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Beyond the Coffee Record

A Framework for Farm-Gate Accounting and Coffee Income Protection

Ethiopia can say what coffee earned at the border. It cannot yet show what growers were paid or whether coffee remains worth growing.

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Based on the independently developed working paper Beyond the Coffee Record: Farm-Gate Accounting and Income Stabilization in Ethiopia's Coffee Sector, v1.0, completed before the July 12 Coffee Fund announcement.

The choice before Ethiopia

On July 12, 2026, Addis Fortune reported that the Ethiopian Coffee and Tea Authority is preparing a Coffee Fund to cushion price shocks and help replace ageing trees. Coffee supports millions of Ethiopian livelihoods, generates the country's largest merchandise export earnings, and remains its most internationally recognized agricultural product. The fund's manager, financing, and operating rules are still undecided. Those choices will determine whether the fund protects growers, whether the money can be audited, and whether the public can tell if it worked.

This brief makes one recommendation: **build a public farm-gate ledger before the first payment is made.** Publish the prices farmers actually receive in each region, calculate the cost of remaining in coffee, and link every payment to a verified grower and sale. Without that record, a fund can move money. It cannot prove that it protected farmers.

A record at the port is not a farm-gate account.

Four things everyone should know

- **The export record tells only half the story.** Ethiopia reported 3.1 billion dollars in coffee earnings, but no routine public series shows what growers were paid or whether the price covered the cost of producing the crop.
- **Renewing old trees creates a household income gap.** When coffee trees are stumped or replaced, a grower may wait two to three seasons before production recovers.
- **The state already has the administrative capacity.** Ethiopia publishes and enforces minimum export prices every week. The same discipline can be applied at the farm gate.
- **The ledger is the safeguard.** It tells the fund when to pay, who should receive the money, and whether the rules were followed.

The timeline shows the imbalance: each reform strengthens the export-side record; none creates a public farm-gate account. Sources: ECTA directives (justice.gov.et); Prime Minister's July 7, 2026 statement to Parliament; Addis Fortune, July 12, 2026.

Why this matters now

Sources: Prime Minister's July 7, 2026 statement to Parliament; prior year as stated by ECTA's Director General, July 8, 2025; ICO Coffee Market Reports; Ethiopian Statistics Service CPI releases; National Bank of Ethiopia MPC statement, July 13, 2026.

All three facts are true at the same time, and that is the point. Coffee is Ethiopia's largest export and the livelihood of millions of rural households. Earnings set a record while world prices fell and the grower's cost of living rose. The National Bank also reported lower coffee export volumes, so the record came from higher prices, not more coffee. Did the record year leave farm households better off after costs? No published number can answer that question. The gap now has a price: Ethiopia is preparing to spend public and donor money on coffee income protection without the accounting needed to aim a payment, trigger it, or audit it.

The contradiction has a simple explanation. Ethiopia measures its exports in extraordinary detail and publishes almost nothing comparable about the producer.

The missing number

Ethiopia publishes

✓ Export value, to the dollar
✓ Export volume, to the tonne
✓ Exporter-level performance
✓ Minimum export prices, weekly

Ethiopia does not routinely publish

✗ Regional farm-gate prices
✗ Regional production costs
✗ Grower net income
✗ Regional viability benchmarks

A record at the port is not a farm-gate account.

The state can name the performance of individual exporters, tonne by tonne and dollar by dollar. It cannot name what any farmer was paid for a kilogram of cherry. The richer the export-side data become, the more visible the missing farm-gate ledger is.

