

# Progreso

## POLICY PLAN 2019

CONNECTING COFFEE | CONNECTING COCOA | CONNECTING FARMERS



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**STICHTING PROGRESO FOUNDATION**

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MAURTISKADE 64  
1092 AD AMSTERDAM

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# INTRODUCTION



## HISTORY

Progreso Foundation was established in 1998 under the name Green Development Foundation (GDF) with the objective to support coffee producer organisations in Latin America. After being managed by organizations like Solidaridad and impact enterprise Avance, Progreso once again became an independent foundation with its own staff and supervisory board.

## MISSION AND VISION

Coffee and chocolate are products daily enjoyed by a lot of consumers. These products are produced by millions of coffee and cocoa smallholder farm households who struggle making a living. They face problems of low production, low international prices, poor quality and no access to markets and to finance.

Progreso believes that there are ways to secure an honest income for farmers and to preserve ecosystems while keeping up with market demands. Our ambition is to support the smallholder farm households to produce and to sell quality coffee and cocoa to enhance their livelihoods.

We are convinced that through sustainable producer organisations (PO) these smallholder farm households can best be supported. Therefore, our long-term goal is to strengthen producer organisations to enable them to run their organisations as professional businesses.

We have started our mission more than 20 years ago, in 1998. Since then we have contributed to the professionalization of more than 300.000 farmers in Latin America, Africa and Asia.

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## HOW DO WE WORK?

### OUR PROJECTS

Progreso differs from other non-governmental organisations in that we have a tailor-made approach. We consider the wishes and needs of producer organisations to achieve sustainable growth. Together with producer organisations, we analyse their current situation and we define what needs to be done. As a result, we start a project for further development of an organisation. In case needed, we also intervene in emergency situations and build a recovery plan with the producer organisation.

Progreso is a partner which supports long-term development. We choose to focus on sustainable business development, so that producer organisations can achieve a significant progress and professionalize themselves: we focus therefore on strong management and producer capacities, sustainable and professional market linkages, stable commercial relationships and responsible land use.

### PROJECT STRUCTURE

There are several conditions for starting a project with Progreso:

- We work with producer organisations, cooperatives or associations. We do not work with individual farmers.
- The producer organisation focuses on coffee and/or cocoa as a main product.
- The producer organisation is owned by mainly smallholder producers and is willing to work according to fair and sustainable trade principles.
- The producer organisation has the intention to grow in terms of volume and revenue, to diversify their markets, improving the quality of their products, to create added value for their members and to become an economically sustainable business.

Progreso has a unique position within the coffee and cocoa value chains, because it acts as a neutral key player connecting and bringing value to all crucial parties: farmers, buyers and investors.

Within the projects, Progreso works together with producer organisations on five components:

- **Access to finance:** to enhance financial management and secure credit readiness.
- **Capacity building:** to strengthen the agronomic knowledge within the organisation, the internal management skills and to guide the overall professionalization of the organization.
- **Access to markets:** to ensure access to the best fitting buyer, depending on quality differentiation. We search for collaboration with reliable off-takers who are willing to add more value for the farmer.
- **Diversification:** to develop sustainable businesses with multiple income sources.
- **Environmental preservation and renovation:** to increase the resilience of the producer organisation to environmental impact and climate change.

The specific focus of the project can be on one or more components depending on the needs of the producer organisation. We make sure to think along with producer organisations and to involve all partners of the supply chain in order to respond to new market developments, stakeholders' interests and environmental changes.





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# Objectives

The deed under Article 2 of Progreso's Statute describes the aim of the foundation as follows:

1. The foundation aims to support activities related to the benefit of local communities in developing countries, in particular by improving the position of smallholder farm households through support based on the needs of local communities and by performing everything related to this or what may be conducive to this.

This purpose does not include contributions to the founder or anyone else who is part of the organs of the foundation.

2. Among other things, the foundation tries to achieve its goals by:

- Providing counselling;
- Information and guidance to producers;
- The promotion of cooperation between producers aiming mutual benefit, mutual equality and mutual input;
- Strengthening the institutional position of producers;
- Setting up cooperation projects in a sustainable framework, which means that the activities are environmentally friendly and that the social and economic position of the target group improves in the long term;
- Entering into partnerships for special projects or countries.



# Strategy

## CURRENT SITUATION

Over the past 20 years Progreso has developed into a well-known organization in the field of coffee- and cocoa farmer support. This is evident from the following points:

- More than 100 coffee and cocoa organizations are or have been supported in their development.
- More than 300,000 farmers have been reached in the past 20 years.
- Progreso staff is hired as consultants by social lenders, traders, roasters and other non-profit organizations, to provide support on agriculture, smallholder finance, organisational strengthening and market access for coffee and cocoa organisations.

