

# PRODUCERS DIRECT

England & Wales · Charity number 1133218

## Details

---

**Other names** CAFEDIRECT PRODUCERS' FOUNDATION

**Status** Registered

**Legal form** Charitable company

**Company number** [06959165](#)

**Registered** 2009-12-10

**Register** [View on the Charity Commission register](#)

## Contact

---

**Address** International House  
66 Lavender Hill  
London  
SW11 5RQ

**Phone** 07811437361

**Email** [info@producersdirect.org](mailto:info@producersdirect.org)

**Website** [www.producersdirect.org](http://www.producersdirect.org)

## Activities

---

**Objects:** 3. THE OBJECTS OF THE CHARITY ARE FOR THE PUBLIC BENEFIT TO:3.1 PREVENT AND RELIEVE POVERTY PARTICULARLY IN DISADVANTAGED COMMUNITIES IN DEVELOPING COUNTRIES;3.2 ADVANCE OR ASSIST IN ADVANCING EDUCATION; AND3.3 PROMOTE SUSTAINABLE DEVELOPMENT BY:3.3.1 THE PRESERVATION, CONSERVATION AND THE PROTECTION OF THE ENVIRONMENT AND THE PRUDENT USE OF NATURAL RESOURCES;3.3.2 THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING ECONOMIC GROWTH AND REGENERATION. IN CLAUSE 3.3 "SUSTAINABLE DEVELOPMENT" MEANS DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS.

**Activities:** We work with smallholder farmers in Africa and Latin America to develop innovative solutions to the challenges they face. Activities include strengthening the capacity of smallholders to adapt to climate change; enhance on-farm productivity and incomes; strengthen governance and leadership; improve farmer-to-farmer communications and knowledge sharing.

## Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Other Charitable Activities
- **What:** Education/training, The Prevention Or Relief Of Poverty, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Other Defined Groups, The General Public/mankind

## Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, NATIONAL AND OVERSEAS
- Colombia
- Kenya
- Peru
- Tanzania
- Uganda
- City Of London

## Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,328,697	£1,421,025	£133,489	18
2023-12-31	£1,097,799	£1,552,229	£225,813	24
2022-12-31	£1,555,208	£1,721,781	£680,242	23
2021-12-31	£988,359	£1,089,277	£846,815	16
2020-12-31	£314,974	£578,381	-	-

## Trustees

Name	Role	Appointed
Anthony Wainaina		2017-09-28
Gregory Mugabe		2024-05-01
Jamie Barbara Anderson Hodge		2023-09-12
Michael Anthony Montalvan Tineo		2023-09-12

**PRODUCERS DIRECT**

England & Wales - Charity number 1133218

---

# Accounts

---

Company number: 06959165  
Charity number: 1133218

# Producers Direct

Report and financial statements  
For the year ended 31 December 2024

## **Producers Direct**

### **Contents**

#### **For the year ended 31 December 2024**

---

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	20
Statement of financial activities (incorporating an income and expenditure account)	24
Balance sheet	25
Statement of cash flows	26
Notes to the financial statements	27

## Producers Direct

### Reference and administrative information

For the year ended 31 December 2024

---

**Company number** 06959165

**Charity number** 1133218

**Registered office and operational address** International House, 45-55 Commercial Street  
E1 6BD, UK

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

**Previous Names** Producers Direct legally changed its name from Cafédirect Producers' Foundation in December 2017.

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Anthony Wainaina	Co-Chair
John Shaw	Co-Chair, (Appointed: 1 st May 2024)
Wendy Chamberlin	
Michael Montalvan	
Jamie Anderson	
Gregory Mugabe	(Appointed: 1 st May 2024)
Christele Delbe	(Resigned: 27th May 2025)

**Key management personnel** Claire Rhodes Chief Executive Officer  
(Resigned: 31 May 2025)

**Bankers** Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

Barclays Bank  
Leicester  
LE87 2BB

**Producers Direct**

**Reference and administrative information**

**For the year ended 31 December 2024**

---

**Solicitors**

Bates Wells  
2-6 Cannon Street  
London  
EC4M 6YH

Weil Gotshal & Manges  
110 Getter Lane  
London  
EC4M 6YH

**Auditor**

Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
110 Golden Lane  
LONDON  
EC1Y 0TG

The Trustees present their report and the audited financial statements for the year ended 31 December 2024.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

### Purposes and aims

Producers Direct is a UK-registered charity, established in 2009, that works with smallholder farmer organisations in Africa and Latin America. Producers Direct's objects, as outlined in its Articles of Association are to:

- Prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- Advance or assist in advancing education; and
- Promote sustainable development by:
  - The preservation, conservation and the protection of the environment and the prudent use of natural resources.
  - The promotion of sustainable means of achieving economic growth and regeneration.

Throughout 2024, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct's vision is of thriving smallholder communities, where each smallholder can realise their own vision. We believe smallholders are inherently innovative and have the potential to wield a powerful voice when they operate collectively. We are committed to inspiring smallholders to join forces, share their knowledge and strengthen incomes and resilience, together. Our mission is to increase smallholder farmers' resilience and power in food systems.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

### Approach and Model

Producers Direct works directly with smallholder communities and farmer organisations to strengthen resilience, increase incomes, and build farmers' leadership.

Smallholder farmers in the global south face significant power imbalances in food systems, exacerbated by climate change and its devastating impact on smallholder agriculture. Most

smallholders live below the poverty line and struggle to feed their families. Smallholders typically capture less than 30% of the value generated by their crops, while powerful upstream actors and multinationals earn billions of dollars in profits. Furthermore, smallholders still need better access to actionable data and information. Most smallholders do not keep profit/loss records, and continue to manage significant socio-economic and climate risks daily without access to external data. The benefits of burgeoning investments in data-driven agriculture, including AI, remain largely inaccessible to smallholders.

Consequently, market inequity combined with limited access to relevant, affordable data, continues to drive low farm productivity and limited profitability for smallholder farmers. Ensuring fair market access and providing actionable data are crucial for improving smallholders' incomes and resilience. When smallholders leverage their collective agency, they tackle persistent threats together.

Within this context, Producers Direct's model addresses three interconnected challenges:

- **Market Access:** Most smallholder farmers live on less than \$2.15 per day. They earn less than 30% of the value generated by their crops.
- **Data:** Limited access to data prevents smallholder farmers from making informed decisions, further restricting their decision-making power.
- **Farmer Voice and Leadership:** Smallholders have a wealth of knowledge and experience that is typically marginalised from the delivery of services designed to support them - despite farmer-led advice typically being more trusted and more actionable.

To address these challenges, Producers Direct's work focuses on three main areas:

- **Digitising Market Access:** Strengthening smallholder farmers' power in food production and distribution through our digital marketplace, FarmDirect. FarmDirect empowers smallholders to aggregate surplus crops remotely and digitally, enabling them to operate collectively rather than individually. Smallholders increase their collective bargaining power and capture higher prices for their crops. FarmDirect incentivises farmers to aggregate even the smallest volumes of surplus with fellow farmers, eliminating the challenges and costs associated with logistics such as transport. Last-mile logistics are managed digitally by FarmDirect and in-person by a network of Producers Direct Youth Agents, trained by Producers Direct.
- **Empowering Smallholders with Data and Information Services:** Providing real-time, actionable data and information services to support on-farm management and profitability improvements. Since 2009 Producers Direct has built a network and repository of farmer expertise and knowledge, which we are mobilising to support our farmer-led advisory services. This currently includes: Testing incentives for smallholders to share their data to support the training of AI models to generate actionable advice and insights relevant to smallholder farmers; and farmer feedback loops and insights, including on-farm profitability and markets.
- **Amplifying Collective Power:** Investing in smallholder farmers as experts, fostering leadership, and knowledge-sharing through farmer-led initiatives. Farmers' voices, knowledge and experiences will collectively have more power, not only within Producers

Direct's model but to inform the decisions and work of other key partners and stakeholders across the food system.

## **Activities and services delivered during 2024**

All Producers Direct's charitable activities focus on improving the livelihoods and resilience of smallholder producers and are undertaken to further Producers Direct's charitable purposes for the public benefit. Overall, Producers Direct's activities directly reached 3,961 smallholders in 2024 and, cumulatively, 1,337,078 smallholders since its establishment in 2009.

East Africa programme activities were delivered by Producers Direct's East Africa Programme team, based in Nairobi, in partnership with East Africa-based producer organisations in Kenya, Tanzania and Uganda. East Africa programme expenditure totalled £497,360, with donors including the German Development Agency (GIZ FairForwarwd), OCP Foundation, the Livelihood Impact Fund, and the Bill and Melinda Gates Foundation.

Latin America programme expenditure totalled £453,192 - funded by Pret a Manger, The German Development Agency (GIZ i4Ag) and the Inter-American Development Bank (IDB-Lab).

2024 activities and services delivered included:

### **Market Access**

During 2024, market access programme activities continued across East Africa and Peru, through branded and unbranded product sales into local and national markets.

- Sales of unbranded horticultural crops through FarmDirect grew across both East Africa and Peru, with a continued focus on supporting smallholder farmers to bundle surplus food security crops they are growing, including fruits and vegetables, and selling them in local markets. Logistics associated with identifying buyers and sourcing products from farmers is being supported by a network of youth agents. Since 2021, 8,459 smallholder farmers accessed FarmDirect in Peru and Uganda, including 3,490 in Peru (90% women) and 4,969 in Uganda (60% women). In 2024 specifically, 3,280 smallholders accessed markets via FarmDirect in Uganda and Peru.
- Branded honey sales continued throughout the year in the Kenyan market, with end-2024 results included listings in over 100 Kenyan retail outlets; 11,240 kg of honey sold; and revenue from branded Kenyan honey sales of £37,138. In Peru, 1,136 kg of branded honey was sold, generating revenue of £3,542.

### **Data for Decision Making & Training**

- In 2024, a total of 182 Peruvian smallholder farmers directly benefited from digital training focused on agronomic, market, and financial advice. Producers Direct piloted three digital agronomic advisory services: A pilot exploring the use of Large Language Models (LLMs) provided WhatsApp-based agronomic advice to 36 farmers. Market intelligence was delivered via WhatsApp and SMS to 125 female farmers, empowering them to make more informed commercialization decisions—5.5% improved their sales price and 4% conducted group sales. Additionally, 21 farmers received tailored financial advice based on data recorded in their logbooks, helping them better understand household and crop-related finances and optimize the use of micro-credit funds (ROTA). Key learnings from these pilots

were documented to inform the design of a more comprehensive and integrated digital advisory service in 2025.

- With support from the OCP Foundation, developing on-farm experimentation (OFE) and demonstration sites was a main focus in Uganda. In 2024, 100 farmers have had their data collected which has been used to profile them and develop sites for experimentation and learning on their farms. These farmers have received a blend of in-person and digital training in coffee and beekeeping practices. In addition, work was piloted to deliver personalised digital advice to 50 farmers using a Q&A format and a blend of peer and expert advice. Through the development of the pilot 20% of farmers returned to ask more advice and 82% have reported that the information received has supported them to build their confidence to mitigate economic and climate related shocks and stresses.
- Additionally, with support from GIZ (German Development Agency) FairForward, we worked with tech company M-Omulimisa to provide tips and agronomic advice to 365 farmers in Uganda.

#### **Access to Finance:**

Throughout 2024, Producers Direct continued managing the ROTA loans originally disbursed in late 2021. 2021 loans supported beekeepers to invest in their honey enterprises. Instead of the financing being provided in cash, Producers Direct pre-purchased 1,000 hives, which were then distributed as loans to 69 beekeepers across Uganda and Tanzania. Producer partner organisations support the administration and management of the loans to individual farmers. At the end of 2024, the total value of ROTA loans disbursed across East Africa was £53,393.

With support from IDB Lab during 2024, Producers Direct disbursed ROTA loans to the value of \$10,000 USD (£8,010) in Peru to 30 female farmers. Producer Organisations Aprocassi and Bagua Grande each received \$5,000 from Producers Direct to on-lend to their members for activities that support increasing income and resilience. These loans to the Producers Organisations are for a period of 18 months and will be repaid in 2025.

## **Achievements and performance during 2024**

During 2024, Producers Direct's activities directly reached 3,961 smallholder farmers, with 3,825 smallholders accessing markets and 481 smallholders benefiting from access for data, training and information services to strengthen decision-making.

In 2024, 3,480 smallholders benefited from accessing markets in East Africa (2,487 smallholders) and Latin America (993 Peruvian smallholders). 18.4% of smallholders who accessed markets increased their incomes by more than 20%. Since launching FarmDirect, over 8,400 smallholders across East Africa and Peru have sold products on FarmDirect (3,490 in Peru and 4,969 in Uganda). A key takeaway in 2024 is the power of on-farm diversification to further strengthen livelihoods. Farmers selling multiple products achieved more stable, resilient, and higher incomes.

A total of 481 smallholder farmers have benefitted from access to data, information and training services. This has included 34% female farmers and 9% youth. 83% of farmers have reported that access to this information supports them to better mitigate the key economic and climate related challenges that they face.

Producers Direct is committed to: 1) improving incomes and livelihoods for smallholder farmers across East Africa and Latin America, 2) strengthening resilience to climate change and market

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

shocks and 3) increasing the collective voice and power of smallholder farmers. In 2024, smallholders who sold produce on our FarmDirect platform improved incomes by 17% (on average). For female farmers in Peru who sold 2+ products, they improved their incomes by 23% on average, and in Uganda for female farmers who sold 2+ products, they improved their incomes by 46%, again demonstrating the power of diversification.

Other non-programmatic achievements during 2024 included:

- Producers Direct was selected as one of the 2024 Acumen Angels Award recipients in the Agriculture Sector.
- Producers Direct was featured in the Bayer Foundation's 2024 Impact Report, showcasing our work with female Peruvian farmers.
- Producers Direct was featured in GSMA's report, *Agriculture in Latin America: Recent Trends in Digital Disruption*, which showcased our work with female smallholder farmers. The comprehensive report examined how digital solutions are transforming agriculture across the region, particularly for small-scale farmers. Producers Direct's pioneering platform - FarmDirect - was recognised for its leadership in engaging female farmers across Latin America and East Africa.
- Our Head of Strategy & Partnerships, Trilce Oblitas Bejar, joined the "Living Income in Latin America: Towards a Prosperous Future" event in Bogota, organized by ISEAL.
- Our COO, Katie Messick, presented at ICT4Ag in Washington DC in May 2024, sharing learnings and results from launching Croppie in Peru and Colombia, supported by CIAT and GIZ.
- Producers Direct was featured by long-standing partner, Cafedirect Group, in Cafedirect's Stories of transformative impact.
- The Producers Direct team co-hosted an event with GIZ in October 2024, focusing on sustainable value chains and EUDR, in partnership with the Alliance Bioversity International and CIAT.
- Producers Direct participated in the Mercy Crops AgriFin 8th Learning Event in Nairobi in October 2024, with a focus on "Enabling Rural Economies: Creating Lasting Impact for the Digital Ecosystem in Africa".

## External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect the capacity to deliver on partnership agreements according to defined timelines and targets.

Smallholder farmers represent one of the most vulnerable groups to climate change, with changing climatic conditions continuing to exacerbate the challenges faced by smallholder farmers. Climate-related challenges include vulnerability to natural disasters, prolonged droughts and associated detrimental impacts of these changing climatic conditions on crop production. Current market systems typically do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events

becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data.

## **Beneficiaries of our services**

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.2 hectares (3 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. On average, 16% of the farmers we work with own a smartphone, and 17% have internet access. Only 48% have a bank account. From our recent survey data, 89% of farmers who responded reported access to finance being a key challenge, and 59% reported market access as an additional challenge - showcasing the importance of our investment in linking farmers to markets. Currently, 82% of the farmers in our network growing food security crops are not yet aggregating these crops for sale at local markets - demonstrating the opportunities our work to support market access via FarmDirect can bring to the smallholder farmers within our network.

We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network and empowering female smallholders to play central roles in the design and delivery of our programme activities, both in-person and digitally. Furthermore, we continue to invest in supporting youth to take up leadership roles within smallholder communities and in the delivery of Producers Direct's services.

## **Organisations we work with**

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national levels to support programme implementation. During 2024, strategic partners supporting programme delivery included: The Alliance of Bioversity International and CIAT, M-Omulimisa, Viamo, Tecnicafe, African Plant Nutrition Institute (APNI), Makerere University, and Busara Centre for Behavioural Economics.

## **Financial review**

As shown in Producers Direct's Financial Statements, 2024 income totalled £1,328,698 with funds brought forward from 2023 totalling £225,813. 2024 expenditure totalled £1,421,024. During 2024, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations and public limited companies.

Producers Direct ended the year with a total fund balance of £133,489, of which £67,424 was restricted funds and £66,065 was unrestricted funds.

### **Policies for making social or programme-related investments**

Producers Direct typically does not make social or programme related investments and therefore does not have a policy on this.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

#### Investment policy and performance

Beyond interest received on current accounts and fixed term deposit savings accounts, Producers Direct does not currently hold any long-term investments.

#### Grant making policies

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

#### Loans

In 2020, Producers Direct secured two 5-year loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- *CAF Venturesome*: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa. The CAF Venturesome loan balance at the end of 2024 was £7001.04.
- *UK Government Bounce Back Loan*: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management. The Bounce Back loan balance at the end of 2024 was £16,736.

#### Voluntary help and gifts in kind

In previous years, Producers Direct has benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges. However, no legal advice was required by Producers Direct during 2024 and therefore the value of *pro bono* services included in Producers Direct's 2024 Financial Statements is zero.

Throughout 2024, Producers Direct was grateful for the in-kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested significant time without financial compensation in order to support the delivery of Producers Direct programme activities.

#### Principal risks and uncertainties

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct's perspective, major risks are those which may have a significant impact on its:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity's aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:

- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible;
- Quarterly tracking and reviewing of major risks identified;
- Clear articulation of organisational policies and processes for delegating authority and control;
- Income targets for fundraising activities;
- Ongoing management of the organisation's unrestricted funds, including its reserve fund.

## Reserves policy and going concern

Producers Direct's Reserve Policy focuses on holding sufficient unrestricted reserves to cover at least six months of essential operational costs during a period of unforeseen difficulty. In this context, Trustees consider essential operational costs to include: Core team members across the UK and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current cash flow projections, 6 months of essential operational costs are budgeted at £87,513 - with this budget covering core operational and programme staff across the UK and Peru, associated operational costs and loan repayments due. At end-2024, the balance of Producers Direct's unrestricted cash and assets totalled £66,065. The level of free reserves (unrestricted funds, excluding fixed assets) was £50,185, which is almost £40,000 below the reserves policy target level.

In the light of results for 2024 and forecast income for 2025, Trustees took action in March 2025 to reduce costs through a restructuring programme. This has now been implemented and will help ensure that the level of unrestricted reserves is back in line with the reserves policy by the end of 2026, when the full year implications of the cost reductions will take effect.

In August 2025, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through to December 2026 – based on a conservative assessment of likely income, with planned scenarios to reduce costs further, in the event that fundraising income is significantly lower than plan.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register.
- Producers Direct continued capacity to raise and rebuild sufficient unrestricted cash reserves to cover at least six months of essential operational costs by the end of 2026.
- The provision of a short-term borrowing facility to support cash flow and working capital as unrestricted reserves are rebuilt.

## Fundraising

During 2024, Producer Direct's fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are principally undertaken internally by grant writers who are employed by Producers Direct.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator (England, Wales and Northern Ireland), and the UK Chartered Institute of Fundraising. During 2024, there were no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct's fundraising expenditure on grant writers is to enhance Producers Direct's annual restricted and unrestricted income for 2024/2025 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors and social lenders during 2024:

##### *Restricted Income: East Africa*

- GIZ (German Development Agency) FairForward: £47,427 received during 2024, of a total grant of £313,760 (353,808.42 Euros) secured over 24 months from October 2022 to June 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa
- African Plant Nutrition Institute (APNI), with support from the OCP Foundation: £86,884 secured for 2024 expenditure a total sub-grant of £255,404 (\$321,050) over three-years to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming.
- Bill and Melinda Gates Foundation: £208,032 funding secured in 2024 from the Bill and Melinda Gates Foundation - the balance of a total of £369,050 (\$US 463,317) over 12 months to test incentives for farmers and other stakeholders to share data, in order to collectively benefit from stronger data insights across agricultural value chains as a result of sharing the data, and the enhanced delivery of digital services to smallholder farmers.
- Cavex: £32,777 funding secured in 2024 from Cavex to pilot carbon-financed interventions that empower smallholder coffee farmers through activities like reforestation, biochar, and clean energy, as well as tests farmer-led digital data collection tools to generate ISO-certified carbon credits and support compliance with EU deforestation regulations.

##### *Restricted Income: Latin America*

- Bayer Foundation: €200,000 (£151,134 from the Bayer Cares Foundation to strengthen market access for Peruvian smallholder farmers.
- INCOFIN - £6,990 funding secured in 2024 of a \$US 85,000 one-year grant from Incofin - a Belgian-based impact investment firm that focuses on promoting financial inclusion, sustainable agriculture, and rural development, particularly in emerging and developing countries, working in partnership with producer partners in Peru to improve the services being delivered.
- IDB Lab - the innovation laboratory of the Inter-American Development Bank: £167,008 received during 2024, of a total £796,540 (1,000,000 USD) secured from IDB Labs over 36 Months from January 2022 for work in Peru to support the development of climate-resilient landscapes, working with 10 smallholder cooperatives to develop the data, training, financial and market access services required to manage climate-resilient farms and landscapes.
- IDB Lab - SAGRI - \$800,000 USD grant awarded over 36 months to improve the productivity of Peruvian smallholders and promote the adoption of climate-smart practices through an innovative soil analysis solution, piloting a sustainable and scalable business model. £217,230 secured to support expenditure in 2024/2025.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

- Pret a Manger Coffee Fund: £100,000 secured for expenditure during 2024 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru, and associated impact evaluation.
- Viamo: \$23,565 secured over 12 months to support the research and development of an omnichannel digital assistant for smallholder farmers in East Africa.

#### *Unrestricted Income*

- Cafédirect plc: Producers Direct received an annual donation of £100,00 during 2024 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc, as well as an additional £1,341 to reimburse travel expenses.
- Acumen Angels: Donation of USD \$50,000 (£39,530) awarded in 2024 to support Market Access for smallholder farmers in East Africa
- Legal Settlement: 7,000,000 Kenyan Shillings (£43,209) awarded in relation to a breach of contract where Nyuki Hubs failed to supply honey in Kenya.

## Plans for the future

### Future Programme Focus Areas

During 2023 and into 2024, Producers Direct reviewed and updated its Theory of Change. Through until 2030, Producers Direct will continue to focus on three key areas of impact:

- Increasing farmer incomes.
- Strengthening resilience, including to changing climatic conditions and economic shocks.
- Increasing the collective power & voice of smallholder farmers.

Key 2025 activities to deliver Producers Direct's Theory of Change and Impact include:

- *Digitising Market Access*: Continued FarmDirect activities across East Africa. Although no longer operating in Peru, there are targets in place for an additional 900 farmers to be registered and selling through FarmDirect by end 2025. Focussing largely on fruits, vegetables and honey in the Mitooma and Ntungamo regions of Uganda, work will also be carried out to explore possibilities for expansion into other regions of the country to help drive scale.
- *Data and Information for Decision Making*:
  - In-person training for 3,500 smallholder farmers in Uganda, paired with continued testing of digital advisory services for smallholder farmers via Croppie, blending peer-to-peer advice with secondary, external data sources.
  - Additionally, 500 smallholder farmers will be involved in a pilot project to test how carbon financing can be channelled to smallholders from coffee buyers looking to reduce their carbon footprint through Scope 3 Insetting.
  - 2,900 farmers to be provided digital advice and support from Croppie in Peru. This project will track the impacts of how advice can lead to behavioural change and better farming and financial outcomes for smallholder coffee farmers.
- *Farmer Power & Leadership*: Continued investment in farmer and youth leadership across programme delivery, including through farmer co-design groups to facilitate farmer feedback & iterative design; training farmers as leaders; and investing in youth leaders within communities to lead key aspects of programme delivery, including FarmDirect growth and continued Croppie testing.

### Future funding

Funds secured to support 2025 programme activities and operations to-date include:

#### *Restricted Income: East Africa*

- CAVEX: £190,806 secured over 12 months to showcase how carbon finance can deliver added social and economic benefits, pilot bundled payments for multiple smallholder interventions, and test low-cost, farmer-led data collection tools and incentive models to support carbon monitoring and verification.
- African Plant Nutrition Institute (APNI), with support from the OCP Foundation: £57,710 secured for 2025 expenditure a total sub-grant of £255,404 (\$321,050) over three-years to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

##### *Restricted Income: Latin America*

- Bayer Foundation: £16,576 funding confirmed for 2025 for continued scaling of FarmDirect, and associated 'Digital Cooperatives' concept with female smallholder farmers in Peru.
- IDB Lab - SAGRI: £206,332 secured for 2025 as part of USD \$800,000 over 36 months to improve the productivity of Peruvian smallholders and promote the adoption of climate-smart practices through an innovative soil analysis solution, piloting a sustainable and scalable business model.
- GIZ - SASI: EUR 122,787 (£102,000) grant awarded over 24 months to empower smallholders with data to improve resilience and growth - £51,000 secured to support expenditure in 2025.
- Whole Planet Foundation: USD \$300,000 awarded over 36 months to provide microfinance loans to smallholder farmers in Peru. £77,000 (USD \$100,000) secured to support 2025 expenditure.

##### *Unrestricted Income*

- Cafédirect plc: As per the Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.
- Twilio Impact Fund: \$US 50,000 secured from the Twilio Impact Fund in April 2025 to support Producers Direct's operations and growth.

## Structure, governance and management

### Constitution

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a UK private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a UK charity in December 2009 (Registered charity number: 1133218). The company was established under a Memorandum of Association (10th July 2009) that established its objectives and powers and is governed under its Articles of Association (10th July 2009). Producers Direct also holds local branch registrations in Kenya and Peru, and is the sole member of a non-stock company in the USA, Producers Direct Inc.

### Trustees

Producer Direct's Trustees are responsible for setting Producers Direct's strategy and are responsible in law for the running of Producers Direct. The Charity's sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing Producers Direct Trustees. Prior to appointment by CPL, existing members of the Producers Direct Board of Trustees are responsible for confirming that new Trustees have the necessary skills and capacity to contribute to Producers Direct's governance, and organisational development.

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member. Trustees typically serve a maximum of two three-year terms.

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2024**

---

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Typically, travel expenses associated with Producers Direct Trustees attending Board meetings are reimbursed. However, Producers Direct's Board meetings continued to be convened virtually rather than in-person throughout 2023 and 2024. Subsequently, no travel expenses associated with Board meetings were incurred during 2023 or 2024.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes served in this role from the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009 until she stepped down at the end of May 2025. The Board of Trustees is extremely grateful to Claire for the immense contribution that she has made over this period.

Typically, Producers Direct's Board of Trustees meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. During 2024, a total of 5 Board teleconferences were convened and update reports provided. During 2024, Christele Delbe served as the Producers Direct Chair until December 2024, stepping down from the Board in May 2025. From March 2025, Anthony Wainaina and John Shaw have served as Co-Chairs.

Following the resignation of Claire Rhodes as Chief Executive, executive leadership of the charity is exercised jointly by three senior leadership team members, working closely with the Co-Chairs. The senior leadership team and the Board of Trustees are working together to refresh the strategy of the charity, which will include a proposed future leadership structure to deliver the strategy. It is expected that this work will be completed by the end of 2025 and any revised structure implemented in Q1 2026.

In previous years, Producers Direct has operated a Board Procurement Sub-committee. During 2023 and 2024, there were no operational Board sub-committees. Procurement decisions requiring Board attention were addressed during Board meetings.

Financial controls are determined by Producers Direct's financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct CEO over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustees' and Senior Team member's Interests has been established and is updated annually.

### **Employees**

During 2024, Producers Direct employed 18.0 TE staff across the UK, East Africa and Peru as follows:

**UK:** 4 full-time and 1 part-time UK-based staff members included:

- The CEO (0.83 FTE), responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

- Head of Information (0.8FTE), responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- Head of Business Development (1FTE), responsible for business development and financial modelling across Producers Direct's programme areas, particularly branded and unbranded product sales.
- Head of Digital Programmes (1FTE), responsible for Producers Direct's digital strategy and day-to-day management of Producers Direct's digital tools development, including FarmDirect and Croppie.
- Commercial Programmes Manager (0.75 FTE), responsible for FarmDirect's operational management and growth across Peru and Uganda.

**Kenya:** Producers Direct maintained its local branch status in Kenya for the majority of 2024, with 10 full-time and 1 part-time, Nairobi-based employees. Kenya-based senior team members included:

- The CFO (1FTE), responsible for strategic management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- Senior Sales Manager (1FTE), responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Kenya.
- Honey Quality Manager (1FTE), responsible for Producers Direct's development and delivery of honey programme activities with producer partners in Kenya, Uganda and Tanzania, through to oversight of honey product development and quality management of branded honey products.

**Peru:** Producers Direct maintained its local branch status in Peru throughout 2023 with 5 full-time employees and part-time employees. Peru-based senior team members included:

- Head of Strategy and Partnerships, Latin America (1FTE), responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in Latin America, particularly Peru, including 2023 work plan development and delivery.
- International Project Manager, Farmer Data for Decision Making (1FTE), responsible for managing Producers Direct's programmes focused on data for decision making in East Africa and Latin America.
- Peru Commercial Manager (0.83FTE), responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Peru and the testing of unbranded product sales through FarmDirect.

During 2024, Producers Direct contracted a range of support services, including user-centred design and financial management services, and support for the coordination of programme activities with smallholder producer organisations in Latin America and East Africa.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2024

---

**USA:** Throughout 2024, Producers Direct's COO was employed through Producers Direct Inc, a US-registered non-stock company established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. The COO is responsible for strategic oversight and management of Producers Direct's impact, programmes and organisational development. *(Note - The COO was previously UK-based prior to transitioning to work for Producers Direct from the USA from 1st September 2021).*

#### Employee Remuneration

Producers Direct staff salaries are reviewed annually for all employees, in accordance with Producers Direct's Staff Salary Review policy. Staff salaries are structured within salary bands across different roles and levels of responsibility. Key considerations include: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. The salary bands used to determine both current and new staff have been developed, and are benchmarked using a combination of publicly available compensation data and/or purchased datasets for equivalent roles (skill set / level of seniority), and are adjusted for cost of living variances across the countries where Producers Direct operations and teams are located. Salaries for new team members are benchmarked during the recruitment process. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit organisations of similar size, scope and resources to Producers Direct. (This approach will also apply to the senior leadership team until such time as a new CEO is appointed.) For all other Producers Direct staff, annual salary adjustments are based on annual performance reviews undertaken by Line Managers, with proposed salary adjustments falling within established salary bands. The CEO is then responsible for proposing the overall salary adjustment budget to the Producers Direct Board for approval (which will be conducted by the senior leadership team pending the appointment of a new CEO).

#### Appointment of Trustees

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists potential candidates based on the key skills sought from the new Trustees and each candidate's potential suitability for the role. Existing Producers Direct Trustees are then responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

#### Trustee induction and training

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external training available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

## Related parties and relationships with other organisations

Related parties include:

**Producers Direct Inc:** Producers Direct Inc is a US-registered non-stock company that was established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. In 2022, Producers Direct Inc. secured US 501c3 non-profit status. From September 2021, Producers Direct's COO has been US-based and is employed by Producers Direct Inc.

**Cafédirect Producers Limited (CPL):** CPL is the sole Member of Producers Direct. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc and advancing the role of producers in the governance of Cafédirect plc.

**Cafédirect Producers Trust:** The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

**Cafédirect plc:** Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation agreement was extended for an additional 3-years from January 2020, and further extended through until end 2025. In 2024, the value of related party transactions between Cafédirect and Producers Direct was £115,571 (2023: £108,550) - the annual donation from Cafédirect to Producers Direct of £101,341 (2023: £100,000) and £14,230 (2023: £8,550) of reimbursed Peru travel expenditures for Cafedirect staff, originally paid by Producers Direct.

## Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2024**

---

to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2024 was 1, Cafédirect Producers Limited being the sole member of the charity (2023: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## **Auditor**

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been approved by the Trustees and signed on 17<sup>th</sup> September 2025 their behalf by

**John Shaw**

Co-Chair, Producers Direct

## Independent auditor's report

To the members of

**Producers Direct**

---

### Opinion

We have audited the financial statements of Producers Direct (the 'charitable company') for the year ended 31 December 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Producers Direct's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have

## **Independent auditor's report**

### **To the members of**

#### **Producers Direct**

---

performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report

### To the members of

### Producers Direct

---

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

## Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional

## **Independent auditor's report**

**To the members of**

**Producers Direct**

---

concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)  
24 September 2025  
for and on behalf of Sayer Vincent LLP, Statutory Auditor  
110 Golden Lane, LONDON, EC1Y 0TG

## Producers Direct

### Statement of financial activities (incorporating an income and expenditure account)

#### For the year ended 31 December 2024

	Note	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
<b>Income from:</b>							
Donations and legacies	2	199,464	-	<b>199,464</b>	195,135	-	195,135
Charitable activities							
Africa Programme	3	83,229	375,121	<b>458,349</b>	32,516	406,951	439,467
Latin America Programme	3	5,515	664,748	<b>670,263</b>	592	462,314	462,906
Investments		621	-	<b>621</b>	292	-	292
<b>Total income</b>		<b>288,829</b>	<b>1,039,869</b>	<b>1,328,698</b>	<b>228,535</b>	<b>869,265</b>	<b>1,097,799</b>
<b>Expenditure on:</b>							
Raising funds	4a	3,186	82,824	<b>86,010</b>	24,296	41,732	66,028
Charitable activities							
Africa Programme	4a	330,826	367,698	<b>698,524</b>	201,605	455,716	657,321
Latin America Programme	4a	65,799	570,692	<b>636,491</b>	128,796	700,083	828,879
<b>Total expenditure</b>		<b>399,810</b>	<b>1,021,214</b>	<b>1,421,024</b>	<b>354,697</b>	<b>1,197,532</b>	<b>1,552,229</b>
<b>Net expenditure and net movement in funds</b>		<b>(110,981)</b>	<b>18,655</b>	<b>(92,326)</b>	<b>(126,162)</b>	<b>(328,268)</b>	<b>(454,429)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		177,046	48,769	<b>225,815</b>	303,208	377,034	680,242
<b>Total funds carried forward</b>		<b>66,065</b>	<b>67,424</b>	<b>133,489</b>	<b>177,046</b>	<b>48,769</b>	<b>225,813</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17a to the financial statements.

**Producers Direct****Balance sheet**

Company no. 06959165

**As at 31 December 2024**

	Note	2024 £	£	2023 £	£
<b>Fixed assets:</b>					
Tangible assets	10		<b>15,882</b>		19,175
			<b>15,882</b>		19,175
<b>Current assets:</b>					
Programme related investments	12	<b>61,667</b>		55,967	
Debtors	11	<b>134,251</b>		136,329	
Inventory		<b>15,316</b>		-	
Cash at bank and in hand		<b>64,971</b>		156,417	
			<b>276,204</b>		348,713
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	<b>(151,859)</b>		(120,074)	
<b>Net current assets</b>			<b>124,345</b>		228,639
Creditors: amounts falling due after one year	14	<b>(6,736)</b>		(22,001)	
<b>Total net assets</b>			<b>133,489</b>		225,813
<b>The funds of the charity:</b>	17a				
Restricted income funds			<b>67,424</b>		48,768
Unrestricted income funds:					
General funds		<b>66,065</b>		177,046	
Total unrestricted funds			<b>66,065</b>		177,046
<b>Total charity funds</b>			<b>133,489</b>		225,813

Approved by the trustees and signed on 17th September 2025 on their behalf by

John Shaw  
Co-Chair, Producers Direct

**Producers Direct****Statement of cash flows****For the year ended 31 December 2024**

	Note	2024		2023	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Net expenditure for the reporting period (as per the statement of financial activities)		(92,326)		(454,429)	
Depreciation charges		4,147		3,640	
(Increase) in Inventory		(15,316)		-	
(Increase) / decrease in debtors		(108)		36,931	
Increase in creditors		31,790		39,655	
<b>Net cash used in operating activities</b>			<b>(71,813)</b>		<b>(374,203)</b>
<b>Cash flows from investing activities:</b>					
Cash (paid) / received on (issue) / repayment of programme related investments		(3,513)		3,181	
Purchase of fixed assets		(854)		(4,715)	
<b>Net cash used in investing activities</b>			<b>(4,367)</b>		<b>(1,533)</b>
<b>Cash flows from financing activities:</b>					
Cash inflows from new borrowing		(15,265)		(3,678)	
<b>Net cash used in financing activities</b>			<b>(15,265)</b>		<b>(3,678)</b>
<b>Change in cash and cash equivalents in the year</b>			<b>(91,446)</b>		<b>(379,416)</b>
Cash and cash equivalents at the beginning of the year			<b>156,417</b>		<b>535,832</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>64,971</b>		<b>156,417</b>

**1 Accounting policies**

**a) Statutory information**

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is: International House, 45-55 Commercial Street, E1 6BD, UK

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charity meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: In August 2025, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least December 2026 - with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register.

