

PROGRESSIO

the working name of the
Catholic Institute for International Relations

Financial Statements

for the year ended 31 March 2009

**A Company Limited by Guarantee and registered as a charity (number 294329).
Company registration no. 2002500**

*CIIR remains the legal registered name.
The working name 'Progressio' will be used throughout this report.*

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 2009 which are set out on pages 4 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and for no other purpose. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its 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 described on page 15, the Trustees are responsible for preparing the financial statements in accordance with applicable law and UK Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31st March 2009 and of its incoming resources and application of resources, including its income and expenditure, and cash flow for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the Trustees' report is consistent with the financial statements.

Appleby & Wood

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

PROGRESSIO

BOARD OF TRUSTEES

TRUSTEES

Martin McEnery (elected December 2007)

Phil King, Treasurer (re-elected for two years and ratified as Treasurer, October 2008)

Dennis Sewell, vice-chair

Rosemary Read (re-elected for one year, October 2008)

Brenda Lipson

Gillian Paterson

Tim Livesey

Carolyn Williams (elected October 2008)

Helena Molyneux, (retired October 2008 after completing full term as Trustee and Chair)

Alberta Stevens (resigned following 3 years of office, October 2008)

Rick Davies (resigned following 7 years of office, October 2008)

SENIOR STAFF

Christine Allen, Executive Director

James Collins, Director of Finance and Administration

James Whitehead, International Programmes Director

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 2009

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2009	Total Funds 2008 £
Income and Expenditure					
Incoming Resources					
Voluntary Income (Programme Funding)					
Grants, donations, earmarked projects and sponsorship	12	-	1,850,652	1,850,652	1,935,757
Block grant from Department for International Development	3	2,880,000	400,000	3,280,000	2,800,000
Legacies		1,727	-	1,727	24,632
Subscriptions and donations		40,138	-	40,138	40,704
Sundry receipts		68,560	-	68,560	108,783
Incoming Resources from Generated Funds					
Activities for Generating Funds					
Sales of publications		971	-	971	1,052
Investment Income					
Interest received		48,051	6,000	54,051	62,205
Total Incoming Resources		3,039,447	2,256,652	5,296,099	4,973,133
Resources Expended					
Costs of Generating Funds					
Fundraising and publicity	4	209,770	-	209,770	165,752
Charitable Activities					
Costs of activities in furtherance of the charity's objectives	5,12	2,034,998	2,357,049	4,392,047	3,991,601
Governance costs	6	668,887	-	668,887	616,808
Total Resources Expended		2,913,655	2,357,049	5,270,704	4,774,161
Net Incoming Resources for the year	12	125,792	(100,397)	25,395	198,972
Balance brought forward at 1 April		1,143,446	667,085	1,810,531	1,611,559
Balance Carried Forward at 31 March		1,269,238	566,688	1,835,926	1,810,531

The notes on pages 9 to 14 form part of these Financial Statements.

PROGRESSIO
(A Company Limited by Guarantee)

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
Total income of continuing operations	5,296,099	4,973,133
Total expenditure of continuing operations	(5,270,704)	(4,774,161)
Net income/(expenditure) for the year	<u>25,395</u>	<u>198,972</u>

Total income comprises £3,039,447 for unrestricted funds and £2,256,652 for restricted funds.
A detailed analysis of income by source is provided in the Statement of Financial Activities on page 5.

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 2009 is £25,395 (£125,792 to unrestricted reserves and (£100,397) 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 5 which, together with the notes to the accounts on pages 10 to 15, provides full information on the movements during the year of all funds.

The notes on pages 10 to 15 form part of these Financial Statements.

PROGRESSIO
(A Company Limited by Guarantee)

**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
FOR THE YEAR ENDED 31 MARCH 2009**

	2009	2008
	£	£
Net incoming resources for the year	25,395	198,972
Total incoming resources recognised since the last annual report	<u>25,395</u>	<u>198,972</u>

The notes on pages 10 to 15 form part of these financial statements

PROGRESSIO
(A Company Limited by Guarantee)

BALANCE SHEET AS AT 31 MARCH 2009

		2009		2008	
	Note	£	£	£	£
Fixed assets	8		33,870		14,543
Current assets					
Stocks		2,376		4,232	
Debtors	9	297,790		107,604	
Cash at bank and in hand	10	1,851,869		2,068,352	
		<u>2,152,035</u>		<u>2,180,188</u>	
Creditors falling due within one year					
Liability for earmarked projects		54,781		55,052	
Other creditors	11	174,770		223,372	
		<u>229,551</u>		<u>278,424</u>	
Net current assets			<u>1,922,484</u>		<u>1,901,764</u>
Total assets less current liabilities			1,956,354		1,916,307
Creditors falling due after more than one year			(120,428)		(105,776)
			<u>1,835,926</u>		<u>1,810,531</u>
Income Funds					
Unrestricted charitable funds			1,269,238		1,143,446
Restricted funds	12		566,688		667,085
	13		<u>1,835,926</u>		<u>1,810,531</u>

The notes on pages 10 to 15 form part of these Financial Statements.

