

# The Political Economy of Coffee in the Jimma–Ilu Aba Bora–Buno Bedele Belt, Oromia Region

Girma Defere Tegegn

September 2026



**Rift Valley Institute**  
MAKING LOCAL KNOWLEDGE WORK



**Peace  
Research  
Facility**

# The Political Economy of Coffee in the Jimma-Ilu Aba Bora-Buno Bedele Belt, Oromia Region

## The author

**Girma Defere Tegegn** is an Assistant Professor in the Department of Governance and Development Studies at Jimma University. He is an alumnus of the Zeit-Stiftung Bucerius/Beyond Borders programme. His research and publications focus on cross-border dynamics, institutional analysis, the democratic developmental state, federalism, pastoralism, social cohesion and identity.

## The Ethiopia Peace Research Facility

This report was written for the Ethiopia Peace Research Facility (PRF) as part of its Knowledge for Peace (K4P) series on the political economy of coffee in Ethiopia; Dereje Feyissa served as research advisor for this series. The PRF is an independent facility combining timely analysis on peace and conflict from Ethiopian experts with support for conflict-sensitive programming in the country. It is managed by the Rift Valley Institute (RVI) and funded by the UK government.

## The Rift Valley Institute

The Rift Valley Institute works in Eastern and Central Africa to bring local knowledge to bear on social, political and economic development. Copyright © Rift Valley Institute 2026. This work is published under a Creative Commons Attribution-NonCommercial-NoDerivatives License (CC BY-NC-ND 4.0).

## Design/Layout

Sue MacDonald, SMD Design



# Contents

|                                                                          |           |
|--------------------------------------------------------------------------|-----------|
| <b>Summary</b>                                                           | <b>5</b>  |
| <b>Map</b>                                                               | <b>7</b>  |
| <b>Introduction</b>                                                      | <b>8</b>  |
| Methodology                                                              | 10        |
| Description of study areas                                               | 11        |
| <b>Historical overview of coffee governance</b>                          | <b>13</b> |
| Feudal ownership and control of coffee during the imperial era           | 13        |
| State control of the coffee sector under the Derg                        | 14        |
| Coffee sector governance in the EPRDF era                                | 16        |
| Coffee liberalization under the Prosperity Party government              | 18        |
| <b>Coffee actors and stakeholders</b>                                    | <b>21</b> |
| Governance and state institutional actors                                | 21        |
| Cooperatives and unions                                                  | 24        |
| Smallholder coffee farmers                                               | 30        |
| Commercial investors and coffee plantations                              | 32        |
| Coffee traders: Collectors, suppliers and exporters                      | 34        |
| Coffee certifiers                                                        | 38        |
| Multi-scalar political actors                                            | 39        |
| <b>Key challenges in the coffee sector</b>                               | <b>43</b> |
| Patronage and clientelism                                                | 43        |
| Coffee smuggling                                                         | 44        |
| Illicit creditors                                                        | 47        |
| Child labour                                                             | 48        |
| <b>Mythology of coffee: The politics of origin and its symbolization</b> | <b>50</b> |
| Narrative claim: Gomma district, Jimma zone                              | 50        |
| Narrative claim: South-western forestlands                               | 51        |
| Politicizing coffee heritage                                             | 51        |

|                                                       |           |
|-------------------------------------------------------|-----------|
| <b>Conclusion</b>                                     | <b>53</b> |
| Policy considerations                                 | 53        |
| <b>Glossary of acronyms, words and phrases</b>        | <b>55</b> |
| <b>Bibliography</b>                                   | <b>56</b> |
| <b>Annex. Directive on 5 per cent levy collection</b> | <b>63</b> |
| English translation                                   | 64        |



# Summary

Coffee is a cornerstone of the Ethiopian economy, with the Oromia Region supplying a substantial share of national production. Although official government narratives emphasize the empowerment of smallholder coffee producers through institutional reforms, evidence suggests that these farmers do not capture a proportional share of the benefits and remain marginal relative to other actors in the coffee value chain.

The findings of this study reveal a number of critical insights about the political economy of coffee in the Jimma–Ilu ABA Bora–Buno Bedele coffee belt. The coffee economy is shaped by a small number of influential actors, including state institutions, licensed traders, exporters and intermediary networks, who largely determine access to markets, pricing and value capture.

Oromia strongly supports the vertical integration model (a marketing model in which producers export directly, without intermediaries), mainly due to concerns that the Ethiopian Commodity Exchange has undermined smallholder benefits. Improving smallholder livelihoods requires stronger cooperative support, better access to credit and markets, and the establishment of cooperative-based financing mechanisms.

Coffee cooperatives are currently constrained by internal governance weaknesses and interference by local authorities. These issues have limited their ability to defend member interests. To counter this, cooperatives need to enhance member awareness and strengthen their internal governance.

The high levy imposed on coffee traders ultimately diminishes the benefits received by smallholder farmers, as the additional costs are often transferred along the value chain. Thus, the Oromia regional government should adopt a more balanced levy policy that supports both the competitiveness of coffee traders and the income-generating capacity of smallholder coffee producers.

Coffee smuggling is widespread both domestically and across borders. Large volumes move from Jimma to Welkite, Silte and Addis Ababa. The smuggling involves a range of actors, including licensed traders, transport operators and local administrative officials (security forces, police and customs officials). Addressing this issue requires stronger coordination and collective action among all relevant stakeholders.

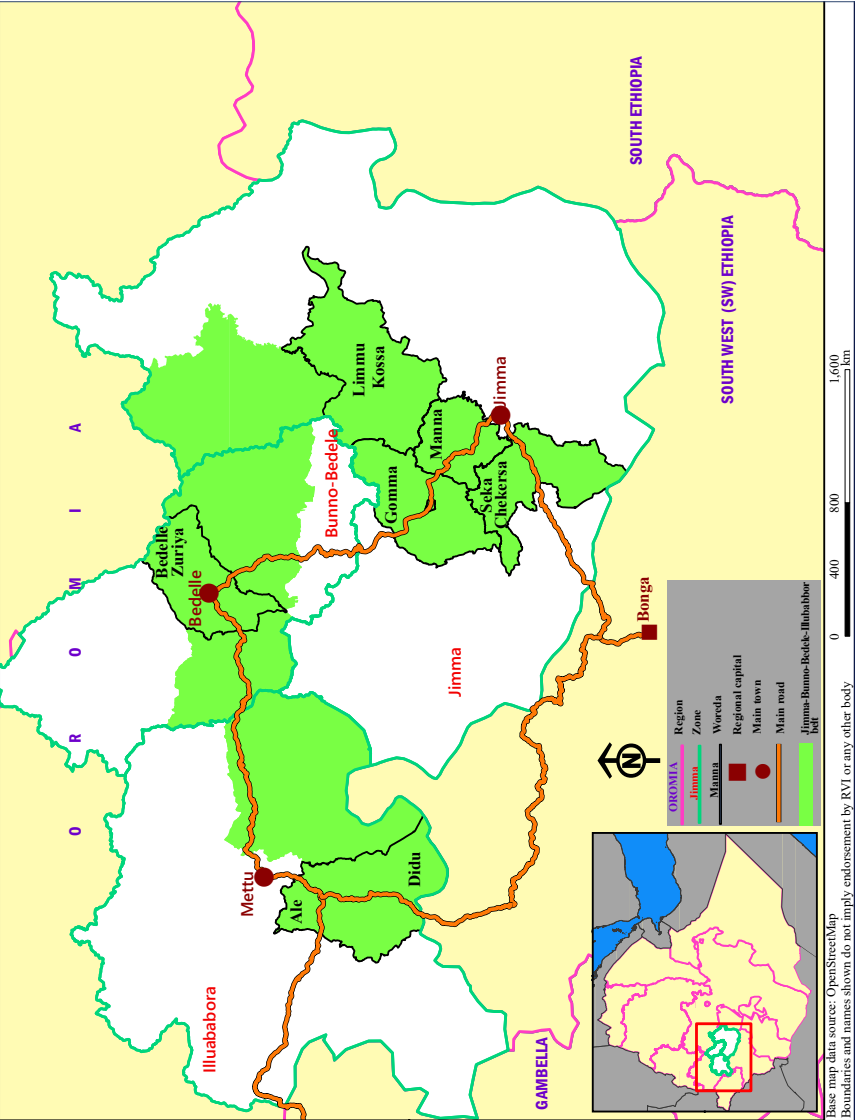
The Jimma coffee sector shows signs of labour exploitation, including the use of school children by private companies in Limmu Kossa district. Education authorities, parent committees, human rights institutions and justice bodies should work to eliminate this practice.

Coordination among coffee sector actors in the belt remains weak. Strengthening collaboration is essential to improve the value chain and meet emerging requirements such as the European Union Deforestation Regulation.

The debate between Kaffa and Jimma over the origin of coffee is driven by economic interests, heritage recognition and branding benefits, including potential UNESCO recognition. The Ethiopian Tea and Coffee Authority and the Ethiopian Heritage Authority should work to resolve these competing claims.



Map



# Introduction

The region of Oromia contributes the largest share of coffee production in Ethiopia, accounting for almost 60 per cent of the total national output, according to Ethiopian Tea and Coffee Authority (ECTA) data for fiscal year (FY) 2024–2025.<sup>1</sup> In Oromia, the south-western coffee growing belt (Jimma–Ilru ABA Bora–Buno Bedele) serves as the powerhouse of both regional and national production volumes. Jimma alone accounts for approximately 21 per cent of total Ethiopian coffee exports.<sup>2</sup> Beyond its economic value, coffee holds immense socio-cultural significance in this coffee belt; for example, it is used in ritual services such as *Buna Qalaa* (a coffee meal prepared from dried coffee berries) and is deeply embedded in community life.<sup>3</sup>

Coffee grows naturally in the forests of Jimma, Ilru ABA Bora and Buno Bedele. In addition to its abundance in the wild, coffee has long been widely cultivated by Oromo and Omotic farmers the Gibe Region.<sup>4</sup> The Oromo people in this coffee belt mostly grow coffee in their gardens, although some also cultivate semi-forest and wild-forest coffee. Garden coffee dominates the coffee landscape: It accounts for 50 per cent of production and tends to be intercropped with fruit trees near homesteads. Semi-forest coffee, grown in managed natural forests with thinned canopies, accounts for 35 per cent of overall production. Wild-forest coffee represents 10 per cent of the coffee produced in the belt, while investor-owned plantations utilizing advanced agronomic practices make up the final 5 per cent.<sup>5</sup> There are more intensive commercial farms for coffee cultivation in Jimma and Ilru ABA Bora zones than in Buno Bedele.<sup>6</sup> More than 69 per cent of producers in the belt are smallholder farmers.<sup>7</sup>

- 
- 1 Ethiopian Coffee and Tea Authority, 'Annual Performance Report for the 2024/2025 Fiscal Year', Addis Ababa: Government of Ethiopia, 2025.
  - 2 Gezahagn Kudama, 'Factors Influencing Coffee Productivity in Jimma Zone, Ethiopia', *World Journal of Agricultural Sciences* 15/4 (2019). DOI: 10.5829/idosi.wjas.2019.228.234
  - 3 Deressa Debu, 'Historical Ecology and Ethnography of Gibe-Gojab-Dhidheessaa Trainagle From 1933–2010', PhD dissertation, Addis Ababa University, Addis Ababa, 2018.
  - 4 Markos Makiso Urgo et al., 'Ethiopian coffee: Production systems, geographical origin traceability, and European Union deforestation regulation directive compliance', *Journal of Agriculture and Food Research* 19 (2025): 101695. DOI: 10.1016/j.jafr.2025.101695
  - 5 Markos et al, 'Ethiopian coffee'.
  - 6 Demenu Tulu, 'Coffee Production and Marketing in Oromiya', in *Coffee Diversity and Knowledge*, eds. Girma Adunga et al., Addis Ababa: Ethiopian Institute of Agricultural Research, 2008. Also note: In Ethiopia, a zone is a sub-regional administrative division, below a region.
  - 7 Lemma Gutema Ummeta, 'Assessments on Pre and Post Coffee Harvesting Technologies in Southwestern Oromia', *International Journal of Photochemistry and Photobiology* 7/1 (2025). DOI: 10.11648/j.ijpp.20250701.14

Although the Jimma–Ilu Aba Bora–Buno Bedele belt is traditionally a primary driver of economic growth in Ethiopia, the institutional mechanisms governing land tenure, market access, value distribution and production rights have undergone significant changes during various political regimes over time. Since the nineteenth century Ethiopian imperial expansion, most coffee producers in the belt have been smallholders. It is, however, a minority of central state actors, landed elites and coffee traders who remain the key players and beneficiaries of this valuable sector.

In Oromia, coffee was originally governed through autonomous lineage-based landholding and customary authority instead of by a formal state apparatus.<sup>8</sup> Emperor Haile Selassie later adopted a deliberate policy to end autonomy (notably, in Jimma) as a calculated strategy to assert direct control over the immense coffee wealth of the kingdom. To this end, the south-west coffee belt was governed by an exploitative feudal *gabbar* (tenant) land tenure system. Local Oromo and Omotic farmers were dispossessed of their ancestral lands and forced into tenancy, rendering 30 to 50 per cent of their coffee harvest as rent to imperial elites and local co-opted landlords.

The 1974 revolution that brought the Derg to power dismantled the feudal class through the 1975 land nationalization decree, freeing peasants from tenancy but replacing private landlords with rigid state command economics. Once the Ethiopian People's Revolutionary Democratic Front (EPRDF) assumed power in 1991, the regime transitioned the coffee sector toward market liberalization, allowing private exporters to re-emerge, although land ownership remained strictly vested in the state. To improve smallholder market power, the cooperative sector was revitalized, culminating in the establishment of the Oromia Coffee Farmers' Cooperative Union (OCFCU) in 1999, which united dozens of primary cooperatives across the region.<sup>9</sup> The most critical structural intervention occurred in 2008 with the establishment of the Ethiopian Commodity Exchange (ECX), which mandated that all commercial coffee had to be traded through centralized anonymous electronic auctions to boost national foreign exchange.

The incumbent Prosperity Party government is pursuing further market liberalization, actively reducing the centralized trading mandates of the EPRDF through structural reforms led by the ECTA, beginning in 2017. The defining policy shift is the introduction of vertical integration supply channels, allowing licensed smallholder farmers, local cooperatives and washing station owners in the belt to bypass the ECX entirely and sell directly to global buyers. This reform has restored full origin traceability and unlocked premium pricing for specialty coffees in Jimma and Ilu Aba Bora. Because the current prime minister hails from Jimma zone, the belt has received

---

8 Herbert S Lewis, *A Galla Monarchy: Jimma Abba Jifar, Ethiopia, 1830–1932*, Madison: University of Wisconsin Press, 1965.

9 A primary cooperative is a grassroots business owned and democratically controlled by its members (usually at least five natural persons) to meet shared economic, social and cultural needs. They operate on a one-member, one-vote basis, focusing on service provision, employment and community development instead of maximizing profit for external shareholders.

unprecedented political attention. This has driven a proliferation of coffee growing initiatives and directed state infrastructure support toward boosting specialty coffee. There is, however, an emerging socio-economic concern that these reforms heavily favour well-capitalized regional agribusiness elites, thereby yet again marginalizing smallholders who lack the capital, technical knowledge and international market networks to sell their coffee independently.<sup>10</sup>

In Ethiopia, it is clear that the performance of the coffee sector is influenced by the interaction of state–society relations, institutional limitations and politically motivated state actions, which have distorted market outcomes throughout history.<sup>11</sup> Ultimately, these dynamics serve to undermine the benefits accruing to the smallholders who produce the vast majority of the coffee in south-west Ethiopia.

## Methodology

The primary aim of this study is to examine the political economy of coffee in the Jimma–Ilu Aba Bora–Buno Bedele coffee belt by analysing the perspectives of various actors who control or influence different nodes of the coffee value chain, including farmers, coffee traders, state actors, cooperatives, farmers, illicit creditors and smugglers.

This study employs a qualitative approach to capture first-hand information about the lived experience of these key actors, and the institutional practices and governance dynamics at work in the sector, which cannot be sufficiently explained through statistical figures. Research respondents were purposively selected from relevant institutions and actors such as those who work at coffee and tea departments, cooperatives and unions, as well as smallholder farmers and traders (both formal and illicit) in the Jimma–Ilu Aba Bora–Buno Bedele belt.

This study also used a snowball sampling method to reach illicit coffee traders. While this technique is subject to bias and lack of representativeness, it is valuable for gaining access to hard-to-reach groups. To minimize potential biases inherent in snowball sampling, data was gathered from multiple sources and thoroughly triangulated. The total number of study participants is 46, ranging in age from 28 to 60. All respondents are male because the women-headed households engaged in the sector are located in remote areas that were inaccessible during the data collection period (October to November 2025). Consequently, it was not feasible to include them in the study sample. The ethnic composition of the respondents

---

10 S N Singh, 'Coffee Value Chain in Ethiopia: A Case Study', *Financial Markets, Institutions and Risks* 6/4 (2022). Accessed 6 August 2026, [https://armgpublishing.com/wp-content/uploads/2023/01/FMIR\\_4\\_2022\\_7.pdf](https://armgpublishing.com/wp-content/uploads/2023/01/FMIR_4_2022_7.pdf).

11 For further information on the theoretical underpinnings of this observation, see: Peter Evans, *Embedded Autonomy: States and Industrial Transformation*, Princeton NJ: Princeton University Press, 1995; Douglass C North, *Institutions, institutional change and economic performance*, Cambridge: Cambridge University Press, 1990; and Robert H Bates, *Markets and states in tropical Africa: The political basis of agricultural policies*, Berkeley: University of California Press, 1981.

is homogeneous, with all identifying as Oromo. In terms of religion, participants are either Christian or Muslim. The informal or illicit creditors who participated are primarily coffee traders.

To complement the primary data, secondary sources were consulted. These include peer-reviewed journal articles, official government reports and relevant legal documents. The collected qualitative data is analysed using a thematic approach.

## Description of study areas

**Jimma zone:** One of the single largest coffee-producing zones in Ethiopia, Jimma is home to more than 3.7 million people.<sup>12</sup> Of its 1.1 million hectares of total land, more than 100,000 hectares (approximately 9 per cent) are dedicated exclusively to coffee.<sup>13</sup> With its high-potential smallholder networks and intensive commercial farms, Jimma zone highly influences national export volume. In the coffee producing districts of this zone, the share of coffee income from total income is significant. This demonstrates that coffee is not only a key source of cash and income but is the primary means of livelihood for local smallholder farmers.<sup>14</sup> Ultimately, coffee is central to the socio-economic well-being Jimma farmers, who are predominantly young people.<sup>15</sup> The zone supplies 68,000 tonnes of coffee beans annually to the domestic market.<sup>16</sup>

**Ilu Aba Bora zone:** Ilu Aba Bora zone has an estimated population of nearly 2 million.<sup>17</sup> It is a primary coffee-producing zone in the belt. This zone is one of the few remaining areas in Ethiopia where large and unique Afromontane forests remain, covering more than 50 per cent of the area. The zone is home to the UNESCO-recognized Yayu Coffee Forest Biosphere Reserve. Ilu Aba Bora features a vast land area under coffee cultivation, historically recorded at nearly 230,000 hectares, although this includes highly diversified natural forest and semi-forest ecosystems.<sup>18</sup> It registers strong regional yields, contributing close to 90,000 metric tonnes of

---

12 'Population Size by Sex, Area and Density by Region, Zone and Wereda: July 2025', Ethiopian Statistical Service. Accessed 6 August 2026, [https://ess.gov.et/wp-content/uploads/2026/04/projected\\_population-2025-g.c.pdf](https://ess.gov.et/wp-content/uploads/2026/04/projected_population-2025-g.c.pdf).

