LETTER FROM THE CHAIR & CEO

2018 was a pivotal year. We rebranded to Producers Direct, launched 3 Centres of Excellence in Peru - bringing our global total to 7 Centres - and received investment from Producer Organisations to sell co-branded food products in African and Latin American markets for the first time.

By 2050, global populations will reach 9.9 billion. The FAO estimates food production will need to increase by 70% to match rapid population growth. Smallholders, who are on average 60+ and produce 70% of the world’s food, will be charged with increasing agricultural yields.

Meanwhile, we are in a generation of Peak Youth, with the largest ever youth population. Over the next 3 decades, youth will face a dire employment crisis threatening global prosperity and security. In the next decade alone, 1 billion youth will enter the job market and 600 million will not find jobs.

Our model is built by farmers, for farmers and harnesses the power and potential of youth. Building a bridge from youth to agriculture offers a unique opportunity to leapfrog development, pairing youth employment with transformational food systems. Providing access to sustainable, ethical and transparent markets, farmer-led training in sustainable production and diversification, peer lending to implement training and to diversify, tech to streamline farm management, and weather and market data for smarter decisions will safeguard the future of food, planet and prosperity.

In the following pages, we will showcase 2018 highlights and impressive impact metrics including 50% increase in incomes, 90% of farmers attributing farm improvements to our activities and 96% repayment on our peer lending facility.

This year we’ll be celebrating our 10 year anniversary, providing opportunities to reflect on all we’ve achieved together and all we can achieve in the next 10 years.

Sincerely,

Claire Rhodes,
Producers Direct, CEO

Lebi Hudson
Producers Direct, Chair - Tanzania

PRODUCERS DIRECT

Producers Direct is an award winning enterprise led by farmers for farmers.

We provide direct farmer-led product sourcing and support services.

We impact a network of smallholder farmers across East Africa & Latin America.

We work directly with smallholder-owned cooperatives.

OUR MODEL

Our unique farmer-led model blends in-person services with cutting edge digital tools. Enabling smallholder farmers to enhance their participation in, and ownership of key crop value chains.

Enhanced access to sustainable markets

Farmer-led training services

Farmer-to-farmer financing

Farmer-led data services for better decision making
OUR FARMER NETWORK

PRODUCERS DIRECT

IMPACT

Here’s what we have achieved so far:

- 50% Increase in income for farmers.
- 90% of farmers improved productivity.
- 90% of smallholders attributed productivity improvements to Producers Direct activities.
- Contributing to the UN’s Sustainable Development Goals to improve food security, climate resilience and decrease poverty.
- 424,000 farmers reached in 2018.
- 81% of farmers now have access to information needed for smarter decision making.
- 93% of farmers satisfied with digital tools.
- 85% said these tools would improve productivity and incomes.
- 90% of smallholders who reported on farm improvements attributed it to Producers Direct activities.
- 93% of farmers satisfied with digital tools.
- 85% said these tools would improve productivity and incomes.
- 90% of smallholders who reported on farm improvements attributed it to Producers Direct activities.
- 95% repayment on peer lending facility.

Value for Money

£7 INVESTED IN EACH FARMER. + 25% CO-FINANCING FROM PRODUCER ORGANISATIONS.

OUR WORK HAS IMPROVED LIVELIHOODS FOR

1 million + farmers and their families since 2009.

INVESTED £7 IN EACH FARMER.

THE GLOBAL GOALS

For Sustainable Development
Farmers are ageing and require the next generation to take over their farming activities and introduce new technologies needed to increase productivity.

Although we are living in an era of Peak Youth – with more young people on the planet than ever before - youth don’t see farming as a viable option and are increasingly moving to urban areas.

**GLOBAL CHALLENGES**

The world’s population is growing rapidly, and the smallholders who grow our food need to increase their output dramatically to meet demand.

However, smallholders do not have access to actionable information to improve farming or strengthen resilience.

- **10bn**
  - world population by 2050.

- **70%**
  - of world’s food grown by smallholders.

**Youth Challenges**

- **1bn**
  - young people will enter the job market in the next 10 years.

- **600m**
  - will not find employment.