Approved by the Board of Trustees on 23 June 2009

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 2009

	2009		2008	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(237,688)		149,867
Returns on investments and servicing of finance				
Interest received	54,051		62,205	
Net cash inflow from returns on investments and servicing of finance		54,051		62,205
Investing activities				
Purchase of fixed assets	(32,846)		(2,773)	
Net cash (outflow) from investing activities		(32,846)		(2,773)
(Decrease)/increase in cash		<u>(216,483)</u>		<u>209,299</u>

Notes to the cash flow statement	2009		2008	
	£	£	£	£
1. Reconciliation of incoming resources to net cash (outflow)/inflow from operating activities				
Net incoming resources for the year	25,395		198,972	
Interest received	<u>(54,051)</u>		<u>(62,205)</u>	
Operating (deficit)/surplus		(28,656)		136,767
Depreciation charges		13,519		10,940
Increase in provisions		14,652		3,324
(Increase)/decrease in debtors and stocks		(188,330)		114,842
(Decrease)/increase in creditors		(48,873)		(116,006)
Net cash (outflow)/inflow from operating activities		<u>(237,688)</u>		<u>149,867</u>

2. Analysis of changes in net funds

	2009	2008	Change in year
	£	£	£
Cash at bank and in hand	(37,018)	(22,927)	(14,091)
Balances held overseas	310,210	596,761	(286,551)
Short term deposits	1,578,677	1,494,518	84,159
	<u>1,851,869</u>	<u>2,068,352</u>	<u>(216,483)</u>

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 1985. 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.

h) Progressio during the period 2008/9 purchased forward booked dollars amounting to US\$1,920,000, which was expended during the year. For the period 2009/10 Progressio has committed to purchase US\$1,920,000.

i) Voluntary Income: The charity is indebted to Advocates for International Development (A4AID), Simmons & Simmons and Shearman & Sterling for providing legal advice as pro bono services in relation to Latin American & Caribbean advocacy. The value placed on these contributions by the donor is approximately £20,000. 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 fourth year (from 2005 to 2011) of our 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

	2009	2008
	£	£
Salaries (UK salaries, social security costs & pensions)	146,234	124,551
Research	500	500
Travel	6,545	5,343
Meetings	1,500	1,500
Stationery	200	200
Postage	1,000	1,250
Design and printing	5,974	4,078
Advertising	200	250
Other expenses	2,666	1,549
Fundraising initiatives	14,677	18,286
Consultancies	30,274	8,245
	<u>209,770</u>	<u>165,752</u>

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

Total direct charitable expenditure of £4,388,047 as shown on page 5, is expended as follows:

	2009 £	2008 £	
Programme delivery			
Local allowances and subsistence	370,421	310,040	
Training, allowances and materials	230,221	210,050	
Vehicles and transport equipment	93,958	84,666	
Monitoring and evaluation	55,594	64,110	
Observer mission	14,095	18,530	
Direct partner support	548,678	601,018	
Salaries (UK office, social security costs & pensions)	270,421	230,010	
Conferences/workshops/seminars	110,894	145,123	
Consultancies and technical assessment	74,924	41,128	
Travel	93,773	82,602	
Advocacy capacity partner development	42,141	38,600	
Publications	32,151	50,897	
	<hr/>	<hr/>	
	1,937,271	1,876,774	
Development workers			
Pre-departure grant	27,931	26,249	
Travel	77,286	68,917	
Equipment grants	4,204	5,204	
Insurance, social security and medical expenses	84,109	82,746	
Training	94,786	69,441	
Overseas local costs	833,434	672,200	
Accommodation	231,459	185,546	
	<hr/>	<hr/>	
	1,353,209	1,110,303	
Programme support			
Recruitment and selection	41,275	46,824	
Programme administration	434,900	451,764	
Salaries (UK office, social security costs & pensions)	220,128	228,494	
Publications	4,600	4,211	
Travel	63,774	64,027	
Conferences and meetings	27,483	8,079	
Consultancies	22,044	16,051	
	<hr/>	<hr/>	
	814,204	819,450	
Communications			
Salaries (UK salaries, social security costs & pensions)	193,452	107,919	
Freelances	10,238	22,924	
Authors fees	1,690	6,100	
Electronic media	4,182	3,000	
Publications	22,983	23,683	
Books marketing	984	1,373	
Postage and stationery	9,837	6,324	
Projects & campaigns	20,407	-	
Web development	20,000	-	
Other expenses	1,132	9,030	
Travel	2,458	4,721	
	<hr/>	<hr/>	
	287,363	185,074	
	<hr/>	<hr/>	
	4,392,047	3,991,601	