13 Negese Tamirat and Senait Tadele, 'Factors affecting coffee farmers' production in Jimma zone, Southwest Ethiopia', *Coffee Science*. 19 (2024). Accessed 6 August 2026, <https://coffeescience.ufla.br/index.php/Coffeescience/article/view/2213/2482>.

14 Samuel Diro, Beza Erko, and Mesay Yami, 'Cost of Production of Coffee in Jimma Zone, Southwest Ethiopia', *Ethiopian Journal of Agricultural Sciences* 29/3 (2019).

15 Negese and Senait, 'Factors affecting'.

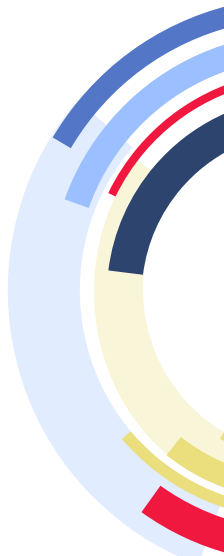
16 Gazette Plus / English, Facebook post, 24 June 2026, <https://www.facebook.com/GazettePlusEnglish/posts/jimma-zone-boosts-coffee-agricultural-exports-amid-reforms-says-administrator-ga/1188135283326151/>.

17 Ethiopian Statistical Service, 'Population Size'.

18 Singh, 'Coffee Value Chain'.

coffee locally in peak seasons.<sup>19</sup> Coffee production in the area is largely characterized by small farms.

**Buno Bedele zone:** Almost 3 million people live in this zone.<sup>20</sup> Constituting the third coffee-producing zone in the belt, it was created in March 2016. Prior to this restructuring, the area (including Bedele *woreda* [district]) was part of Ilu Aba Bora zone. Buno Bedele zone covers a total area of nearly 75,000 hectares, of which a little more than 4,000 hectares are devoted to coffee cultivation.<sup>21</sup> Annually, the zone produces almost 25,000 *quintal* (250 kg) of coffee, of which around 13,500 *quintal* (135 kg) are supplied to the market.<sup>22</sup>



---

19 Singh, 'Coffee Value Chain'.

20 Ethiopian Statistical Service, 'Population Size'.

21 Feyisa Assfa, 'Coffee value chain analysis in Bedele District, Buno Bedele Zone of Oromia Regional State, Ethiopia', MSc thesis, Jimma University, College of Agriculture and Veterinary Medicine, Jimma, 2020.

22 Feyisa, 'Coffee value chain'. Also note: A *quintal* is a standard measure equivalent to 100 kg.

# Historical overview of coffee governance

The Jimma–Ilmu Aba Bora–Buno Bedele coffee belt is imprinted by broader structural, political and agrarian transformations in the country over time. Although this belt continues to be a key driver of economic growth in Ethiopia, the institutional mechanisms governing land tenure, market access, value distribution and production rights have undergone significant changes during various political regimes. Since the nineteenth-century imperial expansion, the majority of coffee producers in the belt have always been smallholders but it is a minority of centralized state actors, landed elites and coffee traders who have remained key players and beneficiaries.

## Feudal ownership and control of coffee during the imperial era

Following the late nineteenth century incorporation of the south-west coffee growing territories of Jimma, Ilmu Aba Bora and Buno Bedele into the imperial state under Emperor Menelik II, the state dismantled indigenous landholding systems and instituted a highly stratified feudal structure. In zones such as Jimma (historically tied to the Limmu Ennarya kingdom) and Ilmu Aba Bora, vast swathes of ecologically diverse natural forests and semi-forest ecosystems were seized by the crown.<sup>23</sup> In particular, Jimma served as a prime target for imperial centralization because of its coffee wealth.

The Haile Selassie I regime imposed high imperial taxes on coffee caravans and encircled the kingdom with loyal northern governors who aggressively exploited local coffee farmers. This ultimately resulted in the expropriation of land by state actors such as royal family members, imperial military officials, provincial governors and local co-opted landed elites.<sup>24</sup> These key actors leveraged their state-sanctioned political power to take over vast tracts of communal land for private commercial coffee cultivation, especially during the global coffee boom of the 1950s and 1960s.<sup>25</sup> In Limmu woreda, for instance, these global price surges drove the rapid development of elite-led commercial coffee farms, which transformed smallholders

---

23 Endale Teshome, 'A History of Coffee Production and Marketing in Illu Abba Bor (ca. 1892–1991)', MA thesis, Jimma University, Jimma, 2021; Lemessa Bekele, 'A History of Coffee Production, Processing and Marketing in Limmuu Saqqaa, Jimma Zone, ca. 1891–1991', MA thesis, Jimma University, Jimma, 2021.

24 Guluma Gameda, 'The Rise of Coffee and the Demise of Colonial Autonomy: The Oromo Kingdom of Jimma and Political Centralization in Ethiopia', *Northeast African Studies* 9/3 (2002): 51–74.

25 Endale, 'History of Coffee Production Illu Abba Bor'; Lemessa, 'History of Coffee Production Limmuu Saqqaa'.

into landless labourers, while the centralized imperial state simultaneously captured economic rents via export duties.<sup>26</sup>

Underlying power dynamics were tilted against the local peasantry, who were dispossessed of their ancestral lands and subjected to exploitative sharecropping arrangements and land taxes. They were forced to surrender 30–50 per cent of their coffee harvest as rent to imperial elites and local landlords.<sup>27</sup> If a peasant failed to pay the annual state tax, their land was confiscated and transferred to imperial officials or wealthy merchants, further concentrating coffee land ownership in elite hands.<sup>28</sup> A study participant elaborates these power dynamics:

During the imperial regime of Emperor Haile Selassie I in the Jimma area, there was land expropriation after the centralization of the region, which caused much of the land cultivated by local farmers to be claimed by the imperial state and granted to absentee landlords and imperial elites. Farmers who had historically grown coffee lost ownership and were forced to become rent-paying tenants. In addition, the coffee trade chain was tightly controlled by a network of imperial officials and foreign merchants. Local farmers were cut off from direct access to lucrative international markets, forcing them to sell their coffee locally at suppressed and exploitative prices.<sup>29</sup>

During the imperial era, coffee marketing institutions were dominated by specialized local intermediary networks working alongside foreign merchant communities, which controlled capital and international market access. This functional structure favoured actors at the node of central trading, who retained knowledge of international price movements. The central government intervention focused on securing elite revenues and boosting foreign exchange reserves. Access to capital, credit and global price information remained concentrated in the landed feudal elite, leaving smallholders exposed to heavy exploitation, extraction and market manipulation.

## State control of the coffee sector under the Derg

Following the 1975 land reform under the Derg regime, rural lands were nationalized, tenancy was abolished and plots of land were allocated to former tenant and landless farmers based on family size. Landholders were prohibited from selling or transferring their land. Despite these reforms, coffee growers continue to face significant challenges. These include high production costs, heavy taxation and inefficiently small farm sizes. Because coffee cultivation is highly

---

26 Dagm Alemayehu Tegegn, 'Coffee production in Limmu Awraja, Southwest Ethiopia: From the early twentieth century to the introduction of privatization policy', *Cogent Arts & Humanities* 9, no. 1 (2022): 2139803. DOI: 10.1080/23311983.2022.2139803

27 Dagm, 'Coffee production in Limmu Awraja'.

28 Lemessa, 'History of Coffee Production Limmuu Saqqaa'.

29 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025.

labour intensive, farmers depended on a complex labour system that includes family members, hired workers, seasonal labourers and community labour-sharing groups (*daboo*). Part of this workforce was supplied by migrants escaping poverty, famine and land scarcity in their home regions. In addition, coffee growers (mainly poorer ones) remained highly vulnerable to drought, climate change, crop diseases, institutional instability and fluctuations in global market prices.

Although former landless peasants and tenant smallholders were granted usufruct land-use rights, the Derg regime simultaneously placed coffee production under rigid state surveillance and control. These centralized marketing policies continued to constrain local producers. Smallholders were forced to join highly regulated peasant associations and obliged to sell their yields at state-fixed quotas to the state marketing apparatus. As this key respondent explains:

Although the 1975 land reform by the Marxist military regime was intended to make farmers landowners, a centralized command economy allowed the regime to systematically extract coffee wealth for its own purposes at the expense of the coffee producers. In the Jimma zone, the government set coffee prices below market value and forced farmers to fund state and military expenditures. Consequently, these exploited coffee farmers were left deeply vulnerable to poverty.<sup>30</sup>

The primary state institution used to capture coffee sector value was the Ethiopian Coffee Marketing Corporation (ECMC), which was a public enterprise established to purchase, store and distribute export-grade coffee. The state severely restricted private trade and enforced strict control over coffee value chains. Both smallholders and the newly organized agricultural producer cooperatives were legally mandated to deliver quotas of their harvest directly to the ECMC at low state-fixed prices. The Derg regime also nationalized the large-scale private coffee estates of the imperial elites, converting them into heavily subsidized state farms. The extensive coffee plantations managed by the Limmu Coffee Plantation Corporation are a primary example.

During this era, power shifted completely from feudal elites to state bureaucrats and military cadres, whose aggressive extraction of coffee revenue, combined with forced villagization, affected smallholder incentives and fractured traditional agroforestry ecosystems. This heavy-handed control ultimately triggered a severe production crisis across the south-west coffee belt, forcing desperate farmers to abandon their fields or smuggle their crops into informal markets. In the end, this drove the Derg regime to retreat into mixed economic policies just before its 1991 collapse.

---

30 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025.

## Coffee sector governance in the EPRDF era

During the Ethiopian People's Revolutionary Democratic Front (EPRDF) era, coffee sector governance was centralized, predictable and party mediated, particularly through state-linked enterprises and regulatory control. It was widely perceived as systematic and centralized.<sup>31</sup> Trader respondents consistently note that access to export licenses, credit and trading opportunities was strongly conditioned by mentioning political affiliation rather than market performance.<sup>32</sup> Party and state-affiliated enterprises enjoyed privileged access to finance, regulatory discretion and institutional support, enabling them to dominate the export segment of the coffee value chain.<sup>33</sup> The rise of Guna Trading House Plc exemplifies this pattern. As a sister company of the Endowment Fund for the Rehabilitation of Tigray (EFFORT), Guna benefitted from preferential access to credit and state institutions, allowing it to compete on unequal terms with independent exporters.<sup>34</sup> Similarly, the Tumsa Endowment Fund in Oromia leveraged party and regional ties to secure preferential credit, licenses and ECX access, enabling politically connected actors to capture premium prices and expand market share at the expense of smallholders.<sup>35</sup> These arrangements reflect a classic form of centralized clientelism in which political loyalty is exchanged for economic advantage.<sup>36</sup> The ECX served a political purpose for the EPRDF regime by ensuring the centralized collection of foreign currency necessary to keep the ruling coalition in power.<sup>37</sup> By centralizing transactions and limiting alternative marketing channels, the state used the ECX to regulate access to export markets and enforce compliance with political priorities.<sup>38</sup> A research participant from the ECX says:

During the EPRDF era, the coffee export sector was largely dominated by members politically tied to the ruling party. This dominance, however, was not the result of ECX operational policies or institutional bias. Rather, it emanated from the government's deliberate policy choices, whereby members of the ruling political elite, particularly those affiliated with the inner circle of the EPRDF, were granted preferential access to

---

31 Sarah Vaughan and Mesfin Gebremichael, 'Rethinking business and politics in Ethiopia', African Power and Politics Programme (APPP), Research Report 02, London: Overseas Development Institute, August 2011.

32 Interview with Gomma district coffee supplier, Agaro, 20 October 2025; interview with Jimma zone coffee supplier, Jimma, 16 October 2025.

33 Interview with Gomma district coffee supplier, Agaro, 20 October 2025; interview with Jimma zone coffee supplier, Jimma, 16 October 2025.

34 Vaughan and Mesfin, 'Rethinking Business'.

35 Vaughan and Mesfin, 'Rethinking Business'.

36 Aderajew Shumet Tamirat, *The Ethiopian Coffee Sector in an Era of Commodity Exchange: The Road Less Traveled?*, Wageningen, The Netherlands: Wageningen University and Research Centre, 2013.

37 Robert Steel Love. 'Political Economy of the Coffee Filiere in Ethiopia'. PhD thesis, University of Leeds, Leeds, 2002.

38 Wondwossen Mezleki, 'Window dressing of Ethiopia's coffee exchange', Ethiopian Review, 12 October 2009. Accessed 6 August 2026, <https://ethiopianreview.com/content/11037>.

capital and other economic resources. These privileges enabled them to accumulate economic power and control a significant share of the coffee export market. The ECX, in contrast, maintained an institutional commitment to neutrality by treating all exporters equally regardless of political affiliation or ethnic background.<sup>39</sup>

On the one hand, the ECX was manipulated by the government for political dominance by monopolizing the export of coffee as a cash crop. On the other, the ECX was seen as a technocratic institution to serve coffee traders on an equal footing. In practice, however, the ECX generally reinforced elite capture in the sector.

### Economic liberalization and land grabbing

During the EPRDF era, the south-west coffee belt saw a liberalization that allowed private suppliers and exporters to re-emerge, although land ownership remained under state control. The EPRDF land policy formalized smallholder security through long-term land-use certifications. The liberalization of land policy also allowed the state to facilitate large-scale land transfers, including the lease of vast tracts of high-potential coffee lands to foreign and domestic private investors; notably, in Limmu Kossa (in Jimma) and surrounding woredas.<sup>40</sup> This institutional framework structurally transformed the value chain, creating a dual landscape in which a network of smallholder farmers coexisted with commercial private plantations.<sup>41</sup>

As enshrined in the 1995 Ethiopian constitution, Article 40 states that land and other natural resources are owned by the state and the peoples of Ethiopia.<sup>42</sup> The article clearly spells out that land cannot be sold or exchanged, peasants are protected from arbitrary eviction, investors can obtain land by lease and the expropriation of land in the public interest can only be done with proper compensation. The constitution also states that the federal government and regional states have the power to administer land and other natural resources inside its administrative boundaries. This means regional states have power to administer their own natural resources, which is vital to empower local peoples to utilize their land in an equitable manner.

Despite increased land tenure security, smallholders remained vulnerable to exploitation. One study participant recalls that coffee farmers in Seka Chekorsa and Limmu Kossa woredas were evicted and their land was grabbed to be given to domestic and foreign investors as part of state

---

39 Interview with head of Jimma zone ECX, Jimma, 14 October 2025.

40 Mohammed Abera, 'The Impact of Large-Scale Coffee Plantation on the Livelihoods of Local Households in Limmu Kossa District', MA thesis, Jimma University, Jimma, 2021.

41 Bultuma Morka, 'Investigation of Factors Affecting Coffee Export Performance: The Case of Limmu Coffee Farmers' Cooperative Union', MBA thesis, Jimma University, Jimma, 2020.

42 Federal Democratic Republic of Ethiopia, 'Constitution of the Federal Democratic Republic of Ethiopia', Addis Ababa: Federal Democratic Republic of Ethiopia, 1995. Also see: Article 52 (2) (d). [https://constitutionnet.org/sites/default/files/Ethiopia\\_Constitution.pdf](https://constitutionnet.org/sites/default/files/Ethiopia_Constitution.pdf)

development policy during the EPRDF government.<sup>43</sup> In particular in Limmu Kossa woreda, this caused a severe multidimensional agrarian crisis, stemming from a systemic lack of public consultation and the marginalization of customary land tenure. By classifying vital communal farmlands, grazing territories and forests as vacant land, state actors facilitated corporate land grab acquisitions. This process of accumulation by dispossession triggered forced evictions, compromised rural livelihoods and eroded traditional social safety nets.

During the EPRDF era, the Ethiopian government actively promoted both foreign and domestic agricultural investment as part of its state developmental model. Anecdotal evidence indicates that since 2009, Oromia Region has transferred more than 1 million hectares of land to the federal land bank for development by private investors.<sup>44</sup> For example, Ilu Aba Bora zone leased 5,000 hectares of land to Dubai World, a major state-owned investment and holding company for the government of Dubai, for a tea plantation.<sup>45</sup>

## Coffee liberalization under the Prosperity Party government

In 2017, the state undertook major regulatory shift to decentralize the coffee value chain and dismantle the ECX, along with the bottlenecks it created. This coffee sector reform was followed by a regime change in 2018, bringing the Prosperity Party to power. The current government has been pursuing further market liberalization, implementing two key policy shifts under the 2017 reform. First, the Ethiopian Coffee and Tea Authority (ECTA) has been reinstituted to lead the coffee sector. Second, the vertical integration model has been introduced. This allows smallholders, cooperative unions, private washing station owners and commercial plantations in the Jimma–Ilu Aba Bora–Buno Bedele coffee belt to obtain specialty licenses, bypass the ECX entirely and sell directly to global buyers. Crucially, this policy shift reconfigures the distribution of power and profit margins in the coffee sector.<sup>46</sup> It also increases support for tracking the geographic origins of coffee and has improved the price for specialty coffees in Jimma and Ilu Aba Bora, enabling cooperative unions and private suppliers (*akrabies*) to capture a higher share of the global export price.<sup>47</sup>

---

43 Interview with Jimma zone cooperative society expert, Jimma, 10 May 2026 (additional interview).

44 Dessalegn Rahmato, 'Land to Investors: Large-Scale Land Transfers in Ethiopia'. Addis Ababa: Forum for Social Studies, 2011. Also see: Abiyot M Dabela, 'Human Rights Repercussions of Large-Scale Land Acquisition in Ethiopia: Evidence from Gumaro Tea Plantation and Limmu Coffee Farm', *International Journal of Public Law and Policy* 19/3 (2023): 251–267. DOI: 10.1504/IJPLAP.2023.131995

45 Dessalegn, 'Land to Investors'.

46 Feyisa, 'Coffee value chain'.

47 Singh, 'Coffee Value Chain'.

One research respondent explains that part of the market liberalization pursued by the Prosperity Party government strives for new foreign actors to join the coffee sector in this coffee belt.<sup>48</sup> In his view, this would promote fair competition in the market while giving local coffee investors time to build up their capacity to compete with international coffee investors. He goes on to explain that the coffee sector in the Jimma–Ilú Aba Bora–Buno Bedele belt was previously closed to foreign investors to shield domestic actors from international competition. This restriction reflected the broader political and economic objective of the former government to maintain strategic control over the sector because coffee plays a key role in driving export earnings and generating foreign exchange earnings. Thus, limiting foreign participation was seen as essential for preserving state influence over a key national asset. In contrast, the current government, following its recent economic liberalizations and as stipulated in Directive No. 1082/2025, now invites foreign entities to invest directly in coffee export, processing and commercial farming.<sup>49</sup>

To further boost the coffee sector in the Jimma–Ilú Aba Bora–Buno Bedele belt, on 15 November 2025, Prime Minister Abiy Ahmed Ali announced a plan to construct 123 modern coffee warehouses in Oromia, promising to curb post-harvest losses, formalize trade and increase smallholder income.<sup>50</sup> While commendable, this move nevertheless potentially risks state capture due to its selective geographical targeting. That is, the plan concentrates infrastructure development in specific Oromia woredas, omitting other coffee-producing areas such as West Wollega, Hararghe and large portions of Sidama Region and the southern regions. This may reinforce both intra-regional (in Oromia) and inter-regional disparities (between Oromia coffee growing regions, and Sidama and other south-west coffee growing regions). It may also lead to uneven allocation of resources unless the reform process is carefully managed to ensure balanced development. In particular, it is necessary to avert a situation in which developmental intent is entangled with political patronage, whereby infrastructure distribution dictates market winners and threatens to keep coffee cooperatives under rigid state control. Ultimately, preventing these investments from entrenching elite capture and deepening regional inequalities depends on establishing transparent governance and ensuring the sector is vital.

