



HOUSEHOLD WELFARE · SOCIAL LICENCE · ECONOMIC CONTRACT

ELECTION DATE

June 1, 2026 · 34 days away

REFORM DURATION

8 years · April 2018 → 2026

PRICE LEVEL

5.4x higher · vs 2016

POVERTY RATE

43% · Up from 33% in 2016

THE ECONOMIC BALLOT

Eight Years of Reform, One Day to Weigh It: What the June 1 Election Reveals About the Economic Contract, the Reform Dividend, and Social Licence

<p>Every year since 2018 GDP grew at 7-10%+ <i>What the macro record shows</i></p>	<p>Now 9.7% Feb 2026 Inflation peaked 34% <i>What households lived through</i></p>	<p>At least once in 2023 87% lacked cash income <i>Afrobarometer, Oct 2024</i></p>	<p>On both these realities June 1 is the verdict <i>The ballot does not split them</i></p>
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EDITORIAL NOTE

InfoPlate covers political events only when they carry direct economic consequence. This brief does not assess whether the June 1 election is free, fair, or competitive. It asks what the election, as a collective economic event, reveals about the relationship between eight years of reform and the people who lived through it — and what that reveals about the social licence on which sustainable investment depends.

THE ECONOMIC BALANCE SHEET VOTERS ARE WEIGHING

<p>7-10%+ GDP growth (Govt/IMF) <i>Every year since 2018</i></p>	<p>33.9% Inflation peak <i>Dec 2022 — what households absorbed</i></p>	<p>9.7% Inflation now <i>Feb 2026 — stabilisation, not reversal</i></p>	<p>5.4x Cumulative price level <i>CPI 543 vs base 100 in 2016</i></p>
<p>43% Poverty rate 2025 <i>Up from 33% in 2016 (World Bank)</i></p>	<p>87% Went without cash income <i>At least once in 2023 (Afrobarometer)</i></p>	<p>Achieved Wheat self-sufficiency <i>Africa largest producer by FY2023/24</i></p>	<p>~\$3.4B FX reserves <i>NBE central bank reserves Mar 2026</i></p>

01 THE REFORM ERA ON TRIAL

What 136 Million Ethiopians Are Actually Voting On

June 1, 2026 is the seventh general election in Ethiopian history and the first since the Tigray Cessation of Hostilities in November 2022. It is also the first election in which Ethiopian voters can weigh in on the full arc of the Homegrown Economic Reform: the birr float, the commodity price shock, the single-digit inflation milestone, the wheat surplus, the electricity tariff increase, the collapsing savings rate, and the foreign exchange reserve rebuild. The ballot box does not ask voters to separate these experiences. It receives them all at once.

- ▶ **THE MACRO RECORD** Between April 2018 and June 2026, Ethiopia's economy grew at rates between 6% and 10% annually depending on the source. Gold exports rose from under \$0.5 billion to \$3.5 billion. The country achieved wheat self-sufficiency and became Africa's largest wheat producer. FX reserves rebuilt from critically low to \$4.7 billion. The IMF's April 2026 Regional Economic Outlook names Ethiopia among the handful of African reformers 'defying the regional slowdown.'
- ▶ **THE HOUSEHOLD RECORD** Between the same years, the consumer price level rose to 5.4 times its 2016 base. The poverty rate rose from 33% to an estimated 43% in 2025 per the World Bank. Gross national savings fell from approximately 30% to 20% of GDP. Electricity tariffs rose 122% in September 2024, compounding a birr depreciation exceeding 120% at the official rate. An Afrobarometer survey in October 2024 found that 87% of Ethiopians went without a cash income at least once in the previous year and 65% described the country's economic condition as 'fairly bad' or 'very bad.'
- ▶ **THE TENSION THAT THE BALLOT HOLDS** These two records are not contradictions. They are two simultaneous truths about an economy in structural transition: aggregate growth coexisting with household deterioration; export surges coexisting with compressed purchasing power. The election does not resolve this tension. But the electoral behaviour it produces — turnout, geographic completeness, opposition seat gains, post-election stability — reveals how Ethiopian citizens are experiencing the gap between the macro reality and the household reality.

