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901 N. Stuart St., 10th Floor
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Email: foia@iaf.gov

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Inter-American Foundation

An Independent Agency of the U.S. Government

September 10, 2013

This letter is in response to your Freedom of Information Act (FOIA) request, received July 22, 2013, for an electronic/digital copy of the IAF Meeting Minutes for the years 2011, 2012, and 2013 to date.

Please see attached copies of the requested Minutes. You'll note the identification of a former employee was redacted on page 13 in the June 24, 2013 Minutes.

Regards,

Paul Zimmerman
General Counsel
Office of the General Counsel
Inter-American Foundation
202.683-7118 (tel)

2011 Meeting Minutes

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
March 28, 2011**

The Board of Directors of the Inter-American Foundation (IAF) met at 901 N. Stuart Street, Arlington, Virginia, on March 28, 2011. Board Members present were John P. Salazar, Acting Chairman; Thomas Dodd, Acting Vice Chair; Kay Arnold, Secretary; and Jack Vaughn, Member. IAF staff members in attendance were Robert Kaplan, President; Linda Kolko, Vice President for Operations; Jennifer Hodges, General Counsel and Senior Vice President; Jill Wheeler, Regional Director for Central America and Mexico; Wilbur Wright, Regional Director for South America and Caribbean; Emilia Rodriguez-Stein, Director of Evaluations; and Cindy Soto, Executive Assistant. Attending portions of the meeting were Juanita Roca, Foundation Representative for Colombia and Chile; and Eduardo Rodriguez-Frias, Public Affairs Specialist.

I. CALL TO ORDER

The Chairman called the meeting to order at 9:00 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the December 13, 2010, Board of Directors meeting were approved and adopted by a unanimous vote.

III. PRESIDENT'S REPORT

The Board briefing materials included a summary of the follow-up items from the December 13, 2010 meeting, as well as the January and February reports to the Board. The monthly reports will continue to follow a standard format, including grant progress and budget indicators.

We have contracted Brenda Smith + Associates to assist the IAF in its strategic planning exercise over the next few months. The contractor has experience with strategic planning consulting and specific expertise in branding and marketing, with a focus on differentiation. We will provide her with written materials to review. She will conduct individual and group interviews with current IAF staff and various external stakeholders over the next few months. Ms. Smith will attend the June 6 Board meeting to present her findings thus far and lead the discussion of strategic planning questions.

We are systematically trying to build partnerships with other US government agencies. We met with USAID Administrator Rajiv Shah and representatives of the Latin America & the Caribbean Bureau to set out potential areas of collaboration. We are also meeting with foreign ambassadors to the US. Partnerships are important for us to increase funding for our programs, lever the IAF's knowledge and experience, and raise our profile as an

organization with valuable know-how about grassroots development. It is also strategically important to strengthen the constituency for our work.

Mr. Kaplan shared some observations from his trips to El Salvador, Ecuador, Guatemala, and Colombia over the past few months.

- It was striking to see clear examples where we have helped grantees to become protagonists in their communities rather than passive recipients of local or international assistance. Our grants have strengthened their capacity and self confidence. It is not just about mobilizing resources but connecting different actors in their own space.
- These visits have refined his sense of the IAF's "product": enhancing civic engagement at the grassroots level.
- There are many donors, including international donors, and groups are becoming more sophisticated about getting money from outside sources. This presents an opportunity as more money is available to support local efforts, but it is also a challenge to the extent that it may breed dependency if local groups do not need to build sustainability if they think they can get a handout when their money runs out.
- IAF grantees express strong interest in exchanging information and experience. We will be exploring ways to support grantee exchange through reporting on positive and negative experiences. One idea is to create a "hall of failures" on our Web site since many times we can learn the most from failures. This could involve short video clips from grantees telling their own stories, as well as written material.
- Grassroots groups are aware of opportunities from globalization and access to the world market, which is an important change over the last 40 years. However, there may be an issue of risk management as they become exposed to myriad new challenges in markets they may not fully understand.

The grant process is moving forward. April is the crunch time for approving new grants. Ms. Arnold asked for clarification on the timeline for approving new grants, and asked how many grants we expect to fund this fiscal year. Ms. Wheeler said we are aiming to fund in the high 60s; last year we funded 76 new grants. Staff explained that we previously had more resources from SPTF and we had over \$1 million in new grants last year that we carried over to this fiscal year because we ran out of funds.

We are recruiting for a Vice President for Programs and a Director of External Affairs. Mr. Kaplan recently opened a Twitter account in order to learn about it and assess whether it could be useful for the IAF. There was some discussion about using social media as a tool for marketing. OGC is currently working on a social media policy. Getting the IAF message out should be a part of our strategic plan.

Ms. Arnold asked about the status of collaboration with the Woodrow Wilson International Center for Scholars. Last month, Mr. Kaplan and Ms. Wheeler met with Andrew Selee, Director of the Mexico Institute and Cynthia Arnson, Director of the Latin American Program. They offered use of their space if we want to convene ambassadors or hold similar events.

IV. FOUNDATION PROGRAMS

Development Grants

Last week we obligated three new grants and one amendment for a total of \$1.9 million so far this fiscal year. In comparison, we obligated \$1.5 million at the same point last fiscal year. The Regional Directors are pushing staff to get ahead and build a pipeline of new projects. We are working to find a balance between funding high quality projects and reaching our numbers. We received over 200 grant proposals so far this year.

Ms. Arnold asked how many of the proponents are new to the IAF. Ms. Wheeler said she did not have that information on hand, but we give highest priority to groups that have not received prior IAF funding. Ms. Arnold agreed that if we spread the net further, we will increase the possibility of receiving new, high quality proposals.

Ms. Wheeler said that each year we have been able to reduce grant processing time and it now takes an average of 10 months. The bulk of our time is spent on funding new grants. Sometimes amendments account for a high percentage of the budget. Linda Kolko noted that in 1991, 40 percent of the budget was amendments. We have been between 10 and 20 percent in the last 10 years. The tone is set by the IAF president; past presidents were not amenable to amendments. Ms. Arnold noted that there are likely to be amendments when working with grassroots groups and it slows things down to wait until new grants are perfect.

A. Mexico and Central America

Last week, Ms. Wheeler traveled to Los Angeles to receive an award on behalf of the IAF from El Rescate, a Los Angeles-based nonprofit that provides legal and humanitarian services to immigrants. The "Special recognition for fostering transnational relations," refers to IAF's grant assistance for organizations in Latin America and the Caribbean that develop ways for immigrants in the United States to effectively support grassroots initiatives in their home communities. Congresswoman Judy Chu further acknowledged the IAF's work with a Certificate of Congressional Recognition. The event highlights the impact of migration and opportunities for funding.

Follow-up: We will issue a press release on the Los Angeles event.

We are seeing interesting projects early this fiscal year working with the environment, climate change, organic agriculture and opportunities for scaling up. Groups are engaging youth in employment and leadership opportunities to keep them out of gangs. We are doing outreach to receive more youth-focused proposals. The visit of Mr. Kaplan and Ms. Wheeler in El Salvador included a meeting with a coffee cooperative that has added an internet café to their project to create a space for young people.

In terms of security issues, violence continues to be a concern. We are having to restrict movement and had to postpone visits to interesting proponents in Mexico. We have

minimized and in some cases postponed staff travel to the US-Mexico border area. It is an area of increasing concern that we are following closely and underlines the importance of strengthening civic capacity.

Chairman Salazar asked how we operate in Central America in light of the security situation. Ms. Wheeler said the situation is deteriorating. Often FRs would travel in buses or cars, but now in several countries we hire drivers and this leads to additional costs and complications. There is now more random violence and it affects broad society. Chairman Salazar said we need to take this into account moving forward.

B. South America and the Caribbean

Mr. Wright mentioned some project themes: vocational training, youth, women, minority groups. He highlighted a project recently presented on women miners in Bolivia. Beneficiaries have included federations and associations of local groups. Some are environmental but basic education is also a common thread. We continue to be active in Brazil and Peru, both of which are doing well economically. Both countries continue to have many poor people and high inequality. As we do our strategic planning exercise, we will be examining the countries where we fund to prioritize and invest resources strategically.

For the past two years, staff have not been able to obtain visas to Venezuela. Our in-country contract staff does the monitoring and there have been no new projects funded. In Haiti, the FR has done an excellent job keeping in touch with what is happening on the ground.

Mr. Vaughn noted the high price inflation in Haiti. There is also a problem with the NGOs that have arrived and rented all the cars, trucks and space. This may lessen as NGOs pull back from emergency response. It would be good to tap into groups in the tent community because civil society is emerging there. There are opportunities in trash removal and potentially recycling. Another important issue is land ownership.

Mr. Wright's concluding thoughts on South America are that Brazil, Peru and Chile are doing well economically. In Argentina, inflation is an issue but at the macro level there is growth. In the Caribbean there is a focus on Haiti and we are not able to do much in the rest of the Caribbean due to other demands. We have some interesting proposals from Uruguay, for example in tourism. In terms of security concerns, Colombia stands out but not nearly to the extent of Central America.

C. Fellows Program

Mid-Year Conference in Guatemala

Amb. Dodd attended the conference of IAF fellows, February 28 – March 3, in Antigua, Guatemala. Twelve scholars from different countries and cross disciplinary studies participated. The fellows met to discuss common characteristics of grassroots

organizations and Amb. Dodd summarized general conclusions from those discussions and the conference in general.

