



PROGRESSIO

Trustees' Report and Financial Statements

For the year ended 31 March 2011

Progressio is the working name of the Catholic Institute for International Relations which is registered in the UK as a charity (number 294329) and a company limited by guarantee (number 2002500).

The Trustees of the charity are also non-executive Directors of the company. As such this report represents both a Trustees' and a Directors' Report.

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PROGRESSIO

Contents

Progressio challenges poverty with people power

Progressio is an international charity with Catholic roots that works in 11 developing countries.

We believe that with the right skills and knowledge, people can overcome the barriers that keep them poor.

Our innovative approach places skilled development workers with local organisations and community groups in 11 countries around the world:

Africa

Malawi
Somaliland
Zimbabwe

Middle East

Yemen

Asia

Timor-Leste

Central America

El Salvador
Honduras
Nicaragua

Caribbean

Dominican Republic
Haiti

South America

Peru

Our development workers share skills, know-how and training with these local organisations, so that they can better meet people's needs locally. Together with them, we work on projects that tackle poverty and empower people to improve their own lives.

These projects also help people to challenge the unjust systems and policies that perpetuate poverty. We make sure that their voices are heard by policy-makers wherever it matters, from the local up to the global level, and we support their calls for changes to the policies that keep people poor.

We believe that together, we have the power to bring lasting change.

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President: His Eminence Cardinal Cormac Murphy O'Connor

Trustee members

Chair: Martin McEnery
Vice Chair: Dennis Sewell
Treasurer: Phil King
Ijeoma Ajibade (elected October 2010 for three years)
John Barker
Susana Edjang (elected October 2010 for three years)
Tim Livesey
Chris Smith
Carolyn Williams

Gillian Paterson – resigned June 2010
Cornelius Murombedzi – resigned March 2011

Statement of trustee appointments

Trustees join the Board in line with a written recruitment policy. They are elected at an AGM for an initial period of three years after which they can be further elected for two years, renewable once (giving a maximum term of seven years). Terms of office begin again if appointed as an officer. Upon election Trustees undergo an induction process and training is available as required.

Senior staff

Christine Allen	Executive Director
James Collins	Director of Finance and Administration and Company Secretary
James Whitehead	International Programmes Director (until March 2011)
Oswaldo Vasquez	Head of Programmes (from 1 March 2011)
Keith Ewing	Director of Communications (until March 2011)
Tim Aldred	Head of Policy and Communications (from 1 March 2011)
Sarah Sandon	Head of Fundraising (from 1 March 2011)

Introductory letter from the Chair of Trustees

Maintaining impact during a challenging year

I see the particular special importance of Progressio springing from our combination of four characteristics:

- our faith inspiration;
- our fundamental support for the respect and dignity of every human person;
- our commitment to the value of empowering people to drive their own development;
- our ability to tell the story of the poor and marginalised to the wider world.

I'm very proud of what we've achieved this year despite very difficult times. This report provides some of the highlights.

In 2010/11 we reached the highest level of income that Progressio has ever seen, at over £6m. Of this, more than £4.7 million was spent on our international programme work, most of which was spent in the countries where we work.

The Trustees have spent a considerable amount of time this year on managing the risks involved in handling a significant reduction in our funding from the UK Department for International Development (DFID) from April 2011. The leadership of the organisation planned for and managed its way through these changes and Progressio is now well positioned to deal with the necessary projected reduction in turnover for 2011/12.

Early in the year we forecast that our current level of funding was not going to be sustained and that we would need to start reducing the number of development workers. This phasing out meant that the effects on partners were kept to a minimum. It was important to us that development workers fulfilled their existing contracts and obligations to partners. Of course, our total number of development workers for the year was lower than in previous years, but still on target. The organisation has also lost staff and reduced turnover size to manage liabilities, mitigate risk and be able to operate in a very challenging funding environment. Losing staff and reducing our size – including moving to a smaller UK office space – is never easy. But it's a testimony to the dedication of the team that tough decisions were taken and that the high quality of work has continued.

Risk has therefore been a significant part of the Trustees' agenda this year. However it hasn't just been in terms of finances but also in terms of security. Working in states such as Yemen, Somaliland, Zimbabwe and Honduras

means that we monitor the situations carefully, and have to be prepared to pull people out. Solid security procedures are in place.

Clearly securing continued, albeit reduced, DFID funding has been a key success over the year. Progressio was one of 40 organisations that successfully bid, through a very vigorous process, for this strategic funding – less than one in 10 of applicants were successful. The level of this funding for 2011/12 has reduced, but the organisation has responded and adjusted to this to ensure that there is some level of security and stability for the next three years.

However the Trustees are clear that Progressio now has to re-think its business model and find ways to increase its revenue and develop new areas of work in line with its vision and values. One illustration of this in practice is Progressio engaging with a pilot government-run scheme for youth volunteering. The pilot went live in April 2011, but a considerable amount of time was spent during this year in planning the pilot. This programme, International Citizen Service, is a government-funded scheme which will enable young people to have an experience of international volunteering that they would not otherwise have been able to have. This is a new area of work for us but one in which we can explore diversification within our mission.

Also during this year the Board itself has reviewed its work and assessed its performance and developed a new structure of committees and reference groups to bring more of its expertise to bear to support the (reduced) staff team. My thanks to the Trustees for their support and dedication in a very challenging year.

A particular highlight of this year has been the staff, both overseas and in the UK. Despite uncertainty, change, cutbacks and even redundancies, they have maintained high motivation and commitment to the work. I want to thank the staff for their great efforts, and to thank the management team for their leadership. Far from putting our heads in the sand, we have seen the challenges that the future hold and have been tackling them head-on.

Staff and Trustees alike have come through the year with energy and resolve. I look forward very much to our working together in this coming year and ensuring we find ways of living out our mission that are innovative, effective and appropriate to the new environment we are working in.

Martin McEnergy
Chair of Trustees

Vision and mission

Our vision: Poor people empowered to transform their lives

Our mission: To help people gain power over their own lives and overcome the barriers that keep them poor

Progressio is an international development agency which works by placing skilled workers with partner organisations. We also work to influence policy for the benefit of poor communities.

Progressio believes that to ensure full human development, people must be authors of their own future. Through our work we seek to build and strengthen the capacity of our partner organisations so that they are better placed to organise, influence and participate in local, national and international structures, in order to deliver results in poverty eradication and social justice.

How we work

We do this by:

- Placing development workers to build the skills and capacity of local people overseas. These are professional people who bring skills not readily available in the country, and whilst they offer the skills a consultant might, they live in solidarity with local staff on a small local allowance. They enable local organisations to find and implement the sort of responses they need to tackle poverty and its causes effectively.
- Advocating for changes in policy, practice and attitudes to achieve positive outcomes for people who are poor and marginalised.
- Engaging with members, supporters and others in the global North, enabling them to be more informed on issues of poverty and to act in solidarity with people in the global South; and for those in the Christian community to be more aware of the connection of issues of poverty to their faith.

We describe the way we tackle poverty as people powered development:

- People – we work through people – giving practical support in a spirit of partnership to local organisations and community groups through our development workers.
- Power – we seek to challenge and influence policies that affect poor and marginalised people.
- Development – we work hand-in-hand with people of all faiths and none to help them transform their own lives, inspired by a combination of Catholic Social Teaching and the best development practice.

Values

Our Catholic roots, particularly Catholic Social Teaching, inspire the organisation's values. Our values seek to speak to all people and identify the common ground where people of any background can work together to tackle poverty and injustice. Working with and for people of all faiths and none is important to the organisation.

Progressio means 'development' and 'advancement' in Latin, concepts reflected in the innovation, energy, enthusiasm and determination we bring to the task of

people powered development, guided and inspired by our values:

Respect

We respect every person's inherent dignity and right to justice. This requires us to ensure fairness and equity in everything we do. At the heart of our work is fair and sustainable use of the earth and its resources.

Solidarity

Poverty is not someone else's problem. We are a global community. So, we stand in partnership with poor and marginalised people to support them in achieving their rights and challenging unfair systems. We bring people together from the global South and North, from all faiths and none.

Passion

Poverty is an outrage. But we believe people can change their own lives for the better. We act with commitment and conviction to see poverty eradicated. We mobilise people from different countries to campaign and act – because every step, however small, helps to achieve lasting change.

Boldness

We are bold and innovative, bringing together Christian values of dignity and social justice with a strong, practical understanding of development. We recognise that relentless determination combined with high calibre work makes the most impact.

Our charitable aims

Progressio's purposes as set out in the Memorandum and Articles of Association include the objectives of:

- relieving poverty, sickness and distress around the world;
- promoting public education and research on the nature, causes and effects of poverty;
- promoting any Christian or moral consideration of these issues;
- promoting a greater understanding of the contribution of faith-based groups to development and international affairs;
- encouraging faith reflection by Catholics and others on development issues;
- fostering tolerance and respect between different faith groups working together to tackle poverty, inequity, sickness and distress.

