

Towards a Living Income in Rural Areas



By definition ([The Living Income](#)) a **“Living Income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.”**

The idea of a decent standard of living may be relative but the main elements include food, water, housing, education, health care, transport, clothing, and any other essential needs including savings for unexpected events. If a family or individual earn enough income to cover these costs associated with a decent standard of living, then the assumption is that they are earning a living income.

However, for many people residing in rural areas where agriculture and particularly cash crops like coffee are the main source of income, it is a challenge to afford education, health care, and agricultural inputs as well as save for unexpected events. Many smallholder farmers in rural areas are only earning enough to survive. They may be able to generate sufficient income to ensure basic needs, but not enough to have disposable income and savings to deal with crises such as COVID-19 – let alone enjoy a decent standard of living.



Why People Struggle to Achieve a Living Income

People in rural villages are struggling to attain a living income, as opposed to just survival income, for several reasons. One of which is most rural areas have limited economic opportunities, and this makes it difficult for people to earn enough money to support themselves and their families. Many rural areas are affected by poverty and this, compounded by a lack of access to credit, can limit people's ability to start and grow businesses that can help them break out of the cycle of poverty.

Although one of the primary sources of income for rural communities is agriculture, many smallholder families have limited access to markets to sell their crops. For example, many smallholder coffee farmers depend on middlemen who often take a large cut of the profits. This can make it difficult for smallholder families to earn a living income, as they may not be able to find buyers who are willing to pay fair prices for their products.

Furthermore, many farmers in rural villages don't have access to education and training on good agricultural practices. Without this knowledge, they are not able to produce crops efficiently enough for them to earn a living income.

Another major reason is that climate change is negatively impacting production. The detrimental effects of climate change such as droughts, floods, and other unpredictable weather patterns have a negative impact on crop quality and yield. If proper adaptation measures are not taken, the economic impact on farmers can be immense.

Additionally, farmers in rural villages may not have access to the resources they need to grow crops effectively. This can include things like land, water, fertilizer, and modern farming equipment. Where these resources are accessible, their cost may be too high for farmers to afford. Due to the ever-increasing prices of inputs farmers can't always cover the cost of production, especially if they aren't compensated with good prices. Without these resources, smallholder families may not be able to produce enough to earn a living income.



Steps towards a Living Income in Rural Areas

Moving towards a living income in rural areas requires a multi-faceted approach that addresses various challenges faced by rural communities. Here are some potential steps that can be taken.

Increase agricultural productivity and resilience to climate change

As one of the primary sources of income for rural communities is agriculture, improving productivity can help increase the income of farmers and rural households. This can be done by providing access to training on improved farming practices and climate-smart practices, as well as agricultural inputs and technologies that are affordable and effective.

Currently, in Indonesia, through the ["Towards Regenerative and Profitable Production"](#) project, Hanns R. Neuman Stiftung (HRNS) in collaboration with Peet's Coffee is reaching over 3,000 smallholder families through an extended training program focusing on integrated farm management, and utilizing sustainability best practices. Training started with 1,500 smallholder families in 2022 and included Good Agricultural Practices, safe use and handling of agrochemicals, and basic training in composting and weed control. The aim is to work towards a regenerative and profitable coffee production system.



Improve market access

Supporting farmers to form cooperatives can help them negotiate better prices with buyers, as well as provide access to finance and other support services. Cooperatives can also add value to their produce by processing raw materials into products, which can increase the value of their products and create new market opportunities.

The current phase of the [International Coffee Partners \(ICP\)](#) project in Uganda which HRNS is implementing strengthens coffee farmer organizations and cooperatives to operate as professional enterprises and improve their services to their members among other activities. The ICP project has taken cooperative leaders from 12 Cooperatives through training modules on cooperative governance, policy development and management and marketing principles. Cooperative leaders are also linked to local government initiatives which support them to invest in value addition facilities and links them to markets so they can directly export their coffee.

With tailored support and cooperative improvement plans, the 12 Ugandan cooperatives are making remarkable progress! The Kirema Cooperative Chairman shares [their success story](#). "We've improved our coffee quantity & quality. Before we used to bulk 5 tons per season but now, we go to 25 tons. We are adding value and taking coffee to new markets!" - Mohamed Ssekimpi



Promote rural entrepreneurship

Encouraging entrepreneurship can provide alternative income opportunities for rural households. This can be done by providing training and education on business skills, financial management, and supporting access to micro-finance for the development of rural enterprises.

Under the umbrella of [TeamUp Uganda](#) which is a collaboration between HRNS, Action 4 Health Uganda (A4HU), and Whave Solutions, we are empowering young Ugandans to become entrepreneurs through agribusiness. Through youth farmer field schools (YFFS), HRNS provides training in agriculture, business and financial management. Each YFFS also has a Village Savings and Loan Association, which is a powerful micro-finance model that provides young people with loans to start small businesses. Susan, who won an entrepreneurship award for her organic fertilizer Evergrow Organics, is an example of this. [Read Susan's story.](#)

Another example is Arlindo and José, smallholder farmers participating in the ["Back to the Roots" project](#), in Brazil. The father and son own a small processing unit where they clean and dry green coffee for other farmers in their community. This process generates large amounts of organic waste which they reuse to boost farm productivity, reduce reliance on agrochemicals, conserve natural resources, and create new business opportunities. Through the Back to the Roots project, launched in 2020 by HRNS, in partnership with Melitta Group and The University of Lavras (UFLA), we are supporting over 200 Brazilian smallholder farming families and farmer organizations to implement circular coffee production.



Develop rural infrastructure and improve access to services

Lack of infrastructure like roads, electricity, and water supply can hinder economic growth in rural areas. Developing infrastructure in rural areas can improve access to markets, reduce transportation costs, and increase productivity. Additionally, access to education and health services can improve the quality of life for rural households.

Through TeamUp Uganda, we are collaboratively improving rural infrastructures that increase access to clean and safe water and Sexual and Reproductive Health (SRH) services. So far, the first phase of TeamUp has improved the lives of over 50,000 Ugandan youth by uniting the expertise of the three Ugandan organizations that are working in the sectors of Agriculture, Health, Water, Sanitation and Hygiene. Improving access to these services can help reduce poverty and improve the income of rural households by providing them with the skills and health necessary to participate in the economy.



In Honduras, we are investing in clean water and improving access to safely managed drinking water in coffee regions to build a better future for smallholder families and their communities. Thanks to the support of our partners, Healing Waters International, The Starbucks Foundation, Lavazza, and the [Initiative for coffee&climate \(c&c\)](#), six community water purification systems have been inaugurated in six municipalities across Western Honduras. These water purification systems will provide clean water at an affordable price to +900 smallholder families in the region. Learn more [here](#).



Overall, moving towards a living income in rural areas requires a holistic approach that addresses various challenges faced by rural communities. By implementing these steps in a multi-faceted and collaborative manner, governments, NGOs, and other stakeholders can help make the idea of a living income a reality and rural prosperity possible.