6. Governance Costs	2009 £	2008 £
Salaries (UK salaries, social security costs & pensions)	355,357	343,998
Office repairs and maintenance	9,147	8,026
Depreciation	13,519	10,940
Insurance	18,852	18,581
Travel	13,691	11,870
Telephone, fax and e-mail	15,874	15,450
Postage, printing and stationery	18,661	18,164
Audit fees	17,000	16,622
Professional fees	13,294	7,630
Rent, rates and heating	82,741	84,265
Training	5,764	2,801
Other expenses	4,775	3,273
Provision	4,000	4,000
Computer consultancies	41,020	20,005
Meetings	7,591	8,929
House maintenance and consumables	6,084	6,010
Computer maintenance and development	28,635	29,142
Corporate identity	4,940	3,000
Annual General Meeting	7,942	4,102
	<u>668,887</u>	<u>616,808</u>

£3,600 was paid to Board of Trustees members to cover overseas internal monitoring visits and general travel expenses.

7. Information regarding employees	2009 £	2008 £
UK employee costs during the year		
Salaries	1,017,559	897,074
Social security costs	104,923	92,419
Pensions	63,110	45,479
	<u>1,185,592</u>	<u>1,034,972</u>

	2009 Number	2008 Number
Number of persons employed		
UK	32	30
Overseas country representatives	11	11
Local staff employed in country (*includes drivers and security staff)	50 *	36
	<u>93</u>	<u>77</u>
Development workers employed by projects at 31 March	<u>86</u>	<u>93</u>

No employee earned £50,000 or more in the year

8. Fixed assets	Office improvements, furniture & equipment	Total
	2009	2009
	£	£
Cost		
At beginning of year	37,487	37,487
Additions	32,846	32,846
Disposals	(14,415)	(14,415)
At end of year	<u>55,918</u>	<u>55,918</u>
Depreciation		
At beginning of year	22,944	22,944
Disposals	(14,415)	(14,415)
Charge for year	13,519	13,519
At end of year	<u>22,048</u>	<u>22,048</u>
Net book value at 31 March 2009	<u>33,870</u>	<u>33,870</u>
Net book value at 31 March 2008	<u>14,543</u>	<u>14,543</u>

9. Debtors	2009	2008
	£	£
Grants receivable 2008/09	244,589	76,863
Other debtors	28,274	7,565
Pre-payments	24,927	23,176
	<u>297,790</u>	<u>107,604</u>

10. Cash at bank and in hand	2009	2008
	£	£
Cash on current accounts and in hand	(37,018)	(22,927)
Balances held overseas	310,210	596,761
Short term deposits	1,578,677	1,494,518
	<u>1,851,869</u>	<u>2,068,352</u>

11. Other creditors: amounts falling due within one year	2009	2008
	£	£
Accruals	142,570	188,206
Other creditors	32,200	35,166
	<u>174,770</u>	<u>223,372</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 2009 and held on trust to be applied for specific purposes thereafter:

	Brought forward at 31 March 2008 £	Incoming resources 2008/09 £	Grants receivable 2008/09 £	Expended in year 2008/09 £	Carried forward at 31 March 2009 £
European Commission	121,489	124,659	33,859	(246,663)	33,344
Catholic Fund for Overseas Development (CAFOD)	-	200,000	-	(120,000)	80,000
Cordaid	5,941	-	-	(1,174)	4,767
Comic Relief	46,913	209,823	-	(203,881)	52,855
Big Lottery Fund Ecuador 'Our Land Water and Seeds' (ICB/1/010252526)	-	162,040	-	(121,817)	40,223
Progressio Ireland	114,661	492,647	205,129	(703,820)	108,617
British Embassy Small Grants Scheme (BESGS)	16,364	63,786	-	(28,649)	51,501
Christian Aid (Peru)	58,191	50,208	-	(49,567)	58,832
Department For International Development (DFID) LAC	-	400,000	-	(400,000)	-
Irish Aid (Honduras) (formerly DCI)	157,320	-	-	(157,320)	-
Caritas New Zealand	8,615	13,427	-	(18,959)	3,083
Canadian Catholic Organisations for Development and Peace (CCODP) Timor Trocaire	8,500	19,256	-	(22,942)	4,814
Life and Peace Institute	25,993	32,867	-	(39,763)	19,097
Christian Aid	9,886	14,771	-	(10,016)	14,641
The Global Fund to fight AIDS, Tuberculosis and Malaria	73,768	34,669	-	(69,596)	38,841
Caritas Australia	4,158	110,634	-	(113,161)	1,631
Porticus UK (formerly the Derwent Charitable consultancy)	6,346	12,309	-	(18,655)	-
AINIA (Asociacion de Investigacion de la Industria Agroalimentaria)	-	18,000	-	-	18,000
EI UN-INSTRAW (United Nations International Research & Training Institute for the Advancement of Women) & SEF (Self Education Fund)	-	634	-	(634)	-
HIVOS (International Humanist Institute for Cooperation with Developing Countries)	-	4,099	-	(2,042)	2,057
UNIFEM (United Nations Development Fund for Women)	-	-	3,096	(248)	2,848
Missio (the German Catholic Bishops' Agency for International Mission Work)	-	30,362	2,505	(7,330)	25,537
Others	2,896	-	-	(2,896)	-
	6,044	17,872	-	(17,916)	6,000
	<u>667,085</u>	<u>2,012,063</u>	<u>244,589</u>	<u>2,357,049</u>	<u>566,688</u>
		<u>2,012,063</u>	<u>244,589</u>		
Total restricted funding during year			2,256,652		