The proposal on one page

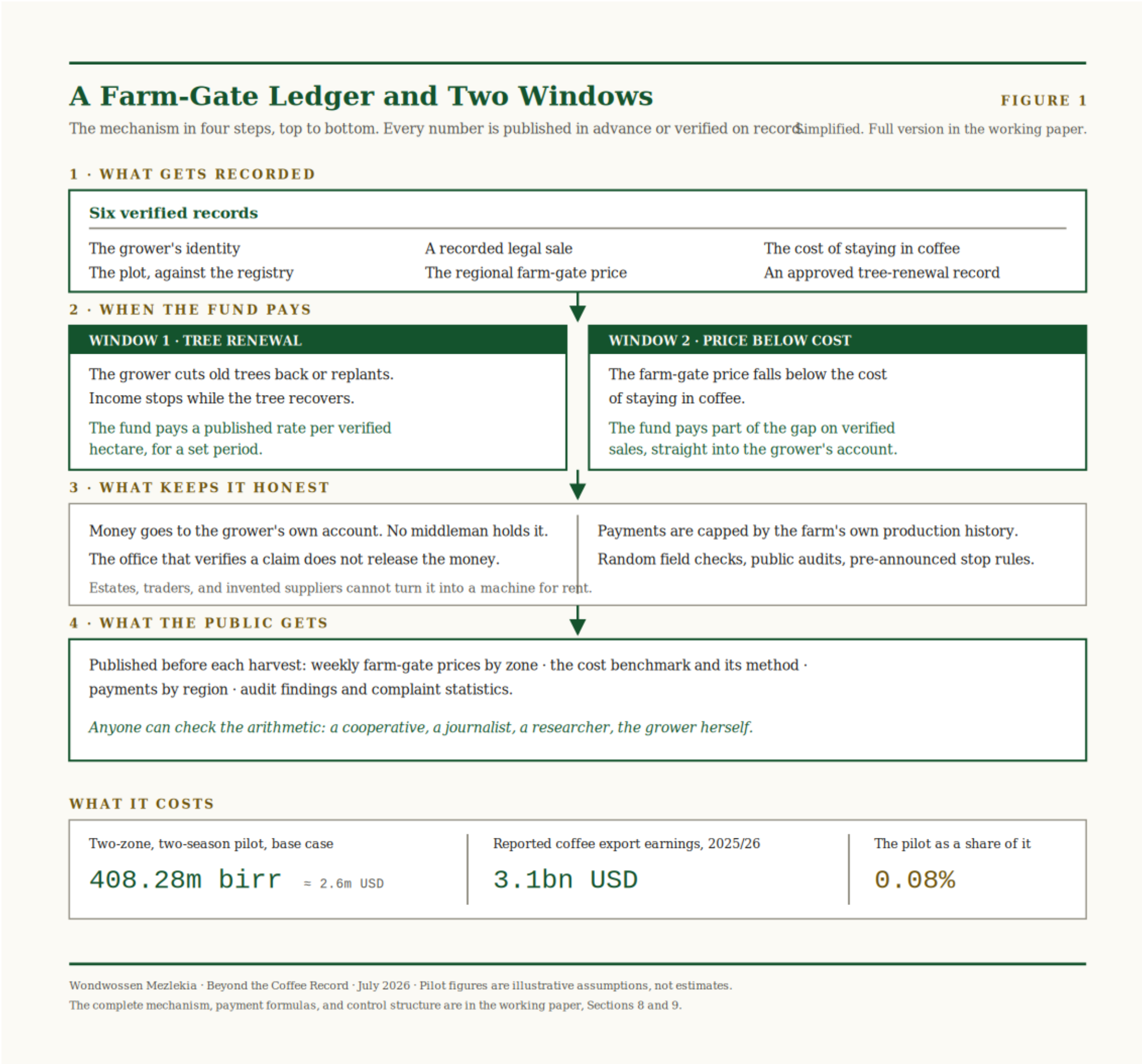

Figure 1, simplified for this brief. Read it top to bottom: what gets recorded, when the fund pays, what keeps it honest, and what the public gets. The complete mechanism, payment formulas, and controls are in the working paper, Sections 8 and 9. Pilot amounts are illustrative assumptions, not estimates.

The proposal in brief

Build the accounting first, and let the payments depend on it. The framework has three parts.

The ledger. Collect the prices farmers are actually paid, every week of the harvest, district by district, and publish them. Before each harvest, an independent panel publishes each region's viability benchmark: the real cost of staying in coffee, counting family labour, depreciation, tree renewal, and compliance.

The renewal window. When a grower cuts old trees back to the stump or replants under an approved program, coffee income stops for two to three seasons while the tree recovers. The fund pays a published rate per verified hectare for an approved period. The state already finances the seedling; this finances the family waiting for it.