Key judgments that the charity has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over the period greater than one year, and is linked to performance within the project, there is some degree of judgment in assessing the stage of completion and hence the income recognised.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

Notes to the financial statements

For the year ended 31 December 2024

---

Accounting policies (continued)

**g) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

	2024	2023
▪ Africa Programme	52%	69%
▪ Latin America Programme	48%	31%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Computer equipment 3 years straight line

**m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2024

##### Accounting policies (continued)

##### o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

##### p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

##### q) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

## 2 Income from donations and legacies

	Unrestricted £	Restricted £	Total 2024 £	Unrestricted £	Restricted £	Total 2023 £
Donations	199,464	-	199,464	195,135	-	195,135
	<u>199,464</u>	<u>-</u>	<u>199,464</u>	<u>195,135</u>	<u>-</u>	<u>195,135</u>

## 3 Income from charitable activities

	Unrestricted £	Restricted £	Total 2024 £	Unrestricted £	Restricted £	Total 2023 £
<b>East Africa Programme:</b>						
Bayer AG	-	-	-	-	-	-
Bill and Melinda Gates Foundation	-	208,032	208,032	-	161,072	161,072
OCP Foundation / African Plant Nutrition	-	86,884	86,884	-	86,713	86,713
MercyCorps AgriFin	-	-	-	-	-	-
GIZ FairForward	-	47,427	47,427	-	159,166	159,166
Innovate UK	-	-	-	-	-	-
CAVEX	-	32,777	32,777	-	-	-
Uganda Programme Income	2,882	-	2,882	-	-	-
Honey Sales: East Africa	80,347	-	80,347	32,516	-	32,516
Sub-total for East Africa Programme	<u>83,229</u>	<u>375,121</u>	<u>458,349</u>	<u>32,516</u>	<u>406,951</u>	<u>439,467</u>
<b>Latin America Programme:</b>						
Bayer AG	-	151,134	151,134	-	-	-
Incofin	-	6,990	6,990	-	-	-
IDB - SAGRI	-	217,230	217,230	-	-	-
Pret a Manger	-	100,000	100,000	-	100,000	100,000
VIAMO	-	19,065	19,065	-	-	-
Inter-American Development Bank - IDB Lab	-	167,008	167,008	-	362,314	362,314
GIZ	-	3,321	3,321	-	-	-
Peru Programme Income	1,973	-	1,973	-	-	-
Honey Sales : Peru	3,542	-	3,542	592	-	592
Sub-total for Latin America Programme	<u>5,515</u>	<u>664,748</u>	<u>670,263</u>	<u>592</u>	<u>462,314</u>	<u>462,906</u>
Total income from charitable activities	<u>88,744</u>	<u>1,039,869</u>	<u>1,128,613</u>	<u>33,108</u>	<u>869,265</u>	<u>902,372</u>

## 4a Analysis of expenditure (current year)

	Charitable activities					2024 Total £	2023 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £		
Staff costs (Note 6)	31,145	162,576	164,150	-	278,746	<b>636,616</b>	756,565
Direct programme expenditure		315,663	277,509	-	52,014	<b>645,186</b>	704,696
Office costs	-	19,121	11,533	-	30,259	<b>60,913</b>	79,867
Audit, legal and professional fees	54,865	-	-	12,805	10,639	<b>78,309</b>	11,100
	<b>86,010</b>	<b>497,360</b>	<b>453,192</b>	<b>12,805</b>	<b>371,658</b>	<b>1,421,024</b>	1,552,229
Support and governance costs	-	201,164	183,299	(12,805)	(371,658)	-	-
<b>Total expenditure 2024</b>	<b>86,010</b>	<b>698,524</b>	<b>636,491</b>	<b>-</b>	<b>-</b>	<b>1,421,024</b>	-
Total expenditure 2023	66,121	657,321	519,429	-	-	-	1,552,229

Producers Direct

Notes to the financial statements

For the year ended 31 December 2024

4b Analysis of expenditure (prior year)

	Charitable activities					2023 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	
Staff costs (Note 6)	32,109	264,807	323,185	-	136,464	756,565
Direct programme expenditure	33,919	241,186	324,205	-	105,386	704,696
Office costs	-	17,097	12,226	-	50,544	79,867
Audit, legal and professional fees	-	-	-	11,100	-	11,100
	<b>66,028</b>	<b>523,091</b>	<b>659,616</b>	<b>11,100</b>	<b>292,394</b>	<b>1,552,229</b>
Support and governance costs	-	134,230	169,264	(11,100)	(292,394)	-
<b>Total expenditure 2023</b>	<b>66,028</b>	<b>657,321</b>	<b>828,879</b>	<b>-</b>	<b>-</b>	<b>1,552,229</b>

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2024

---

#### 5 Net (expenditure) for the year

This is stated after charging:

	2024	2023
	£	£
Depreciation	4,147	3,640
Auditor's remuneration (excluding VAT): Audit	<u>11,905</u>	<u>10,895</u>

#### 6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management

Staff costs were as follows:

	2024	2023
	£	£
Salaries and wages	563,298	672,044
Social security costs	29,054	33,488
Employer's contribution to defined contribution pension schemes	44,264	51,033
	<u>636,616</u>	<u>756,565</u>

Two employees earned more than £60,000 during the year (2023: two) - the Head of Business Development (2024 Annual Salary: £76,800, 2023: £74,828 and the CEO (2024 Annual Salary: £62,932, 2023: £68,000)

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel, the CEO and Head of Business Development were £155,987 (2023: £82,249).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2023: 0). No charity trustee received payment for professional or other services supplied to the charity (2023: 0).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totaling £0 (2023: £0), as a result of Board meetings continuing to be held virtually.

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2024

#### 7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 18 FTE, with a total headcount of 20 (2023: headcount 24, 23.2 FTE).

Staff are split across the activities of the charity as follows (headcount basis):

	2024 No.	2023 No.
Raising funds	1.0	1.0
East Africa Programmes	7.2	12.4
Latin America Programmes	7.2	7.6
Support	2.6	3.0
	<u>18.0</u>	<u>24.0</u>

#### 8 Related party transactions

There were related party transactions with Cafédirect plc and Producers Direct Inc : Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity.

Producers Direct Inc is a US-registered non-stock company that was established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. In 2022, Producers Direct Inc. secured US 501c3 non-profit status. From September 2021, Producers Direct's COO has been US-based and is employed by Producers Direct Inc.

Aggregate donations from the related party Cafédirect plc were £101,341; (2023: £108,550). All were unrestricted in 2023 and 2024. There were no amounts due at year end.

The Value of related party transactions between Producers Direct and Producers Direct Inc. was £94,396. (2023 £94,016). £52,014 was paid to Producers Direct Inc as an unrestricted sub-grant, £42,382 was received from Producers Direct Inc. as an Unrestricted Donation.

#### 9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

#### 10 Tangible fixed assets

	Computer Equipment	
	2024	2023
	£	£
<b>Cost</b>		
At the start of the year	35,936	31,221
Additions in year	854	4,715
At the end of the year	<u>36,790</u>	<u>35,936</u>
At the start of the year	16,761	13,121
Charge for the year	4,147	3,640
At the end of the year	<u>20,908</u>	<u>16,761</u>
<b>Net book value</b>		
At the end of the year	<u>15,882</u>	<u>19,175</u>
At the start of the year	<u>19,175</u>	<u>18,099</u>

All of the above assets are used for charitable purposes.

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2024

#### 11 Debtors

	2024	2023
	£	£
Trade debtors	81,153	27,646
Prepayments and accrued income	53,098	108,683
	<u>134,251</u>	<u>136,329</u>

#### 12 Programme related investments

	2024	2023
	£	£
Fair value at the start of the year	58,153	59,148
Award of new loans	8,010	-
Repayment of loans	(4,496)	(3,181)
<b>Fair value at the end of the year</b>	<u><b>61,667</b></u>	<u><b>55,967</b></u>

#### Investments comprise:

	2024	2023
	£	£
<b>Loans</b>		
Ankole Coffee Producers Co-operative Union (ACPCU)	15,586	18,752
Kayonza Growers Tea Factory	22,929	22,072
Rungwe and Busokelo Tea Co-operative Joint Enterprise (RBTC)	14,878	14,878
CAC Chirinos	167	167
CAC Aprocassi	4,012	-
CAC Bagua Grande	4,094	99
	<u>61,667</u>	<u>55,967</u>

During 2023, Producers Direct partnered with five smallholder producer organisations in Uganda (Ankole and Kayonza), Tanzania (RBTC) and Peru (CAC La Prosperidad de Chirinos and CAC Bagua Grande), and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them take-up or strengthen on-farm beekeeping practices. Interest on loans is being charged below market rates in Uganda, Tanzania and Peru. Loans are being made to further the charity's objectives and not solely to generate a financial return.

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2024

13 Creditors: amounts falling due within one year	2024	2023
	£	£
Trade creditors	104,898	46,522
Taxation and social security	18,455	1,261
Loan payments due within a year	17,001	21,349
Accruals	11,504	50,941
	<u>151,859</u>	<u>120,074</u>

14 Non-Current Creditors: amounts falling due beyond one year	2024	2023
	£	£
UK Bounce Back Loan	6,736	15,000
CAF Venturesome Loan	-	7,001
	<u>6,736</u>	<u>22,001</u>

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

#### 15 Pension scheme

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

#### 16a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	15,882	-	15,882
Net current assets	56,921	67,424	124,345
Long term liabilities	(6,736)	-	(6,736)
<b>Net assets at 31 Dec 2024</b>	<u><b>66,065</b></u>	<u><b>67,424</b></u>	<u><b>133,489</b></u>

#### 16b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	19,175	-	19,175
Net current assets	179,872	48,768	228,640
Long term liabilities	(22,001)	-	(22,001)
<b>Net assets at 31 Dec 2023</b>	<u><b>177,046</b></u>	<u><b>48,768</b></u>	<u><b>225,813</b></u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2024

17a Movements in funds (current year)

	At 1 January 2024	Income & gains	Expenditure & losses	Transfers	At 31 December 2024
	£	£	£	£	£
<b>Restricted funds:</b>					
Africa - GIZ FairForward	25,502	47,427	(72,929)		(1)
Africa - Bill and Melinda Gates Foundation	1,195	208,032	(209,228)		-
Africa - OCP Foundation / APNI	-	86,884	(86,884)		-
Africa - Cavex	-	32,777	(32,777)		-
Africa - Viamo	-	19,065	(19,065)		-
Africa and Latin America - Bayer AG	-	151,134	(151,133)		-
Latin America - GIZ i4Ag	18,393	3,321	(36,875)		(15,161)
Latin America - IDB Lab	3,369	167,008	(170,377)		-
Latin America - Incofin	-	6,990	(9,920)		(2,930)
Latin America - Pret a Manger	308	100,000	(100,308)		-
Latin America - IDB Lab SAGRI	-	217,230	(131,719)		85,512
<b>Total restricted funds</b>	<b>48,768</b>	<b>1,039,869</b>	<b>(1,021,214)</b>	<b>-</b>	<b>67,424</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>177,046</b>	<b>288,829</b>	<b>(399,810)</b>	<b>-</b>	<b>66,065</b>
<b>Total unrestricted funds</b>	<b>177,046</b>	<b>288,829</b>	<b>(399,810)</b>	<b>-</b>	<b>66,065</b>
<b>Total funds</b>	<b>225,813</b>	<b>1,328,698</b>	<b>(1,421,024)</b>	<b>-</b>	<b>133,489</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

17b Movements in funds (prior year)

	At 1 January 2023	Income & gains	Expenditure & losses	Transfers	At 31 December 2023
	£	£	£	£	£
<b>Restricted funds:</b>					
Africa - GIZ FairForward	23,326	159,166	(156,990)	-	25,502
Africa - Bill and Melinda Gates Foundation	-	161,072	(159,877)	-	1,195
Africa - OCP Foundation / APNI	-	86,713	(86,713)	-	-
Africa and Latin America- Bayer AG	68,590	-	(68,590)	-	-
Latin America- GIZ i4Ag	168,279	-	(149,886)	-	18,393
Latin America - IDB Lab	48,945	362,314	(407,890)	-	3,369
Latin America - Pret a Manger	68,992	100,000	(168,684)	-	308
Latin America - World Food Programme	(1,097)	-	1,097	-	-
<b>Total restricted funds</b>	<b>377,034</b>	<b>869,265</b>	<b>(1,197,532)</b>	<b>-</b>	<b>48,768</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>303,208</b>	<b>228,535</b>	<b>(354,697)</b>	<b>-</b>	<b>177,046</b>
<b>Total unrestricted funds</b>	<b>303,208</b>	<b>228,535</b>	<b>(354,697)</b>	<b>-</b>	<b>177,046</b>
<b>Total funds</b>	<b>680,242</b>	<b>1,097,799</b>	<b>(1,552,229)</b>	<b>-</b>	<b>225,813</b>

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2024

---

##### Purposes of restricted funds

**Africa - GIZ FairForward:** 353,808 Euros secured over 24 months from October 2022 to June 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa.

**Africa - Bill and Melinda Gates Foundation:** 2022/2023 Funding from the Bill and Melinda Gates Foundation for a total of \$US 463,317 over 12 months to support the testing of incentives for farmers and other stakeholders to share data, in order to collectively benefit from stronger data insights across agricultural value chains as a result of sharing the data, and the enhanced delivery of digital services to smallholder farmers.

**Africa - OCP Foundation / African Plant Nutrition Institute (APNI):** \$US 110,990 received during 2023 of a total three-year grant of \$US 321,050 from APNI (2023-2025), sub-granted from the OCP Foundation, to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming - in order to enhance their long-term resilience to climate change.

##### Africa - Cavex

£32,777 funding secured in 2024 from Cavex to pilot carbon-financed interventions that empower smallholder coffee farmers through activities like reforestation, biochar, and clean energy, as well as tests farmer-led digital data collection tools to generate ISO-certified carbon credits and support compliance with EU deforestation regulations.

##### Africa - Viamo

\$23,565 secured over 12 months to support the research and development of an omnichannel digital assistant for smallholder farmers in East Africa.

**Africa and Latin America - Bayer AG:** 300,000 Euros was secured from Bayer AG in 2022 Q4 to support further 2022/2023 testing and scaling of Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in both Peru and Uganda to aggregate and collectively sell their surplus food crops to enhance their incomes.

**Latin America - GIZ (German Development Agency) i4Ag:** 700,445 Euros secured over 24 Months (2021 Q4 - 2023 Q3) to support the expansion of Croppie - our digital tool focused on data-driven yield predictions for smallholders in Peru and Colombia.

##### Latin America - IDB Lab (The innovation laboratory of the Inter-American Development Bank):

1,000,000 USD secured over 36 Months from January 2022 for work in Peru to support the development of climate-resilient landscapes, working with 10 smallholder cooperatives to develop the data, training, financial and market access services required to manage climate-resilient farms and landscapes.

##### Latin America - Incofin

£6,990 funding secured in 2024 of a \$US 85,000 one-year grant from Incofin - a Belgian-based impact investment firm that focuses on promoting financial inclusion, sustainable agriculture, and rural development, particularly in emerging and developing countries, working in partnership with producer partners in Peru to improve the services being delivered.

**Latin America - Pret a Manger Coffee Fund:** Funding to support Peruvian Partners, particularly Centrocafe, to implement a youth leadership training programme.

##### Latin America - World Food Programme

funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.

##### Latin America - IDB Lab SAGRI

\$800,000 USD grant awarded over 36 months to improve the productivity of Peruvian smallholders and promote the adoption of climate-smart practices through an innovative soil analysis solution, piloting a sustainable and scalable business model £217,230 secured to support expenditure in 2024/2025.

## 18 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2023, Cafédirect Producers Limited.

## 19 Post balance sheet event

The charity has been made aware of a legal dispute relating to events which have taken place since the year end, which is ongoing. An estimate of the maximum financial impact this could have on the organisation is £10,000.

**PRODUCERS DIRECT**

England & Wales - Charity number 1133218

---

# Accounts

---

Company number: 06959165  
Charity number: 1133218

# Producers Direct

Report and financial statements  
For the year ended 31 December 2023

## **Producers Direct**

### **Contents**

#### **For the year ended 31 December 2023**

---

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	20
Statement of financial activities (incorporating an income and expenditure account)	24
Balance sheet	25
Statement of cash flows	26
Notes to the financial statements	27

## Producers Direct

### Reference and administrative information

For the year ended 31 December 2023

---

**Company number** 06959165

**Charity number** 1133218

**Registered office and operational address:** International House, 45-55 Commercial Street  
E1 6BD, UK

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

**Previous Names** Producers Direct legally changed its name from Cafédirect Producers' Foundation in December 2017.

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Christele Delbe	Chair
Anthony Wainaina	
Wendy Chamberlin	(Appointed: 12 <sup>th</sup> September 2023)
Michael Montalvan	(Appointed: 12 <sup>th</sup> September 2023)
Jamie Anderson	(Appointed: 12 <sup>th</sup> September 2023)
John Shaw	(Appointed: 1 <sup>st</sup> May 2024)
Gregory Mugabe	(Appointed: 1 <sup>st</sup> May 2024)
Lebi Gabriel Hudson	(Resigned: 12 <sup>th</sup> September 2023)
Pauline Boit	(Resigned: 12 <sup>th</sup> September 2023)
Lenin Tocto Minga	(Resigned: 12 <sup>th</sup> September 2023)

**Key management personnel** Claire Rhodes Chief Executive Officer

**Bankers** Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

Barclays Bank  
Leicester  
LE87 2BB

**Solicitors** Bates Wells  
2-6 Cannon Street  
London  
EC4M 6YH

**Producers Direct**

**Reference and administrative information**

**For the year ended 31 December 2023**

---

Weil Gotshal & Manges  
110 Getter Lane  
London  
EC4M 6YH

**Auditor**

Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
110 Golden Lane  
LONDON  
EC1Y 0TG

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2023

---

The Trustees present their report and the audited financial statements for the year ended 31 December 2023.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

### Purposes and aims

Producers Direct is a UK-registered charity, established in 2009, that works with smallholder farmer organisations in Africa and Latin America. Producers Direct's objects, as outlined in its Articles of Association are to:

- Prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- Advance or assist in advancing education; and
- Promote sustainable development by:
  - The preservation, conservation and the protection of the environment and the prudent use of natural resources.
  - The promotion of sustainable means of achieving economic growth and regeneration.

Throughout 2023, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct's vision is of thriving smallholder communities, where each smallholder can realise their own vision. We believe smallholders are inherently innovative and have the potential to wield a powerful voice when they operate collectively. We are committed to inspiring smallholders to join forces, share their knowledge and strengthen incomes and resilience, together. Our mission is to increase smallholder farmers' resilience and power in food systems.

### Approach and Model

Producers Direct works directly with smallholder communities and farmer organisations to strengthen resilience, increase incomes, and build farmers' leadership.

Smallholder farmers in the global south face significant power imbalances in food systems, exacerbated by climate change and its devastating impact on smallholder agriculture. Most smallholders live below the poverty line and struggle to feed their families. Smallholders typically capture less than 30% of the value generated by their crops, while powerful upstream actors and multinationals earn billions of dollars in profits. Furthermore, smallholders still need better access to actionable data and information. Most smallholders do not keep profit/loss records, and continue to manage significant socio-economic and climate risks daily without access to external data. The benefits of burgeoning investments in data-driven agriculture, including AI, remain largely inaccessible to smallholders.

Consequently, market inequity combined with limited access to relevant, affordable data, continues to drive low farm productivity and limited profitability for smallholder farmers. Ensuring fair market access and providing actionable data are crucial for improving smallholders' incomes

and resilience. When smallholders leverage their collective agency, they tackle persistent threats together.

Within this context, Producers Direct's model addresses three interconnected challenges:

- **Market Access:** Most smallholder farmers live on less than \$2.15 per day. They earn less than 30% of the value generated by their crops.
- **Data:** Limited access to data prevents smallholder farmers from making informed decisions, further restricting their decision-making power.
- **Farmer Voice and Leadership:** Smallholders have a wealth of knowledge and experience that is typically marginalised from the delivery of services designed to support them - despite farmer-led advice typically being more trusted and more actionable.

To address these challenges, Producers Direct's work focuses on three main areas:

- **Digitising Market Access:** Strengthening smallholder farmers' power in food production and distribution through our digital marketplace, FarmDirect. FarmDirect empowers smallholders to aggregate surplus crops remotely and digitally, meaning smallholders are no longer operating individually. Smallholders increase their collective bargaining power and capture higher prices for their crops. FarmDirect incentivises farmers to aggregate even the smallest volumes of surplus with fellow farmers without facing challenging and costly logistics such as transport. Last-mile logistics are managed digitally by FarmDirect and in-person by a network of Producers Direct Youth Agents, trained by Producers Direct.
- **Empowering Smallholders with Data and Information Services:** Providing real-time, actionable data and information services to support on-farm management and profitability improvements. Since 2009 Producers Direct has built a network and repository of farmer expertise and knowledge, which we are mobilising to support our farmer-led advisory services. This currently includes: Testing incentives for smallholders to share their data to support the training of AI models to generate actionable advice and insights relevant to smallholder farmers; and farmer feedback loops and insights, including on-farm profitability and markets.
- **Amplifying Collective Power:** Investing in smallholder farmers as experts, fostering leadership, and knowledge-sharing through farmer-led initiatives. Farmers' voices, knowledge and experiences will collectively have more power, not only within Producers Direct's model but to inform the decisions and work of other key partners and stakeholders across the food system.

## Activities and services delivered during 2023

All Producers Direct's charitable activities focus on improving the livelihoods and resilience of smallholder producers, and are undertaken to further Producers Direct's charitable purposes for the public benefit. Overall, Producers Direct's activities directly reached 8,541 smallholders in 2023 and, cumulatively, 1,333,117 smallholders since we were established in 2009. East Africa programme activities were delivered by Producers Direct's East Africa Programme team, based in Nairobi, in partnership with East Africa-based producer organisations in Kenya, Tanzania and Uganda. East Africa programme expenditure totalled £657,321, with donors including the German Development Agency (GIZ FairForward), Bayer AG, OCP Foundation and the Bill and Melinda Gates Foundation. Latin America programme expenditure totalled £828,879 - funded by Pret a Manger, the German Development Agency (GIZ i4Ag) and the Inter-American Development Bank (IDB Lab).

2023 activities and services delivered included:

### Market Access

During 2023, market access programme activities continued to grow across East Africa and Peru, through branded and unbranded product sales into local and national markets - with a focus on horticultural crop and honey value chains:

- Sales of unbranded horticultural crops through FarmDirect grew across both East Africa and Peru, with a continued focus on supporting smallholder farmers to bundle surplus food security crops they are growing, including fruits and vegetables, and selling them in local markets. Logistics associated with identifying buyers and sourcing products from farmers is being supported by a network of youth agents. 2,700 smallholder farmers, predominantly female farmers (76%) accessed markets across East Africa and Peru, with 2023 sales via FarmDirect totalling \$454,628. 38% of smallholders selling through FarmDirect platform sold 2+ products, demonstrating increased resilience via on-farm diversification.
- Branded honey sales continued throughout the year in the Kenyan market, with end-2023 results including 9,309 kg of honey sold; and revenue from branded Kenyan honey sales of £32,000. In Peru, 387 kg of branded honey was sold, generating revenue of £3,385 (\$US 4,321).

### Farmer-led Training and Information Services

- 3,301 smallholder farmers were trained in Peru, including 1,327 women and 537 youth. Training was delivered in partnership with 8 of our partner Producers Organisations in Peru, covering a variety of topics including: Coffee & Climate Change, Women's Leadership, Food Security, and Youth Leadership. In parallel, an evaluation was undertaken in partnership with Cenfrocafe on the impact of Pret a Manger's programme supporting youth entrepreneurs from smallholder coffee communities in Peru - an MBA-style training programme combining in-person and digital training.

In parallel, activities continued to support the 400 beekeepers who originally participated in hive and honey quality management training across East Africa during 2022. This support was delivered through ongoing distribution of trainer-of-the-trainer materials on hive management. post-harvest & honey quality management.

- With support from the German Development Agency (GIZ) and IDB Lab, *Croppie* development was a significant 2023 focus. In 2023, 2,751 smallholders in Peru, Colombia and Uganda

benefited from Croppie and received yield predictions and tailored agronomic tips. Tips were delivered via the Croppie Aii, SMS (for non-smartphone users) or WhatsApp. 75% of farmers who accessed Croppie reported an increased confidence to mitigate climate change impacts

During our second year delivering Croppie in Latin America (Peru and Colombia), we focused on improving the accuracy of the AI model and improving the photo-taking protocol to ensure it was farmer-friendly and accessible to all smallholders. 78% of farmers who had received a yield prediction and tailored agronomic tip reported they are now implementing +2 Good Agricultural Practices or Climate-Smart Practices because of the information they received via Croppie. During the second year of the project in Peru, we focused on delivering tailored tips during a seasonally appropriate time, responding to feedback we received in 2022. The API for Croppie is now available, enabling other organisations to benefit from Croppie. Thus far, over 1M data points from smallholders in Latin America were collected and used to train our AI model, which will return benefits to smallholders and strengthen on-farm decision making.

In Uganda, +350 smallholder farmers received yield predictions for coffee and tailored agronomic tips to strengthen on-farm decision making.

#### **Access to Finance:**

Throughout 2023, Producers Direct continued managing the ROTA loans originally disbursed in late 2021. 2021 loans supported beekeepers to invest in their honey enterprises. Instead of the financing being provided in cash, Producers Direct pre-purchased 1,000 hives, which were then distributed as loans to 69 beekeepers across Uganda and Tanzania. Producer partner organisations support the administration and management of the loans to individual farmers. At the end of 2023, the total value of ROTA loans disbursed across East Africa was £55,702.

With support from IDB Lab during 2022, Producers Direct disbursed ROTA loans to the value of £3,446 in Peru. By the end of 2023, the majority of these ROTA loans had been repaid in honey stock, reducing the outstanding balance of ROTA loans in Peru to £265 by end 2023.

### **Achievements and performance during 2023**

During 2023, Producers Direct's activities directly reached 8,541 smallholder farmers, with 3,301 smallholders trained, 2,489 smallholders benefitting from access to markets and 2,751 smallholders empowered with access to actionable and real time data to strengthen decision-making.

In 2023, we scaled out Croppie from Peru and Colombia to also benefit smallholder coffee farmers in Uganda. In Uganda, we worked in partnership with the Alliance of Bioversity International and the International Center for Tropical Agriculture (CIAT), who we also partnered with in Latin America, one of our Ugandan Producer Organisation partners, Ankole Coffee Producers Cooperative Union (ACPCU) and M-Omulimisa, an innovative agriculture technology company harnessing the power of mobile technology, farmer networks and strategic partnership to empower smallholder farmers in Uganda with access to agriculture-related services. Together, we delivered coffee yield predictions and tailored tips to strengthen on-farm decision making and inspire data-driven decisions to strengthen resilience to rapidly changing climates. In 2023, we also developed a partnership with Makerere University in Kampala, Uganda and worked with data scientists and specialists in AI to support the delivery of Croppie to smallholders.

Producers Direct is committed to: 1) improving incomes and livelihoods for smallholder farmers across East Africa and Latin America, 2) strengthening resilience to climate change and market

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2023

---

shocks and 3) increasing the collective voice and power of smallholder farmers. In 2023, smallholders who sold produce on our FarmDirect platform improved incomes by 20% (on average). Further, in 2023, 75% of smallholders who accessed Croppie (yield predictions and/or agronomic/financial tips) reported a greater confidence to mitigate shocks linked to climate change and extreme weather events.

2023 also marked an impressive year for our market access activities through FarmDirect. In 2023, \$453,392 in sales were made on the platform across Peru, Uganda and Kenya, compared to \$28,464 in sales in 2022, demonstrating an impressive increase in sales. In 2023 we also launched the USSD version of FarmDirect, enabling smallholders who do not have access to a smartphone to register surplus crops on our tool using a non-smartphone, increasing accessibility for remote smallholders.

Other non-programmatic achievements during 2023 included:

- Producers Direct was a finalist of the Milken-Motsepe Prize in Agritech in January 2023.
- We launched a collaborative project with the African Plant Nutrition Institute and OCP-Foundation in February 2023 in Kampala, Uganda in partnership with Ankole Coffee Producers Cooperative Union (ACPCU). The goal of the initiative is to strengthen livelihoods and resilience for Ugandan coffee farmers.
- In April 2023, our CEO, Claire Rhodes, was selected as a 2023 Rockefeller Foundation - Acumen Food Systems Fellow. Claire worked with other leaders from across the globe to identify innovative solutions to tackle diverse food systems challenges including enhancing smallholders' resilience to climate change.
- In May members of our Peru team and partners from CIAT participated in the Digital Transformation Forum in Mexico, supported by GIZ FairForward in partnership with the Bill and Melinda Gates Foundation, where we showcased our digital tool, Croppie.
- We participated in the INNOVEAT Expedition, where we discussed innovative solutions for a more sustainable food system. The dialogue emphasised the significance of authentic co-designing with local leaders and highlighted the importance of trust and relationships with local leaders.
- We collaborated with VIAMO and Harvest Plus in the Information Exchange Platform (AIEP) initiative implemented by GIZ FairForward. This initiative brought together cohorts to develop AI-powered solutions for smallholders in Kenya.
- We were part of the Expocafe - the largest coffee event in Peru - with some of our key Peruvian Producer Organisation partners.

## External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets.

Smallholder farmers represent one of the most vulnerable groups to climate change, with changing climatic conditions continuing to exacerbate the challenges faced by smallholder farmers. Climate-related challenges include vulnerability to natural disasters, prolonged droughts and associated detrimental impacts of these changing climatic conditions on crop production. Current market systems typically do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data.

## Beneficiaries of our services

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.2 hectares (3 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. On average, 16% of the farmers we work with own a smartphone, and 17% have internet access. Only 48% have a bank account. From our recent survey data, 89% of farmers who responded reported access to finance being a key challenge, and 59% reported market access as an additional challenge - showcasing the importance of our investment in linking farmers to markets. Currently, 82% of the farmers in our network growing food security crops are not yet aggregating these crops for sale at local markets - demonstrating the opportunities our work to support market access via FarmDirect can bring to the smallholder farmers within our network.

We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network and empowering female smallholders to play central roles in the design and delivery of our programme activities, both in-person and digitally. Furthermore, we continue to invest in supporting youth to take up leadership roles within smallholder communities and in the delivery of Producers Direct's services.

## Organisations we work with

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national levels to support programme implementation. During 2023, strategic partners supporting programme delivery included the International Centre for Tropical Agriculture (CIAT), Ideo.org, M-Omulimisa, Viamo, Tecnicafe, Makerere University, and Busara Centre for Behavioural Economics.

## Financial review

As shown in Producers Direct's Financial Statements, 2023 income totalled £1,097,799 with funds brought forward from 2022 totalling £680,242. 2023 expenditure totalled £1,552,229. During 2023, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations and public limited companies.

Producers Direct ended the year with a total fund balance of £225,813, of which £48,768 was restricted funds and £177,046 was unrestricted funds.

### **Policies for making social or programme-related investments**

Producers Direct typically does not make social or programme related investments and therefore does not have a policy on this.

### **Investment policy and performance**

Beyond interest received on current accounts and fixed term deposit savings accounts, Producers Direct does not currently hold any long-term investments.

### **Grant making policies**

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

### **Loans**

In 2020, Producers Direct secured two 5-year loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- *CAF Venturesome*: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa. The CAF Venturesome loan balance at the end of 2023 was £18,404.
- *UK Government Bounce Back Loan*: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management. The Bounce Back loan balance at the end of 2023 was £24,947.

### **Voluntary help and gifts in kind**

In previous years, Producers Direct has benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges. However, no legal advice was required by Producers Direct during 2023 and therefore the value of *pro bono* services included in Producers Direct's 2023 Financial Statements is zero.

Throughout 2023, Producers Direct was grateful for the in-kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested significant time without financial compensation in order to support the delivery of Producers Direct programme activities.

## Principal risks and uncertainties

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct's perspective, major risks are those which may have a significant impact on its:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity's aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:

- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible;
- Quarterly tracking and reviewing of major risks identified;
- Clear articulation of organisational policies and processes for delegating authority and control;
- Income targets for fundraising activities;
- Ongoing management of the organisation's unrestricted funds, including its reserve fund.

## Reserves policy and going concern

Producers Direct's Reserve Policy focuses on holding sufficient unrestricted reserves to cover at least six months of essential operational costs during a period of unforeseen difficulty. In this context, Trustees consider essential operational costs to include: Core team members across the UK, East Africa and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current 3-year cash flow projections, 6 months of essential operational costs are budgeted at £192,638 - with this budget covering core operational and programme staff across UK, East Africa and Peru, associated operational costs and loan repayments due. At end-2023, the balance of Producers Direct's unrestricted cash and assets totalled £177,046. However, unrestricted funding secured from Cafedirect and the Livelihood Impact Fund during early 2024 enabled Producers Direct to top-up its reserve fund balance to exceed its £192,638 minimum threshold by April 2024. During the remainder of 2024, Producers Direct will continue work to enhance its unrestricted cash reserves through the following strategies:

- Careful management of Producers Direct's unrestricted fund balance.
- Targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.
- Continued development of opportunities to generate earned income through Producers Direct's activities, including the sale of branded and unbranded products into local and national markets where smallholder partner organisations are located.
- Targeting earned income through service provision contracts with organisations working with smallholders.

In September 2024, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through at least December 2025 - with planned scenarios in the event that fundraising income is significantly lower than plan.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register.
- Producers Direct continued capacity to raise and maintain sufficient unrestricted cash reserves to cover at least six months of essential operational costs, to enable operations to continue during a period of unforeseen difficulty.

## Fundraising

During 2023, Producer Direct's fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are principally undertaken internally by grant writers who are employed by Producers Direct.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator (England, Wales and Northern Ireland), and the UK Chartered Institute of Fundraising. During 2023, there were no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct's fundraising expenditure on grant writers is to enhance Producers Direct's annual restricted and unrestricted income for 2023/2024 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors and social lenders during 2023:

### *Restricted Income: East Africa*

- GIZ (German Development Agency) FairForward: £159,166 received during 2023, of a total grant of £313,760 (353,808.42 Euros) secured over 24 months from October 2022 to June 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa
- African Plant Nutrition Institute (APNI), with support from the OCP Foundation: £86,713 secured for 2023 expenditure a total sub-grant of £255,404 (\$321,050) over three-years to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming.
- Bill and Melinda Gates Foundation: £161,072 funding secured in 2023 from the Bill and Melinda Gates Foundation of a total of £369,050 (\$US 463,317) over 12 months to test incentives for farmers and other stakeholders to share data, in order to collectively benefit from stronger data insights across agricultural value chains as a result of sharing the data, and

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2023

---

the enhanced delivery of digital services to smallholder farmers.

#### *Restricted Income: Latin America*

- GIZ (German Development Agency) i4Ag: Continued expenditure of the £397,325 received during 2022, of a total grant of £621,155 (700,445 Euros) from the GIZ *Fund for the Promotion of Innovation in Agriculture* (i4AG) from October 2021 for 24 months to support expanded development and testing of Croppie, supporting data-driven yield predictions for coffee smallholders in Peru and Colombia.
- IDB Lab - the innovation laboratory of the Inter-American Development Bank: £362,314 received during 2023, of a total £796,540 (1,000,000 USD) secured from IDB Lab over 36 Months from January 2022 for work in Peru to support the development of climate-resilient landscapes, working with 10 smallholder cooperatives to develop the data, training, financial and market access services required to manage climate-resilient farms and landscapes.
- Pret a Manger Coffee Fund: £100,000 secured for expenditure during 2023 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru, and associated impact evaluation.

