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The Global Society of Tigray Scholars
and Professionals (GSTS)

H.E. David Malpass

President of the World Bank Group
1818 H Street, NW Washington, DC 20433 USA

H.E. Dr. Kristalina Georgieva

Managing Director (MD) and Chairwoman of the Executive Board
International Monetary Fund
700 19th Street, N.W, Washington, D.C. 20431

H.E. Dr. Akinwumi A. Adesina

President of the African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387 Abidjan 01, Côte d'Ivoire

**Re: Assistance, Debt and Debt Relief to Ethiopia, If Granted, Should be Under Stern
Preconditions**

We, the Global Society of Tigray Scholars and Professionals (GSTS)ⁱ, have been encouraged by the commitment of the International Financial Institutions (IFIs) and Paris Club creditors' support to developing countries through the Debt Service Suspension Initiative (DSSI), financial grants, and assistance to help mitigate the negative social and economic impacts of the COVID-19 pandemic. Ethiopia is among these countries that has benefited from this package potentially freeing up hundreds of millions of USD. GSTS also notes with appreciation the principled stance of the US and EU have taken on the civil wars in Ethiopia.

GSTS strongly believes that withholding any financial aids and grants is one of the major levers in the hands of the international community to force Abiy's administration to peacefully resolve all conflicts in the country.

It is to be recalled that Ethiopia has since November 4, 2020 entered into a catastrophic and all-out civil wars in Tigray and other parts of the country, which besides creating an immediate need for huge military spending, human and material destruction, risks to further destabilizing the Horn of Africa region. As explained below, in an unfortunate breach of the fundamental intents of the granted assistance, there exist reasonable grounds to believe that Ethiopia under PM Abiy Ahmed is spending the freed-up resources to help funding what has become a genocidal war in Tigray.

GSTS firmly believes and kindly requests the Paris Club creditors, and IFIs, in coordination with the European Union, the United Nations, donor countries, and other international mandate holders, to put stern preconditions whenever any financial assistance, debt, and debt relief treatments under the G20 framework are given to PM Abiy's government.

Setting the right incentives is critical to prevent Ethiopia in using the created fiscal space to increase defence spending and to finance the genocidal war in the Tigray region. We strongly



believe that the IFIs and bilateral creditors must put in place monitoring systems and conditions that access to the debt relief initiatives would require Ethiopia to stop the ethnic cleansing and genocidal war in Tigray that has caused much more deaths than the COVID-19 pandemic, and commit to cessation of all sorts of hostilities. We believe that the Paris Club and non-Paris Club creditors should include these and others as strict requirements with any consideration to assistance, debt, and debt relief to Ethiopia. If not, it will not benefit the people of Ethiopia and will instead prolong their sufferings in the declared genocidal war ([Washington Post](#))¹. Below, we highlight the reasons why creditor countries, IFIs and donors should apply the preconditions with any assistance, debt and debt treatment program under the G20 Common Framework.

PM Abiy's track record shows that he has not been a trusted partner to the international community and he is getting ready to dupe the world once again, and this time the world shouldn't fall to his deceitful moves. In 2018-19, Abiy deceived the world by making peace with Eritrea's President Isaias Afewerki that won him the Noble Peace Prize, only to turn around and crackdown on opposition groups, wage a massive and costly war against his own people in Tigray, and engage in a border conflict with the neighbouring country, the republic of the Sudan.

This time, the PM is seeking a debt treatment program from Paris Club and non-Paris club creditors for his government's bloated debt under the guise of COVID-induced debt distress on the economy. Yet, PM Abiy's singular focus and goal for restructuring the government's external debt is to: (a) conceal his mismanagement of the Ethiopian economy and political transition that resulted in the debt problem, and (b) free-up resources to finance his costly wars on the Tigrayan and other Ethiopian people.

