

A Glimpse at Ethiopia's 2026/27 Budget

Macro Research Ethiopia

During Parliament's fiscal year closing session, the Government approved the FY2026/27 national budget of Birr 2.3trn (~ \$14.6bn), equivalent to about 10.9% of GDP, representing a 21% nominal increase over the previous fiscal year. With inflation currently at around 11% (moving average as of June 2026), the budget implies real expenditure growth of approximately 10–11%, indicating that fiscal policy remains expansionary in real terms despite moderating inflation. The Government expects to mobilize approximately Birr 1.8trn from revenues and grants, resulting in an estimated fiscal deficit of around 2.4% of GDP, reflecting a relatively prudent fiscal stance that seeks to balance growth-oriented public spending with fiscal sustainability. However, the effectiveness of the budget will ultimately depend on the Government's ability to achieve its ambitious revenue targets while maintaining macroeconomic stability through effective expenditure management, inflation control, and prudent public debt management.

- **Revenue:** The Government projects Birr 1.8trn (~\$11.5bn) in revenue and grants for FY2026/27, representing a 22% increase over the previous fiscal year. Tax revenue will remain the primary source of government financing, accounting for 82% of total collections, while non-tax revenue is expected to contribute 7%. The remaining 11% is projected to come from grants, highlighting the government's reliance on domestic revenue mobilization while maintaining support from development partners. To support these ambitious targets, the authorities have introduced a series of tax policy measures expected to generate Birr 78bn, equivalent to approximately 0.35% of GDP. These measures include the removal of selected tax holidays, the reduction of customs duty exemptions, and other reforms aimed at broadening the tax base and improving revenue efficiency. While these reforms are expected to strengthen fiscal sustainability and reduce dependence on borrowing, their success will depend on effective implementation, taxpayer compliance, and the government's ability to balance higher revenue collection with maintaining a competitive business environment and encouraging private sector investment.

CEPHEUS RESEARCH & ANALYTICS

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Ethiopia's Approved Budget at a Glance

	Birr bn	% GDP
Revenue and Grants	1,816.6	8.5%
Revenue	1,611.8	7.5%
Grants	204.8	1.0%
Expenditure	2,339.3	10.9%
Current expenditure	1,236.5	5.8%
Capital expenditure	568.2	2.7%
Subsidies to Regions	520.6	2.4%
SDG Allocations	14.0	0.1%
Budget deficit	522.7	2.4%
External borrowing	193.3	0.9%
Domestic borrowing	329.0	1.5%
Nominal GDP, 2026-27:	21,386	...

Source: MoF Budget Document, Cepheus Research for GDP estimate

- **Expenditure:** Total government expenditure for FY2026/27 is budgeted at Birr 2.3trn, with recurrent expenditure accounting for 52.9% of the budget, capital expenditure 24.3%, and subsidies to regional governments approximately 22.3%, while Sustainable Development Goals (SDGs)-related spending remains fixed at Birr 14bn (0.6%). The expenditure framework reflects the government's effort to balance development priorities with emerging fiscal pressures. A significant share of the budget has been directed toward meeting rising domestic and external debt service obligations, while also cushioning the impact of higher global commodity prices. In response to increased fuel and fertilizer costs associated with geopolitical tensions in the Middle East, the government has allocated Birr 100bn in fertilizer subsidies and Birr 20bn in fuel subsidies to mitigate inflationary pressures and support agricultural production. In addition, Birr 116bn has been earmarked through Treasury bill financing to strengthen the capital base of the Ethiopian Petroleum Supply Enterprise, ensuring adequate fuel supply. While these interventions are expected to support price stability and economic activity in the short term, it also may increase fiscal pressures and underscore the importance of effective expenditure management and continued domestic revenue mobilization to preserve fiscal sustainability.

Top Ten Federal Expenditures Items

Sector or Ministry	Birr bns	% of Total
1 Debt	542.1	23%
2 Transfer	269.3	12%
3 Urban Development and Constructic	162.9	7%
4 Education	158.2	7%
5 Contingencies	124.4	5%
6 Health	110.6	5%
7 Defense	96.3	4%
8 Agricultural and Rural Development	91.4	4%
9 General Service	66.1	3%
10 Justice and Security	61.0	3%
Top 10 Federal Expenditure items	1,682.4	72%
Other Federal Expenditure items	656.85	28%
Total Federal Govt Expenditure	1804.7	
Subsidies to Regions	520.6	
SDG funds to Regions	14	
GRAND TOTAL Budgetary Expenditure	2,339.3	

Source: MoF Budget Document

- **Debt Service:** Of the Birr 2.3trn budget approved for FY2026/27, roughly 23% is allocated to public debt servicing — underscoring the growing fiscal burden of debt repayment. As of December 2025, total public debt stood at approximately \$52bn, of which 66% was external. Despite external debt still making up the majority of the stock, its share of the FY2026/27 debt service allocation is 54%, with the remaining 46% going toward domestic obligations. Notably, the domestic debt servicing budget has grown 52% year-on-year, reflecting a strategic shift away from concessional external borrowing toward market-based domestic financing through Treasury bills. This shift aligns with the broader macroeconomic reform agenda — promoting market-oriented financing, strengthening monetary policy transmission, and reducing external dependence. However, heavier reliance on domestic borrowing risks raising debt servicing costs and crowding out private-sector credit, unless accompanied by deeper capital markets and stronger fiscal performance. Going forward, meeting revenue targets, maintaining prudent debt management, and sustaining robust growth will be essential to keeping the higher debt service burden manageable — without constraining future development spending.
- **External Financing:** The FY2026/27 budget projects Birr 193.7bn in external financing, of which Birr 162.8bn is expected to be mobilized through direct

budget support, while the remaining Birr 30.9bn will come from multilateral and bilateral development partners. This represents a 39% increase compared with the previous fiscal year, signalling a continued recovery in external financing after several years of constrained inflows. The increase reflects growing confidence among international development partners, supported by the government's ongoing macroeconomic reform program, progress in restoring macroeconomic stability, and strengthened engagement with international financial institutions and bilateral donors. Reinforcing this positive outlook, the IMF recently approved the fifth review under Ethiopia's Extended Credit Facility (ECF) arrangement, bringing total disbursements to \$2.647bn, equivalent to approximately 74% of the total ECF commitment. The continued IMF support not only provides additional balance-of-payments financing but also serves as a strong policy signal to other development partners and investors, potentially catalysing further concessional financing and private capital inflows.

- **Domestic Financing:** The FY2026/27 budget financing strategy reflects the government's transition toward market-based domestic debt financing under the macroeconomic reform program, with domestic borrowing expected to finance approximately two-thirds of the total budget financing requirement. With direct advances from the National Bank of Ethiopia (NBE) having been discontinued, the government's domestic financing needs will be met exclusively through the issuance of Treasury bills (T-bills). This reflects the government's continued commitment to its macroeconomic reform agenda in favour of market-based financing. This shift is intended to reduce monetary financing of the fiscal deficit, contain inflationary pressures, strengthen monetary policy transmission, and enhance overall macroeconomic stability. At the same time, increased T-bill issuance is supporting the development of Ethiopia's domestic debt market by broadening investor participation, improving price discovery, and establishing a more credible, market-based yield curve. This is reflected in the sharp rise in T-bill yields, with the 364-day T-bill rate exceeding 20%, significantly above the NBE's 15% policy rate, indicating both market-based pricing and the government's substantial financing needs. While the transition to market-based financing represents a significant structural reform and is expected to improve fiscal transparency and policy credibility, it also comes at a higher cost. Elevated T-bill yields increase the government's borrowing and debt servicing costs while creating incentives for commercial banks and institutional investors to allocate more funds to government securities rather than private sector lending. Over time, this could crowd out private investment, particularly for small and medium-sized enterprises, potentially slowing credit growth and economic expansion.