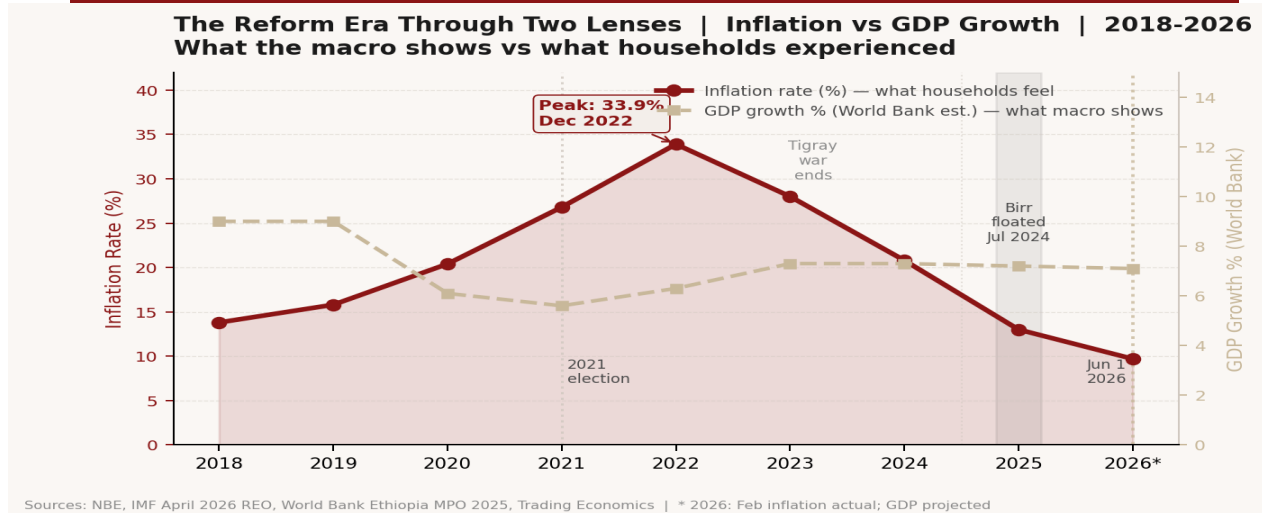


Figure 1: The Reform Era Through Two Lenses | Sources: NBE, IMF April 2026 REO, World Bank Ethiopia MPO 2025, Trading Economics

02 THE ECONOMIC GRIEVANCE MAP

Where the Reform Dividend Has Not Arrived

The reform dividend has not been distributed evenly. Addis Ababa has absorbed most of the digital economy growth, capital market development, banking reform, and industrial park proximity. The regions where conflict has persisted — Oromia, Amhara, and Tigray — simultaneously show the highest food insecurity, highest youth unemployment, and lowest access to the formal economy the reform has sought to build.

- ▶ **OROMIA** Oromia accounts for approximately 22% of Ethiopia's GDP and a population of over 40 million. Eight years of OLA insurgency have concentrated in West and East Wollega zones. IPC food insecurity at Phase 3+ is approximately 28%. Youth unemployment is estimated above 32% in affected zones. The reform's benefits are concentrated in stable zones; the zones where electoral participation is most constrained are the same zones where the reform dividend is weakest.
- ▶ **AMHARA** Approximately 14% of GDP and active Fano conflict since April 2023. IPC Phase 3+ food insecurity at approximately 35% in conflict zones. Road transport disruption has raised logistics costs and reduced market access for smallholder farmers outside the cluster farming programme. The reform's wheat productivity improvements have reached parts of Amhara; conflict zones remain largely outside the formal agricultural support network.
- ▶ **TIGRAY** Approximately 6% of GDP. The Cessation of Hostilities Agreement held since November 2022, but approximately 1 million remain displaced and five disputed constituencies will again not hold elections June 1. IPC Phase 3+ food insecurity at approximately 42% — the highest of any region. The reform era's macro stabilisation has had limited penetration into Tigray's recovery economy.
- ▶ **ADDIS ABABA** Approximately 50% of formal GDP. The primary beneficiary of every reform strand: digital economy, ESX, banking reform, BPO investment, Fayda ID, industrial parks. Food insecurity at approximately 8% IPC Phase 3+. The capital's economic experience is not representative of the national one. Its electoral behaviour will not be, either.

