

AGREEMENT
BETWEEN
THE GOVERNMENT OF THE ITALIAN REPUBLIC
AND
THE GOVERNMENT OF THE FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA
ON THE TREATMENT OF DEBT SERVICE

The Government of the Italian Republic and the Government of the Federal Democratic Republic of Ethiopia, hereinafter individually referred to as a “Party” and jointly as the “Parties”,

in the spirit of friendship and economic co-operation existing between the two countries;

in order to implement the Memorandum of Understanding (MoU) on debt restructuring of the Federal Democratic Republic of Ethiopia (hereinafter “Ethiopian Government”) under the Common Framework for debt treatment beyond the DSSI (Debt Service Suspension Initiative), signed on 2 July 2025, hereinafter referred to as the “MoU”;

have agreed as follows:

ARTICLE I – DEBTS CONCERNED

1. This Agreement concerns the treatment of the following debt (including accumulated arrears which include, where applicable, other charges related to those arrears¹):

¹ Including interest, late interests and specific fees related to those arrears.

- a) loans (granted as Official Development Assistance – ODA) having an original maturity of more than one year and which were extended to the Ethiopian Government or its public sector, or entities benefitting from their guarantee, pursuant to a contract or an agreement signed and disbursed on or before 9 November 2023; and
 - b) commercial loans guaranteed by SACE S.p.A. (“SACE”) the Italian Export Credit Agency under Non-Official Development Assistance (NODA) conditions, having an original maturity of more than one year granted to the Ethiopian Government or its public sector or covered by their guarantee, pursuant to a contract or an agreement signed and disbursed on or before 9 November 2023.
2. The debt mentioned in Art. I 1 a) is reported in detail in the Annex to the Present Agreement. The debt referred to in Art. I 1 b) will be treated directly by the commercial banks involved, in accordance with the principle of comparability of treatment.

ARTICLE II – DEBT TREATMENT

1. Relevant principal
 - a. Debt treatment shall apply to “the relevant principal” which, for the purpose of this Agreement, includes:
 - i. the outstanding amount of principal remaining due as of 1 July 2024 as estimated at the moment of the signature of this Agreement;
 - ii. 100% of the amounts of principal and interest (including accumulated arrears and, as applicable, other charges related to those arrears), due and not paid as of 30 June 2024 inclusive on debts referred to in Article I.
 - b. This treatment excludes the outstanding credits with financial conditions more favorable than the terms of the MoU.
 - c. The outstanding stock of debt, defined under Article II-1 of the present Agreement, as of 30 June 2024 (the “consolidation date”) is treated according to the terms laid out in this Article II. Consistently with the debt service suspension provided by the OCC, late interest that occurred from 1 January 2023 to 30 June 2024 will be not applied.

- d. The total amount of debts referred to in paragraph 1(a) of this Article II is estimated at the date of signature of this Agreement, at EUR 51,382,150.78.
2. Terms of the treatment
- a. The treatment consists of an immediate rescheduling of the relevant principal referred to in Article II-1 a. i. on the terms described below:
- i. 100% of the balance of relevant principal on debts referred to in Article I of this Agreement is to be rescheduled or refinanced;
 - ii. The applicable interest rate per annum on the relevant principal should be applied as per below:
 - for facilities with an original contractual interest rate less than and excluding 2.5%, the prevailing contractual interest rate will apply;
 - for facilities with an original contractual interest rate between 2.5% and 6% (inclusive), a 2.5% fixed interest rate will apply;
 - for facilities with an original contractual interest rate above 6%, a 4.4% fixed interest rate will apply.
- b. To determine the applicable interest rate for loans with a floating interest rate in the original contract, the original interest rate shall be calculated based on the value of floating rate (such as SOFR) as of 28 June 2024 (the last business day of June 2024)².
- c. The applicable interest rate on the relevant principal should be applied with effect from 1 July 2024. The first interest instalment will be due on 1 June 2026 and interest will then be payable semi-annually. The interest repayment should follow the schedule of the relevant principal described in paragraph 2. d) of this Article II.
- d. Relevant principal is to be treated as follows: repayments by Ethiopia are to be made-in percentage of the sum described in Article II-1 a) and in 27 successive principal semi-annual instalments, as below. The first principal payment will be due on 1 June 2026 and principal will then be payable semi-annually.