Key Budget Highlights in Figures

GDP Growth by Sector

Real GDP growth is accelerating — from 6.4% in 2021/22 to a projected 10.2% peak in 2025/26

10.2%

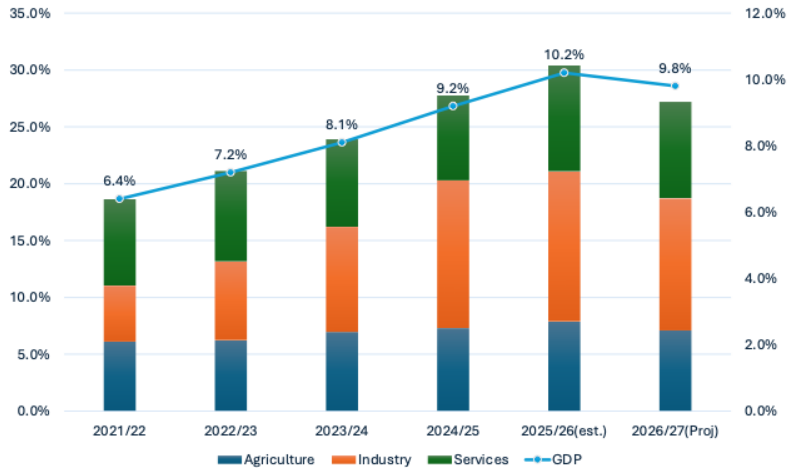
Peak real GDP growth in 2025/26 (est.), up from 6.4% in 2021/22

+3.8 pts

Acceleration in GDP growth over four years

9.8%

2026/27 projection — a modest, soft-landing moderation



Source: National accounts — GDP growth by sector (%), 2021/22–2026/27 (est./proj.)

Budget & Fiscal Performance

The fiscal deficit widens to a five-year high as spending outpaces revenue — Birr 522.8 bns budgeted for FY2026-27

522.8

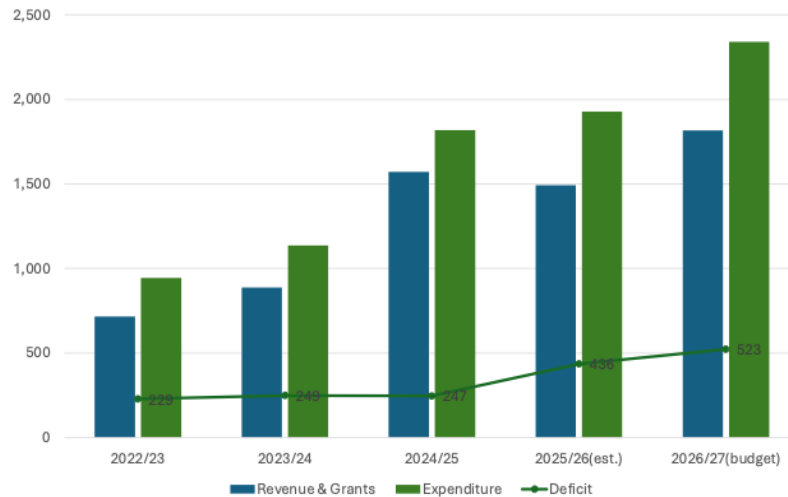
FY2026-27 budgeted deficit (Birr bns) — the widest in five years

2%

Deficit as % of GDP

77.7%

Share of FY2026-27 expenditure covered by revenue & grants



Source: MoF Budget Document, NBE — Revenue & Grants, Expenditure and Deficit (Birr bns), FY2022/23–FY2026/27 (est./budget)

Revenue Trends and Budget Assumptions

Revenue & Grants climb to Birr 1,816.6 bns in FY2026-27, driven mainly by rising tax revenue

1,816.6

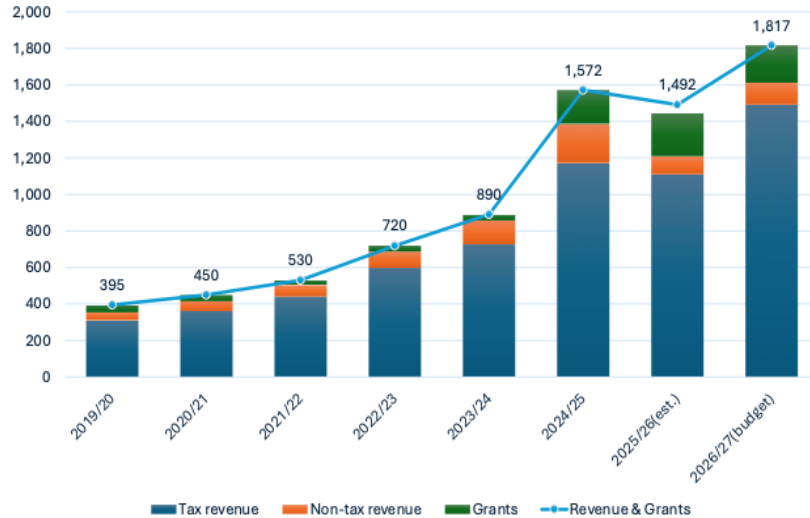
FY2026-27 Revenue & Grants (Birr bns) — the highest on record

82%

Share of FY2026-27 revenue funded by tax revenue

4.8×

Growth in tax revenue since 2019/20



Source: MoF Budget Document, NBE — Revenue by component (Birr bns), 2019/20–2026/27 (est./budget)

Expenditure Trends and Composition

Total spending rises to Birr 2,339.3 bns in FY2026-27, led by recurrent expenditure

2,339.3

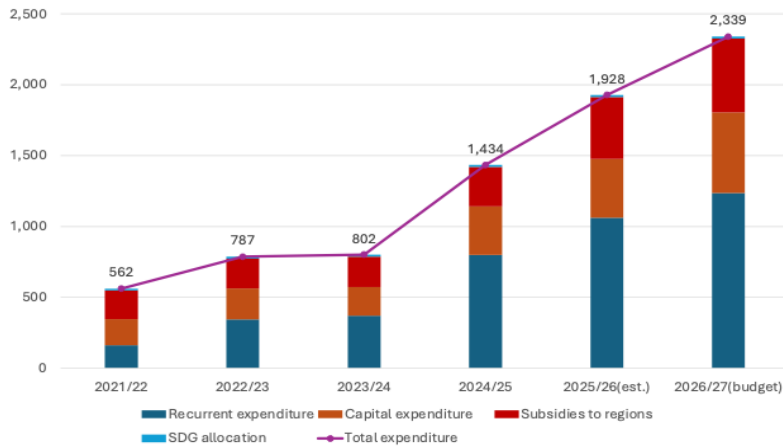
FY2026-27 total expenditure (Birr bns) — the highest on record