13. Reserves

Reserves at 31 March were as follows:

	2009	2008
	£	£
Unrestricted charitable funds	1,269,238	1,143,446
Restricted funds	566,688	667,085
Total reserves	<u>1,835,926</u>	<u>1,810,531</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 thirteen 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 has been pleased to see the steady increase in unrestricted reserves over the past three 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; alternatively they may choose a personal pension of their own. 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 £63,110 in 2008/9 (£45,479 in 2007/8).

15. Analysis of net assets between funds

	Unrestricted Reserves £	Restricted Reserves £	Total £
Tangible fixed assets	33,870	-	33,870
Current assets	1,585,347	566,688	2,152,035
Current liabilities	(229,551)	-	(229,551)
Long term liabilities	(120,428)	-	(120,428)
Net assets at 31st March 2009	<u>1,367,238</u>	<u>566,688</u>	<u>1,835,926</u>

Acknowledgements

Progressio wishes to thank the individuals and organisations that made donations to its work in 2008/2009.

The following agencies and individuals donated more than £1,000 in the year 2008/2009

Dr D Broadhurst
Caritas Aotearoa New Zealand
Caritas Australia
The Franciscan Friary – Woodford Green
The Irene Hammerton Charitable Trust
Life and Peace Institute
Porticus UK
Penarth Support Group
Self Education Fund (SEF)
Society of the Sacred Heart
EI UN-INSTRAW (United National International Research & Training Institute for the Advancement of Women)

The following agencies donated more than £20,000 in the year 2008/2009

Big Lottery Fund
British Embassy Addis Ababa
Canadian Catholic Organisation for Development and Peace
Catholic Agency for Overseas Development (CAFOD)
Christian Aid
Christian Aid (Peru)
Comic Relief
Department for International Development (DFID)
European Commission (EC)
The Global Fund to fight AIDS, Tuberculosis and Malaria
Progressio Ireland
Trócaire
UNIFEM (United Nations Development Fund for Women)

Progressio would also like to thank Advocates for International Development (A4AID), Simmons & Simmons, and Shearman & Sterling (London) LLP, for providing legal advice as pro bono services in relation to Latin American and Caribbean advocacy.

Trustees' Report

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 1985. 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.

Trustees' Report

for the financial year ended 31 March 2009

Trustees' Report for the financial year ended 31 March 2009

a. About Progressio

We are a progressive international development charity with Catholic roots that enables poor communities to solve their own problems through support from skilled workers. And we lobby decision-makers to change policies that keep people poor. We were formerly known as the Catholic Institute for International Relations and adopted Progressio as a working name in 2005.

We tackle poverty by:

- Changing lives - through highly-skilled people from around the world working with grassroots organisations in long-term projects benefiting hundreds of thousands of poor and marginalised people in 11 developing countries with over a hundred local partners
- Changing minds - by challenging structures and relationships that combine to keep people poor
- Mobilising people - to act, because every step, however small, helps to achieve lasting change

Secular development thinking and Catholic Social Teaching combine to inspire our values: integrity, respect, solidarity, justice, courage and commitment.

The name Progressio means 'development' and 'advancement' in Latin, concepts reflected in the innovation, energy, enthusiasm and determination we bring to the fight for a more equal world.

Central to the way we work is:

- Our conviction that imposed solutions, however well meaning, are not the answer – people must have the power to address their own problems. That is why we don't simply give money, we work through skilled people working with grassroots organisations to pass on their expertise to benefit poor and marginalised communities in developing countries
- Our commitment to combine practical long-term work in poor communities with lobbying to change policies to ensure long term, lasting solutions
- Our commitment to recruiting skilled workers from developing countries
- Our commitment, coming from our strong faith foundation, to working with all people of goodwill as partners in the shared task of development
- Our independence from the Catholic Church structures, yet our commitment to influencing and supporting the Catholic community in its responsibility to tackle poverty and seek a just world for all.

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; to deliver results in poverty eradication, social justice, gender equity and greater accountability.

b. Purposes and 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.

We review our aims, objectives and activities each year. The review looks at the success of the main areas of Progressio's work and the benefits they have brought to the people we exist to help.

c. The scope of our work

As highlighted above, Progressio seeks to address poverty and build a more just, sustainable and equitable world in three key ways:

1. Placing development workers to build the skills and capacity of local people overseas. These workers bring skills that are not readily available in the country, and they live in solidarity with local staff
2. Advocating for changes in policy, practice and attitudes to achieve positive outcomes for people who are poor and marginalised
3. Engaging with members and others in the North, enabling them to be more informed on issues of poverty and for those in the Christian community to be more aware of the connection of these issues to their faith.