In 2017, an independent analysis<sup>[1]</sup> was carried out on Progreso's overall strategy & operations. Stakeholders and partners indicated that Progreso's strengths are:

- The holistic approach: working on all aspects of PO supports in an integral manner.
- Working bottom up: Progreso offers tailor made support, based on the needs and ambitions of the organization itself. making organizations responsible for their own success.
- Great equal relationships: Progreso is seen as a trusted and equal partner by PO's.
- Network: Progreso has an extensive network in the coffee and cacao sector.
- Being lean and mean: being flexible, cost-efficient (low overhead) and pragmatic.

Moreover, the results of the survey revealed that the areas in which Progreso has most impact are:

- Stronger and better organized Producer Organizations.
- Increased productivity and quality.
- Increased price for production.

It also showed that most respondents find that this impact is generated with little resources, and by focusing on specific problems and bottlenecks of each organization.

[1] This study was carried out in 2017 by Jasmijn Besorak independent consultant.  
<http://www.jasmijnbesorak.com/>

## CURRENT PROJECTS

Since January 2019 up to now, September 2019, Progreso has been working with 75 producer organisations (cooperatives) in 41 different projects. This can be specified in 3 regions; Afrika, Latin America and Asia.

So far, Progreso has been active in 18 projects in Africa (Uganda, Ivory Coast, Ghana, Kenya, Rwanda and Congo), 17 projects in Latin America (Colombia, Peru and Nicaragua) and 3 projects in Asia (Indonesia and Myanmar).

Within these projects Progreso has worked with 18 African cooperatives, 43 Latin American cooperatives and 8 Asian cooperatives. In addition, our ProClimate Program has been doing 3 projects in different countries (Peru, Nicaragua and Kenya) with a total of 6 organizations.

The total number of beneficiaries in the projects (the farmers' members of the cooperatives) is around 55,000 farmers. See figure 1 for a visualization of this information.

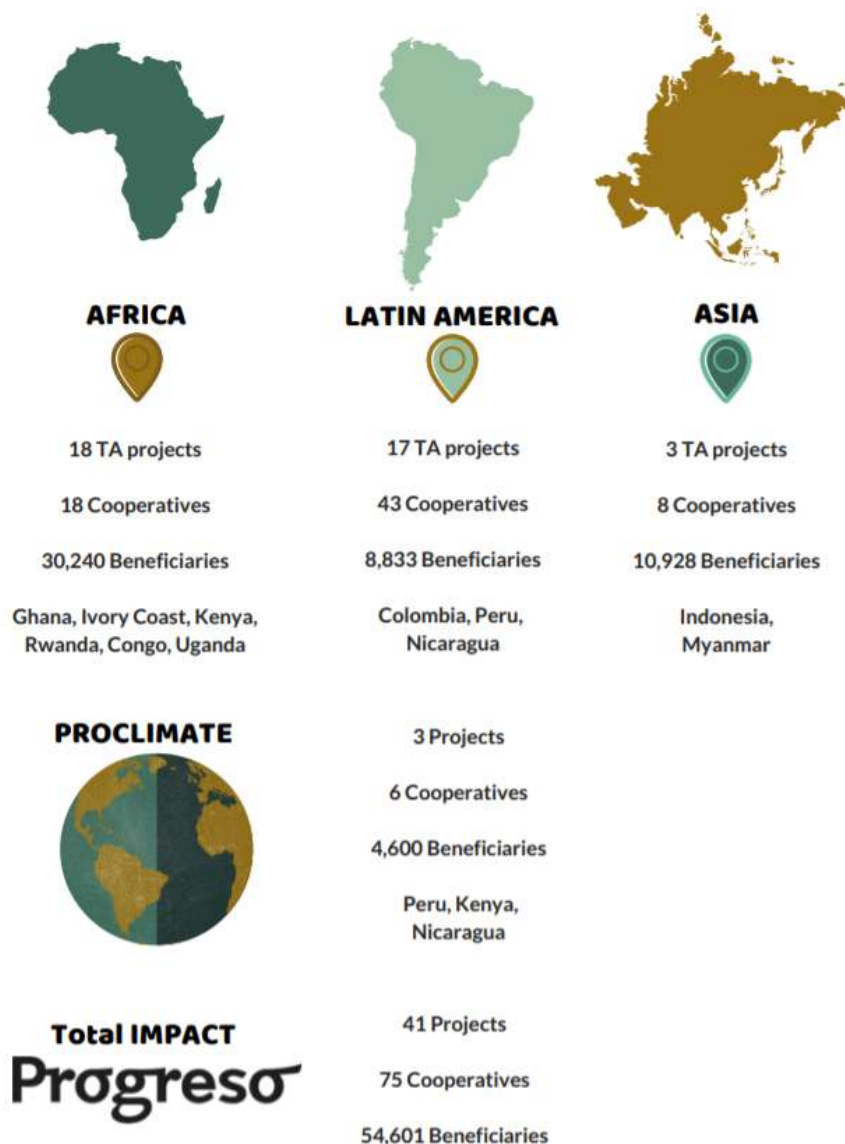


Figure 1: Progreso's impact on Afrika, Latin America and Asia from January 2019 to September 2019.