#### *Restricted Income: International*

- Bayer AG: Continued expenditure of the 2022-2023 funding of 300,000 Euros secured from Bayer AG in 2022 to expand the testing of FarmDirect, and associated 'Digital Cooperatives' concept with smallholders in Peru and Uganda - with particular emphasis on supporting female smallholder farmers.

#### *Unrestricted Income*

- Dovetail Impact Foundation: Producers Direct received an unrestricted donation of \$US 100,000 from the Dovetail Impact Foundation.
- Cafédirect plc: Producers Direct received an annual donation of £100,000 during 2023 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc.

## Plans for the future

### Future Programme Focus Areas

During 2023 and into 2024, Producers Direct reviewed and updated its Theory of Change.

Through until 2030, Producers Direct will continue to focus on three key areas of impact:

- Increasing farmer incomes.
- Strengthening resilience, including to changing climatic conditions and economic shocks.
- Increasing the collective power & voice of smallholder farmers.

Key 2024 activities to deliver Producers Direct's Theory of Change and Impact include:

- *Digitising Market Access:* Continued FarmDirect growth across East Africa and Peru, targeting 11,500 farmers registered and selling through FarmDirect by end 2024, with a total value of 2024 sales through FarmDirect of \$US 1.49 million. In parallel, continued growth of branded honey sales in East Africa and Peru, targeting annual sales of \$US 177,500 sales by end 2024.
- *Data and Information for Decision Making:*
  - In-person training for 1,500 smallholder farmers, paired with continued testing of digital advisory services for smallholder farmers via Croppie, blending peer-to-peer advice with secondary, external data sources.
  - Development and testing of data sharing incentives and infrastructure, supporting smallholder farmers and other stakeholders to share data, in order to collectively benefit from stronger data insights across agricultural value chains, and enhanced delivery of digital services to smallholder farmers.
- *Farmer Power & Leadership:* Continued investment in farmer and youth leadership across programme delivery, including through farmer co-design groups to facilitate farmer feedback & iterative design; training farmers as leaders; and investing in youth leaders within communities to lead key aspects of programme delivery, including FarmDirect growth and continued Croppie testing.

### Future funding

Funds secured to support 2024 programme activities and operations to-date include:

#### *Restricted Income: East Africa*

- GIZ (German Development Agency) FairForward: £47,427 for 2024 expenditure of a total grant of £313,760 (353,808 Euros) over 24 months from October 2022 to June 2024 to support Croppie testing in Uganda.
- African Plant Nutrition Institute (APNI), with support from the OCP Foundation: £86,034 secured for 2024 expenditure a total sub-grant of £255,404 (\$321,050) over three-years to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming.
- Bill and Melinda Gates Foundation: £209,742 secured for 2024 expenditure of a total of £369,050 (\$US 463,317) over 12 months to test incentives for farmers and other stakeholders

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2023

---

to share data, in order to collectively benefit from stronger data insights across agricultural value chains as a result of sharing the data, and the enhanced delivery of digital services to smallholder farmers.

#### *Restricted Income: Latin America*

- Pret a Manger Coffee Fund: £100,000 confirmed for 2024 expenditure to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- Bayer Foundation: £171,827 (200,000 Euros) of 2024 funding confirmed for continued scaling of FarmDirect, and associated 'Digital Cooperatives' concept with female smallholder farmers in Peru.
- IDB Lab: £174,751 secured for 2024, representing the final year disbursement of the overall £796,540 (\$US 1,000,000) three-year grant from IDB Lab - the innovation laboratory of the Inter-American Development Bank Group, supporting a Peru-wide programme focused on 'Data Resilient Landscapes, working in partnership with Producer Direct's 10 producer partners in Peru.

#### *Unrestricted Income*

- Cafédirect plc: As per the Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.
- Livelihood Impact Fund: \$US 100,000 secured from the Livelihood Impact fund from April 2024 to support Producers Direct's growth and impact in East Africa.

#### **Additional 2024 priorities include:**

- Appointment of new Producers Direct Trustees: During 2023, three new Trustees were nominated for 2024 appointment to the Producers Direct Board. New Trustees include one new Peruvian smallholder producer representative, one new Uganda smallholder producer representative and one non-producer Trustees based in the UK.

## Structure, governance and management

### **Constitution**

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a UK private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a UK charity in December 2009 (Registered charity number: 1133218). The company was established under a Memorandum of Association (10th July 2009) that established its objectives and powers and is governed under its Articles of Association (10th July 2009). Producers Direct also holds local branch registrations in Kenya and Peru.

### **Trustees**

Producer Direct's Trustees are responsible for setting Producers Direct's strategy and are responsible in law for the running of Producers Direct. The Charity's sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing Producers Direct Trustees. Prior to appointment by CPL, existing members of the Producers Direct Board of Trustees are responsible

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2023**

---

for confirming that new Trustees have the necessary skills and capacity to contribute to Producers Direct's governance, and organisational development.

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member. Trustees typically serve a maximum of two three-year terms.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Typically, travel expenses associated with Producers Direct Trustees attending Board meetings are reimbursed. However, Producers Direct's Board meetings continued to be convened virtually rather than in-person throughout 2023. Subsequently, no travel expenses associated with Board meetings were incurred during 2023.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes has served in this role since the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009.

Typically, Producers Direct's Board of Trustees meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. During 2023, a total of 5 Board teleconferences were convened and update reports provided. During 2023, Lebi Hudson served as the Producers Direct Chair until stepping down from the Board in September 2023. From September 2023, Christele Delbe has served in the role as Chair.

In previous years, Producers Direct has operated a Board Procurement Sub-committee. During 2023, there were no operational Board sub-committees. Procurement decisions requiring Board attention were addressed during Board meetings.

Financial controls are determined by Producers Direct's financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct CEO over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustees' and Senior Team member's Interests has been established and is updated annually.

### **Employees**

During 2023, Producers Direct employed 23.2 FTE staff across the UK, East Africa and Peru as follows:

**UK:** 4 full-time and 1 part-time UK-based staff members included:

- The CEO (1FTE), responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2023

---

- Head of Information (0.8FTE), responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- Head of Business Development (1FTE), responsible for business development and financial modelling across Producers Direct's programme areas, particularly branded and unbranded product sales.
- Head of Digital Programmes (1FTE), responsible for Producers Direct's digital strategy and day-to-day management of Producers Direct's digital tools development, including FarmDirect and Croppie.
- Commercial Programmes Manager (1FTE), responsible for FarmDirect's operational management and growth across Peru and Uganda.

**Kenya:** Producers Direct maintained its local branch status in Kenya for the majority of 2023, with 11 full-time and 3 part-time, Nairobi-based employees. Kenya-based senior team members included:

- The CFO (1FTE), responsible for strategic management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- Senior Sales Manager (1FTE), responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Kenya.
- Honey Quality Manager (1FTE), responsible for Producers Direct's development and delivery of honey programme activities with producer partners in Kenya, Uganda and Tanzania, through to oversight of honey product development and quality management of branded honey products.
- Africa Manager (1FTE), responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in East Africa and managing annual work plans for each of the four East African Centres of Excellence - until November 2023.

**Peru:** Producers Direct maintained its local branch status in Peru throughout 2023 with 5 full-time employees and part-time employees. Peru-based senior team members included:

- Head of Strategy and Partnerships, Latin America (1FTE), responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in Latin America, particularly Peru, including 2023 work plan development and delivery.
- Peru Commercial Manager (1FTE), responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Peru and the testing of unbranded product sales through FarmDirect.

During 2023, Producers Direct contracted a range of support services, including user-centred design and financial management services, and support for the coordination of programme activities with smallholder producer organisations in Latin America and East Africa.

**USA:** Throughout 2023, Producers Direct's COO was employed through Producers Direct Inc, a US-registered non-stock company established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. The COO is responsible for strategic oversight and management of Producers Direct's impact, programmes and organisational development. *(Note - The COO was previously UK-based prior to transitioning to work for Producers Direct from the USA from 1st September 2021).*

### **Employee Remuneration**

Producers Direct staff salaries are reviewed annually for all employees, in accordance with Producers Direct's Staff Salary Review policy. Staff salaries are structured within salary bands across different roles and levels of responsibility. Key considerations include: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. The salary bands used to determine both current and new staff have been developed, and are benchmarked using a combination of publicly available compensation data and/or purchased datasets for equivalent roles (skill set / level of seniority), and are adjusted for cost of living variances across the countries where Producers Direct operations and teams are located. Salaries for new team members are benchmarked during the recruitment process. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit organisations of similar size, scope and resources to Producers Direct. For all other Producers Direct staff, annual salary adjustments are based on annual performance reviews undertaken by Line Managers, with proposed salary adjustments falling within established salary bands. The CEO is then responsible for proposing the overall salary adjustment budget to the Producers Direct Board for approval.

### **Appointment of Trustees**

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists potential candidates based on the key skills sought from the new Trustees and each candidate's potential suitability for the role. Existing Producers Direct Trustees are then responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

### **Trustee induction and training**

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external training available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

## Related parties and relationships with other organisations

Related parties include:

**Producers Direct Inc:** Producers Direct Inc is a US-registered non-stock company that was established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. In 2022, Producers Direct Inc. secured US 501c3 non-profit status. From September 2021, Producers Direct's COO has been US-based and is employed by Producers Direct Inc.

**Cafédirect Producers Limited (CPL):** CPL is the sole Member of Producers Direct. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc and advancing the role of producers in the governance of Cafédirect plc.

**Cafédirect Producers Trust:** The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

**Cafédirect plc:** Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation agreement was extended for an additional 3-years from January 2020, and further extended through until end 2023. In 2023, the value of related party transactions between Cafédirect and Producers Direct was £108,550 - the 2023 annual donation from Cafédirect to Producers Direct of £100,000 and £8,550 of reimbursed Peru travel expenditures for Cafedirect staff, originally paid by Producers Direct.

**Wefarm Ltd (Closed August 2022):** Wefarm originated as a project of Producers Direct and operated as a Producers Direct project from 2010-2015. In January 2015, Wefarm was incorporated as a Private Company Limited by Shares. Until October 2020, Producers Direct was represented on the Wefarm Board and held the right to a Wefarm Board seat. In October 2020, Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As part of this 2020 investment round, Producers Direct relinquished its rights to a Wefarm Board seat. By the end of 2021, Producers Direct's shareholding in Wefarm was less than 1%. In August 2022, Wefarm Ltd went into administration. As part of the administration process, Producers Direct purchased a number of Wefarm assets from Wefarm Administrators, Kroll Advisory Ltd. Assets acquired included the SMS- and online technology platform, associated database, and Wefarm brand. The value of this asset purchase, paid to Kroll Advisory Ltd in November 2022, was £7,000 plus VAT.

## Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2023

---

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2023 was 1, Cafédirect Producers Limited being the sole member of the charity (2022: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been approved by the Trustees on 18 September 2024 and signed on their behalf by



**Christèle Delbe**  
Chair, Producers Direct

## Independent auditor's report

To the members of

**Producers Direct**

---

### Opinion

We have audited the financial statements of Producers Direct (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Producers Direct's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or

## **Independent auditor's report**

### **To the members of**

#### **Producers Direct**

---

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we

## Independent auditor's report

To the members of

**Producers Direct**

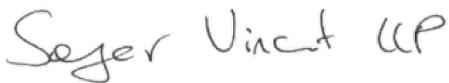
---

will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Noelia Serrano (Senior statutory auditor)

19 September 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
110 Golden Lane, LONDON, EC1Y 0TG

**Producers Direct**

**Statement of financial activities** (incorporating an income and expenditure account)

**For the year ended 31 December 2023**

		Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
<b>Income from:</b>	Note						
Donations and legacies	2	195,135	-	<b>195,135</b>	331,281	-	331,281
Charitable activities							
Africa Programme	3	32,516	406,951	<b>439,467</b>	26,786	194,228	221,014
Latin America Programme	3	592	462,314	<b>462,906</b>	1,011	1,001,723	1,002,734
Investments		292	-	<b>292</b>	179	-	179
<b>Total income</b>		<b>228,535</b>	<b>869,265</b>	<b>1,097,799</b>	<b>359,257</b>	<b>1,195,951</b>	<b>1,555,208</b>
<b>Expenditure on:</b>							
Raising funds	4a	24,278	41,732	<b>66,010</b>	12,618	57,363	69,981
Charitable activities							
Africa Programme	4a	247,200	483,155	<b>730,355</b>	315,758	763,590	1,079,349
Latin America Programme	4a	83,219	672,645	<b>755,864</b>	180,681	391,770	572,451
<b>Total expenditure</b>		<b>354,697</b>	<b>1,197,532</b>	<b>1,552,229</b>	<b>509,058</b>	<b>1,212,723</b>	<b>1,721,781</b>
<b>Net expenditure and net movement in funds</b>		<b>(126,162)</b>	<b>(328,267)</b>	<b>(454,429)</b>	<b>(149,801)</b>	<b>(16,772)</b>	<b>(166,573)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		303,208	377,034	<b>680,242</b>	453,009	393,806	846,815
<b>Total funds carried forward</b>		<b>177,046</b>	<b>48,768</b>	<b>225,813</b>	<b>303,208</b>	<b>377,034</b>	<b>680,242</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17a to the financial statements.

## Producers Direct

### Balance sheet

Company no. 06959165

As at 31 December 2023

	Note	2023 £	£	2022 £	£
<b>Fixed assets:</b>					
Tangible assets	10		<u>19,175</u>		<u>18,099</u>
			<b>19,175</b>		<b>18,099</b>
<b>Current assets:</b>					
Programme related investments	12	55,967		59,148	
Debtors	11	136,329		173,260	
Cash at bank and in hand		156,417		535,832	
			<u>348,713</u>		<u>768,240</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	(120,074)		(80,419)	
<b>Net current assets</b>			<u>228,639</u>		<u>687,822</u>
Creditors: amounts falling due after one year	14	(22,001)		(25,679)	
<b>Total net assets</b>			<u>225,813</u>		<u>680,242</u>
<b>The funds of the charity:</b>	17a				
Restricted income funds			48,768		377,034
Unrestricted income funds:					
General funds		177,046		303,208	
Total unrestricted funds			<u>177,046</u>		<u>303,208</u>
<b>Total charity funds</b>			<u>225,813</u>		<u>680,242</u>

Approved by the trustees on 18 September 2024 and signed on their behalf by



Christèle Delbe  
Chair, Producers Direct

**Producers Direct****Statement of cash flows****For the year ended 31 December 2023**

	Note	2023	2022
		£	£
<b>Cash flows from operating activities</b>			
Net expenditure for the reporting period (as per the statement of financial activities)		(454,429)	(166,573)
Depreciation charges		3,640	2,415
Decrease / (increase) in debtors		36,931	(80,723)
Increase / (decrease) in creditors		39,655	(86,531)
<b>Net cash used in operating activities</b>		<b>(374,203)</b>	<b>(331,412)</b>
<b>Cash flows from investing activities:</b>			
Cash received / (paid) on repayment / (issue) of programme related investments		3,181	(13,124)
Purchase of fixed assets		(4,715)	(15,140)
<b>Net cash used in investing activities</b>		<b>(1,533)</b>	<b>(28,264)</b>
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		(3,678)	(40,073)
<b>Net cash used in financing activities</b>		<b>(3,678)</b>	<b>(40,073)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(379,416)</b>	<b>(399,750)</b>
Cash and cash equivalents at the beginning of the year		535,832	935,582
<b>Cash and cash equivalents at the end of the year</b>		<b>156,417</b>	<b>535,832</b>

**1 Accounting policies**

**a) Statutory information**

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is: International House, 45-55 Commercial Street, E1 6BD, UK

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charity meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: In September 2024, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least December 2025 - with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register; 3.) Producers Direct currently holding sufficient unrestricted reserves to cover at least six months' of essential operational costs to enable operations to continued during a period of unforeseen difficulty.

Key judgments that the charity has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over the period greater than one year, and is linked to performance within the project, there is some degree of judgment in assessing the stage of completion and hence the income recognised.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

**g) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Notes to the financial statements

For the year ended 31 December 2023

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

	2023	2022
• Africa Programme	44%	69%
• Latin America Programme	56%	31%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Computer equipment 3 years straight line

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Notes to the financial statements

For the year ended 31 December 2023

## 1 Accounting policies (continued)

## p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## q) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

## 2 Income from donations and legacies

	Unrestricted £	Restricted £	Total 2023 £	Unrestricted £	Restricted £	Total 2022 £
Donations	195,135	-	195,135	331,281	-	331,281
	<u>195,135</u>	<u>-</u>	<u>195,135</u>	<u>331,281</u>	<u>-</u>	<u>331,281</u>

## 3 Income from charitable activities

	Unrestricted £	Restricted £	Total 2023 £	Unrestricted £	Restricted £	Total 2022 £
<b>East Africa Programme:</b>						
Bayer AG	-	-	-	-	76,694	76,694
Bill and Melinda Gates Foundation	-	161,072	161,072	-	-	-
OCP Foundation / African Plant Nutrition Institute	-	86,713	86,713	-	76,694	76,694
MercyCorps AgriFin	-	-	-	-	97	97
GIZ FairForward	-	159,166	159,166	-	95,378	95,378
Innovate UK	-	-	-	-	22,059	22,059
Honey Sales: East Africa	32,516	-	32,516	26,786	-	26,786
	<u>32,516</u>	<u>406,951</u>	<u>439,467</u>	<u>26,786</u>	<u>194,228</u>	<u>221,014</u>
Sub-total for East Africa Programme	32,516	406,951	439,467	26,786	194,228	221,014
<b>Latin America Programme:</b>						
Bayer AG	-	-	-	-	178,952	178,952
GIZ i4Ag	-	-	-	-	397,325	397,325
CIAT	-	-	-	-	(46)	(46)
Pret a Manger	-	100,000	100,000	-	125,000	125,000
World Food Programme	-	-	-	-	20,310	20,310
Inter-American Development Bank - IDB Lab	-	362,314	362,314	-	280,182	280,182
Honey Sales : Peru	592	-	592	1,011	-	1,011
	<u>592</u>	<u>462,314</u>	<u>462,906</u>	<u>1,011</u>	<u>1,001,723</u>	<u>1,002,734</u>
Sub-total for Latin America Programme	592	462,314	462,906	1,011	1,001,723	1,002,734
Total income from charitable activities	<u>33,108</u>	<u>869,265</u>	<u>902,372</u>	<u>27,797</u>	<u>1,195,951</u>	<u>1,223,748</u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2023

4a Analysis of expenditure (current year)

	Charitable activities					2023 Total £	2022 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £		
Staff costs (Note 6)	32,109	264,807	323,185	-	136,464	756,565	648,391
Direct programme expenditure	34,012	241,186	324,205	-	105,386	704,789	863,411
Office costs	-	17,097	12,226	-	50,544	79,867	63,629
Audit, legal and professional fees	-	-	-	11,100	-	11,100	146,351
	<b>66,121</b>	<b>523,091</b>	<b>659,616</b>	<b>11,100</b>	<b>292,394</b>	<b>1,552,322</b>	<b>1,721,781</b>
Support and governance costs	-	134,230	169,264	(11,100)	(292,394)	-	-
<b>Total expenditure 2023</b>	<b>66,121</b>	<b>657,321</b>	<b>828,879</b>	<b>-</b>	<b>-</b>	<b>1,552,322</b>	
Total expenditure 2022	69,981	1,132,371	519,429	-	-		1,721,781

## 4b Analysis of expenditure (prior year)

	Charitable activities					2022 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	
Staff costs (Note 6)	69,981	267,566	177,449	-	133,395	648,391
Direct programme expenditure	-	572,027	291,384	-	-	863,411
Office costs	-	11,282	971	87	51,289	63,629
Audit, legal and professional fees	-	-	-	10,105	136,246	146,351
	<b>69,981</b>	<b>850,875</b>	<b>469,804</b>	<b>10,192</b>	<b>320,930</b>	<b>1,721,781</b>
Support and governance costs	-	228,474	102,648	(10,192)	(320,930)	-
<b>Total expenditure 2022</b>	<b>69,981</b>	<b>1,079,349</b>	<b>572,451</b>	<b>-</b>	<b>-</b>	<b>1,721,781</b>

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2023

#### 5 Net (expenditure)/income for the year

This is stated after charging:

	2023	2022
	£	£
Depreciation	3,640	2,415
Auditor's remuneration (excluding VAT): Audit	10,895	8,300

#### 6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	672,044	577,895
Social security costs	33,488	26,540
Employer's contribution to defined contribution pension schemes	51,033	43,956

Two employees earned more than £60,000 during the year (2022: 60,000) - the CEO (2023 and 2022 Annual salary: £68,000) and the Head of Business Development (2023 Annual Salary: £74,828, 2022: £na)

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel, the CEO were £82,249 (2022: £82,687).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: 0). No charity trustee received payment for professional or other services supplied to the charity (2022: 0).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totaling £0 (2022: £0), as a result of Board meetings continuing to be held virtually.

#### 7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 23.2 FTE, with a total headcount of 24 (2022: 19.4 FTE).

Staff are split across the activities of the charity as follows (headcount basis):

	2023	2022
	No.	No.
Raising funds	1.0	1.7
East Africa Programmes	12.4	10.6
Latin America Programmes	7.6	3.8
Support	3.0	3.4

#### 8 Related party transactions

The only related party transaction is with Cafédirect plc: Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity.

Aggregate donations from the related party Cafédirect plc were £108,550; (2022: £100,000). All were unrestricted in 2022 and 2023. There were no amounts due at year end.

Producers Direct

Notes to the financial statements

For the year ended 31 December 2023

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

	Computer Equipment	
	2023	2022
	£	£
<b>Cost</b>		
At the start of the year	31,221	16,081
Additions in year	4,715	15,140
At the end of the year	<u>35,936</u>	<u>31,221</u>
At the start of the year	13,121	10,706
Charge for the year	3,640	2,415
At the end of the year	<u>16,761</u>	<u>13,121</u>
<b>Net book value</b>		
<b>At the end of the year</b>	<u>19,175</u>	<u>18,099</u>
At the start of the year	<u>18,099</u>	<u>5,375</u>

All of the above assets are used for charitable purposes.

11 Debtors

	2023	2022
	£	£
Trade debtors	27,646	74,857
Prepayments and accrued income	108,683	98,403
	<u>136,329</u>	<u>173,260</u>

12 Programme related investments

	2023	2022
	£	£
Fair value at the start of the year	59,148	46,024
Award of new loans	-	13,124
Repayment of loans	(3,181)	-
<b>Fair value at the end of the year</b>	<u>55,967</u>	<u>59,148</u>

Investments comprise:

	2023	2022
	£	£
<b>Loans</b>		
Ankole Coffee Producers Co-operative Union (ACPCU)	18,752	18,752
Kayonza Growers Tea Factory	22,072	22,072
Rungwe and Busokelo Tea Co-operative Joint Enterprise (RBTC)	14,878	14,878
CAC La Prosperidad de Chirinos	166	2,154
CAC Bagua Grande	99	1,292
	<u>55,967</u>	<u>59,148</u>

During 2023, Producers Direct partnered with five smallholder producer organisations in Uganda (Ankole and Kayonza), Tanzania (RBTC) and Peru (CAC La Prosperidad de Chirinos and CAC Bagua Grande), and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them take-up or strengthen on-farm beekeeping practices. Interest on loans is being charged below market rates in Uganda, Tanzania and Peru. Loans are being made to further the charity's objectives and not solely to generate a financial return.

Producers Direct

Notes to the financial statements

For the year ended 31 December 2023

13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	46,522	28,487
Taxation and social security	1,261	1,261
Loan payments due within a year	21,349	38,379
Accruals	50,941	12,292
	<u>120,074</u>	<u>80,419</u>

14 Non-Current Creditors: amounts falling due beyond one year

	2023	2022
	£	£
UK Bounce Back Loan	15,000	15,761
CAF Venturesome Loan	7,001	9,918
	<u>22,001</u>	<u>25,679</u>

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

15 Pension scheme

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

16a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	19,175	-	19,175
Net current assets	179,872	48,768	228,640
Long term liabilities	(22,001)	-	(22,001)
<b>Net assets at 31 Dec 2023</b>	<u>177,046</u>	<u>48,768</u>	<u>225,813</u>

16b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	14,933	3,166	18,099
Net current assets	313,954	373,868	687,822
Long term liabilities	(25,679)	-	(25,679)
<b>Net assets at 31 Dec 2022</b>	<u>303,208</u>	<u>377,034</u>	<u>680,242</u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2023

17a Movements in funds (current year)

	At 1 January 2023	Income & gains	Expenditure & losses	Transfers	At 31 December 2023
	£	£	£	£	£
<b>Restricted funds:</b>					
Africa - GIZ FairForward	23,326	159,166	(156,990)	-	25,502
Africa - Bill and Melinda Gates Foundation	-	161,072	(159,877)	-	1,195
Africa - OCP Foundation / APNI	-	86,713	(86,713)	-	-
Africa and Latin America - Bayer AG	68,590	-	(68,590)	-	-
Latin America - GIZ i4Ag	168,279	-	(149,886)	-	18,393
Latin America - IDB Lab	48,945	362,314	(407,890)	-	3,369
Latin America - Pret a Manger	68,992	100,000	(168,684)	-	308
Latin America - World Food Programme	(1,097)	-	1,097	-	-
<b>Total restricted funds</b>	<b>377,034</b>	<b>869,265</b>	<b>(1,197,532)</b>	<b>-</b>	<b>48,768</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>303,208</b>	<b>228,535</b>	<b>(354,697)</b>	<b>-</b>	<b>177,046</b>
<b>Total unrestricted funds</b>	<b>303,208</b>	<b>228,535</b>	<b>(354,697)</b>	<b>-</b>	<b>177,046</b>
<b>Total funds</b>	<b>680,242</b>	<b>1,097,799</b>	<b>(1,552,229)</b>	<b>-</b>	<b>225,813</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

17b Movements in funds (prior year)

	At 31 December 2021	Income & gains	Expenditure & losses	Transfers	At 31 December 2022
	£	£	£	£	£
<b>Restricted funds:</b>					
Africa - Innovate UK	(2,869)	22,058	(19,189)	-	-
Africa - MercyCorps AgriFin	13,829	98	(13,927)	-	-
Africa - GIZ FairForward	-	95,378	(72,052)	-	23,326
Africa and Latin America- Bayer AG	223,045	255,646	(410,101)	-	68,590
Latin America- GIZ i4Ag	118,206	397,325	(347,252)	-	168,279
Latin America - IDB Lab	-	280,136	(231,191)	-	48,945
Latin America - Pret a Manger	51,166	125,000	(107,174)	-	68,992
Latin America - World Food Programme	(9,570)	20,310	(11,837)	-	(1,097)
<b>Total restricted funds</b>	<b>393,806</b>	<b>1,195,951</b>	<b>(1,212,723)</b>	<b>-</b>	<b>377,034</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>453,009</b>	<b>359,257</b>	<b>(509,058)</b>	<b>-</b>	<b>303,208</b>
<b>Total unrestricted funds</b>	<b>453,009</b>	<b>359,257</b>	<b>(509,058)</b>	<b>-</b>	<b>303,208</b>
<b>Total funds</b>	<b>846,815</b>	<b>1,555,208</b>	<b>(1,721,781)</b>	<b>-</b>	<b>680,242</b>

**Purposes of restricted funds**

**Africa - Bill and Melinda Gates Foundation:** 2022/2023 Funding from the Bill and Melinda Gates Foundation for a total of \$US 463,317 over 12 months to support the testing of incentives for farmers and other stakeholders to share data, in order to collectively benefit from stronger data insights across agricultural value chains as a result of sharing the data, and the enhanced delivery of digital services to smallholder farmers.

**Africa - OCP Foundation / African Plant Nutrition Institute (APNI):** \$US 110,990 received during 2023 of a total three-year grant of \$US 321,050 from APNI (2023-2025), sub-granted from the OCP Foundation, to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming - in order to enhance their long-term resilience to climate change.

**Africa - Innovate UK:** Funding from Innovate UK's Agritech 9 funding window over 24 months from August 2020, sub-granted from Climate Edge, to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management, and from Innovate UK's Global Challenges Research Fund (GCRF), sub-granted from Climate Edge, to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders. The fund balance of -£2,869 at the start of 2022 was due to a pending payment from Innovate UK for activities undertaken in 2021 that was paid during 2022. Innovate UK project funding closed by the end of 2022.

**Africa - Mercy Corps AgriFin / Starbucks Foundation:** £66,464 secured for 2021 expenditure to support the next phase of the Covid-19 information campaign that was undertaken during 2020, with focus on targeting updated Covid-19 health and safety materials to smallholder farmers across Kenya. MercyCorps AgriFin / Starbucks Foundation project funds closed by the end of 2022.

**Africa - GIZ FairForward:** 353,808 Euros secured over 24 months from October 2022 to June 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa.

**Africa and Latin America: - Bayer AG:** 300,000 Euros was secured from Bayer AG in 2022 Q4 to support further 2022/2023 testing and scaling of Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in both Peru and Uganda to aggregate and collectively sell their surplus food crops to enhance their incomes.

**Latin America - GIZ (German Development Agency) i4Ag:** 700,445 Euros secured over 24 Months (2021 Q4 - 2023 Q3) to support the expansion of Croppie - our digital tool focused on data-driven yield predictions for smallholders in Peru and Colombia.

**Latin America - IDB Lab (The innovation laboratory of the Inter-American Development Bank):** 1,000,000 USD secured over 36 Months from January 2022 for work in Peru to support the development of climate-resilient landscapes, working with 10 smallholder cooperatives to develop the data, training, financial and market access services required to manage climate-resilient farms and landscapes.

**Latin America - World Food Programme (WFP) Innovation Accelerator:** 2020 and 2021 funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes. WFP Innovation Accelerator Project funds closed by the end 2023 Q1.

**Latin America - Pret a Manger Coffee Fund:** Funding to support Peruvian Partners, particularly Cenfrocafe, to implement a youth leadership training programme.

**18 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2023, Cafédirect Producers Limited.

**PRODUCERS DIRECT**

England & Wales - Charity number 1133218

---

# Accounts

---

Company number: 06959165  
Charity number: 1133218

# Producers Direct

Report and financial statements  
For the year ended 31 December 2022

## **Producers Direct**

### **Contents**

#### **For the year ended 31 December 2022**

---

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	26
Statement of financial activities (incorporating an income and expenditure account)	30
Balance sheet	31
Statement of cash flows	32
Notes to the financial statements	33

## Producers Direct

### Reference and administrative information

For the year ended 31 December 2022

---

**Company number** 06959165

**Charity number** 1133218

**Registered office and operational address** International House,  
45-55 Commercial Street  
E1 6BD, UK

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

**Previous Names** Producers Direct legally changed its name from Cafédirect Producers' Foundation in December 2017.

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Lebi Gabriel Hudson	Chair (Resigned: 12 <sup>th</sup> September 2023)
Christèle Delbe	Vice Chair
Pauline Boit	(Resigned: 12 <sup>th</sup> September 2023)
Lenin Tocto Minga	(Resigned: 12 <sup>th</sup> September 2023)
Penny Newman	(Resigned: 18 <sup>th</sup> February 2022)
Anthony Wainaina	
Wendy Chamberlin	(Appointed: 12 <sup>th</sup> September 2023)
Michael Montalvan Tineo	(Appointed: 12 <sup>th</sup> September 2023)
Jamie Anderson	(Appointed: 12 <sup>th</sup> September 2023)

**Key management personnel** Claire Rhodes Chief Executive Officer

**Bankers** Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

Barclays Bank  
Leicester  
LE87 2BB

**Solicitors** Bates Wells  
2-6 Cannon Street  
London  
EC4M 6YH

**Producers Direct**

**Reference and administrative information**

**For the year ended 31 December 2022**

---

Weil Gotshal & Manges  
110 Getter Lane  
London  
EC4M 6YH

**Auditor**

Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House  
108-114 Golden Lane  
LONDON  
EC1Y 0TL

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2022**

---

The Trustees present their report and the audited financial statements for the year ended 31 December 2022.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## **Objectives and activities**

### **Purposes and aims**

Producers Direct is a UK-registered charity, established in 2009, that works with smallholder farmer organisations in Africa and Latin America. Producers Direct's objects, as outlined in its Articles of Association are to:

- Prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- Advance or assist in advancing education; and
- Promote sustainable development by:
  - The preservation, conservation and the protection of the environment and the prudent use of natural resources;
  - The promotion of sustainable means of achieving economic growth and regeneration.

Throughout 2022, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct's vision is of thriving smallholder communities, where each smallholder can realise their own vision. Producers Direct's mission is to work with smallholders in Latin America and Africa to develop innovative solutions to the challenges they face (within the context of their farming and business practices).

Producers Direct's Strategic Objectives are to:

1. Pioneer innovative, effective programmes that strengthen producers' capacity, education and resilience.
2. Ensure Producers Direct is truly producer-led in governance and in its overall model.
3. Mobilise diverse resources to achieve sustainability for producer partners and for Producers Direct.

## Approach and Model

Producers Direct was founded in 2009 to be an organisation led by smallholder farmers, for smallholder farmers. The majority of the 600 million farms in the world are small. Farms of less than 1 hectare account for 70% of all farms but operate only 7% of all agricultural land. While smallholders play an essential role in global food security and nutrition, these same smallholder farmers typically live on under \$2 a day and are themselves often affected by food insecurity and malnutrition. Changing climatic conditions continue to exacerbate these challenges for both smallholder farmers and global food systems. Current market systems do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data. While smallholders are one of the most vulnerable groups to climate change, their central role in global food systems uniquely positions them to be key leaders / actors in fighting in - and in the future management of sustainable food systems.

Within this context, there are four major, interconnected problems that Producers Direct's model and 2021-2025 Strategy is seeking to address:

**1. Farmer-owned Food Value Chains:** The world is not on track to reach the UN Sustainable Development Goal (SDG) 2. Food systems are broken and unsustainable. Smallholders currently have limited power in food value chains. Most smallholders work independently, capturing minimal value for their crops at market with limited support to achieve the increased on-farm productivity and reductions in post-harvest loss required to strengthen food security, resilience and incomes. To meet expected global demand for food as the world's population grows, more effectively investing in and leveraging the knowledge, skills and resources of the world's smallholders is becoming increasingly critical.

**2. Women's Empowerment:** Globally, women comprise over 50% of the agricultural labour force and produce nearly 80% of the food consumed in the developing world. Yet, female smallholders earn far less than men and have limited access to credit. For example, in Kenya, women smallholders access less than 1% of available agricultural credit. Further challenges, including lower financial and digital literacy levels, and restricted mobility exacerbating lack of access to training and markets, drives further marginalisation of women smallholders within food value chains.

**3. Youth Agripreneurs:** Youth populations are rising rapidly. Over 50% of the world's population is under 30. In the next decade, 1 billion youth will enter the job market. 600 million of them will not find jobs. We are on the brink of facing a massive youth unemployment crisis. While Africa's rapidly transforming economies are driving increasing urban opportunities for off-farm employment, farming remains the single largest employer of rural youth. Yet rural youth face many hurdles earning a livelihood from farming. Unfortunately, most young people do not see farming as a viable livelihood. A key gap remains investing in a critical mass of skilled young Africans with access to finance and know-how to drive productivity growth in farming and related value chains. Youth typically do not perceive agriculture as a remunerative or prestigious profession. Until youth see more inspiring, profitable examples of youth-led agri-enterprise within rural areas, current trends in urban migration will continue. Key barriers not only include a lack of access to training and skills, capital and financial services, and market access (FAO, 2021) - but also a lack of awareness of the opportunities and services that do exist to support them.

**4. Data in the Hands of Farmers:** Farmers often do not have access to the data and information they need to make informed on-farm decisions, protect our planet and strengthen their resilience - including to changing climatic conditions. 99% of farmers in our network either keep no records at all, or paper-based records at best. Traditional smallholder data collection methods remain costly, and are often designed to primarily benefit stakeholders working with farmers - rather than the farmers themselves. The lack of access to smallholder farmer data prevents financial institutions from quantifying risk and offering them affordable financial services - particularly for female farmers and youth agripreneurs. When farmers are not using data insights to support their on-farm decision making, this can further exacerbate barriers to on-farm improvement, including optimising costs of production, and overall on-farm productivity, diversification and performance - all of which significantly contribute to farm profitability and ultimately farmer incomes.