Making sure our aims are met

The Trustees have taken account of the statutory reporting duty to illustrate how the activities of Progressio meet the legal public benefit requirement. We have noted the guidance from the Charity Commission when reviewing the activities of the past year. This report highlights some ways in which we fulfil our mission and bring benefits to:

- individuals and communities living in poverty in the countries where we work around the world, regardless of race, religion, gender or sexual orientation;
- people in churches and communities in the UK who are concerned about global poverty and justice issues and who seek ways to be more informed about and take action on those issues.

Achievements and impact

The nature of our work – building the skills, capacity and confidence of local people and organisations – is not as easy to quantify as building hospitals or digging wells. Yet the impact of this people-centred approach is clear from the examples given here and on our website.

The impact is not just on the staff of our partner organisations with whom our development workers share skills and expertise.

It is on the poor people and communities who participate in the projects that we work on – with and alongside our partner organisations – and who benefit from the training, advice and support that we and our partners provide.

It is on their families, dependants and communities, who benefit from the improvements they make in their lives and livelihoods.

It is on the other people and communities who learn from their experiences, now and in the future.

And it is on the many people and communities who benefit from the changes in policy and practice that we and our partners help to bring about – whether this is at a local or national level, such as the ability of local people in the Dominican Republic to have a say in local development plans, through the participatory budgeting process; or an international level, such as the forest communities which will benefit from the new European legislation preventing the importation and sale of illegally logged timber.

Our impact in 2010/11

526 local organisations whose capacity, skills and effectiveness we improved

– organisations that helped many thousands of people in poor communities in 2010/11 – and will continue to help them long into the future

46,630 people in poor communities who directly benefited from our work

– empowered through training, advice and support to make real changes in their lives and livelihoods

10,235,518 people in the countries where we work who have also benefited from our work

– through changes in national law, policy and practice that our partner organisations proposed, promoted or pushed for with our support

And millions more people in developing countries around the world who will benefit from policy change

– thanks to our international advocacy and campaigning on issues like illegal logging, water and climate change, supported by 3,250 Progressio members and supporters.

Our development workers

Over the course of the financial year, Progressio had a total of 129 development workers or DWs (three less than in the previous financial year). On 31 March 2011, there were 75 DWs in place (19 less than at the end of the previous year), which is a decrease but in line with planned reductions.

Over the course of the year, however, there was an increase in the total number of months that development workers were in place (1,128 DW months – equivalent to an average of 94 DWs in place per month). This is an increase of 15 DW months on the previous financial year (1,113 DW months – equivalent to an average of 93 DWs per month).

Our development workers are central to our ‘people powered development’ approach. We believe that when people locally have the skills to improve things and bring about change, then a long term sustainable difference is made. This is a difference that will remain long after the development worker has fulfilled his or her role.

Measuring our impact

It is essential that we understand and measure the progress we are making and the impact and outcomes we are achieving. Indicators for this are agreed and monitored through our monitoring and evaluation framework RICA (Regular Impact and Capacity Assessment). Our development workers submit full reports against the RICA framework every six months. Baselines and project targets are set in consultation with partner organisations who also participate in our reporting process. Feedback from partners through the RICA process has been encouraging, and the quality and impact of our work has also been attested by two independent surveys conducted during the year.

Partner satisfaction

In August and September 2010, we were one of 25 international NGOs included in the Keystone survey, a major review of how well international NGOs work with local partner organisations. 39 Progressio partner organisations responded and the survey rates Progressio as average or above average in relation to financial support, capacity building support, administration, relationships, and understanding and learning.

The survey report says: “Progressio UK’s relationships with its respondents are rated particularly highly. Respondents understand Progressio UK’s plans and are involved in shaping Progressio’s strategy. They feel that Progressio listens and responds well to their concerns and that staff are respectful, helpful and capable.”

Value for money

An independent evaluation of Progressio carried out from July-September 2010 for the Department for International Development (our main funder) said: “Progressio’s way of working is human resource intensive, but what it offers is rare and effective.” It said: “For relatively low costs, Progressio is having a great deal of impact. A large number of [partner] organisations have been enabled in a meaningful way; there is an increase in civil society engagement in countries reviewed; and more policies affecting the lives of the poor and marginalised are being influenced, changed and implemented.”

It concluded: “Progressio is a rare organisation. The evaluator has seen many examples of work which are having a high impact on the lives of many of the most socially excluded sections of the societies in which it works... what gives Progressio this rare quality is the very real anchoring of the advocacy work in the lives and reality of partner organisations and their beneficiaries. Many organisations claim to speak on behalf of the poor, but Progressio really does ‘walk the talk’.”

Our objectives

Progressio’s work is focused around three main programme areas – on civil society participation, sustainable environment, and HIV and AIDS – backed up by advocacy and campaigns work to support long term policy change.

Effective civil society participation

The majority of poor and marginalised people around the world do not have an opportunity to participate in decisions and policies that affect their lives. We are working to change this through a two-pronged approach:

- the placement with partner organisations of development workers who bring skills and practical support to help these organisations, and the local people and communities that they work with, to change practices, attitudes and bring about greater accountability from their governments;
- research, analysis and campaigning to influence policy.

We work with local groups, networks, organisations and governments, seeking to find ways that people who are poor and marginalised can influence local policies and practices in order to make a positive difference to their communities' way of life. This objective represents recognition that policy change, local accountability and good governance can significantly reduce poverty and lead to a better quality of life at a community level, not just for selected individuals.

Highlights

In **Nicaragua**, our Local Economic Development project has built alliances and networks to ensure increased citizen participation in local development planning by the Dipilto and Totogalpa councils. For example, local relationships with institutional representatives such as the Ministry of Health, Ministry of Education, the National Police and the Institute of Tourism have enabled communities to develop tourism initiatives.

In **Honduras**, our development worker Karla Valencia facilitated training in leadership and communication, organisational psychology and conflict management for 287 community leaders – both men and women, and including young people and adults – from 27 communities in Tambla and Tomalá regions.

In **Timor-Leste**, our work strengthening the advocacy capacity of the women's network organisation Rede Feto resulted in direct influencing of key stakeholders during the promulgation process of a new law against domestic violence, and increased involvement by Rede Feto in key national strategic development processes, such as the Timor-Leste and Development Partners Meeting, National Discussion on Viable Livelihoods for Women, and UNR1325 Anniversary Round-Table.

In **Yemen**, our project strengthening the organisational capacity of civil society organisations has enabled them to build alliances with local authorities and participate in local development planning processes. In Aden, this has led to the local authority incorporating community plans within its district plan, frequently participating in community level activities, and listening to the voice of the people. In January 2011, our partner organisations in Aden established the Civil Society Network for Sustainable Development and began to build relationships with local, national and international networks for future development and policy planning partnerships.

As a specific example of the potential outputs from these processes, our development worker Joseph Aloo facilitated a community needs assessment workshop in the district of Al Marawa in Hodeidah, during which water came out as the priority need of the community. Consequently, Progressio partner organisation Abu Musa Al Ashary mobilised resources and partnered with the community to develop a community water project.

In **Zimbabwe**, where promoting good governance requires specific sensitivity, Progressio's project 'Action for better governance – realising the common good' is working through and with the Catholic church to strengthen local church structures in promoting civic education to parishioners and other members of the community. A Participation and Transparency Survey was carried out in three districts and a Training of Trainers workshop on governance was carried out with diocesan representatives. This work has contributed towards greater transparency, accountability and responsiveness of local and national government structures. For example, at one 'Meet your representative' meeting in Chinhoyi, 300 people – more than half of them women – were able to raise issues with their local representatives. This way of working in Zimbabwe is achieving a wide reach to communities, strengthening their capacity to organise and voice their ideas and concerns.

In response to the need to strengthen the capacity of civil society organisations to engage with the national government, Progressio Zimbabwe worked with the National Association of NGOs (NANGO) and a research institution on a policy advocacy project targeted at five selected key thematic areas. The first phase of the project focused on presenting well researched policy options in a process that includes community level consultation on the thematic areas in question. The second phase entails monitoring adoption and appropriate implementation of the ensuing policies, while at the same time supporting NANGO to continue facilitating the development of policy options in other areas with the involvement of grassroots organisations.

Through our ongoing work with the Zimbabwe Women's Resource Centre and Network (ZWRCN), Progressio Zimbabwe assists women and youth organisations in influencing local and national level development planning and budgeting. This two year project is empowering poor and marginalised people in Zimbabwe, especially women, to have greater influence on decisions and policies which affect their lives in order to reduce their poverty.

In **Malawi**, Progressio works with the Civil Society Coalition for Quality Basic Education (CSCQBE). This is a network of 42 civil society organisations that seek to improve the provision and quality of education being offered in Malawi. They monitor government spending, undertake research and training, and seek to influence government policy. In this way they seek to ensure that there is more transparency about government spending and that money is spent effectively on education. Focusing on 20 District Education Networks, CSCQBE has reported an increase in the skills and knowledge of these staff in being able to monitor education budgets and advocate for education financing.

