

**Ethiopia Ad Hoc Bondholder Committee**

**Response to the recent announcement by Ethiopia in relation to the 2024 Notes**

8 December 2023

The Ethiopia Ad Hoc Bondholder Committee (the “**Committee**”) consists of international financial institutions based in the US and Europe. The Committee holds over 25% in aggregate of the Federal Democratic Republic of Ethiopia’s (“**Ethiopia**”) 6.625% Notes due 2024 (the “**2024 Notes**”).

The Committee notes with disappointment the Ethiopian authorities’ announcement regarding the end of recent restricted discussions with the Committee in relation to the 2024 Notes and their decision not to make the \$33 million coupon payment due on 11 December 2023.

In January, certain members of the Committee submitted a pre-emptive restructuring proposal in relation to the 2024 Notes to the Ethiopian authorities, which provided for substantial cash flow relief in the near-term. This was followed throughout 2023 with a number of attempts by members of the Committee to meet and engage with officials of the government. Unfortunately, there was no engagement from the Ethiopian authorities on that proposal until very recently. Nevertheless, over the past week, the Committee engaged in good faith discussions with Ethiopia and its advisors in an attempt to find a way for bondholders to support Ethiopia and its citizens through the country’s stated current liquidity pressures and avoid a default on the 2024 Notes. However, we were unable to reach an agreement on restructuring terms in the very short time available between the outreach of the Ethiopian government and the forthcoming coupon payment date in a way that sufficiently addressed the Committee’s view, based on available information, on the quantum and structure of debt relief needed to contribute to a resolution of the current situation.

At this time, in advance of Ethiopia reaching a Staff Level Agreement with the IMF, limited information is available to assess Ethiopia’s financial situation with sufficient accuracy, including its debt service capacity. Any agreement of restructuring terms in advance of a comprehensive understanding of Ethiopia’s financial situation, therefore, necessarily comes with significant risks. In this context, the Committee was not prepared to participate in a restructuring today without certain bondholder protections (such as a default top-up provision and default interest) designed to mitigate any additional impact on bondholders in the event of a future default should Ethiopia elect to reopen any near-term treatment, and request further concessions from bondholders as part of the Common Framework process. Unfortunately, an agreement could not be reached on such bondholder protections at this time.

The Committee views the authorities’ decision not to make the coupon payment as both unnecessary and unfortunate, particularly in light of both the very short notice in advance with which the authorities ultimately decided to engage in discussions with the Committee, as well as the presentation to the Committee of the decision not to make the coupon payment as a *fait accompli*. However, the Committee continues to remain open for constructive and proactive engagement with the Ethiopian authorities, and encourages the authorities to reach a Staff Level Agreement with the IMF at the earliest opportunity.

Questions can be directed to:

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