Debt Treatment for Abiy's Government would not comply with the principles laid out in the G20 Common Framework. As IMF Managing Director Kristalina Georgieva said, debt relief under the G20 Common Framework will provide governments to "get the support they need to focus on fighting the pandemic and investing in their people." However, *the Ethiopian government isn't fighting the pandemic nor investing on its people*. Instead, the federal government has been waging multiple wars, the main one being the Tigray war, where many international organizations (including the US, UN, EU and Human Rights Watch) have accused its military and Eritrean forces (invited and financed by Abiy's Government to help with the war on Tigray) in carrying out mass atrocities against the civilian population. Rather than investing

¹ https://www.washingtonpost.com/opinions/global-opinions/abiy-ahmed-ethiopia-tigray-invasion/2021/01/27/b5ccd58e-5ff9-11eb-9430-e7c77b5b0297_story.html



on its people, the Ethiopian government is indiscriminately bombing civilians ([HRW](#))² and using hunger ([Economist](#))³ and rape (([UN](#)⁴, [LA Times](#))⁵) as a weapon of war.

Ethiopia's debt problem has nothing to do with COVID-19 but has to do with the Government's spending and borrowing patterns in recent years. Abiy's government has almost doubled Ethiopia's national debt stock in less than three years. When Abiy came to power in April 2018, Ethiopia's national debt (both external and domestic) was US\$27 billion (2017) and increased to US\$ 48 billion (end of 2020) and is projected to further increase to US\$59 billion by the end of 2021 (Ethiopia: National debt from 2015 to 2025)⁶. Of the total national debt, the external debt (owed to foreign creditors and IFIs) increased by almost 25 percent during the same period, increasing from US\$23.4 billion in 2017 to US\$29 billion in 2020.

During Abiy's tenure, the government's expenditure on development programs declined, while military spending increased. Government's overall spending as a share of GDP decreased from 18% of GDP in 2017 to 15% in 2019 (Ethiopia - General government expenditure)⁷, suggesting development programs didn't keep pace with growing GDP as the decline was not met by an increase in private investment. Military spending, on the other hand, increased, averaging about 4% of total government budget per year (or US\$550 million per year), one of the highest in sub-Saharan Africa. The Stockholm International Peace Research Institute (Sipri) 2019 Arms transfer database report shows that Ethiopia paid \$71 million to arms suppliers last year, the highest in the Horn of Africa region. According to Europe External Programme with Africa⁸, **the Ethiopian Government may have paid up to US\$1 billion to the Eritrean government to help it with the war on Tigray.** The alleged payments to Eritrean Government to fight in Tigray war as mercenaries isn't implausible given that Eritrea is a very poor country with limited means to wage such a costly war and deploy a massive military force (The Government of Tigray claims that Eritrea is estimated to have deployed 200,000 soldiers and several mechanized brigades). If the unconfirmed payment to the Eritrean government is true, it should be added to Abiy government's military expenditure.

Moreover, the Ethiopian government has recently committed huge resource to hire lobbying and legal firms, trying to defend the escalating US, EU and the international communities' criticism of the Abiy's government handling of the conflict in the Tigray region. Very recently, it was reported that the Ethiopian Peace Minister, **Muferiat Kamil**, signed a six-month, \$45,000-

² <https://www.hrw.org/news/2021/02/11/ethiopia-unlawful-shelling-tigray-urban-areas>

³ <https://www.economist.com/leaders/2021/01/23/ethiopia-government-seems-to-be-wielding-hunger-as-a-weapon>

⁴ <https://www.un.org/sexualviolenceinconflict/press-release/united-nations-special-representative-of-the-secretary-general-on-sexual-violence-in-conflict-ms-pramila-patten-urges-all-parties-to-prohibit-the-use-of-sexual-violence-and-cease-hostilities-in-the/>

⁵ <https://www.latimes.com/world-nation/story/2021-02-11/troops-accused-of-mass-rape-in-ethiopia-tigray-conflict>

⁶ <https://www.statista.com/statistics/531575/national-debt-of-ethiopia/>

⁷ <https://countryeconomy.com/government/expenditure/ethiopia>

⁸ <https://www.eepa.be/?p=4730>



a-month contract with global law firm, **Holland & Knight**, on March 12.⁹ This adds further evidence that the Ethiopian government's misuse of money to finance the genocidal war on its people of Tigray.