Progressio has programmes with development workers in 11 countries. We also have local staff employed to assess new projects, support the development workers and local partners and ensure Progressio's work is effective.

Progressio seeks genuine and respectful partnerships with a wide range of partners – farmers; organisations, disability groups, women's organisations, grassroots community groups – in order to reach the excluded and the vulnerable. Development workers are embedded in these organisations (which are often fragile or nascent). They help build the skills and capacity of local organisations to respond effectively to local needs and Progressio seeks also to learn from them. We look for partners that share our values and work with our target groups.

Occasionally we work with governments, by providing advice and information on strategies to tackle poverty or addressing specific issues where we have expertise. Progressio does not work with individuals, nor is grant-giving. Progressio does provide some financial support to partner organisations for project related activity.

Tackling poverty effectively means changing the structures that keep people poor. Based on our experience of partner support and rooted in their concerns we undertake international advocacy for policy change that will have a positive impact on our partners and the communities with whom they work. Progressio works to a Strategic Framework of four organisational objectives and three programme objectives.

- Good governance and effective civil society participation;
- Effective responses to HIV and AIDS; and
- Towards a sustainable environment.
- Increasing effectiveness in programme delivery
- Strengthening understanding of the organisation's faith dimension
- Improving communications and marketing
- Ensuring financial sustainability

d. Making sure our aims are met

This Trustees' report reviews our achievements and outcomes of the past year against our stated objectives. We focus on each of the key areas of work and outline how target groups have benefited. This ensures we are in line with our declared purposes. We have responded to the Charity Commission's general guidance on public benefit when reviewing the activities of the past year and in planning for the year ahead. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

e. How our activities deliver public benefit

Our key themes from the past year and illustrations of the people who benefited are outlined below. Our distinct approach of creating strong synergy between programmatic work and advocacy, across three thematic areas, is focused on delivering charitable outcomes for the public benefit.

We have made strong progress in tackling poverty and marginalisation by strengthening civil society, fighting HIV and AIDS, developing a more sustainable environment and advocating for pro-poor policy change.

• Programme objective 1: Effective civil society participation for change

The majority of poor 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:

- research, analysis and campaigning to influence policy; and
- the placement with partners of development workers who bring skills and practical support to change practices and bring about greater accountability.

Working with local groups, networks, organisations and governments, we seek to find ways that people who are poor and marginalised in the countries where we work 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 reduce poverty and lead to a better quality of life.

- In Somaliland a women's umbrella group, Nagaad, was consulted on the National Gender Policy, involving religious leaders, traditional leaders, local government officials and ministries, with the result that a consensus emerged that customary practices and laws relating to gender equality should be reviewed and those relating to Female Genital Mutilation, matrimonial property or violence/rape against women need to be abolished. The impact of this on the lives of women and girls is obvious.

- In the Dominican Republic, we pioneered the creation of a coordinating body between the local government, central government and civil society of the Dajabón municipality to increase access to information on issues affecting community life. This was complemented by our international advocacy work on Haitian migrants living in the Dominican Republic. The committee members asked the EU for, and obtained information on, the construction of the bi-national market with Haiti, they discussed and influenced the design plans and acted as advocates for the creation of the Monitoring Committee in the construction and operation of the market. A more effective market could have a significant effect on the lives of poor people in Haiti.
- In Peru, we have been working during the last year with COINCIDE (a network of 6 NGOs) in making the decentralisation process relevant to the poor communities of Cusco. Through strengthening NGOs and Community Based Organisations and developing individual and collective capacity to engage with the decentralisation processes, we hope that social policy will be influenced in a positive way for the poorest people in the province. All of those involved worked to create 'Local Development Projects' and most of the projects are to be implemented by the communities where the participants are from. Three of these projects will be presented as part of the District's Participatory Budgeting programme. Participatory budgeting has been shown to have a positive effect on the lives of those who are poor and marginalised, especially women, through more accountable and locally focused decision-making

• **Programme objective 2: Effective responses to HIV and AIDS**

Progressio has been working on this issue for many years. HIV 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. As an organisation with Catholic roots, Progressio is well placed to work positively and constructively with religious leaders on ways to tackle the pandemic. 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 and AIDS.

Progressio offers an important dimension by working with faith communities, especially through influencing religious leaders to recognise the strength of their potential to tackle stigma, discrimination and thus reduce the pandemic.