53%

Share of FY2026-27 spending on recurrent expenditure

4.2×

Growth in total expenditure since 2021/22



Source: MoF Budget Document, NBE — Expenditure by component (Birr bns), 2021/22–2026/27 (est./budget)

Government Capital Expenditure

Capital spending as a share of GDP has fallen sharply — from 8.3% in 2016/17 to a projected 2.7% in 2026/27

8.3%

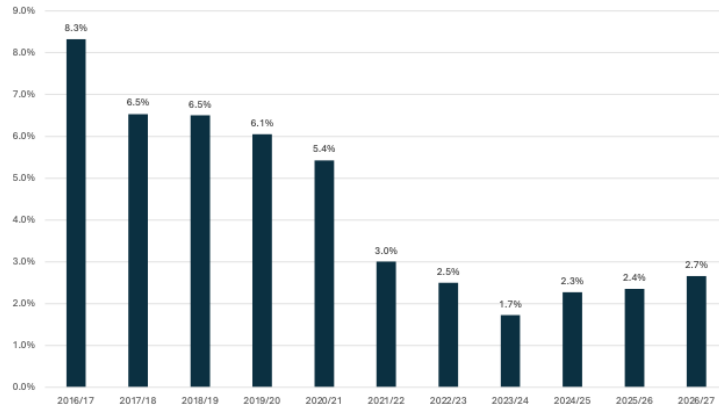
Peak capital spending (% of GDP), in 2016/17

1.7%

Low point in 2023/24 — the smallest capital share in the period

2.7%

2026/27 projection — a gradual recovery from the trough



Source: MoF Budget Document, NBE — Government capital expenditure (% of GDP), 2016/17–2026/27 (est./proj.)

Total Public Sector Debt Service

Debt service eases to \$2.7 bns in 2024/25, down 23% from its 2019/20 peak of \$3.5 bns

\$3.5

Peak public sector debt service (\$bns), in 2019/20

\$2.7

2024/25 debt service (\$bns) — latest full fiscal year

↓23%

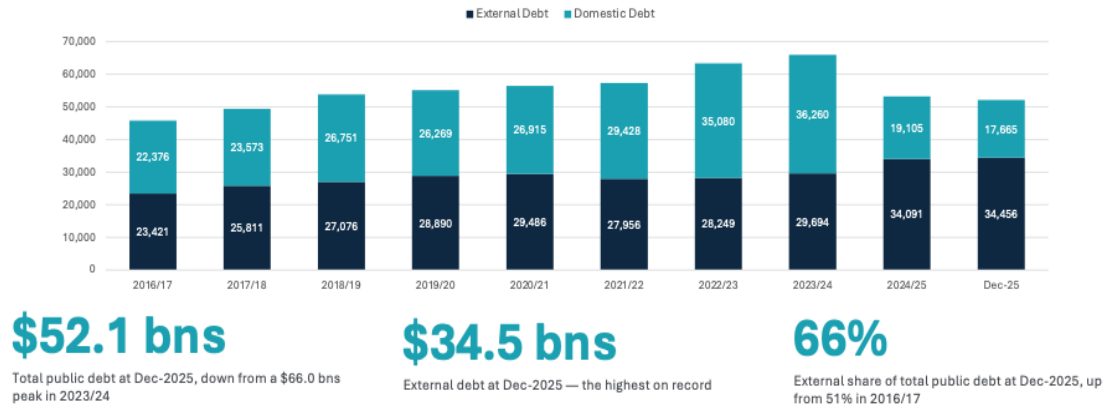
Lower than the 2019/20 peak by 2024/25



Source: MoF Budget Document, NBE — Total public sector debt service (\$ bns), 2019/20–Dec-25

Total Public Debt Composition

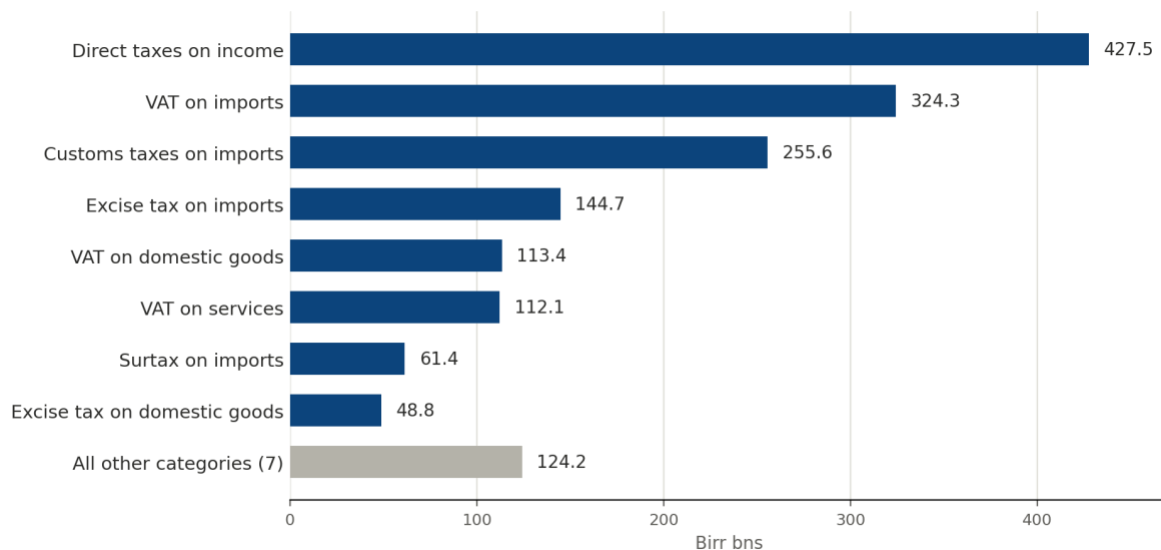
Total public debt eases to US\$52.1 bns by Dec-2025, as external borrowing overtakes a shrinking domestic stock



Source: MoF, NBE — Total public debt by component (US\$ millions), 2016/17–Dec-2025 (Dec-25 is year-to-date)