In the Buno Bedele and Limmu areas, the post-2017 environment has catalysed private investment in local processing infrastructure, leading to a proliferation of newly licensed dry and wet processing mills. This infrastructural expansion allows a substantial portion of the regional volume to shift from low-grade dry cherry processing (*Jänfāl*) to premium washed

---

48 Interview with head of Jimma zone ECTA, 17 October 2025. Unless otherwise noted, the remaining insights in this paragraph are derived from this source.

49 Ethiopian Investment Board, 'Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments', Directive No. 1082/2025, Addis Ababa: Ethiopian Investment Board, May 2025. Accessed 6 August 2026, <https://investethiopia.gov.et/wp-content/uploads/2025/06/Directive-on-Export-Import-Wholesale-1082-2025.pdf>.

50 Amanuel Kindeya, 'Prime Minister Launches Multi-Million-Birr Coffee Warehouse Drive Across Oromia', *Birr Metrics*, 15 November 2025. Accessed 6 August 2026, <https://birrmetrics.com/prime-minister-launches-multi-million-birr-coffee-warehouse-drive-across-ormia/>.

parchment coffee, which commands a significant price in international markets.<sup>51</sup> To counteract longstanding production vulnerabilities and reverse stagnating regional yields driven by low-yielding aged trees, government bodies such as the agriculture ministry and regional extension networks paired these infrastructural changes with targeted productivity enhancement programmes. Prominent among these interventions has been the introduction of coffee tree rejuvenation training programmes, specifically focused on stumping.<sup>52</sup>

Despite open-market policies and opportunities related to the political transitions in the country, socio-economic concerns have emerged regarding the equity of these post-2017 liberalizations. While post-reform vertical integration drives efficiency and regional development, it also increasingly creates domestic structural inequality. That is, it favours well-capitalized agribusiness elites, who can independently process and export, while marginalizing resource-poor smallholders, who lack the capital and networks to escape dependence on these elite-controlled supply chains.<sup>53</sup>

- 
- 51 Feyisa, 'Coffee value chain'. Parchment coffee refers to dried raw coffee beans still encased in their protective outer husk, which is hulled off prior to roasting.
- 52 Gashaw T Abate, Kalle Hirvonen, and S Mohammed, 'Improving Incomes of Coffee Farmers in Jimma, Ethiopia: Baseline Report', Washington DC: International Food Policy Research Institute, 2024. Accessed 6 August 2026, [https://www.herewegrow.org/wp-content/uploads/2026/04/HereWeGrow\\_IFPRI\\_Digital-Green\\_Baseline-Report\\_2024.pdf](https://www.herewegrow.org/wp-content/uploads/2026/04/HereWeGrow_IFPRI_Digital-Green_Baseline-Report_2024.pdf).
- 53 Singh, 'Coffee Value Chain'.

# Coffee actors and stakeholders

## Governance and state institutional actors

The Ethiopian Commodity Exchange (ECX) and the Ethiopian Coffee and Tea Authority (ECTA) are the two primary state institutional and regulatory actors in the coffee sector. The ECX provides the centralized platform for price discovery and contract enforcement, mainly during the Ethiopian People's Revolutionary Democratic Front (EPRDF) regime. Since 2017 and the coffee sector reforms, the ECTA oversees quality control and licensing. Comparing these key coffee governance and institutional frameworks during the EPRDF regime and the post-EPRDF era reveals critical changes, challenges and continuities in state–society–business relations, offering insights into how changing macro-level policies alter value chain dynamics and stakeholder power.

### Centralized governance: The ECX era

Under the EPRDF, formal coffee governance was largely organized around the centralized trading system of the ECX, which facilitated commercial coffee transactions to pass through a centralized trading platform rather than through local intermediaries. This reform aimed to improve market efficiency, enhance traceability and increase Ethiopian foreign exchange earnings from coffee exports. The ECX institutionalized a rigid three-tiered value chain composed of producers, local suppliers (*akrabies*) and licensed exporters.

Legally and operationally, smallholder farmers did not access the exchange floor directly. Instead, they supplied their coffee to local intermediaries who then traded it on the exchange. This centralized intervention functioned as a rational political strategy. Controlling agricultural rents through centralized marketing institutions enabled political elites to secure resources and elite loyalty, albeit often at the expense of rural producer welfare.<sup>54</sup> If macroeconomic efficiency had been the driving state priority, reforming the internal mechanisms of the ECX would have been a more logical choice than building a parallel regulatory body (namely, the ECTA) with an equivalent mandate.<sup>55</sup> Instead, political considerations heavily influenced the decision to bypass and weaken the ECX in favour of the ECTA. Under the EPRDF regime, participation was tightly restricted. As one research respondent notes, the coffee export sector was heavily dictated by political and ethnic affiliations, with the majority of exporters holding close ties to the ruling EPRDF regime.<sup>56</sup> Even selective policy adaptations—such as a 2009 reform that allowed licensed

---

<sup>54</sup> Bates, 'Markets and states'.

<sup>55</sup> Interview with head of Jimma zone ECX, Jimma, 14 October 2025.

<sup>56</sup> Interview with Jimma zone AGM Coffee Export company manager, Jimma, 12 October 2025.

cooperatives, state farms and certified private producers to export directly—remained limited because local traders in the coffee belt had poor awareness of these certification requirements.<sup>57</sup>

The centralized ECX system suffered from deep operational and distributional inefficiencies.<sup>58</sup> While officially promoted to ensure price transparency and protect smallholders, its structural design kept farmers as passive price-takers with weak bargaining power. Consequently, value accumulation and profits were concentrated in a narrow group of private traders and exporters rather than the rural producers. Despite ECX efforts, 77 per cent of farmers lacked actual access to ECX price information.<sup>59</sup> The ECX also faced qualitative challenges: Foreign buyers and exporters frequently reported inconsistent grading at ECX warehouses, which incentivized collusive trading approaches among domestic suppliers.<sup>60</sup> Chronic contract violations further plagued the system, leading the regulatory authority to ban 81 exporters from trading with the ECX after they failed to export their coffee on time.<sup>61</sup>

While the ECX successfully mitigated transaction risks, standardized quality grading and cleared payments quickly, it also stripped away physical traceability and undermined the trust and confidence of producers and international specialty coffee buyers.<sup>62</sup> This adversely affected specialty coffee producing smallholders in the Jimma–Ilu ABA Bora–Buno Bedele belt. For example, the specialized wild and semi-forest coffees produced by the Yayu Coffee Forest Biosphere Reserve were blended into generic regional commodity lots, thus negating their greater value.<sup>63</sup> This research respondent elaborates:

There was a serious problem in Ethiopia’s coffee sector between the ECX’s electronic standardization and the preservation of single-origin traceability. The ECX brought digitalization to the market, which ultimately improved market efficiency, transparency and quality control. It also encouraged the aggregation of coffee lots, reducing the ability to trace coffee to specific origins in Jimma, Buno Bedele and Ilu ABA Bora zones. This

---

57 Pradyot Ranjan Jena et al., ‘The impact of coffee certification on small-scale producers’ livelihoods: A case study from the Jimma Zone, Ethiopia’, *Agricultural Economics* 43 (2012); interview with coffee trader, Gomma district, 20 October 2025; interview with Jimma zone coffee supplier, Jimma, 16 October 2025.

58 Interview with Jimma zone coffee supplier, Jimma, 16 October 2025. Unless otherwise noted, further insights in this paragraph are derived from this source.

59 Bart Minten et al., ‘Coffee value chains on the move: Evidence in Ethiopia’, *Food Policy* 67 (August 2017).

60 Alban Mas Aparisi, ‘Ethiopian coffee marketing reform and smallholder coffee producers: A socio-legal empowerment lens’, London: International Institute for Environment and Development, 2021. Accessed 6 August 2026, <https://www.iied.org/sites/default/files/pdfs/2021-04/12609iied.pdf>.

61 ‘Authority bans over 80 coffee exporters from trading with ECX’, *Capital*, 25 March 2019. Accessed 6 August 2026, <https://capitalethiopia.com/2019/03/25/authority-bans-over-80-coffee-exporters-from-trading-with-ecx/>.

62 Singh, ‘Coffee Value Chain’.

63 Bultuma, ‘Investigation of Factors’.

ultimately affected the market identity and premium value of origin-specific coffees. This affected not only coffee producers but also the national income because it caused a lack of trust among international buyers.<sup>64</sup>

Ultimately, while the ECX provided rapid payment mechanisms and short-term price stability for its active suppliers, its benefits were insufficient and unevenly distributed, leaving the smallholders who form the backbone of the coffee sector structurally disadvantaged and with reduced profit margins—even those who produce highly specialized coffee.

### Decentralized vertical integration: The ECTA reform

In 2017, a pivotal reform in coffee governance profoundly shifted the regulatory framework of the coffee sector away from the centralized ECX approach toward a more flexible vertically integrated model led by the ECTA. The implementation of the 2017 coffee reform coincided with the 2018 regime change led by the current Prosperity Party-led government. These reforms represent an attempt by the state to recalibrate its relations with the market.<sup>65</sup> By dismantling the monopolistic control of the ECX and enabling direct market linkages between producers, exporters and international buyers, the state sought to insulate itself from older rent-seeking networks, while embedding its apparatus in productive market relationships. A cornerstone of this reform is the democratization of export participation. ECTA directives established that any farmer managing a minimum of 2 hectares of land could export directly if they met designated quality standards.<sup>66</sup> This policy successfully diversified actors across the coffee belt, bringing regional authorities, large exporters, specialty buyers and organized cooperatives into the export space with increased autonomy.

Despite formal improvements in traceability, grade-based purchasing and specialty market access, the ECTA-led vertical integration model has generated severe empirical and structural problems. On the ground, effective market access remains deeply stratified along socio-economic lines. Smallholder participation is bottlenecked by systemic capital constraints, strict standards and low technical capacity.<sup>67</sup> For instance, across the south-western coffee belt, study participants from cooperatives highlight that very few smallholders have been able to leverage the direct export policy, with only five participating from Jimma zone, two from Buno Bedele

---

64 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025.

65 See: Evans, *Embedded Autonomy*.

66 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025; interview with Ilu ABA Bora zone ECTA expert, Mettu, 27 October 2025; interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025.

67 Interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025; interview with Jimma zone AGM Coffee Export company manager, Jimma, 12 October 2025.

and none from Ilu Aba Bora zone.<sup>68</sup> By fracturing the centralized exchange model, the reforms have also weakened pooled price transparency across the broader domestic market. Rather than eliminating exclusion, the reforms have simply altered its structure, leaving unorganized smallholders outside direct export channels vulnerable to low farm-gate prices and weak value capture.<sup>69</sup>

The most critical contemporary bottleneck is systemic institutional friction and fragmented authority.<sup>70</sup> Because the ECTA vertical integration model runs parallel to the still-functioning ECX, it has produced overlapping mandates, in particular regarding quality testing, certification and market coordination. Ultimately, these overlaps act as severe constraints, inflating transaction costs and generating widespread operational confusion. In October 2021, this jurisdictional rift surfaced sharply when the ECX proposed doubling its price fluctuation limit from 5 per cent to 10 per cent to retain sellers who were shifting to vertical trading; the ECTA blocked the move as illegal, triggering a major regulatory clash.<sup>71</sup> Political and regional tensions have further destabilized governance in the coffee sector. Citing the historical exploitation of smallholders by the centralized exchange, Oromia regional authorities aggressively discouraged ECX utilization.<sup>72</sup> This culminated on 30 April 2022, when regional security forces shut down six ECX branch offices in Mettu, Jimma and Bedele and detained employees without formal explanation.<sup>73</sup> Although stakeholder consultations eventually produced a compromise allowing suppliers to choose between the two systems, the ECX market share has declined drastically, leaving the sector governed by an ambiguous, fragmented and unstable institutional architecture.<sup>74</sup>

## Cooperatives and unions

In 1960, the first formal legal framework for farm worker cooperatives was launched by Decree No. 44/1960, which was established in response to rising unemployment, rural–urban migration

---

68 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025; interview with Ilu Aba Bora zone ECTA expert Mettu, 27 October, 2025; interview with head of Buno Bedele zone ECTA, Bedele, 26 October, 2025.

69 Aparisi, ‘Ethiopian Coffee Marketing Reforms’.

70 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025; interview with head of Jimma zone ECX, Jimma, 14 October 2025.

71 ‘ECTA, ECX clash over coffee trading’, *Capital*, 19 October 2021. Accessed 6 August 2026, <https://capitalethiopia.com/2021/10/19/ecx-ecta-clash-over-coffee-trading/>.

72 Interview with head of Jimma zone ECX, Jimma, 14 October 2025.

73 Etenesh Abera, ‘Security forces in Oromia state close six ECX branch offices, detain staff with no explanation’, *Addis Standard*, 30 April 2022. Accessed 6 August 2026, <https://addisstandard.com/news-security-forces-in-oromia-region-close-six-ecx-branch-offices-detain-staff-with-no-explanation/>.

74 Interview with head of Jimma zone ECX, Jimma, 14 October 2025.

and land use challenges.<sup>75</sup> In 1994 and 1998, agricultural cooperatives underwent significant restructuring under Proclamation No. 85/1994 and Proclamation No. 147/1998, which shifted them from state-controlled instruments to democratic business-oriented entities capable of participating in the international market.<sup>76</sup> With respect to the coffee value chain, cooperatives are expected to reduce transaction costs, strengthen bargaining power and engage collectively in processing and marketing, including export through cooperative unions.<sup>77</sup>

To improve smallholder market power, the Oromia regional government revitalized the cooperative sector, culminating in the establishment of the Oromia Coffee Farmers' Cooperative Union (OCFCU) on 1 June 1999, consisting of 34 primary cooperatives, with 22,691 farmers.<sup>78</sup> As of 2024, it has grown to 413 member cooperatives, representing 562,186 coffee farmers, including 64,742 women, uniting dozens of primary cooperatives across the region and belt. In 2005, the OCFCU established its own bank, the Cooperative Bank of Oromia, to offer financial services to its members.

The coffee belt comprises 25, 40 and 20 primary cooperatives in Jimma, Ilu Aba Bora and Buno Bedele zones, respectively. These 85 cooperatives are all affiliated with the OCFCU.<sup>79</sup> They play various roles in the coffee value chain. For example, coffee cooperatives in Jimma, Limmu, Agaro and Mettu directly export their coffee to international buyers, without going through the OCFCU. These include the Kata Muduga Multipurpose Farmers' Cooperative Union, the Limmu Coffee Cooperative Union, the Jimma Farmers Multipurpose Agricultural Cooperative Union and the Sorgeba Farmers Cooperative Union. These unions represent dozens of primary cooperatives and tens of thousands of farmers, exporting washed and natural coffee to international specialty and Fairtrade markets. Other primary cooperatives channel their coffee exports through the OCFCU; for example, the Bedele Farmers' Coffee Cooperative Union. According to research respondents from the cooperative sector, primary cooperatives that directly participate in coffee export derive greater economic benefits compared to those

---

75 Federal Democratic Republic of Ethiopia, 'Ethiopia Farm Workers Cooperatives Decree, Decree No. 44/1960', *Federal Negarit Gazette*, Extraordinary issue, 19<sup>th</sup> Year, No. 2, Addis Ababa, 5 May 1960.

76 Federal Democratic Republic of Ethiopia, 'Agricultural Cooperative Societies Proclamation No. 85/1994', *Federal Negarit Gazette*, Addis Ababa, 1 February 1994; Federal Democratic Republic of Ethiopia, 'Cooperative Societies Proclamation No. 147/1998', *Federal Negarit Gazette* No. 27, 5<sup>th</sup> Year, Addis Ababa, 29 December 1998. Also see: Federal Democratic Republic of Ethiopia, 'Cooperative Societies Proclamation, Proclamation No. 985/2016', *Federal Negarit Gazette*, 23<sup>rd</sup> Year, No. 11, Addis Ababa, 23 December 2016. This proclamation establishes the federal cooperative, which holds supreme legislative and governance authority over all other cooperative societies. All regional cooperative societies, including the one in Oromia, are responsible for implementing federal cooperative law in their own region and any regional directives must align with federal proclamations.

77 'Cooperative Societies Proclamation No. 985/2016'.

78 'About OCFCU', Oromia Coffee Farmers Cooperative Union. Accessed 15 January and 3 June 2026, <https://www.oromiacoffeunion.com/>. Information about the current size of the cooperative is also derived from this source.