Case study: Haiti/Dominican Republic



In December 2010, we published a report 'Haiti after the earthquake', aimed at international policy-makers, which showed that the Haitian people feel they have little say in efforts to rebuild their country. Things are being decided "for, not with, Haitians," said Fr Lazard Wismith, Director of our partner organisation the Jesuit Refugee and Migrant Service. He said solutions to problems must come from the people themselves: "in this way, you will make development more sustainable and people will feel part of it."

And that's exactly what Progressio does. In the Dominican Republic (DR) and Haiti our binational, cross-border project has six development workers working with 10 partner organisations and in 20 municipalities. This project helps people find ways to respond to the effects of the earthquake, improve livelihoods, increase access to healthcare provision and improve educational infrastructure.

In one community, Fond Parisien, our development worker Daniela Peirano has helped a women's group to set up and run small businesses. At least 75 women (and their households) have seen their incomes increase. One of them, Bernadette Sauval, said: "The most important change in my life is that now I have an occupation. I learnt that I am able to run a business and that is very important to me. And I learnt that I have lots of skills – and that I can always keep learning."

Daniela's project also includes leadership skills, literacy, education, health and wellbeing, and benefits over 8,000 people in total. Equipped with the right skills, people are better able to exercise their rights and demand more and better services from local and national governments.

And we are creating opportunities for many more people to build a better future. We worked with 18 local authorities in the border region, promoting and implementing civil society participation in local development planning. And we trained community leaders in 13 municipalities (seven in Haiti and six in the DR) on how to make best use of the opportunities to participate that are open to them.

Photo

Marie Point DuJour selling mangoes in Port-au-Prince, Haiti, June 2010. In May 2010, a woman settler said at a meeting with community members in Lascahobas, Central Plateau, organised by Progressio: "We need to increase the visibility and potential of local leadership and the role of women at local level."

Photo: Natasha Fillion/Progressio

Towards a sustainable environment

Poor people in developing countries are the most vulnerable to climate change, damage to the environment and natural disasters. Livelihoods are threatened and their vulnerability increases.

Progressio's work seeks an improvement in the quality of life of impoverished communities through the reduction of risks stemming from environmental vulnerability. Our work involves supporting local organisations that want to improve the management of local natural resources, enabling farmers to adapt to climate change, and enabling communities to improve productivity and marketing of goods.

Highlights

In **Somaliland**, our development worker Lemma Belay – working with our partner organisation Candlelight – is helping to train families in sustainable agriculture, soil and water conservation. This means people are better able to withstand environmental shocks such as drought. Lemma reported: "There are now more underground cisterns and dams constructed and rehabilitated in the drought-affected eastern regions of Somaliland."

In **Honduras**, as part of a project with partner organisation COOMULP supported by our development workers Marvin Zavala and Eli Escoto, 65 families from Tres Cruces, Mezcalito, Fatima and Planes de Marcala now have access to water at their small farms to irrigate their crops.

Also in Honduras, development worker Fernando Ruiz, working with CARITAS, has established a radio programme on environmental issues, called "The Voice of Mother Earth", reaching a potential audience of over half a million people in Copan, Ocotepeque and Lempira. Fernando has also facilitated training for 167 people, including community leaders, on socio-environmental issues such as the Water Law and Forest Law.

In the Honduran capital Tegucigalpa, we supported the

women members of our partner organisation the Mother Earth Movement to increase their food self-sufficiency by setting up urban food gardens. As Maritza Arevalo explains: "We train women so that they are able to grow vegetables in their yards, use organic fertilisers and be self-sufficient." In response to severe water shortages in the city, they have also built around 200 water tanks to collect rainwater.

In **Nicaragua**, we helped 70 women to design their own plan for growing up to 14 food items in their own 'backyards'. 45 women received training in looking after the products introduced into their backyards and produced a programme of the training they needed. A leaflet on organic compost was designed, based on workshops delivered to the women to encourage them to integrate this element into their production systems. Experience gained in the backyard planning process was systematised in a video so it could be replicated in other communities.

In the northern border area of **Haiti/Dominican Republic**, our agro-forestry project combines reforestation with improved farming techniques to conserve soil fertility and boost food production. In the DR we are working with 63 farmers' associations and cooperatives, and in Haiti, with more than 300 farming families.

Also in the DR, 240 coffee farmers in Salcedo – supporting 1,200 people – increased their income by 50% after their coffee producing cooperative, JUNACAS, gained organic and fair trade certification for their produce. The certification means that they can sell their coffee for a better price, which has enabled the cooperative to pay off its debts and begin to invest in infrastructural improvements. The project has won two awards, from Brugal and from the Ford motor company.

In **El Salvador**, our development worker Maggie von Vogt worked with our partner organisation UNES to build community understanding of the environmental impacts of climate change, and to advocate for policy change through the Central American Climate Justice Campaign.

Case study: Zimbabwe



For poor and marginalised people, protecting the environment must go hand in hand with increasing their incomes and improving their quality of life.

In Wedza, rural Zimbabwe, poverty, food shortages and low income make life a daily struggle. Families survive on as little as \$1 per day and mid-season droughts make farming, their only source of income, increasingly hard to depend on.

But with Progressio's support, the women farmers of Wedza have tripled their income to \$3 per day – meaning they can now send their children to school, feed their entire family, and feel safe knowing that tomorrow there will be food on the table.

Our development worker, Melody Kwanayi, a specialist in agro-ecology, worked alongside the women, demonstrating ways they could improve their crop yields, introduce healthier and more nutritious crops, and grow varieties that sell at a higher price at local markets.

What's more, with our partner organisation Environment Africa, we've helped farmers to process and market produce such as honey, which they used to be unable to sell – but now are selling in hygienically packaged jars with pre-printed Chigondo labels. (Chigondo is the name of the local market town.)

And it doesn't stop there. The farmers invite other people in their communities to visit their farms and learn the techniques – as Mrs Ngonidzashé Mutema told us, "Meeting at a field to learn by actually doing made it easier to understand."

In total, 4,000 people in Wedza – the farmers and their dependants – have benefited from this project.

And during the project, development worker Melody has passed on her skills and knowledge to her counterparts in Environment Africa, who will use this expertise to support other local initiatives throughout Zimbabwe and Malawi.

Photo

Farmers from the Chaitemura Chavakuseva group in their fields in Wedza, Zimbabwe. Women farmers interviewed at the market in Chigondo told us: "We are very excited at all the new food stuffs we have been introducing. Our village is healthier now as a result of this. And now we can sell our produce, we can afford to pay the fees to send our children to school!"

Photo: Jon Macpherson/Progressio

Progressio has been working on this issue for many years. Our achievements range from helping to build a national strategic response to HIV in Somaliland and Yemen, to pioneering new ways of raising awareness and tackling stigma and discrimination, such as the 'masculinities' approach in Central America.

The HIV pandemic is not just a health issue, but also one of the world's biggest challenges to development. Those who are poorest are disproportionately affected and the high and growing rate of prevalence among women and girls represents a global 'feminisation' of HIV and AIDS.

Our goal for tackling HIV and AIDS is to seek an effective and appropriate response in policy and practice to the HIV pandemic from communities, faiths, civil society and governments that will result in lower prevalence rates, greater access to treatment and removal of stigma and discrimination against women, men and children living with or affected by HIV.

Progressio offers an important dimension by working with faith communities, especially through influencing religious leaders to recognise the strength of their potential to help build an effective response to HIV and AIDS.

Our focus now is on working to tackle stigma and discrimination, and empowering people living with or affected by HIV to play a leading role in responding to HIV. In this way, we achieve an immediate impact for people living with HIV, by reducing stigma and discrimination and promoting better policies and services; and we achieve a long term impact, by empowering organisations, communities and people to drive through changes now and in the future.

Highlights

In **Zimbabwe** Progressio is working with the National Faith Based Council of Zimbabwe (NFBCZ) to find ways to effectively address the HIV pandemic and to improve the support and options available to people with HIV. The organisation itself has seen its functions and structure improve dramatically over the project, now having a functional secretariat. The organisation provides training to senior church members on issues around HIV and gender based violence. Many church leaders provide informal HIV-related counselling, and in November 2010, NFBCZ in collaboration with the Zimbabwe Institute of Systemic Counselling provided training in HIV, bereavement and marriage counselling to 60 pastors and other church leaders from Harare and Manicaland provinces.

In May and June 2010, Progressio carried out interviews in **Zimbabwe, El Salvador** and **Yemen** for a report exploring people's experiences of HIV and faith. Jane, a woman living with HIV in the informal settlement of Hatcliffe near Harare, said: "People living with HIV don't want church members to know because they will be stigmatised." Progressio's work is challenging such stigma and discrimination, as demonstrated by Christopher, a pastor in Chitungwiza: "I want to be educated about HIV and to be a counsellor. I want to talk to people about HIV, to strengthen them. As a pastor, this is my duty to all, positive, negative, or whatever they may be dealing with."