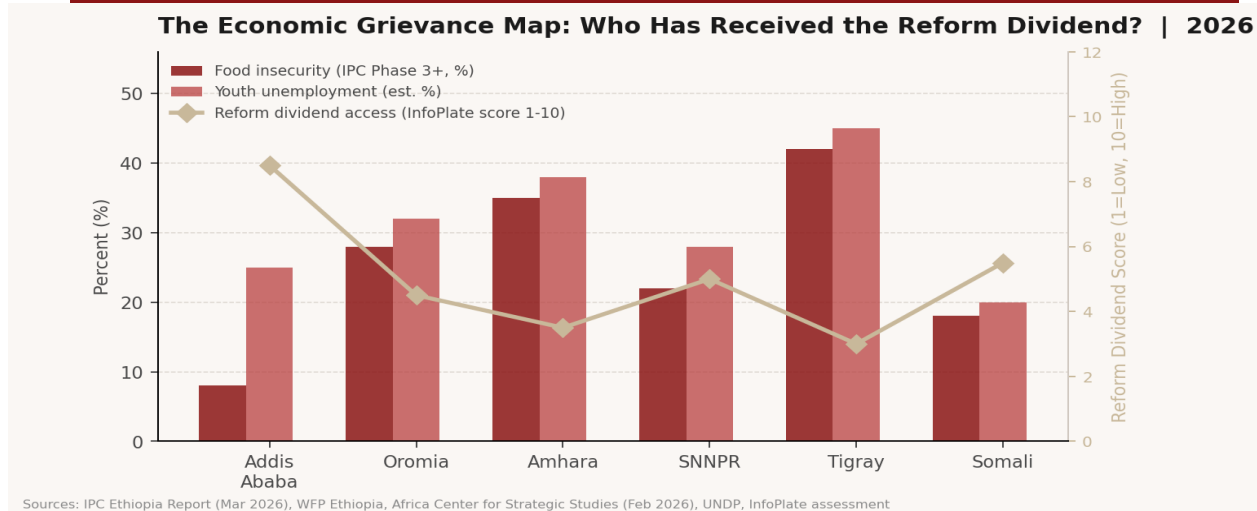


Figure 2: The Economic Grievance Map | Sources: IPC Ethiopia Report (Mar 2026), WFP Ethiopia, Africa Center for Strategic Studies (Feb 2026), UNDP, InfoPlate assessment

03 WHAT THE BALLOT BOX REVEALS

Five Electoral Signals That Function as Economic Data

The election result — seat counts, majority size — is political data. The electoral behaviour surrounding that result is economic data. Five signals from the June 1 process will tell investors more about the social licence for continued reform than the final seat tally.