1. Grassroots people help each other. For example, women working in fruit companies in Chile can work with other groups that have similar initiatives. Many times they have to operate where there is no local government or local police and feel they are operating in a vacuum.
2. A common thought across grassroots groups is that it is not other people who are solving problems; they have to solve their own problems. They ask whether the problem is with national government or local government and make adjustments accordingly.
3. Global world prices. One fellow started her research on fair trade in St. Lucia, then the hurricane hit and grassroots organizations had to readjust.
4. Top down ideas. Scholars have found that with health clinics, the ministry of health comes to tell them how to run things. Indigenous grassroots groups look at indigenous traditions and now they use both approaches.
5. The fellows would like to form a panel at the next LASA conference. This is a major step forward.
6. The suggestion that a fellow could be on the Advisory Council should be treated carefully. There may be a seat they could take after the dissertation is complete. Amb. Dodd proposes a revolving seat instead of an individual.
7. Programs in foreign affairs studies are growing.

Amb. Dodd noted that there is not another organization like the IAF that produces a forum for scholars to meet while they are conducting field research. By the last day of the conference, everyone was excited by each other's work. The mid-year conference is unique because it reaches across countries in the region.

Fellows Program

Since 2006, 53 fellowships have been awarded. Seventy-three percent were women; 75 percent were US citizens. Some fellows who were given the option to choose among fellowships were counseled to choose IAF's so that "colleagues will know what you stand for." We received over 100 applications for the 2011-2012 cycle and 43 were forwarded for consideration by the academic review committee. The final list has been presented to Mr. Kaplan for his review.

Chairman Salazar asked how we leverage the fellows program. There was some discussion about whether we could get a copy of the dissertations once they are published. One suggestion is to post a link to the dissertations on the IAF Web site. Or, we could post a link to contact the individual fellows.

At the last conference, academic committee member John Browder suggested having a competition among the fellows to submit articles for the IAF journal. We received seven manuscripts for a peer review. The winning article will be ready for publication in 2011.

We are working on a fellowship alumni database which will help to keep them more engaged. There have been over 1,000 fellows since the beginning of the program.

Chairman Salazar said we should have evidence of what we paid for and the product should have some value. Ms. Arnold suggested the fellows could give back to the IAF in the form of money, time or contacts.

Mr. Kaplan said this is similar to the conversations about our relationship with grantees and wanting to see the impact of our grants. It is important to establish an ongoing relationship with the fellows and engage them in our work more broadly. We should also encourage direct contact with FRs. We see the fellows as a resource for building a constituency for grassroots development and the IAF's work.

D. Results Report

Dr. Rodriguez-Stein presented an overview of the Grassroots Development Framework (GDF). The briefing materials included a summary of results from FY09 grants. The Evaluation Office is in the process of analyzing FY10 grants.

RedEAmérica is using the GDF as well. National funds are being solidified and they are partnering with foundations in other countries to disseminate lessons learned. The network is formalizing learning in terms of how to fund productive projects and creating a manual for subgrantees.

Dr. Rodriguez-Stein visited an ecological housing project in Sonora, Mexico in November 2010 as part of the impact assessment initiative. The only documentation that was available for the evaluation was the GDF (from the orientation and 6-month visit), project history and the audits. This illustrates that the GDF is not only a concept and guide, but also a tool to document what the IAF does.

Ms. Arnold asked if the GDF is considered the industry standard. She has never seen a system that is better than the GDF and suggests that it is one of the products that the IAF has to sell. The ability to measure is very important and we need to find ways to disseminate the tool – perhaps through academia – so that it becomes the industry standard.

Mr. Kaplan said there are two dimensions to the GDF: (1) reporting results of each individual grant and (2) aggregating the data for the IAF as a whole. He considered that the GDF is a particularly robust tool for the former. Aggregation is a challenge because there are 40 indicators and the FR and grantee select the indicators that are most important to the grantee, but not the full results and not necessarily the indicators that are most important to us as a foundation. Reporting results is a very important dimension of our product and we need to work on capturing the information that is useful from a lessons learned and marketing perspective.

Dr. Rodriguez-Stein said the impact assessments look at the specific impact of a grant in a community at a given time, so the two processes complement each other.

V. BUDGET / FISCAL SITUATION

The federal government is operating under Continuing Resolution #6 and the IAF has been able to continue most of our operations. We have \$4.6 million available in SPTF. We do not yet know our FY11 budget but once we do we will reallocate to Programs to the extent possible.

We received an update from the IDB about SPTF. While we were expecting \$5 million in SPTF for use in FY12, we will now receive \$7.5 million. The projection for the following year, however, is lower than anticipated.

In 2004, we commissioned KPMG to conduct a study of the IAF's budget, applying the American Institute of Certified Public Accountants (AICPA) guidance for identifying overhead in not-for-profit organizations and foundations. KPMG updated the analysis with actual FY10 expenditures and the overhead figure is 14 percent. Using OMB guidance, that figure is 27 percent. We plan to share this analysis with OMB and seek their support to use the AICPA guidance in reporting our overhead as we begin to seek private funding.

VI. CONGRESSIONAL AFFAIRS

The IAF request for FY11 was \$22.76 million. The Continuing Resolution is at the \$20.83 million level. The Congressional process has not been focused on the FY12 budget.

Prior to this last CR, the IAF was part of a discussion about a series of amendments to cut federal funding. An amendment offered by Rep. McClintock (R-CA) included zeroing out the IAF's appropriation for the remaining part of FY11. We were subsequently contacted by different Congressional offices to provide information, which demonstrates that we have bipartisan support.

Mr. Kaplan testified before the Western Hemisphere Subcommittee of the Senate Foreign Relations Committee on February 18. This was a rare opportunity for the IAF to be included in a formal hearing focused on US policy toward Latin America. The strategic importance is that we were able to disseminate widely some key points about the IAF.

OGC is drafting letters to the Congressional Black Caucus and the Congressional Hispanic Caucus to highlight overlapping priorities and encourage collective support for the work of the IAF.

OGC prepared a list of Congressional committee assignments and the Board reviewed the names to identify key supporters and possible new connections. Ms. Hodges encouraged Board members to contact her with any ideas.

VII. STRATEGIC PLANNING

The briefing materials included four initial strategic planning questions.

One suggestion was that we may need to look at a new model, or tweak the current model, as we will most likely not be able to get a higher appropriation and there will be budget cuts overall.

We need to be able to show relevance. It is important to highlight how foreign aid initiatives are linked back to primary national interests. As a small institution, the IAF's grants alone cannot eliminate poverty. In terms of scale, the options are to grow on the one hand or to proliferate, replicate and spread on the other. Mr. Vaughn commented that the multiplying factor through RedEAmérica is very attractive.

Chairman Salazar said Secretary of State Hillary Clinton and others are talking about soft power. In many ways the IAF is ideally situated to serve as an instrument of soft power, but there are talks of funding cuts at the same time. Amb. Dodd agreed that the IAF illustrates soft power. He noted that foreign service officers are learning multiple languages and working in the area of soft power.

Another suggestion is that the IAF should think of itself as a foundation generating ideas and knowledge with our grants in addition to the direct benefits of the grants themselves. At the same time, we are an agency of the US government and we need to think strategically about the advantages we bring to the table as a government agency.

Mr. Vaughn recalled that he and former IAF president Amb. Larry Palmer attended meetings with domestic foundations in Dallas a few years ago. In discussions about potential collaboration, the foundations saw the advantage of the IAF as a US government agency to help satisfy requirements of the Patriot Act.

We need to explore our potential for raising private funds. What does that mean? How much does it cost? Are we willing to pay that cost?

Dissemination is important and the new Director of External Affairs will be a key position. There was some discussion about people who could write about the IAF.

Ms. Hodges reiterated that we are a federal agency and buy-in from the Congress can be a challenge. We need to do a better job talking about who we are. In terms of our enabling legislation, it may be prudent to see what the IAF's specific authorities are that allow us to function the way we do. There is some flexibility built in.

Mr. Kaplan asked the Board if they had any sensitivity to the range of appropriate fundraising approaches. There were no concerns raised.

Mr. Vaughn asked if there was a way the IAF could raise money through text messages like the American Red Cross. Mr. Kaplan mentioned that staff have been in contact with an organization called Global Giving. We are looking at the possibility of a partnership to help fund grantees and mobilize resources, taking advantage of their internet platform for raising funds online. Ms. Hodges said perhaps we could post links on our Web site for people to donate directly to IAF projects similar to how the Peace Corps does.

Mr. Vaughn said the fact that our funding goes to the people and not the government is a huge selling point. Nobody can build something like this from the ground up because it costs too much. There may be opportunities to provide services to international private funders who do not want to set up all the infrastructure needed to identify, appraise, disburse, monitor, and evaluate grants. Mr. Kaplan recently met with the president of the US-Mexico Foundation, Jim Polsfut, and they are gearing up to build a grantmaking organization. Mr. Kaplan suggested there may be an opportunity for them to take advantage of our platform.

Follow-up: The Board would like to have written material to review for the strategic planning session at the June 6 meeting.

VIII. REDEAMERICA

Mr. Kaplan attended the third annual RedEAmérica forum in Cartagena last week. The network has grown to include 69 corporations, offers a diploma and has trained over 300 professionals.

Lester Salamon, in his book *Rethinking Corporate Social Engagement: Lessons from Latin America*, presents a framework for five dimensions of corporate social engagement: Proliferation, Professionalization, Partnerships, Participation, and Penetration. Mr. Kaplan thinks the Salamon framework could be useful as we consider how we want to engage with RedEAmérica. There are clear strengths and challenges in each dimension. Mr. Kaplan considered that a particularly exciting challenge would be to use the initiative to develop effective approaches to “penetration” of the firm’s value chain.

