IWCA CONNECTS!

2020 Webinar Series

February 26, 2019 8:00 am – 9:00pm  PST

Dr. Marcela Umaña
Economist with the
International Coffee Organization (ICO)
The mission of the International Women's Coffee Alliance (IWCA) is to empower women in the international coffee community to achieve meaningful and sustainable lives; and to encourage and recognize the participation of women in all aspects of the coffee industry.

www.womenincoffee.org
Today’s Focus: A Synthesis of recent ICO reports

1. **Gender Equality in the Coffee Sector: An Insight Report from the ICO.** October 2018

2. **Growing for Prosperity: Economic Viability as a Catalyst for a Sustainable Coffee Sector.** Sept 2019

Dr. Marcela Umaña, Economist International Coffee Organization
Women in Coffee and Growing for Prosperity
Economic viability and sustainability of the global coffee sector

Coffee Development Report 2019

Marcela Umaña
IWCA Connects!
26 February 2020
COFFEE CONTEXT AND GENDER GAP
COFFEE IS PRODUCED IN COUNTRIES WITH RELATIVELY LOW INCOME

![Graph showing GDP per capita PPP against Human Development Index (HDI). The graph includes data points for non-coffee and coffee producing countries.]
HIGHER GENDER INEQUALITY LESS SOCIO-ECONOMIC DEVELOPMENT
GENDER DIFFERENCES IN OPPORTUNITY

Data availability - indication of differences

access to resources:

• Access to land
• Labour availability
• Inputs use
• Extension and training
• Access to finance
• Social capital
ACCESS TO LAND

- Farms of female-headed households are smaller

Sources: Sekabira and Qaim (2017), Avila and Useche (2016) and author’s calculation based on World Bank LSMS-ISA
LABOUR AVAILABILITY

• Female-headed households are smaller and have more dependants

<table>
<thead>
<tr>
<th>Household members</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia†</td>
<td>3.9</td>
<td>5.9</td>
<td>4.8</td>
<td>6.0</td>
<td>3.7</td>
<td>5.4</td>
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<tr>
<td>Uganda††</td>
<td>4.8</td>
<td>6.0</td>
<td>3.7</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanzania†††</td>
<td>3.7</td>
<td>5.4</td>
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</tbody>
</table>

Source: Own calculations based on World Bank LSMS-ISA
LABOUR AVAILABILITY

- Female farmers spend more time on household chores - Ethiopia

Source: Own calculations based on World Bank LSMS-ISA survey waves 2011, 2013, 2015 for Ethiopia
INPUT USE

- Women spend 17% less in inputs for coffee production compared to men - Uganda

Source: Own calculation based on Sekabira and Qaim (2017)
ACCESS TO EXTENSION & TRAINING

• Participation in training of coffee farming - Uganda

- **male farmers (n=326)**: 58% attended training, 42% did not attend training
- **female farmers (n=91)**: 46% attended training, 54% did not attend training
- **female partners (n=297)**: 39% attended training, 61% did not attend training

Source: Based on Meemken, Veettil and Qaim (2017)
SOCIAL CAPITAL

- Participation in **farmer group meetings** among coffee farmers - Uganda

Source: Based on Meemken, Veettil and Qaim (2017)
GENDER GAP IN ECONOMIC OUTCOMES

- Data on the coffee sector give some evidence of:
  - Lower yields (-2.5%)
  - Lower value addition (11% less likely to sell green coffee)
  - Lower revenues from selling coffee (-40%)
  - Lower household income (-40%)
COFFEE AND ECONOMIC DEVELOPMENT
ICO COMPOSITE INDICATOR DROPPED BY 30% (Oct 2019)

US cents/lb

10-yr average

-30%
TWO CONSECUTIVE YEARS OF SURPLUS IN THE MARKET

ICO Composite Indicator (Season average)*

Millions of 60-kg bags

US cents/lb

MOVEMENTS IN EXCHANGE RATES AGAINST THE US$
COFFEE MARKET IS SUBJECT TO FINANCIALIZATION

Index (1994/95 = 100)

Production

Volume of contracts traded

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Volume of contracts traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994/95</td>
<td>170</td>
<td>533</td>
</tr>
<tr>
<td>2005/06</td>
<td>533</td>
<td>533</td>
</tr>
<tr>
<td>2016/17</td>
<td>533</td>
<td>533</td>
</tr>
</tbody>
</table>
SOCIOECONOMIC RELATIONSHIP
1% INCREASE IN COFFEE PRICE

(a) SOCIOECONOMIC IMPACT
- Rural employment rate
- Agriculture value added % of GDP
- Poverty headcount ratio at $1.90 a day

(b) FOOD SECURITY
- Supply of protein of animal origin*
- Undernourishment *

(c) POLITICAL STABILITY AND EQUALITY
- Political stability index
- GINI index

* Results are significant for countries which are highly dependent on coffee (share of coffee in total export value)
Results are statistically significant at least at the 10% level.
COMPARISON OF COFFEE CONSUMPTION BY REGION (INDEX OF VOLUME)