To address these challenges, Producers Direct's four 2021-2025 Strategic Goals are:

- 1. Farmer- Owned Value Chains:** Increase incomes by 120% for at least 295,000 smallholder farmers by end-2025 as a result of supporting smallholder farmers to diversify their on-farm production, aggregate their surplus crops, and collectively sell these crops into local and national markets.
- 2. Women's Empowerment:** Support 147,476 women smallholders to bundle their crops and sell them collectively into local and national markets. Key metrics include percentage increase in incomes, and percentage of farmers who are successfully diversifying and managing multiple on-farm enterprises, ensuring farmers are not dependent on a single crop for food security and income. We consider this a measure of resilience.
- 3. Youth Agripreneurs:** Strengthen youth leadership in sustainable agri-food systems, including supporting 117,238 youth leaders to take leadership in food value chains by either launching their own agri-enterprises and/or playing lead roles in supply chain logistics and sales.
- 4. Data in the hands of farmers:** Empower 1.7m smallholder farmers to access and adopt digital technologies, from basic SMS to pioneering technologies such as AI and Blockchain - in order to support farmers to apply these digital tools to enhance their on-farm profitability, resilience and incomes. Key metrics include the percentage of farmers who have access to information needed to make more informed on-farm decisions.

Producers Direct delivers support services to smallholder farmers across Africa and Latin America. Producers Direct's peer-to-peer model places producer leadership at the centre of our programme delivery, governance and strategy. We aim to enhance farmer livelihoods by: 1.) Improving farming productivity and incomes; 2.) Strengthening farm- and livelihood- resilience to changing climates; and 3.) Driving farmer ownership and leadership in food value chains. Producers Direct's farmer-led model blends in-person services with cutting edge digital tools, developed through farmer-centred design. Our model comprises the following four inter-linked components:

**1. Farmer-led Training and Information Services:** In partnership with smallholder producer organisations, Producers Direct runs a peer-to-peer training model that offers farmers: 1) Access to a network of trained Farmer Promoters and 2) Relevant and affordable in-person training on demonstration sites/farms, where farmers can learn and trial innovative farming practices. In-person training is supported by multimedia digital tools to support the digitisation of training and

information services to process, including through SMS, WhatsApp and radio. Farmer-led training services focus on the following areas:

- Good Agricultural Practices;
- Crop Diversification and Agri-enterprise development to support income diversification and enhance resilience against climate change and economic shocks;
- Crop Quality and Productivity Improvement;
- Environmental Sustainability, including Climate Change Adaptation and Climate Smart Practices;
- Digital and Financial Literacy.

**2. Market Access:** Smallholder farmers also face the challenge of accessing markets for their products. To support market access, Producers Direct has been undertaking the following activities:

- Supporting the development of digital tools that enable farmers to work cooperatively to: Increase market visibility and accessibility; Trace products and payments; Improve access and links to buyers. We are developing the functionality of our digital tool, FarmDirect, so smallholders can form 'digital cooperatives' to bundle their crops and increase their negotiating power with upstream buyers, capturing a higher value for their crops. This work includes a focus on supporting women smallholders to enhance their incomes by collectively bundling and selling any surplus of the food security crops they are growing for household consumption.
- Supporting youth leaders within farming communities to take leadership on managing post-harvest logistics and supporting the structuring of currently unstructured value chains. Youth are supporting farmers to aggregate and negotiate better prices for a range of diversification crops they might be growing on their farm, such as honey, avocado, pineapple and banana, and therefore increasing farmers' access to untapped markets and buyers.
- Trialling the sale of branded Producers Direct products into urban markets in countries where Producers Direct is located, starting with the trial of honey sales in Kenya and Peru. The long-term goal for Producers Direct's product sales is to enable farmers to take leadership within food value chains, capture a higher percentage of the final market value for their product and have access to more reliable market opportunities for their range of products within food value chains.

**3. Farmer-led Data Services:** Smallholder farmers typically have extremely limited access to data to enhance their farm's performance or respond to the impacts of changing climatic conditions on their farm's performance. The livelihood impacts that Producers Direct is targeting to achieve through smallholders having improved data access include: Optimised profitability across multiple on-farm enterprises to support household income improvement; Insights into optimal harvest times maximising yields; Managing a range of profitable enterprises that collectively reduce vulnerability to climatic shocks; Yield prediction data that helps to de-risk on-farm investment; and enhanced access to financial services as a result of having improved on-farm performance records:

- Producers Direct's digital platform, FarmDirect, supports farmers to access to the following data, empowering them to make smarter, more informed decisions:
  - Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

- Yield Predictions: Access yield predictions for current and future seasons under varying climate change scenarios.
  - Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
  - Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.
- Additionally, Producers Direct is developing and testing Croppie through a farmer-led process, in partnership with the International Centre for Tropical Agriculture (CIAT) and Ideo.org. Croppie provides AI-generated yield estimates to smallholder coffee farmers, paired with tailored agronomic and financial tips, in order to strengthen farmers' ability to reduce risk and protect incomes. Our goal is to understand how these yield predictions, combined with digitised tips, can firstly support the farmer to optimise on-farm and financial / cost management during the season, and secondly look ahead to planning for future seasons - recognising that farmers will increasingly need forward-looking insights to plan for anticipated impacts of changing climatic conditions on crop yields and farm performance.

**4. Access to Finance:** A key barrier to farmers trialling techniques that they have learnt about during in-person and digital training is their lack of access to the finance that may be required to trial the techniques. For example, funds to trial new fertilising techniques, including to support organic farming, or to develop a new micro-enterprise that increases household incomes, such as fish farming or beekeeping. To support smallholder farmers to overcome this barrier, Producers Direct is partnering with smallholder producer organisations to offer micro-loans to farmers, supporting them with access to the funds they need to make on-farm investments. This is particularly vital for women and youth within smallholder communities, who face disproportionately high barriers accessing finance. To address this, we are increasingly targeting loans to support young people and women who typically cannot access financial services or credit. We also support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

In order to enhance the public benefits realised, Producers Direct seeks to:

1. Engage and work with a broad range of individuals and community groups within smallholder farming communities in which activities are undertaken. This includes:
  - a. Through a farmer-led training model, smallholder farmers are trained as trainers, who then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities.

- b. By engaging with groups within farming communities who may typically be marginalised from traditional farming cooperative structures. For example, our investment in strong networks of women and youth leaders within farming communities.
2. Ensure that information and educational materials produced through Producers Direct's activities are widely distributed through existing networks of smallholder producers, as well as Producers Direct's development partners who work at national and international levels.
3. Developing programmes that will engage and support a broad range of smallholder farmers and producers beyond the smallholder producer organisations who partner with Producers Direct. Producers Direct's digital training and information services have a wide reach across digital channels, including SMS and WhatsApp. During the global pandemic Covid-19 Health and Safety materials have been disseminated to over 1.1 million smallholder farmers across East Africa and Latin America.

## Activities and services delivered during 2022

All Producers Direct's charitable activities focus on improving the livelihoods and resilience of smallholder producers, and are undertaken to further Producers Direct's charitable purposes for the public benefit. Overall, Producers Direct's activities directly reached 126,731 smallholders and young people during 2022 and, cumulatively, 1,293,576 smallholders and young people since Producers Direct was established in 2009. East Africa programme activities were delivered by Producers Direct's East Africa Programme team, based in Nairobi, in partnership with East Africa-based producer organisations in Kenya, Tanzania and Uganda. 2022 East Africa programme expenditure totalled £1,132,371, with donors including MercyCorps AgriFin, Innovate UK and the German Development Agency, GIZ, FairForward programme. In Latin America, programme expenditure totalled £519,429 - funded by Pret a Manger, the World Food Programme Innovation Accelerator, the German Development Agency (GIZ) i4Ag programme. Funding from Bayer AG supported programme activities across both Peru and East Africa.

2022 activities and services delivered included:

### 1. Farmer-led Training and Information Services

Overall, 3,365 smallholder farmers directly participated in 2022 in-person training activities - 1,375 across East Africa and 1,990 in Peru. In-person training delivered during 2022 included:

- **Honey (East Africa and Peru):** 709 beekeepers participated in hive and honey quality management training across East Africa and Peru during 2022. In East Africa, trainer-of-the-trainer materials on hive management were developed and rolled out by Farmer Promoters, with continued support and training to 400 Beekeepers across Kenya, Uganda and Tanzania who originally participated in 2021 honey training activities. This included 380 of the 400 beekeepers trained on hive management, and 100 of the 400 also trained on post-harvest & honey quality management. In Peru, an additional 309 smallholders were trained in beekeeping. Training included on how to manage on-farm records for their hives, empowering farmers to track the performance of their hives - as well as overall on-farm productivity and profitability.
- **Food Security (East Africa and Peru):** Work continued to develop printed and digital versions of food security crop training materials, to support programme activities in both

Peru and East Africa. Materials developed included kitchen garden crops, as well as bananas and avocados, in a variety of formats including training manuals for farmer promoters, visual guides for farmers, WhatsApp for Business content and tips to be shared by SMS. Across East Africa, 975 farmers were trained on banana and avocado management. In Peru, 1,422 female farmers were supported with information materials and training on kitchen garden management to support food crop production.

- **Youth Agripreneurs (Peru):** In partnership with Pret a Manger and Cenfrocafe, work continued to develop training modules and materials to support youth entrepreneurs from smallholder coffee communities in Peru, with thematic areas including good practices in coffee farming; post-harvest coffee quality management and marketing; farm management, enterprise and leadership development. Throughout 2022, a cohort of 75 youth leaders undertook a 12-month MBA-style training programme, undertaking each of these thematic training modules through a combination of in-person and digitally convened training sessions, paired with on-farm learning experiences.

## **2. Market Access**

During 2022, market access programme activities continued to grow across East Africa and Peru, through branded and unbranded product sales into local and national markets - with a focus on horticultural crop and honey value chains:

- Branded honey sales continued throughout the year in the Kenyan market, with end-2022 results included listings in over 120 Kenyan retail outlets; 7,669 kg of honey sold; and revenue from branded Kenyan honey sales of £26,786. In Peru, the testing of branded honey sales - which commenced in December 2021, was successfully completed in mid-2022, with 3,871kg honey purchased from 111 smallholder beekeepers across Peru in late 2022, for sale during 2023.
- Sales of unbranded horticultural crops through FarmDirect grew across both East Africa and Peru during 2022, with a continued focus on supporting smallholder farmers to bundle surplus food security crops they are growing, including fruits and vegetables, and selling them in local markets. Logistics associated with identifying buyers and sourcing products from farmers is being supported by a network of youth agents. By end-2022, 2,716 farmers across East Africa (1,432) and Peru (1,284) were registered on FarmDirect, with total volume sales of ~35,000 kg during the year.

## **3. Farmer-led Data Services (Latin America and East Africa)**

With support from the German Development Agency (GIZ) and IDB Lab, Croppie development was a significant 2022 focus. 977 smallholders across Peru and Colombia participated in Croppie testing activities, including receiving a yield prediction and associated agronomic tips. 2022 activities included:

- Working with CIAT and TECNiCAFE to develop and test an AI-algorithm that will generate a coffee yield prediction at the start of the season, with the AI being trained using smart phone photos taken by farmers of their coffee farm.
- Working with Ideo.org and farmer design groups to develop and test the first prototype of the Croppie app, enabling farmers to receive an AI-generated prediction of their coffee yields.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

- Working with CIAT and local agronomists in both Peru and Colombia, to develop and test actionable agronomic tips, to support farmers with on-farm decision making based on the yield predictions they receive.
- Initial planning work to scale Croppie testing activities to smallholder farmers in Uganda, in partnership with GIZ FairForward, CIAT and M-Omulimisa.

In parallel, activities continued to support smallholders manage their on-farm records across diverse on-farm enterprises, including honey and horticultural crops, with youth leaders responsible for digitising paper-based records and sharing back of insights to farmers, supporting farmers with farm performance monitoring.

#### 4. Access to Finance:

During 2022, Producers Direct continued managing the Phase 2 ROTA loans originally disbursed in late 2021. 2021 loans were provided to beekeepers to invest in their honey enterprises. Instead of the financing being provided in cash, Producers Direct pre-purchased 1,000 hives, which were then distributed as loans to 69 beekeepers across Uganda and Tanzania. ROTA loan recipients have a 12-month grace period, with a subsequent loan repayment plan structured over 4 years, with an interest rate of 8%. Producer partner organisations supporting the administration and management of the loans to individual farmers will receive a 1% Management Fee of the collective value of loans distributed to the farmers they are supporting. At the end of 2022, the total value of ROTA loans disbursed across East Africa was £55,702.

With support from IDB Lab, Producers Direct also initiated the testing of ROTA loans for beekeepers in Peru. At the end of 2022, the total value of ROTA loans disbursed to support beekeepers across Peru was £3,446 - with plans to expand ROTA testing in Peru during 2023 with support from IDB Lab.

## Achievements and performance during 2022

During 2021, Producers Direct's activities directly reached **126,451** smallholder farmers and their families. Since 2009, cumulatively, **1.37 million** smallholder farmers and their families have benefited from Producers Direct's activities. Looking ahead to 2025, we are committed to reaching 1.7 million smallholders, with a focus on improving smallholder incomes and livelihoods; strengthening their resilience to rapidly changing climates; and driving farmer leadership in food value chains.

2022 generated our most compelling evidence of impact, as evidenced by the Randomized Controlled Trial (RCT) we conducted in Uganda with a cohort of farmers. FarmDirect data (marketplace, farmers' records), baseline and end-line surveys, and focus groups complement findings from the RCT.

*Income Increase:* The RCT conducted in Uganda evidenced farmers' incomes increased by \$190 over 7 months for smallholders selling via FarmDirect, resulting in a 50% increase in income in under a year. This data complements historical evidence generated by Producers Direct of an up to 100% income increase for smallholders diversifying and accessing markets.

*Improved Market Access:* Farmers who sold surplus produce via FarmDirect during 2022 sold 50% more than smallholders in the Control group. Further, farmers selling via FarmDirect sold at fairer prices. Our data illustrated that the average price of bananas during this period was \$3.45/bunch. For farmers selling bananas through FarmDirect, they were paid \$4.07/bunch, demonstrating

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

farmers who sold via FarmDirect earned 18% more than their peers, proving our model increased market access and the share of profits for smallholders. 100% of farmers said FarmDirect increased their market access opportunities. Further, 100% of farmers said FarmDirect was easier to access markets than usual.

*Business Case for FarmDirect:* The 2022 Randomised Control trial evidences the viability of the future FarmDirect business model. We've confirmed a clear product-market fit for FarmDirect, with 77% of buyers using FarmDirect more than once (and most using it monthly), demonstrating high user satisfaction amongst buyers. Businesses and buyers surveyed shared that FarmDirect is their preferred source of fresh produce. We are also testing willingness to pay by end users and other buyers / stakeholders. In East Africa, we have charged the buyer and seller sufficient margin to support the costs of on-the-ground operations eventually. Although sales need to grow further, we have demonstrated users are willing to pay through margin.

*Increased Productivity:* Ugandan farmers who accessed FarmDirect during 2022 increased their on-farm productivity by 82% compared to the control group cohort participating in the RCT. The farmers who increased their productivity also 1) produced more surplus than their peers, 2) sold more than their peers, and 3) wasted less (food loss) than their peers. There is a strong correlation between farmers who increased productivity and those who increased incomes.

*Food Loss/Wastage:* Ugandan farmers who accessed FarmDirect in 2022 and sold surplus produce wasted 44% less post-harvest (compared to the control cohort participating in the RCT), demonstrating the positive impact of strengthening access to data and markets on food loss.

Other non-programmatic achievements during 2022 included:

- February 2022: Producers Direct was shortlisted as a Finalist for the Milken-Motsepe Prize in AgriTech for our work with FarmDirect. The Milken-Motsepe Prize focused on accelerating progress towards Sustainable Development Goals (SDGs) 1 and 2: no poverty and zero hunger, through a global competition recognising innovative solutions to increase economic value to farmers.
- September 2022: Producers Direct secured 501c3 non-profit status for Producers Direct Inc., the US non-stock company registered in 2021 to support US-based fundraising and Producers Direct having a presence in the US.
- November 2022: Producers Direct completed the purchase of Wefarm assets, following Wefarm going into administration in August 2022. Wefarm assets acquired from Wefarm Administrators, Kroll Advisory Ltd. Assets included the SMS- and online technology platform, associated database, and Wefarm brand, for the value of £7,000 plus VAT.

## External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets.

Smallholder farmers represent one of the most vulnerable groups to climate change, with changing climatic conditions continuing to exacerbate the challenges faced by smallholder farmers. Climate-related challenges include vulnerability to natural disasters, prolonged droughts and associated detrimental impacts of these changing climatic conditions on crop production.

Current market systems typically do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data.

## Beneficiaries of our services

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.2 hectares (3 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. On average, 16% of the farmers we work with own a smartphone, and 17% have internet access. Only 48% have a bank account. From our recent survey data, 89% of farmers who responded reported access to finance being a key challenge, and 59% reported market access as an additional challenge - showcasing the importance of our investment in linking farmers to markets. Currently, 82% of the farmers in our network growing food security crops are not yet aggregating these crops for sale at local markets - demonstrating the opportunities our work to support market access via FarmDirect can bring to the smallholder farmers within our network.

We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network and empowering female smallholders to play central roles in the design and delivery of our programme activities, both in-person and digitally. Furthermore, we continue to invest in supporting youth to take up leadership roles within smallholder communities and in the delivery of Producers Direct's services.

## Organisations we work with

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national levels to support programme implementation. During 2022, strategic partners supporting programme delivery included the World Food Programme (WFP) Innovation Accelerator, MercyCorps AgriFin, International Centre for Tropical Agriculture (CIAT), Ideo.org and Busara Centre for Behavioural Economics.

## Financial review

As shown in Producers Direct's Financial Statements, 2022 income totalled £1,555,208 with funds brought forward from 2021 totalling £846,815. 2022 expenditure totalled £1,721,781. During 2022, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations and public limited companies.

Producers Direct ended the year with a total fund balance of £680,242, of which £377,034 was restricted funds and £302,208 was unrestricted funds.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

#### **Policies for making social or programme-related investments**

Overall, Producers Direct does not make social or programme related investments and therefore does not have a policy on this. To-date, Producers Direct's establishment of Wefarm in 2015 has represented a one-off investment that was undertaken because Producers Direct's Trustees felt this was the best option for enabling Wefarm to continue delivering the mission of Producers Direct and where the greatest social impact could be achieved by Wefarm.

#### **Investment policy and performance**

Beyond interest received on current accounts and fixed term deposit savings accounts, Producers Direct does not hold any long-term investments. Previously, through until end-2021, Producers Direct's shareholding in Wefarm represented Producers Direct's only investment.

#### **Grant making policies**

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

#### **Loans**

In 2020, Producers Direct secured two 5-year loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- *CAF Venturesome*: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa. The CAF Venturesome loan balance at the end of 2022 was £29,090.
- *UK Government Bounce Back Loan*: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management. The Bounce Back loan balance at the end of 2022 was £34,967.

#### **Voluntary help and gifts in kind**

Throughout 2022, Producers Direct benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges. The value of these *pro bono* legal services included within the 2022 Accounts is £131,287, with legal advice provided during 2022 on options for Producers Direct's legal restructure and Producers Direct's purchase of selected Wefarm assets.

Producers Direct was also grateful for the in-kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested significant time without financial compensation in order to support the delivery of Producers Direct programme activities during 2022.

#### **Principal risks and uncertainties**

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct's perspective, major risks are those which may have a significant impact on its:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity's aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:

- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible.
- Quarterly tracking and reviewing of major risks identified.
- Clear articulation of organisational policies and processes for delegating authority and control.
- Income targets for fundraising activities.
- Ongoing management of the organisation's unrestricted funds, including its reserve fund.

## **Reserves policy and going concern**

Producers Direct's Reserve Policy focuses on holding sufficient unrestricted reserves to cover at least six months of essential operational costs during a period of unforeseen difficulty. In this context, Trustees consider essential operational costs to include: Core team members across the UK, East Africa and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current 3-year cash flow projections, 6 months of essential operational costs are budgeted at £195,000 - with this budget covering core operational and programme staff across UK, East Africa and Peru, associated operational costs and loan repayments due. At the end of 2022, the balance of Producers Direct's unrestricted cash and assets totalled £303,208. During 2022, Producers Direct will continue work to enhance its unrestricted cash reserves through the following strategies:

- Careful management of Producers Direct's unrestricted fund balance.
- Targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.
- Continued testing of opportunities to generate earned income through Producers Direct's activities, including the sale of Producers Direct branded products into local and national markets where smallholder partner organisations are located.
- Targeting earned income through service provision contracts with organisations working with smallholders.

At the end of 2022, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through at least December 2024 - with planned scenarios in the event that fundraising income is significantly lower than plan.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register.
- Producers Direct holds sufficient unrestricted cash reserves to cover at least six months of essential operational costs to enable operations to continue during a period of unforeseen difficulty.

## Fundraising

During 2022, Producer Direct's fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are principally undertaken internally by grant writers who are employed by Producers Direct.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator (England, Wales and Northern Ireland), and the UK Chartered Institute of Fundraising. During 2022, there were no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct's fundraising expenditure on grant writers is to enhance Producers Direct's annual restricted and unrestricted income for 2022/2023 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors and social lenders during 2022:

### East Africa

- **Innovate UK Agritech 9:** £22,059 received during 2022 of the total £55,117 secured for Producers Direct, sub-granted from Climate Edge, over 24 months from August 2020 to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management.
- **GIZ (German Development Agency) FairForward:** £95,378 received during 2022, of a total grant of £313,760 (353,808.42 Euros) secured over 18 months from October 2022 to March 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa

### Latin America

- **GIZ (German Development Agency) i4Ag:** £397,325 received during 2022, of a total grant of £621,155 (700,445 Euros) from the GIZ *Fund for the Promotion of Innovation in Agriculture* (i4AG) from October 2021 for 24 months to support expanded development and testing of Croppie - our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.
- **IDB Lab - the innovation laboratory of the Inter-American Development Bank:** £280,182 (/342,756 USD) received during 2022, of a total 1,000,000 USD secured from IDB Lab over 36 Months from January 2022 for work in Peru to support the development of climate-resilient landscapes, working with 10 smallholder cooperatives to develop the data, training, financial and market access services required to manage climate-resilient farms and landscapes.
- **Pret a Manger Coffee Fund:** £125,000 secured for expenditure during 2022/23 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

- **World Food Programme (WFP) Innovation Accelerator:** £20,310 (\$US 31,492) of a total of \$US 63,000 secured for expenditure during 2021/2022 to continue working in partnership with WFP Peru to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.

#### International

- **Bayer AG:** £255,646 (300,000 Euros) donation from Bayer for expenditure in 2022/23 to support further testing and scaling of FarmDirect - Producers Direct's 'Digital Cooperative' platform, and its potential to support women smallholders in both Peru and Uganda to aggregate and collectively sell their surplus food crops to enhance their incomes.

#### Unrestricted Income

- **Dovetail Impact Foundation:** Producers Direct received an unrestricted donation of \$US 76,466 from the Dovetail Impact Foundation, and an additional \$16,000 to support work with the brand consultancy Mighty Ally.
- **Cafédirect plc:** Producers Direct received an annual donation of £100,000 during 2022 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc.
- **Milken-Motsepe:** Producers Direct received a prize of \$US10,000 as a 2022 Milken-Motsepe AgriTech Prize finalist.

## Plans for the future

### Future Programme Focus Areas

The focus of Producers Direct's 2021 - 2025 Strategy is to deliver public benefits to smallholder farming communities across Africa and Latin America, with the overarching impacts of:

- Enhancing farmer livelihoods and incomes;
- Enhancing resilience, including resilience to changing climatic conditions and economic shocks;
- Investing in building farmer leadership.

Key aspects of Producers Direct's 2021-2025 Strategy and model include:

- Farmer leadership and expertise central to design and delivery of all interventions.
- Blending of peer-to-peer in-person and digital services to enhance adoption rates and maximise impact on the livelihoods of smallholder farmers.
- Co-financing model leveraging Producers Direct's investment in farmer-led programming through co-financing and payments from smallholder farmers.

Producers Direct's 5-year strategy aims to transform food systems while enhancing resilience for 1.7m farming households, increasing incomes by up to 100% and promoting leadership and inclusion of all farmers, including reaching 50% women and 40% youth. We will continue to blend in-person and digital services, designed and delivered by farmers for farmers. The key focus areas of our 2021-2025 strategy are as follows:

*Training and Digital Information Services:* We are aiming to provide access to farmer-led training and digital services for 1.7 million smallholder farmers by 2025. All training is farmer-friendly, ensuring farmers can access, utilise and readily adopt what they've learned. In-person training will be led by a network of Farmer Promoters who will lead training on demonstration sites. Training will focus on the crops we will be selling into local and national markets, ensuring a cohort of 295,000 farmers has access to knowledge needed to improve productivity and quality, catalysing improved incomes, strengthened climate resilience and increased food and nutrition security. In parallel, we will accelerate our move to digital, ensuring 1.7M farmers have access to cutting-edge, farmer friendly training materials online and offline. FarmDirect will provide farmer-friendly digital training so farmers can learn new skills remotely. Digital training will provide information on micro-enterprise diversification, food security, Covid-19 health and safety, and climate resilience.

*Farmer-led Data Services:* We will increasingly expand the data services that FarmDirect offers to smallholder farmers, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks. Through FarmDirect, we will aim for farmers to have access to the following data, empowering them to make smarter, more informed decisions:

- **Profit & Loss:** Gain insights into profit and loss across multiple farm enterprises, supporting farmers to manage more than one on farm enterprise successfully, strengthening climate resilience by decreasing dependence on a single cash crop.
- **Yield Predictions:** Access yield predictions for current and future seasons, which is becoming increasingly important as we continue to face rapidly changing climates and erratic, extreme weather events.
- **Mobile Marketplace:** Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- **Loan Payments:** Track loan repayments, create a digital record and access increased financing from external lenders.

*Access to Finance:* We will provide smallholders who qualify with access to loans, incentivising co-investment from farmers and partner farming cooperatives. We will focus our loans on farmers who plan to sell value-added products into national markets, ensuring farmers have access to initial start-up costs needed to invest in their farms and sell their crops and products. The majority of our loans will be earmarked for young people and women who typically cannot access financial services or credit. We will support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

*Access to Markets:* We will drive market access for smallholders. Aggregated volumes of crops and value-added products will empower smallholders to increase their bargaining power in, and ownership of, food systems. 295,000 smallholders will sell their products into local and national markets, increasing incomes by up to 120%. Smallholders will bundle crops using our pioneering digital tool, FarmDirect. In parallel, we will test and scale the sale of Producers Direct branded products into domestic markets across East Africa and Latin America, supporting farmers to capture a higher value for their crops. Transport logistics will be managed by networks of youth. We aim for smallholder farmers to play stronger leadership roles within food systems in order to drive sustainable, resilient food value chains.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

#### Future funding

Funds secured to support 2023 programme activities and operations to-date include:

#### Restricted Income: International

- **Bayer AG:** Continued expenditure of the 2022-2023 funding of 300,000 Euros secured from Bayer AG in 2022 to expand the testing of FarmDirect, and associated 'Digital Cooperatives' concept with smallholders in Peru and Uganda - with particular emphasis on supporting female smallholder farmers.

#### Restricted Income: East Africa

- **GIZ (German Development Agency) FairForward:** £163,475 (184,344 Euros) secured during 2023, of a total grant of £313,760 (353,808.42 Euros) secured over 18 months from October 2022 to March 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa.
- **African Plant Nutrition Institute (APNI),** with support from the OCP Foundation: \$US 87,640 secured for 2023 expenditure of a total sub-grant of \$321,050 over three-years from APNI to support smallholder farmers in Uganda diversify their farming, including through apiculture and horticultural crops, and enhance climate-smart approaches to coffee farming.

#### Restricted Income: Latin America

- **Pret a Manger Coffee Fund:** £100,000 confirmed for 2023 expenditure to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- **GIZ (German Development Agency):** 98,675 of 700,445 Euros secured from the GIZ *Fund for the Promotion of Innovation in Agriculture* (i4Ag) from October 2021 for 24 months to support expanded development and testing of Croppie - our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.
- **IDB Lab:** \$451,505 (£348,785) of \$1,000,000 secured from IDB Lab - the innovation laboratory of the Inter-American Development Bank Group from January 2022 for three years to support a Peru-wide programme focused on 'Data Resilient Landscapes - focussed on working with Producer Direct's 10 producer partners in Peru, as well as non-producer partners including CIAT to design and implement the data, training, finance and market access services required to support climate resilience with Peruvian coffee landscapes.

#### Unrestricted Income

- Cafédirect plc: As per the Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

#### Additional 2023 priorities include:

- Appointment of new Producers Direct Trustees: During 2022, six new Trustees were identified as candidates for 2023 appointment to the Producers Direct Board. New Trustee candidates include two new Peruvian smallholder producer representatives, and four non-producer Trustees based in Kenya, Sweden and the UK.
- Governance and Legal Structure: During 2023, Trustees and Management will continue work to review Producers Direct's current legal structure, including potential changes required to scale a successful product sales strategy in both East Africa and Latin America. This includes developing the business case for establishing a trading subsidiary of the charity and associated governance structures, and the future relationship between Producers Direct and its sole member, Cafédirect Producers Limited. Legal advice to support Trustees discussions will be sought throughout this process.
- Producers Direct's branded Product Sales: Producers Direct will continue testing and growing branded product sales in domestic markets where producer partners are located. This will include continued trials of branded honey sales into retail and HORECA (Hotels, Restaurants and Cafes) channels in Kenya, and into local markets in Peru.

## Structure, governance and management

### Constitution

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a UK private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a UK charity in December 2009 (Registered charity number: 1133218). The company was established under a Memorandum of Association (10th July 2009) that established its objectives and powers and is governed under its Articles of Association (10th July 2009). Producers Direct also holds local branch registrations in Kenya and Peru, and is the sole member of a non-stock company in the USA, Producers Direct Inc.

### Trustees

Producers Direct's Trustees are responsible for setting Producers Direct's strategy and are responsible in law for the running of Producers Direct. The Charity's sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing Producers Direct Trustees. Prior to appointment by CPL, existing members of the Producers Direct Board of Trustees are responsible for confirming that new Trustees have the necessary skills and capacity to contribute to Producers Direct's governance, and organisational development.

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member. Trustees typically serve a maximum of two three-year terms.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Typically, international travel expenses associated with Producers Direct Trustees attending Board meetings are reimbursed, including the international flights of Producers Direct Trustees travelling from Kenya, Uganda, Tanzania and

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2022**

---

Peru. However, Producers Direct's Board meetings continued to be convened virtually rather than in-person throughout 2022. Subsequently, no travel expenses associated with Board meetings were incurred during 2022.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes has served in this role since the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009.

Typically, Producers Direct's Board of Trustees meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. During 2022, a total of 7 Board teleconferences were convened and update reports provided.

Producers Direct has a Board sub-committee established to support Procurement processes, composed of two staff and one trustee representative. During 2022, the Procurement Committee met 4 times. In previous years, a Board sub-committee has also been in-place to oversee matters concerning Producers Direct's shareholding in Wefarm. However, from 2020 - 2022, all matters pertaining to Wefarm were managed during the main Board meetings. During 2022, Lebi Hudson served as the Producers Direct Chair, with Christèle Delbe serving as Vice Chair. No further specific responsibilities have been appointed to each trustee.

During 2021, a process to identify and recruit new Producers Direct Trustees was undertaken. From January 2022, five new Trustees candidates joined Board meetings as invited guests. Two new Producer Trustee candidates from Latin America were identified, as a result of consultations undertaken in 2021 with Producers Direct's producer partners across the region. Other Trustee candidates not representing producers were identified on the basis of Producers Direct's current Board first identifying the skills and capacities required from new Trustees, and subsequently undertaking a selection process involving candidate interviews with Producers Direct's current Chair, Vice Chair and CEO. Board succession planning continued during 2022. Consequently, one additional Trustee candidate was identified and invited to join as an invited guest during Board meetings from September 2022.

Financial controls are determined by Producers Direct's financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct CEO over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustees' and Senior Team members' Interests has been established and is updated annually.

### **Employees**

During 2022, Producers Direct employed 19.4 FTE staff across the UK, East Africa and Peru as follows:

**UK:** 2 full-time and 3 part-time UK-based staff members included:

- The CEO (1FTE), responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

- Head of Fundraising and Partnerships (0.8FTE), responsible for leading Producers Direct's fundraising and partnership development activities - through until July 2022.
- Head of Information (0.8FTE), responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- Head of Business Development (0.7FTE), responsible for business development and financial modelling across Producers Direct's programme areas, particularly branded and unbranded product sales.
- Head of Digital Programmes (1FTE), responsible for Producers Direct's digital strategy and day-to-day management of Producers Direct's digital tools development, including FarmDirect and Croppie.

**Kenya:** Producers Direct maintained its local branch status in Kenya throughout 2022, with 13 full-time, Nairobi-based employees. Kenya-based senior team members included:

- The CFO (1FTE), responsible for strategic management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- Head of Commercial (1FTE), responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Kenya - until August 2022.
- Africa Manager (1FTE), responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in East Africa and managing annual work plans for each of the four East African Centres of Excellence.
- Honey Quality Manager (1FTE), responsible for Producers Direct's development and delivery of honey programme activities with producer partners in Kenya, Uganda and Tanzania, through to oversight of honey product development and quality management of branded honey products.

**Peru:** Producers Direct maintained its local branch status in Peru throughout 2022 with 3 full-time employees and part-time employees. Peru-based senior team members included:

- Peru Manager (1FTE), responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in Peru, including 2022 work plan development and delivery.
- Peru Commercial Manager (1FTE), responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Peru and the testing of unbranded product sales through FarmDirect.

During 2022, Producers Direct contracted a range of support services, including user-centred design and financial management services, and support for the coordination of programme activities with smallholder producer organisations in Latin America. This included the services of one project coordinator in Haiti, until August 2022, to support the delivery of Producers Direct programmes in Latin America.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2022

---

**USA:** Throughout 2022, Producers Direct's COO was employed through Producers Direct Inc., a US-registered non-stock company established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. The COO is responsible for strategic oversight and management of Producers Direct's impact, programmes and organisational development. *(Note - The COO was previously UK-based prior to transitioning to work for Producers Direct from the USA from 1st September 2021).*

#### Employee Remuneration

Producers Direct staff salaries are reviewed annually for all employees, in accordance with Producers Direct's Staff Salary Review policy. Staff salaries are structured within salary bands across different roles and levels of responsibility. Key considerations include: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. The salary bands used to determine both current and new staff have been developed, and are benchmarked using a combination of publicly available compensation data and/or purchased datasets for equivalent roles (skill set / level of seniority), and are adjusted for cost of living variances across the countries where Producers Direct operations and teams are located. Salaries for new team members are benchmarked during the recruitment process. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit organisations of similar size, scope and resources to Producers Direct. For all other Producers Direct staff, annual salary adjustments are based on annual performance reviews undertaken by Line Managers, with proposed salary adjustments falling within established salary bands. The CEO is then responsible for proposing the overall salary adjustment budget to the Producers Direct Board for approval.

#### Appointment of Trustees

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists potential candidates based on the key skills sought from the new Trustees and each candidate's potential suitability for the role. Existing Producers Direct Trustees are then responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

#### Trustee induction and training

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external training available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

## Related parties and relationships with other organisations

Related parties include:

**Producers Direct Inc.:** Producers Direct Inc. is a US-registered non-stock company that was established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. In 2022, Producers Direct Inc. secured US 501c3 non-profit status. From September 2021, Producers Direct's COO has been US-based and is employed by Producers Direct Inc.

**Cafédirect Producers Limited (CPL):** CPL is the sole Member of Producers Direct. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc and advancing the role of producers in the governance of Cafédirect plc. There were no financial transactions between CPL and Producers Direct during 2022.

**Cafédirect Producers Trust:** The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

**Cafédirect plc:** Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation agreement was extended for an additional 3-years from January 2020, and further extended through until end 2023. In 2022, the value of related party transactions between Cafédirect and Producers Direct was £100,000 - the 2022 annual donation from Cafédirect to Producers Direct.