- for example in Zimbabwe, up some 500 church-goers from the Apostolic denomination are benefiting from work to address polygamy within the church - a contributor to the spread of HIV & AIDS, sexual abuse by church leaders or by husbands within the church and other practices such as degrading 'virginity tests' to determine whether younger women in the church are 'chaste' or not. As a result women and men within the churches are becoming vocal in their opposition to long-standing traditions that amount to gender and sexual-based violence thus contributing to addressing some of the key causes of HIV for people who are powerless.
- We have seen an increase in the number of community members in Zimbabwe seeking testing and support in living with HIV, in the communities where we work; many women have benefited from knowledge with regard to prevention, now having control over their own lives, and the subsequent benefits to them.
- In Yemen Progressio and its partner Interaction ran training in the capital Sana'a for religious teachers – Imams and Khateebas as well as female religious health guides. These key opinion formers within faith traditions were then able to learn and pass on strategies for preventing stigma and discrimination against people living with the virus. Allied to this was training for journalists and other media workers in order that the issue of HIV & AIDS was better understood

and reported by media channels. When religious leaders speak out positive on HIV this has a dramatic impact.

• **Programme objective 3: 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.

This third objective of Progressio's 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.

- In East Timor Progressio the Development Worker is tackling one of the greatest threats to the natural environment - the felling of trees to provide wood for cooking fires. This practice is endemic with almost the entire population relying on wood fuel to cook on a daily basis. Mangrove, eucalyptus and other native trees are being felled without apparent consideration or knowledge of sustainable yields. The people's need for cooking fuel and income generation coupled with weak land legislation and natural resource policies (plus inadequate law enforcement) has created a deadly combination of loss of natural biodiversity, increased susceptibility to land slides and soil erosion. With partner NGO Haburas, the DW is equipping local people to advocate and lobby on these issues from a sound, scientific perspective on the problem of unsustainable deforestation, but is also introducing an alternative in the form of fuel bio-briquettes which can be made from almost any organic material. This work combines practical support with the important role of advocacy to influence policy for long-lasting change.
- Together with our partners, we managed to achieve the approval of a new Forestry, Protected Areas and Wildlife Law in Honduras – protecting the forests and local environment for the benefit of local communities both in terms of livelihoods and biodiversity.
- In the UK, our work promoting agroecology in poor farming communities was profiled through a mini communications campaign in March which saw small-scale farmers who rely on their land to keep their families and communities fed, helping Britain's new breed of gardeners and allotment holders take the first steps to producing their own fruit and vegetables. Tips on organic farming were collected by Progressio staff in several countries as part of a drive to highlight the crucial role played by small-scale farmers across the globe. Coming from countries as far apart as Honduras and Malawi, these 'land-to-mouth' farmers use organic farming methods which have been finely tuned by centuries of reliance on the land for survival. At a time when Britain faces a "credit crunch", it is even more vital to keep alive a real concern for people who poor around the world.
- More than 2200 people participated in the campaign calling on the Convention on Biodiversity to uphold the moratorium on Terminator technology which, if lifted, could have had a devastating effect on the lives and livelihoods of small-scale farmers.

f. Organisational objectives and achievements

• **Increasing effectiveness in programme delivery**

Over the course of the year, Progressio had a total of 136 development workers (DWs), which is a significant increase on the previous financial year (114). On 31 March 2009, there were 86 DWs in post. This is a decrease on the previous year when we finished the financial year with 93 DWs. However there was a significant increase in the overall number of DW months (1069 DW months - which is equivalent to an average of 89 DWs per month), and which is an increase of 124 DW months on the previous financial year.

Progressio's continuing programmatic approach has meant enabling and facilitating greater learning between countries, regions, programmes and across the organisation. This has made the generation of knowledge easier and more focused and many positive steps have been made.

Having faith and gender as cross-cutting issues in our work has been instrumental in helping to develop a greater knowledge and awareness of these issues in the organisational culture

A new and comprehensive Monitoring & Evaluation framework, developed and implemented by the organisation over the last year, has meant more effective monitoring of all programmes, including development awareness. We have strong qualitative information about the impact Progressio is having in reducing poverty and marginalisation.

An internal working group is looking at the organisation's environmental impact. In the last year we have taken steps to assess our environmental impact more formally, both in the UK and in our programme countries, and our formal strategy to address this is being finalised. Progressio has begun a strategic planning process for 2010 onwards and looking at the negative environmental impact of our work (for example, overseas travel) will be one of the aspects under consideration.

- **Strengthening understanding of the organisation's faith dimension**

Progressio is proud of its Catholic roots and inspiration. Our organisational values combine this faith tradition with the best of secular development thinking. Being an organisation that works with people of all faiths and none, is an enormous strength, but the clarity with which we communicate this distinctive aspect still needs improving

Progressio has been a key member of *LiveSimply* – a network of catholic organisations working together to enable people to live simply, sustainably and in solidarity in response to the imperative of justice that is central to Catholic Social Teaching.

Chief Executive Christine Allen, spoke at the church service to launch the public rally for 35,000 people on the eve of the G20 Summit. She led the organisation in its goal of underlining the role of faith in development with speaking engagements at faith events and articles Heythrop Institute for Religion, Ethics and Public Life.