Composition of Government Revenue — FY2026/27

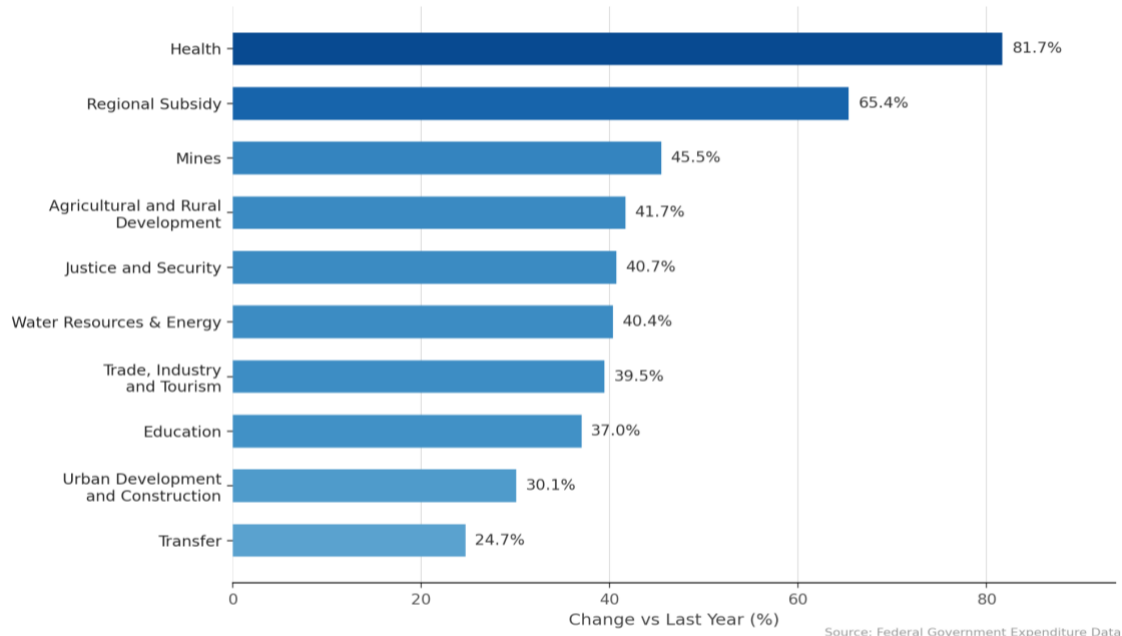
Birr 1,612bn total revenue across 15 categories



Largest Increase in Federal Government Expenditure

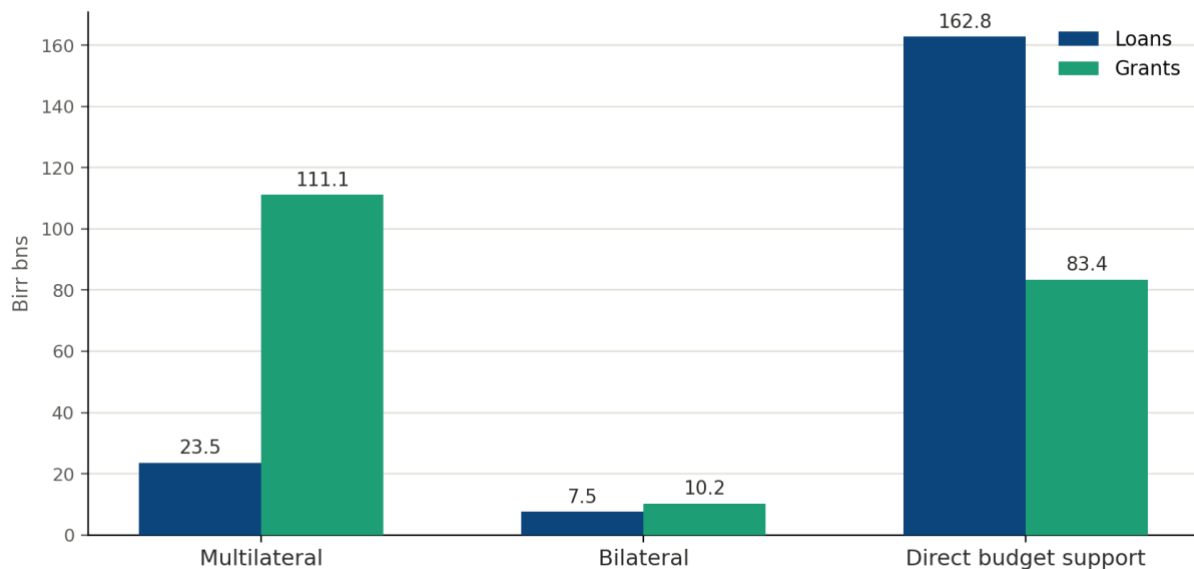
Top 10 Sectors Compared to Last Year

Health recorded the largest budget increase (+81.7%), signalling a strong policy emphasis on human capital development



External Financing and Grant Support— FY2026/27

Birr 398.5bn: External loans (193.7bn) and grants (204.8bn)



Appendix

All Government Revenue Sources Across 15 Categories and 148 line-items--Total Revenue of Birr 1,611.8bn.

Ranked by revenue amount within each category. Figures in Birr bns.

1	Direct Taxes on income	427.5
1	Wages and Salaries	97.3
2	Rental Income	2.6
3	Profits Tax from Corporate Business	263.0
4	Dividend and Chance Winnings	22
5	Capital Gains	3.4
6	Royalty	0
7	Withholding Tax on Imports	27
8	Interest Income Tax	12

2	VAT On Domestic Goods	113.4
1	Petroleum & Petroleum Products	3.64
2	Sugar	2.36
3	Salt	0.41
4	Soft Drinks	3.82
5	Mineral Water	0.48
6	Alcohol & Alcoholic Products	3.84
7	Beer	13.99
8	Tobacco & Tobacco Products	1.55
9	Leather & Leather Products	0.87
10	Plastic Products	1.04
11	Cotton, Yarns & Fabrics	0.18
12	Textile & Cloths	4.42
13	Chemical & Chemical Products	1.55
14	Non Metallic Mineral Products	2.97
15	Iron & Steel	3.14
16	Vehicles & Spare Parts	2.35
17	Machines fixtures and spare parts	0.57
18	Wood and Wood Products	0.34
19	Food	3.32
20	Electrical Goods & Spare Parts	0.63
21	Stationery & Printing Machineries	0.45
22	Agriculture & Forestry Products	2.98
23	Other Goods	58.53

3	VAT on Services	112.1
1	Telecommunication	40.1
2	Commission Agent	0.3
3	Tourism	0.4
4	Lodging	0.5
5	Professional Service	6.4
6	Works Contract	18.6
7	Rent of Goods	1.9
8	Garage	0.4
9	Other Services	43.6

4	Excise Tax on Domestic Goods	48.8
1	Petroleum And Its Products	0
2	Sugar	5
3	Salt	0
4	Soft Drinks	10
5	Mineral Water	1
6	Alcohol & Alcoholic Products	2
7	Beer	18
8	Tobacco & Tobacco Products	7
9	Textiles	1
10	Plastic Products	0
11	Other Goods	5

5	Stamp Sales and Duty	3.6
1	Sales Of Stamps	0
2	Stamp Duty on Vehicles	4
3	Other Stamps Duty	0

6	Customs taxes on Imports	255.6
1	Motor Vehicles & Accessories	39.5
2	Machineries, Capital Goods & Accessories	4.5
3	Building Materials & Metals	27.3
4	Electrical Equipment & Appliances	8.2
5	Household, Office Goods & Appliances	5.8
6	Film, Film Recorders & Reproducers & Musical Instruments	3.5
7	Stationery, Calculating Machines & Appliances	3.1
8	Pharmaceutical Equipment, Drugs & Chemical	8.1
9	Cotton, Yarns & Fabrics, Textiles & Clothing	19.3
10	Tobacco & Tobacco Products	0.3
11	Alcohol & Alcoholic Beverages	0.6
12	Wood and Wood Products	0.1
13	Food	0.4
14	Social Welfare Development Duty	72.1
15	Other Goods	62.7

7	Excise tax on Imports	144.7
1	Petroleum	110
2	Automobiles	21
3	Textiles	8
4	Tobacco & Tobacco Products	0
5	Alcohol & Alcoholic Beverages	1
6	Other Goods	4