**Wefarm Ltd (Closed August 2022):** Wefarm originated as a project of Producers Direct and operated as a Producers Direct project from 2010-2015. In January 2015, Wefarm was incorporated as a Private Company Limited by Shares. Until October 2020, Producers Direct was represented on the Wefarm Board and held the right to a Wefarm Board seat. In October 2020, Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As part of this 2020 investment round, Producers Direct relinquished its rights to a Wefarm Board seat. By the end of 2021, Producers Direct's shareholding in Wefarm was less than 1%. In August 2022, Wefarm Ltd went into administration. As part of the administration process, Producers Direct purchased a number of Wefarm assets from Wefarm Administrators, Kroll Advisory Ltd. Assets acquired included the SMS- and online technology platform, associated database, and Wefarm brand. The value of this asset purchase, paid to Kroll Advisory Ltd in November 2022, was £7,000 plus VAT.

## Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2022 was 1, Cafédirect Producers Limited being the sole member of the charity (2021: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

**Producers Direct**

**Trustees' annual report**

**For the year ended 31 December 2022**

---

## **Auditor**

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been approved by the Trustees on 12th September 2023 and signed on their behalf by

**Christèle Delbe,**  
Trustee, Producers Direct

## Independent auditor's report

To the members of

**Producers Direct**

---

### Opinion

We have audited the financial statements of Producers Direct (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Producers Direct's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or

## **Independent auditor's report**

### **To the members of**

#### **Producers Direct**

---

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we

## **Independent auditor's report**

**To the members of**

**Producers Direct**

---

will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Use of our report**

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

Date 19 September 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

## Producers Direct

### Statement of financial activities (incorporating an income and expenditure account)

#### For the year ended 31 December 2022

		Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
<b>Income from:</b>							
Donations and legacies	Note 2	331,460	-	<b>331,460</b>	223,002	-	223,002
Charitable activities							
Africa Programme	3	26,786	194,228	<b>221,014</b>	26,624	194,671	221,295
Latin America Programme	3	1,011	1,001,723	<b>1,002,734</b>	-	544,062	544,062
<b>Total income</b>		<b>359,257</b>	<b>1,195,951</b>	<b>1,555,208</b>	<b>249,626</b>	<b>738,733</b>	<b>988,359</b>
<b>Expenditure on:</b>							
Raising funds	4b	12,618	57,363	<b>69,981</b>	57,067	15,917	72,983
Charitable activities							
Africa Programme	4b	368,781	763,590	<b>1,132,371</b>	555,065	176,720	731,785
Latin America Programme	4b	127,659	391,770	<b>519,429</b>	115,410	169,099	284,509
<b>Total expenditure</b>		<b>509,058</b>	<b>1,212,723</b>	<b>1,721,781</b>	<b>727,542</b>	<b>361,736</b>	<b>1,089,277</b>
<b>Net expenditure before losses on investments</b>		<b>(149,801)</b>	<b>(16,772)</b>	<b>(166,573)</b>	<b>(477,916)</b>	<b>376,997</b>	<b>(100,918)</b>
Net losses on investments		-	-	-	(367,000)	-	(367,000)
<b>Net expenditure for the year</b>	5	<b>(149,801)</b>	<b>(16,772)</b>	<b>(166,573)</b>	<b>(844,916)</b>	<b>376,997</b>	<b>(467,918)</b>
<b>Net expenditure after transfers</b>		<b>(149,801)</b>	<b>(16,772)</b>	<b>(166,573)</b>	<b>(844,916)</b>	<b>376,997</b>	<b>(467,918)</b>
<b>Net movement in funds</b>		<b>(149,801)</b>	<b>(16,772)</b>	<b>(166,573)</b>	<b>(844,916)</b>	<b>376,997</b>	<b>(467,919)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		453,009	393,806	<b>846,815</b>	1,297,925	16,809	1,314,734
<b>Total funds carried forward</b>		<b>303,208</b>	<b>377,034</b>	<b>680,242</b>	<b>453,009</b>	<b>393,806</b>	<b>846,815</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

**Producers Direct****Balance sheet**

Company no. 06959165

**As at 31 December 2022**

	Note	2022 £	£	2021 £	£
<b>Fixed assets:</b>					
Tangible assets	10		<b>18,099</b>		5,374
Investments	11		–		–
			<u>18,099</u>		<u>5,374</u>
<b>Current assets:</b>					
Programme related investments	13	<b>59,148</b>		46,024	
Debtors	12	<b>173,260</b>		92,537	
Cash at bank and in hand		<b>535,833</b>		935,582	
		<u>768,240</u>		<u>1,074,144</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	<b>(80,419)</b>		(166,950)	
<b>Net current assets</b>			<u><b>687,822</b></u>		<u>907,193</u>
Creditors: amounts falling due after one year	15	<b>(25,679)</b>		(65,752)	
<b>Total net assets</b>			<u><u><b>680,242</b></u></u>		<u><u>846,815</u></u>
<b>The funds of the charity:</b>					
Restricted income funds	18a		<b>377,034</b>		393,806
Unrestricted income funds:					
General funds		<b>303,208</b>		453,009	
		<u>303,208</u>		<u>453,009</u>	
Total unrestricted funds			<u><b>303,208</b></u>		<u>453,009</u>
<b>Total charity funds</b>			<u><u><b>680,242</b></u></u>		<u><u>846,815</u></u>

Approved by the trustees on 12th September 2023 and signed on their behalf by

Christèle Delbe  
Trustee, Producers Direct

Producers Direct

Statement of cash flows

For the year ended 31 December 2022

	Note	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Net expenditure for the reporting period (as per the statement of financial activities)		(166,572)		(467,919)	
Depreciation charges		2,415		2,376	
Losses on investments		–		367,000	
(Increase) in debtors		(80,723)		(42,772)	
(Decrease)/increase in creditors		(86,531)		116,000	
<b>Net cash used in operating activities</b>			<b>(331,411)</b>		<b>(25,315)</b>
<b>Cash flows from investing activities:</b>					
Cash received on repayment of programme related		(13,124)		(46,024)	
Purchase of fixed assets		(15,140)		(4,621)	
<b>Net cash used in investing activities</b>			<b>(28,264)</b>		<b>(50,645)</b>
<b>Cash flows from financing activities:</b>					
Cash inflows from new borrowing		(40,073)		(18,448)	
<b>Net cash used in financing activities</b>			<b>(40,073)</b>		<b>(18,448)</b>
<b>Change in cash and cash equivalents in the year</b>			<b>(399,749)</b>		<b>(94,408)</b>
Cash and cash equivalents at the beginning of the year			<b>935,582</b>		<b>1,029,990</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>535,833</b>		<b>935,582</b>

**1 Accounting policies**

**a) Statutory information**

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is: International House, 45–55 Commercial Street, E1 6BD, UK

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charity meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: At the end of 2022, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least December 2024 – with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register; 3.) Producers Direct currently holding sufficient unrestricted cash reserves to cover at least six months' of essential operational costs to enable operations to continued during a period of unforeseen difficulty.

Key judgments that the charity has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over the period greater than one year, and is linked to performance within the project, there is some degree of judgment in assessing the stage of completion and hence the income recognised.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

**g) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Notes to the financial statements

For the year ended 31 December 2022

---

**1 Accounting policies (continued)**

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- |                           |     |
|---------------------------|-----|
| ▪ Africa Programme        | 69% |
| ▪ Latin America Programme | 31% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- |                      |                       |
|----------------------|-----------------------|
| ▪ Computer equipment | 3 years straight line |
|----------------------|-----------------------|

**m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Notes to the financial statements

## For the year ended 31 December 2022

## 1 Accounting policies (continued)

## o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## p) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

## 2 Income from donations and legacies

	Unrestricted £	Restricted £	Total 2022 £	Unrestricted £	Restricted £	Total 2021 £
Donations	331,281	-	331,281	223,002	-	223,002
Bank Interest	179	-	179	-	-	-
	331,460	-	331,460	223,002	-	223,002

## 3 Income from charitable activities

	Unrestricted £	Restricted £	Total 2022 £	Unrestricted £	Restricted £	Total 2021 £
<b>East Africa Programme:</b>						
Bayer AG	-	76,694	76,694	-	-	-
UKAid	-	-	-	-	99,607	99,607
MercyCorps AgriFin	-	97	97	-	66,464	66,464
GIZ FairForward	-	95,378	95,378	-	-	-
Innovate UK	-	22,059	22,059	-	28,600	28,600
Honey Sales: East Africa	26,786	-	26,786	26,624	-	26,624
Sub-total for East Africa Programme	26,786	194,228	221,014	26,624	194,671	221,295
<b>Latin America Programme:</b>						
Bayer AG	-	178,952	178,952	-	235,443	235,443
GIZ i4Ag	-	397,325	397,325	-	139,211	139,211
CIAT	-	(46)	(46)	-	43,471	43,471
Pret a Manger	-	125,000	125,000	-	100,000	100,000
World Food Programme	-	20,310	20,310	-	25,937	25,937
Inter-American Development Bank – IDB Lab	-	280,182	280,182	-	-	-
Honey Sales : Peru	1,011	-	1,011	-	-	-
Sub-total for Latin America Programme	1,011	1,001,723	1,002,734	-	544,062	544,062
Total income from charitable activities	27,797	1,195,951	1,223,748	26,624	738,733	765,357

Producers Direct

Notes to the financial statements

For the year ended 31 December 2022

4a Analysis of expenditure (current year)

	Charitable activities					2022 Total £	2021 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £		
Staff costs (Note 6)	69,981	258,762	93,910	-	225,738	<b>648,391</b>	490,229
Direct programme expenditure	-	572,027	291,384	-	-	<b>863,411</b>	452,900
Office costs	-	11,282	971	87	51,289	<b>63,629</b>	79,440
Audit, legal and professional fees	-	-	-	10,105	136,246	<b>146,351</b>	66,708
	<b>69,981</b>	<b>842,071</b>	<b>386,265</b>	<b>10,192</b>	<b>413,272</b>	<b>1,721,781</b>	1,089,277
Support and governance costs	-	290,300	133,163	(10,192)	(413,272)	-	-
<b>Total expenditure 2022</b>	<b>69,981</b>	<b>1,132,371</b>	<b>519,429</b>	<b>-</b>	<b>-</b>	<b>1,721,781</b>	
Total expenditure 2021	72,983	731,785	284,509	-	-		1,089,277

Producers Direct

Notes to the financial statements

For the year ended 31 December 2022

4b Analysis of expenditure (previous year)

	Charitable activities					2021 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	
Staff costs (Note 6)	72,983	212,395	26,146	-	178,705	490,229
Direct programme expenditure	-	241,011	160,939	-	50,950	452,900
Office costs	-	27,797	-	-	51,643	79,440
Audit, legal and professional fees	-	-	-	7,893	58,815	66,708
	<b>72,983</b>	<b>481,203</b>	<b>187,085</b>	<b>7,893</b>	<b>340,113</b>	<b>1,089,277</b>
Support and governance costs	-	250,584	97,424	(7,893)	(340,115)	-
<b>Total expenditure 2021</b>	<b>72,983</b>	<b>731,785</b>	<b>284,509</b>	<b>-</b>	<b>-</b>	<b>1,089,277</b>

**5 Net (expenditure)/income for the year**

This is stated after charging / (crediting):

	2022 £	2021 £
Depreciation	2,415	2,376
Auditor's remuneration (excluding VAT):		
Audit	8,300	7,250
Other services: GRP Project Audit during 2019	-	643
	<u>          </u>	<u>          </u>

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	577,895	436,891
Social security costs	26,540	24,835
Employer's contribution to defined contribution pension schemes	43,956	28,503
	<u>648,391</u>	<u>490,229</u>

One employee earned more than £60,000 during the year (2021: 68,000) – the CEO (2022 Annual salary: £68,000).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £82,687 (2021: £80,756).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: nil). No charity trustee received payment for professional or other services supplied to the charity (2021: nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totaling £0 (2021: £0), as a result of Board meetings continuing to be held virtually.

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 19.4 FTE, with a total headcount of 23 (2021: 16).

Staff are split across the activities of the charity as follows (headcount basis):

	2022 No.	2021 No.
Raising funds	3.0	1.1
East Africa Programmes	13.0	7.2
Latin America Programmes	4.0	3
Support	3.0	5.2
	<u>23.0</u>	<u>16.3</u>

**8 Related party transactions**

Aggregate donations from related parties were £100,000; (2021: £109,030.95).

Other transactions with related parties: Service Charge agreement paid from Producers Direct to Cafédirect: £0 (2021: £4,296). Producers Direct is connected to these related parties as follows:

Cafédirect plc: Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity.

**9 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**10 Tangible fixed assets**

	Computer Equipment	
	2022	2021
	£	£
<b>Cost</b>		
At the start of the year	16,080	11,459
Additions in year	15,140	4,621
Disposals in year	-	-
At the end of the year	<u>31,220</u>	<u>16,080</u>
<b>Depreciation</b>		
At the start of the year	10,706	8,330
Charge for the year	2,415	2,376
Eliminated on disposal	-	-
At the end of the year	<u>13,121</u>	<u>10,706</u>
<b>Net book value</b>		
At the end of the year	<u>18,099</u>	<u>5,374</u>
At the start of the year	<u>5,374</u>	<u>3,129</u>

All of the above assets are used for charitable purposes.

**11 Fixed asset investments**

	2022	2021
	£	£
Cost at the start of the year	-	367,000
Disposals in year	-	-
Net loss on change in fair value	-	(367,000)
	<u>-</u>	<u>-</u>

At end-2020, Producers Direct's shareholding in Wefarm was valued as a fixed asset investment of £367,000. This shareholding in Wefarm represented Producers Direct's only fixed asset investment. Wefarm Ltd closed in August 2022. Producers Direct's net loss of £367,000 in fixed assets investments during 2021 is a consequence of Wefarm closing in August 2022 as a post-balance sheet event. At end-2021, Producers Direct's shareholding in Wefarm was devalued from £367,000 to £0. No further fixed asset investments were made during 2022.

Producers Direct

Notes to the financial statements

For the year ended 31 December 2022

12 Debtors

	2022 £	2021 £
Trade debtors	74,857	39,638
Prepayments and accrued income	98,403	52,899
	<u>173,260</u>	<u>92,537</u>

13 Programme related investments

	2022 £	2021 £
Fair value at the start of the year	46,024	–
Repayment of loans	13,124	46,024
<b>Fair value at the end of the year</b>	<u><b>59,148</b></u>	<u><b>46,024</b></u>

Investments comprise:

	2022 £	2021 £
<b>Loans</b>		
AnkoleCoffee Producers Co-operative Union (ACPCU)	18,752	12,497
Kayonza Growers Tea Factory	22,072	20,929
Rungwe and Busokelo Tea Co-operative Joint Enterprise (RBTC)	14,878	12,598
CAC La Prosperidad de Chirinos	2,154	–
CAC Bagua Grande	1,292	–
	<u>59,148</u>	<u>46,024</u>

During 2022, Producers Direct partnered with five smallholder producer organisations in Uganda (Ankole and Kayonza), Tanzania (RBTC) and Peru (CAC La Prosperidad de Chirinos and CAC Bagua Grande), and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them take-up or strengthen on-farm beekeeping practices. Interest on loans is being charged below market rates in Uganda, Tanzania and Peru. Loans are being made to further the charity's objectives and not solely to generate a financial return.

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	28,487	136,187
Taxation and social security	1,261	3,081
Loan payments due within a year	38,379	18,342
Accruals	12,292	9,340
	<u>80,419</u>	<u>166,950</u>

**15 Non-Current Creditors: amounts falling due beyond one year**

	2022 £	2021 £
UK Bounce Back Loan	15,761	35,802
CAF Venturesome Loan	9,918	29,950
	<b>25,679</b>	<b>65,752</b>

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

**16 Pension scheme**

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

**17a Analysis of net assets between funds (current year)**

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	14,933	3,166	18,099
Net current assets	313,954	373,868	687,822
Long term liabilities	(25,679)	-	(25,679)
<b>Net assets at 31 Dec 2022</b>	<b>303,208</b>	<b>377,034</b>	<b>680,242</b>

**17b Analysis of net assets between funds (prior year)**

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	-	5,374	5,374
Net current assets	572,309	334,884	907,193
Long term liabilities	(65,752)	-	(65,752)
<b>Net assets at 31 Dec 2021</b>	<b>506,557</b>	<b>340,258</b>	<b>846,815</b>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2022

18a Movements in funds (current year)

	At 1 January 2022	Income & gains	Expenditure & losses	Transfers	At 31 December 2022
	£	£	£	£	£
<b>Restricted funds:</b>	-	-	-	-	-
Africa – Innovate UK	(2,869)	22,058	(19,189)	-	-
Africa – MercyCorps AgriFin	13,829	98	(13,927)	-	-
Africa – GIZ FairForward	-	95,378	(72,052)	-	23,326
Africa and Latin America – Bayer AG	223,045	255,646	(410,101)	-	68,590
Latin America – GIZ i4Ag	118,206	397,325	(347,252)	-	168,279
Latin America – IDB Lab	-	280,136	(231,191)	-	48,945
Latin America – Pret a Manger	51,166	125,000	(107,174)	-	68,992
Latin America – World Food Programme	(9,570)	20,310	(11,837)	-	(1,097)
<b>Total restricted funds</b>	<b>393,806</b>	<b>1,195,951</b>	<b>(1,212,723)</b>	<b>-</b>	<b>377,034</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>453,009</b>	<b>359,257</b>	<b>(509,058)</b>	<b>-</b>	<b>303,208</b>
<b>Total unrestricted funds</b>	<b>453,009</b>	<b>359,257</b>	<b>(509,058)</b>	<b>-</b>	<b>303,208</b>
<b>Total funds</b>	<b>846,815</b>	<b>1,555,208</b>	<b>(1,721,781)</b>	<b>-</b>	<b>680,242</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

18b Movements in funds (prior year)

	At 31 December 2020	Income & gains	Expenditure & losses	Transfers	At 31 December 2021
	£	£	£	£	£
<b>Restricted funds:</b>					
Africa – Innovate UK	-	28,600	(31,469)	-	(2,869)
Africa – UKAid	-	99,607	(99,607)	-	-
Africa – MercyCorps AgriFin	-	66,464	(52,635)	-	13,829
Africa and Latin America – Bayer AG	-	235,443	(12,398)	-	223,045
Latin America – GIZ	-	139,211	(21,005)	-	118,206
Latin America – CIAT	-	43,471	(43,471)	-	-
Latin America – Pret a Manger	16,809	100,000	(65,643)	-	51,166
Latin America – World Food Programme	-	25,937	(35,507)	-	(9,570)
Latin America – Producer Partners	-	-	-	-	-
<b>Total restricted funds</b>	<b>16,809</b>	<b>738,733</b>	<b>(361,736)</b>	<b>-</b>	<b>393,806</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>1,297,925</b>	<b>249,626</b>	<b>(1,094,542)</b>	<b>-</b>	<b>453,009</b>
<b>Total unrestricted funds</b>	<b>1,297,925</b>	<b>249,626</b>	<b>(1,094,542)</b>	<b>-</b>	<b>453,009</b>
<b>Total funds</b>	<b>1,314,734</b>	<b>988,359</b>	<b>(1,456,278)</b>	<b>-</b>	<b>846,815</b>

### Purposes of restricted funds

**Africa – Innovate UK:** Funding from Innovate UK's Agritech 9 funding window over 24 months from August 2020, sub-granted from Climate Edge, to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management, and from Innovate UK's Global Challenges Research Fund (GCRF), sub-granted from Climate Edge, to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders. The fund balance of –£2,869 at the start of 2022 is due to a pending payment from Innovate UK for activities undertaken in 2021 that was paid during 2022.

**Africa – Mercy Corps AgriFin / Starbucks Foundation:** £66,464 secured for 2021 expenditure to support the next phase of the Covid-19 information campaign that was undertaken during 2020, with focus on targeting updated Covid-19 health and safety materials to smallholder farmers across Kenya.

**Africa – GIZ FairForward:** 353,808.42 Euros secured over 18 months from October 2022 to March 2024 to support the expansion of Croppie development and testing to smallholder coffee farmers in Uganda, in partnership with the International Centre for Tropical Agriculture Centre (CIAT) and M-Omulimisa.

**Africa and Latin America: – Bayer AG:** A second donation of 300,000 Euros was secured from Bayer AG in 2022 Q4 to support further 2022/2023 testing and scaling of Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in both Peru and Uganda to aggregate and collectively sell their surplus food crops to enhance their incomes.

**Latin America – CIAT:** In October 2020, Producers Direct was one of the 2020 CGIAR Inspire Challenge winners for our Croppie concept. The prize funds of £43,471 sub-granted from the International Centre for Tropical Agriculture Centre (CIAT) to Producers Direct supported activities from January – October 2021 in partnership with CIAT to design a digital tool that supports smallholders access yield prediction data for their crops – starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models.

**Latin America – GIZ (German Development Agency) i4Ag:** 700,445 Euros secured over 24 Months (2021 Q4 – 2023 Q3) to support the expansion of Croppie – our digital tool focused on data-driven yield predictions for smallholders in Peru and Colombia.

**Latin America – IDB Lab (The innovation laboratory of the Inter-American Development Bank):** 1,000,000 USD secured over 36 Months from January 2022 for work in Peru to support the development of climate-resilient landscapes, working with 10 smallholder cooperatives to develop the data, training, financial and market access services required to manage climate-resilient farms and landscapes.

**Latin America – World Food Programme (WFP) Innovation Accelerator:** 2020 and 2021 funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes. The fund balance of –£9,570 at the start of 2022 is due to programme activities running through into 2022, and a pending payment from WFP Innovation Accelerator for activities undertaken in 2021 expected in early 2022.

**Latin America – Pret a Manger Coffee Fund:** Funding to support Peruvian Partners, particularly Cenfrocafe, to implement a youth leadership training programme.

## 19 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2022, Cafédirect Producers Limited.

**PRODUCERS DIRECT**

England & Wales - Charity number 1133218

---

# Accounts

---

Company number: 06959165  
Charity number: 1133218

# Producers Direct

Report and financial statements  
For the year ended 31 December 2021

## **Producers Direct**

### **Contents**

#### **For the year ended 31 December 2021**

---

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	26
Statement of financial activities (incorporating an income and expenditure account)	30
Balance sheet	31
Statement of cash flows	32
Notes to the financial statements	33

## Producers Direct

### Reference and administrative information

For the year ended 31 December 2021

---

**Company number** 06959165

**Charity number** 1133218

**Registered office and operational address** International House, 45-55 Commercial Street  
E1 6BD, UK

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

**Previous Names** Producers Direct legally changed its name from Cafédirect Producers' Foundation in December 2017.

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Lebi Gabriel Hudson	Chair
Christele Delbe	Vice Chair
Pauline Boit	
Lenin Tocto Minga	
Penny Newman	Resigned: 18 <sup>th</sup> February 2022
Anthony Wainaina	

**Key management personnel** Claire Rhodes Chief Executive Officer

**Bankers** Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

Barclays Bank  
Leicester  
LE87 2BB

**Solicitors** Bates Wells  
2-6 Cannon Street  
London  
EC4M 6YH

**Producers Direct**

**Reference and administrative information**

**For the year ended 31 December 2021**

---

Weil Gotshal & Manges  
110 Getter Lane  
London  
EC4M 6YH

**Auditor**

Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House  
108-114 Golden Lane  
LONDON  
EC1Y 0TL

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2021**

---

The Trustees present their report and the audited financial statements for the year ended 31 December 2021.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## **Objectives and activities**

### **Purposes and aims**

Producers Direct is a UK-registered charity, established in 2009, that works with smallholder farmer organisations in Africa and Latin America. Producers Direct's objects, as outlined in its Articles of Association are to:

- Prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- Advance or assist in advancing education; and
- Promote sustainable development by:
  - The preservation, conservation and the protection of the environment and the prudent use of natural resources;
  - The promotion of sustainable means of achieving economic growth and regeneration.

Throughout 2021, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct's vision is of thriving smallholder communities, where each smallholder can realise their own vision. Producers Direct's mission is to work with smallholders in Latin America and Africa to develop innovative solutions to the challenges they face (within the context of their farming and business practices).

Producers Direct's Strategic Objectives are to:

1. Pioneer innovative, effective programmes that strengthen producers' capacity, education and resilience.
2. Ensure Producers Direct is truly producer-led in governance and in its overall model.
3. Mobilise diverse resources to achieve sustainability for producer partners and for Producers Direct.

## Approach and Model

Producers Direct was founded in 2009 to be an organisation led by smallholder farmers, for smallholder farmers. The majority of the 600 million farms in the world are small. Farms of less than 1 hectare account for 70% of all farms but operate only 7% of all agricultural land. While smallholders play an essential role in global food security and nutrition, these same smallholder farmers typically live on under \$2 a day and are themselves often affected by food insecurity and malnutrition. Changing climatic conditions continue to exacerbate these challenges for both smallholder farmers and global food systems. Current market systems do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data. While smallholders are one of the most vulnerable groups to climate change, their central role in global food systems uniquely positions them to be key leaders / actors in fighting in - and in the future management of sustainable food systems.

Within this context, there are four major, interconnected problems that Producers Direct's model and 2021-2025 Strategy is seeking to address:

1. **FARMER-OWNED FOOD VALUE CHAINS:** The world is not on track to reach Sustainable Development Goal (SDG) number 2. Food systems are broken and unsustainable. Smallholders currently have limited power in food value chains. Most smallholders work independently, capturing minimal value for their crops at market with limited support to achieve the increased on-farm productivity and reductions in post-harvest loss required to strengthen food security, resilience and incomes. To meet expected global demand for food as the world's population grows, more effectively investing in and leveraging the knowledge, skills and resources of the world's smallholders is becoming increasingly critical.

2. **WOMEN'S EMPOWERMENT:** Globally, women comprise over 50% of the agricultural labour force and produce nearly 80% of the food consumed in the developing world. Yet, female smallholders earn far less than men and have limited access to credit. For example, in Kenya, women smallholders access less than 1% of available agricultural credit. Further challenges, including lower financial and digital literacy levels, and restricted mobility exacerbating lack of access to training and markets, drives further marginalisation of women smallholders within food value chains.

3. **YOUTH AGRIPRENEURS:** Youth populations are rising rapidly. Over 50% of the world's population is under 30. In the next decade, 1 billion youth will enter the job market. 600 million of them will not find jobs. We are on the brink of facing a massive youth unemployment crisis. While Africa's rapidly transforming economies are driving increasing urban opportunities for off-farm employment, farming remains the single largest employer of rural youth. Yet rural youth face many hurdles earning a livelihood from farming. Unfortunately, most young people do not see farming as a viable livelihood. A key gap remains investing in a critical mass of skilled youth with access to finance and know-how to drive productivity growth in farming and related value chains. Youth typically do not perceive agriculture as a remunerative or prestigious profession. Until youth see more inspiring, profitable examples of youth-led agri-enterprise within rural areas, current trends in urban migration will continue. Key barriers not only include a lack of access to training and skills, capital and financial services, and market access (FAO, 2021) - but also a lack of awareness of the opportunities and services that do exist to support them.

4. **DATA IN THE HANDS OF FARMERS:** Farmers often do not have access to the data and information they need to make informed on-farm decisions, protect our planet and strengthen their resilience - including to changing climatic conditions. 99% of farmers in our network either keep no records at all, or paper-based records at best. Traditional smallholder data collection methods remain costly, and are often designed to primarily benefit stakeholders working with farmers - rather than the farmers themselves. The lack of access to smallholder farmer data prevents financial institutions from quantifying risk and offering them affordable financial services - particularly for female farmers and youth agripreneurs. When farmers are not using data insights to support their on-farm decision making, this can further exacerbate barriers to on-farm improvement, including optimising costs of production, and overall on-farm productivity, diversification and performance - all of which significantly contribute to farm profitability and ultimately farmer incomes.

To address these challenges, Producers Direct's four 2021-2025 Strategic Goals are:

- 1. Farmer- Owned Value Chains:** Increase incomes by 120% for at least 295,000 smallholder farmers by end-2025 as a result of supporting smallholder farmers to diversify their on-farm production, aggregate their surplus crops, and collectively sell these crops into local and national markets. Key metrics include percentage increase in incomes, and percentage of farmers who are successfully diversifying and managing multiple on-farm enterprises, ensuring farmers are not dependent on a single crop for food security and income. We consider this a measure of resilience.
- 2. Women's Empowerment:** Support 147,476 women smallholders to bundle their crops and sell them collectively into local and national markets, with the aim of enabling these 147,476 female smallholders to increase their on-farm incomes, strengthen their decision-making power and achieve financial independence.
- 3. Youth Agripreneurs:** Strengthen youth leadership in sustainable agri-food systems, including supporting 117,238 youth leaders to take leadership in food value chains by either launching their own agri-enterprises and/or playing lead roles in supply chain logistics and sales.
- 4. Data in the hands of farmers:** Empower 1.7m smallholder farmers to access and adopt digital technologies, from basic SMS to pioneering technologies such as AI and Blockchain - in order to support farmers to apply these digital tools to enhance their on-farm profitability, resilience and incomes. Key metrics include the percentage of farmers who have access to information needed to make more informed on-farm decisions.

Producers Direct delivers support services to smallholder farmers across Africa and Latin America. Producers Direct's peer-to-peer model places producer leadership at the centre of our programme delivery, governance and strategy. We aim to enhance farmer livelihoods by 1.) Improving farming productivity and incomes; 2.) Strengthening farm- and livelihood- resilience to changing climates; and 3.) Driving farmer ownership and leadership in food value chains. Producers Direct's farmer-led model blends in-person services with cutting edge digital tools, developed through farmer-centred design. Our model comprises the following four inter-linked components:

- 1. Farmer-led Training and Information Services:** In partnership with smallholder producer organisations, Producers Direct runs a peer-to-peer training model that offers farmers: 1) Access

to a network of trained Farmer Promoters and 2) Relevant and affordable in-person training on demonstration sites/farms, where farmers can learn and trial innovative farming practices. In-person training is supported by multimedia digital tools to support the digitisation of training and information services to process, including through SMS, WhatsApp and radio. Farmer-led training services focus on the following areas:

- Good Agricultural Practices;
- Crop Diversification and Agri-enterprise development to support income diversification and enhance resilience against climate change and economic shocks;
- Crop Quality and Productivity Improvement;
- Environmental Sustainability, including Climate Change Adaptation and Climate Smart Practices;
- Digital and Financial Literacy.

**2. Farmer-led Data Services:** Smallholder farmers typically have extremely limited access to data to enhance their farm's performance or respond to the impacts of changing climatic conditions on their farm's performance. The livelihood impacts that Producers Direct is targeting to achieve through smallholders having improved data access include: Optimised profitability across multiple on-farm enterprises to support household income improvement; Insights into optimal harvest times maximising yields; Managing a range of profitable enterprises that collectively reduce vulnerability to climatic shocks; Yield prediction data that helps to de-risk on-farm investment; and enhanced access to financial services as a result of having improved on-farm performance records.

To support smallholder farmers to more effectively access data, Producers Direct is pioneering a farmer-led data system, FarmDirect, to support farmers manage their farms as sustainable and profitable small-scale businesses. FarmDirect provides producers with holistic farm views of all on-farm enterprises, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks.

Through FarmDirect, we are supporting farmers to access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.
- Yield Predictions: Access yield predictions for current and future seasons under varying climate change scenarios.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

**3. Access to Finance:** A key barrier to farmers trialling techniques that they have learnt about during in-person and digital training is their lack of access to the finance that may be required to trial the techniques. For example, funds to trial new fertilising techniques, including to support organic farming, or to develop a new micro-enterprise that increases household incomes, such as fish farming or beekeeping. To support smallholder farmers to overcome this barrier, Producers Direct is partnering with smallholder producer organisations to offer micro-loans to farmers, supporting them with access to the funds they need to make on-farm investments. This is particularly vital for women and youth within smallholder communities, who face disproportionately high barriers accessing finance. To address this, we are increasingly targeting loans to support young people and women who typically cannot access financial services or credit.

We also support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

**4. Market Access:** Smallholder farmers also face the challenge of accessing markets for their products. To support market access, Producers Direct has been undertaking the following activities:

- Supporting the development of digital tools that enable farmers to work cooperatively to: Increase market visibility and accessibility; Trace products and payments; Improve access and links to buyers. We are developing the functionality of our digital tool, FarmDirect, so smallholders can form 'digital cooperatives' to bundle their crops and increase their negotiating power with upstream buyers, capturing a higher value for their crops. This work includes a focus on supporting women smallholders to enhance their incomes by collectively bundling and selling any surplus of the food security crops they are growing for household consumption.
- Supporting youth leaders within farming communities to take leadership on managing post-harvest logistics and supporting the structuring of currently unstructured value chains. Youth are supporting farmers to aggregate and negotiate better prices for a range of diversification crops they might be growing on their farm, such as honey, avocado, pineapple and banana, and therefore increasing farmers' access to untapped markets and buyers.
- Trialling the sale of branded Producers Direct products into urban markets in countries where Producers Direct is located, starting with the trial of honey sales in Kenya and Peru. The long-term goal for Producers Direct's product sales is to enable farmers to take leadership within food value chains, capture a higher percentage of the final market value for their product and have access to more reliable market opportunities for their range of products within food value chains.

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

In order to enhance the public benefits realised, Producers Direct seeks to:

1. Engage and work with a broad range of individuals and community groups within smallholder farming communities in which activities are undertaken. This includes:
  - a. Through a farmer-led training model, smallholder farmers are trained as trainers, who then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities.

- b. By engaging with groups within farming communities who may typically be marginalised from traditional farming cooperative structures. For example, our investment in strong networks of women and youth leaders within farming communities.
2. Ensure that information and educational materials produced through Producers Direct's activities are widely distributed through existing networks of smallholder producers, as well as Producers Direct's development partners who work at national and international levels.
3. Developing programmes that will engage and support a broad range of smallholder farmers and producers beyond the smallholder producer organisations who partner with Producers Direct. Producers Direct's digital training and information services have a wide reach across digital channels, including SMS and WhatsApp. During the global pandemic Covid-19 Health and Safety materials have been disseminated to over 1.1 million smallholder farmers across East Africa and Latin America.

## Activities and services delivered during 2021

All Producers Direct's charitable activities focus on improving the livelihoods and resilience of smallholder producers, and are undertaken to further Producers Direct's charitable purposes for the public benefit. Overall, Producers Direct's activities directly reached 811,590 smallholders and young people during 2021. East Africa programme activities were delivered by Producers Direct's East Africa Programme team, based in Nairobi, in partnership with East Africa-based producer organisations in Kenya, Tanzania and Uganda. 2021 East Africa programme expenditure totalled £481,203, with donors including MercyCorps AgriFin and Innovate UK. In Latin America, programme expenditure totalled £187,085 - funded by Pret a Manger, the World Food Programme Innovation Accelerator and the German Development Agency, GIZ. Funding from Bayer AG supported programme activities across both Peru and East Africa.

2021 activities and services delivered included:

### 1. Farmer-led Training and Information Services:

Following a pause on in-person farmer training during 2020 due to COVID-19, in-person training activities were maintained at a low-frequency during the majority of 2021 - with a continued prioritisation and emphasis on digitised training and information services. Priority training and information programmes designed and delivered during 2021 included:

- **Covid-19 Health and Safety Messaging (East Africa):** Covid-19 impacts on smallholder livelihoods continued to be felt throughout 2021. These have included: 1.) Health concerns for rural communities worldwide, particularly with the ageing farmer demographic across Producer Direct's smallholder network placing them within the high risk Covid-19 category; 2.) Travel restrictions have limited smallholders' in-person access to markets, seasonal labour, training and inputs; 3.) Volatility in national and international markets, and supply chain uncertainty. Activities initiated in 2020 with support from MercyCorps AgriFin to design and disseminate digitised information on priority Covid-19 challenges faced by smallholder farmers continued throughout 2021. Producers Direct worked with smallholder farmers to design and test both the key messages and visual designs that were being developed, working through an iterative feedback process with farmer design groups. This second phase of the Covid-19 campaign, running throughout 2021, reached a total of 377,871 East African smallholder farmers during 2021, and was supported by MercyCorps

AgriFin and the Starbucks Foundation. Information was disseminated through a variety of channels, including SMS; Radio, with local language scripts developed, WhatsApp, Social Media and the display of posters in areas where farmers regularly visit. Content topics included: Keeping families and communities safe; Reducing Covid-19 transmission and Covid-19 myth busting - particularly vaccination myths and misconceptions. In addition to smallholder producer organisations partnering to support information dissemination, programme delivery was supported by iShamba, AFarmers Media and Standard Group Media in Kenya. An independent evaluation of campaign impact conducted by Busara Centre for Behavioural Economics indicated a 6.6 percentage point increase in smallholders' knowledge, attitudes, and behaviours towards Covid-19, as a result of knowing more about social distancing and Covid-19 transmission.