Also in **Zimbabwe**, our project on managing HIV in prisons – with our partner organisation ZACRO – involves raising awareness about HIV among prison staff and inmates. The project also aims to bring practical improvements to the lives of prisoners living with HIV, such as setting up food gardens growing nutritional crops at a number of prisons, including Chikurubi female prison, and providing clothing, bedding and basic medication to inmates whose children are living with HIV. This has been a major support component for inmates living with HIV and incarcerated with their children.

Through our partnership with the Zimbabwe AIDS Network, we also supported the strengthening of grassroots HIV service organisations and increased the network's capacity to advocate for greater provision of and access to HIV information and services.

In **Yemen**, as a result of years of advocacy efforts supported by Progressio, a new law protecting the rights of people living with HIV has been introduced – a major milestone in the response to HIV. We are now partnering with UNAIDS to raise the awareness of influential groups, including religious leaders and the private sector, on the new law.

Also in Yemen, Progressio is working with the Women's Association for Sustainable Development to improve its ability to respond to HIV and to ensure greater coordination between NGOs and government on the issue. Mariam, a sex worker interviewed by Progressio for our report on people's experiences of HIV and faith, said: "I became involved with the Women's Association for Sustainable Development after they did a survey among sex workers on HIV testing. I decided to contact them. Due to the HIV programme at WASD, I have been able to include condom usage when I do sex work. So, I use protection whenever I can. I don't want to have unsafe sex as I must live to take care of my children."

Case study: Timor-Leste



Our focus is on empowering people living with or affected by HIV to play a leading role in responding to HIV. One such organisation is Estrela+, a support group set up by and for people living with HIV in Timor-Leste.

Ines Lopez, manager of Estrela+, told us: "We wanted help to get ourselves organised. Our country has had a lot of conflict and problems in the past and many of our members have interrupted education and no training in how to run an organisation. Also many of our members are from very poor rural environments, and have very little understanding of the issues of HIV."

Our development worker Fi Oakes has been working with Estrela+ since March 2010, helping them build their organisational capacity and supporting them in developing advocacy strategies to reduce stigma and discrimination.

With Fi's help and advice, "we are getting stronger," says Ines. They have submitted an application to the Ministry of Justice for legal recognition and are regularly included in national level meetings on HIV strategy. They have delivered community training in rural communities on HIV awareness, and workplace policy training to other (non-HIV) organisations. They have networked with HIV counselling and testing centres to refer people to them for care and support. Most importantly, they have gained the confidence

to stand up for themselves in a country where stigma, discrimination and misinformation are still the norm.

As Fi Oakes says: "My inspiration comes from little things, like when I see someone transform from a shy person at the back of the room, then a few months later leading a group discussion on an issue. When I compliment them on their skill they say, 'Thank you, I learned that from you.' That means a lot. But also when I hear 'No, I disagree with you, I think we should do something different,' I know they have learned to stand up for their rights."

Photo

"We need to educate the community [about HIV] to reduce stigma and discrimination and encourage families and communities to support people living with HIV," says Ines Lopez. Here Ines (blue shirt) runs a workshop at Venilale village in Baucau district. The village has no electricity so instead of using a powerpoint presentation, Ines used the pictures on Fi's t-shirt to explain about HIV prevention.

Photo: Estrela+/Progressio

Changing unfair policies and practice

We believe that poverty can only be tackled for the long term if there are changes in policy. Progressio does this in two ways.

Firstly, by bringing the voices of people in the South to be heard by policy-makers and influencers at a global decision-making level. This is done directly – such as our development worker from **Malawi**, Innocent Ogaba, attending climate change talks in Bonn in August 2010, and representatives from our partner organisation UNES (the Environmental Movement of **El Salvador**) attending climate change talks in Cancun in December 2010. At Cancun, we lobbied alongside UNES, and saw a major breakthrough when water issues were finally added to the climate change negotiations agenda – something we first called for with our Just Add Water campaign in 2009.

And it is done indirectly, through the experiences and perspective of people in the South being central to Progressio's publications and policy briefings – such as our publication 'Haiti after the earthquake: Civil society perspectives on Haitian reconstruction and Dominican-Haitian bi-national relations', published in December 2010, or in our report 'Drop by drop' – about unsustainable water use by the asparagus industry in the Ica valley in Peru – published in September 2010.

Working with our partner organisation CEPES, this report is being translated into Spanish and published locally – increasing the impact that the report will have in **Peru**, and ensuring that the problems of water usage and access that affect local farmers can begin to be addressed.

The second approach is through informing and educating supporters about poverty and its underlying causes and through mobilising them to engage in policy change. During the year Progressio supporters took 1,250 campaign actions on illegal logging, climate change, and government

commitment to the Millennium Development Goals.

Progressio staff gave 25 talks, workshops and events over the year in order to increase awareness of poverty and its causes. Another main area for outreach is through the Progressio website, which aims to build knowledge and understanding of poverty and development, and encourage and enable people to take action themselves. Nearly 55,000 people visited Progressio's website during the year (despite having moved to a new website address, which means rebuilding links and visibility) and over 750 people newly registered for the Progressio online community and subscribed to our regular email newsletters.

Raising the profile of poverty issues through media coverage is also important to Progressio, not just for organisational profile, but as a complement to policy change.

One particularly strong example of this was the significant media coverage of the 'Drop by drop' report, which included a two-page spread in 'The Guardian' newspaper. This led to valuable discussions with supermarkets about ways in which they can improve their sourcing and ensure that their produce is grown with greater concern for its environmental impacts, and the poverty caused to local people by the deterioration in water supply. We are now following up on issues of water equity in a globalised world with policy-makers in the public and private sector.

During the year Progressio secured media coverage worth £74,133 (using equivalent advertising space calculations) with a potential audience of more than 9 million people having Opportunities to See (OTS measurement). This was significantly lower than the previous year, however, this is largely due to a change in approach (less regular columns) and more of a focus on policy.

Our Catholic roots and links with the Catholic community mean we understand the importance and role of faith. We live in a faith-based world – and many people in the countries where we work are people of faith. So in a variety of our projects, we work with local faith-based organisations and faith leaders to bring about change. This work is with organisations and people of all faiths.

For example, in **Yemen**, we organised workshops with Islamic religious leaders to raise awareness about HIV and the role they can play in reducing stigma and discrimination; and in **El Salvador**, we worked with the faith-based organisation Centro Bartolomé de las Casas to run workshops for men challenging 'macho' attitudes and raising awareness about high-risk behaviour in the context of HIV.

In the **UK**, the visit of Pope Benedict XVI provided the opportunity to highlight poverty issues from a faith perspective. We wrote a well-received briefing to all MPs about why international development matters to the Catholic church, and were pleased to see a focus on environmental and development priorities during the visit.

We published 'Love received and given', a guide to the Papal encyclical Caritas in Veritate, which aimed to help Catholics make a connection between their faith and the duty to tackle poverty and work for development.

And we continued to play an active role in the livesimply network – a UK Catholic coalition promoting social justice. On behalf of livesimply, we developed the UK's first website devoted to Catholic Social Teaching, aimed at Catholic audiences who wish to have a deeper understanding of poverty and development in the context of their faith.

During the year, we also had articles about our work and perspectives on development published in the faith press, as well as articles and comments from a faith perspective published in the national secular press such as 'The Guardian' newspaper.

Women, who make up the majority of people in poverty, are at the heart of our work to strengthen the ability of poor and marginalised people to demand and defend their rights.

In **Somaliland**, women played a key role in ensuring 'free and fair' elections in June 2010. Progressio coordinated a team of international election observers whose report commended "the notable presence of women as campaigners and voters". Our partner organisation, the women's network NAGAAD, presented the new government with an advisory paper on gender issues, and during the year published a report on 'Women's human rights in Somaliland' written by our development worker, Maria Tungaraza.

In **Yemen**, "women have a strong voice now," says our country representative Abeer Al-Absi, "and are putting forward their opinions about what a new Yemen should look like." In 2010/11 we supported a range of civil society organisations, increasing their capacity to deliver services and to influence local government decision-making. More women than men participated in training workshops and community planning meetings.

In the **Dominican Republic** (DR), we jointly published with the United Nations and the DR Ministry of Women a new guide and auditing tool to ensure local government plans and budgets meet women's needs. Developed with our partner organisations, the guide will ensure that all 155 municipalities in the DR fully implement the gender requirements of the new National District and Municipalities Law – potentially benefiting all women and girls in the country.

In addition to working with partner organisations on changes at the national level, our work also empowers women at the local level. In Las Marías in Usulután, **El Salvador**, for example, our development worker Gloria Araque helped a local women's group to develop small business ideas. This income generation project was so successful that representatives of the Ministry of Economy approached the women and offered to fund the initiative.

And to ensure that we embed a gender focus in all our work, Progressio's internal gender working group completed a gender training manual to give all new staff and development workers a comprehensive understanding of the issue and how to implement it in their work.

An independent evaluation of Progressio, carried out in 2010 for the UK government, said Progressio has "a serious commitment" to promoting women's rights and empowering women. The evaluation report says: "Progressio seeks to be not only gender aware but also gender transformative."