79 Interview with OCFCU staff, Addis Ababa, 10 May 2026.

operating solely in the domestic market. Cooperatives exporting through the OCFCU also report improved returns relative to the EPRDF era, during which coffee exports were centralized under the ECX system.<sup>80</sup>

The study findings indicate that ECX bureaucratic procedures—particularly delays, administrative costs and rigid marketing rules—undermined potential gains for cooperatives but after the 2017, coffee cooperatives in the belt operate using both centralized and decentralized approaches.<sup>81</sup> In nutshell, the post-reform framework has expanded market access and enhanced revenue retention opportunities for cooperative actors. In addition, coffee unions utilize foreign exchange earnings to import agricultural inputs and coffee-processing machinery, thereby strengthening production capacity and improving quality management at the cooperative level.<sup>82</sup>

### Continuing challenges for coffee cooperatives

Coffee cooperatives face a range of challenges. Chief among these are issues related to political interference, corruption at the leadership level and limited access to financial resources. Study respondents who are members of cooperatives indicate that, at least to some extent, the cooperatives in the Jimma–Ilmu ABA Bora–Buno Bedele belt practice democratic norms.<sup>83</sup> Leaders and committee members are elected by the general assembly and elections are held when more than 50 per cent of the members are present.<sup>84</sup> According to Proclamation No. 985/2016, a committee member may serve for a maximum of six years, or two terms, after which they must step down.<sup>85</sup> While members of the general assembly freely vote for their leaders and decisions in the cooperatives are passed by majority rule, study respondents also note that cooperatives are not entirely free from external influence.<sup>86</sup>

---

80 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025; interview with Jimma zone coffee supplier, Jimma, 16 October 2025; interview with Jimma zone AGM Coffee Export company manager, Jimma, 12 October 2025; interview with Manna district coffee supplier, Yebu, 13 October 2025; interview with Gomma district coffee supplier, Agaro, 14 October 2025.

81 Interview with Bedele cooperative society, Bedele, 27 October 2025; interview with Jimma zone cooperative society expert, Jimma, 10 October 2025; interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025.

82 Interview with Ilu ABA Bora zone cooperative union expert, Mettu, 27 October 2025.

83 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025; interview with Ilu ABA Bora zone cooperative union expert, Mettu, 27 October 2025.

84 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025; interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025; interview with Ilu ABA Bora zone cooperative union expert, Mettu, 27 October 2025.

85 ‘Cooperative Societies Proclamation No. 985/2016’.

86 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025; interview with Ilu ABA Bora zone cooperative union expert, Mettu, 27 October 2025. Unless otherwise noted, the remaining insights in this paragraph are derived from these two interview sources.

For example, local government interventions are a significant challenge and in some cooperatives committee members serve beyond their tenure. In some areas, cooperative leadership has dictated that chemical fertilizers be distributed to farmers, without their willingness, and the supply of food items to members is often subject to political control. In other words, local *kebele* (ward) officials intervene and dictate cooperative activities to serve their own interests, undermining the autonomy of the cooperatives and restricting their ability to operate independently.<sup>87</sup> This is a serious long-term challenge that cooperatives face. According to a long-serving cooperative member who recently retired:

The cooperatives in the belt, in particular in the Oromia Region, are generally politicized through high government intervention that treats cooperative societies as weapons of state control, resource mobilization and party loyalty, during the EPRDF regime by the Oromo People's Democratic Organization regional ruling party and later by the Prosperity Party, following the national reform. Despite the regional ruling party having a large number of supporters and members, cooperative societies have been used for state control, resource extraction and party loyalty. I observed that some cooperative leaders were members of the ruling political party, having joined either before or after their election to cooperative leadership positions. The cooperative leaders want to use society resources for their private benefit. Party membership allows them to access society resources without fear.<sup>88</sup>

This same respondent further notes:

When some members of the cooperative society raised a legal challenge that the proclamation provision for self-rule was being violated by party interference in the election of committee members, the court failed to respond, allegedly because party interests influenced it. In my observations, there is an intertwined relationship between cooperative management and party politics. Committee members seek election to advance their private interests by accessing cooperative resources, while the incumbent party attempts to control the cooperatives for political expediency.

Another key respondent makes similar observations:

Kebele officials influence or meddle in the cooperative's collaboration with elected cooperative members, which has an effect on cooperative roles and performance. This interference has an impact on the cooperative's rights as it violates the provisions of the proclamation that allow cooperative societies to be freely established and led by their freely elected members. This type of interference weakens the democratic and

---

87 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025.

88 Interview with Jimma zone cooperative society expert, Jimma, 27 February 2026. The extracted quote that follows is also from this source.

economic principles that cooperatives are supposed to function under, limiting their autonomy and reducing their efficacy.<sup>89</sup>

Interference is also reported in Buno Bedele zone, with political actors said to influence the cooperatives to donate money for party activities.<sup>90</sup> These observations imply that the current government uses cooperative structures to monitor rural people, manage local economies and implement party political agendas instead of creating favourable conditions for cooperatives to function independently. It also suggests that the state has stepped beyond its supervisory function to exert more control over cooperative governance. This both inhibits the democratic governance of cooperatives and constrains their role as economic associations to transform the agrarian rural community.

Internally, the perceived legacy of corruption in cooperative leadership is another key challenge. Anecdotal evidence shows that the economic status of committee members often changes markedly after assuming leadership positions. Despite this, cooperative members appear unable or unwilling to challenge these leaders or initiate formal investigations: Members lack awareness about how to influence cooperative leadership to ensure transparency and accountability with regard to committee performance.<sup>91</sup>

Limited financial resources to buy coffee from producers on a timely basis and the absence of sufficient credit facilities have also affected the performance of coffee cooperatives. As the deputy manager of the Cooperative Bank of Oromia explains:

The bank requires fixed assets, such as machinery and vehicles with a valid ownership certificate to be pledged as collateral to secure a loan. However, the credit approval process often takes a long time because cooperative and union leaders frequently fail to present complete and properly documented collateral. Despite this procedural challenge, the bank is widely regarded as a farmers' bank, as it was established by farmers and cooperative societies themselves to provide financial services tailored to their needs. I emphasized that there are mandatory legal requirements for the bank to facilitate credit service, such as a tax identification number [TIN], a valid trade license and adequate collateral.<sup>92</sup>

The limited capacity of cooperative leaders to present mandatory documents in a timely manner affects their performance with regard to offering credit services to their members. This is also the case in terms securing credit to buy coffee from their members. When a cooperative society lacks collateral, its leadership cannot access credit services. When a cooperative does have

---

89 Interview with Seka Chekorsa cooperative coordinator, Seka, 22 October 2025.

90 Interview with Bedele cooperative society, Bedele, 27 October 2025.

91 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025.

92 Interview with Jimma zone Oromia Cooperative Bank deputy manager, Jimma, 27 February 2026.

adequate collateral, presenting the necessary documentation can also be challenging. As the deputy bank manager points out, some cooperative leaders simply do not have the necessary experience to provide proper documentation. These issues directly contribute to the lengthy amount of time involved with credit service delivery.

### Impact on economic empowerment

In principle, cooperatives are expected to ensure the economic empowerment of their smallholder coffee farmer members. The findings from this study, however, indicate that cooperatives tend to lack adequate financial resources to meaningfully influence the economic well-being of smallholder coffee farmers.<sup>93</sup> Study findings also indicate that the performance of cooperatives in the three zones varies considerably. In some districts, for example, well-performing cooperatives have positively impacted coffee farmer livelihoods by providing agricultural inputs, supplying manufactured goods for household consumption and offering credit services by cooperatives. In contrast, other cooperatives remain largely inactive and fail to deliver meaningful benefits to their members.<sup>94</sup>

In addition to lack of financial services, the general underperformance of cooperatives in the coffee belt and their subsequent failure to achieve intended outcomes is also rooted in governance and structural vulnerabilities. These internal issues are exacerbated by external market pressures, including extreme coffee price volatility in the past (most notably in 2007 and 2008, when prices fell sharply), which eroded incomes and increased indebtedness.<sup>95</sup> Poor rural-to-urban connectivity and high logistical costs also significantly diminish the market power of cooperatives, leaving them unable to compete effectively with private traders.<sup>96</sup>

---

93 Interview with Jimma zone cooperative society expert, 10 October 2025; interview with Seka Chekorsa cooperative coordinator, Seka, 22 October 2025; interview with Bedele cooperative society, 27 October 2025.

94 Interview with Ilu Aba Bora ECTA expert, Mettu, 27 October 2025. This finding is consistent with an earlier study that shows cooperatives in south-west Ethiopia, including the Jimma zone, have not brought clear economic empowerment to all smallholder members, despite differences between individuals and cooperatives across the coffee belt. For further information, see: Zekarias Shumeta and Marijke D'Haese, 'Do coffee cooperatives benefit farmers? An exploration of heterogeneous impact of coffee cooperative membership in Southwest Ethiopia', *International Food and Agribusiness Management Review* 19/4 (2016). Accessed 6 August 2026, <https://brill.com/view/journals/ifam/19/4/article-p37-3.xml>.

95 Interview with Seka Chekorsa cooperative coordinator, Seka, 22 October 2025; interview with deputy head of Jimma zone coffee cooperative union, Jimma, 17 October 2025.

96 ElMamoun Amrouk, 'Depressed International Coffee Prices: Insights into the Nature of the Price Decline', *Food Outlook* (July 2018). Accessed 6 August 2026, [https://www.fao.org/fileadmin/templates/est/COMM\\_MARKETS\\_MONITORING/Coffee\\_Cocoa/Documents/coffee\\_prices\\_2018.pdf](https://www.fao.org/fileadmin/templates/est/COMM_MARKETS_MONITORING/Coffee_Cocoa/Documents/coffee_prices_2018.pdf).

## Smallholder coffee farmers

Smallholder coffee farmers form the majority of the production base in the Jimma–Ilu ABA Bora–Buno Bedele coffee belt. They largely rely on traditional agroforestry practices and family labour, which leaves them highly sensitive to market fluctuations and policy changes. Most smallholders cultivate coffee on small plots of land, on average 1 to 2 hectares. An unspecified number have 2 or more hectares of coffee land.<sup>97</sup> Coffee farmers have welcomed the recent price surge in both domestic and international markets.<sup>98</sup> This encourages them to more actively engage in coffee production to improve both the quality and quantity of their supply. At the same time, however, smallholders continue to face constraints.

During the EPRDF regime, smallholder coffee producers sold their coffee to both cooperatives and traders that supplied their coffee to the ECX. Since the marginalization of the ECX under the 2017 reform, coffee traders and brokers have assumed a more prominent role in the coffee supply chain. In particular, they now have greater influence over the price of coffee. Smallholders are adversely affected by this shift in market dynamics, as this coffee farmer from Buno Bedele zone explains:

Coffee dealers significantly influence the price of my coffee. The merchants and their dealers have greater influence over market information. This has enabled buyers to set coffee prices unilaterally. Coffee farmers like me, on the other hand, have little bargaining power and are often compelled to accept whatever price dealers offer, even if it does not reflect the true value of my coffee. Thus, I get less benefit. If I directly export as per the reform, I would have more benefits.<sup>99</sup>

Another smallholder coffee farmer from the Manna district in Jimma zone reinforces these observations about the disparities between farmer and trader benefits.<sup>100</sup> He further says that farmers lack the bargaining power to sell their coffee at better prices, with prices instead determined by merchants (traders, brokers), which leads to smallholder exploitation. Overall, the smallholder coffee farmers who participated in this study reveal the unequal and asymmetric power relations in the coffee sector, the primary consequence of which is that they are not sector beneficiaries. Instead, they consistently report low earnings. Although the 2017 reform creates a direct export channel for smallholders (through vertical integration), thus offering a

---

97 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025.

98 Interview with smallholder farmer in Manna district, Manna, 14 October 2025; interview with coffee farmer, Gomma district, 14 October 2025.

99 Interview with coffee farmer, Bedele Zuriya, 30 October 2025.

100 Interview with coffee farmer, Manna, 16 October 2025.

way to reduce the influence of powerful intermediaries, few are able to take advantage of this potential benefit.<sup>101</sup>

In addition to the challenges posed by monopoly practices in price setting, smallholder farmers face challenges related to lack of awareness and limited technical capacity to engage in exporting. Consequently, those who do not export and those who are not members of export-oriented cooperatives tend to continue to receive limited benefits from the liberalized coffee market.<sup>102</sup> This smallholder from Bilida in Jimma elaborates:

I have observed that those who engage in direct coffee exporting benefit more these days. I sell my coffee to the cooperatives because the legal procedures and regulatory mechanisms set by the Ethiopian Coffee and Tea Authority [ECTA] are rigorous to obtain an export license. It consumes too much time. The transport costs and accommodation costs to facilitate the license are also onerous, as the authority operates from Addis Ababa. In my observation, smallholders in the coffee business who are not directly exporting do not get the benefits they deserve.<sup>103</sup>

This respondent implies that the ECTA needs to decentralize its service delivery to better access farmers located in remote geographical areas. In addition to limited financial capital, he also highlights stringent international regulations and poor rural infrastructure as export barriers.

The volatility of the international coffee market poses another serious challenge for smallholders. As this farmer from Manna district in Jimma zone explains:

The volatility of the international coffee market has big effect on the local coffee market. When I keep my coffee to sell it at better price, the international market may fall, which ultimately causes a drop the domestic market price. This means coffee farmers have to sell their coffee at lower prices. Recently, the Oromia regional government significantly increased the mandatory payment or fee for coffee traders this year. This is labelled as an additional levy payment. The increase in the imposed levy on coffee traders has also affected smallholder coffee farmers like me, preventing us from receiving the full benefits we deserve.<sup>104</sup>

---

101 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025; interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025; interview with Ilu Aba Bora zone cooperative union expert, Mettu, 27 October 2025.

102 Interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025.

103 Interview with coffee farmer in Manna district, Manna, 28 February 2026.

104 Interview with coffee farmer in Manna district, Yebu, 28 February 2026.

The same farmer suggested that some coffee traders also exacerbate the challenges smallholders face in relation to international market fluctuations by using social media to influence coffee farmers to sell their coffee at cheaper prices, pretending that the price of coffee is going to fall.<sup>105</sup>

## Commercial investors and coffee plantations

Commercial investors and coffee plantations are a key stakeholder group in the Jimma–Ilu ABA Bora–Buno Bedele belt. They operate with high capital intensity and larger land tracts, allowing them to bypass local actors and link directly to secondary markets. Although most plantation managers declined to participate in this research project, their corporate websites indicate that their companies operate in a vertically integrated mode.<sup>106</sup> Many of these companies are geographically located in Jimma zone, with some also operating outside this coffee belt, across other areas in south-western Ethiopia. The six most well-known coffee estates and exporters are: 1) Haider Abamecha Coffee Export, with a large coffee plantation and export facility in Limmu in Jimma zone; 2) Naif Coffee Exporter PLC, which does coffee production, processing and export from the Jimma highlands; 3) Elias Jebel Coffee Export, a Jimma-based exporter supplying international markets; 4) Ibrahim Hussein Coffee Grower and Exporter, which operates in Limmu woreda in Jimma zone; 5) Fenaol Coffee Trading PLC exports coffee from south-western zones; and 6) MIDROC Investment Group Horizon Plantations Plc, with coffee estates in Limmu in Jimma zone.

These coffee investors and estate owners play a significant role in aggregation, washing, dry processing and direct export. As powerful actors in this regional coffee value chain, they prevail over cooperative unions in terms of influencing market access and price transmission. Discussing the changes in the Ethiopian coffee sector over time, the owner of the Ibrahim Hussein Coffee Growing and Export Company explains:

The current policy environment is more enabling for the coffee business compared to the EPRDF period, during which the Ethiopian Commodity Exchange [ECX] allegedly operated in a politicized manner. I argue that the nation lost significant monetary benefits during the EPRDF era, channelled via the ECX, as a coffee exporter unable to obtain the returns exporters deserved. For me, the ECX functioned more as a political instrument than as an institution established to effectively serve the coffee sector. I appreciate the post-2017 coffee reforms, claiming that the reform has created a more conducive environment for coffee production and export. In particular, I have come across the government's facilitation of land preparation for coffee cultivation in various

105 Interview with coffee farmer in Manna district, Yebu, 28 February 2026.

106 The analysis in this section relies partly on the official websites of: Haider Abamecha Coffee Export (<https://www.haidercoffee.com>); Naif Coffee Exporter PLC (<https://www.naifcoffee.com>); Elias Jebel Coffee Export (<http://www.elyasjebel.com>); Ibrahim Hussein Coffee Grower and Exporter (<https://www.limmucoffee.com>); Fenaol Coffee Trading PLC (<https://www.fenaolcoffee.com>); and MIDROC (<http://www.midrocinvestmentgroup.com/horizon-coffee>).

parts of the Oromia Region. However, despite these improvements, there are ongoing challenges, especially the imposition of a 5 per cent levy on coffee exporters by the regional government, including the 3 per cent by the federal government, which I argue undermines coffee exporters' competitiveness in the international market. This has made our coffee expensive compared to the Brazilians in the international market, which causes exporters like me not to get buyers for my coffee.<sup>107</sup>

As this respondent indicates, although the 2017 reform has created a better environment for the coffee sector, these gains are compromised by both the 5 per cent levy imposed by the regional government and the 3 per cent tax levied by the federal government. As a result, this limits the competitive edge of Ethiopian companies in the global market as these levies increase the price of their coffee.

The Oromia regional state government introduced the 5 per cent levy on export coffee to address imbalances in the local coffee value chain. More than 4,000 coffee producers (large-scale coffee producers and exporters) have been targeted. Intended to fund farmer training, improve quality and develop infrastructure, the levy aims to bridge the revenue gap between urban centres and rural producers.<sup>108</sup> While exporters receive tax deductions and fee waivers, concerns remain that rising domestic prices will squeeze margins, prompting exporters to pass the financial burden onto vulnerable infrastructure-strapped farmers.<sup>109</sup> That means those exporters will pay less for smallholders' coffee.

Pertinent to this finding, there is a critical misalignment between the coffee export sector and governing bodies. Rather than functioning as facilitators of trade, key institutions such as the ministry of trade and the customs commission are widely perceived by exporters as bureaucratic obstacles that constrain the global competitiveness and growth potential of Ethiopian coffee.<sup>110</sup> Exporters also express dissatisfaction with the limited international promotion of Ethiopian coffee and the inadequate support provided by domestic regulatory institutions.

---

107 Interview with Jimma zone coffee grower and exporter, Jimma, 26 February 2026.

108 Oromia Trade Bureau, 'Directive No. 15/2018: Imposition of 5% Coffee Export Levy', Issued 7 December 2018 EC.

109 Bezawit Huluager, 'Oromia Imposes Five Percent Coffee Export Levy Amid Sector Concerns', *Addis Fortune*, 27 December 2025. Accessed 6 August 2026, <https://addisfortune.news/oromia-state-puts-new-fee-on-coffee-bean-sales>.

110 Mandefro Meshao, 'Challenges and Opportunities of Ethiopian Coffee Exporters Association', MA thesis, Jimma University, Jimma, 2020. The next observation is also derived from this source.