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## CURRENT AND FUTURE ACTIVITIES

The changing circumstances both in the international market and in society demand an approach aimed at professionalizing the producers and their organisations. Moreover, the demand from society to make coffee and cocoa chains more sustainable and transparent is increasing. Many companies that purchase, process and sell coffee and cocoa try to respond to this demand, not only from a commercial point of view, but also through a growing awareness that comes from within. Innovation in the value chain is seen as essential and requires a renewed approach regarding agricultural methods, but also in trade- and financing models.

Therefore, Progreso is aiming to focus more on the following activities; Extension of Technical Assistance, Building Beyco, Collaborating with Circular Coffee Fund and the development and implementation of an Information Management Strategy, as explained below.

### **Extension of Technical Assistance:**

The current Progreso Technical Assistance program is mainly focused on organizational strengthening and productivity/quality improvement. While continuing to implement technical assistance projects, Progreso has also been developing financial assistance activities. The objective of these activities is to train the cooperatives and give them access to finance on a small scale. Progreso thinks it is important to combine technical assistance and financial assistance to prepare cooperatives for future financing from a social lender or a bank.

Besides financial assistance, Progreso has also initiated the ProClimate Program. In our work with coffee and cocoa producer organisations, we observed how agricultural production systems are increasingly strained by changing weather patterns. Climate change and deforestation is causing land degradation, biodiversity loss and a decrease in agricultural productivity. A transition to landscape restoration and climate resilient agricultural production systems is needed to secure livelihoods and long-term yields of smallholder farmers. Therefore, ProClimate's overall goal is to generate a collaboration between producer organisations, financiers and businesses to work together in creating productive landscapes and minimize negative impact on (native) forests, soils, water sources and biodiversity. By doing so, ProClimate aims to contribute to a future proof coffee and cocoa sector that benefits all stakeholders in the supply chain.



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## CURRENT AND FUTURE ACTIVITIES

### Building coffee platform Beyco:

Progreso has a large network in the coffee and cocoa sector and as a neutral player has always been a connector between cooperatives and buyers. In order to facilitate and upscale these connections, and to connect the whole coffee supply chain, Progreso is creating Beyco (**Beyond Coffee, see [www.beyco.nl](http://www.beyco.nl)**), an online platform based on block chain technology. On this platform parties can meet, establish relationships, trade coffee and provide services. Through Beyco, we further professionalize access to markets by providing a worldwide coffee trading platform to connect producer organisations with buyers.

Currently, producer organisations and buyers can make a profile and connect. Producer organisations can register their coffee offers and buyers can search for the coffees they need. Once both parties agree, an encrypted contract will be established on Beyco, fixing all the specific conditions with blockchain technology. Some contract information can even be published on a public map, facilitating an important way to make the coffee trade more transparent.

In the near future, a trader profile, financier profile and farmer profile will be added to Beyco. Then contracts that are signed on the platform can be traced all the way from the farmers to the buyers and trade finance can be negotiated on the same platform.

## Beyco makes the coffee value chain transparent





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## CURRENT AND FUTURE ACTIVITIES

### Collaborating with Circular Coffee Fund

In 2018 Progreso started to collaborate with This Side Up and Circular Coffee Collective, both organisations that work with producer organisations. The Circular Coffee Fund is a non-profit fund, aimed at being 100% transparent and realizing impact in a collaborative, respectful way based on the equality of all actors. They invest smart savings from avoiding disposable cups into greening their coffee farms.

Various organisations that operate in coffee, coffee shops, roasters etcetera are making monthly donations to a newly opened savings account owned by Progreso. Besides that, Progreso started to collaborate with KIT Royal Tropical Institute, the building where Progreso's office is located. All employees/visitors in this building are motivated to use reusable mugs. This will minimize the amount of disposable cups that KIT needs to buy. Instead of keeping these savings, they decided to donate this money to the Circular Coffee Fund.

By the end of 2019 donations will be made to the three different organisations/farms the Circular Coffee Fund has picked to contribute to. More information about the project can be found on the website: <https://www.circularcoffeefund.com/coffeeprofessional>.

### Development and implementation of an Information Management Strategy

Progreso has developed different tools and implemented a few new systems to measure the impact of its work and to report on progress in a more efficient manner.