- **Youth Agripreneurs (East Africa):** From February to July 2021, Producers Direct partnered with the UK's Foreign Commonwealth & Development Office (FCDO) to design and run the *YouthDirect Na AgriBiz* campaign, focussed on mobilising youth from across Kenya to share their perspectives on the challenges and opportunities they face in developing sustainable agri-enterprises and earning incomes from agriculture, with the longer-term goal of empowering this cohort of youth agripreneurs with the knowledge and skills they need to launch profitable agri-enterprises. Over this six-monthly campaign, a total of 433,719 youth agripreneurs were reached through multiple social media platforms. Campaign messaging was co-designed with a cohort of 80+ Kenyan youth agripreneurs, to ensure campaign content directly responded to the challenges, needs and interests of their peers. Over the six-months, a series of county-level innovation showcases were convened with youth and other stakeholders from across Kenya, sharing youth-identified agri-enterprise innovations and facilitating opportunities for young people to share and learn with one another. The campaign then culminated in a virtual, national-level Kenyan Innovation Showcase of inspiring youth agri-enterprises, and associated *Youth Na Agribiz* Competition - which showcased 50 top youth-led agri-innovations across multiple value chains, including Dairy Farming, Livestock, Beekeeping, and Agri-Tech. 193 attendees participated in the National Innovation Showcase from across 14 counties. Results from an independent evaluation of campaign impact, conducted by Busara Centre for Behavioural Economics included: 96% of youth respondents saying they would join a physical or digital agricultural focussed cooperative group; 100% saying they would like to attend similar campaign events; 93% of youth participating in campaign events saying they had learned something new; and 98% saying they would recommend campaign information and activities to other youth in the agribusiness sector.
- **Honey (East Africa):** In-person honey training activities resumed during periods of 2021 where Covid-19 restrictions had eased. Trainer-of-the-trainer materials on hive management were developed and rolled out by Farmer Promoters, with 400 Beekeepers trained across Kenya, Uganda and Tanzania. Training included on how to manage on-farm records for their hives, empowering farmers to track the performance of their hives - as well as overall on-farm productivity and profitability. In-person training materials were followed-up with digital training materials, disseminated to 60% of the participating beekeepers post-training. 98% of farmers who were trained reported they felt able to implement practices they learned post-training.
- **Food Security (East Africa and Peru):** Work continued to develop printed and digital versions of food security crop training materials, to support programme activities in both Peru and East Africa. Materials developed included kitchen garden crops, as well as

bananas and avocados, in a variety of formats including training manuals for farmer promoters, visual guides for farmers, WhatsApp for Business content and tips to be shared by SMS. This included working with 350 female farmers in Peru to design and test training materials, and channels for information dissemination.

- **Youth Agri-preneurs in Coffee (Peru):** In partnership with Pret a Manger and Cenfrocafe, work continued to develop training modules and materials to support youth entrepreneurs from smallholder coffee communities in Peru, with thematic areas including good practices in coffee farming; post-harvest coffee quality management and marketing; farm management, enterprise and leadership development. Throughout 2021, a cohort of 45 youth leaders undertook a 12-month MBA-style training programme, undertaking each of these thematic training modules through a combination of in-person and digitally convened training sessions, paired with on-farm learning experiences.

## **2. Farmer-led Data Services (Latin America and East Africa)**

2021 provided an opportunity to do more on-the-ground, in-person testing of FarmDirect, with focus areas including on: 1.) Re-designing and further testing of paper-based log books to support smallholders managing on-farm records across a number of enterprises, including beekeeping, and working with youth leaders within farming communities to test the digitisation and sharing back of insights to farmers; and 2.) Expanding focus to test how farmers can benefit from predictive data insights, as well as real-time snapshots of how their farm is performing. Throughout 2021, Producers Direct partnered with the International Centre for Tropical Agriculture (CIAT) to test how AI-generated yield prediction models can be paired with farm-level data - with the aim of generating a pre-season prediction of the crop yield that a farmer might expect to receive. We are testing this through the farmer-led design and prototyping of a second digital tool - Croppie, working initially with smallholder coffee farmers to test the concept with coffee yield predictions. Our goal is to understand how these yield predictions, combined with sharing digitised agronomic and financial planning tips with smallholders, ahead of and during the season, can firstly support the farmer to optimise on-farm and financial / cost management during the season, and secondly look ahead to planning for future seasons - recognising that farmers will increasingly need forward-looking insights to plan for anticipated impacts of changing climatic conditions on crop yields and farm performance. With initial funding from CGIAR as a 2020 Inspire Challenge winner, and from October 2021 from GIZ, we have begun to work with 700 smallholder farmers in Peru and 300 smallholder farmers in Colombia to 1.) Explore how they value these yield predictions, including when paired with agronomic and financial tips and 2.) Test how farmers can access predictions on their future farm performance under varying climate scenarios, in order to support forward planning and the proactive management and mitigation of potential climate-related risks to their annual farm performance.

## **3. Access to Finance:**

During 2021, Producers Direct launched Phase 2 of its Rotating Credit Facility, ROTA. Phase 2 focussed on Producers Direct providing loans to support beekeepers invest in their honey enterprises. Instead of the financing being provided in cash, Producers Direct pre-purchased 1,000 hives, which were then distributed as loans to 100 beekeepers across Kenya, Tanzania and Uganda. Farmers will each repay the value of the hives they received through a blend of honey and cash over the next four years, at an interest rate of 8%. Producer partner organisations supporting the administration and management of the loans to individual farmers will receive a 1% Management Fee of the collective value of loans distributed to the farmers they are supporting.

#### 4. Market Access:

2021 saw significant progress on market access programme activities across East Africa and Peru, through branded and unbranded product sales into local and national markets - with a focus on horticultural crop and honey value chains. We launched our branded Producers Direct honey into the Kenya market in April 2021, with end-2021 results including listings in over 40 Kenyan retail outlets; 7,152 kg of honey sold; and revenue from branded Kenyan honey sales of £26,624. Furthermore, an initial trial of branded honey sales in Peru commenced in December 2021. This investment in driving market access opportunity for beekeepers directly connects with 2021 Training, Data and Finance programme activities outlined above to support the structuring of honey value chains, by training and building the capacity of smallholder farmers to supply their honey to the Producers Direct brand, through in-person and digital trainings in hive management; distribution of rotating credit loans to support beekeepers start or expand their beekeeping enterprise, and data services to support farmers to manage their hive performance and their ROTA loan management, on-paper and digitally.

For horticultural crops, we expanded the testing of FarmDirect's market access functionalities during 2021, with a focus on supporting smallholder farmers to bundle surplus food security crops they are growing, including fruits and vegetables, and selling them in local markets. Logistics associated with identifying buyers and sourcing products from farmers is being supported by a network of youth agents. FarmDirect functionalities tested during 2021, included registering farmers and buyers on FarmDirect and digitally aggregating / bundling volumes available from individual farmers to sell in bulk to buyers. During 2021, 80 farmers in East Africa and 350 female farmers in Peru were engaged in FarmDirect testing activities, with Peru programme activities undertaken in partnership with World Food Programme (WFP) Innovation Accelerator and WFP Peru.

### Achievements and performance during 2021

During 2021, Producers Direct's activities reached **811,590** smallholder farmers and their families. Since 2009, cumulatively, **1.3 million** smallholder farmers and their families have benefited from Producers Direct's activities. Looking ahead to 2025, we are committed to reaching 1.7 million smallholders and improving incomes and livelihoods for smallholders, strengthening resilience to rapidly changing climates and driving ownership in food value chains.

Data collected from farmer surveys during 2021, including from 507 smallholder farmers across Kenya and Uganda, and 350 smallholder farmers in Peru, indicated:

- Up to a 100% increase in incomes for farmers who have adopted additional on-farm enterprises, including farmers taking up or expanding beekeeping and female smallholder farmers establishing or expanding the sale of their kitchen garden food crops.
- On average, 77% of farmers were managing diverse farming systems, of three or more on-farm enterprises to strengthen their climate resilience and decrease their dependency on a single cash crop. On-farm enterprises that farmers are diversifying into include tissue culture banana, honey, avocado, poultry, and local produce etc. 90% of farmers who have diversified have also reported diversification improved their incomes. From a baseline of \$1.35 per farmer per day, 100% income increases are resulting in individual farmers seeing incomes improved to \$2.70 per day (\$702 per year), with an overall increased annual dollar amount of \$351. For example, farmers producing bananas have improved their incomes by

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2021

---

an additional \$288 per year, while farmers managing beehives and selling honey can earn an additional \$348 per year.

- 88% of farmers have access to the data / information needed for decision making.
- 98% of farmers who were trained reported they felt able to implement practices they learned post-training.

Impact metrics are tracked internally through data collections, surveys, evaluations, and focus groups. Producers Direct has also had our work externally evaluated four times - by Picture Impact in 2017 and 2018, and by Busara Centre for Behavioural Economics in 2020 and 2021, to verify our impact on smallholder farmer livelihoods. Busara's evaluation on the impact of our Covid-19 campaign concluded that 87% of farmers changed behaviour because of our digital Covid-19 campaign. Busara also evaluated the effectiveness of Producers Direct's 2021 *YouthDirect Na AgriBiz* campaign on changes in Knowledge, Attitudes and Behaviours (KAB). Results showed that youth participating in this 6-month campaign on average improved their knowledge and attitudes to youth-led agribusiness by 10% when compared to a control group. Although this did not necessarily translate to behaviour change during this 6 month engagement, Busara's KAB score - which averages out the knowledge, attitude, and behaviour components - showed that youth are on the right trajectory to changing their behaviour. For example, 96% of youth responded that they would join a physical or digital agricultural focussed cooperative group and 100% said they would like to attend other similar agribusiness competitions and events. Additionally, 93% of youth who participated in campaign events said they had learned something new; and 98% said they would recommend campaign information and activities to other youth in the agribusiness sector.

Other non-programmatic achievements during 2021 included:

- Producers Direct registered a US non-stock company, Producers Direct Inc, in August 2021 to support US-based fundraising and Producers Direct having a presence in the US. As a next step, Producers Direct Inc will file for 501c3 non-profit status.

## External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets. Throughout 2021, Covid-19 remained a dominant external factor affecting achievement - with the detrimental impacts of Covid-19 spanning both on the livelihoods of smallholder communities where Producers Direct works, as well as the socio-economic consequences of Covid-19 in the UK and internationally where Producers Direct's team members, donors and other strategic partners are located.

Smallholder farmers represent one of the most vulnerable groups to climate change, with changing climatic conditions continuing to exacerbate the challenges faced by smallholder farmers. Climate-related challenges include vulnerability to natural disasters, prolonged droughts and associated detrimental impacts of these changing climatic conditions on crop production. Current market systems typically do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data.

## Beneficiaries of our services

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.2 hectares (3 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. On average, 16% of the farmers we work with own a smartphone, and 17% have internet access. Only 48% have a bank account. From our recent survey data, 89% of farmers who responded reported access to finance being a key challenge, and 59% reported market access as an additional challenge - showcasing the importance of our investment in linking farmers to markets. We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network and empowering female smallholders to play central roles in the design and delivery of our programme activities, both in-person and digitally. Furthermore, we continue to invest in supporting youth to take up leadership roles within smallholder communities, as well as to launch and scale their own agri-enterprises, as exemplified by our 2021 *YouthDirect Na AgriBiz* campaign.

## Organisations we work with

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national levels to support programme implementation. During 2021, strategic partners supporting programme delivery included the World Food Programme Innovation Accelerator, MercyCorps AgriFin, International Centre for Tropical Agriculture (CIAT), Busara Centre for Behavioural Economics, Ideo.org, Champion Agency, Climate Edge, Cranfield University, iShamba and AFarmers Media.

## Financial review

As shown in Producers Direct's Financial Statements, 2021 income totalled £988,359 with funds brought forward from 2020 totalling £1,314,734. 2021 expenditure totalled £1,089,278. During 2021, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations and public limited companies.

Detailed below and in our 2021 Financial Statements as a 2021 Post Balance Sheet Event, Wefarm Limited went into administration in August 2022. Consequently, the end-2020 value of Producers Direct's shareholding in Wefarm (£367,000) was reduced to £0 at end-2021, representing a net loss on investment of £367,000 at the end of 2021.

Producers Direct ended the year with a total fund balance of £846,815, of which £393,806 was restricted funds and £453,009 was unrestricted funds.

### **Policies for making social or programme-related investments**

Overall, Producers Direct does not make social or programme related investments and therefore does not have a policy on this. To-date, Producers Direct's establishment of Wefarm in 2015 has represented a one-off investment that was undertaken because Producers Direct's Trustees felt

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2021

---

this was the best option for enabling Wefarm to continue delivering the mission of Producers Direct and where the greatest social impact could be achieved by Wefarm.

#### Investment policy and performance

Beyond interest received on current accounts and fixed term deposit savings accounts, Producers Direct's shareholding in Wefarm represented Producers Direct's only current investment through until end-2021.

From 2015 through until the end of 2018, Producers Direct maintained the fixed asset value of its shareholding in Wefarm at £800. This valuation of £800 was maintained because there had been no market mechanism or liquidity in Producer Direct's Wefarm shares. At the end of 2019, Producers Direct's Wefarm shares were re-valued in anticipation of Producers Direct being able to share a percentage of its shareholding during a 2020 Wefarm investment round, with the share value changing from £0.10 per share at the end of 2018, to £1.994 per share at the end of 2019. During 2020, Producers Direct sold 610,825 of its 800,000 shares, at a price of £1.908 per share on 29th October 2020, realising £1,165,465 of unrestricted income. The share price for this 2020 investment round was £1.94 per share, with a 1.65% deduction applied to this share price for transaction costs.

As a 2021 Post Balance Sheet Event, Wefarm Limited went into administration in August 2022. Consequently, Producers Direct's shareholding in Wefarm was devalued from £367,000 at the end of 2020, to £0 at the end of 2021, representing a net loss of £367,000.

#### Grant making policies

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

#### Loans

In 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- CAF Venturesome: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa. The CAF Venturesome loan balance at the end of 2021 was £39,106.40.
- UK Government Bounce Back Loan: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management. The Bounce Back loan balance at the end of 2021 was £44,987.94.

#### Voluntary help and gifts in kind

Throughout 2021, Producers Direct benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges, who have acted on behalf of Producers Direct during Wefarm investment rounds. The value of these *pro bono* legal services included within the 2021 Accounts is £55,192.

Producers Direct was also grateful for the in-kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested significant time without financial compensation in order to support the delivery of Producers Direct programme activities during 2021.

## Principal risks and uncertainties

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct's perspective, major risks are those which may have a significant impact on its:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity's aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:

- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible;
- Quarterly tracking and reviewing of major risks identified;
- Clear articulation of organisational policies and processes for delegating authority and control;
- Income targets for fundraising activities;
- Ongoing management of the organisation's unrestricted funds, including its reserve fund.

Additionally, the management of Covid-19 specific risks continued during 2021, with attention to key programme- and financing-related risks that included:

- Producers Direct Team and Operations: Risks of operational disruptions and team productivity as a result of all team members working from home, and experiencing high levels of uncertainty.
- Smallholder communities: Health concerns for rural communities worldwide, particularly as the ageing farmer demographic across our network places them within the high risk Covid-19 category; Anticipated disruption of operations and business performance of our producer partners; Mid-term food and income security challenges as a consequence of food production and local market sales being detrimentally impacted if farmers do fall ill; Increased challenges sourcing farm labour from non-local labourers, whose movement might now be restricted.

## Reserves policy and going concern

Producers Direct's Reserve Policy focuses on holding sufficient unrestricted reserves to cover at least six months of essential operational costs during a period of unforeseen difficulty. In this context, Trustees consider essential operational costs to include: Core team members across the UK, East Africa and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current 3-year cash flow projections, 6 months of essential operational costs are budgeted to range between £260,000 - £413,000. At the end of 2021, the balance of Producers Direct's unrestricted cash and assets totalled £453,009. During 2022, Producers Direct will continue work to enhance its unrestricted cash reserves through the following strategies:

- Careful management of Producers Direct's unrestricted fund balance.

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2021**

---

- Targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.
- Continued testing of opportunities to generate earned income through Producers Direct's activities, including the sale of Producers Direct branded products into local and national markets where smallholder partner organisations are located.
- Targeting earned income through service provision contracts with organisations working with smallholders.

At the end of 2021, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through at least December 2023 - with planned scenarios in the event that fundraising income is significantly lower than plan. 2022+ cash flow forecasts had made no further provision to realise value from Producers Direct's remaining end-2020 shareholding in Wefarm.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and 2021 Covid-19 response plan.
- Producers Direct holds sufficient unrestricted cash reserves to cover at least six months of essential operational costs to enable operations to continue during a period of unforeseen difficulty.

## **Fundraising**

During 2021, Producer Direct's fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are principally undertaken internally by grant writers who are employed by Producers Direct.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator (England, Wales and Northern Ireland), and the UK Chartered Institute of Fundraising. During 2021, there were no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct's fundraising expenditure on grant writers is to enhance Producers Direct's annual restricted and unrestricted income for 2021/2022 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors and social lenders during 2021:

### **East Africa**

- Innovate UK Agri-tech 9: £28,600 received during 2021 of the total £55,117 secured for Producers Direct, sub-granted from Climate Edge, over 24 months from August 2020 to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2021

---

- UK Aid: £99,607 secured to design and implement a youth-led campaign in Kenya from January to July 2021, focused on enhancing youth engagement in Kenya's agribusiness sector, with the long-term goal of enabling youth to find a sustainable means of enhancing incomes from agriculture and establishing thriving agri-enterprises.
- Mercy Corps AgriFin: £66,464 secured for expenditure during 2021 from Mercy Corps AgriFin (who were a grantee of the Starbucks Foundation) to support a second phase of the Covid-19 information campaign initiated originally during 2020, with focus on targeting updated Covid-19 health and safety materials to smallholder farmers.

#### Latin America

- Pret a Manger Coffee Fund: £100,000 secured for expenditure during 2021/2022 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- World Food Programme (WFP) Innovation Accelerator: \$US 63,000 secured for expenditure during 2021/2022 to continue working in partnership with WFP Peru to test Producers Direct's 'Digital Cooperatives' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.
- 2020 Inspire Challenge Prize: Further to Producers Direct being a 2020 CGIAR Inspire Challenge winner, prize funds of £43,471 were sub-granted from the International Centre for Tropical Agriculture Centre (CIAT) to Producers Direct to support the design and testing of initial prototyping activities for Croppie - a digital tool that supports smallholders access yield prediction data for their crops - starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models.
- GIZ (German Development Agency): Producers Direct secured 700,445 Euros from the GIZ *Fund for the Promotion of Innovation in Agriculture (i4AG)* from October 2021 for 24 months to support expanded development and testing of Croppie - our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.

#### International:

- Bayer AG: \$318,000 (£235,443) secured for 2021-2022 support to Producers Direct to expand the testing of FarmDirect, and associated 'Digital Cooperatives' concept with smallholders in Peru and Uganda - with particular emphasis on supporting female smallholder farmers.

#### Unrestricted Income

- Dovetail Impact Foundation: Producers Direct received its first unrestricted donation of \$US 75,000 from the Dovetail Impact Foundation.
- Cafédirect plc: Producers Direct received an annual donation of £100,000 during 2021 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc.

## Plans for the future

### Future Programme Focus Areas

The focus of Producers Direct's 2021 - 2025 Strategy is to deliver public benefits to smallholder farming communities across Africa and Latin America, with the overarching impacts of:

- Enhancing farmer livelihoods and incomes;
- Enhancing resilience, including resilience to changing climatic conditions and economic shocks;
- Investing in building farmer leadership.

Key aspects of Producers Direct's 2021-2025 Strategy and model include:

- Farmer leadership and expertise central to design and delivery of all interventions.
- Blending of peer-to-peer in-person and digital services to enhance adoption rates and maximise impact on the livelihoods of smallholder farmers.
- Co-financing model leveraging Producers Direct's investment in farmer-led programming through co-financing and payments from smallholder farmers.

Producers Direct's 5-year strategy aims to transform food systems while enhancing resilience for 1.7m farming households, increasing incomes by up to 120% and promoting leadership and inclusion of all farmers, including reaching 50% women and 40% youth. We will continue to blend in-person and digital services, designed and delivered by farmers for farmers. The key focus areas of our 2021-2025 strategy are as follows:

*Training and Digital Information Services:* We are aiming to provide access to farmer-led training and digital services for 1.7 million smallholder farmers by 2025. All training is farmer-friendly, ensuring farmers can access, utilise and readily adopt what they've learned. In-person training will be led by a network of Farmer Promoters who will lead training on demonstration sites. Training will focus on the crops we will be selling into local and national markets, ensuring a cohort of 295,000 farmers has access to knowledge needed to improve productivity and quality, catalysing improved incomes, strengthened climate resilience and increased food and nutrition security. In parallel, we will accelerate our move to digital, ensuring 1.7M farmers have access to cutting-edge, farmer friendly training materials online and offline. FarmDirect will provide farmer-friendly digital training so farmers can learn new skills remotely. Digital training will provide information on micro-enterprise diversification, food security, Covid-19 health and safety, and climate resilience.

*Farmer-led Data Services:* We will increasingly expand the data services that FarmDirect offers to smallholder farmers, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks. Through FarmDirect, we will aim for farmers to have access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises, supporting farmers to manage more than one on farm enterprise successfully, strengthening climate resilience by decreasing dependence on a single cash crop.
- Yield Predictions: Access yield predictions for current and future seasons, which is becoming increasingly important as we continue to face rapidly changing climates and erratic, extreme weather events.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2021

---

*Access to Finance:* We will provide smallholders who qualify with access to loans, incentivising co-investment from farmers and partner farming cooperatives. We will focus our loans on farmers who plan to sell value-added products into national markets, ensuring farmers have access to initial start-up costs needed to invest in their farms and sell their crops and products. The majority of our loans will be earmarked for young people and women who typically cannot access financial services or credit. We will support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

*Access to Markets:* We will drive market access for smallholders. Aggregated volumes of crops and value-added products will empower smallholders to increase their bargaining power in, and ownership of, food systems. 295,000 smallholders will sell their products into local and national markets, increasing incomes by up to 120%. Smallholders will bundle crops using our pioneering digital tool, FarmDirect. In parallel, we will test and scale the sale of Producers Direct branded products into domestic markets across East Africa and Latin America, supporting farmers to capture a higher value for their crops. Transport logistics will be managed by networks of youth. We aim for smallholder farmers to play stronger leadership roles within food systems in order to drive sustainable, resilient food value chains.

#### Future funding

Funds secured to support 2022 programme activities and operations to-date include:

##### Restricted Income: International

- Bayer AG: Continued expenditure of the 2021-2022 funding secured from Bayer AG in 2021 to expand the testing of FarmDirect, and associated 'Digital Cooperatives' concept with smallholders in Peru and Uganda - with particular emphasis on supporting female smallholder farmers.

##### Restricted Income: East Africa

- Innovate UK: Continuation of Agri-tech 9 programme activities, with funding originally secured in 2020 through a sub-grant from Climate Edge to support the testing of low-cost digital advisory services to farmers.

##### Restricted Income: Latin America

- Pret a Manger Coffee Fund: £100,000 confirmed for 2022 expenditure to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- GIZ (German Development Agency): 353,800 of the 700,445 Euros secured from the GIZ *Fund for the Promotion of Innovation in Agriculture (i4AG)* from October 2021 for 24 months to support expanded development and testing of Croppie - our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.
- IDB Labs: \$1,000,000 secured from the IDB Labs - the innovation laboratory of the Inter-American Development Bank Group from January 2022 for three years to support a Peru-wide programme focused on 'Data Resilient Landscapes - focussed on working with Producer Direct's 10 producer partners in Peru, as well as non-producer partners including CIAT to design and implement the data, training, finance and market access services required to support climate resilience with Peruvian coffee landscapes.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2021

---

#### Unrestricted Income

- Cafédirect plc: As per the 3-Year Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.

#### Additional 2022 priorities and 2021 post-balance sheet events include:

- Appointment of new Producers Direct Trustees: During 2022, five new Trustees will be nominated for appointment to the Producers Direct Board. This will include two new Peruvian smallholder producer representatives, and three non-producer Trustees who are based in Kenya, Sweden and the UK.
- Governance and Legal Structure: During 2022, Trustees and Management will continue work to review Producers Direct's current legal structure, including potential changes required to scale a successful product sales strategy in both East Africa and Latin America. This includes developing the business case for establishing a trading subsidiary of the charity and associated governance structures, and the future relationship between Producers Direct and its sole member, Cafedirect Producers Limited. Legal advice to support Trustees discussions will be sought throughout this process.
- Producers Direct's branded Product Sales: Producers Direct will continue testing and growing branded product sales in domestic markets where producer partners are located. During 2022, this will include continued trials of branded honey sales into retail and HORECA (Hotels, Restaurants and Cafes) channels in Kenya, and initial trials of branded honey sales in Peru.
- Wefarm closure: Wefarm was developed as a project by Producers Direct from 2010-2015 in collaboration with smallholder farmer representatives. As outlined in Producers Direct's previous Annual Reports, Wefarm has been operating as an independent for-profit company since January 2015, with the aim of Wefarm accepting further investment to enable Wefarm to significantly scale its user numbers and impact on farmers' livelihoods. Producers Direct continued to hold a seat on the Wefarm Board until October 2020, supporting Wefarm's strategic business development and strategy to raise funds through the sale of its equity to organisational and individual investors with a range of social and/or financial investment interests. In October 2020, Wefarm completed a Series A+ investment round which provided Producers Direct with the opportunity to sell some of its Wefarm shares. Producers Direct has been a minority shareholder in Wefarm since 2020, with a shareholding of less than 1%. Wefarm Ltd went into administration in August 2022, resulting in Producers Direct's incurring a net loss of £367,000 in fixed assets investments during 2021.

## Structure, governance and management

### Constitution

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a UK private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a UK charity in December 2009 (Registered charity number: 1133218). The company was established under a Memorandum of Association (10th July 2009) that established its objectives and powers and is governed under its Articles of Association (10th July 2009). Producers Direct also holds local branch registrations in Kenya and Peru and

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2021**

---

during 2021 registered a non-stock company in the US, Producers Direct Inc – with the aim of securing non-profit 501c3 status in the US.

#### **Trustees**

Producer Direct's Trustees are responsible for setting Producers Direct's strategy and are responsible in law for the running of Producers Direct. The Charity's sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing Producers Direct Trustees. Prior to appointment by CPL, existing members of the Producers Direct Board of Trustees are responsible for confirming that new Trustees have the necessary skills and capacity to contribute to Producers Direct's governance, and organisational development.

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member. Trustees typically serve a maximum of two three-year terms.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Typically, international travel expenses associated with Producers Direct Trustees attending Board meetings are reimbursed, including the international flights of Producers Direct Trustees travelling from Kenya, Uganda, Tanzania and Peru. However, Producers Direct's Board meetings were convened virtually rather than in-person throughout 2021. Subsequently, no travel expenses associated with Board meetings were incurred during 2021.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes has served in this role since the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009.

Typically, Producers Direct's Board of Trustees meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. During 2021, while meetings continued to be convened virtually, the Board met monthly by teleconference. A total of 12 Board teleconferences were convened and update reports provided.

Typically, Producers Direct also has a Board sub-committee established to oversee Producers Direct Procurement processes, composed of two staff and one trustee representative. However, during 2020 and 2021, Trustees recognised the need for extremely careful cash management, with all procurement matters being reviewed by the Board overall as part of monthly cash flow and expenditure reporting presented by the Management team. In previous years, a Board sub-committee has also been in-place for oversight of matters concerning Producers Direct's shareholding in Wefarm. However, during 2020 and 2021, all matters pertaining to Wefarm investment were managed during the main Board meetings. During 2021, Lebi Hudson served as the Producers Direct Chair - with the exception of the period March -October 2021, where Lebi Hudson requested personal time away from the Board, and Christele Delbe (Vice Chair) stepped in to serve as interim Acting Chair. Lebi Hudson resumed his role as Chair from October 2021, with Christele Delbe resuming responsibilities as Vice Chair. No further specific responsibilities have

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2021

---

been appointed to each trustee. Penny Newman submitted her resignation from the Producers Direct Board at the end of 2021, having completed two 3-year terms as a Trustee. During 2021, a process to identify and recruit new Producers Direct Trustees was undertaken, with the goal of new Trustees joining the Board in 2022. New Producer Trustee candidates from Latin America were identified through a series of consultations with Producers Direct's producer partners across the region. Other Trustees not representing producers were identified on the basis of Producers Direct's current Board first identifying the skills and capacities required from new Trustees, and subsequently undertaking a selection process involving candidate interviews with Producers Direct's current Chair, Vice Chair and CEO.

Financial controls are determined by Producers Direct's financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct CEO over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustees' and Senior Team member's Interests has been established and is updated annually.

#### Employees

For the majority of 2021, Producers Direct employed 2 full-time and 3 part-time UK-based staff members as follows:

- The CEO, responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.
- The COO, responsible for strategic oversight and management of Producers Direct's impact, programmes and organisational development. *(Note - The COO was UK-based for the majority of 2021, and then transitioned to work for Producers Direct from the USA from 1st September 2021).*
- Head of Fundraising and Partnerships (0.8FTE), responsible for leading Producers Direct's fundraising and partnership development activities.
- Head of Information (0.8FTE), responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- Head of Business Development (0.6FTE - from July 2021), responsible for business development and financial modelling across Producers Direct's programme areas, particularly branded and unbranded product sales.

Throughout 2021, Producers Direct maintained its local branch status in Kenya. For the majority of 2021, Producers Direct maintained 11 full-time employees based in Nairobi, with Kenya-based senior team members including:

- The CFO, responsible for strategic management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- Head of Commercial, responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Kenya.

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2021**

---

- Africa Manager, responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in East Africa and managing annual work plans for each of the four East African Centres of Excellence.
- Honey Quality Manager, responsible for Producers Direct's development and delivery of honey programme activities with producer partners in Kenya, Uganda and Tanzania, and oversight of honey product development and quality management of branded honey products.

From September 2021, Producers Direct's local branch registration in Peru enabled 4 Peru-based employees to be hired, with Peru-based senior team members including:

- Peru Manager, responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in Peru, including 2021 work plan development and delivery.
- Peru Commercial Manager, responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Peru and the testing of unbranded product sales through FarmDirect.

During 2021, Producers Direct contracted a range of support services, including user-centred design and financial management services, and support for the coordination of programme activities with smallholder producer organisations in Latin America. This included the services of five project coordinators for the majority of 2021, one in Haiti and four in Peru, to support the delivery of Producers Direct programmes in Latin America, and additional fundraising and administrative services to support the growth of Producers Direct's operations and programme activities in Peru.

#### **Employee Remuneration**

Producers Direct staff salaries are reviewed annually for all employees. Salary reviews take into account the following aspects: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit organisations of similar size, scope and resources to Producers Direct. For all other Producers Direct staff, the CEO is responsible for proposing the salary adjustments to the Producers Direct Board for consideration and approval, based on an employee's annual performance and benchmarking of salaries against comparable roles in organisations operating in similar geographies and markets to Producers Direct.

#### **Appointment of Trustees**

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists potential candidates based on the key skills sought from the new Trustees and each candidate's potential suitability for the role. Existing Producers Direct Trustees are responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

## Trustee induction and training

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external training available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

## Related parties and relationships with other organisations

Related parties include:

**Producers Direct Inc.** Producers Direct Inc is a US-registered non-stock company that was established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. An application for US 501 c3 non-profit status has been submitted and is currently under consideration. From September 2021, Producers Direct's COO has been US-based and is employed by Producers Direct Inc.

**Cafédirect Producers Limited (CPL):** CPL is the sole Member of Producers Direct. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc and advancing the role of producers in the governance of Cafédirect plc.

**Cafédirect Producers Trust:** The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

**Cafédirect plc:** Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation agreement was extended for an additional 3-years from January 2020.

**Wefarm Ltd (Closed August 2022):** Wefarm originated as a project of Producers Direct and operated as a Producers Direct project from 2010-2015. In January 2015, Wefarm was incorporated as a Private Company Limited by Shares. Until October 2020, Producers Direct was represented on the Wefarm Board and held the right to a Wefarm Board seat. In October 2020 Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As part of this 2020 investment round, Producers Direct relinquished its rights to a Wefarm Board seat. At the end of 2021, Producers Direct's shareholding in Wefarm is less than 1%. Wefarm Ltd went into administration in August 2022.

## Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2021**

---

with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2021 was 1, Cafédirect Producers Limited being the sole member of the charity (2020: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## **Auditor**

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been approved by the Trustees on 15 September 2022 and signed on their behalf by

**Mr L G Hudson**  
Chair, Producers Direct

## Independent auditor's report

To the members of

**Producers Direct**

---

### Opinion

We have audited the financial statements of Producers Direct (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Producers Direct's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Independent auditor's report

To the members of

Producers Direct

---

### Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being

## **Independent auditor's report**

### **To the members of**

#### **Producers Direct**

---

satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### **Capability of the audit in detecting irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.

## Independent auditor's report

### To the members of

#### Producers Direct

---

- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)  
20 September 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

**Producers Direct**

**Statement of financial activities (incorporating an income and expenditure account)**

**For the year ended 31 December 2021**

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
<b>Income from:</b>							
Donations and legacies	2	223,002	–	<b>223,002</b>	130,068	–	130,068
Charitable activities							
Africa Programmes	3	–	194,671	<b>194,671</b>	–	13,217	13,217
Latin America Programme	3	–	544,062	<b>544,062</b>	–	168,655	168,655
Honey Sales		26,624	–	<b>26,624</b>	–	–	–
Investments		–	–	–	3,034	–	3,034
<b>Total income</b>		<b>249,626</b>	<b>738,733</b>	<b>988,359</b>	<b>133,102</b>	<b>181,872</b>	<b>314,974</b>
<b>Expenditure on:</b>							
Raising funds	4a	57,067	15,917	<b>72,983</b>	37,876	–	37,876
Charitable activities							
Africa Programmes	4a	555,065	176,720	<b>731,785</b>	271,674	17,748	289,422
Latin America Programme	4a	115,410	169,099	<b>284,509</b>	73,483	177,599	251,082
<b>Total expenditure</b>		<b>727,542</b>	<b>361,736</b>	<b>1,089,277</b>	<b>383,034</b>	<b>195,347</b>	<b>578,381</b>
<b>Net expenditure before losses on investments</b>		<b>(477,916)</b>	<b>376,997</b>	<b>(100,918)</b>	<b>(249,932)</b>	<b>(13,475)</b>	<b>(263,407)</b>
Net losses on investments		(367,000)	–	<b>(367,000)</b>	–	–	–
<b>Net expenditure for the year</b>	5	<b>(844,916)</b>	<b>376,997</b>	<b>(467,918)</b>	<b>(249,932)</b>	<b>(13,475)</b>	<b>(263,407)</b>
Transfers between funds		–	–	–	(3,530)	3,530	–
<b>Net expenditure after transfers</b>		<b>(844,916)</b>	<b>376,997</b>	<b>(467,918)</b>	<b>(253,462)</b>	<b>(9,945)</b>	<b>(263,407)</b>
<b>Net movement in funds</b>		<b>(844,916)</b>	<b>376,997</b>	<b>(467,919)</b>	<b>(253,462)</b>	<b>(9,945)</b>	<b>(263,407)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		1,297,925	16,809	<b>1,314,734</b>	1,551,387	26,754	1,578,141
<b>Total funds carried forward</b>		<b>453,009</b>	<b>393,806</b>	<b>846,815</b>	<b>1,297,925</b>	<b>16,809</b>	<b>1,314,734</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

## Producers Direct

### Balance sheet

Company no. 06959165

As at 31 December 2021

	Note	2021 £	£	2020 £	£
<b>Fixed assets:</b>					
Tangible assets	10		5,374		3,129
Investments	11		-		367,000
			<u>5,374</u>		<u>370,129</u>
<b>Current assets:</b>					
Programme related investments	13	46,024		-	
Debtors	12	92,537		49,766	
Cash at bank and in hand		935,582		1,029,990	
		<u>1,074,143</u>		<u>1,079,757</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	(166,950)		(50,950)	
<b>Net current assets</b>			<u>907,193</u>		<u>1,028,806</u>
Creditors: amounts falling due after one year	15	(65,752)		(84,200)	
<b>Total net assets</b>			<u><u>846,815</u></u>		<u><u>1,314,734</u></u>
<b>The funds of the charity:</b>	18a				
Restricted income funds			393,806		16,809
Unrestricted income funds:					
General funds		<u>453,009</u>		<u>1,297,925</u>	
Total unrestricted funds			<u>453,009</u>		<u>1,297,925</u>
<b>Total charity funds</b>			<u><u>846,815</u></u>		<u><u>1,314,734</u></u>

Approved by the trustees on 15 September 2022 and signed on their behalf by

Lebi Hudson  
Trustee, Producers Direct

Producers Direct

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Net expenditure for the reporting period (as per the statement of financial activities)		(467,919)		(263,407)	
Depreciation charges		2,376		2,477	
Losses on investments		367,000		-	
Dividends, interest and rent from investments		-		3,034	
(Increase)/decrease in debtors		(42,772)		81,657	
(Decrease)/increase in creditors		116,000		(66,234)	
<b>Net cash used in operating activities</b>			<b>(25,315)</b>		<b>(242,473)</b>
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		-		(3,034)	
Proceeds from sale of investments		-		1,185,000	
Cash received on repayment of programme related		(46,024)		3,240	
Purchase of fixed assets		(4,621)		(2,945)	
<b>Net cash used in investing activities</b>			<b>(50,645)</b>		<b>1,182,261</b>
<b>Cash flows from financing activities:</b>					
Cash inflows from new borrowing		(18,448)		84,200	
<b>Net cash used in financing activities</b>			<b>(18,448)</b>		<b>84,200</b>
<b>Change in cash and cash equivalents in the year</b>			<b>(94,408)</b>		<b>1,023,987</b>
Cash and cash equivalents at the beginning of the year			<b>1,029,990</b>		<b>6,003</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>935,582</b>		<b>1,029,990</b>

**1 Accounting policies**

**a) Statutory information**

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is: International House, 45–55 Commercial Street, E1 6BD, UK

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charity meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: At the end of 2021, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least December 2023 – with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and Covid-19 response plan; 3.) Producers Direct currently holding sufficient unrestricted cash reserves to cover at least six months' of essential operational costs to enable operations to continued during a period of unforeseen difficulty.