Progressio joined with other faith-based agencies, CAFOD and Tearfund to produce a joint paper affirming how faith values can inform and inspire campaigning for justice around global policy processes such as the G20. During the year Progressio has published theological and spiritual reflections alongside its policy analysis and campaigns work in order to meet its objective of informing and enabling Christian reflection on key issues.

- **Improving communications and marketing**

Informing and educating supporters and others about poverty and its causes are central to Progressio's mission. The Communications team continued to work closely with Programmes to promote and support the organisation's work and advocacy messages, through publications and outreach to supporters and potential supporters.

A clarification of Progressio's brand identity has been carried out, with clarified positioning statements and descriptors. Allied to this has been extensive planning for redesigns of both the Progressio website and the organisation's flagship magazine, *Interact*.

Income from supporters has grown again in the last year and media relations has seen coverage on both national, specialist and faith media around such events as the G20 Summit in London, the East Timor campaign and visiting partners from Honduras. In total £174,000 worth of media coverage, with a potential audience of 32 million people was achieved.

A stronger campaigns focus led to 1,800 campaigners and 2065 'actions' during the year as part of the *East Timor: Who Cares?* campaign. A highlight being a photo exhibition, taken to various supporter events, profiled on BBC Online and which was selected for display in the House of Commons in July 2009.

- **Seeking medium financial growth within a framework of financial sustainability**

Despite a strong performance during the past year the Trustees are aware of the challenges Progressio faces for the medium and long term. The coincidence of the need for a new 5-year strategic framework and the global financial crisis means the staff and Board are to conduct a major review in 2009-2010 to seek to reduce costs and enhance efficiency and effectiveness. For example, strategic partnerships are likely to be key mechanisms to future financial security. 2010 is the year in which Progressio will be renegotiating our DFID PPA funding as the current funding is due to end March 2011.

Restricted income has increased slightly in the last year, largely due to significant additional funding from DFID for Progressio's work in Latin America. The development of project plans has been a positive step for improving the potential income that can be generated, despite the pressures of the economic downturn.

Our public fundraising strategy is based on increasing our profile and supporter base. This has shown some limited success, but this will be a medium-term strategy. In the year ahead Progressio will prioritise its high value individual donor strategy.

Some additional resources were allocated to fundraising as the senior management team saw the medium and longer-term challenges the organisation faces in this area. Although some successes have been seen in this year, this investment is required to ensure Progressio has the ability to secure necessary income.

Further details of how Progressio has moved towards the fulfilment of its objectives can be found in the annual review and on the website www.progressio.org.uk.

g. Financial Review

Despite the global financial downturn, which saw a significant impact on expenditure with rise and subsequent fluctuations in the \$US dollar exchange rate, Progressio's financial statement for the year would be considered healthy.

Total income amounted to £5,296,099, of which, £2,880,000 was the unrestricted PPA funding from the Department for International Development (DFID). This is an increase in total income of £322,966 on last year. Expenditure during the year was also higher at £5,270,704 as against £4,774,161 in the previous year, a rise of ten per cent.

Total restricted funding during the year amounted to £2,256,652. A figure of £566,688 is carried forward at March 31 2009 into restricted reserves to be expended in the coming year. There is an unrestricted surplus of £125,792 to be put into reserves.

Progressio had forward-booked \$1.92million (US dollars) during this year. This proved to be a good decision in the light of the exchange rate fluctuations and served to minimise the risks to the organisation.

Our donor profile for the past year remains a challenge, as a small number of donors are responsible for the majority of the organisation's income. The trustees support the continuing increase in investment in fundraising and income generation in order to secure future delivery and organisational sustainability.

h. Reserves Policy

The Trustees have examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be between 2 and 3 months of the expenditure. The level of reserves is within this policy, standing at 13 weeks.

The Trustees strive to balance the priorities of enabling the programme to grow and maintaining a necessary level of reserve. The level of reserves is reviewed by the Board on an annual basis.

i. Risk Management

An annual risk appraisal is submitted to the Board and risk analysis is central to management decisions. The register of risks is reviewed and updated each year. The Board is confident that, where necessary, procedures are put in place to mitigate the risks that Progressio might face.

For instance, during the year the Finance and Audit Committee looked specifically at the level of risk of the financial activity across the eleven countries where we work. We are pleased to report that the external audit highlighted the improved controls, checks and balances in place.

j. Progressio's structure

Progressio is a medium-sized organisation with 77 employees, 30 of these in London and 47 in the 11 developing countries where we work.

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

The Senior Management Team is made up of the Executive Director, Programmes Director and Finance & Administration Director. All work closely with the Communications Manager.

The staff of Progressio's International Programmes Department in our country offices are headed by Country Representatives who report to two UK-based Regional Managers. Country Representatives are (with two exceptions) nationals of the country concerned and are responsible for project and development worker assessments, reviews, placements and recruitment, as well as liaison, networking and reporting.