- ▶ **VOTER TURNOUT BY REGION** Low turnout in Oromia and Amhara relative to Addis Ababa is a direct expression of the reform dividend gap. It tells investors that the populations bearing the highest cost of transition are also the most politically disengaged. High turnout in those regions would signal that the reform's legitimacy extends beyond its primary beneficiaries.
- ▶ **GEOGRAPHIC COMPLETENESS** Five constituencies will again not hold elections. A national election structurally incomplete in 30-35% of territory does not produce the legitimacy reset that would fully unlock donor re-engagement or compress the country risk premium.
- ▶ **OPPOSITION SEAT GAINS** The participation threshold dropped from 15% to 10% in July 2025. If this produces meaningfully more opposition seats — even within a PP supermajority — competitive pressure on welfare policy enters the legislature. Governments facing legislative scrutiny are more likely to address the household welfare gap the macro record has not resolved.
- ▶ **POST-ELECTION SOCIAL STABILITY** Protest centred on electoral grievances in specific excluded constituencies is a different signal from protest centred on cost-of-living grievances in urban centres. The latter directly expresses the price floor problem: populations whose real purchasing power has been structurally compressed regardless of who wins.
- ▶ **THE FY2026/27 BUDGET** The post-election budget is the most concrete economic signal. If it expands PSNP coverage while maintaining IMF programme alignment simultaneously, it means the election produced a government that acknowledges the welfare gap without abandoning fiscal discipline. Expanding social spend by deviating from programme parameters instead would put the 5th Review benchmarks under pressure.

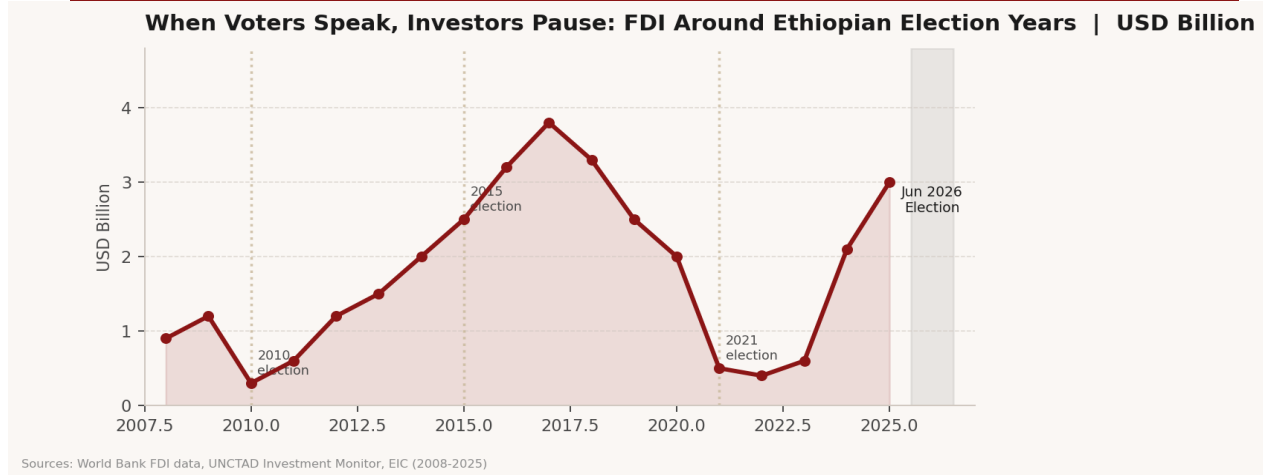


Figure 3: When Voters Speak, Investors Pause: FDI Around Ethiopian Election Years | Sources: World Bank FDI data, UNCTAD Investment Monitor, EIC (2008-2025)

04 THE REFORM BALANCE SHEET

What Eight Years Built and What It Cost: The Ledger Voters Are Reading

The reform programme produced genuine achievements at the macro level. It also imposed genuine costs at the household level. Ethiopian voters are not choosing between these realities on June 1. They are living both. The ledger below is the one the ballot converts into political expression.