- 3.40% on 1 June 2026;	- 3.40% on 1 December 2026;
- 3.30% on 1 June 2027;	- 3.30% on 1 December 2027;
- 3.30% on 1 June 2028;	- 3.30% on 1 December 2028;
- 2.00% on 1 June 2029;	- 2.25% on 1 December 2029;
- 2.25% on 1 June 2030;	- 2.25% on 1 December 2030;
- 2.25% on 1 June 2031;	- 2.25% on 1 December 2031;
- 2.25% on 1 June 2032;	- 2.25% on 1 December 2032;

² Should the applicable interest rate in the original contract be calculated based on Libor, then the applicable interest rate shall be calculated based on the value of the SOFR as of 28 June 2024 and the standard credit adjustment spread used for the transition from Libor to SOFR:

- 1 month LIBOR = SOFR + 0.11448%
- 3 month LIBOR = SOFR + 0.26161%
- 6 month LIBOR = SOFR + 0.42826%

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|-------------------------|-----------------------------|
| - 2.25% on 1 June 2033; | - 2.25% on 1 December 2033; |
| - 2.25% on 1 June 2034; | - 2.75% on 1 December 2034; |
| - 2.75% on 1 June 2035; | - 5.00% on 1 December 2035; |
| - 5.00% on 1 June 2036; | - 6.00% on 1 December 2036; |
| - 6.00% on 1 June 2037; | - 7.00% on 1 December 2037; |
| - 7.00% on 1 June 2038; | - 7.00% on 1 December 2038; |
| - 7.00% on 1 June 2039. | |

- e. Missed instalments (interest and principal) due between July 1st, 2024 and June 30th, 2025, are to be amortized into three Ethiopian fiscal years (period ending December 2028).

ARTICLE III – GENERAL RECOMMENDATIONS

1. In order to secure comparable treatment of its debts due to all its external creditors, the Ethiopian Government commits to seek from such creditors a treatment on terms at least as favourable as those set forth in the MoU.
2. Should other external creditors outside the Official Creditor Committee (OCC) include in their own debt treatment a dynamic adjustment mechanism such as a state-contingent debt instrument which leads to a breach of comparability of treatment, the OCC, including Italy, after good faith engagement with the Ethiopian authorities to remedy such breach, has the right to adjust its own treatment terms to ensure comparability of treatment including through a similar dynamic adjustment and/or adjusted treatment terms.
3. The Ethiopian Government commits to, on a quarterly basis, inform members of the OCC through its Secretariat and Co-chairs, on the progress of negotiations with all other external creditors in the scope of the debt treatment.
4. The Ethiopian Government commits to provide to the Participating Creditor Countries, through the OCC Co-Chairs, including Italy, key data on Ethiopia's economic development, fiscal operations and debt management practices upon request, as well as the necessary information regarding all public sector financial commitments (debts), while respecting commercially sensitive information.

ARTICLE IV – IMPLEMENTATION

1. If the Ethiopian Government fails to comply with the provisions set forth in Article II of this Agreement or the OCC declares the provisions set forth in the MoU

ineffective according to Article IV of the MoU, Italy shall communicate to the Ethiopian Government the ineffectiveness of this Agreement, through diplomatic channels.

2. The date on which the Government of the Italian Republic or the Official Creditor Committee declares the MoU ineffective would be referred to as the “ineffective date”.

3. Pursuant to the declaration of ineffectiveness of this Agreement referred to in Article IV.1, the amounts of debt treated consistent with this Agreement would be restored to the repayment arrangement prior to the restructuring: the principal and interest, under the original repayment plan, established by the Official Creditor Committee, due and unpaid prior to the ineffective date would be due and payable immediately, and the principal and interest, under the original repayment plan, due after the ineffective date would be repaid in accordance with the repayment plan prior to the restructuring.

