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The Progreso Fund is a combined effort of various Dutch development institutions



Progreso Fund



Strong growth in the sustainable and specialty markets presents farmers with a new opportunity to counter the historic trends of extreme poverty and agriculture commodity devaluation. However the access to finance is still limited for small holders organizations.

The Progreso Fund is a combined effort of various Dutch development institutions that made pre-export finance available to small producers' organizations at affordable rates and agribusiness oriented conditions.

Operating successfully since 2006, the Progreso Fund has disbursed more than USD 20MM and is negotiation with several investors in order to grow to the target investment capacity of USD 20MM value in three years time from now.

Progreso Fund currently operates in Latin America and Africa.

The advantages

- Building a solid credit history that creates the opportunity receiving loans from other lenders
- Long term relation with the Fund
- Link to the Technical Assistance Program of Progreso
- Contact with international buyers
- To enhance exporting activities



Progreso Fund

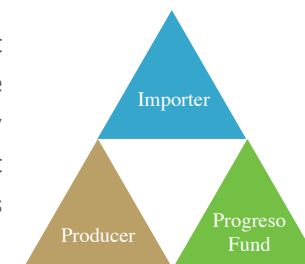


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The model

Progreso's lending is a triangular structure. Based on signed export contracts Progreso pre-finances up to a 70% of the value of these contracts. Once the product is shipped, the importer pays directly the principal plus accumulated interests to Progreso. The contact between Progreso and the international buyer is crucial. This lowers the risk and allows the Fund to offer a competitive interest rate.



Loan characteristics

Maximum limit	USD 750.000,- per organization.
Maximal period	11 months.
Revolving fund	Negotiable, but no amounts can be requested 3 months prior to the expiration of the loan contract.
Interest rate	At this moment, flat rate of 8% on declining balance.
Collateral	Export contracts; specialty coffee contracts preferred.
Currency	USD

Applicants eligibility

- Small producers' organizations
- Operating under Fair (Trade) principles
- Financially and structurally sound
- Good image and reputation
- Oriented to sustainable production
- Trading with recognized international buyers

Key lending figures

	Amount disbursed (USD)	Number of Organizations
2007	5.301.606	19
2008	7.170.001	23
2009	8.200.000	21
2010*	13.000.000	32

*Estimated