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

Progressio has close working relationships with Progressio Ireland, a sister but independent company. Progressio Ireland has its own advocacy and awareness raising work in Ireland and provides financial support to the Progressio international programmes in certain countries. A Memorandum of Understanding exists between the two organisations and there is close contact between staff and Board members of the two organisations. Contracts for specific funding and more general service agreements have been developed to clarify the relationship for funders.

k. Progressio's governance

The Board of Trustees has the main governance role in Progressio. There are currently 10 members of the Board of Trustees, (which constitutionally is between eight and 12). Members of the Board serve for

a term of office, which can be renewed up to a maximum of seven years (12 years if taking on an officer's role). Board members are elected or re-elected at the AGM.

In the last year, Progressio welcomed a new Chair of the Board of Trustees. He had been a Trustee for 18 months prior to appointment. As part of his induction, the Chair visited the programme in Malawi and Zimbabwe in February 2009. The trustees are skilled and able people, with a range of relevant experience. The Board is undertaking a self-assessment board performance review, which is in line with the NCVO Code of Conduct. The Board had a workshop on the Code in September 2008.

There are two sub-committees: the Finance and Audit Committee (F&A), and the Organisational Development (OD) Committee - formerly called the Nominations and Remuneration Committee). The committees have terms of reference and report to the main Board at quarterly meetings. The F&A Committee is responsible for overseeing the financial security of Progressio, including fundraising. The OD Committee takes responsibility for all Board recruitment and is responsible for offering advice on human resource issues and any matters relating to the Senior Management Team. It oversees trustee recruitment which includes a regular skills audit so that the Board has a full complement and the necessary skills. In the past year this Committee successfully recruited three new Board members.

The recruitment process is open and rigorous, and follows a written procedure. Trusteeship is open to anyone, with the stipulation that the Chair and any two other Board members be Catholic. Members of the company are invited to apply to become trustees and at the same time the OD Committee seeks out prospective trustees as part of its role of ensuring the Board has balance and the essential skills required.

Board members are expected to attend four meetings a year and be part of a Board committee or engage with Progressio's work in other ways. This year travel abroad by Board members was limited to financial audits and the travel of the Chair. We hope, within reason, to enable more Board members to experience firsthand Progressio's programme work. A joint away day of the Board and the Management Team is held annually.

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. Many of these are legal members of the Company who have a key decision-making role at the AGM, responsible for the governance measures of electing the Trustees, ratifying the Chair, approving the annual report and accounts, and appointing the auditors. In addition to the AGM, there is, as part of the strategic review, an Assembly where members can discuss key issues affecting Progressio and feed in their views as to its future role and direction.

I. Conclusions

The past year saw strong outcomes in terms of:

- A strong performance from development workers. There was stable, solid delivery in Latin America and growth in programmes in Africa, Middle East and Asia.
- Progressio playing a key role in facilitating knowledge transfer be it between civil society groups, networks and movements, individuals or government. This includes linking community groups in rural areas to advocacy and campaigning organisation at national level and also with international advocacy efforts at a global level.
- The advocacy strategies continue to show the potential for policy change, and our public campaigning is reaching beyond Progressio's existing membership and generating a stronger supporter base.
- The development of systems for monitoring and evaluation, impact assessment and measurement were major achievements, which will take further time to fully roll out. These will provide increasing essential information on the achievements of Progressio partners.
- Improved communications and outreach to new audiences through campaigns and advocacy integrated with effective media and other means.

Looking ahead - The coincidence of the current economic crisis and a 5 year strategic planning process presents the opportunity to dramatically reduce costs and develop Progressio. The organisation seeks to be more agile, creative and continue to innovate in order to maximise impact in the lives of people who are poor and marginalised around the world.

The 5-Year Strategy Review in the coming year will seek significantly increase our impact by 2015, despite the current tough economic conditions. In common with many other charities who are responding to the global financial downturn, we are seeking greater efficiency and effectiveness. As part of our planning we will be reviewing operations across the 11 countries in which we work and also at our London headquarters. The Strategy Review will involve all staff and will examine issues ranging from structure and resource allocation, to thematic focus and options for strategic alliances with other agencies.

Last year we said our priorities for the year to come included: rigorous application of the new monitoring & evaluation systems in order to demonstrate impact on behalf of beneficiaries in poor communities; further clarifying our identity in the wake of the name change, as part of raising awareness and income from existing and new sources; and exploration of further ways of harnessing the motivation and enthusiasm of our members while also reaching out to new audiences. While funding remains a major challenge for us, there has been strong progress and achievement in the past year.

In seeking to maintain and build upon the excellence that exists in the coming year, we will prioritise:

- Developing a new vision and strategic plan for Progressio which will take us to 2015.
- Investing in diversifying our funding base, ranging from increasing our income raised overseas, to a new approach to individual, trust and major donor fundraising in the UK.
- Cutting our cost base to enable more income to be focussed on the 'front line' where our development workers are placed.
- Campaigning and lobbying on the impact of climate change on water resources through our supporter-facing work

The Trustees welcome the effort and dedication of all staff across the organisation and development workers in delivering such a positive annual report.