Mr. Kaplan reported that there was rich discussion at the RedEAmérica forum about topics central to what the IAF does. It appears they are searching for where to go next and how they can influence public policy. There was a lot of reference to IAF being a parent of RedEAmérica. Many noted that the importance of IAF support is not so much about the money but about credibility and know-how. The network continues to grow and several speakers underlined that they are moving away from charity and embracing responsive grassroots development. Following up on previous discussions, RedEAmérica remains interested in signing a Memorandum of Understanding with the IAF.

Mr. Kaplan and FR Juanita Roca visited several groups in Colombia, including a sugar factory and a farmers group. Asoduende was a subgrantee through RedEAmérica that later received funding from the IAF. One conclusion Mr. Kaplan drew from the grantee visits is that there is authentic civic engagement in the groups he visited, and the

RedEAmérica foundation partner played a supportive role and was not overbearing. In one case the local mayor also provided support for a project and she emphasized the importance of local economic development.

Mr. Kaplan said that he is enthusiastic about working with RedEAmérica. Next year is the 10th anniversary of RedEAmérica and it is a good time to reevaluate the relationship with the IAF. The IAF's total financial contribution to RedEAmérica since the beginning is \$8 million.

IX. ADVISORY COUNCIL

The briefing materials included a description of five areas of expertise where Advisory Council members could assist the IAF and Board: fundraising; perspectives from the region; media; political insight; and US based diaspora groups.

Chairman Salazar asked for a motion to accept the five areas of consideration. Ms. Arnold moved and Amb. Dodd seconded the motion. (Mr. Vaughn had previously left the meeting.)

Chairman Salazar suggested we look at the most recent Advisory Council members to see if they fall within the stated categories and reappoint them. Ms. Hodges said that several months ago we sent a message to existing Advisory Council members asking whether they would continue to serve and there was a mixed response. Ms. Arnold said we may want to contact them again as their situation may have changed.

Although Amb. Jim Jones had indicated he would not be able to continue to serve on the Advisory Council, perhaps we can contact him to get suggestions.

The estimated annual cost for the Advisory Council is \$40,000. We need to spend the money strategically. We need to consider whether to have the full Advisory Council convene in Washington for a meeting or use an ad hoc system of engagement that focuses on targeted areas.

Follow-up: The Board agreed to submit names of potential Advisory Council members by April 15. Mr. Kaplan will follow up with Amb. Jones for suggestions.

X. WEB SITE DEMONSTRATION

Public Affairs Specialist Eduardo Rodriguez-Frias gave a demonstration of the new IAF Web site which is available in test mode through a link on our current site. He highlighted several sections including news releases, RedEAmérica, programs, the Board, fellowships and publications.

Mr. Kaplan said Ms. Kolko and Mr. Rodriguez-Frias have worked very hard and are pushing the Government Printing Office (GPO) to meet deadlines. GPO is now focusing on the content in foreign languages.

XI. NEXT MEETINGS

The next Board meetings are scheduled for June 6, 2011; September 26, 2011; and December 12, 2011. All meetings will take place at the IAF.

XII. ADJOURNMENT

Chairman Salazar adjourned the meeting at 2:21 p.m.

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
June 6, 2011**

The Board of Directors of the Inter-American Foundation (IAF) met at 901 N. Stuart Street, Arlington, Virginia, on June 6, 2011. Board Members present were John P. Salazar, Acting Chairman; Thomas Dodd, Acting Vice Chair; Kay Arnold, Secretary; Jack Vaughn, Member; and Roger Wallace, Member. IAF staff members in attendance were Robert Kaplan, President; Linda Kolko, Vice President for Operations; Rebecca Verreau, Deputy General Counsel; Stephen Cox, Vice President for Programs; Jill Wheeler, Regional Director for Central America and Mexico; Wilbur Wright, Regional Director for South America and Caribbean; Emilia Rodriguez-Stein, Director of Evaluations; and Cindy Soto, Executive Assistant. Also attending a portion of the meeting was Brenda Smith, strategic planning consultant.

I. CALL TO ORDER

The Chairman called the meeting to order at 9:00 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the March 28, 2011, Board of Directors meeting were approved and adopted by a unanimous vote.

III. STRATEGIC PLANNING

Mr. Kaplan introduced Brenda Smith, who is assisting the IAF in its strategic planning exercise. Ms. Smith has experience with strategic planning consulting and specific expertise in branding and marketing, with a focus on differentiation. She has conducted individual and group interviews with current IAF staff and various external stakeholders. Ms. Smith presented her findings thus far and led a discussion of strategic planning questions.

Key findings from discussions with IAF staff

1. The IAF staff has eternal passion for and commitment to the founding principles of the IAF.

Ms. Smith noted the unanimity in the strongly shared passion for what the IAF does. There is also a sense that staff have “complete faith in the superiority of the IAF’s responsive, collaborative, non-hierarchical grassroots process.” This underscores a positive commitment to IAF’s mission but also raises question of whether we are sufficiently analytic about what we do and whether we continue to test our basic assumptions.

2. At the same time, they see the organization as a once-glorious athlete now struggling with bad knees...

Staff was asked to describe the IAF as a person and portrayed him as idealistic, quirky and intelligent but limited by the past.

Staff raised some significant concerns about the organization. For example, “the organization’s structure creates and supports silos, and discourages the collaboration that could elevate the IAF’s work above a storyline based primarily on successful projects.” Other concerns included “We don’t focus on extracting and leveraging learning at any level: the way we do things, the effectiveness of the process, specific themes” and “We’re isolated from the international development community, with little real institutional knowledge of what others do and how we fit into the landscape.”

3. There’s a shared sense, internally and externally, that while in many ways the IAF’s ship has finally come in, the organization is missing the boat.

Many feel that the IAF should be part of the international development community but is not even at the table.

Other organizations have adopted the IAF rhetoric but they do not have the experience of the IAF. There is the perception that other organizations share learning more systematically than the IAF does. It is a challenge for the IAF to make a compelling case.

Another concern is that past IAF leadership has followed a strategy of low visibility for the agency as a way of avoiding possible negative attention. Perhaps an agency with our level of funding by nature keeps a low profile. Other organizations have a larger megaphone.

It is tough to say we have problems that need to be fixed. One Board member cautioned that we do not want to alienate our supporters.

4. Although the IAF will never have the scale and resources of AID and MCC, there are still assets and points of uniqueness to leverage.

One question is whether we are set up to leverage the platform that our mandate and experience affords.

There was general agreement with the idea that we “should be the R&D of development” and the IAF could be a leader in the conversation about the effectiveness of small grants.

Creating networks is one of the IAF’s strengths. In the 1990s the IAF sponsored monthly gatherings of people in the development community. There was some discussion on whether we should revisit this idea. One possibility would be to partner with another organization interested in hosting these types of events. The challenge is plugging grassroots development into the larger policy discussions.

One Board member noted the IAF has moved in and out of prominence throughout its history, in accordance with the way Washington engages with the region.

5. Raising funds from private sources is just one benefit of a strategic approach to partnerships.

“The IAF should look for global companies with strong/emerging business in the region, that have vulnerable supply chains, that want to protect their brands.” This can present a real opportunity for the IAF. Some noted that companies generally want for us to work with them on a specific issue. We have to have enough expertise to add value.

The IAF is sometimes seen as doing one-off grants (weavers here, farmers there), without developing expertise in particular areas. Some think that breadth will not sell the story, and we need to bring in depth in terms of our topical expertise.

Two areas where the IAF has something to say are: US corporations as philanthropists, and RedEAmérica.

One challenge is that “social movement actors are skeptical of corporate funds.” There is a sense that past attempts at seeking corporate funding were not as well thought out as they could have been and there is now a spirit of finding a way to do it from the ground up. Our experience with US domestic foundations has indicated that we need to sell broad themes as part of our marketing effort.

There was discussion about the idea identified in Ms. Smith’s presentation that “some are concerned about the disincentive [for Congress] to continue funding the agency should the IAF successfully raise private funds.” Through informal discussions with OMB and Congressional staff there is acknowledgement that there is a risk. Levering is important, as well as partnerships which are part of our product. Raising money does not mean the funds would come directly to us. Ms. Smith suggested that it can be a virtuous circle: getting money from the right partners to contribute for results can affirm the value of our program and strengthen support from influential constituents which can in turn strengthen the justification for the use of public funds.

One Board member mentioned that Overseas Private Investment Corporation (OPIC) works with corporations to increase private investment that supports economic development. The IAF could be a social capital OPIC with the value added of the corporate sector strengthening communities.

“The IAF should think about how it can be indispensable to a large part of the government, including AID, MCC and the Peace Corps.” There are several other federal agencies beyond those listed that have foreign assistance programs. It is strategic to have the IAF present in some countries where other federal agencies are moving out.

Establishing more effective partnerships will help us fulfill our mission and achieve our objectives, and it will increase our visibility.

Ms. Smith posed six sets of questions for discussion by the Board.

1. How can the IAF differentiate itself best? By focusing on specific themes? Through its “proprietary” process? What can the IAF develop provocative, data-based POVs around?

It depends on who else owns the space. We need to do an analysis of the sustainable development world. We do not want to push into a space that is already owned. We should ask if there is a market for the proposed definition of IAF space.