8	VAT On Imports	324.3
1	Motor Vehicles & Accessories	40.3
2	Petroleum Products & Lubricants	126.0
3	Machineries, Capital Goods & Accessories	7.7
4	Building Materials & Metals	37.5
5	Electrical Equipment & Appliances	12.2
6	Household, Office Goods & Appliances	4.2
7	Film, Film Recorders & Reproducers & Musical Instruments	4.3
8	Stationery, Calculating Machines & Appliances	4.3
9	Personal Goods & Appliances	0.1
10	Pharmaceutical Equipment, Drugs & Chemical	5.0
11	Cotton, Yarns & Fabrics, Textiles & Clothing	18.9
12	Tobacco & Tobacco Products	0.4
13	Alcohol & Alcoholic Beverages	0.6
14	Wood and Wood Products	0.9
15	Food	0.3
16	Other Goods	61.7

9	Export tax	0.02
1	Leather and Leather Products	0.02

10	Non-tax income: Investments	23.9
1	Dividend Income From Government	21
2	Interest on Loan to Government Agency	2
3	Interest on Government Bank Accounts	1

11	Surtax on Imports	61.4
1	Motor Vehicles & Accessories	10
2	Machineries & Accessories	4
3	Building Materials & Metals	8
4	Electrical Equipment & Appliances	6
5	Household, Office Goods & Appliances	3
6	Film, Film Recorders & Reproducers & Musical Instruments	2
7	Stationery, Calculating Machines & Appliances	2
8	Cotton, Yarns & Fabrics, Textiles & Clothing	4
9	Tobacco & Tobacco Products	0
10	Alcohol & Alcoholic Beverages	0
11	Wood and Wood Products	0
12	Pharmaceutical Equipment, Drugs & Chemical	0
13	Food	0
14	Other Goods	21

12	Government Fees & Charges	44.2
1	Passports & Visas	37
2	Registration of Foreigners	2
3	Work Permits	0
4	Court Fines	0
5	Court Fees	1
6	Forfeits	2
7	Business and Professionals Registration	0
8	Warehouse Fees	0
9	Standards Charges	0
10	Cargo Scanning Machine Fee	1
11	Other Fees and Charges	1

13	Sales of Public Goods & Services	11.86
1	Sales of Gov't Newspapers, Magazines	0.07
2	Media	0.02
3	Advertising Revenue	0.00
4	Veterinary Service	0.01
5	Health Services	1.71
6	Sales of Medicines & Medical Supplies	0.23
7	Medical Examinations & Treatment	0.38
8	Handicrafts	0.02
9	Printed Forms	0.03
10	Prisons Administration Revenue	0.00
11	Research and Development Service	0.02
12	Vocational and Educational Institutions	4.62
13	Cultural Services	0.01
14	Mapping Services	0.01
15	Civil Aviation Services	1.85
16	Road Transport Service	0.22
17	Science & Technology Services	0.00
18	National Examination Service	0.09
19	Post and Telecome	0.30
20	Farm Products	0.13
21	Forest Products	0.10
22	Collection from Cost Sharing of Highways	0.56
23	Government House Rent	0.01
24	Other Services	1.48

14	Miscellaneous revenue	33.4
1	Gain on Exchange Rate Fluctuation	14
2	Other Miscellaneous Revenue	20

15	Capital revenue	7.1
1	Sales of Moveable and Immovable Property	0
2	Collection of Principal from On-lending	7

Total Revenue--All 17 Categories:	1,612
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Source: Cepheus Research compilation based on Ministry of Finance Budget Document

Tax Rates in Ethiopia as of FY 2025-26

Type of Taxes	Tax rates
PERSONAL INCOME TAXES*	
Income tax from employment	
Monthly salary 0 to 2000	0%
Monthly salary 2001 to 4000	15%
Monthly salary 4001 to 7000	20%
Monthly salary 7001 to 10000	25%
Monthly salary 10000 to 14000	30%
Monthly salary 14000 and above	35%
Income from rental income	
Monthly rental income 0 to 24000	Exempt
Monthly rental income 24001 to 48000	15%
Monthly rental income 48001 to 84000	20%
Monthly rental income 84001 to 120000	25%
Monthly rental income 120001 to 168000	30%
Monthly rental income over 168000	35%
Income from business income (excluding Category B taxpayers taxed on gross sales)	
Monthly business income 0 to 24000	Exempt
Monthly business income 24001 to 48000	15%
Monthly business income 48001 to 84000	20%
Monthly business income 84001 to 120000	25%
Monthly business income 120001 to 168000	30%
Monthly business income over 168000	35%
Taxation of Category B taxpayers taxed on gross sales	
Annual gross sales 0 to 100000	2%
Annual gross sales 100001 to 500000	3%
Annual gross sales 500001 to 1000000	5%
Annual gross sales 1000001 to 1500000	7%
Annual gross sales 1500001 to 2000000	9%
Withholding on other income- residents and PEs	
Dividend	15%
Interest	10% (PE), 30% (FI)
Games of chance	20%
Gain on disposal	15%
Undistributed profit	15%
Repatriated profit	15%
Royalty	5% (culture), 10% (other)
Property tax (on the 25% of the market value)	0.2-1%
Minimum alternative tax (on turnover or equivalent benchmarks)	2.5%
Dividend tax	10%
BUSINESS TAXES	
Corporate income tax	30%
Turn over tax	2-10%
Customs duties	0-35%
Withholding tax	3%
Capital gains tax	30%
VALUE-ADDED TAX (VAT)	
	15%
EXCISE TAXES	
Vehicles	100-500%
Perfumes and toilet waters	100%
Fireworks	100%
Fats and Oils	30-50%
Alcoholic drinks	30-40%
Any Sugar, excluding molasses	20-30%
Human hair and wigs	40%
Fuel, oil and lubricants	30%
Chocolate, cocoa etc	30%
Tobacco and tobacco products	20-30%
Textile and products	8-30%
Flour and soft drinks	25%
Salt	10%
Non Alcoholic drinks	15-25%
Asbestos and products	20%
Precious and semi-precious stones	20%
Artificial flowers	10%
Video decks	10%
Tyres	5%

Source: ERCA, MoFEC, Federal Negarit Gazeta. Selected excise tax products shown.