## Coffee traders: Collectors, suppliers and exporters

### Coffee collectors (*sebsabies*)

Coffee collectors, or *sebsabies*, in this belt generally operate after obtaining legal delegation from a coffee supplier (*akrabi*). One research respondent confirms this is the case, stating that collectors buy coffee from farmers and supply it to licensed suppliers through formal market channels.<sup>111</sup> In most cases, collectors generate profit for their supplier when cooperatives are unable to buy coffee from farmers, especially when farmers require immediate cash. Although cooperatives typically offer better prices than private suppliers, their limited liquidity often constrains their purchasing capacity. This has created an opportunity for collectors to buy coffee (cherries or parchment coffee) directly from farmers for their intended supplier. Both before and after the 2017 reform, coffee collectors act as agents for coffee suppliers as they are not legally allowed to buy coffee from smallholder coffee farmers. One coffee supplier indicates that the 2017 reform has encouraged coffee collectors to buy coffee on behalf of coffee suppliers, once they have the necessary formal legal authority to do so:

This has helped me to buy coffee from smallholders easily and to supply our coffee to any potential buyer, including the Ethiopian Coffee and Tea Authority [ECTA] and other individual coffee exporters. I, as the coffee supplier in the belt, I use my coffee collectors to serve as my brokers in certain circumstances. Thus, the collectors buy cherries or dried coffee from farmers.<sup>112</sup>

Coffee collectors often serve as intermediaries, purchasing cherries and dried coffee from farmers on behalf of a coffee supplier. These local collectors largely operate through informal channels, alongside the formal channels of their suppliers.

### Coffee suppliers (*akrabies*)

In the Jimma-Ilu Aba Bora-Buno Bedele belt, there are two types of coffee suppliers that smallholder coffee farmers use to sell their coffee: private licensed suppliers (*akrabies*), who work with their registered local collectors; and primary cooperatives. Compared to cooperatives, private suppliers play a pivotal role in catalysing the local market.<sup>113</sup> First, they provide immediate cash payments at farm-gate or local market sites, whereas cooperative payments are typically delayed. Smallholder farmers highlight that they choose to sell part or all of their coffee harvest to private suppliers because of their immediate cash needs.<sup>114</sup> Second, private suppliers operate local processing facilities; namely, wet mills (washing stations) and dry mills

111 Interview with Manna district coffee collector, Yebu, 27 February 2026.

112 Interview with head of Jimma zone ECTA, Jimma, 17 October 2025.

113 Zekarias and D'Haese, 'Do coffee cooperatives benefit farmers?.'

114 Interview with coffee farmer in Manna district, Manna, 16 October 2025; interview with coffee farmer, Bedele Zuriya, 30 October 2025; interview with coffee farmer in Manna district, Manna, 28 February 2026.

(hulling facilities), which convert raw red cherries into washed parchment coffee. Third, private suppliers are responsible for primary quality grading (grades 1 through 5) before the coffee moves out of the coffee belt.<sup>115</sup> As such, they are a crucial pathway to market for smallholders.

In the past, various coffee suppliers channelled their coffee to the ECX. Following the 2017 reform, however, private coffee suppliers have multiple opportunities to compare the prices on offer by various exporter companies. Study findings indicate that suppliers sell their coffee to the exporters who offer better prices. In contrast, many cooperatives do not tend to buy coffee from their members at competitive prices, due to inadequate financial resources.<sup>116</sup>

While coffee suppliers tend to accrue more benefits from the coffee value chain than the smallholder farmers who grow coffee, they nonetheless face several challenges. Key among these are capital limitations, a lack of credit facilities and inadequate storage infrastructure. The coffee purchased from smallholders can also occasionally suffer from quality degradation, largely driven by climate change and transportation difficulties.<sup>117</sup> Additional constraints include weak value chain linkages, poor processing technologies and inadequate rural transport infrastructure.

## Brokers

Coffee brokers play several roles in the coffee sector. They provide immediate cash through on-the-spot market purchases, helping smallholders meet urgent household and farm financing needs, which cooperatives may not be able to address due to their delayed payment structures.<sup>118</sup> Brokers also reduce transaction costs by purchasing directly at or near the farm gate, particularly for farmers in remote areas, while serving as an important channel for market information and buyer demand. Most coffee farmers sell their produce to traders who come to their vicinity through the brokers, once they have compared the prices on offer. This leads to the exploitation of coffee producers, however, as they often have urgent cash needs (mainly during coffee harvest seasons), thus enabling brokers to purchase coffee at lower prices.

This highlights the continued influence of asymmetric information flows that allow brokers to manipulate coffee farmers. That is, brokers often exploit asymmetries in the coffee sector by

---

115 Interview with coffee farmer, Seka Chekorsa, 17 October 2025.

116 Interview with smallholder coffee farmer in Manna district, Manna, 14 October 2025.

117 Interview with Gomma district coffee supplier, Agaro, 20 October 2025; interview with Manna district coffee supplier, Yebu, 13 October 2025. Similar findings are reported in another study conducted in this coffee belt, which reveals significant post-harvest losses due to inadequate drying, storage and quality control facilities. See: Gemechu Yadeta Degefa et al., 'Factors Influencing the Coffee Market Supply among Smallholder Producers in Southwestern Ethiopia', *Discover Sustainability* 7/456 (2026). DOI: 10.1007/s43621-026-02682-3

118 Interview with smallholder farmer in Manna district, Manna, 14 October 2025; interview with coffee farmer in Manna district, Manna, 28 February 2026. The remainder of the paragraph is derived from the same sources.

leveraging both their superior market information and the weak bargaining power of farmers to offer lower farm-gate prices and capture higher profit margins.<sup>119</sup> In addition, they facilitate side-selling, allowing cooperative members to sell part of their harvest outside cooperative channels for immediate liquidity. Although this provides farmers with short-term financial flexibility, it reduces the volume of coffee that is marketed through cooperatives, thus weakening their economies of scale and overall performance.

## Export companies

During the EPRDF regime, coffee export was monopolized by the ECX. In contrast, the current Prosperity Party government permits anyone who meets the minimum export requirements to participate in the coffee export business. According to the ECTA directive, the primary requirements for obtaining and maintaining a coffee export license include securing minimum startup capital of ETB 15 million (approximately USD 96,000–97,000) for individual (private) exporters and ETB 20 million (approximately USD 128,000–129,000) for private limited and share companies.<sup>120</sup> Applicants must also provide full disclosure of ownership detailing governance structures for the company or individual private exporters, maintain an ECTA-inspected and certified quality control laboratory (from which coffee farmers exporting their own produce are exempt) and hire certified quality testing personnel.<sup>121</sup>

Following the 2017 reform, the National Bank of Ethiopia also introduced its own foreign exchange reform policies and incentives to achieve macroeconomic stability and economic resilience. These foreign exchange retention policies fundamentally reshaped exporter incentives and participation. More generally, the changes in foreign exchange retention policies constitute one of the most consequential institutional shifts in the post-2018 political economy of coffee. Under successive National Bank of Ethiopia directives, retention rules fluctuated sharply, creating uncertainty for exporters and limiting reinvestment. Recent changes have brought more stability.

A 2024 directive, which allows for 50 per cent retention, marks a significant incentive realignment.<sup>122</sup> This directive reduces the opportunity costs of export participation and encourages new exporters to join the coffee sector. An exporter from AMG Coffee Export verifies this: He emphasizes that retained foreign exchange enables cross-sectoral investment,

119 Zekarias and D’Haese, ‘Do coffee cooperatives benefit farmers?’.

120 The exchange rate is calculated based on the average official exchange rate of the Commercial Bank of Ethiopia in January 2026.

121 Ethiopian Coffee and Tea Authority, ‘The Coffee Marketing and Quality Control (amendment) Directive No. 1106/2025’, Addis Ababa: Ethiopian Coffee and Tea Authority, July 2025. Accessed 29 July 2026, <https://justice.gov.et/wp-content/uploads/2026/02/1106-The-Coffee-Marketing-and-Quality-Control-amendment-Directive-No.-1106-2025.pdf>.

122 Abdata Abebe Sefara and Regassa Bakare Dandi, ‘Forex Regulation vis-à-vis Foreign Direct Investment in Ethiopia: An Appraisal of Previous Regulatory Trends vs. the New Forex Law’, *Wallaga University Journal of Law* 2/1 (2024).

including the importation of industrial inputs.<sup>123</sup> This same respondent goes on to discuss challenges related to the floating nature of the ETB-USD exchange rate, which has reduced company financial gains, as he explains:

Dollar volatility poses a significant challenge for a coffee exporter, which means USD to birr exchange rate fluctuations have created uncertainty in pricing, contract negotiations and profit margins. If exchange rate adjustments occur on a predictable, like on a monthly basis, rather than a daily basis, exporters can better anticipate changes and plan accordingly. However, unpredictable fluctuations in the foreign exchange rate have caused financial risk and affected competitiveness in global coffee markets. Moreover, the wide gap between the official exchange rate and the parallel [black market] rate further distorts market incentives. Narrowing this exchange rate differential through improved foreign exchange management and policy consistency would help stabilize the sector. Strengthening regulatory oversight and addressing illegal foreign currency transactions are also essential to reduce black market activities and promote a more transparent and predictable business environment.

Clearly, then, the coffee export business is affected by market-based exchange rates that show dollar appreciation against the ETB. The black market also has an impact on the coffee export sector.

Through the foreign exchange reform, the National Bank of Ethiopia recently adopted Foreign Exchange Directive No. FXD/04/2026, which amends and expands the earlier foreign exchange rules (building on Directive No. FXD/01/2024) as part of the ongoing foreign exchange liberalization programme.<sup>124</sup> The new 2026 directive allows service exporters to retain all foreign exchange earnings indefinitely in retention accounts, which has tremendous benefits for coffee exporters. This reform was not, however, a government initiative. Rather, it is the outcome of the influence of financial lenders on the Ethiopian government; notably, the International Monetary Fund (IMF). As a Jimma zone coffee cooperative union exporter notes, ‘I welcomed the increased flexibility, emphasizing that the fluctuating USD to birr exchange rate allows union exporters to maximize foreign exchange gains. It is good news for my coffee cooperative

123 Interview with Jimma zone AGM Coffee Export company manager, Jimma, 12 October 2025.

124 ‘PUBLIC NOTICE: NOTICE ON RELAXATION OF FOREIGN EXCHANGE DIRECTIVES (FXD/01/2024)’, National Bank of Ethiopia, 11 January 2026. Accessed 6 August 2026, [https://nbe.gov.et/nbe\\_news/public-notice-notice-on-relaxation-of-foreign-exchange-directives-fxd-01-2024/](https://nbe.gov.et/nbe_news/public-notice-notice-on-relaxation-of-foreign-exchange-directives-fxd-01-2024/); ‘DIRECTIVE NO. FXD/04/2026 AMENDMENT TO FOREIGN EXCHANGE DIRECTIVE NO. FXD/01/2024’, National Bank of Ethiopia, 12 February 2026. Accessed 6 August 2026, <https://nbe.gov.et/wp-content/uploads/2026/02/DIRECTIVE-NO.-FXD042026.pdf>; National Bank of Ethiopia. ‘NATIONAL BANK OF ETHIOPIA FOREIGN EXCHANGE DIRECTIVE NO. FXD/01/2024’. 29 July 2024. Accessed 6 August 2026, <https://nbe.gov.et/wp-content/uploads/2024/07/FXD012024-FOREIGN-EXCHANGE-1-1.pdf>.

union at large.<sup>125</sup> According to this respondent, the recently adopted foreign exchange policy is also expected to boost the hard currency earnings of coffee cooperative unions.

## Coffee certifiers

Certification plays a key role in promoting sustainability, fairness and quality. It ensures that coffee is produced under environmentally sound, socially responsible and economically viable conditions, benefitting both producers and consumers. Coffee certifiers have widely engaged in the Jimma-Ilu Aba Bora-Buno Bedele belt to enable cooperatives and coffee farmers to secure better prices, access new markets and improve production practices. They also focus on enhancing transparency, traceability and brand reputation along the coffee value chain. Study findings show that most cooperatives in this belt hold multiple certifications; namely, Fairtrade, Organic and the Rainforest Alliance.<sup>126</sup> For instance, Jimma zone has 143,780 Fairtrade certified members, Ilu Aba Bora zone has 40 Fairtrade certified cooperatives and Buno Bedele has 20 cooperatives that are Fairtrade certified.<sup>127</sup>

A study respondent indicates that obtaining certification for a coffee farmer cooperative begins with legally registering the cooperative through the Oromia Cooperative Promotion Agency (OCPA).<sup>128</sup> The registered cooperative makes the necessary preparations, including training its members, and establishes an internal control system to map farms, maintain production records and ensure traceability. Once this is done, the cooperative submits the required bylaws, membership records and governance structure to the union of which it is a member. The union then applies to an accredited third-party certification body, which conducts document reviews and field audits to verify compliance with environmental, social and quality standards based on their requirements. Upon successful completion of the audit by the certifying body, the cooperative receives certification.

The benefits derived from certification-related premium funding vary depending on the type of certification and the cooperative to which smallholder farmers belong. Fairtrade premiums are primarily allocated to community development initiatives such as the construction of educational and health facilities. Cooperative union premiums are allocated to the cooperatives based both on their share of coffee production and supply to market, and on a decision by the general assembly about how to allocate the funds to smallholders; for example, agricultural

125 Interview with deputy head of Jimma zone coffee cooperative union, Jimma, 17 October 2025.

126 Interview with OCFCU staff, Addis Ababa, 10 May 2026. Unless otherwise noted, the information in the next paragraph is also derived from this source.

127 See: 'Producer Profile', Fairtrade Africa. Accessed 10 November 2026, <https://fairtradeafrica.net/wp-content/uploads/2025/03/Jimma-Farmers-Multi-Purpose-Agricultural-Cooperatives-Union.pdf>.

128 Interview with Jimma zone cooperative society expert, Jimma, 10 May 2026 (additional interview). Unless otherwise noted, the remaining information in this paragraph is derived from this source.

support activities (including the distribution of farm inputs), the management of shade tree nurseries or the provision of farmer training.<sup>129</sup>

## Multi-scalar political actors

International actors such as global coffee roasters and major EU buyers (for example, Nestle, Lavazza and Tchibo, among others) profoundly influence the political economy of the Ethiopian coffee sector, shaping the unequal distribution of power, value and risk across local, national and global scales in coffee production and trade. The EU itself is also another highly influential actor, in particular the European Union Regulation on Deforestation-Free Products (EUDR).<sup>130</sup> The EUDR aims to prevent coffee-related deforestation and forest degradation by prohibiting the sale of coffee from such areas in the EU market, ultimately to reduce EU contributions to global deforestation, biodiversity loss and climate change.

In this multi-scalar political context, ensuring state readiness for compliance with the EUDR, in particular, is critical to maintaining market access. One-third of national earnings from coffee exports is derived from exports to European countries. This means that failing to meet EUDR requirements could significantly affect coffee export earnings—threatening the livelihoods of about a quarter of the coffee growing population across the whole Ethiopia and weakening Ethiopian foreign exchange earnings, with negative effects on the national economy.<sup>131</sup>

The EUDR stipulates that large and medium-size coffee operators are required to comply by 30 December 2026, while smallholder farmers and micro to small-scale operators must be in compliance by 30 June 2027. Accordingly, all coffee producers and exporters supplying the EU market are expected to ensure that their products are deforestation-free by the applicable compliance date. Activities by both state and non-state actors are underway to raise awareness

129 This finding aligns with another study in Jimma zone that claims certification has improved market access and livelihood opportunities among smallholder coffee farmers in the zone. See: Zewdu Getachew et al., 'Impact of Membership to Certified Coffee Marketing Cooperatives on the Income of Smallholder Farmers in Jimma Zone of Oromia Region, Ethiopia', *International Journal of Economics* 8/1 (2023). DOI: 10.47604/ijecon.2047

130 European Union, 'Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023', *Official Journal of the European Union* L 150 EN (9 June 2023). Accessed 29 July 2026, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>.

131 Berihun Tefera, Habtemariam Kassa and Tigist Zelalem, 'Analysis of Ethiopian Coffee Value Chain for Compliance with European Union Deforestation Regulation', *Trees, Forests and People* 22 (December 2025). Accessed 29 July 2026, <https://www.landscapealliance.org/publications/pdf/articles/45803-Kassa-2025.pdf>.

among smallholder farmers.<sup>132</sup> The EU has also recently recognized the progress Ethiopia is making on improved traceability.<sup>133</sup>

Compliance is not, however, an easy task. In particular, challenges related to geographical inaccessibility may impede compliance to the EUDR requirement that exporters must provide GPS (global positioning system) coordinates for traceability of coffee origins.<sup>134</sup> Acute fiscal constraints also impact on EUDR compliance. Specifically, cooperatives lack the capital necessary to acquire digital hardware such as tablets, thereby hindering localized data collection and stalling the digital mapping of smallholder households. Despite these challenges, some study participants regard EUDR compliance as a strategic catalyst: By enhancing traceability in coffee-producing cooperatives and establishing clear verifiable pathways, the EUDR enables buyers to authenticate product origins and consequently empowers smallholder farmers to capture better market prices.<sup>135</sup>

Recognizing the value of EUDR compliance to the coffee sector, the federal government of Ethiopia has also undertaken a series of targeted strategic initiatives.<sup>136</sup> First, a Unified National Traceability Platform Centralized Data Repository has been established to compile, validate and verify farm-level geolocation coordinates across all regional authorities, cooperatives and private exporters.<sup>137</sup> Second, a dedicated EUDR technical working group has been formed that brings together government ministries, regional authorities, development agencies (namely, UNDP and GIZ) and export associations to align compliance efforts. As part of this, the ECTA has issued binding regulatory directives requiring all coffee supply chain actors to integrate local registries into the national system to avoid data duplication and ensure a single source of reliable information for EU importers. Third, GPS coordinates have been cross-referenced with satellite forest cover data to verify that coffee production has not caused deforestation or forest degradation after 31 December 2020. Fourth, protocols have been established to document that exported coffee legally complies with Ethiopian land tenure rights, labour standards,

---

132 European Commission, Directorate-General for Environment, 'Regulation on Deforestation-Free Products'. Accessed 15 January 2026, [https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products\\_en](https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en).

133 Yared Seyoum, 'EU Acknowledges "Tangible" Progress in Ethiopia's Coffee Sector Under Deforestation Rules', *Birr Metrics*, 4 February 2026. Accessed 6 August 2026, <https://birrmetrics.com/eu-acknowledges-tangible-progress-in-ethiopias-coffee-sector-under-deforestation-rules/>.

134 'Challenges in the Ethiopian Coffee Sector', TraceX Technologies. Accessed 6 August 2026, <https://tracextech.com/challenges-in-the-ethiopian-coffee-sector>.

135 Interview with OCFCU staff, Addis Ababa, 10 May 2026.

136 See: Dario Debowicz and Ermias Engeda, 'Green Squeeze: Countrywide Modeling for Ethiopia', London: Overseas Development Institute, 28 March 2024. Accessed 6 August 2026, [https://media.odi.org/documents/Green\\_Squeeze\\_in\\_Ethiopia\\_Final.pdf](https://media.odi.org/documents/Green_Squeeze_in_Ethiopia_Final.pdf).

