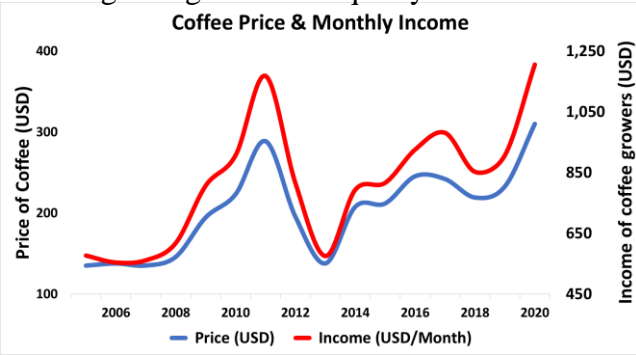


Exogenous vs. Endogenous: The Challenge of Coffee Price Dynamics

Problem: Coffee Price Behavior

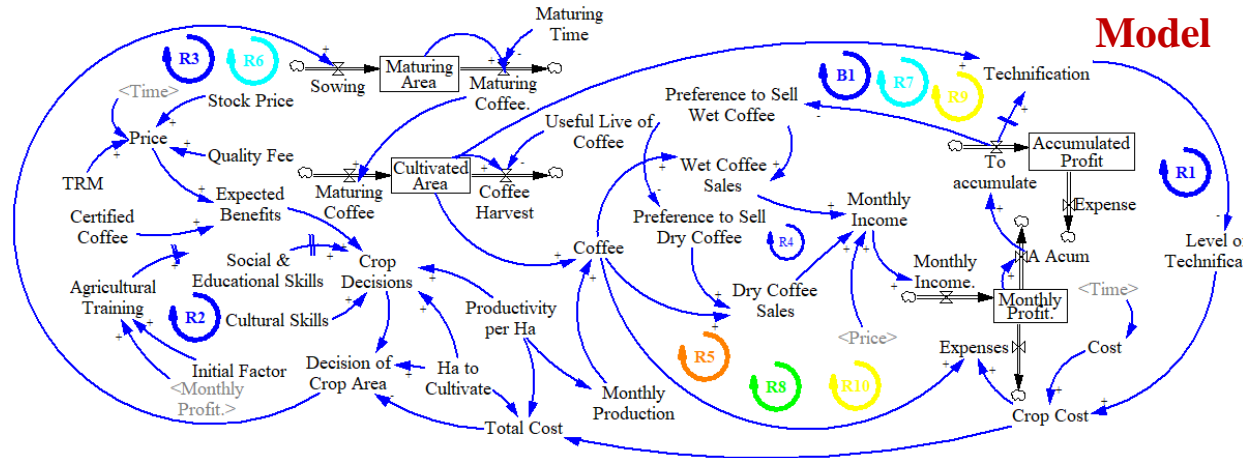
- Highly volatile, subject to exogenous dynamics of international market (coffee stocks prices, exchange rate, quality fees).
- Determines farmers' income. Its behavior discourages coffee growing and lowers quality of life.



Goal

- To design policies that empower coffee growers through their own decision-making.
- This means to ask if endogenous dynamics that could be created by the decisions of coffee growers may overcome the exogenous force of price.

Actors-Based Methodology



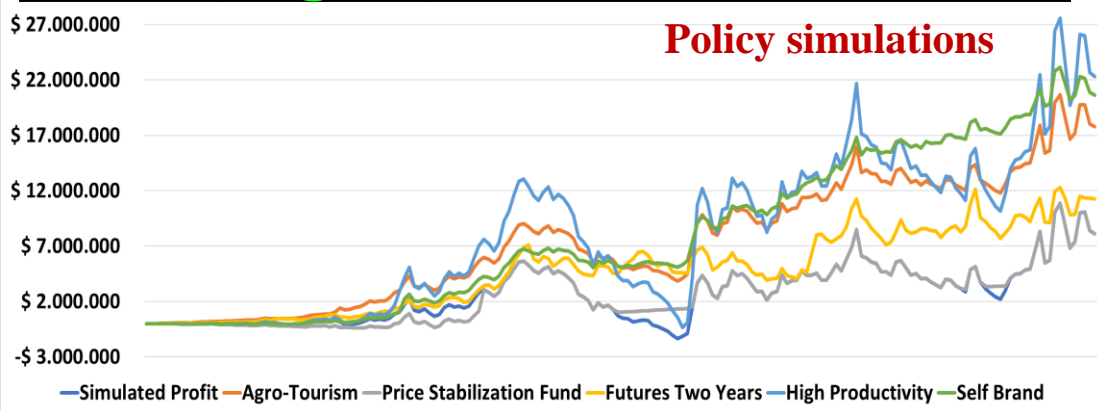
Mode of analysis
Point of view

		Approach	
		Following Richardson (2011)	
Endogenous	✗ I. Striving for understanding and leverage, but failing	✓ II. Achieving understanding and leverage	
Exogenous	III. Accepting fate, predicting, preparing	IV. Confused, Misguided, Misguiding	
	Exogenous	Endogenous	
	True state of affairs		

Policy	Loops	Feedback dynamics
Base	R1, R2, B1, R3, R4	R1: Technification reduces expenses R2: Smarter cultivation coffee long-term increasing returns B1: Trade-off control: Wet coffee sells faster but return less
Agro-Tourism	R5	R5: Agro-tourism increasing returns
Futures Two Years	R9, R10	R9: Financial education improves sales decisions R10: Using derivatives stabilizes earnings
High Productivity	R6, R7	R6: Technical assistance increasing production R7: Assistance helps you sell better and improve tech.
Self Brand	R8	R8: Self Brand increasing returns

Policy Recommendations

- ✓ Coffee growers can make better decisions making the monthly profit less sensitive to the impact of exogenous dynamics.
- ✓ High impact policies: **Self Brand** (Cultivation, production and direct sale of products derived from coffee under its own brand), **Agro Tourism** (Agricultural tourist programs in coffee farms, where you can learn about the process of growing and producing coffee), and **High Productivity** (Productivity increase per Ha as a result of technical assistance and implementation of good cultivation practices.)
- ✓ An endogenous point of view may help coffee growers making decisions that improves their own lives under the threat of exogenous volatility.



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