4. Late interest of 5.0 % per annum is to be charged on those amounts from the due date up to the effective repayment date and be immediately payable. The application of this 5% late interest shall commence 15 (fifteen) days after the maturity date of the relevant payment.

ARTICLE V – GENERAL PROVISIONS

1. Cassa Depositi e Prestiti (CDP) of the Italian Republic is responsible for the implementation of the provisions of this Agreement concerning the loans referred to in Article I lett. a) on behalf of the Italian Government.

2. The Annex forms an integral part of this Agreement.

3. The present Agreement shall be implemented in accordance with the national legislations of the Italian Republic and of the Federal Democratic Republic of Ethiopia, as well as applicable international law and, as for the Italian Republic, the obligations arising from Italy’s membership of the European Union.

4. Any disputes in the interpretation and/or implementation of this Agreement shall be resolved amicably through direct consultations and negotiations between the Parties.

5. In the event that the debtor is unable to reach a solution with the commercial lenders regarding the debts reported in Article I 1 b) of this Agreement and the SACE guarantee is called, the Parties agree to amend this Agreement and the Annex accordingly, thereby including the debt reported in Article I 1 b) in this Agreement. Such amendment shall be formalized by the Parties no later than 30 (thirty) days from the date on which the SACE guarantee is called.

6. The Government of the Federal Democratic Republic of Ethiopia shall promptly inform the Government of the Italian Republic and SACE in writing of any material difficulties or failure in the negotiations with the commercial lenders regarding the debts referred to in Article I 1 b), and in any case no later than 10 (ten) days from the occurrence of such event, in order to allow the timely activation of the protections provided for in this Agreement.

ARTICLE VI – ENTRY INTO FORCE

The present Agreement shall enter into force on the date of signature.

In witness thereof the undersigned, being duly authorized thereto, have signed the present Agreement.

Done atRome..... onMARCH 17th, 2026..... in two originals in the English language, both texts being equally authentic.

**FOR THE GOVERNMENT OF
THE ITALIAN REPUBLIC**



**FOR THE GOVERNMENT OF
THE FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA**



ANNEX to the

Agreement between the Government of the Italian Republic and the Government of the Federal Democratic Republic of Ethiopia on the treatment of debt service applying the Memorandum of Understanding on debt restructuring of the Federal Democratic Republic of Ethiopia under the Common Framework for debt treatment beyond the DSSI signed on 2 July 2025.

1) Debt owed to CDP S.p.A.

Maturities originally due

Soft Loan	Description	Maturity date	Currency	Principal	Interest
05/007/00	Gilgel Gibe II hydroelectric project co-financing	30/12/2023	EUR	7.333.391,49	183.334,80
		30/06/2024	EUR	7.333.391,49	146.667,85
		30/12/2024	EUR	7.333.391,49	110.000,85
		30/06/2025	EUR	7.333.391,49	73.333,95
		30/12/2025	EUR	7.333.391,33	36.666,90
21/903/00	Debt service suspension initiative - DSSI	15/12/2023	EUR	2.593.844,72	38.938,81
		15/06/2024	EUR	2.593.844,72	25.969,59
		15/12/2024	EUR	2.600.072,46	13.000,36
21/903/01	Debt service suspension initiative - DSSI	15/12/2023	EUR	770.006,10	30.800,24
		15/06/2024	EUR	770.006,10	26.950,21
		15/12/2024	EUR	770.006,10	23.100,18
		15/06/2025	EUR	770.006,10	19.250,15
		15/12/2025	EUR	770.006,10	15.400,12
		15/06/2026	EUR	770.006,10	11.550,09
		15/12/2026	EUR	770.006,10	7.700,06
15/06/2027	EUR	770.006,10	3.850,03		