137 This includes farm-level GPS mapping based on collecting GPS point data (or polygon boundary coordinates for plots bigger than 4 hectares) to map millions of smallholder coffee plots back to their origin.

environmental regulations and local export laws. Fifth, partnerships with international organizations such as UNDP, GIZ and the Global Environment Facility have been formed to fund digital mapping infrastructure, offline field data tools, and training for local washing stations and farmer unions. These activities focus on value chain capacity building, local partner mobilization and support to exporters.

At the regional level, the regional president, Shimelis Abdisa, and the director general of the ECTA, have pledged ongoing support to smallholders in Oromia to enhance local coffee farming. While productivity has increased due to widespread seedling renewal and national stumping campaigns, the regional president has also emphasized that further quality improvements are critical, especially closer collaboration among producers, exporters and research institutions. To manage the sector holistically, it is necessary to integrate production, marketing, finance, storage and branding into a single coordinated framework.<sup>138</sup> Such high-level and detailed engagement on the part of the regional president indicates that the coffee sector has attracted attention. Pertaining to this, a key respondent describes the revenue generated from the Oromia coffee value chain as a vital fiscal pillar: It not only funds regional development strategies but also drives national economic development, with the ultimate objective of structurally transforming smallholder livelihoods.<sup>139</sup> In pursuit of this, the regional government established Siinqee Bank both to offer credit services to coffee farmers with collateral and to encourage broader support for the coffee sector. The recently launched 5 per cent levy on coffee exporters is likewise designed to benefit smallholder farmers.<sup>140</sup>

The regional government is undertaking a wide range of other initiatives to strengthen the coffee sector, improving both quality and quantity, which has national implications for enhancing Ethiopian coffee exports. Various actors are involved in these initiatives, including state institutions, financial industries and cooperative unions, which aim to earn more coffee revenue to reinforce state capacity, strengthen administrative functions and support development activities.<sup>141</sup> To this end, the Oromia regional state revenue bureau announced that it collected a total revenue of ETB 200 billion (USD 1.5 billion) in fiscal year (FY) 2024–2025.<sup>142</sup> The region has set a goal to collect more than ETB 287 billion (USD 1.8 billion) in FY 2025–2026 fiscal year, where the share of coffee revenue is significant. Although there is no published official figure that shows Oromia earning from coffee revenue, the region accounts for nearly 60 per cent of

---

138 ‘Coffee Farmers Will Diligently Be Supported to Boost Productivity, Quality: Oromia Region Chief’, *Ethiopian News Agency*, 29 September 2024. Accessed 6 August 2026, [https://www.ena.et/web/eng/w/eng\\_5213619](https://www.ena.et/web/eng/w/eng_5213619).

139 Interview with Jimma zone cooperative society expert, Jimma, 10 May 2026 (additional interview).

140 Oromia Trade Bureau, ‘Directive No. 15/2018’.

141 Interview with Jimma zone cooperative society expert, Jimma, 10 May 2026 (additional interview).

142 *Gazette Plus / English*, Facebook post, 13 July 2025. Accessed 1 February 2026, [https://www.facebook.com/GazettePlusEnglish/posts/oromia-generates-200-billion-150-million-birr-in-202425-fiscal-year\\_gazette\\_plus\\_/1203352425137770](https://www.facebook.com/GazettePlusEnglish/posts/oromia-generates-200-billion-150-million-birr-in-202425-fiscal-year_gazette_plus_/1203352425137770). Unless otherwise noted, the remaining information in this paragraph is derived from this source.

the national coffee export. The regional government has also established the Oromia Sovereign Wealth Fund to consolidate regional assets as part of its development endeavours, aiming to attract private sector participation and align state investments with both regional and national development priorities.<sup>143</sup>



---

143 Mintesinot Nigusse, 'Oromia Forms Sovereign Wealth Fund to Consolidate Regional Assets', *Birr Metrics*, 23 July 2025. Accessed 6 August 2026, <https://birrmetrics.com/oromia-forms-sovereign-wealth-fund-to-consolidate-regional-assets/>.

# Key challenges in the coffee sector

## Patronage and clientelism

Patronage and clientelism pose significant challenges to the political economy of coffee because these practices distort institutional performance, undermine merit-based decision-making and divert public resources toward fostering political loyalty rather than promoting productive investment.<sup>144</sup> Patronage and clientelism have declined but not disappeared in the post-Ethiopian People's Revolutionary Democratic Front (EPRDF) coffee sector. Rather their forms, mechanisms and entry points have shifted.

In the post-EPRDF period, study respondents widely agree that overt centralized patronage has declined. In particular, they indicate that formal political affiliation, particularly membership in the Prosperity Party, no longer plays a decisive role in accessing export licenses. The coffee export sector has become more open, with new entrants emerging from diverse ethnic, regional and socio-economic backgrounds. The decline of centralized patronage does not, however, imply its disappearance. Instead, these practices have become more fragmented and informal. Nonetheless, as this trader points out:

Traders who are members of the ruling party continue to receive preferential treatment under the current system. This advantage is most visible in their relative ease of access to credit services and the allocation of land for economic activity. I note such methods are not new but rather a continuation of what occurred during the EPRDF era, when political loyalty and party affiliation determined who benefitted from public resources and opportunities.<sup>145</sup>

This quote reveals patronage practices that favour ruling party affiliates over non-member traders, increasing political and economic inequities in the trading community. Hence patronage has become more diffuse and institutionally mediated. This shows the continued challenges in access to land and regulatory processes, which are shaped less by formal party affiliation and more by informal networks, bureaucratic discretion and localized power relations.

Clientelism presently operates through informal expectations and localized bargaining, rather than formal policy bias. The clientelist practices persist in more subtle forms: Traders affiliated with the ruling party are often expected to make larger financial contributions when informal requests arise, while non-affiliated traders face smaller demands. Although these practices

---

144 Herbert Kitschelt and Steven I Wilkinson, eds., *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition*, Cambridge: Cambridge University Press, 2007.

145 Interview with Gomma district coffee supplier, Agaro, 20 October 2025.

do not constitute systematic exclusion, they indicate the continued presence of reciprocal expectations between economic actors and political authorities.<sup>146</sup> This distinction underscores a shift from overt patronage to governance-related clientelism embedded within bureaucratic processes.

Another research respondent indicates that there are perceptions of ethnic favouritism, with traders from Oromia Region receiving preferential treatment in the current coffee trade.<sup>147</sup> He argues that this is misleading, however, noting new entrants from diverse regions and backgrounds. Current actors in the coffee sector represent a diverse array of ethnic, religious, gender, educational and regional identities. While both Oromo and non-Oromo groups actively participate in coffee investment, the number of local investors (Oromos) is steadily rising, with an estimated annual growth rate of 5–10 per cent.<sup>148</sup>

Dismissing ethnic and local dynamics entirely would nevertheless be analytically misleading. The Ethiopian political system remains organized along ethno-federal lines, shaping how authority, trust and access are negotiated on the ground. As a result, identity continues to influence the political economy of coffee indirectly, interacting with capital access, institutional proximity and informal networks rather than functioning as a direct criterion for exclusion. In the absence of vibrant institutions, the influence of ethnicity in the state apparatus in an ethnically structured state is strong.<sup>149</sup>

## Coffee smuggling

One of the main challenges in the political economy of coffee is the impact of coffee smugglers and illicit trade. In response, the Ethiopian Coffee and Tea Authority (ECTA) has launched a significant crackdown on exporters involved in illicit trading and contract breaches, with 226 exporters flagged for irregularities and licenses revoked for 16 untraceable companies that failed to engage with regulators.<sup>150</sup> Despite the tight legal procedures in the formal system, there is a law enforcement gap in terms of controlling illicit traders, as this respondent explains:

---

146 Interview with Manna district coffee supplier, Yebu, 13 October 2025.

147 Interview with head of Jimma zone ECTA, Jimma 17 October 2025. Unless otherwise noted, the remaining information in this paragraph is derived from this source.

148 Interview with head of Jimma zone ECTA, Jimma, 15 June 2026 (additional interview.)

149 This reflects empirical evidence about the influence of ethnic networks in political and economic outcomes from elsewhere in Africa. For example, see: Francesco Amodio, Giorgio Chiovelli and Sebastian Hohmann, 'How Ethnic Politics Shapes Labour Markets in Africa', VoxDev, 18 June 2024. Accessed 6 August 2026, <https://voxdev.org/topic/labour-markets/how-ethnic-politics-shapes-labour-markets-africa>; Sanghamitra Bandyopadhyay and Elliott Green, 'Explaining Ethno-Regional Favouritism in Sub-Saharan Africa', *World Development* 188 (April 2025). Accessed 6 August 2026, <https://www.sciencedirect.com/science/article/pii/S0305750X24003723>.

150 Kalaeb Girma, 'Int'l Price Cut, Illicit Trade Cripple Coffee Exports', *Addis Fortune*, 17 August 2019. Accessed 6 August 2026, <https://addisfortune.news/intl-price-cut-illicit-trade-cripple-coffee-exports>.

The formal coffee trade system has involved in tight bureaucratic procedures, strict quality control requirements and regulatory hurdles. These stringent requirements have discouraged me from using the formal channel. I also observe licensed exporters who often participate in the informal coffee trade for a range of reasons such as to make a better profit or to escape tax requirements and quality monitoring. In my view, the formal or legal trading system is not well respected. This has created unequal benefits between the formal and informal traders in the sector. As a result, I opted for the use of informal routes as an alternative channel. I also observed that exporters typically purchase coffee from medium-level traders or suppliers. If the product does not meet the export quality standards, however, the coffee is automatically disqualified for export. In such cases, I was compelled to resort to an informal route as the only viable option to sell the coffee and avoid financial losses.<sup>151</sup>

Licensed exporters also partake in illicit business, indicating a further gap in the coffee sector. In the same vein, another key research respondent explains:

The informal network has been embedded in the formal trade route. There is a demand for these lower-grade coffees from buyers in China, Russia and some Middle Eastern countries. These buyers are willing to receive and trade coffee that does not meet the official export standards. The illegal trade network involves multiple layers of actors, spanning from local intermediaries and regional brokers to national coordinators and international buyers. There is an unspecified Chinese company that exemplifies this practice, purchasing approximately 20 per cent of high-quality Ethiopian coffee through the formal channels and an additional 80 per cent of lower-grade coffee through informal networks. This company reportedly mixes the two types of coffee in China before processing and selling them in various blended forms to users.<sup>152</sup>

Embedded in the formal trade system, informal trade also involves multiple actors from state to non-state actors up to international buyers—and it relies on complex networks and various hidden actors.

Illicit trade is also part of the domestic market. As another respondent explains, coffee meant for export from the Jimma–Ilu ABA Bora–Buno Bedele belt is sold in the domestic market secretly and illegally to earn a better price than that for exporting it.<sup>153</sup> Driven by domestic prices nearly six times higher than farm rates, a lucrative parallel trade has emerged where both licensed exporters and illicit traders evade strict bureaucratic hurdles, taxes and transport costs

---

151 Interview with Jimma zone informal coffee trader, Jimma, 10 October 2025.

152 Interview with Jimma zone informal coffee trader, Jimma, 12 October 2025.

153 Interview with Ilu ABA Bora zone coffee supplier, Mettu, 30 October 2025.

by secretly selling export-quality coffee locally.<sup>154</sup> In 2023–2024 alone, 775 tonnes of export-grade coffee, worth ETB 100 million (USD 704,000), were seized after being rerouted to the domestic market.<sup>155</sup>

There are four main domestic routes:

Ililu ABA BORA → Gambella

Mettu → Bedele → Jimma → Addis Ababa → Bahir Dar → Gondar → Metema

Mettu → Bedele → Nekemte → Burie → Gojjam

Mettu → Jimma → Welkite → Hossaina

The scale of informal domestic trade is large, with coffee being extensively smuggled from Jimma to Welkite to Silte zones, and to Addis Ababa.<sup>156</sup> Illegal coffee trade tends to be sustained by regulatory barriers and a network of corrupt local officials, police and traders, who utilize bribery, night smuggling and threats of violence to evade customs checkpoints.<sup>157</sup>

In terms of cross-border routes, coffee is mainly smuggled to South Sudan, Sudan and Eritrea via Ethiopian border regions such as Gambella and Metema. These border-sharing states also receive lower-grade Ethiopian coffee, channelled through illegal trade routes. These cross-border exchanges occur outside formal regulatory frameworks, illustrating the regional dimension of the informal coffee trade and the persistence of smuggling networks that operate beyond Ethiopian national borders.

There are two main cross-border smuggling routes:

Mettu → Bedele → Jimma → Addis Ababa → Bahir Dar → Gondar → Metema → Eritrea/Sudan

Mettu → Gambella → South Sudan

154 Tadesse Simie Metekia, 'Fighting the Illicit Trade in Ethiopian Coffee', ENACT Observer, 30 May 2022. Accessed 6 August 2026, <https://enactafrica.org/enact-observer/fighting-the-illicit-trade-in-ethiopian-coffee>.

155 Amanuel Bekele and Bezawit Huluager, 'Coffee Sector Faces Tough New Rules Targeting Export Diversion', *Addis Fortune*, 13 September 2025. Accessed 6 August 2026, <https://addisfortune.news/coffee-sector-faces-tough-new-rules-targeting-export-diversion/>.

156 Interview with Jimma zone informal coffee trader, Jimma, 10 October 2025; interview with Jimma zone informal coffee trader, Jimma, 12 October 2025. Unless otherwise noted, the remainder of this subsection on smuggling draws on these sources.

157 Tadesse, 'Fighting the Illicit Trade'.

Attempts to reduce the illegal coffee trade include the Anti-Contraband Task Force in the belt, which is coordinated by the Jimma zone administration, working alongside federal and regional bodies—the ECTA, security agencies, and the customs and justice offices. The task force monitors transport and purchasing, shuts down illegal collection points, confiscates contraband export-quality coffee and prosecutes offenders to secure the formal supply chain. Despite these efforts, the illicit trade in coffee remains a challenging and critical issue in Jimma zone, in particular, and more broadly across the region. Notably, coffee smuggling involves institutional corruption whereby police, customs officers and mid-level bureaucrats seemingly overlook this illicit trade because they are involved in facilitating the movement of contraband through checkpoints in exchange for bribes. Whereas the institutional vacuum of the EPRDF era normalized pervasive coffee smuggling, the corrective measures of the post-EPRDF government have proven ineffective in practice, with smuggling activities remaining entrenched across both domestic and cross-border geographic routes.

## Illicit creditors

When formal financial institutions are not in a position to lend to vulnerable communities, this makes room for predatory lenders to exploit them. Informal or illicit creditors play a significant role in the coffee sector, particularly during the *kiremt* (rainy) season. During this period, smallholder farmers often face acute financial shortages. Exploiting this gap, illicit traders offer credit under interlocked contractual agreements.<sup>158</sup> Rather than charging traditional interest, these agreements mandate that farmers sell their coffee harvest to the creditor at a predetermined, often significantly undervalued price. This practice effectively traps farmers in a cycle of debt, as the low returns on their harvest leave them with insufficient capital for the following season.

A research respondent from a cooperative society reveals that the illicit credit system has long been embedded in the socio-economic life of community, even persisting across generations:

Historically, illicit credit arrangements existed mainly in two forms—*Baro* and *Arata*. *Baro* refers to a lease-like system in which a farmer leases his or her coffee land to a creditor, typically for one or two years, depending on their agreement. In contrast, *Arata* involves a credit system where a farmer borrows money with the obligation to repay it at an inflated interest rate. Both systems often placed farmers in vulnerable economic positions and hindered their long-term financial independence.<sup>159</sup>

158 Interview with Jimma zone cooperative society expert, Jimma, 10 October 2025. The information in the remainder of this paragraph is derived from this source.

159 Interview with Ilu ABA Bora zone cooperative society expert, Mettu, 27 October 2025.

According to this same study participant, these practices have significantly declined in recent years due to improvements in farmer livelihoods and increased awareness of the negative side effects of illicit credit practices. Another research respondent confirms this:

The role of informal or illicit creditors in the coffee sector in the Manna district has become insignificant. For me, coffee farmers are now improving their saving habits and, in my perception, more than 80 per cent of smallholder farmers are living better lives compared to previous years. Farmers have also started learning from their past mistakes regarding borrowing money from the illicit lenders. Nevertheless, despite this success, I note that cooperatives in Manna are suffering from financial constraints and capital shortages.<sup>160</sup>

Based on these responses, it is possible to infer that the increase in income of coffee farmers is associated with a recent surge in global coffee prices, which has been relatively beneficial for smallholder incomes.

## Child labour

Power relations serve as a critical variable in political economy research, particularly regarding labour dynamics. In the Limmu Kossa coffee plantations, there is widespread exploitation of child labour. Specifically, school children have been compelled to harvest coffee for local investors; most notably, Horizon Coffee Plantation, a subsidiary of MIDROC.<sup>161</sup> This therefore serves as a useful case study of the challenge of child labour in the Jimma-Ilu ABA Bora-Buno Bedele belt. In addition to the benefits derived for the coffee plantation, local school administrators also justify the use of child labour as a revenue generating mechanism for their schools. During the coffee harvest season, students have been required to pick coffee two to three days per week. Parents who refuse to comply face significant financial penalties, ranging from ETB 250 to 300 (USD 1.63 to USD 1.95).<sup>162</sup>

According to the human rights expert in the Jimma zone, the scale of this practice is extensive, reportedly affecting students across 22 schools in the woreda.<sup>163</sup> He goes on to confirm that the practice of child labour on the Horizon coffee farm is both a child human rights abuse and constitutes labour exploitation. The deployment of school children as child labourers was

160 Interview with Manna district cooperative society expert, Yebu, 16 October 2025.

161 A BBC Amharic report also documents the use of both coerced and child labour at Horizon Coffee Planation. See: *BBC Amharic*, Facebook post, 11 November 2025. Accessed 6 August 2026, <https://www.facebook.com/BBCnewsAmharic/posts/1133006238984036>.

162 The exchange rate is calculated based on the average official exchange rate of the Commercial Bank of Ethiopia in November 2025.

163 Interview with Jimma zone child rights expert, Jimma, 10 November 2025. The information in the next sentence is also derived from this source.

based on two agreements between Horizon Coffee Plantation and the local schools.<sup>164</sup> The first agreement aimed to generate additional revenue for schools: The payments for coffee picked by the school children were made directly to the schools. The second agreement consisted of a debt repayment mechanism through child labour. When constructing schools for the children of Gumer farm workers, Horizon provided a gift of ETB 10,000 (USD 70) and a loan of ETB 200,000 (USD 1,400). To repay the loan, schools forced children to work for 10 to 15 days per month, even on school days.

While 2017 interventions by the Ethiopian Human Rights Commission and the education sector led to reports that the practice had been discontinued, recent testimony suggests otherwise. Respondent accounts indicate that while school-wide campaigns have ceased, some students are still sent to pick coffee for Horizon.<sup>165</sup> To mitigate public scrutiny or physical risk, students are reportedly selected based on age and sex disaggregated criteria; namely, older male students. Although this practice is intended as an alternative to requesting financial contributions from parents, it directly violates student rights and compromises their education by prioritizing labour over schooling.

