

Agreement between Bulgaria and Somalia for providing a credit of 5 million USD to DR
of Somalia, 8 February 1978

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Secret

Copy No. 1

AGREEMENT

for providing a credit from the Government of the People's Republic of Bulgaria to the
Government of the Democratic Republic of Somalia

The Government of the People's Republic of Bulgaria and the
Government of the Democratic Republic of Somalia aiming to strengthen and
develop the economic cooperation between the two countries on the base of equality and
mutual benefit have agreed on following

Article 1

The Government of the People's Republic of Bulgaria shall assist the Government
of the Democratic Republic of Somalia in the realization of the following projects on the
territory of the Democratic Republic of Somalia

1. Object Madjayan – Dalan

[Geological, technological, and economic explorations]

2. Object North Somalia

[Geological explorations]

3. Nonmetallic minerals

[Geological explorations]

Article 2

For facilitating the financing of the Bulgarian participation in the realization of the objects, mentioned in Article 1, the Government of the People's Republic of Bulgaria will provide a credit to Democratic Republic of Somalia at amount of 5 000 000 USD to be used for the period 1976 – 1980.

Article 3

The payment according to this Agreement shall be settled as follows:

- A) The Somali side shall ensure local currency for the implementation of the signed contracts according to Article 1. In addition, the rest of the credit provided with the Agreement from 1972, and renew with the Protocol from 22 May 1975 at amount of 500 000 USD shall be used for the financing of the local expenses on these projects.
- B) 5 % of the cost of each particular contract shall be paid from the Somali side in hard currency in term of 60 days from the date of the signing of the contract.
- C) 5 % of the cost of each contract shall be paid from the Somali side in hard currency against submitting invoices fro the work done.
- D) The rest of the cost of each contract shall be paid from the credit, according to Article 2 of this Agreement.

Article 4

The Government of the Democratic Republic of Somalia will pay the used part of the credit for term of 10 years from the date of presenting

the geological reports, and a grace of 3 years from the date of presenting the report.

Article 5

The used amount from the credit will have 2, 5 % annual interest. The interest will find a deficit of each 6 months, and shall be paid in term up to 30 days after each 6-month period.

Article 6

The realization of the projects, indicated in Article 1 of this Agreement, will be done on the base of the contracts, signed between the interest institutions and firms, empowered by the competent authorities.

The concluding of the contracts will be worked out in details of the working programs of each particular contract.

Article 7

The Government of the Democratic Republic of Somalia will pay the extinctions and interests on the used part of the credit in hard currency and/or with ores and concentrates, of which People's Republic of Bulgaria is interested.

These payments shall be free of various income taxes, tolls, and other taxations.

Article 8

In term of 60 days of the date of coming to power of this Agreement the Bulgarian Foreign Trade Bank and the Somali National

Bank will sign a Bank technical agreement and will open respective accounts for the implementation of this Agreement.

Article 9

All additional expenses, if any, which were to be credit by the Bulgarian side after the finalization of the Agreement from 8 February 1972 until the coming in power of this Agreement, shall be arranged from the amounts of this new 5-million credit on the terms of this Agreement.

Article 10

The temporary import, if any, of machinery, equipment, instruments, and materials in the Democratic Republic of Somalia, necessary for the implementation of the signed according to Article 6 of this Agreement contracts, and their back export after the use, shall be free of customs duties, taxes, and other taxations.

Article 11

The Bulgarian organizations and firms, and the Bulgarian personnel and experts, who are working in the Democratic Republic of Somalia in the implementation of Article 6 of this Agreement, shall be exempt of payment of every taxes and taxations.

Article 12

In case of any change of the special rights of drawing of the USD by announcement of the International Monetary Fund in size more than 3 %, it will be carried out a re-calculation of the accounts' balances.

Article 13

People's Republic of Bulgaria and Democratic Republic of Somalia are bended to implement the decisions of the courts of arbitration, indicated by the both sides in each particular contract that is concluded under this Agreement, in case of no reaching agreement by negotiations.

Article 14

Authorized representatives of both sides shall consult each other, if necessary, each year on the implementation of this Agreement.

The time and the place of those consultations will be specified by exchange of letters.

Article 15

This Agreement will operate temporarily after its signing, and permanently at the day of the exchange on diplomatic notes that confirm its approval by the competent authorities of the two sides according to acting regulation in each country.

This agreement has been signed in Mogadishu on 8 February 1976 in thw original copies in English, both with identical validity.

For the Government of
PR of Bulgaria:
St. Stamenov

For the Government of
DR of Somalia:
H. A. Kassim

No. 041/24.II.1976

[Translated by Greta Keremidchieva]