Index of coffee consumption 1990/91=100

- **Asia* (excludes Japan)**
- **Central America & Mexico**
- **South America**
- **Africa**
- **Traditional markets** **(include Japan)**

<table>
<thead>
<tr>
<th>Region</th>
<th>1990/91</th>
<th>1999/00</th>
<th>2008/09</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia*</td>
<td>100</td>
<td>104</td>
<td>110</td>
<td>115</td>
</tr>
<tr>
<td>Central America &amp; Mexico</td>
<td>100</td>
<td>102</td>
<td>105</td>
<td>107</td>
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<tr>
<td>South America</td>
<td>100</td>
<td>103</td>
<td>106</td>
<td>108</td>
</tr>
<tr>
<td>Africa</td>
<td>100</td>
<td>101</td>
<td>103</td>
<td>104</td>
</tr>
<tr>
<td>Traditional markets ** (include Japan)**</td>
<td>100</td>
<td>102</td>
<td>103</td>
<td>104</td>
</tr>
</tbody>
</table>

Christmas: 115% increase since 1990/91
EVOLUTION OF GLOBAL MARKET SHARES IN CONSUMPTION

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional markets</th>
<th>Exporting countries</th>
<th>Emerging markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990/91</td>
<td>71%</td>
<td>22%</td>
<td>7%</td>
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<tr>
<td>1993/94</td>
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<td>1996/97</td>
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<td>1999/00</td>
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<td>2002/03</td>
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<td>2005/06</td>
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<td>2008/09</td>
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<td>2011/12</td>
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<td>2014/15</td>
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<tr>
<td>2017/18</td>
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</tbody>
</table>

- Traditional markets: 71% in 1990/91, 54% in 2017/18
- Exporting countries: 22% in 1990/91, 15% in 2017/18
- Emerging markets: 7% in 1990/91, 31% in 2017/18
OVER 90% OF COFFEE EXPORTED IN GREEN FORM

- Green: 94%
- Roasted: 0.1%
- Soluble: 5.9%

For the period 2014-2018:
- Green: 91%
- Roasted: 0.3%
- Soluble: 8.2%

Number of 60-kilogram bags:
- 1994-1998: 60 million
- 2014-2018: 80 million
KEY AREAS FOR ACTION
AREAS FOR ACTION

• 50 potential solutions
• Considered:
  ➢ Barriers to implementation
  ➢ Potential impact

• Leading actors:
  ➢ Producers
  ➢ Industry
  ➢ Governments and international organizations
ROLE OF PRIVATE SECTOR

• Develop direct, transparent, stable commercial relationship with suppliers
  ➢ Contract and payment terms
  ➢ Price incentives: reward quality, consistency and sustainable practices

• Premiums paid: informed by production costs and living income benchmarks

• Prices paid: match objective of profitability and sustainability
ROLE OF PRIVATE SECTOR

• Financial sector
  ➢ Tailored products
  ➢ Ease barriers to access
  ➢ Finance mechanisms for strategic investments - R&D, digital innovations
ROLE OF GOVERNMENTS

Exporting countries

• Transition to more profitable and sustainable production:
  - Cost-efficiency: access to inputs, finance, extension services
  - Increase value added
  - Investments infrastructure, on-farm diversification
  - R&D and adoption of new technologies

• Promote domestic demand – pre-competitive

• Remove trade barriers
ROLE OF GOVERNMENTS

Importing countries

• Ensure efficient functioning of futures markets
  ➢ Regulation
  ➢ Measures to mitigate volatility

• Promote responsible sourcing practices and responsible trade

• Further research in areas of concentration/competition

• Promote demand – pre-competitive

• Remove trade barriers
ROLE OF ICO

• Encourage market transparency
  ➢ Production costs
  ➢ Living income benchmark

• Upgrading market information systems
  ➢ Real time data: price levels, volatility

• Multi-stakeholder (sector-wide) dialogue
  ➢ Sharing of best practices, lessons learned
  ➢ Definition of a shared vision, long-term strategy and common targets
ROLE OF ICO and IWCA

• Implementation of MoU
• Negotiations of the International Coffee Agreement
• Include gender distinctions in the data collected by the ICO from its Members.
• PSCB: participation in sector-wide dialogue
COFFEE DEVELOPMENT REPORT 2019

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In collaboration with

Newcastle University

aidenvironment
Available for download at:

www.ico.org

Or, by request at:

economics@ico.org
Thank you!
THANK YOU

Save the Date: Next IWCA Connects!

- **When:** April 1, 2020, 8am PST
- **What:** *Marketing of Women’s Coffee: A Roaster & Retailer Approach*
- **Who:** Paula Koelemij, PUM Netherlands Senior Experts

[www.womenincoffee.org/events](http://www.womenincoffee.org/events)
Celebrate International Women’s Day with the IWCA: Become an IWCA Supporter!

“Ask not what coffee (countries) can do for you. Ask what you can do for coffee (countries).”

It is vital that we give back and empower women in coffee to thrive. That’s why we give to the IWCA.

- Elizabeth Goldblatt and Amy Louis, Six Degrees Coffee Service & Distribution, Inc.

www.womenincoffee.org/takeaction