One thought is that we may be too small to be the go-to expert in specific areas. We should reach out to all groups.

2. Should the IAF consider tightening the breadth of projects it funds and focus on income generation and education (as suggested by several external parties)?

Income generating projects are fundamental and will resonate with the private sector in the US. Roughly 70 percent of our grants have a focus on income generation. We could also have a broader focus -- on thriving communities, strengthening civil society and building networks. We can look at how communities engage in certain topics and plug into best practices.

Latin America is very different than it was 40 years ago when the IAF was created. Grassroots development is also different. Communities are less isolated today and they often see potential opportunities in plugging in more effectively to global markets. This also exposes them to risks that they may not be well prepared to understand or manage. We should ask what the next wave is and what we can lay claim to that adds value.

We do not showcase RedEAmérica enough. We are the parent of RedEAmérica and the resources we put in are finally beginning to bear fruit. It gives us the opportunity to educate on grassroots development. One challenge is how to describe its impact in 30 seconds. We should have a few different “elevator speeches” about what the IAF does that are coherent but highlight different aspects depending on the audience.

While we have experience with projects, the question is whether we can distill a set of recommendations for best practices and lessons learned. We should be careful, however, when we talk about R & D so that it is not perceived as top-down. Grantee learning and sharing is an important part of our mission.

3. How can knowledge creation and sharing be built into the fabric of the organization?

The IAF Website, annual report, journal and other publications are important tools. There is a challenge in telling our success stories. For example, there are large discussions about recycling and the IAF has been doing it for a long time. Since it may be difficult to lay claim to specific expertise, we should think about it at the most basic level. We would need well documented, organized information for themes.

There is a concern that we are communicating at the project level and not getting the word out to the next level up or beyond. The higher up we go, the broader and more thematic the discussion needs to be.

While learning can be shared externally, we should also ask internally whether that knowledge informs the next few years of funding.

4. What's the best partnership strategy? What kind of projects? Who do we start with? Who do we know? What do we bring? What can the Board do?

It is difficult to answer this question without answering question number one.

Funding from MCC, USAID and other US government agencies is not likely to yield enough new resources. We should seek opportunities to collaborate with them in ways that highlight our distinctive contribution. Fundraising partnerships focus on private foundations and corporations. We can identify companies that we have connections with and ask how we can do things together. IAF staff should do research on top businesses working in Latin America and identify the person in charge of corporate social responsibility. Once we identify target groups then the Board can help with connecting.

We should focus on RedEAmérica and mobilizing corporate resources. It has been suggested that one person handle RedEAmérica as in the past. Currently all FRs have the responsibility for RedEAmérica and the situation is different in every country.

5. How do we let influencers, actors, "competitors" get to know us again?

We could consider hosting a quarterly breakfast meeting. The question is who we would want to participate and whether they would do so. We could partner with other organizations like the Wilson Center.

Another opportunity for outreach is the Congressional dinners we have sponsored in the past. There was a question on whether those have been successful. The dinners have helped to raise our visibility among key Congressional Members and staff. The challenge is getting the convening power around a topic where the IAF is relevant.

Another idea is to partner with local universities that have Latin American studies departments. Perhaps people would be more inclined to attend an event at a university rather than at a "competitor" location.

6. Who else should be part of thinking about the IAF's evolution? What friends can we call on?

Once the new Advisory Council is in place, they can be called upon to help. One suggestion is to do market research to identify a foundation or corporation that may not be familiar with the IAF, but may have synergies with us.

Next steps

Ms. Smith will use the ideas generated at the Board meeting to guide the remaining interviews with external stakeholders. She will then develop the strategic brief to be presented to IAF leadership.

Announcements

Mr. Kaplan announced that the new Director of External Affairs, Manuel Nuñez, will begin on June 13.

Our current lease expires in April 2012. We are reviewing our options, including a possible move to Washington, DC. A more central location would support our strategy of more engagement with other organizations working in development. Analysis of the rental market indicates that such a move could be cost neutral over a five year lease period, with considerable savings thereafter.

This is the last Board meeting for Wilbur Wright, who is retiring at the end of the month. The Board thanked Mr. Wright for his many years of dedicated service to the IAF and our grantees, and took the opportunity to welcome Vice President for Programs Stephen Cox.

IV. ADVISORY COUNCIL

Background information on potential IAF Advisory Council members was previously circulated to the Board and the briefing materials included a tally of initial votes cast. The Board discussed the candidates in each of the designated categories and formal votes were cast.

Below are the results of the vote. The candidates whose names are in bold text were selected to receive invitations to serve on the IAF Advisory Council. Alternates were designated in several categories. IAF Board or staff members will make initial contact with the candidates and formal invitations will follow once the initial contact indicates that it would be accepted.

Category: Philanthropy/Fundraising

Steve Gunderson
Nicolas Mariscal Torroella
Eduardo Solorzano

Alternates:

1. Joan Spero
2. Aron Cramer

Category: Perspectives from the Region

Mexico:

Rafael Fernandez MacGregor

Brazil:

Fernando Henrique Cardoso

Alternate:

Marcos Flavio Azzi

Central America:

Juan Edgar Picado [Costa Rica]

Alternate:

Hugo Beteta [Guatemala]

Andean Region:

Elena Echavarría [Colombia]

Alternate:

Richard Webb [Peru]

Category: Media

Don Browne

Charles Krause

Alternates:

1. Alma Guillermoprieto
2. Julia Preston
3. Joanne Omang

Category: Political Insight

Bob Graham

Jim Jones

Alternates:

1. Alexander Watson
2. Jim Kolbe

Category: US-based diaspora

Dumas Siméus [Haiti]

Alternate:

Oscar Chacon [El Salvador]

Category: Other

Shannon K. O'Neil

Susan Tiano

The Advisory Council will join one Board meeting a year and may also participate in conference calls or participate individually or in small groups on specific issues.

The Board discussed whether we could have the Advisory Council in place for the September 26, 2011, Board meeting. They decided we would wait until the December 12, 2011, meeting to convene the Advisory Council. By then we will have completed the strategic planning exercise.

Next steps

The designated Board and staff members will contact Advisory Council candidates. (We will provide a summary of the Advisory Council for use in contacting potential members.) This will be followed by formal letters of invitation.

Chairman Salazar and Mr. Kaplan will send a letter to the Advisory Council whose terms recently expired to thank them for their service.

V. ADJOURNMENT

Chairman Salazar adjourned the meeting at 1:30 p.m.

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
September 26, 2011**

The Board of Directors of the Inter-American Foundation (IAF) met at 901 N. Stuart Street, Arlington, Virginia, on September 26, 2011. Board Members present were John P. Salazar, Acting Chairman; Thomas Dodd, Acting Vice Chair; Kay Arnold, Secretary; Jack Vaughn, Member; and Roger Wallace, Member. IAF staff members in attendance were Robert Kaplan, President; Linda Kolko, Vice President for Operations; Jennifer Hodges, General Counsel and Senior Vice President; Rebecca Verreau, Deputy General Counsel; Stephen Cox, Vice President for Programs; Manuel Nuñez, Director of External Affairs; Emilia Rodriguez-Stein, Director of Evaluations; and Cindy Soto, Executive Assistant. Brenda Smith, strategic planning consultant, participated via telephone for a portion of the meeting.

I. CALL TO ORDER

Chairman Salazar called the meeting to order at 9:03 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the June 6, 2011, Board of Directors meeting were approved and adopted by a unanimous vote.

III. STRATEGIC PLANNING (Robert Kaplan/Brenda Smith)

Mr. Kaplan noted that we have decided to extend the original timeframe for developing a new strategic plan. There have been changes in management over the last few months, and there will be a few more changes through the end of the year: a Vice-President for Programs and a Director for External Affairs both came on board in June; we are recruiting a Chief Operating Officer to replace Ms. Kolko, who will retire at the end of December; and we will soon begin recruiting a General Counsel to replace Ms. Hodges, who will be leaving the IAF to move overseas next month. Since our current strategic plan extends through FY13, we do not need to rush with a new one and prefer to engage the new management in the process. We will make some minor updates to our current plan by the end of December to comply with OMB requirements, and then complete a new plan covering FY14-19 by next summer 2012.

Given our timeframe, Brenda Smith's report, "Strategic Planning Exercise: Findings and recommendations (August 25, 2011)" is a very useful "to do" list of work needed to complete and then implement our strategic plan. Some of that work is already underway.

Ms. Smith's report, circulated to the board in advance of the meeting, was the basis for the Board's discussion.

Ms. Smith joined the meeting via telephone and presented three recommendations.

Recommendation #1: Decide on 2-3 specific areas of focus that will drive differentiation for the IAF.

The idea is to choose horizontal themes (e.g. community development, social inclusion, grassroots capitalism) as opposed to vertical themes (e.g. education, micro-credit, agricultural diversification). The themes should be clear and relevant to a non-specialized audience, concrete enough for us to demonstrate our expertise and broad enough to permit flexibility in what we actually fund.

There was discussion about one interviewee's suggestion that the IAF "should be the R&D of development" and that the IAF has skill and expertise in being an experimental agency. One Board member noted that when the IAF was created it had a mandate to be experimental, but the question is whether we still have that mandate. Unless there is current political support for focusing on R&D, for example on the next new challenges in development in the region, we may run a risk of being perceived as a nice-to-have add-on rather than a core instrument of foreign assistance. Discussion of this point concluded with the observation that perhaps R&D is not the appropriate term, and that the key is to be more deliberate about what we are trying to do and to leverage our experience and expertise to achieve greatest impact.

