

# The Great Millennium Dam Bond

## Brief Description

### 1. Characteristics of the Great Millennium Dam Bond

- It is a bond which enjoys full government Guarantee.
- It is a bond marketed to finance the great millennium Dam which the government intends to build on Abbay River.

### 2. Bond Types

- Interest bearing Bond
  - Non- interest bearing Bond
- 2.1. The bond can only be sold to Ethiopian Nationals and foreign nationals with Ethiopian Origin.
  - 2.2. Interest accrued will be paid every six months.

### 3. Benefits of the Bond

- 3.1. Revenue accrued will be free from any tax.
- 3.2. It can be used as a collateral to get loans from banks.
- 3.3. For the client it will earn revenue
- 3.4. Since it has full government Guarantee it is risk free.
- 3.5. It earns better interest than the normal savings rate.
- 3.6. It can be transferred as an inheritance or to a third party.

### 4. Bond Value.

- 4.1. The minimum Bond value is 50 in Dollar, Euro and Pound Sterling, Bond values of 100, 300, 500, 1000, 5000 and 10000 could be purchased.
- 4.2. To accommodate smaller values in Dollars, Euros and Pound Sterling, Bond Values of 5 and 10 could be purchased. For example- a 55 dollar bond will bear a 50 dollar and an additional 5 dollar value coupons.
- 4.3. Bond purchases can be done in dollars, Pound Sterling, Euro, Swiss Franc, Riyal, Dirham, Swedish and Norwegian Kroner in addition to other foreign currency notes sold/bought by the Ethiopian Commercial Bank.

## **5. To purchase a bond the following needs to be fulfilled**

- 5.1. For those 18 and older: - Kebele or Work ID
- 5.2. For children: Birth Certificate
- 5.3. For Student: School or Keble ID
- 5.4. For Ethiopian Nationals Living abroad:- Ethiopian passport, for those with out passport community membership ID.
- 5.5. For individuals of Ethiopian origin living abroad:- passport of country whose nationality they took, Ethiopian origin ID

## **6. Bond -Maturity Date and Interest Rate**

### **6.1. Interest Rate**

The interest rate is paid based on the following maturity dates:-

- Bonds with Maturity date up to 5 years – LIBOR<sup>1</sup> + 1.25%
- Bonds with maturity date between 6 -7 years LIBOR + 1.5%
- Bonds with maturity date between 8 – 10 years LIBOR + 2.0%

## **7. How to buy bonds**

### **7.1. Through Commercial Bank of Ethiopia (CBE) using SWIFT**

- This is done through correspondent banks

The CBE has established SWIFT service with 40 internationally recognized correspondent banks (details can be referred from the main document on millennium bond on the Embassy's website). These banks have branches in many parts of the world which makes it easier to buy bonds.

7.2 Payments on bonds can be transferred to the commercial bank of Ethiopia using Ethiopian Diplomatic missions abroad.

7.3 Payments can be made using money transfer agents

7.4 Payments can also be made using one's own existing foreign currency account within Ethiopian banks

## **8 About transferring the bond to a third party**

8.1. The bond can only be transferred to Ethiopian nationals or foreign nationals with Ethiopia origin. If the bond is opened in Birr value it can be transferred to Ethiopian nationals residing in the country.

8.2. The Bond can be transferred as a gift or as an inheritance by signing on the back of the coupon, the bond can also be used as a collateral to take loans from the bank as well as it can be sold to a third party via secondary market.

#### **9. About buying the bond on behalf of a third party**

9.1. It is allowed to buy a bond in the name of a third party. However, the name that will appear on the bond will be that of the bearer of the bond. The person that will be buying the bond on behalf of the third party can sign at the back of the coupon, care-of the coupon owner. The principal and interest paid at the time of maturity will only be returned to the owner of the coupon or to the person that is legally representing the bond owner.

9.2. Parents or guardians can buy bonds on behalf of their minor children. This can be done by writing the name of the Child/Children on the coupon and by signing care-of on it. If parents want to keep the interest and principal until the child/ children get the age of 18 this can be considered accordingly.

#### **10. About extending Gifts to the Millennium Dam Construction**

10.1. Free Gifts in the form of money is accepted.

10.2. Persons donating free gifts are entitled to a legally recognized receipts.

#### **For further information please contact:**

Ato Tewolde Mulugeta 02078383878

Mrs. Hirut Zemene 02078383870

Ato Shegaw Abate 02078383876

Ato Demeke Atnafu 02078383873

Ato Habtom Abreha 02078383874

Ato Yalew Kebede 02078383877

Please also visit the embassy's website [www.ethioembassy.org.uk](http://www.ethioembassy.org.uk)

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1. LIBOR – London Interbank Offer Rate is a daily initial inter-bank initial interest rate offers between banks residing in London that is taken as a basis in determining their individual interest rates. Details about LIBOR can be referred at the website of the Commercial Bank of Ethiopia.