During Abiy's tenure, export revenues and FDI have declined substantially because of the Abiy's war instigating climate that fomented unrest and instability in the country, pushing businesses and investors away from Ethiopia. Even before the start of the Tigray war, Ethiopia under Abiy's government was already reeling from continued unrest and conflicts throughout Ethiopia, especially in the Oromia Region where discontent with federal government led to major protests and conflicts (The Wall Street Journal)¹⁰. Accordingly, export earnings went down from US\$3.2 billion (end of 2017) to US\$2.77 by 2019 (Ethiopia: Export of goods from 2009 to 2019)¹¹. Similarly, Ethiopia's FDI during Abiy's tenure sharply declined because of the poor investment climate. It went down from 4.07 billion in 2017 to 2.5 billion in 2019 (almost a 40% decline) (Foreign direct investment (FDI) in Ethiopia)¹². In just three years, Abiy's government destroyed Ethiopia's image as one of the most attractive places to invest in Africa, a position Ethiopia had won through years of hard work and continuous reforms.

The Ethiopian government continue to destroy infrastructure and service delivery institutions as weapon of war. For over five months now, the Tigrayan people have been denied access to water, food, medicine, electricity, phone, transport and banking services. Schools, hospitals, and infrastructure built over the 30 years have been deliberately destroyed and looted by the Ethiopian and Eritrean defence forces. Part of the destroyed and looted social and economic infrastructures were funded by the IFIs and bilateral donors. Some of the projects funded by IFIs, bilateral donors, Eurobond and bilateral creditors but destroyed by the ongoing civil war in Tigray includes industrial parks, agro-park, energy projects as well as hospitals and universities. The Governments of Ethiopia and Eritrea are destroying the social and economic infrastructures as well as public and private properties intentionally and systematically to starve the people of Tigray^{13, 14, 15}.

The simultaneous increase in external debt and decreases in export income and FDI are the main reasons for Ethiopia's debt crisis – not COVID-19. Comparing Ethiopia's number of COVID-19 related deaths and those by Abiy's war in Tigray can provide an important evidence

⁹ <https://www.foreignlobby.com/2021/04/08/ethiopias-ministry-of-peace-hires-lobbying-firm-amid-war-in-tigray/>

¹⁰ <https://www.wsj.com/articles/facing-war-virus-and-locusts-ethiopias-once-golden-economy-loses-its-luster-11607273964>

¹¹ <https://www.statista.com/statistics/455180/export-of-goods-to-ethiopia/>

¹² <https://www.nordeatrade.com/en/explore-new-market/ethiopia/investment#:~:text=According%20to%20UNCTAD's%20World%20Investment,USD%2025%20billio>

<n%20in%202019>

¹³ <https://www.msf.org/health-facilities-targeted-tigray-region-ethiopia>

¹⁴ https://www.researchgate.net/publication/349750000_Status_of_the_Tigray_universities_Ethiopia_after_five_months_of_war

¹⁵ <https://www.telegraph.co.uk/news/2021/01/17/churches-mosques-tigray-vandalised-looted-ethiopian-purge/>



on the relative roles of the COVID-19 pandemic vis-a-vis the war on Tigray (Ethiopia reported about 232,512 cases and 3,230 deaths as of early April 14, 2021).¹⁶ On the other hand, the recent war in Tigray has claimed the lives of nearly 70,000. Therefore, any debt treatment for Ethiopia must deal with the underlying causes of the debt problem and the Ethiopian federal government should not be allowed to deceive again and use COVID-19 as a pretext to get assistance, debt and debt relief from creditor countries, IFIs and donors.