One Board member noted that phrases like "strengthening civil society" are frequently used when talking about development. Civil society has always been at the core of IAF and we need to find the right language to be understood and seen at the forefront. There should also be agreement on how to define it. For some, it means broadening participation. Other definitions focus on public advocacy, engagement in public policy, or capacity development. In Central America, people tend to think regionally and not just in terms of a particular town.

The Board members were asked to share their ideas about the areas of focus as recommended by Ms. Smith.

One suggestion is to address the key question of *how* to strengthen civil society. We can point to specific projects that have had tangible impact. Then we should amplify what we learn. We could also focus on the Grassroots Development Framework (GDF) and how it fits with community development.

Another suggestion is the concept of capitalism at the grassroots level. One example is a group of women who did market research and determined they needed to move out of the main marketplace to sell their products. Once they moved out, their income grew. The key is that they came to the conclusion on their own. Another example is the recyclers in Bogota.

Another Board member observed that we have always said *they know how* but we could also play a part in teaching how it is that they know how. It's about spreading knowledge and education and it also means jobs, economic freedom and opportunity.

The IAF fellows are an important resource. These young scholars are on the cutting edge of topics of interest to the IAF and we should listen to their ideas. There was agreement with the suggestion in Ms. Smith's report that the fellowship program is underutilized. We are in the process of gathering the contact information of 1,000 former fellows for a database so that we can mobilize that network. One suggestion is to commission research on a specific topic of interest to the IAF.

Conclusion: the Board supported the idea of articulating 2-3 themes with terminology that resonates and then communicating them with the appropriate parties.

Recommendation #2: Develop processes that position learning at the core of what the IAF does.

Ms. Smith emphasized that the IAF can increase its impact by leveraging and communicating insights gained from its grants to create intellectual capital that is useful to others. This needs to be done deliberately, taking advantage of the best points of leverage within the agency and aligning the IAF's structure and tools for this purpose. An organizational structure that has largely been silo'd along country lines makes knowledge production by theme more challenging. Better technology can help in terms of "creating systems that allow for easier collection and sharing of insights across the organization." Once we decide on the themes, we should create written materials and make the dissemination of thought capital a core part of the IAF mission. The content of the redesigned IAF Website should align with the IAF's themes and intellectual capital. Work processes, job descriptions and performance evaluation criteria all need to be aligned with this objective. One Board member suggested designing a space on the IAF Website for former fellows to discuss topics of interest.

Mr. Kaplan noted that learning has long been at the core of the IAF's work, and he supported Ms. Smith's recommendation for improving the effectiveness with which we collect and share what we learn. He reported that we have already begun to take specific steps to change the culture of silos and work in teams. Last week, we held our first all-staff and contractors retreat in over ten years, and teamwork was a principal theme. Mr. Cox is organizing the Program Office into three teams, and we are defining working arrangements across offices to get the best out of the whole organization. The management team also commented that we are taking steps to cultivate the knowledge we have and disseminate what we have learned. After concluding last winter that we needed to strengthen our communications capacity, we created an Office of External Affairs and recruited Manuel Nuñez to lead it. The Program Office has started identifying ways to cultivate knowledge. The evaluation team is conducting ex post evaluations, and we contracted CHP to draw lessons from the last several years of evaluations. We are also looking at how to use the Grassroots Development Framework in a more analytic way, and we plan to highlight evaluations more effectively on our Website.

Recommendation #3: Develop a multi-pronged strategy around building, growing and leveraging a wide range of outside relationships and partnerships.

Ms. Smith recommended that once we decide on the themes, we need to develop a strategy to grow, build and extend partnerships and then tailor messages to the entities that matter most. This could include contacts on the Hill, other development organizations, private foundations, and US/regional corporate foundations. We should seek strategic opportunities to participate in conferences and symposia and make them count externally as much as possible.

It was noted that developing relationships with the regional US business community is an interesting idea but it has its challenges. In the past, we have found that it is difficult to convince donors to give funds to the IAF. On the other hand, if we can help them to see that by investing through the IAF they could invest in their value chain, we may have a greater chance of success. Mr. Kaplan commented that we have had success in creating RedEAmerica with corporate foundations in the region, and that we need to explore the possibility of working with the corporations themselves. RedEAmerica's 70 members have over 360 corporations behind them. That is a good place to start, and we have begun to discuss this with RedEAmerica. There is growing interest in the topic among Program Office staff and we have hired a consultant to review what the IAF has done in the past.

The General Counsel commented that we should keep in mind that we have a rigorous vetting process and some things cannot change right away. Additionally, US corporate foundations have security requirements around working with grassroots organizations.

In summary, while the IAF is a grantmaking organization, we have to be strategic about what we get from our grants beyond the direct impact for the grantees and beneficiaries.

IV. PRESIDENT AND MANAGEMENT REPORT

A. Overview and Update (Robert Kaplan)

Mr. Kaplan commented that this is his fourth board meeting since joining the foundation last November. He highlighted three principal challenges for the IAF going forward:

1. **Relevance.** The challenge is both to be relevant and to be seen as relevant at a time when we are competing for attention with other regions, as well as with other agencies that work in Latin America and the Caribbean. In this context, Ms. Smith's recommendations to focus on a few key themes can help build and reinforce our reputation for specialized expertise and experience.
2. **Budget.** We are operating in a context where the federal budget is under strain, and we need to use our resources wisely and carefully. We have to demonstrate leverage, both in terms of the dollars we lever with each dollar of our own investments, and in terms of how we produce knowledge that is useful to others beyond our own program. We also need to be cost-conscious in all matters and channel as much of our resources as possible into our program.
3. **Management team.** There have been and continue to be changes in the management team. Stephen Cox and Manuel Nuñez joined the team in June, Jennifer Hodges will

depart soon, and Linda Kolko and Pam Palma are retiring at the end of the year, and we will be recruiting to replace them. These management changes have an impact on the agency and we need to be sure to preserve institutional memory and bring new staff up to speed as fast as possible.

On September 19-21 we held a retreat for IAF staff and contractors (about 75 participants in total). The Program and Evaluation offices met for two additional days. The theme of the event was “Renewing the IAF’s Mojo,” with an emphasis on discussing what we currently are and what we want to be as an organization. We used the “open space” format to convene 16 sessions around topics of interest. The sessions can be divided into four general themes: decision-making procedures or norms; tools; IAF mission; and partnerships. The management team will review the recommendations of each group and decide how to move forward. Mr. Kaplan commented that his biggest takeaway from the retreat is the realization of how much capacity we have in our in-country teams. We need to do much better in taking advantage of that capacity to increase our overall impact.

We have contracted the Center for Effective Philanthropy (CEP) to conduct a Grantee Perception Survey. CEP will make a presentation on the survey results at the March 2012 board meeting.

Mr. Kaplan informed the Board that Ms. Rebecca Verreau will be the acting General Counsel when Ms. Hodges departs the IAF. We are transferring responsibility for Congressional affairs as of October 1 to our office of external affairs, which will be re-designated as the “Office of External and Government Affairs” under the direction of Mr. Nuñez.

Presentations to follow include the Program Office (Stephen Cox); Evaluations (Emilia Rodriguez-Stein); Congressional Affairs (Jennifer Hodges); Operations (Linda Kolko); and Communications (Manuel Nuñez).

B. FY11 program summary (Stephen Cox)

We closed FY11 with new 94 funding actions and a portfolio of 263 active grants. Briefing materials illustrate the thematic and geographic distribution of new grant awards in comparison with the IAF’s overall portfolio of active grants. Mr. Cox will provide additional information in response to Board member questions about grants that work with clean water/sanitation and corporate social investment.

In a brief overview of the challenges in the region, Mr. Cox commented that in Central America, the economies are struggling and public security is a principal concern. Donor organizations are leaving the region and we need to look closely at sustainability. Some South American countries look pretty good in their macro and aggregate statistics. For example, Brazil and Peru show good rates of growth. But aggregate statistics hide a very complex reality. Excluded parts of society still lag far behind in income, wealth and opportunity, so we still have a lot of work to do and opportunities to do what we do best.

Mr. Cox reported on his recent trip to Peru as part of a US delegation to assist the new Peruvian administration on the topic of social inclusion. This trip came about as a result of meetings that Peruvian President Ollanta Humala had a few months ago with President Obama and Secretary Clinton, where Humala talked about social disparity. Secretary Clinton offered US assistance at the time, and the Peruvian government asked for help putting together a new ministry of social inclusion. The US delegation was led by the State Department and included representatives from several agencies. The IAF was invited to share our experience working with socially excluded groups over many years and our recent work for the State Department on social protection networks.

We are keeping our eyes on the outcome of recent and future elections, including in Brazil, Peru, Guatemala, and Mexico. Going forward, we will review how we develop our country strategies.

The Program Office has a new structure. We have eliminated the Regional Director position. There are three new program teams designed to facilitate Foundation Representatives (FR) working together, encourage staff to learn from each other, improve grant output, and emphasize the production of new knowledge. The teams are not based on region, but rather a mixture of skills and experience, strengths and weaknesses, and a rough equivalent in the number of grants per team. There are still specific country assignments for each FR, and each project will have a co-pilot. We will bring in a new Program Coordinator to work on quality control and budgeting. Mr. Cox will be managing a couple of grants, in part to help with gaps in coverage. The teams will work with the in-country teams to integrate their breadth of knowledge.