*Rates represent the marginal tax rate, applicable for income above threshold

Federal Government Expenditure Allocation--By Detailed Line-items, Birr bns

Total Expenditure by detailed government department/agency/unit

	Budget 2024-25	Budget 2025-26	Budget 2026-27	Change in Birr terms		Budget 2024-25	Budget 2025-26	Budget 2026-27	Change in Birr terms
Total Federal Govt Expenditure	734.5	1,927.7	2,338.8	411.1					
1 Administration and General	150.18	197.15	237.26	40.11	2 Economy	172.2	254.2	336.5	82.3
1.1 Organ of State	4.50	16.70	13.85	(2.86)	2.1 Agricultural and Rural Development	22.99	64.51	91.4	26.9
Office of the Prime Minister	0.63	0.90	6.52	5.62	Ministry of Agriculture	19.20	58.98	84.8	25.9
Palace Administration	1.71	2.26	2.70	0.45	Ethiopian Agricultural Research Institute	1.04	1.54	1.9	0.3
House of The People's Representativ	0.60	0.99	1.67	0.68	Ethiopian Forest Development	1.24	1.52	1.5	(0.0)
Office of the Auditor General	0.29	0.59	0.95	0.36	Environment Protection Authority	0.15	0.48	0.8	0.3
Ministry of Peace	0.65	0.73	0.81	0.08	Ethiopian Institute of Bio-Diversity	0.33	0.43	0.5	0.1
Office of the National Election Boar	0.35	10.86	0.40	(10.46)	Livestock Development Institute	0.23	0.40	0.5	0.1
House of the Federation	0.21	0.25	0.37	0.13	Ethiopian Agriculture Authority	0.20	0.28	0.4	0.1
Council of Constitutional Inquiry	0.04	0.06	0.11	0.06	Animal Health Institute	0.17	0.28	0.4	0.1
Office Of The President	0.02	0.05	0.08	0.03	Ethiopian Coffee and Tea Authority	0.24	0.32	0.3	(0.0)
Center for the Study of Constitution	0.02	0.02	0.03	0.01	Ethiopian Cooperative Commission	0.11	0.17	0.2	0.0
					Ethiopian Agricultural Transformation Institute	0.08	0.10	0.1	0.0
1.2 Justice and Security	27.64	43.33	60.98	17.65	2.2 Water Resources & Energy	25.26	40.15	56.4	16.2
Federal Police Commission	8.77	12.28	16.57	4.29	Ministry of Irrigation and Lowlands	11.96	19.03	30.9	11.8
Immigration and Citizenship Service	5.72	11.70	14.41	2.71	Ministry of Water and Energy	11.75	19.11	23.2	4.1
Artificial Intelligence Institution	0.80	1.13	6.29	5.16	Ethiopian Meteorology Institute	1.36	1.51	1.7	0.2
National Intelligence and Security S	1.97	2.56	4.75	2.19	Water Technology Institute	0.14	0.37	0.4	0.1
Federal Prison Commission	2.76	3.59	4.09	0.50	Grand Renaissance Dam Project Office	0.05	0.07	0.1	0.0
Information Network Security Adm	1.60	2.50	3.11	0.61					
Ministry of Justice	1.51	2.30	2.90	0.60	2.3 Trade, Industry and Tourism	6.57	7.83	10.9	3.1
Ethiopian Police University	1.57	2.30	2.67	0.37	Manufacturing Industry Development Institute	1.58	2.63	4.1	1.5
Federal Courts	1.45	2.10	2.25	0.16	Ministry of Industry	0.19	1.00	2.0	1.0
National Dialogue Commission	0.42	1.00	1.00	(0.00)	Ministry of Tourism	0.78	2.00	1.9	(0.1)
Documents Authentication and Regi	0.42	0.64	0.94	0.30	Ministry of Trade and Regional Intigration	3.49	1.14	1.4	0.2
Ethiopian Nuclear Power Commissio	...	...	0.37	...	Ethiopian Enterprise Development	0.10	0.49	0.8	0.3
Financial Intelligence Service	0.06	0.78	0.37	0.08	Ethiopian Investment Commission	0.15	0.34	0.4	0.1
Ethiopian Human Right Commission	0.13	0.17	0.24	0.07	Ethiopian Standards Institute	0.18	0.17	0.3	0.1
Institution of The Ombudsman	0.11	0.16	0.24	0.08	Ethiopian Accreditation Service	0.03	0.06	0.1	0.0
Federal Justice and Legal Institute	0.10	0.20	0.22	0.02	Public Enterprises Holding and Administration	0.07	-	-	-
Authority for Civil Society Organizati	0.11	0.14	0.18	0.03					
Ethiopian Capital Market Administra	...	0.09	0.15	0.06	2.4 Mines	0.73	1.57	2.3	0.7
Federal Ethics And Anti-Corruption C	0.07	0.09	0.12	0.03	Geological Institute of Ethiopia	0.28	0.61	1.0	0.4
Judiciary Administration Council	0.04	0.05	0.07	0.01	Ministry of Mines	0.17	0.48	0.6	0.1
Federal Tax Appeal Commission	0.03	0.05	0.05	0.00	Mining Industry Development Institute	0.17	0.34	0.4	0.1
					Petroleum and Energy Authority	0.10	0.14	0.2	0.1
1.3 Defense	65.70	80.99	96.30	15.32					
Ministry of National Defense	65.00	80.00	95.00	15.00	2.5 Transport and Communication	11.89	14.90	12.6	(2.3)
Ethiopian Defense University		0.99	1.30	0.32	Ministry of Transport & Logistics	2.17	5.23	5.8	0.6
					Ethiopian Civil Aviation Authority	2.10	3.59	5.1	1.5
1.4 General Service	52.34	56.13	66.12	9.99	Ethiopian Maritime Authority	6.67	5.04	1.4	(3.7)
Ministry of Finance	22.92	14.00	14.39	0.39	Road Safety & Insurance Fund Service	0.95	1.04	0.3	(0.8)
Customs Commission	6.72	10.30	14.30	3.99					
Ministry of Foreign Affairs	5.37	10.04	12.69	2.66	2.6 Urban Development and Construction	104.74	125.21	162.9	37.7
Ministry of Revenue	5.18	7.94	10.08	2.14	Ethiopian Roads Administration	85.99	95.03	123.8	28.8
Ethiopian Conformity Assessment Er	...	...	2.05	...	Ministry of Urban and Infrastructure	18.24	28.99	37.4	8.4
Space Science and Geospatial Instit	0.69	1.28	1.77	0.49	Construction Management Institute	0.27	0.90	1.3	0.4
Republican Security Force	0.94	1.29	1.74	0.45	Ethiopian Construction Authority	0.24	0.30	0.4	0.1
Ministry of Innovation and Technolo	2.75	2.96	1.48	(1.47)					
Ethiopian Statistics Service	4.20	2.08	1.20	(0.88)					
African Leadership Excellence Acade	0.89	0.86	0.90	0.04					
Ethiopian News Service	0.32	0.64	0.79	0.15					
Civil Service Commission	0.30	1.94	0.69	(1.25)					
Media Authority	0.10	0.32	0.53	0.21					
Ethiopian Biotechnology Institute	0.38	0.45	0.50	0.04					
Ethiopian Diaspora Agency	0.31	0.39	0.44	0.05					
Metrology Institute of Ethiopia	0.15	0.17	0.37	0.20					
Ethiopian Communications Authority	0.20	0.27	0.35	0.08					
Ethiopian Intellectual Property Auth	0.06	0.22	0.34	0.12					
Government Communication Service	0.15	0.20	0.26	0.06					
Policy Study Institute	0.10	0.13	0.23	0.11					
Ministry of Planning and Developme	0.07	0.14	0.20	0.06					
Ethiopian Technology Authority	0.10	0.15	0.17	0.02					
Mesob Service	...	...	0.15	...					
Public Procurement and Property Ad	0.03	0.09	0.15	0.06					
Foreign Affairs Institute	0.10	0.12	0.15	0.03					
Public Procurment Service	0.26	0.10	0.11	0.02					
The Accounting and Auditing Board	0.05	0.06	0.07	0.01					

