



Amhara Digital Diplomacy

Date: August 11, 2024

NO: EN0111082024

Subject: Urgent Diplomatic Appeal: Halt the Ethiopian Government's Misuse of Funds and Unjust Shutdowns of 5,607 Businesses, Arrest and Imprisonment of 250 Merchants

**Dear Members of the IMF Executive Board,
Members of the World Bank Board of Executive Directors,
and Esteemed Diplomats in Addis Ababa, Ethiopia,**

We, **Amhara Digital Diplomacy**, urgently appeal to you regarding the recent financial commitments and actions of the Ethiopian government. On **July 29, 2024**, the IMF approved an SDR 2.556 billion (approximately US\$3.4 billion) Extended Credit Facility (ECF) arrangement for Ethiopia, and on **July 30, 2024**, the World Bank approved the Ethiopia First Sustainable and Inclusive Growth Development Policy Operation, which includes a \$1 billion grant and \$500 million concessional credit from the International Development Association (IDA). While these commitments are intended to support Ethiopia's economic reform and development, serious concerns have emerged that necessitate immediate and decisive action.

1. Misuse of Government Authority and Economic Impact

The Ethiopian government, led by the Oromia Prosperity Party, has recently engaged in alarming actions targeting the business community under the pretext of addressing economic instability. Instead of addressing the root causes of the country's economic crisis, including ongoing conflicts and instability, the government has unjustly scapegoated businesses. According to the government's own reports, **3,512 businesses** were shut down for alleged price increases, **38 traders** were arrested, and **2,095 businesses** were closed for purported hoarding. Additionally, **212 individuals** have been imprisoned under dubious claims. This wave of coercion extends to an initial threat to shut down **24,386 businesses**, demonstrating a disturbing pattern of intimidation rather than tackling genuine economic issues.



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This government action follows a drastic shift from a fixed to a floating exchange rate system, resulting in nearly 100% depreciation of the national currency within two consecutive weeks. Such economic disruptions have significantly impacted import costs and forced businesses to adjust prices. Instead of addressing these economic shocks, the government has chosen to blame businesses for the resultant hardships, further destabilizing the economy, eroding investor confidence, and deepening the suffering of the Ethiopian people.

2. Regulation and Control of Fund Utilization

Both the IMF and the World Bank have outlined noble objectives aimed at supporting Ethiopia's economic reform agenda, promoting inclusive growth, and protecting vulnerable populations. However, we are gravely concerned that without stringent oversight, these funds could be misused by the Oromia Prosperity Party-led government to fuel further conflict, particularly in the Amhara Region. The Ethiopian government has a documented history of diverting state resources to suppress dissent and wage war against its own citizens. We, therefore, urge both the IMF and the World Bank to implement rigorous controls and monitoring mechanisms to ensure that these funds are not diverted to military operations or other forms of oppression.

3. Direct Assistance to Vulnerable Populations

The IMF-backed program aims to correct external imbalances by moving to a market-determined exchange rate, which, while beneficial in the long term, will lead to higher prices for imported goods. The World Bank's operation emphasizes protecting poor and vulnerable people from the costs of economic adjustment and expanding opportunities for them to participate in the economy. We strongly advocate for the disbursement of assistance **directly to those in need**, particularly through **targeted subsidies** and **direct foreign currency transfers** to international vendors, bypassing government intermediaries. This approach will reduce the risk of corruption and ensure that the financial support reaches those who are most affected by the economic reforms.

4. Strengthening Governance and Anti-Corruption Measures

Both institutions have committed to advancing governance and anti-corruption in Ethiopia, which is critical in the current context. The IMF's focus on fiscal transparency and the digitalization of public sector financial management, coupled with the World Bank's emphasis on improving financial stability and competition in the financial sector, are important steps. However, these measures must be implemented in a way that does not reinforce the current regime's power or facilitate further exploitation of state resources. We call for full transparency in all financial transactions related to these programs, including the publication of detailed reports on fund utilization, and for strict accountability mechanisms to be enforced.



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5. Focus on Sustainable and Inclusive Growth

Both the IMF and World Bank have set ambitious goals for promoting sustainable and inclusive growth in Ethiopia. It is crucial that these goals are pursued with a focus on addressing the root causes of instability and conflict. We urge both institutions to ensure that their support fosters genuine economic recovery and social welfare, rather than contributing to further unrest and suffering. The World Bank's commitment to supporting sustainable land and forest management, expanding access to renewable energy, and boosting social safety nets is commendable. However, these initiatives must be inclusive and ensure that all regions of Ethiopia, including the Amhara Region, benefit equally.

Conclusion and Call for Action

The situation in Ethiopia, particularly in the Amhara Region, is dire, characterized by **violence**, **human rights abuses**, and severe **civilian suffering**. We urgently call on the IMF, World Bank, and the international community to:

1. **Condemn the Ethiopian government's unjust actions against the business community** and support efforts to promote free market principles and protect businesses that are essential to the country's economic recovery.
2. **Advocate for policies that address the root causes of economic instability**, including the cessation of conflict and the restoration of peace and stability.

Your prompt attention and decisive action are crucial in addressing these urgent issues and fostering a peaceful and stable future for Ethiopia.

We appreciate your consideration of this matter and trust that you will act in the best interests of all Ethiopians.

Sincerely,

Amhara Digital Diplomacy,

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