The utilization of school children in the private coffee sector carries significant implications for the domestic political economy. It artificially suppresses labour costs. Unlike migrant labourers who require accommodation, food and medical care, school children provide their own sustenance and work without employer support. This gives a company unfair competitive advantages and facilitates the capture of rents by traders, exporters and politically connected actors. This arrangement also undermines the educational system, distorts market incentives and discourages responsible coffee production. These issues are not unique to Limmu Kossa. In Gera district of Jimma zone, for example, approximately 91 per cent of households utilize at least one child for coffee production, making child labour a primary driver of school absenteeism during the November and December harvest.<sup>166</sup>

---

164 BBC *Amharic*, Facebook post, 11 November 2025. The remaining information in this paragraph is based on this source.

165 Interview with education expert and former school teacher and director in Limmu Kossa woreda, Limmu, 12 November 2025; interview with parent of school student in Limmu Kossa woreda, Limmu, 11 November 2025. Information in the remainder of the paragraph is derived from these sources.

166 Tola Gemechu Ango et al., 'Coffee, Child Labour, and Education: Examining a Triple Social-Ecological Trade-off in an Afromontane Forest Landscape', *International Journal of Educational Development* 92 (2022). Accessed 6 August 2026, <https://www.sciencedirect.com/science/article/pii/S0738059322001316>. Author observations in Jimma zone correlate to and verify the key finding of this study.

# Mythology of coffee: The politics of origin and its symbolization

The origin of *Coffea arabica* remains a subject of intense debate in south-western Ethiopia, primarily centred on two competing locations: Mankira (Kaffa zone) and Kata Muduga (Gomma district, Jimma zone). While there is a consensus that Ethiopia is the global birthplace of coffee, local narratives are deeply divided by historical, oral and political perspectives on the precise location. Myths about the origin of coffee are dense with meaning and symbolism. They carry a politics of recognition and belonging, social and economic value, and serve as a means of advancing group interests in these two areas.

## Narrative claim: Gomma district, Jimma zone

Most respondents mention oral history and recent research to identify Katta Mudugga, located in Choche kebele of Gomma district, as the place of origin of coffee.<sup>167</sup> Respondents cite a recent book written in Afan Oromo by Saalim Amin, *Seenaa Bunaa fi Siyaas-Diinagdee Shanan Gibee (History of Coffee and Political Economy of Shenen Gibe)*, along with other written research sources that claim the Gibe Region is the birthplace of coffee.<sup>168</sup> Another dominant narrative is associated with legend of Kalid, in which local tradition attributes the discovery of coffee to a goat herder named Kalid on a hill in Kata Muduga area.<sup>169</sup> This site is said to host centuries-old coffee trees (*baggajjaa bunaa*) and ancient Arabic inscriptions. Other research argues that the historical role of Jimma as a trade hub facilitated the global spread of coffee, further cementing its status as the birthplace of coffee.<sup>170</sup>

167 Interview with deputy head of Jimma zone coffee cooperative union, Jimma, 17 October 2025; interview with Manna district cooperative agency expert, Yebu, 16 October 2025; interview with Jimma zone informal coffee trader, Jimma, 10 October 2025; interview with Ilu Aba Bora zone coffee supplier, Mettu, 30 October 2025; interview with head of Jimma zone ECTA, Jimma, 17 October 2025.

168 Saalim Amin, *Seenaa Bunaa fi Siyaas-Diinagdee Shanan Gibee (History of Coffee and Political Economy of Shenen Gibe)*, Finfinne: Nejashi Printing PLC, 2025. Interview with deputy head of Jimma zone coffee cooperative union, Jimma, 17 October 2025; interview with Jimma zone coffee supplier, Jimma, 16 October 2025; interview with Manna district cooperative agency expert, Yebu, 16 October 2025.

169 Interview with deputy head of Jimma zone coffee cooperative union, Jimma, 17 October 2025; interview with Jimma zone cooperative society expert, 10 October 2025.

170 Endalkachew Lelisa Duressa, 'Discourse Analysis of Origin and Distribution of Coffee Arabica', *American Research Journal of History and Culture* 4/1 (2018). Accessed 6 August 2026. (<https://www.arjonline.org/open-access/discourse-analysis-of-origin-and-distribution-of-coffee-arabica-957.pdf>); and Deressa, 'Historical Ecology'.

## Narrative claim: South-western forestlands

While most respondents claim Jimma zone as the birthplace of *Coffea arabica*, a few advocate for a broader ecological perspective of the south-western forestlands.<sup>171</sup> They argue that identifying a single point of origin is less accurate than recognizing the entire south-western forest belt, encompassing Kaffa, Jimma and Buno Bedele as the natural habitat. They mention the overall genetic diversity of this region, which serves as a vital hub for the genetic diversity of coffee, where the plant still thrives in its wild ancestral state under natural forest cover. They further indicate that coffee is an inseparable part of the collective cultural identity of south-western Ethiopia, rather than the property of a specific district.

## Politicizing coffee heritage

Contention over the origin of coffee has transcended botany and history to become a focal point for the politics of heritage. Competition between the peoples in Kaffa and Jimma zones is driven by several key factors: 1) economic interests, with recognition as the true origin bringing significant benefits in terms of tourism, international branding and development; 2) institutional recognition, whereby both zones have vied for UNESCO cultural heritage status; for example, the establishment of national museums in Kaffa zone and the foundation stone placed in Jimma in June 2007; and 3) administrative shifts: Historically, Jimma was part of Kaffa province but under Ethiopian People's Revolutionary Democratic Front (EPRDF) multi-ethnic federalism, Jimma was incorporated into Oromia Regional State, with this administrative separation intensifying competition for ownership of the coffee narrative.<sup>172</sup>

Tensions over these competing origin narratives reached a peak on 26 November 2018, when a public protest erupted in Bonga town (Kaffa zone). The demonstration was triggered by an Ethiopian Airlines promotional poster, which changed the place of origin of coffee from Kaffa to Jimma, leading thousands to march under the slogan, 'Coffee is from Kaffa!'.<sup>173</sup> Beyond this peaceful demonstration, a group of elders has spurred a public movement and an active social media campaign has been steadily growing to promote Kaffa as the birthplace of *Coffea arabica*. Centred on Bonga, the capital of the Southwest Ethiopia Peoples' Region, this advocacy leverages both deep-rooted historical pride and modern digital platforms to promote the claim.

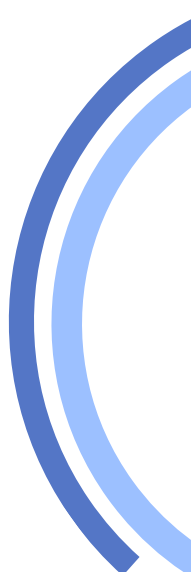
A major physical symbol of this movement is the National Coffee Museum in Bonga, a landmark project the foundation stone of which was laid by the late Ethiopian president, Girma Wolde-Giorgis. Building upon this physical infrastructure, cultural advocates and content creators

171 Interview with head of Jimma zone ECX, Jimma, 14 October 2025; interview with head of Buno Bedele zone ECTA, Bedele, 26 October 2025.

172 Interview with deputy head of Jimma zone coffee cooperative union, Jimma, 17 October 2025.

173 Emily McIntyre, 'Thousands Protest in Kaffa, Ethiopia, as Coffee's Origin is Politicized', *Daily Coffee News*, 26 November 2018. Accessed 10 November 2025, <https://dailycoffeenews.com/2018/11/26/thousands-protest-in-kaffa-as-coffees-origin-is-politicized/>.

have mobilized across social media platforms in local and English languages, using Facebook, *YouTube* and other channels, to justify the claim that Kaffa is the birthplace of coffee.<sup>174</sup> The origin of coffee therefore seems to have become a valuable asset in the struggle for dignity, recognition and economic empowerment in both places. While Jimma-based respondents point to recent scholarship and local legends to claim its heritage as the birthplace of coffee, respondents from Kaffa zone maintain a strong grip on the historical narrative, leading to a competition for recognition that continues to shape regional identity.



---

<sup>174</sup> Ramanan Selvam, 'Bridge connecting the coffee's birth place', *YouTube*, no date. Accessed 6 August 2026, <https://www.youtube.com/shorts/ofawEsHoB-A>; Kumekaffa, 'Kaffa is the birthplace of coffee', *YouTube*, 7 May 2014. Accessed 6 August 2026, [https://www.youtube.com/watch?v=GHFU\\_8ZqEP8](https://www.youtube.com/watch?v=GHFU_8ZqEP8); Koffe King, 'Kaffa THE ORIGIN OF COFFEE: Ethiopia the origin of coffee', *YouTube*, 29 October 2015. Accessed 6 August 2026, [https://www.youtube.com/watch?v=AC\\_lcFYKFio&t=603s](https://www.youtube.com/watch?v=AC_lcFYKFio&t=603s); Origin of coffee in Kaffa, Facebook public group. Accessed 6 August 2026, <https://web.facebook.com/groups/763245666165364>.

# Conclusion

Coffee and the coffee sector have been regarded as the lifeblood of the Ethiopian economy by successive governments, resulting in varying degrees of state control across different regimes. Similarly, coffee cooperatives have long been subject to local government influence. After the Ethiopian People's Revolutionary Democratic Front (EPRDF) came to power, cooperatives were established under a democratic proclamation that formally granted them self-governance; however, in practice, they have never been fully free from the interference of local government bodies. Enduring state control of the coffee sector, with local authorities continuing to play an influential role, remains a persistent feature of the political economy of coffee in Ethiopia.

The post-2017 coffee sector reform has brought a diverse range of actors to the Jimma–Ilu Aba Bora–Buno Bedele belt. The reform has created new opportunities for coffee investors, exporters and licensed cooperatives to directly participate in coffee export. The findings of this study indicate that although there have been a number of changes made in the coffee sector, real and perceived problems remain, thus impacting the political economy of coffee. A legacy of patronage and clientelism also continues. This does not mean, however, that there is no departure from the past. Rather it indicates that this departure is not yet significant.

Arguably, the post-2018 regime change seems to be transforming Oromo nationalism from a political identity into an economic identity, or at least into economic empowerment. Building an economic identity across the region plays a significant role in owning the assets necessary to maintain political leadership. In this regard, the incumbent regional government is making a significant effort to boost investment in the coffee sector by attracting private investors.

## Policy considerations

### Enhancing the capacity, accountability and transparency of cooperatives in Oromia

- The Oromia regional government and the Oromia agricultural bureau are best placed to support cooperatives through capacity-building, technical assistance and access to finance.
- Strong and autonomous cooperatives are better positioned to support smallholder coffee farmers by providing training, extension services and guidance on improved production and post-harvest practices, thereby increasing productivity, coffee quality and farmer incomes. Ultimately, stronger and more autonomous cooperatives would contribute to a more competitive, equitable and sustainable coffee sector.
- The Oromia regional government, in general, and the Oromia agricultural bureau, in particular, could enhance the financial capacity of coffee cooperatives through regional financial anchors (namely, Oromia Cooperative Bank and Siinqee Bank) to enable them to

purchase member coffee at fair market prices. This would also help discourage exploitative trading practices.

- The Oromia Coffee Farmers' Cooperative Union (OCFCU) and the Oromia agricultural bureau could facilitate and ensure cooperative-based lending systems are working to improve smallholder farmer access to affordable credit. This means establishing localized credit delivery and financial service access points in primary cooperatives and local administrative units to minimize transaction costs and improve physical proximity for rural coffee farmers. This would enable coffee farmers to enhance production and marketing. It would also reduce their dependence on exploitative intermediaries and eliminate the influence of illicit creditors in the sector.
- The Ethiopian Coffee and Tea Authority (ECTA) and Oromia agricultural bureau could enhance support services to strengthen farmer bargaining power by expanding cooperative-based direct marketing, offering timely price information using various platforms and scaling financial services. Coffee traceability systems could be improved by implementing a region-wide digital tracking system, farm registration and farm mapping. Such a system would also contribute to EUDR compliance.

### **Contested narratives over heritage in the coffee sector**

- The ECTA could promote a shared narrative about the birthplace of coffee as belonging to south-west Ethiopia in general. Where spatial specification becomes necessary, the areas encompassing both Jimma and Kaffa zones should receive balanced recognition as the historical and cultural origin of Ethiopian coffee, rather than exposing the sector to divisive ethnic identity politics and competing claims that fragment more than unite.
- If narrative contests persist, the ECTA could consider investigating the origin of coffee and provide well-substantiated and scientifically convincing evidence that commands broad consensus.



# Glossary of acronyms, words and phrases

|                       |                                                                                                                             |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b><i>akrabi</i></b>  | ( <i>Amharic</i> ) coffee supplier                                                                                          |
| <b>ECMC</b>           | Ethiopian Coffee Marketing Corporation                                                                                      |
| <b>ECTA</b>           | Ethiopian Coffee and Tea Authority                                                                                          |
| <b>ECX</b>            | Ethiopian Commodity Exchange                                                                                                |
| <b>EPRDF</b>          | Ethiopian People's Revolutionary Democratic Front                                                                           |
| <b>EUDR</b>           | European Union Deforestation Regulation                                                                                     |
| <b>GIZ</b>            | ( <i>German</i> ) Deutsche Gesellschaft für Internationale Zusammenarbeit<br>(German Society for International Development) |
| <b><i>kebele</i></b>  | ( <i>Amharic</i> ) ward; administrative unit below a <i>woreda</i>                                                          |
| <b>MIDROC</b>         | Mohammed International Development Research<br>and Organization Companies                                                   |
| <b>OCFCU</b>          | Oromia Coffee Farmers' Cooperative Union                                                                                    |
| <b><i>quintal</i></b> | ( <i>Amharic</i> ) unit of measurement equivalent to 100 kg                                                                 |
| <b><i>sebsabi</i></b> | ( <i>Amharic</i> ) coffee collector                                                                                         |
| <b>UNDP</b>           | United Nations Development Programme                                                                                        |
| <b>UNESCO</b>         | United Nations Educational, Scientific and Cultural Organization                                                            |
| <b><i>woreda</i></b>  | ( <i>Amharic</i> ) district; administrative unit below a <i>zone</i>                                                        |
| <b>zone</b>           | sub-regional administrative unit; above a <i>woreda</i> and below a region                                                  |

# Bibliography

Abdata Abebe Sefara and Regassa Bakare Dandi. 'Forex Regulation vis-à-vis Foreign Direct Investment in Ethiopia: An Appraisal of Previous Regulatory Trends vs. the New Forex Law'. *Wallaga University Journal of Law* 2/1 (2024): 18–39.

Abiyot M Dabela. 'Human Rights Repercussions of Large-Scale Land Acquisition in Ethiopia: Evidence from Gumaro Tea Plantation and Limmu Coffee Farm'. *International Journal of Public Law and Policy* 19/3 (2023): 251–267. DOI: <https://doi.org/10.1504/IJPLAP.2023.131995>

Aderajew Shumet Tamirat. *The Ethiopian Coffee Sector in an Era of Commodity Exchange: The Road Less Traveled?* Wageningen, The Netherlands: Wageningen University and Research Centre, 2013.

Amanuel Bekele and Bezawit Huluager. 'Coffee Sector Faces Tough New Rules Targeting Export Diversion'. *Addis Fortune*. 13 September 2025. Accessed 6 August 2026. (<https://addisfortune.news/coffee-sector-faces-tough-new-rules-targeting-export-diversion/>)

Amanuel Kindeya. 'Prime Minister Launches Multi-Million-Birr Coffee Warehouse Drive Across Oromia'. *Birr Metrics*. 15 November 2025. Accessed 6 August 2026. (<https://birrmetrics.com/prime-minister-launches-multi-million-birr-coffee-warehouse-drive-across-romia/>)

Amodio, Francesco, Giorgio Chiovelli and Sebastian Hohmann. 'How Ethnic Politics Shapes Labour Markets in Africa'. *VoxDev*. 18 June 2024. Accessed 6 August 2026. (<https://voxdev.org/topic/labour-markets/how-ethnic-politics-shapes-labour-markets-africa>)

Amrouk, ElMamoun. 'Depressed International Coffee Prices: Insights into the Nature of the Price Decline'. *Food Outlook* (July 2018): 25–28. Accessed 6 August 2026. ([https://www.fao.org/fileadmin/templates/est/COMM\\_MARKETS\\_MONITORING/Coffee\\_Cocoa/Documents/coffee\\_prices\\_2018.pdf](https://www.fao.org/fileadmin/templates/est/COMM_MARKETS_MONITORING/Coffee_Cocoa/Documents/coffee_prices_2018.pdf))

Aparisi, Alban Mas. 'Ethiopian coffee marketing reform and smallholder coffee producers: A socio-legal empowerment lens'. London: International Institute for Environment and Development, 2021. Accessed 6 August 2026. (<https://www.iied.org/sites/default/files/pdfs/2021-04/12609iied.pdf>)

Bandyopadhyay, Sanghamitra and Elliott Green. 'Explaining Ethno-Regional Favouritism in Sub-Saharan Africa'. *World Development* 188 (April 2025): 106901. Accessed 6 August 2026. (<https://www.sciencedirect.com/science/article/pii/S0305750X24003723>)

Bates, Robert H. *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies*. Berkeley: University of California Press, 1991.

Berihun Tefera, Habtemariam Kassa and Tigist Zelalem. 'Analysis of Ethiopian Coffee Value Chain for Compliance with European Union Deforestation Regulation'. *Trees, Forests and People* 22 (December 2025). Accessed 29 July 2026. (<https://www.landscapealliance.org/publications/pdf/articles/45803-Kassa-2025.pdf>)

Bezawit Huluager. 'Oromia Imposes Five Percent Coffee Export Levy Amid Sector Concerns'. *Addis Fortune*. 27 December 2025. Accessed 6 August 2026. (<https://addisfortune.news/oromia-state-puts-new-fee-on-coffee-bean-sales>)

Bultuma Morka. 'Investigation of Factors Affecting Coffee Export Performance: The Case of Limmu Coffee Farmers' Cooperative Union'. MBA thesis, Jimma University, Jimma, 2020.