Key judgements that the charity has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over the period greater than one year, and is linked to performance within the project, there is some degree of judgement in assessing the stage of completion and hence the income recognised.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

**g) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Notes to the financial statements

For the year ended 31 December 2021

---

**1 Accounting policies (continued)**

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- |                           |     |
|---------------------------|-----|
| ▪ Africa Programme        | 72% |
| ▪ Latin America Programme | 28% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- |                      |                       |
|----------------------|-----------------------|
| ▪ Computer equipment | 3 years straight line |
|----------------------|-----------------------|

**m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Notes to the financial statements

## For the year ended 31 December 2021

## 1 Accounting policies (continued)

## o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## p) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

## 2 Income from donations and legacies

	Unrestricted £	Restricted £	Total 2021 £	Unrestricted £	Restricted £	Total 2020 £
Donations	223,002	-	223,002	130,068	-	130,068
	<u>223,002</u>	<u>-</u>	<u>223,002</u>	<u>130,068</u>	<u>-</u>	<u>130,068</u>

## 3 Income from charitable activities

	Unrestricted £	Restricted £	Total 2021 £	Unrestricted £	Restricted £	Total 2020 £
<b>East Africa Programme:</b>						
UKAid	-	99,607	99,607	-	-	-
MercyCorps AgriFin	-	66,464	66,464	-	-	-
Global Resilience Partnership	-	-	-	-	(4,682)	(4,682)
Producer Partners	-	-	-	-	-	-
Innovate UK	-	28,600	28,600	-	17,899	17,899
Honey Sales: East Africa	26,624	-	26,624	-	-	-
Sub-total for East Africa Programme	<u>26,624</u>	<u>194,671</u>	<u>221,295</u>	<u>-</u>	<u>13,217</u>	<u>13,217</u>
<b>Latin America Programme:</b>						
Bayer AG	-	235,443	235,443	-	-	-
GIZ	-	139,211	139,211	-	-	-
CIAT	-	43,471	43,471	-	-	-
Pret a Manger	-	100,000	100,000	-	102,500	102,500
World Food Programme	-	25,937	25,937	-	61,465	61,465
Peru Partners	-	-	-	-	4,690	4,690
Sub-total for Latin America Programme	<u>-</u>	<u>544,062</u>	<u>544,062</u>	<u>-</u>	<u>168,655</u>	<u>168,655</u>
Total income from charitable activities	<u>26,624</u>	<u>738,733</u>	<u>765,357</u>	<u>-</u>	<u>181,872</u>	<u>181,872</u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

4a Analysis of expenditure (current year)

	Charitable activities					2021 Total £	2020 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £		
Staff costs (Note 6)	72,983	212,395	26,146	-	178,705	<b>490,229</b>	253,848
Direct programme expenditure	-	241,011	160,939	-	50,950	<b>452,900</b>	246,573
Costs of generating funds: Other expenditure	-	-	-	-	-	-	16,074
Office costs	-	27,797	-	-	51,643	<b>79,440</b>	51,667
Audit, legal and professional fees	-	-	-	7,893	58,815	<b>66,708</b>	10,219
	<b>72,983</b>	<b>481,203</b>	<b>187,085</b>	<b>7,893</b>	<b>340,113</b>	<b>1,089,277</b>	578,381
Support and governance costs	-	250,584	97,424	(7,893)	(340,115)	-	-
<b>Total expenditure 2021</b>	<b>72,983</b>	<b>731,785</b>	<b>284,509</b>	<b>-</b>	<b>-</b>	<b>1,089,277</b>	
Total expenditure 2020	37,876	289,422	251,083	-	-		578,381

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

4b Analysis of expenditure (prior year)

	Charitable activities					2020 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	
Staff costs (Note 6)	21,802	119,646	-	-	112,400	253,848
Direct programme expenditure	-	75,168	171,405	-	-	246,573
Costs of generating funds: Other expenditure	16,074	-	-	-	-	16,074
Office costs	-	4,459	1,471	638	45,099	51,667
Audit, legal and professional fees	-	-	-	10,219	-	10,219
	<b>37,876</b>	<b>199,273</b>	<b>172,876</b>	<b>10,857</b>	<b>157,499</b>	<b>578,381</b>
Support costs	-	90,149	78,207	(10,857)	(157,499)	-
Support and governance costs	-	-	-	-	-	-
<b>Total expenditure 2020</b>	<b>37,876</b>	<b>289,422</b>	<b>251,083</b>	<b>-</b>	<b>-</b>	<b>578,381</b>

**5 Net income / (expenditure) for the year**

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	2,376	2,477
Auditor's remuneration (excluding VAT):		
Audit	7,250	6,650
Other services: GRP Project Audit during 2019	643	448
	<u>2,376</u>	<u>2,477</u>

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	436,891	224,657
Social security costs	24,835	14,635
Employer's contribution to defined contribution pension schemes	28,504	14,556
	<u>490,230</u>	<u>253,848</u>

One employee earned more than £60,000 during the year (2020: nil) – the CEO (2021 Annual salary: £68,000).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £80,756 (2020: £56,763).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: nil). No charity trustee received payment for professional or other services supplied to the charity (2020: nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £0 (2020: £0) incurred by 4 (2020: 4) members relating to attendance at meetings of the trustees.

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 16.3 (2020: 8.5).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2021 No.	2020 No.
Raising funds	1.1	0.7
East Africa Programmes	7.2	4.0
Latin America Programmes	2.8	–
Support	5.2	3.8
	<u>16.3</u>	<u>8.5</u>

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2021

#### 8 Related party transactions

Aggregate donations from related parties were £109,030.95; (2020: £100,000).

Other transactions with related parties: Service Charge agreement paid from Producers Direct to Cafédirect: £4,296 (2020: £8,592). Producers Direct is connected to these related parties as follows:

Cafédirect plc: Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity.

#### 9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

#### 10 Tangible fixed assets

	Computer Equipment	
	2021	2020
	£	£
<b>Cost</b>		
At the start of the year	11,459	17,772
Additions in year	4,621	2,945
Disposals in year	-	(9,258)
At the end of the year	<b>16,080</b>	11,459
<b>Depreciation</b>		
At the start of the year	8,330	15,111
Charge for the year	2,376	2,477
Eliminated on disposal	-	(9,258)
At the end of the year	<b>10,706</b>	8,330
<b>Net book value</b>		
At the end of the year	<b>5,374</b>	<b>3,129</b>
At the start of the year	<b>3,129</b>	<b>2,661</b>

All of the above assets are used for charitable purposes.

#### 11 Fixed asset investments

	2021	2020
	£	£
Cost at the start of the year	367,000	1,552,000
Disposals in year	-	1,185,000
Net loss on change in fair value	(367,000)	-
	<b>-</b>	<b>367,000</b>

At end-2020, Producers Direct's shareholding in Wefarm was valued as a fixed asset investment of £367,000. This shareholding in Wefarm represented Producers Direct's only fixed asset investment. Wefarm Ltd closed in August 2022. Producers Direct's net loss of £367,000 in fixed assets investments during 2021 is a consequence of Wefarm closing in August 2022 as a post-balance sheet event. At end-2021, Producers Direct's shareholding in Wefarm was devalued from £367,000 to £0.

## Producers Direct

### Notes to the financial statements

For the year ended 31 December 2021

#### 12 Debtors

	2021 £	2020 £
Trade debtors	39,638	41,123
Prepayments and accrued income	52,899	8,643
	<u>92,537</u>	<u>49,766</u>

#### 13 Programme related investments

	2021 £	2020 £
Fair value at the start of the year	-	3,240
Repayment of loans	46,024	(3,240)
<b>Fair value at the end of the year</b>	<u>46,024</u>	<u>-</u>

##### Investments comprise:

	2021 £	2020 £
<b>Loans</b>		
Ankole (ACPCU)	12,497	0
Kayonza Growers	20,929	0
Rungwe and Busokelo Tea Co-operative Joint Enterprise (RBTC)	12,598	0
	-	-
	<u>46,024</u>	<u>-</u>

During 2021, Producers Direct partnered with three smallholder producer organisations in Uganda (Ankole and Kayonza), and Tanzania (RBTC), and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them take-up or strengthen on-farm beekeeping practices. Interest on loans is being charged below market rates in Uganda and Tanzania. Loans are being made to further the charity's objectives and not solely to generate a financial return.

#### 14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	136,187	18,171
Taxation and social security	3,081	3,413
Loan payments due within a year	18,342	14,294
Accruals	9,340	15,072
	<u>166,950</u>	<u>50,950</u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

15 Non-Current Creditors: amounts falling due beyond one year

	2021 £	2020 £
UK Bounce Back Loan	35,802	45,094
CAF Venturesome Loan	29,950	39,106
	<u>65,752</u>	<u>84,200</u>

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

16 Pension scheme

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

17a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	–	5,374	5,374
Net current assets	572,309	334,884	907,193
Long term liabilities	(65,752)	–	(65,752)
<b>Net assets at 31 Dec 2021</b>	<u>506,557</u>	<u>340,258</u>	<u>846,815</u>

17b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	–	3,129	3,129
Investments	367,000	–	367,000
Net current assets	1,015,125	13,680	1,028,805
Long term liabilities	(84,200)	–	(84,200)
<b>Net assets at 31 Dec 2020</b>	<u>1,297,925</u>	<u>16,809</u>	<u>1,314,734</u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

18a Movements in funds (current year)

	At 1 January 2021	Income & gains	Expenditure & losses	Transfers	At 31 December 2021
	£	£	£	£	£
<b>Restricted funds:</b>	-	-	-	-	-
Africa – Innovate UK	-	28,600	(31,469)	-	(2,869)
Africa – UKAid	-	99,607	(99,607)	-	-
Africa – MercyCorps AgriFin	-	66,464	(52,635)	-	13,829
Africa and Latin America – Bayer AG	-	235,443	(12,398)	-	223,045
Latin America – GIZ	-	139,211	(21,005)	-	118,206
Latin America – CIAT	-	43,471	(43,471)	-	-
Latin America – Pret a Manger	16,809	100,000	(65,643)	-	51,166
Latin America – World Food Programme	-	25,937	(35,507)	-	(9,570)
Latin America – Producer Partners	-	-	-	-	-
<b>Total restricted funds</b>	<b>16,809</b>	<b>738,733</b>	<b>(361,735)</b>	<b>-</b>	<b>393,806</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>1,297,925</b>	<b>249,626</b>	<b>(1,094,542)</b>	<b>-</b>	<b>453,009</b>
<b>Total unrestricted funds</b>	<b>1,297,925</b>	<b>249,626</b>	<b>(1,094,542)</b>	<b>-</b>	<b>453,009</b>
<b>Total funds</b>	<b>1,314,734</b>	<b>988,359</b>	<b>(1,456,277)</b>	<b>-</b>	<b>846,815</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

## Producers Direct

### Notes to the financial statements

For the year ended 31 December 2021

#### 18b Movements in funds (prior year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
<b>Restricted funds:</b>					
Africa – Global Resilience Partnership	(2,586)	(4,682)	7,268	-	-
Africa – World Bank	(163)	-	163	-	-
Africa – GHR	7,288	-	(7,288)	-	-
Africa – Innovate UK AgriTech	(29)	17,899	(17,870)	-	-
Africa – Producer Partners	21	-	(21)	-	-
Latin America – Community Fund	5	-	(5)	-	-
Latin America – Pret	21,479	102,500	(107,169)	-	<b>16,809</b>
Latin America – HenriNestle	5	-	(5)	-	-
Latin America – World Food Programme	679	61,465	(63,944)	1,800	-
Latin America – Peru Partners	6.8	4,690	(6,427)	1730	-
Latin America – Rikolto	48	-	(48)	-	-
<b>Total restricted funds</b>	<b>26,754</b>	<b>181,872</b>	<b>(195,346)</b>	<b>3,530</b>	<b>16,809</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>1,551,387</b>	<b>133,102</b>	<b>(383,034)</b>	<b>(3,530)</b>	<b>1,297,925</b>
<b>Total unrestricted funds</b>	<b>1,551,387</b>	<b>133,102</b>	<b>(383,034)</b>	<b>(3,530)</b>	<b>1,297,925</b>
<b>Total funds</b>	<b>1,578,141</b>	<b>314,974</b>	<b>(578,380)</b>	<b>-</b>	<b>1,314,734</b>

#### Purposes of restricted funds

**Africa – Global Resilience Partnership:** Funding co-sponsored by USAID, the Swedish Government and UKAid) to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.

**Africa – World Bank:** Funding from the World Bank Data Innovations Fund to support the development of Producer Direct's farmer-led data system in East Africa, with the aim of supporting smallholder farmers to respond to climate risks.

**Africa – GHR:** 2018–2020 Bridgebuilder Challenge funding awarded from the GHR Foundation and OpenIDEO to support YouthDirect –focused on promoting youth engagement with agriculture across Kenya, Tanzania and Uganda.

**Africa – Innovate UK:** Funding from Innovate UK's Agritech 9 funding window over 24 months from August 2020, sub-granted from Climate Edge, to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management, and from Innovate UK's Global Challenges Research Fund (GCRF), sub-granted from Climate Edge, to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders. The fund balance of –£2,869 at end-2021 is due to programme activities running through into 2022, and a pending payment from Innovate UK for activities undertaken in 2021 expected in early 2022.

**Africa – Mercy Corps AgriFin / Starbucks Foundation:** £66,464 secured for 2021 expenditure to support the next phase of the Covid-19 information campaign that was undertaken during 2020, with focus on targeting updated Covid-19 health and safety materials to smallholder farmers across Kenya.

**Purposes of restricted funds (continued)**

**Latin America – CIAT:** In October 2020, Producers Direct was one of the 2020 CGIAR Inspire Challenge winners for our Croppie concept. The prize funds of £43,471 sub-granted from the International Centre for Tropical Agriculture Centre (CIAT) to Producers Direct supported activities from January – October 2021 in partnership with CIAT to design a digital tool that supports smallholders access yield prediction data for their crops – starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models.

**Latin America – GIZ (German Development Agency):** 700,445 Euros secured over 24 Months (2021 Q4 – 2023 Q3) to support the expansion of Croppie – our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.

**Latin America – World Food Programme (WFP) Innovation Accelerator:** 2020 and 2021 funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes. The fund balance of –£9,570 at end-2021 is due to programme activities running through into 2022, and a pending payment from WFP Innovation Accelerator for activities undertaken in 2021 expected in early 2022.

**Latin America – Pret a Manger Coffee Fund:** Funding to support Peruvian Partners, particularly Cenfrocafe, to implement a youth leadership training programme.

**Latin America – Producer Partners:** Funding from Peruvian producer partners to undertake a market research study on opportunities for income generation from the sale of diversification crops.

**19 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2021, Cafédirect Producers Limited.

**20 Post balance sheet events**

Wefarm Ltd went into administration in August 2022. Producers Direct's net loss of £367,000 in fixed assets investments during 2021 is a consequence of Wefarm closing in August 2022 as a post-balance sheet event. At end-2021, Producers Direct's shareholding in Wefarm was devalued from £367,000 to £0.

**PRODUCERS DIRECT**

England & Wales - Charity number 1133218

---

# Accounts

---

Company number: 06959165

Charity number: 1133218

# Producers Direct

Report and financial statements

For the year ended 31 December 2020

## **Producers Direct**

### **Contents**

#### **For the year ended 31 December 2020**

---

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	25
Statement of financial activities (incorporating an income and expenditure account)	29
Balance sheet	30
Statement of cash flows	31
Notes to the financial statements	32

## Producers Direct

### Reference and administrative information

For the year ended 31 December 2020

---

**Company number** 06959165

**Charity number** 1133218

**Registered office and operational address** 21 Whiston Road, London, E2 8EX, UK

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

**Previous Names** Producers Direct legally changed its name from Cafédirect Producers' Foundation in December 2017.

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Lebi Gabriel Hudson	Chair
Christele Delbe	Vice Chair
Pauline Boit	
Lenin Tocto Minga	
Penny Newman	
Anthony Wainaina	

**Key management personnel** Claire Rhodes Chief Executive Officer

**Bankers** Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

Barclays Bank  
Leicester  
LE87 2BB

**Solicitors** Bates Wells  
2-6 Cannon Street  
London  
EC4M 6YH

**Producers Direct**

**Reference and administrative information**

**For the year ended 31 December 2020**

---

Weil Gotshal & Manges  
110 Getter Lane  
London  
EC4M 6YH

**Auditor**

Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House  
108-114 Golden Lane  
LONDON  
EC1Y 0TL

The Trustees present their report and the audited financial statements for the year ended 31 December 2020.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

### Purposes and aims

Producers Direct is a UK-registered charity, established in 2009, that works with smallholder farmer organisations in Africa and Latin America. Producers Direct's objects, as outlined in its Articles of Association are to:

- Prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- Advance or assist in advancing education; and
- Promote sustainable development by:
  - The preservation, conservation and the protection of the environment and the prudent use of natural resources;
  - The promotion of sustainable means of achieving economic growth and regeneration.

Throughout 2020, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct's vision is of thriving smallholder communities, where each smallholder can realise their own vision. Producers Direct's mission is to work with smallholders in Latin America and Africa to develop innovative solutions to the challenges they face (within the context of their farming and business practices).

Producers Direct's Strategic Objectives are to:

1. Pioneer innovative, effective programmes that strengthen producers' capacity, education and resilience.
2. Ensure Producers Direct is truly producer-led in governance and in its overall model.
3. Mobilise diverse resources to achieve sustainability for producer partners and for Producers Direct.

## Approach and Model

Producers Direct delivers support services to smallholder farmers across Africa and Latin America. Producers Direct's peer-to-peer model places producer leadership at the centre of our programme delivery, governance and strategy. We aim to maximise our impacts on smallholder livelihoods by supporting farmers to access the range of services delivered across the following four pillars:

**1. Farmer-led Training:** In partnership with smallholder producer organisations, Producers Direct runs a peer-to-peer training model that offers farmers: 1) Access to a network of trained Farmer Promoters and 2) Relevant and affordable in-person training on demonstration sites/farms, where farmers can learn and trial innovative farming practices. In-person training is supported by multimedia digital tools to support the digitisation of training and information services to process, including through SMS, WhatsApp and radio. Farmer-led training services focus on the following areas:

- Good Agricultural Practices;
- Crop Diversification and Agri-enterprise development to support income diversification and enhance resilience against climate change and economic shocks;
- Crop Quality and Productivity Improvement;
- Environmental Sustainability, including Climate Change Adaptation and Climate Smart Practices;
- Digital and Financial Literacy.

**2. Farmer-led Data Services:** Smallholder farmers typically have extremely limited access to data to enhance their farm's performance or respond to the impacts of changing climatic conditions on their farm's performance. The livelihood impacts that Producers Direct is targeting to achieve through smallholders having improved data access include: Optimised profitability across multiple on-farm enterprises to support household income improvement; Insights into optimal harvest times maximising yields; Managing a range of profitable enterprises that collectively reduce vulnerability to climatic shocks; Yield prediction data that helps to de-risk on-farm investment; and enhanced access to financial services as a result of having improved on-farm performance records.

To support smallholder farmers to more effectively access data, Producers Direct is pioneering a farmer-led data system, FarmDirect, to support farmers manage their farms as sustainable and profitable small-scale businesses. FarmDirect provides producers with holistic farm views of all on-farm enterprises, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks.

Through FarmDirect, farmers have access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.
- Yield Predictions: Access yield predictions for current and future seasons under varying climate change scenarios.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

**3. Access to Finance:** A key barrier to farmers trialling techniques that they have learnt about during in-person and digital training is their lack of access to the finance that may be required to trial the techniques. For example, funds to trial new fertilising techniques, including to support organic farming, or to develop a new micro-enterprise that increases household incomes, such as fish farming or beekeeping. To support smallholder farmers to overcome this barrier, Producers Direct is partnering with smallholder producer organisations to offer micro-loans to farmers, supporting them with access to the funds they need to make on-farm investments. This is particularly vital for women and youth within smallholder communities, who face disproportionately high barriers accessing finance. To address this, we are increasingly targeting loans to support young people and women who typically cannot access financial services or credit. We also support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

**4. Market Access:** Smallholder farmers also face the challenge of accessing markets for their products. To support market access, Producers Direct has been undertaking the following activities:

- Supporting the development of digital tools that enable farmers to work cooperatively to: Increase market visibility and accessibility; Trace products and payments; Improve access and links to buyers. We are developing the functionality of our digital tool, FarmDirect, so smallholders can form 'digital cooperatives' to bundle their crops and increase their negotiating power with upstream buyers, capturing a higher value for their crops.
- Supporting youth leaders within farming communities to take leadership on managing post-harvest logistics and supporting the structuring of currently unstructured value chains. Youth are supporting farmers to aggregate and negotiate better prices for a range of diversification crops they might be growing on their farm, such as honey, avocado, pineapple and banana, and therefore increasing farmers' access to untapped markets and buyers.
- Trialling the sale of branded Producers Direct products into urban markets in countries where Producers Direct is located, starting with the trial of honey sales in Nairobi. The long-term goal for Producers Direct's product sales is to enable farmers to take leadership within food value chains, capture a higher percentage of the final market value for their product

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2020

---

and have access to more reliable market opportunities for their range of products within food value chains.

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

In order to enhance the public benefits realised, Producers Direct seeks to:

1. Engage and work with a broad range of individuals and community groups within smallholder farming communities in which activities are undertaken. This includes:
  - a. Through a farmer-led training model, smallholder farmers are trained as trainers, who then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities.
  - b. By engaging with groups within farming communities who may typically be marginalised from traditional farming cooperative structures. For example, our investment in strong networks of women and youth leaders within farming communities.
2. Ensure that information and educational materials produced through Producers Direct's activities are widely distributed through existing networks of smallholder producers, as well as Producers Direct's development partners who work at national and international levels.
3. Developing programmes that will engage and support a broad range of smallholder farmers and producers beyond those producer organisations who supply to Cafédirect plc. Producers Direct's digital training and information services have a wide reach across digital channels, including SMS and WhatsApp. During the global pandemic Covid-19 Health and Safety materials were disseminated to over 1.1 million smallholder farmers across East Africa and Latin America.

## Activities and services delivered during 2020

Producers Direct's main strategies for achieving its aims and objectives are as follows:

- Investment in producer leadership – in the governance of Producers Direct and in the delivering of farmer-led services. This includes supporting and training a diverse network of lead farmers across the smallholder communities where Producers Direct works, including women and youth leaders.
- Delivery of peer-to-peer support services through a blend of in-person and digital tools and approaches that increase rates of adoption and maximise impact.
- Offering a bundle of support services to help farmers tackle the range of livelihood challenges that they face – from learning about a new farming technique to ultimately improving their income. This bundle of support services includes Farmer-led Training; Access to Finance; Access to Markets and Farmer-led Data for Decision Making.

The charity's main activities are described below. All Producers Direct's charitable activities focus on improving the livelihoods of smallholder producers, including their capacity and resilience, and are undertaken to further Producers Direct's charitable purposes for the public benefit.

During 2020, East Africa programme activities were delivered by Producers Direct's East Africa Programme team, based in Nairobi, in partnership with East Africa-based producer organisations in Kenya, Tanzania and Uganda. Total 2020 East Africa programme expenditure totalled £286,919. 2020 donors for Africa programme activities included MercyCorps AgriFin, GHR Foundation / OpenIDEO and Innovate UK. In Latin America, the total programme expenditure totalled £248,911 – principally funded by Pret a Manger and the World Food Programme.

### **2020 Covid-19 Impacts and Producers Direct's Response**

In early 2020, Producers Direct rapidly re-planned 2020 activities and budgets in response to the challenges and risks presented by Covid-19. Key Covid-19 impacts on the smallholder communities where Producer Direct works across East Africa and Latin America have included (1) Health concerns for rural communities worldwide, particularly with the aging farmer demographic across Producer Direct's smallholder network placing them within the high risk Covid-19 category; (2) Travel restrictions have limited smallholders' in-person access to markets, seasonal labour, training and inputs (3) Volatility in national and international markets, and supply chain uncertainty. In response, programme activities were managed through an adaptive approach – prioritising two-way communication and feedback with all smallholder producer organisations we work with to better understand immediate Covid-19 risks that smallholders are facing and priorities to respond. For this we used a range of digital communication channels, including SMS, WhatsApp and virtual meetings. Informed by this farmer feedback, we developed our Producers Direct Covid-19 Response plan. The Response plan outlined key 2020 action priorities that jointly addressed immediate Covid-19 challenges that farmers were, and continue to face – as well as

aligning with Producers Direct's overall 2017–2020 strategic priorities and goals to enhance smallholder productivity and incomes, particularly for women and youth.

2020 programme areas were revised to focus on:

*Enhanced Focus on Digitising Farmer-led Training and Information services:* All in-person farmer trainings were paused in early 2020, with programme investment re-directed into enhancing the digitisation of our farmer-led support services. We have invested significantly in the farmer-led design of digital tools, enabling us to build upon this capacity during this time of restricted movement. This has included the rapid design, development, testing and dissemination of digitised information and training services for smallholders to support priority Covid-19 challenges they face – including on Health and Safety information and Food security crop training materials to support farmers with immediate food needs while their physical access to food markets are restricted. This included working in partnership with Mercy Corps AgriFin, Wefarm and Ideo.org to design, develop, test and disseminate digitised information and training services for smallholders to address priority Covid-19 challenges they face. Youth leaders and promoter farmers across our producer networks in East Africa and Latin America led content dissemination, with Producers Direct's campaign activities reaching over 1,112,210 smallholder farmers across East Africa and Latin America, who received information materials on Covid-19 Health and Safety and Food Security crops through a range of analogue and digital channels – including SMS, WhatsApp, Radio and Posters. An independent evaluation undertaken by the Busara Centre for Behavioural Economics in September 2020 found 87% of farmers stated that their knowledge of Covid-19 risks and how to manage them had increased, with statistically significant increases in farmer knowledge, attitude and behaviours – in health and farming content. Other farmer-led training modules have also been made available digitally, including digitising training on agri-enterprises such as beekeeping and horticulture, and disseminating materials to smallholders through both FarmDirect and WhatsApp groups established to support farmers and youth leaders with advice and peer-to-peer learning opportunities.

*Enhancing Market Access Opportunities:* Responding to Covid restrictions on farmers being able to physically access markets to sell their products and connect with buyers in-person, early 2020 activities were re-planned with enhanced focus on supporting smallholders to use FarmDirect – our digital platform, to support farmers, mainly women, to digitally aggregate and connect with buyers for their surplus food crops. In Peru, we piloted this “digital cooperative” concept in partnership with the World Food Programme (WFP) Innovation Accelerator and WFP Peru. This included virtual and in-person meetings with women involved in the project, who showed interest in FarmDirect. We have also identified opportunities of improvement based on their feedback. Women need more training on the use of digital technology to feel confident about using FarmDirect. Moreover, women feel the need to better organise themselves to work collectively, negotiate better prices and access different markets.

During mid-2020, in-person activities to support farmers with market access were also re-initiated in East Africa. Plans to trial the sale of honey from smallholders under the Producers Direct brand in Nairobi were disrupted during the pandemic's early stages, as movement restrictions prevented raw material transportation. However, under adapted plans, the first batch

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2020

---

of branded Producers Direct honey was produced in August 2020, with sales trials initiated from September 2020. Market research evidences increased consumer demand for honey during Covid-19 due to its health benefits, driving further opportunity for us to deliver a successful product sales pilot during the second half of 2020 / early 2021.

*Investment in Youth Leaders Networks:* Our international network of youth leaders remains engaged and operational. In-person activities run by youth leaders to support smallholders to access markets for their products were significantly reduced during the first half of 2020. However, focus on digitising training modules to support youth leadership development has been strengthened, including the trialling of content delivery and learning experiences across a range of multimedia formats (video, podcasts, SMS), depending on the participating youth leaders' access to technology and connectivity.

## Wefarm

Wefarm is an SMS-based farmer-to-farmer digital network, developed by Producers Direct from 2010 to 2015 in collaboration with smallholder farmer representatives. Wefarm can be accessed by smallholder farmers in remote regions using the simplest of mobile phone handsets, as well as from a smartphone, with the aim of reaching and benefiting the remotest of smallholder farmers. As outlined in Producers Direct's previous Annual Reports, Wefarm has been operating as an independent for-profit company since January 2015, with the aim of Wefarm accepting further investment to enable Wefarm to significantly scale its user numbers and impact on farmers' livelihoods. To-date, Wefarm has been very successful in doing this – something which could not have been achieved had it remained an internal project of Producers Direct.

Producers Direct continued to hold a seat on the Wefarm Board until October 2020, supporting Wefarm's strategic business development and strategy to raise funds through the sale of its equity to organisational and individual investors with a range of social and/or financial investment interests. In October 2020, Wefarm completed a Series A+ investment round which provided Producers Direct with the opportunity to sell some of its Wefarm shares. Producers Direct sold 610,825 of its 800,000 Wefarm shares at a price of £1.908 per share. This enabled Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As a result, Producers Direct is now only a minority shareholder in Wefarm, with Producer Direct's shareholding in Wefarm less than 1%.

## Achievements and performance during 2020

By the end of 2020, the following cumulative impacts of Producers Direct work since establishment in 2009 have been achieved:

- During 2020, Producers Direct's activities reached **1,112,210** smallholder farmers and their families. Since 2009, cumulatively, 1.3 million smallholder farmers and their families have benefited from Producers Direct's activities

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2020

---

- 87% of farmers have diversified their on-farm enterprises as a result of participating in an in-person training.
- 90% of farmers with a new enterprise have reported that it has improved their incomes.
- 50% increase in income for farmers who have adopted additional on-farm enterprises.
- 79% of farmers who reported improved market access also reported increased incomes.

We track our impact metrics internally through data collections, surveys, evaluations, and focus groups. We have also had our work externally evaluated three times (2017, 2018 and 2020) by Picture Impact and Busara, verifying our impact on smallholder farmers in East Africa.

The most recent independent evaluation of Producer Direct's overall impact was conducted by Busara Centre for Behavioural Economics on behalf of Mercy Corps AgriFin, which funded our Covid-19 campaign, delivered in partnership with Wefarm and Ideo.org. Busara conducted a quantitative survey, a set of qualitative interviews, and an administrative data analysis. Their analysis concluded that 87% of participating farmers reported that their knowledge of Covid-19 risks and how to manage them had increased as a result of our digital Covid campaign. Improving incomes for smallholder farmers is a critical impact metric we are tracking. To date, our initiatives have led to a 50% increase in incomes for smallholder farmers in our network. By 2025, we are targeting up to a 120% increase in incomes for smallholder farmers. Supporting on-farm diversification and market access is critical to improved incomes. Evidence of increased incomes has been verified by our internal data collections and confirmed by the two external evaluations conducted by Picture Impact. Diversification is another key impact metric for Producers Direct. On average, 87% of smallholders in our network have diversified into a new on-farm enterprise (i.e. tissue culture banana, honey, avocados, poultry, local produce etc.). 90% of farmers who have diversified have also reported diversification improved their incomes. The average income increase, to date, is 50%. Further evidence and examples about how diversification has improved incomes include: Farmers producing bananas have added an additional \$24/month; Farmers managing beehives can earn an additional \$29/month.

Additionally, other notable achievements during 2020 included Producers Direct being a 2020 winner of the CGIAR INSPIRE Big Data Challenge for our work on farmer-led data services, and a new concept – Croppie, to support farmers to access and take action on the basis of yield predictions generated through AI (Artificial Intelligence) models.

## External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets. During 2020, Covid-19 was the dominant external factor affecting achievement – with the detrimental impacts of Covid-19 spanning both on the livelihoods of smallholder communities where Producers Direct works, as well as the socio-economic consequences of Covid-19 in the UK and internationally where Producers Direct's team members, donors and other strategic partners are located. For

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2020

---

smallholder producers, the detrimental consequences of Covid-19 exacerbated other challenges that they were already facing, including vulnerability to natural disasters, prolonged droughts and severe livelihood shocks. Smallholder producers across East Africa and Latin America also continued to experience and report the detrimental impacts of changing climatic conditions on their crop production during 2020. Furthermore, smallholder producers in Kenya and Uganda continued to be severely impacted by an extreme outbreak of desert locusts, posing heightened threats to food security and livelihoods in the region.

## Beneficiaries of our services

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.6 hectares (4 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network. Furthermore, we deliver youth leadership training to empower young people to take up leadership roles within smallholder communities, as well as to launch and scale their own agri-enterprises.

## Organisations we work with

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national levels to support programme implementation. During 2020, strategic partners supporting programme delivery included the World Food Programme, MercyCorps AgriFin, Busara Centre for Behavioural Economics, Ideo.org, Wefarm, Champion Agency, Climate Edge, Cranfield University and the International Centre for Tropical Agriculture (CIAT).

## Financial review

As shown in Producers Direct's Financial Statements, 2020 income totalled £314,974 with funds brought forward from 2019 totalling £1,578,141. 2020 expenditure totalled £578,381. During 2020, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations, public limited companies, and individual donations. Additionally, in 2020, Producers Direct benefited from the opportunity to raise unrestricted funds through the sale of some of its shares in Wefarm. Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. Producers Direct ended the year with a total fund balance of £1,314,734, of which £16,810 was restricted funds and £1,297,925 was unrestricted funds.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2020

---

#### Policies for making social or programme-related investments

Overall, Producers Direct does not make social or programme related investments and therefore does not have a policy on this. To-date, Producers Direct's establishment of Wefarm in 2015 represents a one-off investment that was undertaken because Producers Direct's Trustees felt this was the best option for enabling Wefarm to continue delivering the mission of Producers Direct and where the greatest social impact could be achieved by Wefarm.

#### Investment policy and performance

Beyond interest received on current accounts and fixed term deposit savings accounts, Producers Direct's shareholding in Wefarm represents Producers Direct's only current investment. From 2015 through until the end of 2018, Producers Direct has maintained the fixed asset value of its shareholding in Wefarm at £800. The valuation of £800 was maintained because there has been no market mechanism or liquidity in Producer Direct's Wefarm shares. At the end of 2019, Producers Direct's Wefarm shares were re-valued in anticipation of Producers Direct being able to share a percentage of its shareholding during a 2020 Wefarm investment round, with the share value changing from £0.10 per share at the end of 2018, to £1.994 per share at the end of 2019. During 2020, Producers Direct sold 610,825 of its 800,000 shares, at a price of £1.908 per share on 29th October 2020, realising £1,165,465 of unrestricted income. The share price for this 2020 investment round was £1.94 per share, with a 1.65% deduction applied to this share price for transaction costs.