**Farmer Challenges**

- **70%** increase in food production to match population growth.

- **60+** average age of smallholder farmers.

- **85%** of farmers trained by traditional methods don’t adopt changes.

Challenges such as climate change, volatile markets & ageing populations.
YouthDirect is a youth-led agribusiness empowering young people to lead in end-to-end value chain management, promoting sustainable food production, transparent value chains and improved job security for youth.

Youth will be employed in all aspects of the business including logistics, product aggregation, marketing, sales, and digital tool development and scale.

Farmers remain central to the future of food. Their knowledge of farming techniques, management of the land and localised solutions to challenges is vital information that needs to be captured and passed on to the next generation.

Delivering farmer-led training, farmers share their insights and innovations with farmers of all ages to ensure these practices are passed on in accessible formats.
MARKETS

Powered by Youth networks, we provided market access for smallholders who have diversified into a variety of crops including fresh produce and honey.

Supported by partner Producer Organisations and growing networks of youth, we will start selling co-branded products in local and regional markets from 2019.

2019 TARGETS

Facts & Figures

150 youth leaders
4 countries

Key Crops

Honey, Bananas, Tea, Coffee, Vegetables.

Banana

10,000 Bunches collected, processed and sold locally.
Adding an additional $24 a month (over 50% increase for farmers earning $1.35 a day).

Honey

29,400 KGs collected, processed and sold locally.
Adding an additional $29 a month (over 50% increase for farmers earning $1.35 a day).

Women Direct

400 KGs of produce - such as spinach, kale & cassava - sold from female farmers.
Increasing food security for the whole family.

TRAINING

Farmers access farmer-led in-person and digital training through our Centres of Excellence. Training is led by Promoter Farmers on demonstration farms.

In-person training focuses on sustainable and climate-smart practices, diversification and micro-enterprise development, crop quality and yields, and leadership, digital and financial literacy.

“I like the way Norandino provides space for female entrepreneurs and helps them strengthen their agri-businesses.”

Female Training Participant - Peru

Digital training is delivered by Wefarm, the world’s largest farmer-farmer digital network. Wefarm was developed and incubated by Producers Direct before being spun off as an independent enterprise in 2015.

• 1.3 million Wefarm users
• 40,000 Qs & As per day
• 75% of farmers have increased livelihoods as a result of Wefarm*

* Data source: Wefarm Data
**DATA**

Our digital systems are farmer-led. Smallholders and young people play key roles in the design and development of our record keeping tools that support farmers to keep accurate logs of profit and loss, and analyse trends across multiple on-farm enterprises.

We are now able to back this information up with real-time weather data via weather stations from partner organisation Climate Edge. Their NEXO weather stations are low-cost & include sensors for analysing temperature & moisture that can be played straight back to farmers via their mobile phones.

Working with farmers, youth groups and extension workers in Kenya, Uganda and Peru we have explored how these key data points help farmers understand farm conditions & test different practices to respond to challenges.

Understanding changes in climate patterns is vital for farming. We put this information in the hands of smallholders, empowering them to make informed decisions.

---

**FINANCE**

Our ROTA fund is a peer-to-peer lending scheme allowing producers to lend to each other.

Loans have transformed farm enterprises and diversified household incomes.

Our competitive, low-interest loans support smallholders who are unable to access bank loans. We have documented the greatest impact on young people and women, who have strengthened - or launched - honey enterprises and diversified into poultry, dairy and other produce including bananas.

95% of farmers reported the loans improved their farm productivity and incomes.

95% of the loans in our rotating credit fund have been repaid.
In 2018, we launched 3 Centres of Excellence in Peru focused on: 1) Coffee Quality, 2) Climate Change Adaptation & Resilience & 3) Micro-enterprise Development & Diversification. We are working in partnership with 9 local Producer Organisations who spent the last few years identifying and training Lead Farmers and Youth to develop Demonstration Plots where we are currently hosting peer-to-peer trainings.

5,367 farmers accessing services to transform livelihoods & build resilience.

70% of youth with improved confidence & skills to transform livelihoods.

60% of farmers improved coffee production and yields.