Improving the organisation's effectiveness

To support the achievement of our programme objectives and to operate as effectively as we can, our Strategic Framework 2010-15 highlights 12 organisational objectives. The Trustees receive reports on progress against these objectives in their quarterly board meetings, but would like to highlight some areas.

Overall the organisational systems are good. As part of the vigorous process of securing strategic funding from DFID, Progressio was assessed by consultants KPMG. This 'due diligence' exercise was a requirement by DFID and was very detailed. It covered all aspects of the organisation's systems, processes, structure and procedures. Although their full report was given to DFID and not shared with us, feedback was generally very positive and revealed only minor areas, such as updating financial regulation and bringing in a fraud/bribery policy, which we are now acting on.

Diversify and increase income

Despite the challenging economic environment, Progressio has been successful at securing more income. However, the overall increase in income was not reflected in unrestricted general giving, which remained static. Those giving more than £1,000 are listed in the statements, and there are 24 of them this year, slightly down on the 28 from last year (but still double the number from two years ago). The numbers of those giving more than £20,000 have remained the same at 17.

Due to insecurities with funding and a restructuring there were some vacancies within fundraising staff during the year. However by the end of the year, a full complement of a newly formed team was in place, including in-country fundraising.

Manage our resources strategically, efficiently and sustainably

The reduction in funding from our long-standing funders required us to take a fresh look at our operations both in the immediate and in the longer term. Throughout the year the organisation was preparing and planning for a reduction in turnover. Decisions were made to reduce spend and reduce liabilities. This involved restructuring in every part of our activities:

- restrictions and new management structures in some of our country operations;
- reduction in staff posts in the UK and in country programmes – a net loss of 15 posts in total;
- reduction in office space and in other administration areas.

These decisions were not made lightly and we have an enormous sense of gratitude to staff who we have lost as a result. Several of those who left us had worked with us for a long time and have made a huge contribution to the organisation. However, the Trustees and senior management believe that this restructuring was prudent in the current climate. The one-off redundancy costs incurred by the restructuring were absorbed by the organisation, with prior approval of the Trustees. The expenses of the restructuring were within the parameters agreed by the Board.

Governance costs reduced over the year from 13% to 11% of the budget. As this also includes one-off costs of redundancies, future spend should be lower in real terms.

Improve organisational learning

Progressio's new monitoring and evaluation system (RICA) is based on development workers and staff establishing baseline data with partner organisations at the beginning of a placement, and provides a wide range of Means of Verification tools by which progress against baselines, milestones and targets can be measured. This not only provides a means by which impact can be measured, but has also been rolled out through a process of learning. Development workers and staff have 'championed' the new system and evaluations have also shown how lessons have been learned.

One instance of this is the staff using one of the RICA tools (the Capacity Assessment tool) to assess its own capacity and indicate areas for improvement and development. This is going to be repeated in the year to come. Another instance was the attendance at the Bonn round of UNFCCC negotiations of our development worker in Malawi, Innocent Ogaba. An independent evaluator highlighted that the support offered to him showed evidence of learning from previous experience.

Strengthen sectoral credibility, authority and expertise

Progressio's advice and engagement has been sought from a range of sources over the year. From the Catholic Bishops Conference through to DFID, we have been asked for advice around the links on faith and development. The report on water usage in agriculture also led to Progressio being recognised as having a constructive contribution to make in the UK Water Network and with the business sector.

Full financial statements for the year ended 31 March 2011 are appended to this report (see page 20)

Despite the continued challenging economic environment, Progressio's financial statement for the year is very healthy. Both income and expenditure were up by 4% on the previous year's levels.

Total actual received and receivable grant debtor due for the year is £6,096,280 up from £5,835,710 in the previous year. This is an increase in total income of £260,570 on the previous year and is the highest ever income for the organisation. Expenditure during the year was also higher at £5,907,173 as against £5,653,536 in the previous year.

Restricted funds continued to grow, although general donations were down a little and legacy income was much lower than in the previous year. Additional funding for Haiti following the earthquake continued to come in, especially from other NGOs who recognised that we had an expertise or reach that they might not have.

Total restricted funding during the year amounted to £2,900,576. A figure of £868,822 is carried forward at 31 March 2011 into restricted reserves to be expended in the coming year. This is slightly higher than the previous year, but reflects timing variances of grants.

The organisation has made a small surplus of £189,107. This is made up of the movement of restricted funds of £66,795 and an unrestricted surplus of £122,312.

This small surplus, of 2% of turnover, reflects the phased reduction in some aspects of work and a restructuring in order to ensure the organisation was ready for a reduced income in the forthcoming financial year. The Trustees agreed to decisions to reduce spend in the light of projections of income over the coming three years. The Trustees believe that these were prudent decisions in the light of financial uncertainty, which subsequently have been borne out. The one-off costs of the restructuring are reflected in the central UK costs, and shown separately in the statements under note six.

All grant debtors due for previous financial years were received by March 2011 which is consistent with good reporting on expenditure in agreed timescales.

In line with the Trustees' decision, Progressio did not forward-book any US dollars in this financial year. The exchange rate was fluctuating less and Board members felt that forward-booking in this context was more akin to speculation and not in keeping with the values and purpose of the organisation.

The balance of spend is in line with Progressio's purpose: 81% on international programmes including advocacy; 5% on communications; 3% on fundraising and publicity; 11% on governance (including restructuring costs).

The unrestricted reserves are now at £1,338,385 which represents 12 weeks at current turnover. This level is consistent with the Board's policy (see below).

Cash flow management

Cash flow was well managed during the year, being monitored as part of the quarterly Finance and Audit sub-committee meetings. It has been noted by Trustees that the reduction in the DFID grant for forthcoming years and therefore the larger percentage of restricted funds in the budget will all make cash flow more of a challenge to the organisation. The Trustees are confident that the management team have put steps in place to mitigate this.

The donor profile and fundraising

It remains the case that a small number of donors are responsible for the majority of the organisation's income. To continue to respond to this, a new fundraising team was created. In-country programme development and fundraising staff were put in place during the year, although some vacancies in the UK were for a period difficult to recruit for, especially in the light of potential uncertainty over the organisation's future. Therefore actual spend on fundraising this year was lower than previous years. Further increases in spend on fundraising are planned for 2011/12 in line with the wishes of the Trustees.

Reserves policy

The Trustees have examined the charity's requirements for reserves in light of the main risks to the organisation. The Board has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be between two and three months of expenditure.

The Trustees strive to balance the priorities of enabling the organisation to grow and maintaining a necessary level of reserve in order to fulfil contractual obligations. The level of reserves is reviewed by the Board on an annual basis taking into account risks, liabilities and contractual requirements.

Risk management

An annual risk appraisal is submitted to the Board and the register of risks is reviewed and updated each year. Risk analysis is central to management decision-making. Risk assessments are part of the on-going project cycle and the management team has begun to look at the risk register at its meetings. The Board is confident that, where necessary, procedures are put in place to mitigate the risks that Progressio might face.

During this year, the Board undertook significant additional meetings to assess the increased risks in the light of the uncertainty around DFID funding. The restructuring in the light of income projections (on a best case scenario) was undertaken which was subsequently shown to be prudent and correct. This process also included the steps to initiate closure of the organisation. Legal advice was taken, full steps set out and the closure process was fully costed.

There is a regular programme of audits both internal and external that identify risks, assess systems and ensure checks and balances are in place.

Investment policy

Clear calculations have been made on the organisation's contractual liabilities and the reserves level covers these with only a small amount of excess. Therefore the priority for the Trustees is to invest the reserves in a low risk context. In the light of the banking crisis, the Trustees and Finance Director are only too aware of the importance of low risk rather than seeking high financial gain. We therefore look to invest our funds in short term secure deposits of up to six months with availability of instant access where deemed appropriate. Progressio also holds modest balances in both US dollars and Euros to cover forecast expenditure from restricted external donor funding. On some occasions we have also supplemented the currencies held by bulk ex-forward-booked currency purchasing. The Trustees believe that the objectives of the investment policy were met during the last year.

Progressio is a medium-sized organisation with (at 31 March 2011) 77 employees, 21 staff in London and 56 in the 11 countries where we work. (It should be noted that this latter number includes security staff in countries, who are essential for risk management.)

Staff and management

Staff report to the Board of Trustees. Delegated authorities to the staff are in writing and reviewed periodically. A Management Team leads the staff. The Management Team reports to the Board quarterly and works closely with relevant sub-committees. The Chair of the Board line manages the Executive Director and provides support, guidance and performance review. The Director of Finance and Administration works closely with the Treasurer and the Finance and Audit Committee.

The Management Team is made up of the Executive Director, Head of Programmes, Finance and Administration Director, Head of Policy and Communications and Head of Fundraising. In the last year, a new post of Head of Fundraising was appointed to address the challenge of diversifying and increasing income.