#### Grant making policies

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

#### Loans

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- CAF Venturesome: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa.
- UK Government Bounce Back Loan: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management.

#### Voluntary help and gifts in kind

Throughout 2020, Producers Direct benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges, who have acted on behalf of Producers Direct during Wefarm investment rounds. The value of these *pro bono* legal services included within the 2020 Accounts is £4,674.

Producers Direct was also grateful for the in-kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested

significant time without financial compensation in order to support the delivery of Producers Direct programme activities during 2020.

## Principal risks and uncertainties

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct's perspective, major risks are those which may have a significant impact on its:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity's aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:

- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible;
- Quarterly tracking and reviewing of major risks identified;
- Clear articulation of organisational policies and processes for delegating authority and control;
- Income targets for fundraising activities;
- Ongoing management of the organisation's unrestricted funds, including its reserve fund.

Additionally, to address and manage Covid-19-related risks during 2020, the Management Team developed a specific Covid-19 risk analysis and associated response plan, outlining key 2020 risks and mitigation strategies across programme- and financing-related risks. Key risks identified included:

- Producers Direct Team and Operations: Risks of operational disruptions and team productivity as a result of all team members working from home, and experiencing high levels of uncertainty.
- Smallholder communities: Health concerns for rural communities worldwide, particularly as the aging farmer demographic across our network places them within the high risk Covid-19 category; Anticipated disruption of operations and business performance of our producer partners; Mid-term food and income security challenges as a consequence of food production and local market sales being detrimentally impacted if farmers do fall ill; Increased challenges sourcing farm labour from non-local labourers, whose movement might now be restricted.
- Donor Funding: Potential risks that donors pause funding commitments and/or delay payments, with consequential impacts on Producers Direct's cash flow.

## Reserves policy and going concern

During 2020 the Board of Trustees took the decision to extend Producers Direct's Reserve Policy from covering at least three months of minimum operating costs during a period of unforeseen difficulty, to covering at least six months of essential operational costs. Trustees agreed that, in a worst-case scenario, holding cash funds to cover six months' of essentially operational costs should provide enough time for the organisation to adapt and re-strategise as necessary. In this context, Trustees consider essential operational costs to include: Core team members across the UK, East Africa and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current 3-year cash flow projections, 6 months of essential operational costs are budgeted at £347,000-£413,000. At the end of 2020, the balance of Producers Direct's unrestricted cash and assets totalled £1,297,925. During 2021, Producers Direct will continue work to enhance its unrestricted cash reserves through the following strategies:

- Careful management and investment of the unrestricted funds raised through Producers Direct's sale of Wefarm shares during 2020.
- Targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.
- Continued testing of opportunities to generate earned income through Producers Direct's activities, including the sale of Producers Direct branded products into local and national markets where smallholder partner organisations are located.
- Targeting earned income through service provision contracts with organisations working with smallholders.

At the end of 2020, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through until at least July 2023 – with planned scenarios in the event that fundraising income is significantly lower than plan.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and Covid-19 response plan.
- Producers Direct holds sufficient unrestricted cash reserves to cover at least six months of essential operational costs to enable operations to continue during a period of unforeseen difficulty.

## Fundraising

During 2020, Producer Direct's fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are principally undertaken internally by grant writers who are employed by Producers Direct. During 2020, Producers Direct also contracted a third-party consultant to provide additional grant writing support.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator and the Institute of Fundraising. During 2020, there were no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct's fundraising expenditure on grant writers is to enhance Producers Direct's annual restricted and unrestricted income for 2020/2021 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors and social lenders during 2020:

### East Africa

- Innovate UK Agri-tech 9: £55,117 secured for Producers Direct, sub-granted from Climate Edge, over 24 months from August 2020 to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management. (Note: Original funds of £73,000 secured during 2020 were reduced to £55,117 during 2021 due to UK Government spending cuts).
- Innovate UK Global Challenges Research Fund (GCRF): £17,910 secured for Producers Direct, sub-granted from Climate Edge, over 6 months from March 2020 to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders.
- Mercy Corps AgriFin: ~£14,350 (\$US 20,000) secured over 5 months from June 2020 to support Covid-19 support for smallholder farmers, including through the development and dissemination of Covid-19 Health and Safety Information materials to smallholder farmers across East Africa.

### Latin America

- Pret a Manger Coffee Fund: £150,000 secured for expenditure from October 2019 to December 2020 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- World Food Programme (WFP) Innovation Accelerator and WFP Peru: \$US 79,180 secured for expenditure during 2020 to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.

## Producers Direct

### Trustees' annual report

#### For the year ended 31 December 2020

---

- Peruvian Producer Partner Organisations: £1,546 was contributed by Peruvian cooperatives who partner with Producers Direct in Peru to support a market analysis on the opportunities to sell branded Producers Direct products domestically within Peru.

#### Unrestricted Income

- Cafédirect plc: During 2020, Producers Direct received an annual donation of £100,000 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc.
- Wefarm Share sale: In October 2020, Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, raising £1,165,465.46 of unrestricted cash income from the sale of this fixed asset.

#### Repayments on micro-loans distributed:

- £3,240 in repayments of micro-loans distributed to producer partners, as detailed above on page 5.

## Plans for the future

### Future Programme Focus Areas

The focus of Producers Direct's 2021 – 2025 Strategy is to deliver public benefits to smallholder farming communities across Africa and Latin America, with the overarching impacts of:

- Enhancing farmer livelihoods and incomes;
- Enhancing resilience, including resilience to changing climatic conditions and economic shocks;
- Investing in building farmer leadership.

Key aspects of Producers Direct's 2021–2025 Strategy and model include:

- Farmer leadership and expertise central to design and delivery of all interventions.
- Blending of peer-to-peer in-person and digital services to enhance adoption rates and maximize impact on the livelihoods of smallholder farmers.
- Co-financing model leveraging Producers Direct's investment in farmer-led programming through co-financing and payments from smallholder farmers.

Producers Direct's 5-year strategy aims to strengthen farmer resilience and food security by increasing the incomes of 1.5m smallholders by 100% and promoting leadership and inclusion of all farmers, including reaching 50% women and 40% youth. We will continue to blend in-person and digital services, designed and delivered by farmers for farmers. The key focus areas of our strategy are as follows:

*Training and Digital Information Services:* We are aiming to provide access to farmer-led training and digital services for 1.7 million smallholder farmers by 2025. All training is farmer-friendly, ensuring farmers can access, utilise and readily adopt what they've learned. In-person training will be led by a network of Farmer Promoters who will lead training on demonstration sites. Training will focus on the crops we will be selling into local and national markets, ensuring a cohort of 295,000 farmers has access to knowledge needed to improve productivity and quality, catalysing improved incomes. In parallel, we will accelerate our move to digital, ensuring 1.7M farmers have access to cutting-edge, farmer friendly training materials online and offline. FarmDirect will provide farmer-friendly digital training so farmers can learn new skills remotely. Digital training will provide information on micro-enterprise diversification, food security, Covid-19 health and safety, and climate resilience.

*Farmer-led Data Services:* We will increasingly expand the data services that FarmDirect offers to smallholder farmers, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks. Through FarmDirect, we will aim for farmers to have access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.
- Yield Predictions: Access yield predictions for current and future seasons.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

*Access to Finance:* We will provide smallholders who qualify with access to loans, incentivising co-investment from farmers and partner farming cooperatives. We will focus our loans on farmers who plan to sell value-added products into national markets, ensuring farmers have access to initial start-up costs needed to invest in their farms and sell their crops and products. The majority of our loans will be earmarked for young people and women who typically cannot access financial services or credit. We will support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

*Access to Markets:* We will drive market access for smallholders. Aggregated volumes of crops and value-added products will empower smallholders to increase their bargaining power in, and ownership of, food systems. 295,000 smallholders will sell their products into local and national markets, increasing incomes by up to 120%. Smallholders will bundle crops using our pioneering digital tool, FarmDirect. In parallel, we will test and scale the sale of Producers Direct branded products into domestic markets across East Africa and Latin America, supporting farmers to capture a higher value for their crops. Transport logistics will be managed by networks of youth. We aim for smallholder farmers to play stronger leadership roles within food systems in order to drive sustainable, resilient food value chains.

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2020**

---

#### **Future funding**

Funds secured to support 2021 programme activities and operations to-date include:

##### **Restricted Income: East Africa**

- UKAid: £99,607 secured from UKAid to design and implement a youth-led campaign in Kenya from January to July 2021, focused on enhancing youth engagement in Kenya's agribusiness sector, with the long-term goal of enabling youth to find a sustainable means of enhancing incomes from agriculture and establishing thriving agri-enterprises.
- Mercy Corps AgriFin / Starbucks Foundation: ~£71,133 (10,762,403 Kenyan Shillings) secured to support the next phase of the Covid-19 information campaign that was undertaken during 2020, with focus on targeting updated Covid-19 health and safety materials to 500,000 smallholder farmers across Kenya.
- Innovate UK: Continuation of Agri-tech 9 programme activities, with funding secured in 2020 through a sub-grant from Climate Edge to support the testing of low-cost digital advisory services to farmers.

##### **Restricted Income: Latin America**

- 2020 INSPIRE Challenge: In October 2020, Producers Direct was one of the 2020 Inspire Challenge winners – hosted by the CGIAR's Platform for Big Data in Agriculture. The \$US 100,000 prize will support activities from January – October 2021 to support smallholders access yield prediction data for their crops – starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models. Activities will primarily focus on Peru, but also involve testing with smallholders in Uganda.
- Pret a Manger Coffee Fund: £100,000 confirmed for expenditure from June 2021 through to May 2022 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- World Food Programme Innovation Accelerator: ~£45,650 (\$US 62,777) approved for Producers Direct to continue working with the World Food Programme in Peru on the testing of Producers Direct's 'Digital Cooperative' concept, supporting women smallholders in Peru to aggregate and collectively sell their surplus food crops to enhance their incomes.

##### **Unrestricted Income**

- Cafédirect plc: As per the 3-Year Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.

**Additional 2021 priorities include:**

- Producers Direct's branded Product Sales trial: Producers Direct will invest unrestricted funds to support the continued testing and growth of branded product sales in domestic markets where producer partners are located. In 2021, this will include trialling sales of branded honey into supermarkets and via e-commerce channels, initially in Nairobi and then more broadly in Kenya. In parallel, Producers Direct will work with producer partners in Peru to develop a business case and initial plans to trial branded product sales, initially in Lima – with honey also anticipated to be one of these initial products to be trialled in Peru.
- Governance and Legal Structure: During 2021, Trustees and Management will undertake a review of Producers Direct's legal structure, including what changes might need to be implemented in order to scale a successful product sales strategy in both East Africa and Latin America. Points to be considered will include the business case for establishing a trading subsidiary of the charity, and associated governance structures that would need to be in place to support this. Legal advice to support Trustees discussions will be sought throughout this process.

## **Structure, governance and management**

### **Constitution**

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a charity in December 2009 (Registered charity number: 1133218). The company was established under a Memorandum of Association (10th July 2009) that established its objectives and powers and is governed under its Articles of Association (10th July 2009).

### **Trustees**

Producer Direct's Trustees are responsible for setting Producers Direct's strategy and are responsible in law for the running of Producers Direct. The Charity's sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing Producers Direct Trustees. Prior to appointment by CPL, existing members of the Producers Direct Board of Trustees are responsible for confirming that new Trustees have the necessary skills and capacity to contribute to Producers Direct's governance, and organisational development.

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member. Trustees typically serve a maximum of two three-year terms.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Travel expenses associated with Producers Direct

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2020**

---

Trustees attending Board meetings are reimbursed, including the international flights of Producers Direct Trustees travelling from Kenya, Uganda, Tanzania and Peru.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes has served in this role since the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009.

Typically, the Board of Trustees would meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. However, during 2020 while it was not possible to convene quarterly in-person meetings, the Board met by teleconference at least monthly. During 2020, a total of 14 Board teleconferences were convened and update reports provided.

Typically, Producers Direct also has a Board sub-committee established to oversee Producers Direct Procurement processes, composed of two staff and one trustee representative. However, during 2020, Trustees recognised the need for extremely careful cash management, with all procurement matters being reviewed by the Board overall as part of monthly cash flow and expenditure reporting presented by the Management team. In previous years, a Board sub-committee has also been in-place for oversight of matters concerning Producers Direct's shareholding in Wefarm. However, during 2020, all matters pertaining to Wefarm investment were managed during the main Board meetings. Throughout 2020, Lebi Hudson served as the Producers Direct Chair and Christele Delbe served as Vice Chair. No further specific responsibilities have been appointed to each trustee.

Financial controls are determined by Producers Direct's financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct CEO over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustees' and Senior Team member's Interests has been established and is updated annually.

### **Employees**

For the duration of 2020 Producers Direct employed 3 full-time and 1 part-time UK-based staff members as follows:

- The CEO, responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.
- A Head of Investments, responsible for leading Producers Direct's fundraising and partnership development activities.

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2020**

---

- An Information Manager, responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- A part-time Grant Writer (0.6FTE from mid-March 2020), responsible for providing ongoing grant writing support.

Throughout 2020, Producers Direct maintained its local branch status in Kenya. For the majority of 2020, Producers Direct maintained 5 full-time employees based in Nairobi:

- A Head of Programmes, responsible for managing Producers Direct's activities with the smallholder producer organisations that Producers Direct works with across both East Africa and Latin America. (Resigned: November 2020).
- A Finance and Operations Manager, responsible for the day-to-day financial management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- An Africa Coordinator, responsible for coordinating programme activities across Producers Direct smallholder producer network in East Africa and managing annual work plans for each of the four East African Centres of Excellence.
- A User Centred Developer, responsible for the design and development of Producers Direct's farmer-led data activities, including FarmDirect.
- A Software Developer, responsible for supporting the development of FarmDirect.

Additionally, in October 2020, Producers Direct hired a full-time Head of Commercial role to support the trialling of branded Product Sales in Nairobi.

During 2020, Producers Direct contracted a range of support services, including financial management and fundraising services, and support for the coordination of programme activities with smallholder producer organisations in Latin America. This included the services of three project coordinators throughout 2020, one in Haiti and two in Peru, to support the delivery of Producers Direct programmes in Latin America, and additional fundraising and administrative services to support the growth of Producers Direct's operations and programme activities in Peru.

### **Employee Remuneration**

Producers Direct staff salaries are reviewed annually for all employees. Salary reviews take into account the following aspects: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit

organisations of similar size, scope and resources to Producers Direct. For all other Producers Direct staff, the CEO is responsible for proposing the salary adjustments to the Producers Direct Board for consideration and approval, based on an employee's annual performance and benchmarking of salaries against comparable roles in organisations operating in similar geographies and markets to Producers Direct.

## Appointment of Trustees

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists potential candidates based on the key skills sought from the new Trustees and each candidate's potential suitability for the role. Existing Producers Direct Trustees are responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

## Trustee induction and training

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external trainings available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

## Related parties and relationships with other organisations

Related parties include:

**Cafédirect Producers Limited (CPL):** CPL is the sole Member of Producers Direct. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc and advancing the role of producers in the governance of Cafédirect plc.

**Cafédirect Producers Trust:** The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

**Cafédirect plc:** Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation agreement was extended for an additional 3-years from January 2020.

**Wefarm Ltd:** Wefarm originated as a project of Producers Direct and operated as a Producers Direct project from 2010–2015. In January 2015, Wefarm was incorporated as a Private Company Limited by Shares. Until October 2020, Producers Direct was represented on the Wefarm Board and held the right to a Wefarm Board seat. As detailed above, in October 2020 Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As part of this investment round, Producers Direct relinquished its rights to a Wefarm Board seat. At the end of 2020, Producers Direct's shareholding in Wefarm is less than 1%.

## Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Producers Direct**

### **Trustees' annual report**

#### **For the year ended 31 December 2020**

---

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2020 was 1, Cafédirect Producers Limited being the sole member of the charity (2019: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## **Auditor**

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been approved by the Trustees on 12 August 2021 and signed on their behalf by

**Mr L G Hudson**

Chair, Producers Direct

## Independent auditor's report

To the members of

**Producers Direct**

---

### Opinion

We have audited the financial statements of Producers Direct (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Producers Direct's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Independent auditor's report

To the members of

**Producers Direct**

---

### Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being

## Independent auditor's report

### To the members of

### Producers Direct

---

satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

## Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

## Independent auditor's report

### To the members of

#### Producers Direct

---

- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

13 September 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Producers Direct

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

		Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
<b>Income from:</b>							
Donations and legacies	Note 2	130,068	–	<b>130,068</b>	124,004	–	124,004
Charitable activities							
Africa Programmes	3	–	13,217	<b>13,217</b>	–	326,875	326,875
Latin America Programme	3	–	168,655	<b>168,655</b>	–	129,049	129,049
Investments		3,034	–	<b>3,034</b>	1,517	–	1,517
<b>Total income</b>		<b>133,102</b>	<b>181,872</b>	<b>314,974</b>	<b>125,521</b>	<b>455,924</b>	<b>581,445</b>
<b>Expenditure on:</b>							
Raising funds	4a	37,876	–	<b>37,876</b>	43,201	–	43,201
Charitable activities							
Africa Programmes	4a	271,674	17,748	<b>289,422</b>	102,237	403,302	505,539
Latin America Programme	4a	73,483	177,599	<b>251,082</b>	36,903	145,570	182,473
<b>Total expenditure</b>		<b>383,034</b>	<b>195,347</b>	<b>578,381</b>	<b>182,341</b>	<b>548,872</b>	<b>731,213</b>
<b>Net income / (expenditure) before net gains / (losses) on investments</b>		<b>(249,932)</b>	<b>(13,475)</b>	<b>(263,407)</b>	<b>(56,820)</b>	<b>(92,948)</b>	<b>(149,768)</b>
Net gains / (losses) on investments		–	–	–	1,551,200	–	1,551,200
<b>Net income / (expenditure) for the year</b>	5	<b>(249,932)</b>	<b>(13,475)</b>	<b>(263,407)</b>	<b>1,494,380</b>	<b>(92,948)</b>	<b>1,401,432</b>
Transfers between funds		(3,530)	3,530	–	–	–	–
<b>Net income / (expenditure) after transfers</b>		<b>(253,462)</b>	<b>(9,945)</b>	<b>(263,407)</b>	<b>1,494,380</b>	<b>(92,948)</b>	<b>1,401,432</b>
<b>Net movement in funds</b>		<b>(253,462)</b>	<b>(9,945)</b>	<b>(263,407)</b>	<b>1,494,380</b>	<b>(92,948)</b>	<b>1,401,432</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		1,551,387	26,754	<b>1,578,141</b>	57,007	119,702	176,709
<b>Total funds carried forward</b>		<b>1,297,925</b>	<b>16,809</b>	<b>1,314,734</b>	<b>1,551,387</b>	<b>26,754</b>	<b>1,578,141</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

**Producers Direct****Balance sheet**

Company no. 06959165

**As at 31 December 2020**

	Note	2020 £	£	2019 £	£
<b>Fixed assets:</b>					
Tangible assets	10		3,129		2,660
Investments	11		367,000		1,552,000
			<u>370,129</u>		<u>1,554,660</u>
<b>Current assets:</b>					
Programme related investments	13	–		3,240	
Debtors	12	49,766		131,422	
Cash at bank and in hand		1,029,990		6,003	
		<u>1,079,757</u>		<u>140,665</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	(50,950)		(117,184)	
<b>Net current assets</b>			<u>1,028,806</u>		<u>23,481</u>
Creditors: amounts falling due after one year	15	(84,200)			
<b>Total net assets</b>			<u><u>1,314,734</u></u>		<u><u>1,578,141</u></u>
<b>The funds of the charity:</b>	18a				
Restricted income funds			16,809		26,754
Unrestricted income funds:					
General funds		<u>1,297,925</u>		<u>1,551,387</u>	
Total unrestricted funds			<u>1,297,925</u>		<u>1,551,387</u>
<b>Total charity funds</b>			<u><u>1,314,734</u></u>		<u><u>1,578,141</u></u>

Approved by the trustees on 12 August 2021 and signed on their behalf by

Penny Newman  
Trustee, Producers Direct

Producers Direct

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(263,407)		1,401,432	
Depreciation charges		2,477		2,763	
(Gains)/losses on investments		–		(1,551,200)	
Dividends, interest and rent from investments		3,034		1,517	
(Increase)/decrease in debtors		81,657		(86,221)	
(Decrease)/increase in creditors		(66,234)		75,292	
<b>Net cash (used in) operating activities</b>			<b>(242,473)</b>		<b>(156,418)</b>
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		(3,034)		(1,517)	
Proceeds from sale of investments		1,185,000			
Cash received on repayment of programme related		3,240		49,988	
Purchase of fixed assets		(2,945)		(323)	
<b>Net cash provided by/(used in) investing activities</b>			<b>1,182,261</b>		<b>48,148</b>
<b>Cash flows from financing activities:</b>					
Cash inflows from new borrowing		84,200			
<b>Net cash provided by / (used in) financing activities</b>			<b>84,200</b>		
<b>Change in cash and cash equivalents in the year</b>			<b>1,023,987</b>		<b>(108,270)</b>
Cash and cash equivalents at the beginning of the year			6,003		114,273
<b>Cash and cash equivalents at the end of the year</b>			<b>1,029,990</b>		<b>6,003</b>

Notes to the financial statements

For the year ended 31 December 2020

---

**1 Accounting policies**

**a) Statutory information**

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 21 Whiston Road, London, E2 8EX.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charity meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: At the end of 2020, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least July 2023 – with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and Covid-19 response plan; 3.) Producers Direct currently holding sufficient unrestricted cash reserves to cover at least six months' of essential operational costs to enable operations to continued during a period of unforeseen difficulty.

Key judgements that the charity has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over the period greater than one year, and is linked to performance within the project, there is some degree of judgement in assessing the stage of completion and hence the income recognised.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

**g) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Notes to the financial statements

For the year ended 31 December 2020

---

**1 Accounting policies (continued)**

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- |                           |     |
|---------------------------|-----|
| ▪ Africa Programme        | 54% |
| ▪ Latin America Programme | 46% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- |                      |                       |
|----------------------|-----------------------|
| ▪ Computer equipment | 3 years straight line |
|----------------------|-----------------------|

**m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Notes to the financial statements

## For the year ended 31 December 2020

## 1 Accounting policies (continued)

## o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## p) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

## 2 Income from donations and legacies

	Unrestricted £	Restricted £	Total 2020 £	Unrestricted £	Restricted £	Total 2019 £
Donations	130,068	-	130,068	124,004	-	124,004
	<u>130,068</u>	<u>-</u>	<u>130,068</u>	<u>124,004</u>	<u>-</u>	<u>124,004</u>

## 3 Income from charitable activities

	Unrestricted £	Restricted £	Total 2020 £	Unrestricted £	Restricted £	Total 2019 £
<b>East Africa Programme</b>						
GHR Foundation	-	-	-	-	61,172	61,172
World Bank	-	-	-	-	48,204	48,204
Global Resilience Partnership	-	(4,682)	(4,682)	-	188,943	188,943
Producer Partners	-	-	-	-	11,811	11,811
Innovate UK	-	17,899	17,899	-	16,745	16,745
Sub-total for East Africa Programme	-	13,217	13,217	-	326,875	326,875
<b>Latin America Programme</b>						
Big Lottery	-	-	-	-	46,187	46,187
HenriNestle	-	-	-	-	27,786	27,786
Rikolto	-	-	-	-	4,941	4,941
Pret a Manger	-	102,500	102,500	-	47,500	47,500
World Food Programme	-	61,465	61,465	-	1,089	1,089
Peru Partners	-	4,690	4,690	-	1,546	1,546
Sub-total for Latin America Programme	-	168,655	168,655	-	129,049	129,049
Total income from charitable activities	-	181,872	181,872	-	455,924	455,924

Producers Direct

Notes to the financial statements

For the year ended 31 December 2020

4a Analysis of expenditure (current year)

	Charitable activities					2020 Total £	2019 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £		
Staff costs (Note 6)	21,802	119,646	-	-	112,400	<b>253,848</b>	268,736
Direct programme expenditure	-	75,168	171,405	-	-	<b>246,573</b>	373,954
Costs of generating funds: Other expenditure	16,074	-	-	-	-	<b>16,074</b>	-
Office costs	-	4,459	1,471	638	45,099	<b>51,667</b>	59,296
Audit, legal and professional fees	-	-	-	10,219	-	<b>10,219</b>	29,226
	<b>37,876</b>	<b>199,273</b>	<b>172,876</b>	<b>10,857</b>	<b>157,499</b>	<b>578,381</b>	731,212
Support costs	-	90,149	78,207	(10,857)	(157,499)	-	-
Support and governance costs	-	-	-	-	-	-	-
<b>Total expenditure 2020</b>	<b>37,876</b>	<b>289,422</b>	<b>251,083</b>	<b>-</b>	<b>-</b>	<b>578,381</b>	
Total expenditure 2019	<b>43,201</b>	<b>505,539</b>	<b>182,472</b>	<b>-</b>	<b>-</b>		<b>731,212</b>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2020

4b Analysis of expenditure (prior year)

	Charitable activities					2019 Total £
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	
Staff costs (Note 6)	43,201	169,144	15,036	-	41,355	<b>268,736</b>
Direct programme expenditure	-	220,993	125,224	-	27,737	<b>373,954</b>
Costs of generating funds: Other expenditure	-	-	-	-	-	-
Office costs	-	20,638	6,210	8,530	23,918	<b>59,296</b>
Audit, legal and professional fees	-	3,370	3,013	9,298	13,545	<b>29,225</b>
	<b>43,201</b>	<b>414,145</b>	<b>149,483</b>	<b>17,828</b>	<b>106,555</b>	<b>731,212</b>
Support and governance costs	-	91,395	32,988	(17,828)	(106,555)	-
<b>Total expenditure 2019</b>	<b>43,201</b>	<b>505,540</b>	<b>182,471</b>	<b>-</b>	<b>-</b>	<b>731,212</b>

## Notes to the financial statements

## For the year ended 31 December 2020

**5 Net income / (expenditure) for the year**

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	2,477	2,763
Auditor's remuneration (excluding VAT):		
Audit	6,650	6,500
Other services: GRP Project Audit during 2019	448	-
	<u>2,477</u>	<u>2,763</u>

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	224,657	235,412
Social security costs	14,635	14,139
Employer's contribution to defined contribution pension schemes	14,556	19,185
	<u>253,848</u>	<u>268,736</u>

No employee earned more than £60,000 during the year (2019: nil).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £56,763 (2019: £60,469).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2019: nil). No charity trustee received payment for professional or other services supplied to the charity (2019: nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £0 (2019: £1,991) incurred by 4 (2019: 4) members relating to attendance at meetings of the trustees.

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 8.5 (2019: 8).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2020 No.	2019 No.
Raising funds	0.7	1.3
East Africa Programmes	4.0	5.0
Latin America Programmes	0.0	-
Support	3.8	1.2
	<u>8.5</u>	<u>7.6</u>

**8 Related party transactions**

Aggregate donations from related parties were £100,000; (2019: £100,000).

Other transactions with related parties: Service Charge agreement paid from Producers Direct to Cafédirect: £8,592 (2019: £20,565); Producers Direct is connected to these related parties as follows:

Cafédirect plc: Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity.

**9 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**10 Tangible fixed assets**

	Computer Equipment	
	2020	2019
	£	£
<b>Cost</b>		
At the start of the year	17,772	17,449
Additions in year	2,945	–
Disposals in year	(9,258)	–
At the end of the year	<u>11,459</u>	<u>17,449</u>
<b>Depreciation</b>		
At the start of the year	15,111	12,348
Charge for the year	2,477	–
Eliminated on disposal	(9,258)	–
At the end of the year	<u>8,330</u>	<u>12,348</u>
<b>Net book value</b>		
At the end of the year	<u>3,129</u>	<u>5,101</u>
At the start of the year	<u>2,661</u>	<u>5,101</u>

All of the above assets are used for charitable purposes.

**11 Fixed asset investments**

	2020	2019
	£	£
Cost at the start of the year	1,552,000	800
Disposals in year	1,185,000	
Net gain / (loss) on change in fair value	–	1,551,200
	<u>367,000</u>	<u>1,552,000</u>

The net gain in fixed asset investments during 2019 was due to the revaluation of Producers Direct's investment in Wefarm. From 2015 through until the end of 2018, Producers Direct has maintained the fixed asset value of its shareholding in Wefarm at £800. At the end of 2019, Producers Direct's shareholding in Wefarm was therefore revalued at 800,000 shares at £1.94 per share. This end 2019 valuation of £1,552,000 was based on the 2020 post-balance sheet event during which Producers Direct sold 610,825 of its 800,000 shares. The share price for this 2020 investment round was £1.94 per share, with a 1.65% deduction applied to this share price for transaction costs – equating to £1.908 per share.

**12 Debtors**

	2020 £	2019 £
Trade debtors	41,123	91,731
Prepayments and accrued income	8,643	39,692
	<b>49,766</b>	<b>131,422</b>

**13 Programme related investments**

	2020 £	2019 £
Fair value at the start of the year	3,240	53,228
Repayment of loans	(3,240)	(49,988)
<b>Fair value at the end of the year</b>	<b>-</b>	<b>3,240</b>

**Investments comprise:**

<b>Loans</b>	2020 £	2019 £
Misozi Coffee	-	3,240
	<b>-</b>	<b>3,240</b>

Originally funded with 2017 grant funding from Comic Relief, Producers Direct partnered with smallholder producer organisations in Uganda, Kenya and Tanzania, and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them implement new practices and/or ideas for new enterprises that they have learnt about while participating in Centre of Excellence training. i.e. micro enterprise creation, tea and coffee quality improvement and climate change adaptation innovative activities. Interest on loans was charged at below market rates in Kenya, Uganda and Tanzania. Loans were made to further the charity's objectives and not solely to generate a financial return.

**14 Creditors: amounts falling due within one year**

	2020 £	2019 £
Trade creditors	18,171	83,332
Taxation and social security	3,413	3,517
Loan payments due within a year	14,294	-
Accruals	15,072	30,335
	<b>50,950</b>	<b>117,184</b>

## Producers Direct

### Notes to the financial statements

#### For the year ended 31 December 2020

#### 15 Non-Current Creditors: amounts falling due beyond one year

	2020 £	2019 £
UK Bounce Back Loan	45094	-
CAF Venturesome Loan	39106	-
	<u>84,200</u>	<u>-</u>

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

#### 16 Pension scheme

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

#### 17a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	-	3,129	3,129
Investments	367,000	-	367,000
Net current assets	1,015,125	13,680	1,028,805
Long term liabilities	(84,200)	-	(84,200)
<b>Net assets at 31 Dec 2020</b>	<u><b>1,297,925</b></u>	<u><b>16,809</b></u>	<u><b>1,314,734</b></u>

#### 17b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	-	2,660	2,660
Investments	1,552,000	-	1,552,000
Net current assets	(613)	24,094	23,480
<b>Net assets at 31 Dec 2019</b>	<u><b>1,551,387</b></u>	<u><b>26,754</b></u>	<u><b>1,578,141</b></u>

Producers Direct

Notes to the financial statements

For the year ended 31 December 2020

18a Movements in funds (current year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
<b>Restricted funds:</b>					
Africa – Global Resilience Partnership	(2,586)	(4,682)	7,268	-	-
Africa – World Bank	(163)	-	163	-	-
Africa – GHR	7,288	-	(7,288)	-	-
Africa – Innovate UK AgriTech	(29)	17,899	(17,870)	-	-
Africa – Producer Partners	21	-	(21)	-	-
Latin America – Community Fund	5	-	(5)	-	-
Latin America – Pret	21,479	102,500	(107,169)	-	<b>16,809</b>
Latin America – HenriNestle	5	-	(5)	-	-
Latin America – World Food Programme	679	61,465	(63,944)	1,800	-
Latin America – Peru Partners	6.8	4,690	(6,427)	1730	-
Latin America – Rikolto	48	-	(48)	-	-
<b>Total restricted funds</b>	<b>26,754</b>	<b>181,872</b>	<b>(195,346)</b>	<b>3,530</b>	<b>16,809</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>1,551,387</b>	<b>133,102</b>	<b>(383,034)</b>	<b>(3,530)</b>	<b>1,297,925</b>
<b>Total unrestricted funds</b>	<b>1,551,387</b>	<b>133,102</b>	<b>(383,034)</b>	<b>(3,530)</b>	<b>1,297,925</b>
<b>Total funds</b>	<b>1,578,141</b>	<b>314,974</b>	<b>(578,380)</b>	<b>-</b>	<b>1,314,734</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

Producers Direct

Notes to the financial statements

For the year ended 31 December 2020

18b Movements in funds (prior year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 January 2020 £
<b>Restricted funds:</b>					
Africa – Global Resilience Partnership	(23,714)	188,943	(167,815)	–	(2,586)
Africa – World Bank	14,911	48,204	(63,278)	–	(163)
Africa – GHR	76,128	61,172	(130,012)	–	7,288
Africa – Innovate UK AgriTech	–	16,745	(16,774)	–	(29)
Africa – Producer Partners	9,714	11,811	(21,504)	–	21
Latin America – Community Fund (previously Big Lottery)	42,065	46,187	(88,247)	–	5
Latin America – Pret	–	47,500	(26,021)	–	21,479
Latin America – HenriNestle	259	27,786	(28,040)	–	5
Latin America – World Food Programme	–	1,089	(410)	–	679
Latin America – Peru Partners	–	1,546	(1,539)	–	7
Latin America – Rikolto	339	4,941	(5,232)	–	48
<b>Total restricted funds</b>	<b>119,702</b>	<b>455,924</b>	<b>(548,872)</b>	<b>–</b>	<b>26,754</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>57,007</b>	<b>1,676,721</b>	<b>(182,341)</b>	<b>–</b>	<b>1,551,387</b>
<b>Total unrestricted funds</b>	<b>57,007</b>	<b>1,676,721</b>	<b>(182,341)</b>	<b>–</b>	<b>1,551,387</b>
<b>Total funds</b>	<b>176,709</b>	<b>2,132,645</b>	<b>(731,213)</b>	<b>–</b>	<b>1,578,141</b>

Purposes of restricted funds

**Africa – Global Resilience Partnership:** Funding co-sponsored by USAID, the Swedish Government and UKAid) to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.

**Africa – World Bank:** Funding from the World Bank Data Innovations Fund to support the development of Producer Direct's farmer-led data system in East Africa, with the aim of supporting smallholder farmers to respond to climate risks.

**Africa – GHR:** 2018–2020 Bridgebuilder Challenge funding awarded from the GHR Foundation and OpenIDEO to support YouthDirect –focused on promoting youth engagement with agriculture across Kenya, Tanzania and Uganda.

**Africa – Innovate UK:** Funding from Innovate UK's Agritech 9 funding window over 24 months from August 2020, sub-granted from Climate Edge, to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management, and from Innovate UK's Global Challenges Research Fund (GCRF), sub-granted from Climate Edge, to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders.

**Africa – Producer Partners:** Funding from producer partner organisations Sireet OEP (Kenya) and Kayonza Tea Growers Factory (Uganda) to support Producers Direct's market access work in East Africa, including structuring honey value chains and developing market access opportunities for product sales into local and national markets.

**Purposes of restricted funds (continued)**

**Latin America – Community Fund (previously Big Lottery):** A four-year programme in Peru (2015–2019), entitled Innovation by Smallholders to enhance Productivity, Incomes, Resources and Enterprise (INSPIRE), funded by the UK Community Fund (previously Big Lottery Fund), to support the establishment of 3 Centres of Excellence in Peru.

**Latin America – HenriNestle:** Funding awarded from the HenriNestle challenge on youth agri-entrepreneurship to support agri-entrepreneurship.

**Latin America – Rikolto:** Funding to support the further development of Chirinos' Centre of Excellence in coffee quality, and youth leadership development within coffee communities in Peru.

**Latin America – Pret a Manger:** Funding to support Peruvian Partners, particularly Cenfrocafe, to implement a youth leadership training programme.

**Latin America – Producer Partners:** Funding from Peruvian producer partners to undertake a market research study on opportunities for income generation from the sale of diversification crops.

**Latin America – World Food Programme (WFP) Innovation Accelerator:** 2020 funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.

**19 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2020, Cafédirect Producers Limited.