Source: MoF Budget Document and Cepheus Research compilation

Federal Government Expenditure Allocation--By Detailed Line-items, Birr bns

	Budget 2024-25	Budget 2025-26	Budget 2026-27	Change in Birr terms		Budget 2024-25	Budget 2025-26	Budget 2026-27	Change in Birr terms
3 Social	134.11	199.27	294.62	95.34	3.2 Culture and Sport	4.77	10.88	13.17	2.3
3.1 Education	79.83	115.50	158.24	42.75	Ministry of Culture and Sport	3.19	7.40	8.50	1.1
Ministry of Education	1.41	3.80	7.03	3.23	Ethiopian Sport Academy	0.44	1.10	1.19	0.1
Addis Ababa University	3.65	5.07	6.38	1.31	Authority for Ethiopian Conservation of Cultural Herita	0.24	0.81	1.12	0.3
Educational Assessment and Examin	2.75	4.21	5.74	1.53	Ethiopian Wildlife Conservation Authority	0.25	0.60	1.07	0.5
Gonder University	2.58	3.92	5.09	1.17	Tourism Training Institute	0.41	0.53	0.70	0.2
Bahir Dar University	2.52	3.67	5.02	1.35	Ethiopia National Theater	0.07	0.18	0.23	0.1
Jimma University	2.12	3.48	4.90	1.43	Ethiopia National Anti-Doping Office	0.04	0.14	0.21	0.1
Haramaya University	2.10	3.08	4.75	1.67	Ethiopian Archive and Library Agency	0.12	0.13	0.15	0.0
Mekele University	3.01	2.92	4.56	1.64					
Hawassa University	2.11	3.01	4.47	1.46	3.3 Health	33.90	60.88	110.61	49.7
Wolayita Sodo University	1.82	2.78	4.31	1.53	Ministry of Health	22.40	45.86	84.89	39.0
Arba Minch University	2.13	3.02	3.95	0.93	St. Paul Hospital Millennium Medical College	4.26	4.99	11.68	6.7
Wollo University	1.94	3.01	3.95	0.93	Ethiopian Health Insurance Service	3.34	4.07	5.25	1.2
Dilla University	1.69	2.53	3.68	1.14	ALERT Specialized Hospital	0.80	1.06	1.75	0.7
Jigjiga University	1.89	2.49	3.65	1.16	Ethiopian Prosthetic and Orthotic Services	0.48	0.95	1.45	0.5
Ambo University	1.58	2.32	3.57	1.25	Saint Peter Specialized Hospital	0.50	0.74	1.06	0.3
Axum University	1.53	2.25	3.41	1.16	Ethiopian Blood and Tissue Bank Service	0.28	0.67	0.99	0.3
Medewollabo University	1.64	2.50	3.38	0.88	Ethiopian Food and Drug Authority	0.46	0.59	0.87	0.3
Debrebirhan University	1.97	2.79	3.37	0.58	Eka Kotebe Mental and General Hospital	0.33	0.54	0.82	0.3
Wellega University	1.52	2.41	3.27	0.86	Armeuer Hansen Research Institute	0.36	0.48	0.64	0.2
Wachemo University	1.38	2.17	3.13	0.96	Amanuel Mental Specialized Hospital	0.29	0.44	0.62	0.2
Debremarkos University	1.41	2.28	2.95	0.68	Ethiopian Public Health Institute	0.40	0.49	0.59	0.1
Mizan/Teppi University	1.35	2.14	2.95	0.81					
Arsi University	1.36	1.84	2.82	0.98	3.4 Labor and Social Affairs	3.71	4.72	5.63	0.9
Woldiya University	1.35	2.16	2.81	0.65	Ministry of labor and Skills	2.40	3.26	4.01	0.7
Adigrat University	1.23	1.92	2.80	0.88	National Rehabilitation Commission	1.10	1.12	1.13	0.0
Welkitie University	1.27	1.88	2.78	0.90	Ministry of Women and Social Affairs	0.20	0.34	0.49	0.1
Bule Hora University	1.30	1.83	2.77	0.95					
Semera University	1.47	2.19	2.76	0.57	3.5 Prevention and Rehabilitation	11.90	7.30	6.96	(0.3)
Dire Dawa University	1.54	2.23	2.74	0.51	National Disaster Risk Management Commission	11.90	7.30	6.96	(0.3)
Debre Tabor University	1.42	2.18	2.74	0.56					
Injibara University	1.22	1.70	2.49	0.79					
Dembi Dolo University	1.29	1.73	2.48	0.75	4 Others	514.71	1,277	935.86	(341.2)
Adama Science and Technology Univ	1.78	2.33	2.48	0.14	4.1 Transfer	57.25	216.00	269.34	53.3
Selale University	1.26	1.85	2.46	0.62	Ethiopian Broadcasting Corporation	0.62	0.50	136.43	135.9
Addis Ababa Science and Technology	2.57	2.62	2.29	(0.33)	Ethiopian Agricultural Businesses Corporation	16.00	84.00	100.00	16.0
Oda Bultum University	1.22	1.65	2.27	0.63	Ethiopian Railways Corporation	4.00	5.00	5.00	-
Debark University	1.20	1.62	2.26	0.64	Ethiopian Electric Utility	2.00	2.00	3.00	1.0
Bonga University	1.13	1.61	2.17	0.57	Ethiopian Academy of Sciences	0.01	0.01	0.63	0.6
Mekdela Amba University	1.21	1.63	2.12	0.50	Public Service Transport Service	0.53	0.53	0.53	0.0
Werabe University	1.16	1.50	2.11	0.61	Ethiopian Press Agency	0.32	0.03	0.41	0.4
Gambella University	1.14	1.46	2.06	0.60	Ethiopian Institute of Certified Public Accountants		0.07	0.07	-
Assosa University	1.19	1.62	2.02	0.40	Ethiopian Patriotic Association	0.03	0.03	0.03	-
Raya University	0.99	1.58	1.98	0.40	Ethiopian Red Cross Association	0.01	0.01	0.02	0.0
Borena University	0.97	1.41	1.97	0.56					
Jinka University	1.18	1.54	1.95	0.41	4.2 Debt	139.31	463.35	542.09	78.7
Kotebe University	0.85	1.44	1.89	0.45	External Debt	62.93	300.20	293.35	(6.9)
Kebridehar University	1.24	1.62	1.86	0.24	Internal Debt	76.38	163.15	248.74	85.6
Civil Service University	0.97	1.28	1.69	0.40					
Technical and Vocational Training Ins	0.89	1.19	1.40	0.20	4.3 Contingencies	81.46	269.00	124.43	(144.6)
Metu University	1.18	1.83	1.21	(0.62)	Provision For Salary and Operating Expenditure	80.45	267.99	123.42	(144.6)
					Commitments	1.00	1.00	1.00	-
					Provision For Bank Charges	0.01	0.01	0.01	-
					4.4 Regional Subsidy	222.69	314.76	520.56	205.8
					4.5 Support for Achievement of Sustainable Development	14.00	14.00	14.00	-

