



PRESS RELEASE

THE PARIS CLUB WELCOMES THE AGREEMENT TO PROVIDE ETHIOPIA WITH A DEBT STANDSTILL

The Paris Club commends the agreements between the Ethiopian authorities and its official bilateral creditors for a time-bound suspension of debt service due from 1 January 2023 to 31 December 2024.

Complementary to the bilateral agreement between China and Ethiopia, an agreement between the other official bilateral creditors and Ethiopia was coordinated through the official creditor committee (OCC) of Ethiopia under the Common Framework, which is co-chaired by France and China. The terms for this OCC coordinated agreement to suspend debt service due over 2023 and 2024, and which are broadly comparable to those implemented during the Debt Service Suspension Initiative (DSSI), were agreed with Ethiopia's authorities on 23 November 2023.

This debt standstill from Ethiopia's official bilateral creditors will provide time-limited liquidity relief ahead of discussions on a wider debt treatment. Those discussions will gain momentum as soon as the Ethiopian authorities and the IMF have agreed the parameters for an IMF programme. In the context of a wider debt treatment, the efforts made by official bilateral creditors over the debt standstill period will be taken into account under the principles of Comparability of Treatment.

The Paris Club strongly welcomes this important achievement and acknowledges all parties' collaborative efforts.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by borrower countries. The 22 permanent members of the Paris Club consist of: Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, Korea, the Netherlands, Norway, Russian Federation, Spain, Sweden, Switzerland, the United Kingdom and the United States of America. South Africa is a prospective member since 2022.
2. The members of the Paris Club participating in the official creditor committee are representatives of countries with eligible claims on Ethiopia: Austria, Denmark, France, Israel, Italy, Japan, Korea, Sweden and Switzerland. Non-Paris Club members of the official creditor committee are China, India, Saudi Arabia and Turkey.
3. The debt standstill provided by all OCC members (bar one who will apply its own terms) will suspend debt service repayments due over 2023 and 2024. Suspended payments will be repaid after a two-year grace period, and over a three-year period from 2027 to 2029.

Annex Term Sheet

Parties to agreement	OCC members, apart from China who will implement its own distinct terms.
Accorded treatment	Debt service suspension, lasting from 1 January 2023 to 31 December 2024 (inclusive).
Categories of debt treated	<p>1/ Applies to debt service (principal and interest) due on direct official bilateral loans to or explicitly guaranteed by the Ethiopian Government, which have a maturity of more than one year and which were signed prior to or on the 9 November 2023.</p> <p>2/ The suspension will apply to debt service (principal and interest) due to bilateral official creditors' Export Credit Agency (ECA) as a result of a guarantee or insurance being called to the ECA prior to or on the 9 November 2023. Bilateral creditors' whose guarantees are called to the ECA after the 9 November 2023 may provide a suspension of debt service on a voluntary basis.</p>
Modalities	<p>The suspension of payments will be Net Present Value (NPV) neutral and take place on the following basis:</p> <ul style="list-style-type: none"> ▪ The debt service suspension includes unpaid or future debt service payments (in principal and interest) due on debts in scope from 1 January 2023 to 31 December 2024. ▪ The suspended amounts for the years 2023 and 2024 would be consolidated separately. Both suspended amounts will be repaid over 3 years (2027-29) in 6 semi-annual installments, and after a 2-year grace period (2025-26). ▪ The applicable interest rate on all suspended amounts shall be the contractual rate. ▪ During the grace-period, interest payments are due in full at the contractual interest rate. ▪ The suspension will be applied retroactively on payments falling within the period and unpaid (arrears). Any accrued default interest on such payments from the 1 January 2023 will not be applied (although the contractual interest will be due on all suspended payments).
Specific provisions	If a Staff-Level Agreement (SLA) has not been reached between the Ethiopian authorities and the IMF by 31 March 2024, the OCC reserves to right to declare the suspension null and void. The OCC has the right to postpone this date if it deems it necessary.