



TIMOR-LESTE

Breakdown of a typical price paid for coffee via RM (USD/kg, all stages converted to green equivalent)

In 2020 our average yield of green coffee from cherries (washed, honey and natural processes) was 14.48%. For washed coffee our average yield from parchment to green coffee was 66%.

Costs and prices vary by region and by cup quality. All data is based on the 2020 harvest, taking our total cost of production in 2020 divided by the number of kgs produced. Currency assumptions based on rates as of 01/04/2021, USD is currently the currency of Timor-Leste, USD:GBP 0.72.

In Timor Leste the low cost of production for producers and comparatively high profit margin appears, on the surface, to be significantly better than more established coffee producing economies such as Colombia. However, this is mis-leading and is largely due to the differences between production and cultivation methods in both countries. By necessity Timorese coffee producers use a low input, low output method; harvesting semi wild grown coffee from trees on surrounding lands.

Tending to these trees is minimal, agricultural costs and inputs are almost zero, but the average yield and production from these trees is likewise very low.

This can be improved over time through training in agricultural processes and investment in planting new, younger trees. By design the cost of production will then increase and the profit margin per kg will reduce. Overall production and yield will however increase, improving the coffee producing households annual income several time over.

In Timor-Leste, we see a generally equal gender split in coffee producing households. The farmed land is typically very small, managed by men and women of a family in equal ownership. Coffee producers sell cherries to an expanding list of washing stations, funded and operated by Raw Material Timor-Leste.

The majority of the 0.96 USD wet mill cost, covers the wages of those employed at the station. These staff are almost always coffee producers, who process their harvests at the mill ensuring further income from the cherry they produced. The 0.81 USD captured per kg is used to finance further wet mills, to expand our reach and the amount of producers we can work with.

Total EXW average = **8.53**

Total FOB average = **6.31**

Farmgate price = **3.17**