We completed our Global Resilience Project in 2018, with impressive impacts including strengthening resilience for 332,000 rural smallholders. We also secured funding from the World Bank - enabling us to aggregate multiple data sources and deliver actionable information to farmers; and the GHR Foundation through OpenIDEO’s BridgeBuilder Challenge to launch YouthDirect, building a critical bridge from youth to agriculture, empowering youth to change power structures in food value chains.

332,000 smallholders benefited from Global Resilience Project

“Agriculture in this country CAN create change. You yourself create your own opportunity, not waiting for the government to create jobs. We can reduce poverty and increase youth employment in Kenya [through farming].”

Young farmer at KENVO - Kenya
2023 PROJECTED IMPACT TARGETS

In order to transform food value chains from the grassroots and strengthen livelihoods and resilience, we need to respond to shared demographic opportunities across our network.

<table>
<thead>
<tr>
<th>Current Demographics</th>
<th>2023 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AVERAGE AGE</strong></td>
<td>55</td>
</tr>
<tr>
<td><strong>HECTARES / 4 ACRES</strong></td>
<td>1.6</td>
</tr>
<tr>
<td><strong>PER DAY</strong></td>
<td>$1.35</td>
</tr>
<tr>
<td><strong>NUMBER OF DEPENDENTS</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>FARMERS IMPACTED</strong></td>
<td>1.5m</td>
</tr>
<tr>
<td><strong>AFFFECTED BY CHANGING CLIMATES</strong></td>
<td>94%</td>
</tr>
<tr>
<td><strong>FARMERS CONFIDENT IN METHODS TO COMBAT CLIMATE CHANGE</strong></td>
<td>70%</td>
</tr>
<tr>
<td><strong>YOUTH</strong></td>
<td>40%</td>
</tr>
<tr>
<td><strong>WOMEN</strong></td>
<td>50%</td>
</tr>
</tbody>
</table>

Our approach supports the UN’s Sustainable Development Goals to improve food security, climate resilience and decrease poverty.

CASE STUDY – PETER KIBET BUSIENEI

Peter has a 3 acre tea farm at Sireet-OEP in Nandi Hills, Kenya. As part of the Centre of Excellence Peter has been supported to diversify his income by introducing new crops and establishing them as additional enterprises on his farm.

**TRAINING**

Initially, Peter was supported to access training and information services to establish tissue-culture banana and beekeeping enterprises on his farm.

**FINANCE**

In 2018, Peter received a $1,300 loan from the ROTA fund to purchase the inputs and launch his banana and honey enterprises.

**DATA**

Peter has been collecting records and has a weather station on his farm, enabling him to correlate productivity, weather and income data.

**MARKETS**

Youth coordinators have helped to create links to local markets, and they transport and sell Peter’s bananas and honey for him.

Peter has now been able to pay back his entire ROTA fund loan, and his honey and banana enterprises have increased his overall income by 62%.

With the new co-branded products being launched in 2019, Peter hopes to invest in additional beehives and sell even more honey.

*Data source: Peter’s logbook*
### Previous 6 years’ Income and Expenditure (\'000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Programmes</th>
<th>Producer Co-Investment</th>
<th>Overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$100</td>
<td>$200</td>
<td>$300</td>
</tr>
<tr>
<td>2014</td>
<td>$200</td>
<td>$300</td>
<td>$400</td>
</tr>
<tr>
<td>2015</td>
<td>$300</td>
<td>$400</td>
<td>$500</td>
</tr>
<tr>
<td>2016</td>
<td>$400</td>
<td>$500</td>
<td>$600</td>
</tr>
<tr>
<td>2017</td>
<td>$500</td>
<td>$600</td>
<td>$700</td>
</tr>
<tr>
<td>2018</td>
<td>$600</td>
<td>$700</td>
<td>$800</td>
</tr>
</tbody>
</table>

*Based on audited Cafédirect Producers’ Foundation accounts
**Based on unaudited accounts
UK: Claire Rhodes
CEO
claire@producersdirect.org

PERU: Trilce Oblitas Bejar
Peru Manager
trilce@producersdirect.org

KENYA: Sylvia Ng’eno
Head of Programmes
Sylvia@producersdirect.org