Source: MoF Budget Document and Cepheus Research compilation

External Grants to the Budget

	Birr bns	USD mns
External Grants Total:	204.8	\$ 1,297
Multilateral Institutions	111.1	\$ 704
African Development Bank /ADB/	4.1	\$ 26
African Development Fund /ADF/	4.9	\$ 31
European Development Fund /EDF/	0.0	\$ -
European Union /EU/	1.3	\$ 8
International Development Association /IDA/	23.0	\$ 146
International Fund for Agricultural Development /IFAD/	0.5	\$ 3
United Nations Capital development Program /UNCDF/	0.0	\$ -
United Nations Development Program /UNDP/	0.3	\$ 2
United Nations Fund for Population Activity /UNFPA/	1.7	\$ 11
World Bank /WB/	30.0	\$ 190
World Health Organization /WHO/	0.0	\$ 0
Center for Diseases Control /CDC/	0.0	\$ -
Global Fund	7.2	\$ 46
Global Alliance for Vaccin Initiative /GAVI/	3.1	\$ 20
Pool Fund /SDG/	14.7	\$ 93
Others	11.5	\$ 73
United Nations Children's Fund	7.4	\$ 47
Green Climate Fund	1.2	\$ 8
Bilateral Grants	10.2	\$ 65
Finland /DIDC/	0.1	\$ 1
Germany /KFW/	0.3	\$ 2
Italy /ITALY/	0.3	\$ 2
Netherland	1.3	\$ 8
Netherland Development Organization	0.9	\$ 5
United Kingdom	2.8	\$ 18
USAID	0.1	\$ 0
Others	3.4	\$ 22
Ireland	1.1	\$ 7
Korea	0.0	\$ 0
Direct Budget Support	83.4	\$ 529
World Bank	36.2	\$ 230
Africa Development Bank	16.4	\$ 104
European Union	9.8	\$ 62
German Financial Cooperation	19.0	\$ 121
Italy	1.9	\$ 12

Source: MoF Budget Document.

Conversion to USD based on Birr/USD rate of 157.82 June 30, 2026

External Loans for the Budget

	Birr bns	USD mns
External Loans Total:	193.7	\$ 1,227
Multilateral Institution loans:	23.5	\$ 149
African Development Bank /ADB/	1.69	\$ 11
Arab Bank for African Development /BADEA/	2.70	\$ 17
International Development Association /IDA/	7.20	\$ 46
Organization of Petroleum Exporting Countries /OPEC/	0.21	\$ 1
United Nations Capital development Program /UNCPDP/	11.23	\$ 71
World Bank /WB/	-	\$ -
Others	0.46	\$ 3
Bilateral loans:	7.5	\$ 47
Finland /DIDC/	0.1	\$ 1
Italy	2.6	\$ 17
REA, Democratic Republic /KOICA/	1.3	\$ 8
Saudi Fund /SAUDI/	2.1	\$ 13
United Kingdom /FCDO/	0.1	\$ 1
United States Agency for International Development /USAID/	0.1	\$ 1
Japan /JICA/	0.3	\$ 2
Others	0.9	\$ 6
Direct Budget Support	162.8	\$ 1,031
World Bank	58.6	\$ 371
IMF	64.4	\$ 408
France	13.1	\$ 83
Italy	26.7	\$ 169

Source: MoF Budget Document.

Conversion to USD based on Birr/USD rate of 157.82 June 30, 2026

APPENDIX : Ethiopia's Fiscal Performance over the Past 20 Years

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-26
<i>Ethiopian Fiscal Year</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Budget
	In Birr millions																			in Birr millions
Revenue and Grants	41,631	56,197	72,775	91,955	117,846	139,297	165,008	193,967	234,264	254,108	287,562	344,936	394,966	478,900	566,754	717,587	873,127	930,750	1,491,775	1,816,550
Domestic Revenue	30,001	39,714	53,574	70,286	100,862	118,633	141,553	177,790	205,650	238,733	269,648	311,317	354,313	444,600	540,061	685,459	840,095	766,792	1,209,422	1,611,780
o/w:																				
Tax revenue	22,567	27,874	41,291	59,035	85,919	99,769	124,783	148,553	175,911	192,647	235,229	268,457	311,477	388,800	477,770	593,232	716,172	705,222	1,110,502	1,491,380
Grants	11,630	16,482	19,201	21,669	16,985	20,664	23,454	16,177	28,614	15,375	17,914	33,619	40,653	34,300	26,693	32,128	33,032	41,800	282,352	204,770
Expenditure	46,747	61,263	78,767	96,968	133,587	163,012	191,523	227,564	282,151	329,415	354,205	413,106	480,143	599,000	779,099	938,772	1,120,077	1,434,200	1,927,700	2,339,300
Recurrent	23,014	26,144	31,530	41,149	55,180	65,288	77,711	108,704	149,862	178,048	210,470	238,157	275,967	363,597	517,043	582,855	652,620	799,200	1,061,400	1236500
Capital	23,733	35,118	47,237	55,819	78,406	97,724	113,812	118,859	132,289	151,367	143,735	174,949	204,176	235,410	262,056	355,917	467,458	343,200	415,200	568200
Overall Balance incl grants	(5,116)	(5,066)	(5,992)	(5,013)	(15,740)	(23,715)	(26,516)	(33,596)	(47,887)	(75,307)	(66,643)	(68,169)	(85,177)	(120,100)	(212,345)	(221,185)	(246,951)	(503,450)	(435,925)	(522,750)
Financing	5,116	5,066	5,992	5,013	15,740	23,715	26,516	33,596	47,887	75,307	66,643	68,169	85,177	120,100	212,345	221,185	246,951	503,450	435,925	522,750
External (net)	2,153	4,627	7,727	9,606	10,789	16,783	19,854	18,541	26,570	27,689	28,135	35,402	59,529	21,808	3,296	28,641	29,289	...	...	193,300
Domestic (net)	4,867	2,098	(308)	(2,853)	7,448	7,383	8,422	19,705	28,897	43,690	50,447	36,324	42,104	108,685	262,431	214,243	228,045	...	...	329,000
GDP in Birr millions	245,836	332,060	379,135	515,079	747,327	866,921	1,060,814	1,297,961	1,568,097	1,832,786	2,200,120	2,696,223	3,374,349	4,341,387	6,157,538	8,729,849	11,752,138	15,094,000	17,659,980	21,386,236
Financing, % GDP	2.1%	1.5%	1.6%	1.0%	2.1%	2.7%	2.5%	2.6%	3.1%	4.1%	3.0%	2.5%	2.5%	2.8%	3.4%	2.5%	2.1%	3.3%	2.5%	2.4%
External net, % GDP	0.9%	1.4%	2.0%	1.9%	1.4%	1.9%	1.9%	1.4%	1.7%	1.5%	1.3%	1.3%	1.8%	0.5%	0.1%	0.3%	0.2%	..	..	0.9%
Domestic net, % GDP	2.0%	0.6%	-0.1%	-0.6%	1.0%	0.9%	0.8%	1.5%	1.8%	2.4%	2.3%	1.3%	1.2%	2.5%	4.3%	2.5%	1.9%	..	..	1.5%

Source: NBE, MOF Budget Document, and Cepheus Research compilation

Disclaimer: This report represents solely the views, analysis, and judgement of the Cepheus research team and does not necessarily reflect the views or opinions of the Fund's Managing Partners, Advisors, or Investors.