*Capital*. 'ECTA, ECX clash over coffee trading'. 19 October 2021. Accessed 6 August 2026. (<https://capitalethiopia.com/2021/10/19/ecx-ecta-clash-over-coffee-trading/>)

*Capital*. 'Authority bans over 80 coffee exporters from trading with ECX'. 25 March 2019. Accessed 6 August 2026. (<https://capitalethiopia.com/2019/03/25/authority-bans-over-80-coffee-exporters-from-trading-with-ecx/>)

Dagm Alemayehu Tegegn. 'Coffee production in Limmu Awraja, Southwest Ethiopia: From the early twentieth century to the introduction of privatization policy'. *Cogent Arts & Humanities* 9/1 (2022): 2139803. DOI: 10.1080/23311983.2022.2139803

Debowicz, Darío, and Ermias Engeda. 'Green Squeeze: Countrywide Modeling for Ethiopia'. London: Overseas Development Institute, 28 March 2024. Accessed 6 August 2026. ([https://media.odi.org/documents/Green\\_Squeeze\\_in\\_Ethiopia\\_Final.pdf](https://media.odi.org/documents/Green_Squeeze_in_Ethiopia_Final.pdf))

Demenu Tulu. 'Coffee Production and Marketing in Oromiya'. In *Coffee Diversity and Knowledge*, edited by Girma Adugna, Bayetta Bellachew, Tesfaye Shimber, Endale Taye and Taye Kufa, 382–389. Addis Ababa: Ethiopian Institute of Agricultural Research, 2008.

Deressa Debu. 'Historical Ecology and Ethnography of the Gibe–Gojab–Dhidheessaa Triangle, 1933–2010'. PhD dissertation. Addis Ababa University, Addis Ababa, 2018.

Dessalegn Rahmato. 'Land to Investors: Large-Scale Land Transfers in Ethiopia'. Addis Ababa: Forum for Social Studies, 2011.

Endale Teshome. 'A History of Coffee Production and Marketing in Illu Abba Bor (ca. 1892–1991)'. MA thesis, Jimma University, Jimma, 2021.

Endalkachew Lelisa Duressa. 'Discourse Analysis of Origin and Distribution of Coffee Arabica'. *American Research Journal of History and Culture* 4/1 (2018): 1–10. Accessed 6 August 2026. (<https://www.arjonline.org/open-access/discourse-analysis-of-origin-and-distribution-of-coffee-arabica-957.pdf>)

Etenesh Abera. 'Security forces in Oromia state close six ECX branch offices, detain staff with no explanation'. *Addis Standard*. 30 April 2022. Accessed 6 August 2026. (<https://addisstandard.com/news-security-forces-in-oromia-region-close-six-ecx-branch-offices-detain-staff-with-no-explanation/>)

Ethiopian Coffee and Tea Authority. 'Annual Performance Report for the 2024/2025 Fiscal Year'. Addis Ababa: Government of Ethiopia, 2025.

Ethiopian Coffee and Tea Authority. 'The Coffee Marketing and Quality Control (amendment) Directive No. 1106/2025'. Addis Ababa: Ethiopian Coffee and Tea Authority, July 2025. Accessed 29 July 2026. (<https://justice.gov.et/wp-content/uploads/2026/02/1106-The-Coffee-Marketing-and-Quality-Control-amendment-Directive-No.-1106-2025.pdf>)

Ethiopian Investment Board. 'Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments'. Directive No. 1082/2025. Addis Ababa: Ethiopian Investment Board, May 2025. Accessed 6 August 2026. (<https://investethiopia.gov.et/wp-content/uploads/2025/06/Directive-on-Export-Import-Wholesale-1082-2025.pdf>)

*Ethiopian News Agency*. 'Coffee Farmers Will Diligently Be Supported to Boost Productivity, Quality: Oromia Region Chief'. 29 September 2024. Accessed 6 August 2026. ([https://www.ena.et/web/eng/w/eng\\_5213619](https://www.ena.et/web/eng/w/eng_5213619))

Ethiopian Statistical Service. 'Population Size by Sex, Area and Density by Region, Zone and Wereda: July 2025'. Accessed 6 August 2026. ([https://ess.gov.et/wp-content/uploads/2026/04/projected\\_population-2025-g.c.pdf](https://ess.gov.et/wp-content/uploads/2026/04/projected_population-2025-g.c.pdf))

European Commission, Directorate-General for Environment. 'Regulation on Deforestation-Free Products'. Accessed 15 January 2026. ([https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products\\_en](https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en))

European Union. 'Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023'. *Official Journal of the European Union* L 150 EN (9 June 2023): 206–246. Accessed 29 July 2026. (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>)

Evans, Peter. *Embedded Autonomy: States and Industrial Transformation*. Princeton NJ: Princeton University Press, 1995.

Fairtrade Africa. 'Producer Profile'. Accessed 10 November 2025. (<https://fairtradeafrica.net/wp-content/uploads/2025/03/Jimma-Farmers-Multi-Purpose-Agricultural-Cooperatives-Union.pdf>)

Federal Democratic Republic of Ethiopia. 'Cooperative Societies Proclamation, Proclamation No. 985/2016. *Federal Negarit Gazette*, 23<sup>rd</sup> Year, No. 11. Addis Ababa, 23 December 2016.

Federal Democratic Republic of Ethiopia. 'Cooperative Societies Proclamation No. 147/1998'. *Federal Negarit Gazette* No. 27, 5<sup>th</sup> Year. Addis Ababa, 29 December 1998.

Federal Democratic Republic of Ethiopia. 'Constitution of The Federal Democratic Republic of Ethiopia'. Addis Ababa: Federal Democratic Republic of Ethiopia, 1995.

Federal Democratic Republic of Ethiopia. 'Agricultural Cooperative Societies Proclamation No. 85/1994'. *Federal Negarit Gazette*. Addis Ababa, 1 February 1994.

Federal Democratic Republic of Ethiopia. 'Ethiopia Farm Workers Cooperatives Decree, Decree No. 44/1960'. *Federal Negarit Gazette*, Extraordinary issue, 19<sup>th</sup> Year, No. 2. Addis Ababa, 5 May 1960.

Feyisa Asefa. 'Coffee value chain analysis in Bedele District, Buno Bedele Zone of Oromia Regional State, Ethiopia', MSc thesis, Jimma University, College of Agriculture and Veterinary Medicine, Jimma, 2020.

Gashaw T Abate, Kalle Hirvonen and S Mohammed. 'Improving Incomes of Coffee Farmers in Jimma, Ethiopia: Baseline Report'. Washington DC: International Food Policy Research Institute, 2024. Accessed 6 August 2026. ([https://www.herewegrow.org/wp-content/uploads/2026/04/HereWeGrow\\_IFPRI\\_Digital-Green\\_Baseline-Report\\_2024.pdf](https://www.herewegrow.org/wp-content/uploads/2026/04/HereWeGrow_IFPRI_Digital-Green_Baseline-Report_2024.pdf))

Gemechu Yadeta Degefa, Jema Haji Mohammed, Dessalegn Obsi Gemedu and Wondimu Legesse Gemta. 'Factors Influencing the Coffee Market Supply among Smallholder Producers in Southwestern Ethiopia'. *Discover Sustainability* 7/456 (2026): 1–17. DOI: 10.1007/s43621-026-02682-3

Gezahagn Kudama. 'Factors Influencing Coffee Productivity in Jimma Zone, Ethiopia'. *World Journal of Agricultural Sciences* 15/4 (2019): 228–234. DOI: 10.5829/idosi.wjas.2019.228.234

Guluma Gemedu. 'The Rise of Coffee and the Demise of Colonial Autonomy: The Oromo Kingdom of Jimma and Political Centralization in Ethiopia'. *Northeast African Studies* 9/3 (2002): 51–74.

Jena, Pradyot Ranjan, Bezawit Beyene Chichaibelu, Till Stellmacher and Ulrike Grote. 'The impact of coffee certification on small-scale producers' livelihoods: A case study from the Jimma Zone, Ethiopia'. *Agricultural Economics* 43 (2012): 429–440.

Kalaeb Girma. 'Int'l Price Cut, Illicit Trade Cripple Coffee Exports'. *Addis Fortune*. 17 August 2019. Accessed 6 August 2026. (<https://addisfortune.news/intl-price-cut-illicit-trade-cripple-coffee-exports>)

Kitschelt, Herbert and Steven I Wilkinson, eds. *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition*. Cambridge: Cambridge University Press, 2007.

Lemessa Bekele. 'A History of Coffee Production, Processing and Marketing in Limmuu Saqqaa, Jimma Zone, ca. 1891–1991'. MA thesis, Jimma University, Jimma, 2021.

Lemma Gutema Ummeta. 'Assessments on Pre and Post Coffee Harvesting Technologies in Southwestern Oromia'. *International Journal of Photochemistry and Photobiology* 7/1 (2025): 29–39. DOI: 10.11648/j.ijpp.20250701.14

Lewis, Herbert S. *A Galla Monarchy: Jimma Abba Jifar, Ethiopia, 1830–1932*. Madison: University of Wisconsin Press, 1965.

Love, Robert Steel. 'Political Economy of the Coffee Filiere in Ethiopia'. PhD thesis, University of Leeds, Leeds, 2002.

Mandefro Meshao. 'Challenges and Opportunities of Ethiopian Coffee Exporters Association'. MA thesis, Jimma University, Jimma, 2020.

McIntyre, Emily. 'Thousands Protest in Kaffa, Ethiopia, as Coffee's Origin Is Politicized'. *Daily Coffee News*. 26 November 2018. Accessed 10 November 2025. (<https://dailycoffeenews.com/2018/11/26/thousands-protest-in-kaffa-as-coffees-origin-is-politicized/>)

Minten, Bart, Dereje, Mekdim, Ermias Engida Legesse and Tadesse Kuma. 'Coffee Value Chains on the Move: Evidence in Ethiopia'. *Food Policy* 67 (2017): 75–91.

Mintesinot Nigussie. 'Oromia Forms Sovereign Wealth Fund to Consolidate Regional Assets'. *Birr Metrics*. 23 July 2025. Accessed 6 August 2026. (<https://birrmetrics.com/oromia-forms-sovereign-wealth-fund-to-consolidate-regional-assets/>)

Mohammed Abera. 'The Impact of Large-Scale Coffee Plantation on the Livelihoods of Local Households in Limmu Kossa District'. MA thesis, Jimma University, Jimma, 2021.

National Bank of Ethiopia. 'DIRECTIVE NO. FXD/04/2026 AMENDMENT TO FOREIGN EXCHANGE DIRECTIVE NO. FXD/01/2024'. 12 February 2026. Accessed 6 August 2026. (<https://nbe.gov.et/wp-content/uploads/2026/02/DIRECTIVE-NO.-FXD042026.pdf>)

National Bank of Ethiopia. 'PUBLIC NOTICE: NOTICE ON RELAXATION OF FOREIGN EXCHANGE DIRECTIVES (FXD/01/2024)'. 11 January 2026. Accessed 6 August 2026. ([https://nbe.gov.et/nbe\\_news/public-notice-notice-on-relaxation-of-foreign-exchange-directives-fxd-01-2024/](https://nbe.gov.et/nbe_news/public-notice-notice-on-relaxation-of-foreign-exchange-directives-fxd-01-2024/))

National Bank of Ethiopia. 'NATIONAL BANK OF ETHIOPIA FOREIGN EXCHANGE DIRECTIVE NO. FXD/01/2024'. 29 July 2024. Accessed 6 August 2026. (<https://nbe.gov.et/wp-content/uploads/2024/07/FXD012024-FOREIGN-EXCHANGE-1-1.pdf>)

Negese Tamirat and Senait Tadele. 'Factors affecting coffee farmers' production in Jimma Zone, Southwest Ethiopia'. *Coffee Science* e192213 (2024). Accessed 6 August 2026. (<https://coffeescience.ufla.br/index.php/Coffeescience/article/view/2213/2482>)

North, Douglass C. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press, 1990.

Oromia Trade Bureau. 'Directive No. 15/2018: Imposition of 5% Coffee Export Levy'. 7 December 2018 EC.

Saalim Amin. *Seenaa Bunaafi Siyaas-Diinagdee Shanan Gibee (History of Coffee and Political Economy of Shenen Gibe)*. Finfinne: Nejashi Printing PLC, 2025.

Samuel Diro, Beza Erko and Mesay Yami. 'Cost of Production of Coffee in Jimma Zone, Southwest Ethiopia'. *Ethiopian Journal of Agricultural Sciences* 29/3 (2019): 13–28.

Singh, S. N. 'Coffee Value Chain in Ethiopia: A Case Study'. *Financial Markets, Institutions and Risks* 6, no. 4 (2022): 76–100. Accessed 6 August 2026. ([https://armgpublishing.com/wp-content/uploads/2023/01/FMIR\\_4\\_2022\\_7.pdf](https://armgpublishing.com/wp-content/uploads/2023/01/FMIR_4_2022_7.pdf))

Tadesse Simie Metekia. 'Fighting the Illicit Trade in Ethiopian Coffee'. ENACT Observer. 30 May 2022. Accessed 6 August 2026. (<https://enactafrica.org/enact-observer/fighting-the-illicit-trade-in-ethiopian-coffee>)

Tola Gemechu Ango, Lowe Börjeson, Poul Wisborg, Feyera Senbeta and Habtamu Alem. 'Coffee, Child Labour, and Education: Examining a Triple Social–Ecological Trade-off in an Afromontane Forest Landscape'. *International Journal of Educational Development* 92 (2022): 102681. Accessed 6 August 2026. (<https://www.sciencedirect.com/science/article/pii/S0738059322001316>)

TraceX Technologies. 'Challenges in the Ethiopian Coffee Sector'. Accessed 6 August 2026. (<https://tracextech.com/challenges-in-the-ethiopian-coffee-sector>)

Urgo, Markos Makiso, Mohammed Worku, Yetnayet B Tola and Habtamu Fekadu Gemedo. 'Ethiopian coffee: Production systems, geographical origin traceability, and European Union deforestation regulation directive compliance'. *Journal of Agriculture and Food Research* 19 (2025): 101695. DOI: 10.1016/j.jafr.2025.101695

Vaughan, Sarah and Mesfin Gebremichael. 'Rethinking business and politics in Ethiopia'. African Power and Politics Programme (APPP). Research Report 02. London: Overseas Development Institute, August 2011.

Wondwossen Mezleki. 'Window dressing of Ethiopia's coffee exchange'. *Ethiopian Review*. 12 October 2009. Accessed 6 August 2026. (<https://ethiopianreview.com/content/11037>)

Yared Seyoum. 'EU Acknowledges "Tangible" Progress in Ethiopia's Coffee Sector Under Deforestation Rules'. *Birr Metrics*. 4 February 2026. Accessed 6 August. (<https://birrmetrics.com/eu-acknowledges-tangible-progress-in-ethiopias-coffee-sector-under-deforestation-rules/>)

Zekarias Shumeta and Marijke D'Haese. 'Do coffee cooperatives benefit farmers? An exploration of heterogeneous impact of coffee cooperative membership in Southwest Ethiopia', *International Food and Agribusiness Management Review* 19/ 4 (2016): 37–52. Accessed 6 August 2026. ([https://brill.com/view/journals/ifam/19/4/article-p37\\_3.xml](https://brill.com/view/journals/ifam/19/4/article-p37_3.xml))

Zewdu Getachew, Fekadu Beyene, Jema Haji and Tesfaye Lemma. 'Impact of Membership to Certified Coffee Marketing Cooperatives on the Income of Smallholder Farmers in Jimma Zone of Oromia Region, Ethiopia'. *International Journal of Economics* 8/1 (2023): 100–126. DOI: 10.47604/ijecon.2047

# Annex. Directive on 5 per cent levy collection



**BIIROO DALDALAA OROMIYAA**  
የኦሮሚያ ጥሬ ስራ  
OROMIA TRADE BUREAU

Finfinnee Addis Ababa, Ethiopia

+251 111 37 100 84 / 0113990210/0113730065

+251 113990210 / 23

7979

orotmdb@gmail.com

www.orotrade.gov.et

www.oromarket.gov.et

---

**Waaajjira Daldalaa Dhiyeesii Bunaa keessa jirtan hundaaf** Lakkisota/Ref. No. BD/08H-38641  
Guyyaa/Date 03/14/2018

**B/J**

**Dimmi isaa:- ka'umsa Gatii Kanfaltii %5 Bunaa beeksisuu ta'a**

Akkuma mata-duree irratti ibsuuf yalametti kanfaltii %5 (dhibbantaa parsantiin shan) gurgurtaa omisha bunaa irratti akka raawwatamu kallattiin olii kennamuun isaa ni beekama. Haaluma kanaan **Abbaa Taayitaa Bunaa fi Shayii Itoophiyaa** gatii bittaa fi gurgurtaa Dhiyeesitootaa fi **Al-ergitoota** gidduutti raawwachaa jiru kan marsaa kanaa nu beeksisaniiu jiru.

Bu'uuruma kanaan gatii kanfaltii **buna Miicamaa fi Qishira/Gogaa** kiilo giraama tokkoo/1kg akkataa sadarkaa qulqulina bunaa dhiyachaa jiruun Godinaalee fi Magaaloon kanfaltii **baatii Muddee** ittiin rawwachuu danda'amu akka armaan gadiitti qopha'ee dhiyateera.

Kanaafuu;dhiyeesitoota hojii Gabaa bunaa kana keessaati qooda qaban qajeelfama lakk. 15/2018 baheen kanfaltii qopha'ee gadi bu'e bu'urefachuun akka rawwatamu cimsinee isin beeksisaa; Unka kanfaltiin gosa bunaan itti raawwatamuu danda'u kan ibsu waraqaa fuula 1 irratti qopheessuun xalayaa kanaan waliin qabsifnee engineera.

**G/G**

- Biroo Galiwwan oromiyaatiif
- Oggantuu BDOtiif
- Damee Misooma Gabatiif

**Nagaa Wajjin!!!**



**Taxaawee Gasho Wayyeesaa**  
**I/A/Magaalaa Biroo fi**  
**I/Gibbance Inspekshinii**  
**Regalaaroti Daldala fi Qibbaa**



**Finfinnee**

---

Ammayyumaafi Naqa Qabeessummaan Daldalaa Badhaadina Wabooti

## English translation

Ref.no **BDO/BH-38/2413**

**Oromia Trade Bureau Date.07/4/2018**

**Notice to all coffee exporters and suppliers**

**Subject: Collection of the 5% Coffee Levy**

This is to inform you that the collection of the **5% levy (five per cent)** on coffee has begun. However, it has been observed that some coffee exporters and suppliers have not yet started paying this levy. Therefore, following the directive issued by the **Coffee and Tea Authority** concerning the collection of revenues allocated to the **Coffee Development and Promotion Fund**, implementation has now commenced.

Accordingly, the **5% levy on exported coffee** shall be collected at the rate of **5 birr per kg** of exported coffee. The revenue collected will be transferred to the relevant government account in accordance with the applicable regulations.

Therefore, all coffee exporters and suppliers are informed to comply with this requirement. From Directive No. **15/2018 EC**, any coffee exported without payment of the levy will not be accepted. Exporters must submit the proof of payment document (receipt) to the relevant office as indicated in the attached form.

**With best regards,**

**Copies to:**

- Oromia regional government offices
- Oromia trade bureau
- Relevant stakeholders

**Finfinne, Ethiopia**



**Rift Valley Institute**  
MAKING LOCAL KNOWLEDGE WORK

[riftvalley.net](http://riftvalley.net)



**Peace  
Research  
Facility**