Providing any assistance, debt or debt relief or treatment without strict preconditions and monitoring mechanisms would mean that Creditor Countries would be using their taxpayers' money to retroactively finance Ethiopian government's genocidal war on Tigray. This would in turn mean that creditor countries, financing institutions and donors are endorsing the Ethiopia Government's excessive recent military spending, where it has been spending more on building up its military capability than investing on the health of the people, which would have helped to mitigate the impact of COVID-19. Providing assistance, debt or debt relief without strong preconditions would also mean that creditor countries, financing institutions and donors are willing to overlook the impact of the Ethiopian Government and its allies' heinous war atrocities, including civilian massacres, rape of girls and women, and displacement and starvation of innocent people, ethnic cleansing and so forth, all happening every day. Finally, giving any assistance, debt and debt relief to Abiy's government without peace and stability in the country means that the investment and export environment will continue to deteriorate, and the debt treatment would not address the underlying causes of the debt crisis in the country (declining exports and FDI as a result of instability and economic mismanagement). **The debt treatment therefore would only further give the Ethiopian government a fiscal space and foreign exchange reserves to procure arms and continue inflicting huge sufferings on the people of Ethiopia and further destabilize the Horn of Africa.**

At a time where G20 countries are having their own economic crisis due to COVID-19 and many of their taxpayers are suffering from unemployment and economic and health hardship, creditor countries should not use their taxpayers' money to reward, without putting harsh preconditions, to a government who declared genocidal war on its people in the Tigray region of Ethiopia and in so doing is further destabilizing the Horn of Africa.

We urge creditor countries in the Paris Club and non-Paris Club, IFIs and donors to put clear and verifiable measures while considering any assistance, debt and/or debt treatment under the G20 Framework for the Ethiopian Government. Assistance, debt and debt relief are supposed to benefit the people, but the only way the Ethiopian people could benefit from it is if creditor countries and the international community put maximum pressure on the Ethiopian government to change its ways. For that matter, Abiy's government is incapable of servicing its debt in the years to come in the continuation of the horrendous war machine that will consume the economy.

¹⁶ <https://www.worldometers.info/coronavirus/country/ethiopia/>



Thus, we strongly request creditor countries, IFIs, and donors to demand and put necessary measures that insure the Abiy's government comply with the following prior actions before any form of assistance, debt and/or debt treatment are considered.

1. Immediate, unconditional and independently verified withdrawal of Eritrean forces and Amhara special forces and militia from Tigray.
2. The Ethiopian federal government takes all the necessary steps to immediately stop all sorts of hostilities, stop the ethnic cleansing and genocidal war in Tigray that has caused much more deaths than the COVID-19 pandemic.
3. The Ethiopian federal government allows unconditional, unfettered and sustained access to the much needed humanitarian support and stop the weaponized starvation, and famine.
4. The government stops the massacre unfolding in different parts of Tigray, systematic raping and sexual violence, deliberate infection of women and girls with HIV/AIDs and other Sexually Transmitted Diseases (STDs) in many parts of Tigray.
5. An independent and UN-mandated investigation is carried out to investigate egregious breaches of the Geneva Conventions and other violations of international humanitarian law.
6. A transparent process is put in place to ensure freed-up resources are used for the intended purposes of reducing poverty including for the rehabilitation of communities directly affected by a combination of the pandemic and war.

Only if the above conditions are met, will any assistance, debt or debt relief for Ethiopia benefit the people and the economy. The above conditions would also improve the country's debt situation automatically by reducing military expenditure and improving the investment climate to boost export earnings and FDI into the country. Otherwise, providing debt relief to a government that is in the middle of a costly and genocidal war would not only be irresponsible and misuse of taxpayers' money, but would also facilitate the continued suffering of the very people the G20 debt restructuring program is supposed to help.



Sincerely
The GSTS
14 April, 2021

ⁱ GSTS is a Non-Partisan Global Knowledge Network of 3,000+Tigray Scholars & Professionals, established with the aim of creating Knowledge-based sustainable economy & Society in Tigray & beyond.