- ▶ **WHAT WORKED** Inflation from 33.9% to 9.7%. FX reserves rebuilt: NBE holds \$3.4 billion (IMF projects \$5.3B system-wide for FY2025/26). Wheat from import burden to Africa's largest producer. Gold exports from under \$0.5 billion to \$3.5 billion. Birr parallel market premium from over 100% to 15-19% (World Bank Mar 2026; UNDP reports higher end). IMF programme disbursing \$2.18 billion of \$3.4 billion with a positive 4th Review. Mobile subscribers from 37.9 million to 87.9 million. These are measurable, independently verified achievements across eight years.
- ▶ **THE AGRICULTURAL BREAKTHROUGH** The Wheat Initiative reached 9.5 million farmers, increased productivity by 29%, and converted Ethiopia from wheat importer to net exporter. This is the reform's most complete household-level success: a genuine food security improvement that translates directly into reduced household expenditure on staple food. It is the strongest argument for popular legitimacy and the one most likely to show in rural agricultural region electoral behaviour.
- ▶ **WHAT IT COST: THE PRICE LEVEL** The consumer price level is 5.4 times higher than its 2016 base. Stabilisation at 9.7% means the basket of necessities is getting more expensive more slowly — not that it has stopped. The electricity tariff shock of 122% in September 2024 compounded a pre-existing household budget squeeze when birr depreciation was already raising the cost of imported fuel, medicine, and inputs. The reform was fiscally necessary. The sequencing imposed a simultaneous cost shock that no household welfare programme adequately cushioned.
- ▶ **WHAT IT COST: THE POVERTY REVERSAL** A poverty rate rising from 33% to 43% during sustained GDP growth is the most direct evidence that the macro-micro link has broken down. The World Bank's October 2025 assessment documents what the Afrobarometer captures in sentiment: 87% of Ethiopians experiencing cash income deprivation, 65% describing economic conditions as bad or very bad, multidimensional poverty at 72%. These coexist with IMF recognition of Ethiopia as a regional reform leader. They are two faces of the same economy.



The Economic Ballot: What Eight Years Built — and What It Cost

REFORM WIN

Inflation tamed

33% → 9.7%
First single digits since 2019

Wheat self-sufficiency

Africa #1 producer
Eliminated wheat imports

FX reserves rebuilt

\$4.7B | Jun 2025
From near-zero pre-reform

Gold export surge

\$3.5B | FY2024/25
45% of total export revenue

REFORM COST

Price level 5.4x higher

CPI: 543 (2016 = 100)
Cost of living never reset

Electricity +122%

Sep 2024 tariff shock
On top of birr depreciation

Poverty rising

33% → 43% (est.)
World Bank 2025 projection

Savings collapsed

30% → 20% of GDP
Household budget squeezed

Sources: NBE, UNDP Quarterly Profile (Mar 2026), World Bank Poverty Brief (Oct 2025), EIC, Addis Standard (2024-2026)

Figure 4: The Economic Ballot: What Eight Years Built — and What It Cost | Sources: NBE, UNDP Quarterly Profile (Mar 2026), World Bank Poverty Brief (Oct 2025), EIC, Addis Standard (2024-2026)

05 SOCIAL LICENCE AND WHAT IT MEANS FOR BUSINESS

Why the Election's Economic Subtext Matters More Than the Seat Count

Social licence is the implicit consent of affected populations to economic activity in their country. It is not granted by governments. It is earned by outcomes. For Ethiopia's investment environment, the question June 1 raises is whether eight years of reform have built enough popular legitimacy to sustain the pace and depth of the next phase. The answer is visible not in the seat count but in six specific indicators that follow the vote.

