The tables and statistics I am going to present and the report prepared by the secretariat of the ECLA regional office and the permanent secretariat of the General Treaty on Central American Economic Integration (SIECA) reveal the magnitude of the disaster in economic terms and, at the same time, demonstrate that Nicaragua will be unable to recover by itself alone, as almost no other country in the world, I am sure, could recover except at an unacceptable social cost. Even less could it resume the pace of economic development and the process of raising the population's levels of living. We will have to build at least 50,000 housing units to replace those destroyed, plus those required as a result of natural population growth during the years it takes to carry out this programme. Just to fulfil the first of these requirements, that is, to replace what was destroyed, will require an outlay of 4,221 million córdobas, the equivalent of \$603 million.

The Government will require \$32.5 million to rehabilitate its administrative machinery, \$20 million to rebuild the classrooms and hospitals and \$38.6 million to recover the lost revenue estimated for 1973. It will take a total of \$196.1 million to start up business and industrial activity again, and \$162.1 million to provide the necessary infrastructure for such reconstruction. This list of requirements amounts to more than \$1,000 million. While it represents only a very small percentage of the national budgets of the highly developed countries, it implies an effort that it is virtually beyond our means to undertake with our own resources, as it is nine times our annual budget for 1972.

We have received assistance in the form of first aid, thanks to the resolute, spontaneous and timely action of friendly peoples and of the international institutions both inside and outside the United Nations system. We are now entering the subsequent phases which still include emergency relief, assistance and co-operation for putting the country back on its feet again and thus beginning the complex and long-term task of reconstruction and the resumption of our national development, which is also in the interest of Central America.

From that point of view, the early initiation of programmes that will provide employment for the destitute is becoming a top priority, because, in human terms, conditions must be created that will allow them to live by doing work which gives them self-respect.

With the greatest respect for your peoples and Governments and imbued with faith in the virtues of human solidarity, which all nations of the earth profess, I come before you in the name of Nicaragua to present our problem and request your co-operation, both within the framework of the United Nations and on an individual basis, in your capacity as representatives of friendly countries; I do this because, as I said before, the magnitude of the disaster is beyond our capacity to repair, even though all we Nicaraguans are making, and will make, whatever sacrifices are necessary.

We will be ready at the appropriate time to present plans and programmes prepared with our own technical resources and international co-operation. We are faced with an unprecedented disaster and an extremely abnormal situation; this being so, the criteria demarcating the field of action of the international financial community, which were devised for other situations, are not appropriate in the present case. For that reason our people and Government will be truly grateful for the resolutions adopted here which are addressed to the agencies providing international financial and technical assistance, especially to those forming part



of the United Nations family and the inter-American system, requesting them, in dealing with a situation of a special nature, also to apply special and unprecedented procedures and criteria which will ensure the flexibility and understanding that the circumstances demand.

In this context, Nicaragua draws attention to its status as a less developed country in order to qualify for the preferential credits of the International Development Association and the International Finance Corporation, both of which belong to the World Bank group, because at present it can be classified as a less developed country for many reasons, the main one being that, following the destruction of its capital city, there has been a breakdown in its organization and economic unity.

The National Emergency Committee, under the chairmanship of General Anastasio Somoza Debayle, is co-ordinating the assistance provided by your countries and others not represented here. It would be desirable, as an additional measure - and this is the most appropriate forum for the purpose - for this assistance also to be co-ordinated by the donors, so that we can benefit from the specialization of friendly countries and, what is even more important, avoid duplication.

The national reconstruction effort is of such a magnitude and must be concentrated over such a short period that, in spite of the effort our country is prepared to make, and will in fact make, a substantial part of this assistance must be forthcoming on a non-refundable basis, to the extent that the nature of our requirements and the resources which the international institutions and friendly countries have available for this purpose allow. In a nutshell, Nicaragua requires external assistance on a massive scale, but assistance in terms of immediate deliveries and flexible programmed financing in line with the procedures and modalities which the critical situation of our country makes necessary.

I shall be presenting a preliminary summary evaluation of the destruction wrought in the capital city by the earthquake of 23 December 1972. The figures quoted, which are subject to revision, are indicative of the amount of the financial resources, both internal and external, which will be needed to restore, in part, the situation as it existed before the earthquake. Obviously, they can only be regarded as orders of magnitude of our reconstruction requirements, since this reconstruction will necessarily depend on the requirements of the future urbanization plan and on the basic unsatisfied needs. It should be pointed out that the success of any programme for the reconstruction of Managua must be based on immediate international co-operation, on the speed with which the general urbanization plan is officially drawn up and on the efficiency with which the appropriate use of resources, both human and material, are programmed and administered to deal effectively with the enormous problems we are facing.