The Head of Programmes manages the country-based staff through sub-regional managers and country representatives. They are responsible for project and development worker assessments, reviews, placements and recruitment, as well as liaison, networking and reporting. Further investment in raising funds was also made at country level with the introduction of Programme Development and Funding Officers who assist in the development of projects and finding funding.

Progressio is committed to forming a close and respectful working relationship with each of our partners overseas and with our beneficiaries. The country offices have advisory reference groups that include representatives of local organisations and communities.

Board of Trustees

The Board of Trustees has the main governance role in Progressio. At 31 March 2011 there were nine members of the Board of Trustees (the constitution requires between eight and 12). The Board is currently recruiting for new members.

Recruitment and Trustees

Board members serve a period of time in line with written documentation. Board members can serve up to a maximum of seven years (12 years if taking on an officer's role) and they are elected or re-elected by the membership at the AGM periodically.

Trustees are nominated to the membership at the AGM by the Board, but trusteeship is open to anyone, in line with a written policy on trustee recruitment. The Chair and any two other Board members must be Catholic. All Trustees have an induction process and receive a folder of relevant material. As well as Progressio's own information and policies, all Trustees receive a copy of the NCVO Good Trustee Guide.

There are two sub-committees which have terms of reference and report to the main Board at quarterly meetings.

The Organisational Development Committee (ODC) has responsibility for overseeing trustee recruitment and senior staff support. During the year it undertook a skills audit and performance review which has informed the current recruitment drive and led to changes in this committee so that it will become an Officers Group and oversee an ad hoc recruitment group.

The Finance and Audit Committee (F&A) is responsible for overseeing the financial security of Progressio, including fundraising. A separate Fundraising Committee is to be established.

Board meetings

The Board usually holds four meetings a year plus an awayday. This year there were two additional Board meetings to deal with the issues around the DFID funding and the contingency plans.

As well as the sub-committees, Board members are encouraged to engage with Progressio's work through new Reference Groups which are to be established. This year travel abroad by Board members was limited to financial audits because of cost limitations, although we hope to enable more Board members to experience first-hand Progressio's programme work.

A joint away day of the Board and the Management Team is held annually. This year the day focused on strategy post the DFID decision and long term strategy along with the Board performance review and skills audit.

Membership

Another vital part of our governance, and essential to our achievements, is the wider membership. There are more than 3,000 members and supporters who are active in supporting our work and campaigns. Some of these are legal members of the Company who have a key decision-making role at the AGM, including responsibility for the governance measures of electing the Trustees, ratifying the Chair, approving the annual report and accounts, and appointing the auditors. For 2011 we are looking to develop a workshop event for members and supporters where there can be greater engagement with the organisation's work.

Progressio Ireland

Progressio has close working relationships with Progressio Ireland, a 'sister' charity that is an independent company. Progressio Ireland has its own Board and management structure and there is a partnership agreement/Memorandum of Understanding in place between the two organisations. Where Progressio Ireland provides funding (often from Irish Aid), there is a contract in place for every country programme. Progressio Ireland also undertakes advocacy and awareness raising work in Ireland in close collaboration with the UK and there has been increased joint planning and strategy development between the two organisations in the last year.

There is close contact between staff and Board members of the two organisations, with attendance from the UK staff at Irish Board meetings, joint planning, joint funding applications and contact between the two Chairs.

Priorities for the year to come 2011/12

The successful securing of DFID strategic funding for three years from 2011 was a major achievement in the year, but the reduction in the level of this funding means that the Trustees are committed to continuing to reduce the organisation's dependence on this form of funding. This entails a number of elements which will constitute our priorities for the coming year:

- Broadening the funding base for the organisation – to widen the donor base on restricted funds and to increase the levels of unrestricted income.
- Embedding the changes in structure to ensure continued effective programme delivery – we recognise that the last two years have seen considerable change in the structure of the organisation, and this requires some time to settle whilst still encouraging innovation.
- Developing new partnerships and new programme work to enable greater sustainability for the organisation – developing new forms of work and new ways of delivering the sort of contribution that Progressio development workers can make will be vital not just for the organisation's future, but to see a greater impact on the lives of those who are poor and marginalised around the world.
- Ensuring we make a continued significant impact on the policy agenda – some of Progressio's work, particularly that on water, has been developing over the last year and there will be opportunities in 2012, for instance the Rio+20 debates, for changes to be brought about
- Encouraging more supporters and campaigners to take action – in particular by working more closely with other organisations.

Financial statements for the year ended 31 March 2011

Progressio is the working name of the Catholic Institute for International Relations (CIIR)

A company limited by guarantee and registered as a charity

Company registration number 2002500

Charity registration number 294329

CIIR remains the legal registered name. The working name 'Progressio' is used throughout this report and financial statements.

Draft

These draft financial statements are subject to approval at the Progressio Annual General Meeting to be held on 17 September 2011.

PROGRESSIO

(A Company Limited by Guarantee)

Auditors' Report

Independent Auditors' Report to the Members of Progressio

We have audited the financial statements of Progressio for the year ended 31 March 2011 on pages 23 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 34, the trustees (who are also the directors of the 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.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2011 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charity has not kept adequate accounting records, 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.

R R Oswald (Senior Statutory Auditor)
For and on behalf of Appleby & Wood, Statutory Auditors
June 2011

40 The Lock Building
72 High Street, Stratford
London E15 2QB

PROGRESSIO

BOARD OF TRUSTEES

TRUSTEES

Martin McEnery, Chair
Phil King, Treasurer (re-elected for 2 years, October 2010)
Dennis Sewell, vice-chair
Tim Livesey (re-elected for 2 years, October 2010)
Carolyn Williams
John Barker
Chris Smith
Susanna Edjang (elected for 3 years, October 2010)
Ijeoma Ajibade (elected for 3 years, October 2010)

Gillian Paterson (resigned June 2010)
Cornelius Murombedzi (resigned March 2011)

SENIOR STAFF

Christine Allen, Executive Director
James Collins, Director of Finance and Administration
Osvaldo Vasquez, Head of Programmes
Tim Aldred, Policy and Communications Manager
Sarah Sandon, Head of Fundraising

James Whitehead, International Programmes Director (until February 2011)
Keith Ewing, Communications Manager (until February 2011)

AUDITORS

Appleby & Wood
40 The Lock Building
72 High Street
London E15 2QB

BANKERS

Royal Bank of Scotland
40 Islington High Street
London N1 8XJ

REGISTERED OFFICE

Unit 3 Canonbury Yard
190a New North Road
London N1 7BJ

SOLICITORS

Stone King LLP
16 St John's Lane
London EC1M 4BS

PROGRESSIO
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011	Total Funds 2010 £
Income and Expenditure					
Incoming Resources					
Voluntary Income (Programme Funding)					
Grants, donations, earmarked projects and sponsorship	12	-	2,399,576	2,399,576	2,152,461
Block grant from Department for International Development	3	3,060,000	500,000	3,560,000	3,470,000
Legacies		28,001	-	28,001	100,000
Subscriptions and donations		34,738	-	34,738	40,629
Sundry receipts		66,104	-	66,104	65,055
Incoming Resources from Generated Funds					
Activities for Generating Funds					
Sales of publications		383	-	383	210
Investment Income					
Interest received		6,478	1,000	7,478	7,355
Total Incoming Resources		3,195,704	2,900,576	6,096,280	5,835,710
Resources Expended					
Costs of Generating Funds					
Fundraising and publicity	4	185,291	-	185,291	234,957
Charitable Activities					
Costs of activities in furtherance of the charity's objectives	5,12	2,212,168	2,833,781	5,045,949	4,670,678
Governance costs	6	675,933	-	675,933	747,901
Total Resources Expended		3,073,392	2,833,781	5,907,173	5,653,536
Net Incoming Resources for the year	12	122,312	66,795	189,107	182,174
Balance brought forward at 1 April		1,216,073	802,027	2,018,100	1,835,926
Balance Carried Forward at 31 March		1,338,385	868,822	2,207,207	2,018,100

The notes on pages 28 to 33 form part of these Financial Statements.

PROGRESSIO
(A Company Limited by Guarantee)

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011	2010
	£	£
Total income of continuing operations	6,096,280	5,835,710
Total expenditure of continuing operations	(5,907,173)	(5,653,536)
Net income/(expenditure) for the year	<u>189,107</u>	<u>182,174</u>

Total income comprises £3,195,704 for unrestricted funds and £2,900,576 for restricted funds.
A detailed analysis of income by source is provided in the Statement of Financial Activities on page 23.

Turnover of non-charitable trading activities amounted to nil.

Detailed analysis of the expenditure is provided in the Statement of Financial Activities and in the notes to these Financial Statements.

The net income for the year ended 31 March 2011 is £189,107 (£122,312 to unrestricted reserves and £66,795 to restricted reserves) to comply with accounting policies detailed in SORP 2005. Please see note 12 for more information.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 23 which, together with the notes to the accounts on pages 28 to 33, provides full information on the movements during the year of all funds.