- ▶ **WHY SOCIAL LICENCE IS AN INVESTMENT METRIC** Businesses operating in Ethiopia depend on a population that broadly accepts the economic direction the government is pursuing. When that acceptance erodes, the consequences are operational: supply chain disruption, workforce security concerns, logistics closures, reputational risk. The Tigray war's impact on Hawassa Industrial Park's FDI trajectory is the most concrete recent example of how political legitimacy translates into operating environment risk.
- ▶ **THE INSTITUTIONAL CONTINUITY QUESTION IS SECONDARY** The conventional post-election question is: who stays in cabinet? For June 2026, the deeper question is what the PP supermajority does with the household welfare gap the macro record has not resolved. A supermajority that advances banking reform, Ethio Telecom privatisation, and ESX listings while neglecting the PSNP expansion benchmark the IMF flagged as missed — builds reform depth without building reform legitimacy. Both matter. The former is priced in. The latter is not.
- ▶ **WHAT A SUPERMAJORITY ENABLES FOR INVESTORS** A decisive PP win enables: constitutional amendments, privatisation legislation without parliamentary obstruction, and full implementation of the Banking Business Proclamation. The second foreign bank licences, the Ethio Telecom partial privatisation timeline, and the full 49% foreign bank ownership regulatory implementation all become easier to advance. For investors in these specific categories, a decisive election outcome is operationally positive.
- ▶ **THE RURAL VOTER AS MARKET SIGNAL** Ethiopia adds approximately 2 million working-age people to its labour force every year. The majority are in rural areas outside the formal economy most investment targets. Their participation or absence in June 1 tells investors how far the reform has penetrated beyond Addis Ababa. High turnout in stable agricultural regions signals a population with a stake in the system. Low turnout in conflict-affected or food-insecure regions signals a population the investment thesis has not yet reached.



What June 1 Reveals: Six Social Licence Indicators for Business

INDICATOR	WHAT TO LOOK FOR	WHY IT MATTERS FOR BUSINESS
Voter participation	% of eligible voters who cast ballots	Low turnout = reform dividend not felt locally
Geographic completeness	Polling held in Oromia + Amhara zones?	Excluded population = reform gap confirmed
Opposition seat gain	Did 15% → 10% threshold produce pluralism?	More seats = pressure for welfare-linked reform
Post-election unrest	Protest or violence Jun-Aug 2026	Unrest = macro-micro gap becomes visible
FY2026/27 social spend	PSNP and safety net coverage expands?	Expansion = government acknowledges welfare gap
IMF safety net target	Govt contribution (indicative target)	Target missed in 4th Review; post-election is the test

Sources: NEBE, IMF Country Report No. 26/20, Africa Center for Strategic Studies (Feb 2026), Afrobarometer (Oct 2024), InfoPlate assessment

Figure 5: What June 1 Reveals: Six Social Licence Indicators for Business | Sources: NEBE, IMF Country Report No. 26/20, Africa Center for Strategic Studies (Feb 2026), Afrobarometer (Oct 2024), InfoPlate assessment

EDITOR'S OUTLOOK

THE ECONOMIC BALLOT

The Homegrown Economic Reform has produced a country that is measurably better on every macro indicator than it was in 2018. It has also produced a population that is measurably poorer on most household welfare indicators than it was before the reform began. June 1 is the first moment when those two realities meet at the ballot box simultaneously.

The investment community should read June 1 not as a political event but as a welfare referendum on the economic contract. Electoral behaviour in Oromia and Amhara, post-election social stability, and the FY2026/27 budget's welfare provisions are the three data points that answer whether the distribution of the reform's benefits and costs has been sufficiently equitable to sustain the pace of change. The seat count tells you who won. Those three tell you what they won the mandate to do — and whether the social licence exists to do it.

For informational purposes only. Not investment advice. Political content is included solely for its economic consequence implications.

Sources: IMF Country Report No. 26/20 (4th Review), IMF April 2026 Regional Economic Outlook, NEBE (confirmed June 1 2026), Africa Practice (Dec 2025), Africa Center for Strategic Studies (Feb 2026), IPC Ethiopia Food Security Report (Mar 2026), WFP Ethiopia, Afrobarometer Dispatch No. 882 (Oct 2024), World Bank Poverty and Equity Brief Ethiopia (Oct 2025), UNDP Quarterly Economic Profile (Mar 2026), NBE, The Reporter Ethiopia, Coface Country Risk Ethiopia (2026), Finance in Africa (Apr 2026), World Bank FDI data, UNCTAD Investment Monitor, EIC | Published April 28, 2026