The most obvious losses may be summarized by the following over-all figures:

- (a) From 8,000 to 10,000 persons killed;
- (b) Approximately 20,000 persons injured;
- (c) Between 22,000 and 25,000 persons rendered homeless;

(d) Twenty-seven square kilometres of the city affected, of which 13 square kilometres totally destroyed and 14 square kilometres damaged, including most of the sewerage, power transmission, water and telecommunication systems; as a result of this destruction, 7 million cubic metres of debris have to be removed;

(e) Fifty thousand family housing units destroyed and 24,000 damaged; most of them belonging to the middle and low income groups;

(f) Ninety-five per cent of the small workshops and factories in Managua destroyed; 14 factories destroyed or seriously damaged;

(g) Four hundred thousand square metres of commercial buildings and shops destroyed or seriously damaged;

(h) Three hundred and forty thousand square metres of public and private offices destroyed or seriously damaged;

(i) Four hospitals, with a total of 1,650 beds destroyed or seriously damaged, i.e., 40 per cent of the total for the country;

(j) Nine hundred and fifty-six classrooms destroyed or seriously damaged;

(k) Fifty-one thousand people unemployed.

The total cost of replacing what was destroyed by the disaster is estimated at more than \$1,000 million (see annex 1).

A brief analysis follows of the consequences of the earthquake as they affect the main sectors of activity.

In the government sector, the capacity of the Government to function effectively will be seriously affected because a major part of its offices, equipment and files were destroyed. The cost of replacing the machinery of Government, estimated at \$101.1 million, includes uncollected tax revenue amounting to \$38.6 million in 1973. The lost revenue in question includes taxes on income and capital, in particular, and import and sales taxes. It also includes emergency expenditure in the amount of \$30.3 million on medical and food supplies and other miscellaneous items.

With regard to the commercial sector, a major part of the country's commercial activities were concentrated in Managua and provided employment for approximately 20,000 people. It is estimated that 90 per cent of the commercial facilities situated in this city were either totally destroyed or rendered useless. The labour force is now scattered over various towns and villages, some of it in the outskirts of the capital. Of these 20,000 unemployed, some could be absorbed in the commercial activity which is starting to reappear in makeshift facilities in the outskirts of Managua. Total losses in this sector amount to \$152.4 million. The contribution of this sector to the gross domestic product in 1972 was \$170 million, i.e. 20 per cent, and will be drastically reduced in 1973 for want of facilities.



As for the industrial sector, approximately 70 per cent of the country's industrial production capacity is situated in the Managua area. It is estimated that the earthquake reduced this capacity by 20 per cent in terms of value. The surveys carried out indicate that 90 per cent of the 863 production units in Managua employing less than five workmen were totally destroyed, as were 40 units employing more than five workmen; 17 in the last category were partially damaged. The total damage in the industrial sector amounts to \$43.7 million. Industrial output in 1972 was valued at 2,975 million córdobas, of which 2,082 million were contributed by the Managua area. As a result of the earthquake productive capacity will be reduced by approximately 416 million córdobas. Exports of manufactures to Cental America will be reduced by 56 million córdobas, the equivalent of \$8 million. Over 5,000 people in the industrial sector are unemployed. This figure includes enterprises totally destroyed and enterprises whose operations will be curtailed because of repairs, the dispersal of manpower and the breakdown of the distribution network.

In the housing sector, the earthquake completely destroyed 50,000 housing units in Managua and damaged 24,000. The total cost of replacing the former is \$500 million and of repairing the latter \$103 million, giving a total of \$603 million. Damage to housing represents approximately 55 per cent of the over-all damage caused by the earthquake. It is of vital importance to the national reconstruction plans that the necessary resources should be obtained from all sources of financing, both internal and external, so that all the housing destroyed can be replaced in the smallest possible number of years. For the execution of these plans, moreover, the installed capacity of the building and building materials industries will have to be expanded considerably. In addition, accelerated programmes of manpower training for this sector will also have to be carried out.

After the housing sector, which was the most seriously affected by the earthquake, the infrastructure was the sector which suffered the greatest damage. Total losses are estimated at \$162.1 million. The infrastructure includes all that is conventionally considered to be the basis of development, plus some institutions such as schools and hospitals. The figures quoted here are, however, subject to revision, because the amount of damage done to items such as underground conduits, sewage systems and communications is still not precisely known.

As regards employment, it is estimated that the earthquake relegated 70 per cent of the economically active population of Managua, namely, 51,700 persons, to the ranks of the unemployed, mostly from the commercial and services sectors and the self-employed. The effects of the loss of employment by 51,700 heads of household are also felt by their dependants (4.65 per household), so that the number of persons affected by the loss of employment is estimated at 241,000.

As Nicaragua was already experiencing a serious unemployment problem caused by the drought of 1972, which involved an estimated 50,000 rural workers, the rise in the number of unemployed to 101,700 has made our plight even more serious.

With respect to the economic situation and prospects for the five-year period 1973-1977, a model should be constructed as quickly as possible in order to determine Nicaragua's economic situation in terms of macro-economic variables by means of an econometric programme using modern measurement techniques.