To professionalize the data collection, storage and analysis, four tools have been developed:

- **The MIDCA** is Progreso's self-assessment tool for producer organisations and provides insight on their current development stage and helps to evaluate their internal processes.
- **The Quick scan** is a tool developed to collect data on farm level and operates on a tablet or a smartphone and informs on the development and needs of the cooperative members.
- **The Living Income study** was developed to gain a better understanding of the living income required by farm households to cover a 'decent standard of living'. This can be used to define a fair price for the coffee and/or cocoa produced by the farmers.
- **A 'storytelling survey'** was developed for Progreso staff to upload photos, videos, audio and written stories during an event or occasion. Those stories are collected on tablets and stored on the server for easy access and usage.

Besides, Progreso will focus more on a communication by developing communication strategy including a good regularly updated website, more attention for social media and newsletters in which projects and impact for the farmer are explained. Progreso will be present during international trade fairs and other sector-related events to present its activities and their impact and in that way make more connections with the coffee and cocoa chain. Also, Progreso has started to work with an online customer relationship managementsystem (Salesforce) to register and manage all activities in an efficient and integrated manner.



# Finance Strategy



## FUNDRAISING

Since its foundation in the year 1998, Progreso has been working with two main donors: Rabobank Foundation and Stichting DOEN. Besides, Progreso also values working relationships with several private funders.

In addition to the contribution from Rabobank Foundation, DOEN Foundation and other (private) funders, Progreso is funding its projects by:

- Making connections and collaborating with companies in the coffee and cocoa chain (donations for TA projects in cash and in kind).
- Obtaining income through interest payments on loans. Interest rates of 6-8% on an annual basis (over the outstanding amount) are competitive with international social lenders.
- Charging users of the Beyco platform for certain additional services besides the standard package. This will allow the platform to be managed after investment for start-up and implementation.
- Consulting, counselling and guidance of producer organisation by our own team. In this way we are saving on expenses for external consultants.

## MANAGEMENT OF ASSETS

The Executive Director is responsible for the management of Progreso's assets and develops policies and strategies to guide their use. This is done in accordance with the Supervisory Board.

All donations received by Progreso are used to execute the objectives of the foundation, as stated in the bylaws. Progreso aims to maintain a 12% for overhead expenses. This has to do with scale of funding and fixed costs. The foundation has a savings account on which the funds are stored that are not immediately used.

All equipment that is purchased, such as laptop computers, a beamer etc. are solely used for the execution of Progreso activities, at the responsibility of the user.

Annual financial statements are drawn up, including an auditor's report, which reflect the utilization of the funds and the state of Progreso's asset.

# Organisation



## STAFF

Progreso currently has the following employees on its payroll:

- Executive Director:  
Isabel van Bemmelen
- Program Manager Latin America:  
Yasmin Córdova
- Program Manager ProClimate:  
Rianne van der Bom
- Program Manager Afrika:  
Ghislaine Bongers
- Program Supporter Afrika:  
Janet Maate
- Monitoring and Evaluation Manager:  
Steffie Rijpkema
- Operations and Communications Manager:  
Chantal Verlouw

## REMUNERATION POLICY

Progreso pursues a remuneration policy that is appropriate for the Non-Governmental sector. Salary scales or pre-agreed salary steps for the individual employees are determined on the work that is done. In consultation with the management, every year is checked whether salaries match with comparable NGOs. The wages are adjusted where necessary. The Executive director is responsible for personnel policy. The Supervisory Board decides on the salary of the Executive Director and any changes therein.

The members of the Supervisory Board currently do not receive compensation for the expenses they make while executing their activities related to Progreso, nor a fee for the preparation time for board meetings. If this changes in the future, the legislation in 'artikel 1a, eerste lid, onderdeel e, van de UR AWR 1994' will be taken into account.

## THE BOARD

Article 8 of the Statute of the Foundation states that the supervisory board of the foundation is formed by at least three members. The current composition of the board is:

- Chairman:  
Hermine Albertine van Rees
- Member:  
Huber Maria Josef Keulen
- Member:  
Marjan Sax
- Member:  
Valken, Karel Walter

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# Registration & Details

## REGISTRATION

Stichting Progreso Foundation has been established by notarial deed 27th of November 1998. The foundation is registered in the Commercial Register of the Chamber of Commerce under number 34108476. A request is submitted to the ANBI status. This request is pending.

## BANK DETAILS

VAT: NL807568193B02  
IBAN: NL08RABO0393816516  
SWIFT CODE: RABONL2U  
Chamber of Commerce No.34108476

## CONTACT DETAILS

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+31(0)6-10906858 (Executive Director Isabel van Bemmelen)