The market window. When the published farm-gate price falls below the benchmark, the fund pays part of the gap on verified sales, straight into the grower's own account, capped by what that farm has historically produced. No middleman holds the money.

Every number is either published in advance or recorded in a verified transaction, so a cooperative, a journalist, or the grower herself can check the arithmetic. The office that verifies a claim does not release the money. The panel that sets the benchmark does not pay. Field spot-checks, published audits, an appeals channel, and pre-announced stop rules complete the controls.

What it costs

Two-zone, two-season pilot, base case	Reported 2025/26 export earnings	The pilot as a share of the record
408.28m birr (about 2.6m USD)	**3.1bn USD**	**0.08 percent**

Figures are illustrative assumptions, not estimates, because Ethiopia does not publish the regional farm-gate and cost series a model would require. That gap is the argument.

Feasibility is not the question

Since 2020, the Authority and the National Bank have set a minimum export price, published it weekly, and enforced it: a contract below the minimum does not register, and unregistered coffee does not ship. Benchmark, publish, enforce. The state already does all three, every week, at the port. This framework asks it to point the same machinery at the farm gate. The capacity objection fails on the government's own record.

Five tests for any coffee fund, including the announced one

These tests require no adoption of this framework. Any minister, parliamentarian, donor, or journalist can put them to whatever design emerges.

1. **Does it publish a weekly regional farm-gate price series,** before the harvest it governs, not after?
2. **Does it publish the viability benchmark and its full methodology,** fixed pre-season and open to challenge by cooperatives and researchers?
3. **Does it pay verified growers directly, or does it compensate exporters?** Those are different instruments with different beneficiaries, and they should not travel under one name.
4. **Is any export levy protected against pass-back?** A levy collected at the port will be recovered at the farm gate unless farm-gate prices are published and the pass-back is visible. A levy whose payers are also among its beneficiaries, operating without a published price series, is the pass-back problem in institutional form.
5. **Are verification and payment authority separated,** with independent audit, appeals, published resolution statistics, and pre-announced stop conditions?

A fund that passes all five is worth funding whatever it is called. A fund that fails them will move money and change nothing that can be measured, because nothing will be measured.

Three objections, answered

The country cannot afford it. The base-case pilot is 0.08 percent of the reported 2025/26 export earnings. Affordability is a parameter of the coverage rate and the window size, not a barrier to the mechanism.

A floor will cause overproduction. There is no floor. Payments are capped at verified production history, cover less than the full shortfall, and stop under pre-announced conditions. A grower cannot earn more by producing more than history supports.

The announced fund already covers this. The reported preparations cover the need. They are silent, so far, on the accounting. This framework is not a rival to the announced fund. It is how that fund can be designed, and how anyone will be able to tell whether it worked.

Five actions, and whose they are

Action	Lead
Publish weekly regional farm-gate prices during the harvest, using the discipline already applied to export minimums	**ECTA, with the Ethiopian Statistics Service and regional bureaus**
Publish regional viability benchmarks, fixed pre-season, methodology open to challenge	**Independent technical panel, seated before the next harvest**
Fund the two-zone, two-season pilot and set the reserve and pass-back monitoring rules for any export levy	**Ministry of Finance**
Require annual reporting against the success measures below before authorizing a permanent fund	**Parliament**
Finance the benchmark methodology and the independent audit, the two functions that must not sit with the payer	**Development partners**

Success after five years

Not the amount paid out. A fund that pays little through fair seasons is working; one that pays constantly is reporting a cost problem its stop conditions should name. Success is five things Ethiopia can publish:

1. A weekly regional farm-gate price series with five years of unbroken history.
2. A viability benchmark methodology that has survived five seasons of open challenge.
3. A rising, published share of growers whose sales appear in the ledger.
4. Audit findings and complaint-resolution statistics published every year, in full.
5. A measured decline in households exiting coffee after temporary income shocks.

The fund is the means. The ledger, and the growers still in coffee to be counted in it, are the measure.

References

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Read the full working paper

The evidence, the complete institutional design, the objections and limitations, the governance and fraud controls, and every source this brief compresses.

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