The notes on pages 28 to 33 form part of these Financial Statements.

PROGRESSIO

(A Company Limited by Guarantee)

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
Net incoming resources for the year	189,107	182,174
Total incoming resources recognised since the last annual report	<u>189,107</u>	<u>182,174</u>

The notes on pages 28 to 33 form part of these Financial Statements.

PROGRESSIO

(A Company Limited by Guarantee - Company registration no. 2002500)
(Registered Charity – no. 294329)

BALANCE SHEET AS AT 31 MARCH 2011

		2011		2010	
	Note	£	£	£	£
Fixed assets	8		10,735		21,978
Current assets					
Stocks		1,000		2,000	
Debtors	9	193,104		135,579	
Cash at bank and in hand	10	2,344,125		2,231,934	
		<u>2,538,229</u>		<u>2,369,513</u>	
Creditors falling due within one year					
Other creditors	11	202,104		205,337	
Liability for earmarked projects		26,732		43,626	
		<u>228,836</u>		<u>248,963</u>	
Net current assets			<u>2,309,383</u>		<u>2,120,550</u>
Total assets less current liabilities			2,320,128		2,142,528
Creditors falling due after more than one year			(112,921)		(124,428)
			<u>2,207,207</u>		<u>2,018,100</u>
Income Funds					
Unrestricted charitable funds			1,338,385		1,216,073
Restricted funds	12		868,822		802,027
	13		<u>2,207,207</u>		<u>2,018,100</u>

The notes on pages 28 to 33 form part of these Financial Statements.

Approved by the Board of Trustees on 22 June 2011

Martin McEnery	Board of Trustees Chair
Phil King	Treasurer
James Collins	Company Secretary

PROGRESSIO
(A Company Limited by Guarantee)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Net cash inflow from operating activities		108,036		376,513
Returns on investments and servicing of finance				
Interest received	7,478		7,355	
Net cash inflow from returns on investments and servicing of finance		7,478		7,355
Investing activities				
Purchase of fixed assets	(3,323)		(3,803)	
Net cash (outflow) from investing activities		(3,323)		(3,803)
Increase in cash		112,191		380,065

Notes to the cash flow statement

	2011		2010	
	£	£	£	£
1. Reconciliation of incoming resources to net cash Inflow from operating activities				
Net incoming resources for the year	189,107		182,174	
Interest received	(7,478)		(7,355)	
Operating surplus		181,629		174,819
Depreciation charges		14,566		15,695
Increase/(decrease) in provisions		(11,507)		4,000
(Increase)/decrease in debtors and stocks		(56,525)		162,587
(Decrease)/increase in creditors		(20,127)		19,412
Net cash inflow from operating activities		108,036		376,513

2. Analysis of changes in net funds

	2011	2010	Change in year
	£	£	£
Cash at bank and in hand	(14,606)	(9,073)	(5,533)
Balances held overseas	281,143	333,276	(52,133)
Short term deposits	2,077,588	1,907,731	169,857
	2,344,125	2,231,934	112,191

PROGRESSIO
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation

The Institute was incorporated as a Company limited by guarantee on 1 April 1987, and these Financial Statements have therefore been prepared in accordance with the Companies Act 2006. The assets and liabilities of the Institute were taken over by the Company as from 1 April 1987.

On 1st January 2006 CIIR adopted Progressio as a working name.

2. Accounting policies

- a) Basis of accounting: the Financial Statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and with the requirements of Statement of Recommended Practice 2005, 'Accounting and Reporting by Charities'.
- b) Income: grants, donations and sponsorships are accounted for on a receivable basis. Income specifically allocated to projects not utilised at the year end has been carried forward as Restricted Reserves (see note 12 to these Financial Statements).
- c) Depreciation: depreciation is provided on the straight-line method to write off the cost of fixed assets over their estimated useful life. The following annual rates of depreciation are used:
- | | |
|-------------------------------|-----|
| Computer/electronic equipment | 33% |
| Other office equipment | 15% |
- d) Overseas equipment and vehicles held by the overseas offices have been funded by grant and have been directly charged to the Revenue account. UK assets over £500 are capitalised.
- e) Foreign currencies: foreign currency transactions are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.
- f) Publications stock has been valued at the lower of cost and net realisable value.
- g) Expenditure is charged in the year in which it is incurred and provision is made for all committed expenditure. Expenditure is allocated to its appropriate categories on a direct basis or where apportionment takes place on an appropriate basis.
- i) Voluntary Income: The charity is indebted to Appleby and Wood for providing consulting advice as pro bono services in relation to Progressio. The value placed on these contributions by the donor is approximately £2,376. These were not shown as a cost on the financial statements. The income equivalent was therefore not recognised within incoming resources.

3. Department for International Development block grant

This is the last year (from 2005 to 2011) of the Partnership Programme Agreement between Progressio and the Department for International Development (DFID). This funding is for Progressio's contribution to work on increasing the participation of the poor in decision making and promoting the involvement of faith groups in tackling poverty. It includes elements for communications, advocacy, monitoring and management as well as development worker and associated costs. Although Progressio and DFID have agreed work and outcomes, and monitoring is in place for effective reporting against these, this funding is classified as unrestricted income by the funder.

4. Fundraising and publicity

	2011	2010
	£	£
Salaries (UK salaries, social security costs & pensions)	55,474	125,115
Research	434	684
In-country Funding Officers	92,381	49,566
Travel	3,963	10,940
Meetings	18	1,600
Stationery	200	200
Postage	1,000	1,000
Design and printing	4,557	3,387
Advertising	1,830	200
Software maintenance	5,337	-
Other expenses	160	902
Fundraising initiatives	11,771	10,380
Consultancies	8,166	30,983
	185,291	234,957

5. Costs of activities in furtherance of the charity's objectives

Total direct charitable expenditure of £5,045,949 as shown on page 23, is expended as follows:

	2011 £	2010 £
Programme delivery		
Local allowances and subsistence	350,305	372,421
Training, allowances and materials	245,000	251,287
Vehicles and transport equipment	43,203	88,345
Monitoring and evaluation	52,380	66,343
Observer mission	18,281	15,881
Direct partner support	1,074,936	650,068
Salaries (UK office, social security costs & pensions)	259,261	270,211
Conferences/workshops/seminars	87,014	109,911
Consultancies and technical assessment	76,527	77,911
Travel	96,940	88,344
Advocacy capacity partner development	49,257	41,014
Publications	20,451	28,261
	<u>2,373,555</u>	<u>2,059,997</u>
Development workers		
Pre-departure grant	19,359	20,725
Travel	110,201	86,820
Equipment grants	-	1,733
Insurance, social security and medical expenses	68,736	88,120
Training	93,579	91,956
Overseas local costs	1,069,106	974,364
Accommodation	243,066	247,563
	<u>1,604,047</u>	<u>1,511,281</u>
Programme support		
Recruitment and selection	55,751	47,068
Programme administration	412,172	400,846
Salaries (UK office, social security costs & pensions)	195,211	232,431
Publications	7,178	4,002
Travel	81,811	78,857
Conferences and meetings	19,935	15,709
Consultancies	37,517	39,419
	<u>809,575</u>	<u>818,332</u>
Communications		
Salaries (UK salaries, social security costs & pensions)	186,427	187,542
Freelances	19,091	21,987
Authors fees	-	64
Electronic media	10,221	12,398
Publications	7,387	16,619
Books marketing	701	475
Postage and stationery	4,587	8,303
Projects & campaigns	18,218	23,355
Web development	142	4,113
Media relations	7,767	-
Other expenses	2,686	2,939
Travel	1,545	3,273
	<u>258,772</u>	<u>281,068</u>
	<u>5,045,949</u>	<u>4,670,678</u>

6. Governance Costs	2011	2010
	£	£
Salaries (UK salaries, social security costs & pensions)	322,267	341,035
Office repairs and maintenance	7,860	10,637
Depreciation	14,566	15,695
Insurance	15,719	17,905
Travel	10,871	12,041
Telephone, fax and e-mail	10,591	12,995
Postage, printing and stationery	11,582	16,184
External Audit fees	17,282	17,510
Professional fees	3,262	7,018
Rent, rates and heating	69,934	69,777
Training	-	3,022
Freelances	2,308	4,562
Other expenses	4,114	5,563
Provision	4,000	4,000
Computer consultancies	26,050	35,770
Meetings	4,394	9,522
House maintenance and consumables	2,330	6,826
Computer maintenance and development	14,220	19,930
Corporate identity	-	4,000
Restructuring costs	129,040	126,360
Annual General Meeting	5,543	7,549
	<u>675,933</u>	<u>747,901</u>

No remuneration was paid to Board of Trustees members for their services. A total of £580 was reimbursed to trustees for their general travel expenses.