The Program Office is working on a grant production schedule for FY12 with quarterly targets. We are identifying steps to have a more agile, cost-effective grant approval process and are addressing the challenge to meet quantity and focus strategically at the same time.

The Program Office is making knowledge production a priority and will incorporate explicit learning objectives in each project, engaging with other IAF offices (external affairs and evaluations). We are exploring concrete, substantive thematic priorities such as linking communities into the value chain, transnational issues, and chronic violence.

We are reenergizing the corporate engagement strategy. Next year is RedEAmérica's 10th anniversary and we hope to strengthen and expand our conversations with corporations beyond co-investing. We have hired a consultant to review the IAF's experience in this area.

We are also building partnerships. We continue to be involved in the Inter-American Social Protection Network (IASPN), a community of practice for national social development ministries and agencies, in collaboration with international organizations, non-governmental organizations, private sector and academia, to promote the exchange and transfer of experiences and knowledge on social protection. Together with USAID, we are drafting a statement to highlight how the IAF and USAID are different and

complementary. We are scheduling meetings with Kettering, Ford and other organizations. We are also plugging back into our own networks such as former IAF fellows and the over 5,000 former grantees.

C. FY10 results report summary (Emilia Rodriguez-Stein)

Ms. Rodriguez-Stein summarized the IAF results report for FY10. The executive summary of the results report was included in the Board's briefing materials, and the full report will be posted on the IAF's website. Ms. Rodriguez-Stein's presentation reviewed the structure of the GDF, and related the FY10 results both to the three GDF levels (Individual/Family level, Organizational level, and Community/Society level) and to the agency's strategic goals outlined in the 2008 – 2013 strategic plan.

D. Congressional affairs (Jennifer Hodges)

Ms. Hodges reported that it appears likely that Congress will pass a continuing resolution and avert a government shutdown. She reminded the Board that the President's budget request for the IAF for FY12 is \$19.1 million. The mark in the House appropriations committee is \$19.1 million, and the mark in the Senate appropriations committee is \$22.5 million, so the enacted bill will likely be between those two numbers. If the enacted budget is close to or at the Senate mark, the IAF's total budget (including SPTF) would be at the highest level since the 1990s.

IAF Congressional staff hosted a breakfast and round-table discussion with Hill staff members on August 17. Mr. Kaplan briefed key Foreign Assistance and Western Hemisphere staff on his strategic vision for the agency and the IAF's role in development throughout Latin America. The discussion focused on the impact of the IAF's work with poor and marginalized communities in Latin America and the Caribbean and how the IAF's investments are important to broader US interests. Approximately 15 Congressional staff from the House and Senate attended from the offices of Republican and Democratic members from the Foreign Affairs and Appropriations committees.

On September 6, the White House announced two IAF board member nominations that were sent to the Senate. Eduardo Arriola, from Florida, was nominated for a term through October 6, 2016, replacing Kay Arnold; and J. Kelly Ryan, from Maryland, was nominated for the remainder of a term expiring September 20, 2012. The timeframe for confirmation is unknown.

E. Operations (Linda Kolko)

The IAF was able to meet all critical budget needs in FY11 and transfer surpluses of \$1.6 million into the grant program, including \$660,000 in program support (overhead) funds. We obligated a total of \$15 million for new grants and amendments from a total operating budget of \$27.2 million.

We delivered our FY13 budget submission to the Office of Management and Budget on September 12. Per guidance from OMB, we requested an appropriation of \$21.3 million, which is 5 percent below the IAF's FY11 enacted appropriation. An additional \$3.9 million in SPTF and a small cushion of \$150,000 of "carryover" funding would sum to a total operating budget of \$25.4 million for FY13. We also requested an add-back of \$2.5 million to increase the agency's leverage with private partners to fund grassroots development. The hearing with our new Budget Examiner, Cristina Killingsworth, will be held on September 30.

We are in the final stages of reviewing the lease for our new office location in Washington, DC. The exact address will be announced when the lease is signed. We plan to move at the end of April 2012.

V. ADVISORY COUNCIL (Robert Kaplan)

The Board authorized asking Ambassador Alexander Watson to be the Chair of the Advisory Council. In the event he does not accept, the Board authorized inviting Shannon O'Neil to be the Chair.

We will be contacting the Advisory Council to confirm the meeting on Monday, December 12. There will be a welcome reception the evening of Sunday, December 11.

Steve Gunderson has informed us he would like to hold off on making a decision to join the Council while he sorts out his time commitments. The Board agreed to wait for Mr. Gunderson for six months and suggested that IAF management try to engage with him informally during that time.

The Board discussed the importance of engaging the Advisory Council actively from the first meeting in December. Past members have lost interest if the Board and management have not kept them informed and engaged. Board members noted that outreach is an important role for the Council, as they each have rich networks.

VI. COMMUNICATIONS STRATEGY (Manuel Nuñez)

Mr. Nuñez outlined work being done on targeting, positioning and messaging. He said that observed gaps, like identity and priority of target audience, clarity of position and consistency of message formed the basis for the strategy work. We are convening cross-functional teams to address three communications objectives: increase awareness and understanding of the IAF with key audiences, achieve differentiation and establish thought leadership. The result will be relevance in the development community. Mr. Nuñez emphasized that the whole agency needs to be informed and engaged to implement the communications strategy so that we can deploy the most appropriate person from anywhere in the Foundation for each target opportunity.

We have begun to receive monthly Web metrics on the new IAF Website. The next phase will involve a topical redesign and content development. We are also focusing on database management with regards to publications, fellows and grantees.

We are participating in various interagency opportunities. Mr. Nuñez represented the IAF in a meeting in Mexico for the Inter-American Social Protection Network. He also reported that the IAF attended working groups designed to provide topical expertise in advance of the fourth high level forum on aid effectiveness scheduled for November in Busan, Korea. These working groups are led by USAID, and other key participants were MCC and the State Department.

There are four external affairs staff who work on publications, the IAF Website, Congressional affairs (as of October 1), and budget/contracts. One staff member will embed with the Program Office.

One Board member suggested submitting op-eds to newspapers, but we need to solidify our message first. Mr. Nuñez reported that the Inter-American Dialogue is interested in having us participate as a commenter in the Q & A section of their Latin America Advisor. A Board member suggested that we could also approach the Council on the Americas, which focuses more on the business community.

VII. NEXT MEETINGS (John Salazar)

The Board will meet on the following dates: Monday, December 12, 2011 (with the Advisory Council); Monday, March 26, 2012; Monday, June 25, 2012; Monday, September 24, 2012; and Monday, December 10, 2012.

VIII. ADJOURNMENT

Chairman Salazar adjourned the meeting at 1:21 p.m.

**Minutes of the Meeting of the Board of Directors and Advisory Council
Inter-American Foundation
December 12, 2011**

The Board of Directors and Advisory Council of the Inter-American Foundation (IAF) met at 901 N. Stuart Street, Arlington, Virginia, on December 12, 2011. Board Members present were John P. Salazar, Acting Chair; Thomas Dodd, Acting Vice Chair; Kay Arnold, Secretary; Jack Vaughn, Member; and Roger Wallace, Member. Advisory Council members present were Alexander Watson, Chair; and Members, Marcos Flávio Azzi, Don Browne, Elena Echavarría, Charles Krause, Rafael Fernandez-MacGregor, Nicolás Mariscal, Shannon O'Neil, Juan Edgar Picado, and Susan Tiano. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Linda Kolko, Vice President for Operations; Manuel Nuñez, Director of External and Government Affairs; Juan Price, Chief Operating Officer; Mara Quintero, Acting General Counsel; Emilia Rodriguez-Stein, Director of Evaluations; and Cindy Soto, Executive Assistant. Armando Casis, General Manager of Atocongo Association (Peru), attended a portion of the meeting.

I. CALL TO ORDER

Chairman Salazar called the meeting to order at 9:05 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the September 26, 2011, Board of Directors meeting were approved and adopted by a unanimous vote.

III. ADVISORY COUNCIL

This portion of the meeting was chaired by Amb. Alec Watson, Advisory Council Chair.

A. Role of the advisory council

Mr. Kaplan explained that there were two goals for his presentation: to inform the Advisory Council about the IAF's mission, strategies and challenges; and to engage the Council on specific topics to set the stage for engagement in the coming years.

According to the Advisory Council charter, the purpose of the Council is to: (1) provide counsel to the Board regarding the Foundation's programs and activities in Latin America and the Caribbean; (2) help disseminate widely the lessons learned by the Foundation through its experimental programs; and (3) establish links for the Foundation with the private sector, including financial institutions and business associations, both foreign and domestic.

We expect to engage the Council in three ways: in-person meeting once a year; convening subsets of members on specific topics via audio conference; and calling on

individual members for specific advice. Amb. Watson will attend Board meetings in his role as Advisory Council Chair. In addition, Amb. Watson will meet with Mr. Kaplan throughout the year to assess the performance of the Council.

Advisory Council members will receive the draft Board meeting minutes within three to four weeks of the meeting and will receive copies of the monthly report transmitted electronically by IAF management to the Board. Mr. Kaplan will be the principal point of contact with Advisory Council members.

We expect to engage with the Advisory Council during the year with specific requests for advice or involvement. For now, the most useful thing the Council can do for us is to talk about us.

B. The IAF (presentation by Mr. Kaplan)

What would we like you to know about the IAF so you can talk about us?

First – our mission. The essence of the IAF’s mission can be summarized in three words: Help Communities Thrive.