On this occasion a first attempt is being made to correlate the damage caused by the earthquake and the variables derived from the gross domestic product. Five hypotheses have been adopted: the first, a highly theoretical one which projects the country's historic growth, has been included for purposes of comparison; the second starts from the present situation and projects the position which will result if additional resources are not channelled into the normal flows of investment; and the last three incorporate alternative levels of the total external aid which could be forthcoming, distributed on a decreasing scale over the five-year period 1973-1977. It is important to note that this initial estimate indicates that Nicaragua could reach its normal rate of development by the end of the five-year period, but only if a total volume of external assistance of the order of \$1,000 million is programmed for the five-year period mentioned.

In view of the situation I have described, the Government of Nicaragua requires the co-operation of Governments and of the international financial community in the form of the largest possible grants-in-aid and the maximum volume of loans on terms compatible with the country's present circumstances, so that the social and economic reconstruction of Nicaragua may proceed with a minimum of delay.

In spite of its tragic plight, Nicaragua, as always, reaffirms its readiness to honour its pledges to international institutions, Governments, and external private creditors and, in this connexion, in addition to formulating a general policy on its external debt, it hopes to present and discuss each specific case with its creditors as the circumstances require.

Current loans, loans awaiting approval and applications for new loans - both emergency loans and the reconstruction loans required to carry out the national development programmes - must be negotiated and obtained in accordance with the following procedures:

(a) The formalities must be expedited because the loans are urgently needed, and the administrative procedures must be facilitated.

(b) In the present circumstances maximum flexibility is necessary in the use of the resources negotiated or to be negotiated, for the purpose of initiating the programme of priorities which the Government will be drawing up in order to raise the levels of employment and launch the reconstruction plan as quickly as possible.

(c) Similarly, we request that the counterpart requirements be modified for current loans, for loans which are being negotiated and for those which are granted for national reconstruction purposes.

(d) In short, repayment periods, grace periods and rates of interest appropriate to the emergency we are facing are required.



Under the emergency plan for reconstructing the city of Managua, the international credit agencies should dispense with the usual formalities in the case of the loan applications which are being processed. The procedures for using these credits should be sufficiently flexible so that the Government of Nicaragua can apply the resources as the emergency requires. For example, no international bidding and no consultations should be required prior to granting the contracts.

As already indicated, the estimated damage caused by the earthquake amounts to more than \$1,000 million, and Nicaragua requires this amount to rehabilitate its economy. Consequently, and except for the amounts received as grants, the international agencies should co-ordinate their procedures with a view to granting soft loans, the allocation of which for the reconstruction of housing, hospitals and markets and for basic infrastructure, transport, industrial rehabilitation, and restoration of commercial and handicraft activities and manpower training equipment will have top priority.

It is vitally important that the reconstruction work should generate the largest possible number of jobs and, when the relevant projects are presented, the international credit agencies should accept them in this spirit and not as if they were normal projects with a high external component. Moreover, the projects will make maximum use of Nicaraguan inputs and, secondly, of resources from the Central American Common Market.

The international credit agencies should agree to funds from the loans being used to finance part of the local costs in respect of products manufactured by Nicaraguan industry and the payment of the labour force necessary for the city's reconstruction.

Emphasis must be laid on the fact that resources must be available to solve the housing problems at the initial stage, before the next rainy season begins in May.

This same set of criteria should be applied when considering applications and granting the necessary technical assistance.

The first stage in this emergency plan calls for an immediate minimum investment of \$170 million, broken down as follows:

	<u>In millions of dollars</u>
Housing . . . . .	45
Infrastructure . . . . .	30
Small industries and crafts . . . .	15
Public services . . . . .	10
Hospitals . . . . .	12
Schools . . . . .	8
Markets . . . . .	10
Other . . . . .	40

While these investments are being made, the international credits which Nicaragua requires for its emergency plan will be negotiated both bilaterally with friendly Governments and with the credit agencies.

/Tables providing detailed figures are contained in document  
E/CN.12/AC.64/L.4/Rev.1./

Mr. Chairman, I wish to avail myself of this opportunity to express most sincerely the deep gratitude of the people and Government of Nicaragua to all the organs and institutions of the United Nations, to the organs and institutions of other sectors and to all the peoples and Governments of the world, particularly those which are members of the Economic Commission for Latin America, for the speedy and generous assistance which they gave to the people and Government of Nicaragua at the height of the emergency.

Nicaragua is sure that the world will understand the difficult situation it is going through. Many years of quiet but steady effort to develop our country are today in danger of being cancelled out by natural forces beyond our control. We are sure that international assistance will be forthcoming in good time for the work of reconstruction and rehabilitation, the emergency and longer-term aspects of which I have outlined. For this further demonstration of international solidarity, Mr. Chairman, Nicaragua wishes to express its gratitude in advance and requests the representatives and observers to convey these official expressions of the appreciation of the people and Government of my country to their respective peoples and Governments.

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