7. Information regarding employees	2011	2010
	£	£
UK employee costs during the year		
Salaries	876,062	994,021
Social security costs	89,843	101,717
Pensions	52,735	60,596
	<u>1,018,640</u>	<u>1,156,334</u>

	2011	2010
	Number	Number
Number of persons employed		
UK	21	25
Overseas country representatives	10	11
Local staff employed in country	46	44
	<u>77</u>	<u>80</u>
Development workers employed by projects at 31 March	<u>75</u>	<u>94</u>

No employee earned £60,000 or more in the year

8. Fixed assets	Office improvements, furniture & equipment	Total
	2011	2011
	£	£
Cost		
At beginning of year	48,577	48,577
Additions	3,323	3,323
Disposals	(6,680)	(6,680)
At end of year	<u>45,220</u>	<u>45,220</u>
Depreciation		
At beginning of year	26,599	26,599
Disposals	(6,680)	(6,680)
Charge for year	14,566	14,566
At end of year	<u>34,485</u>	<u>34,485</u>
Net book value at 31 March 2011	<u>10,735</u>	<u>10,735</u>
Net book value at 31 March 2010	<u>21,978</u>	<u>21,978</u>
9. Debtors	2011	2010
	£	£
Grants receivable 2010/11	182,444	118,467
Other debtors	-	2,569
Pre-payments	10,660	14,543
	<u>193,104</u>	<u>135,579</u>
10. Cash at bank and in hand	2011	2010
	£	£
Cash on current accounts and in hand	(14,606)	(9,073)
Balances held overseas	281,143	333,276
Short term deposits	2,077,588	1,907,731
	<u>2,344,125</u>	<u>2,231,934</u>
11. Other creditors: amounts falling due within one year	2011	2010
	£	£
Other creditors	32,200	38,981
Accruals	169,904	166,356
	<u>202,104</u>	<u>205,337</u>

12. Restricted funds

The income funds of the Charity include restricted funds comprising the following balances of donations and grants, unexpended at 31 March 2011 and held on trust to be applied for specific purposes thereafter:

	Brought forward at 31 March 2010 £	Incoming resources 2010/11 £	Grants receivable 2010/11 £	Expended in year 2010/11 £	Carried forward at 31 March 2011 £
European Commission	234,364	347,431	66,275	(453,543)	194,527
Catholic Fund for Overseas Development (CAFOD)	12,046	169,102	14,351	(85,693)	109,806
Comic Relief	22,327	(1,685)	23,952	(22,267)	22,327
Big Lottery Fund Ecuador 'Our Land Water and Seeds' (ICB/1/010252526)	52,133	40,373	-	(92,506)	-
Progressio Ireland	151,442	642,050	-	(508,002)	285,490
British Embassy Small Grants Scheme (BESGS)	70,786	2,652	4,029	(73,245)	4,222
Christian Aid (Peru)	46,690	45,000	-	(46,690)	45,000
Department For International Development (DFID) LAC	-	500,000	-	(500,000)	-
Irish Aid	-	64,612	-	(2,422)	62,190
Caritas New Zealand	-	15,377	9,533	(24,910)	-
Development and Peace/ Canadian International Development Agency (CIDA)	8,469	43,855	-	(10,572)	41,752
Trocaire	78,030	8,759	-	(80,244)	6,545
Christian Aid	18,398	27,122	-	(45,520)	-
The Global Fund to fight AIDS, Tuberculosis and Malaria	1,631	326,869	56,112	(382,185)	2,427
Caritas Australia	16,409	30,764	-	(26,322)	20,851
Porticus UK (formerly the Derwent Charitable consultancy)	17,322	30,000	-	(17,322)	30,000
United National High Commission for Refugees (UNHCR)	-	183,604	-	(183,604)	-
United Nations International Research & Training Institute for the Advancement of Women and Self Education Fund	1,334	-	-	(1,334)	-
International Humanist Institute for Cooperation with Developing Countries (HIVOS)	-	-	512	(512)	-
United Nations Development Fund for Women (Unifem)	6,419	-	-	(1,701)	4,718
Muslim Aid	-	36,094	-	(30,684)	5,410
Fondo Canadiense para Iniciativas Locales (FCIL)	-	9,328	-	(9,328)	-
United States Agency for International Development (USAID)	-	719	-	(719)	-
International Organisation for Migration (IOM)	58,227	-	-	(58,227)	-
United Nations Development Programme Art Gold	-	28,499	-	(8,949)	19,550
Caja de Mediterraneo	-	62,362	-	(62,362)	-
Digicel	-	13,422	-	(13,422)	-
French Embassy	-	8,668	-	(8,668)	-
Haven	-	11,409	-	(11,409)	-
United Nations Population Fund (UNFPA)	-	15,152	-	(15,152)	-
Waterloo Foundation	-	15,000	-	(15,000)	-
World Bank	-	10,745	-	(10,745)	-
Roman Catholic	-	2,000	-	(2,000)	-
Solidhispaniola	-	382	-	(382)	-
Cooperativa de Mista Unidas para Progresar, limitada (COOMUPL)	-	9,796	-	(9,796)	-
Others	6,000	18,671	7,680	(18,344)	14,007
	<u>802,027</u>	<u>2,718,132</u>	<u>182,444</u>	<u>(2,833,781)</u>	<u>868,822</u>
		<u>2,718,132</u>	<u>182,444</u>		
Total restricted funding during year			<u>2,900,576</u>		

13. Reserves

Reserves at 31 March were as follows:

	2011	2010
	£	£
Unrestricted charitable funds	1,338,385	1,216,073
Restricted funds	868,822	802,027
Total reserves	<u>2,207,207</u>	<u>2,018,100</u>

Progressio maintains reserves to safeguard its programmes of work and its employees in the event of sudden and unexpected losses of income and/or increases of expenditure. Current levels of unrestricted reserves are sufficient to cover Progressio's operations for a period of twelve weeks.

The Board's directive to Progressio's management acknowledges that a balance should be maintained between building reserves and supporting Progressio's operations. The Board are pleased with the level of unrestricted reserves taking into account the continuing challenges of the current economic climate and the resulting planned reduction of Progressio operations in the coming years.

The Board continues to review Progressio's level of unrestricted reserves on an annual basis. Its current target is for them to be maintained to cover Progressio's operations for up to three months.

14. Pensions

Progressio operates a contributory pension scheme open to all UK employees. This defined contribution scheme is administered by Friends Provident who are independent of Progressio's finances. Employees who have completed a three-month probation period are offered the opportunity to join the Group Personal Pension Plan. Progressio contributes 7 per cent of each employee's salary and the employee contributes a minimum of 3 per cent of salary to the scheme. Employer contributions charged to the Statement of Financial Activities were £52,735 in 2010/11 (£60,596 in 2009/10).

Noted, one employee is in a longstanding personal pension scheme with The Pensions Trust. Following a change in legislation in September 2005 there is a potential debt on employers that participate in a multi-employer pension scheme such as the Growth Plan of this pension that could be levied by the Trustee. The employer debt on withdrawal liability which would be incurred if this employee left Progressio, is currently calculated at £22,090, which is included in provisions.

15. Analysis of net assets between funds

	Unrestricted Reserves £	Restricted Reserves £	Total £
Tangible fixed assets	10,735	-	10,735
Current assets	1,669,407	868,822	2,538,229
Current liabilities	(228,836)	-	(228,836)
Long term liabilities	(112,921)	-	(112,921)
Net assets at 31st March 2011	<u>1,338,385</u>	<u>868,822</u>	<u>2,207,207</u>

16. Financial Commitments

As at 31st March 2011, the charity had no annual commitments under non-cancellable leases or any other financial commitments.

Acknowledgements

Progressio wishes to thank the individuals and organisations that made donations to its work in 2010/2011.

The following agencies and individuals donated more than £1,000 in the year 2010/2011

Canon Thomas Athill
Rev Roger Barralet
British Embassy Small Grants Scheme (BESGS)
Caritas Aotearoa New Zealand
Tim Chambers
Cooperative de Mista Unidas para Progresar,
limitada (COOMUPL)
Rt Rev John Crowley
Rev Thomas Cullinan
Digicel
Fondo Canadiense para Iniciativas Locales (FCIL)
French Embassy DR
Mary Grey
Haven
Clare Parsons
Sr Bernadette Porter
Trustees for Roman Catholic Purposes
John B Ruming
Trocaire
United Nations Population Fund (UNFPA)
Waterloo Foundation
Wild Rose Trust
Margaret M Williams
Hilary L Wilson
World Bank

The following agencies donated more than £20,000 in the year 2010/2011

Big Lottery Fund
Caja de Mediterraneo
Canadian International Development Agency
(CIDA)
Caritas Australia
Catholic Fund for Overseas Development
(CAFOD)
Christian Aid
Comic Relief
Department For International Development
(DFID)
Development and Peace
European Commission
The Global Fund to fight AIDS, Tuberculosis and
Malaria
Irish Aid
Muslim Aid
Porticus UK
Progressio Ireland
United National High Commission for Refugees
(UNHCR)
United Nations Development Programme ART
GOLD

Progressio would also like to thank Appleby and Wood, for providing consulting advice as pro bono services to Progressio.

Statements of Trustees' responsibilities

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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company will continue in business.

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