

The Specialty Coffee Association (SCA) Coffee Sustainability Program Coffee Economics Course Outline

Venue Requirements

As this is an online course, all students are expected to have access to a stable, high-speed internet connection in a distraction-free environment. Please avoid background noise (e.g., from a roastery, café, or other) when joining the course. Headsets are also recommended to ensure audio clarity. Students should further prevent outside interruptions, such as from pets or household activities.

Course Hours

This is a 16-hour course delivered in eight 2-hour live, online class sessions. The time to prepare for and take the exam is outside of this 16-hour window.

Course Preparation

Students are expected to treat each class session as a "live course" and should be prepared to take notes in the manner that is best for them. Students should arrive at least 5 minutes before the start of the first class session, and at least 2 minutes before the start of the remaining class sessions. Finally, students should prepare their coffee or take their bathroom breaks before the start of each class session. There will be a 5-minute break midway through each class.

Course Description

The Coffee Economics course of the SCA Coffee Sustainability Program allows coffee professionals to examine economic challenges and opportunities across the specialty coffee value stream. Through 16 hours of engaging discussion and learning, students will examine the dynamics of coffee pricing, including a deep-dive into the C-market, coffee futures, and price differentials. They will also assess how coffee pricing affects farm profitability and the overall sustainability of the value chain. Next, students will analyze costs of production (COP), paying special attention to why COP can be very difficult to calculate. Beyond pricing and COP, they will identify other ongoing challenges to economic viability for value stream actors, and explore tools to improve farm-level profitability and beyond.

Additionally, students will explore how value is created, captured, and distributed throughout the value stream, and assess how this is influenced by consumer behavior, certifications, power dynamics, and more. They will also examine the social equity implications of unequal value distribution and economic systems, and explore alternative economic models that lend themselves to increased sustainability. Specifically, they will look at the Doughnut Economics model and consider the role of transparency. By the end of the course, students will be able to:

- Understand and interpret the present fundamentals of coffee pricing, and their impacts
- Evaluate the root causes of farm-level economic pressures, and suggest possible solutions

- Articulate the interplay between coffee economics and social justice, and apply learning to enhance the sustainability of sourcing, operations, and other business-related decisions

Exam Format

Students will have 37 minutes to complete the exam, unless otherwise discussed between them and their trainer. The exam is available in English, Spanish, Chinese (Traditional and Simplified) and Korean. To pass the exam, students must answer 70% of the questions correctly. There will be 35 questions in total, which will be a mixture of true or false and multiple choice. Upon receiving a passing score, students will receive a Coffee Economics certificate from SCA.

Topics Covered

Session 1 (2 hours)

- Recap of core economic principles in the coffee sector from the Foundation course
- Defining key pricing terms: farmgate; free-on-board (FOB); and cost, insurance, and freight (CIF) prices
- Introduction to the C Market, futures contracts, and price differentials
- Discussion on how pricing affects equity and transparency across the value stream

Session 2 (2 hours)

- Exploration of various pricing models for the specialty coffee sector
- Analysis of who has price-setting power and the role of price transparency
- Introduction to price risk and volatility, and who is most impacted
- Review of tools that are used to manage price risk
- Discussion of barriers to sustainable pricing in the coffee sector

Session 3 (2 hours)

- Identifying the key components of costs of production for coffee
- Discussion on why costs may vary across farms, systems, regions, and seasons
- Exploration of the common challenges to tracking and analyzing costs
- Introduction of tools for understanding and improving farm-level profitability

Session 4 (2 hours)

- Examination of profitability challenges as related to labor, climate, and legislation/regulation
- Discussion how climate-smart practices can improve farm resilience and farmer income
- Exploration of how data collection and digitalization can support better farm outcomes

Session 5 (2 hours)

- Defining value creation, delivery, capture, and destruction
- Analysis of how value is distributed across the supply chain, and who benefits

- Discussion on how third-party certifications and consumer behavior can impact value distribution

Session 6 (2 hours)

- Discussion on the role of consumers in sustainable coffee value chains
- Defining living wage and living income
- Introduction to the Anker methodology for assess living income and filling living income gaps
- Exploration of both upstream and downstream responsibilities for promoting economic equity

Session 7 (2 hours)

- Exploration of alternative economic models, including direct trade, forward booking, and contract farming
- Discussion on how cooperative structures and collaborative strategies can foment economic equity
- Introduction to profit-sharing and other approaches to improved value distribution

Session 8 (2 hours)

- Introduction to the Doughnut Economics model as a sustainability framework
- Application of lessons learned to coffee businesses and value chain decisions through real-world practice and case studies