Communities are at the center of what the IAF does. We work with the organized poor who bring assets to the table including knowledge, skills, existing relationships, organizing capacity, access to natural and other productive resources, and cultural traditions. Their assets also include their ideas.

We **Help** by responding to their ideas and investing alongside them. We look for projects that yield real benefits on the three levels outlined in the Grassroots Development Framework (GDF): individuals and families, organizations, and the broader community or society at large. There’s more information on the GDF in the board book.

What does it mean for communities to **Thrive**? Communities should be places that provide dynamic economic opportunities, satisfy basic needs (water, health, education, safety), are socially inclusive and build social capital and contribute to national civic life.

Why is this in the U.S. national interest? Because thriving communities make durable democracies as people buy in to local civic life. It makes them less susceptible to chronic violence, reduces the pressure to migrate so that migration becomes a choice rather than a necessity for survival, and increases opportunities for mutually beneficial trade. It also contributes to a positive perception of the U.S. We contracted the Center for Effective Philanthropy (CEP) to conduct a survey of our grantees. With an 84 percent response rate, grantees indicated that their opinion of the U.S. has improved since working with the IAF.

What resources does the IAF bring resources to the table? (1) new grants – about \$15 million last year, all to be spent by local groups and in the region; (2) about \$2.4 million in IAF-contracted technical assistance to grantees. This is an average of about \$10,000

per grantee; (3) knowledge, including a fellowship program that supports field research on grassroots development by doctoral students in U.S. universities; (4) networks; and (5) a dedicated professional staff of which 75 percent are dedicated to programs, evaluation and dissemination.

Where does the IAF invest? The current active portfolio is invested 30 percent in the Andes, 26 percent in Central America, 14 percent in Brazil, 13 percent in the Southern Cone, 8 percent in Mexico, and 8 percent in the Caribbean (this is mostly Haiti). In terms of program areas, the vast majority of the IAF's investment portfolio is in agriculture/food production, business development and education/training (about 75 percent). Another 11 percent is in corporate social investment, which is a much larger share today than in the past. The charts in the board book present the complete detailed distribution both for the portfolio since the IAF's beginning and the portfolio today. Over 40 years, we have invested \$680 million in almost 5,000 grants. Grantees have contributed or mobilized over \$1 billion more.

Another important part of our work is to bring grassroots groups together to learn from each other – within each country, and occasionally, across countries.

We also try to develop partnerships and encourage copycats. Given our relatively modest resources, it is only by leveraging our specialized expertise – working with partners and influencing investment decisions of others, public and private – that we can have a meaningful impact. Some examples are RedEAmérica and other corporate sector partners in the region; U.S. Department of State initiatives such as the Inter-American Social Protection Network (IASPN), U.S.-Brazil Joint Action Plan to Promote Racial and Ethnic Equality (JAPER), and Partnership for Growth-El Salvador; other U.S. government agencies such as USAID and the Environmental Protection Agency (EPA). We are developing relationships with multilateral development banks -- Inter-American Development Bank (IDB), International Finance Corporation (IFC) and World Bank; and foundations such as Mott, Kellogg, Ford and Kettering.

We also help others copy us by reporting what we do in publications such as the *Grassroots Development* journal and our annual report; books by others, such as Lester Salamon (*Rethinking Corporate Social Engagement*), or noted development economists Albert Hirschman or Judith Tendler; or our own books, such as *They know how* (1976). We included in the board book a chapter from *They know how* that illustrates how the IAF was ahead of the times in reflecting on results and categorizing types of failures.

We are in the process of assessing our communications strategy and products and will seek advice from Advisory Council members in this effort. Mr. Krause has already provided helpful feedback on our journal.

The IAF Fellowship Program. The fellowship program has over 1,000 alumni, and we have updated contact information for 75 percent of them. Two-thirds are now in academia and the other third work in development organizations, government or the private sector. Fellowship program alumni constitute a potentially powerful network, and

we will be thinking with a few Advisory Council members on how best to engage them. We are also thinking of how best to update contact information and connect with the network of 5,000 grantees over the course of the IAF's history.

Finally, Mr. Kaplan emphasized that the IAF is **prudent and efficient** in using taxpayers' resources. Program resources go directly to grassroots groups in the region and not through any U.S. intermediary organization. IAF investments are more than matched by grantees: in FY11, we awarded \$15 million in grants which were more than matched by \$20 million from grantees.

We focus on results. Grantees report on results every six months which are independently verified. All grants also undergo a financial audit each year.

In terms of our own financial management:

- the USAID Office of the Inspector General conducts an annual financial audit of the IAF. We received a clean audit in FY11 for the tenth consecutive year.
- We keep overhead low: applying guidelines of the American Institute of Certified Public Accountants (AICPA) Guide for Not-for-Profit Organizations to calculate the IAF's overhead expenditure in FY11 yields a figure of 13 percent.
- We are cost-conscious: next spring we will be moving to a new office with an open floor plan in Washington, D.C. which will save us almost \$2 million over 10 years.

In summary, Mr. Kaplan emphasized four key points: (1) the essence of the IAF is that we help communities thrive; (2) our principal tool is the grant program which yields concrete results; (3) we constantly seek partners and copycats; and (4) we use our resources prudently and efficiently.

Questions

Amb. Watson: What areas do you focus on? What criteria do you use?

Response: We have not established thematic criteria but 75 percent of grants are in agriculture/food production, business development and education/training. Most groups are looking to improve their income. Our approach is to be responsive to the ideas of the grassroots groups themselves, so we can fund within a broad range of sectors, with our ultimate objective being to strengthen local capacity to address priority problems or opportunities.

Dr. O'Neil: What does it mean to partner?

Response: We can partner in several ways. One example is the Inter-American Social Protection Network initiative of the State Department. In this case, the State Department asked us to help them implement the program because we have the capability to bring civil society groups to the table with government policy-makers. Another example is the kind of partnership we are working to develop with the International Finance Corporation. The IFC has a business advisory services practice, and we have recently begun discussions with them about how together we could use our community development expertise to enrich their advice to businesses about social investment.

Mr. Krause: How do grantees find out about the IAF, particularly in rural areas? Do you reach out to them?

Response: Many grantees find out about the IAF through word of mouth and the Internet. Foundation Representatives also conduct outreach through local media.

Mr. Krause: Do we focus on an area and then reach out to organizations that work in that area?

Response: With RedEAmérica we have reached out to corporations for co-funding, but overall it has been a responsive approach. We are also contemplating choosing thematic clusters in our program (e.g. agricultural marketing or transnational issues) and testing hypotheses related to issues in these areas.

Mr. Mariscal: How is the relationship with local government? Have there been any tensions or jealousy?

Response: We only fund NGOs and seek to help groups strengthen their relationships with local governments. There have been positive experiences in Peru and El Salvador where IAF grants have helped implement national policy for decentralized planning.

Mr. Browne: How are you incorporating communication technology? It may seem counterintuitive when working with people not of means, but this is an incredibly transformative period and connectivity is an enormous power to be harnessed.

Response: We have not developed a strategy for helping grantees take advantage of communications or information technology, and we need to do a better job in this area. There are clearly opportunities for important investments in this area.

Dr. Tiano: What accounts for the geographic distribution of projects?

Response: The distribution may be partly a reflection of how we deploy our staff, though the reverse is also true. In any case, the distribution has been fairly stable over time. We sometimes are asked why so much of our portfolio is in relatively better-off countries of the region. Part of the answer to that question is that 75 percent of the poor in Latin America and the Caribbean live in middle income countries. These countries also often provide the best opportunities for bringing corporate social investment to bear, including through RedEAmérica.

Mr. Picado: Describe a typical rural and urban project.

Response: Rural: Fishing cooperatives in Ilopango, El Salvador, had already stopped fishing with poles to raise fish instead in floating cages. They were losing money, though, because of the low survival rate of fingerlings brought to the lake from elsewhere. So they asked for help constructing pools on land to breed fingerlings themselves. The resulting higher survival rate helped them triple their income, and today they are turning their attention to expanding market outlets for their fish and diversifying into other activities. This is a typical income generating project with poor communities. Urban: Mr. Vaughn recalled a Board visit to El Salvador to a group of women who sold their products in the central marketplace in San Salvador. Customers had a hard time reaching their booth, which was in the very center of the marketplace, so we helped with a

marketing plan and construction of kiosks so that they could move out of the central marketplace into suburban locations. Their incomes increased by 30 percent. Other examples are the trash pickers who have become recyclers and secured contracts with municipal authorities.

Ms. Echavarría: What resources besides funding do grantees bring?

Response: Labor; knowledge and ideas; and networks, including access to local businesses or municipalities.

Mr. Mariscal: Are there limits to the amount awarded to groups?

Response: There are no statutory limits but awards range from \$25,000 to \$400,000. Any grants over \$1 million must be presented to the Board.

Mr. Mariscal: Does the IAF contribute 100 percent?

Response: On average, the IAF contributes 40 percent and grantees contribute 60 percent. This is not mandatory but best practice. It underscores ownership in the project based on a grantee's own ideas. It also increases the likelihood that a project can be sustained.

Mr. Fernandez-MacGregor suggested it may be a good idea to revisit the issue of sectoral focus. It may make sense, for example, to prioritize investments in networking and communications.

C. Grantee presentation

Mr. Kaplan presented an overview of RedEAmérica, an alliance with the Latin American business sector launched in 2002 to increase support for grassroots development. Today, there are 69 dues-paying members in 11 countries, supported by 360 companies. Shared analytical tools help with grantmaking standards and methods, and monitoring and measuring of results. A Web-based certificate program ("diplomado") on grassroots development grantmaking is offered by the Technological Institute of Monterrey. This was originally developed for staff of RedEAmérica members, but it has now been taken by many people who are interested in grassroots development but are not affiliated with a RedEAmérica member. More information about the certificate program can be found via the RedEAmérica Website, <http://www.redeamerica.org/PROGRAMAS/DiplomadoVirtual.aspx>

Mr. Kaplan introduced Armando Casis, the general manager of Atocongo Association in Peru, a corporate foundation sponsored by a large Peruvian cement company. Atocongo was founded in 2003 and has programs in education, social infrastructure, local development, environmental safety/health, and community dialogues. Mr. Casis is an industrial engineer by training and was previously on the board of directors of RedEAmérica.

Mr. Casis described the Peruvian node of RedEAmérica which was formed in 2002 and has four members: Atocongo, Asociación Los Andes de Cajamarca (ALAC), Asociación

Ancash, and AVINA. The members changed their approach to funding projects in 2008 when they realized that producing real impact requires a deliberate grassroots development methodology in three areas: collective capacity (planning, evaluation, resource management, negotiating skills, consensus building); social capital (partnerships); and expansion of democratic space.

To date, over 55 Atocongo and ALAC staff and associates have completed the diplomado. In addition, Atocongo has incorporated the grassroots development methodology in their approach to monitoring and evaluation, adapted the RedEAmérica results measurement tools to their specific needs, and has three tutors who teach the grassroots development methodology online.

As a result of the Corporate Social Responsibility Congress held in Guatemala in 2008, a public-private alliance was formed to support sustainable community development in Peru. Known as “Suma”, the alliance comprises Atocongo and ALAC; CODESPA and AECID, of the Spanish government; and the IAF. There have been two calls for proposals, with a third call in process, and \$800,000 has been granted to date.

The first two rounds of Suma projects were divided among Cajamarca, with 12 agriculture-focused projects, and Lima, with 12 artisan and other income-producing projects. Two projects highlighted were Asociación Huangashanga, a sustainable potato production and marketing project in Cajamarca, and Lima-based TAWAQ that works with crafts production and marketing.

Mr. Casis highlighted some lessons learned:

- lasting grassroots development requires a clear methodology and commitment to local capacity-building
- applying that methodology requires an investment in Atocongo’s own capacity to measure results and support project follow-up
- there is still work to be done to ensure that this lesson is applied consistently throughout RedEAmérica.

Questions

Ms. Echavarría: Is there a national fund in Peru?

Response: Suma is an example of a national fund in the sense that it is the fund through which the IAF and two RedEAmérica members in Peru are contributing and pooling resources.

Mr. Wallace commented that he is pleased with where we are with RedEAmérica. Going into it, we realized a lot of resources were going to corporate social responsibility but not at the grassroots level. The IAF contributes what we have learned over the last 40 years. We spent time, energy and money to create a hemispheric Web-based system of learning and are finally at a place where we can roll out our knowledge base. RedEAmérica members have increased our social capital. RedEAmérica is only way we can get scalability. It should be noted that Brazilian members took a strong leadership role.

Mr. Mariscal: What role does the IAF play in natural disaster relief? (He offered to put us in contact with the World Economic Forum on natural disasters.)

Response: We have amended grants to help grantees recover from natural disasters, for example, the earthquakes in Haiti and Chile and floods in Central America. We have also begun internal discussions on how to anticipate our next response to disasters.

Mr. Krause: What does the “E” stand for in RedEAmérica?

Response: “Empresarial.”

Mr. Fernandez-MacGregor suggested we should identify a consultant to help us turn the Website from static to a vibrant, active community. We should also use social networking.

Mr. Browne: How much do we work with academic institutions? It breaks down demographically. Particularly in Latin America, young people are the driving force and there is tremendous power in networking. Is there any way to tap into that expertise?

Amb. Dodd added that there is an increased interest in Latin America among students at both the undergraduate and graduate level.

Response: We do receive requests for internship opportunities. We are just now changing our Website provider and our Website is not yet interactive.

Mr. Fernandez-MacGregor said we would not have to host the site. There are resources in cloud that do not cost anything. Ms. Echavarria suggested Microsoft SharePoint.

Response: These are excellent suggestions. We also need to consider government IT security rules which can constrain our ability to take advantage of some IT resources.

FOLLOW-UP: Perhaps a small working group of Advisory Council members can review this topic.

Mr. Krause: Does RedEAmérica have a board of directors? Where is the office located?

Response: There is an international board of directors and a small office with a few staff members is in Bogota, Colombia. The next General Assembly will take place in Brazil in March 2012.

Mr. Krause: Sounds subversive but in a good way. Things begin to change in a way that could be threatening to the powers that be.

Response: More broadly, business people in the region recognize the important role businesses can play and that they cannot expect the state to do everything. There is a growing realization that business has to be part of improving conditions in communities where people live and work. This is an exciting opportunity for the IAF.

Ms. Echavarria said that RedEAmérica national funds can act as multipliers in disseminating the grassroots development model. She also mentioned an experience in Colombia, where local governance is sometimes threatened by mafia groups, paramilitaries or narcotraffickers. A few local organizations joined together to hold local

authorities accountable. This is an example of how these organizations can strengthen democracy at the local level.

Mr. Mariscal: With so many small companies in Latin America, there has to be a great effort to get them involved. There are more than 10,000 companies in the construction industry alone. What efforts have been undertaken to get other companies involved?

Response: The 69 RedEAmérica members are foundations with 360 companies behind them. Now that the tools and certificate program have been tested, we need to extend the work to the companies themselves. We are exploring opportunities for relevant employees in the companies to complete the certificate program or another program designed specifically for them.

D. Corporate investment decisions and grassroots development

Mr. Nuñez presented ideas on why a company would be interested in getting involved, including balancing profit motives with responsibilities of corporate citizenship; institutional complexity and social risk mitigation; market development; and profit maximization opportunity through improved business practices.

Mr. Nuñez outlined some key considerations: there is a culture of philanthropy in Latin America; there is a low degree of separation between foundations and corporations; and corporate and private sector involvement and interest in development is increasing. This is important to the IAF because it presents an opportunity to help companies find ways to help communities thrive.

Mr. Fernandez-MacGregor disagreed with the suggestion that there is a culture of philanthropy in Latin America. He suggested that the culture is of solidarity first around family, then with the community.

Mr. Wallace questioned whether the porous legal wall between foundations and corporations was porous in practice. He noted that RedEAmérica was trying to engage senior level executives – CEOs and owners – but most of the time the foundation side has little interaction with CEOs. There is actually a high degree of separation, perhaps not institutionally but de facto.

Dr. O’Neil said international organizations feel that domestic foundations have not yet built institutional capacities; someone runs the foundation but it is unclear what they do. Many are under institutionalized and there are less checks and balances.

Mr. Krause said a culture of philanthropy should exist but how does one promote it among the wealthy?

Mr. Browne suggested it is similar to corporate initiatives on diversity. People think it is the right thing to do versus the business right thing to do. When it is positioned as the latter, one can sell it more effectively to companies. The bottom line is you are creating the next generation of consumers when you are successful at the grassroots. Amb.

Watson said it is not just about marketing but also about companies' risk management and problem avoidance.

Mr. Nuñez presented a *Corporate investment and integration continuum*:

IAF Business Sector Engagement 1.0

Corporation gives \$\$ to corporate foundation to give away (philanthropy)

Corporation gives \$\$ directly to communities in their sphere of interest or influence.

IAF Business Sector Engagement 2.0

Corporation invests directly engaged in community interests. Dedication of resources.

Corporation changes core business practices. (e.g. Hiring, environment, labor, supply)

The concept of *IAF Business Sector Engagement 2.0* indicates engagement beyond the current RedEAmérica network, commercial partnership opportunities, bringing core knowledge to new partners, and speaking the business language. Mr. Nuñez further described Engagement 2.0 as doing what we are already doing through RedEAmérica, only better.

Mr. Fernandez-MacGregor said commercial partnership requires more than language and he doubted whether the IAF had or could acquire the capacity to be a commercial partner.

Dr. O'Neil: What does it mean to bring core knowledge to new partners? Does it mean being development consultants to companies?

Response: In Rio de Janeiro, Brazil, there is a community organization of women construction workers that trains women who are from the favelas. We can work with them to provide a bridge between RedEAmérica partners and construction firms, creating a supply chain linkage. It goes to connectivity. Another example is the Sustainable Food Laboratory out of MIT that works with responsible supply chains in the food business.

Amb. Watson noted that most companies do not have the slightest idea how to start working with communities. Sometimes they need intermediaries so they can have confidence. We can help them manage that and teach them our methodologies.

Mr. Krause asked whether the IAF receives payment for expertise. It requires staff time and should not be given away.

Mr. Fernandez-MacGregor disagreed with the whole approach. He suggested we can mobilize other organizations to do things but we are out of our league.

Ms. Echavarria suggested we have to focus on areas we can work on.

Mr. Azzi said we should define a “1.99” area. The question is why are they not responding to this effort? RedEAmérica Brazil has the same number of members as it did five years ago. This is a big challenge. Mr. Azzi has spoken with corporations and they are skeptical of grassroots development. They wonder how long they have to stay for it to take off. There is no tax incentive in Brazil. Each country is different.

Mr. Nuñez posed a few questions for consideration. As IAF plans for broader business sector engagement (and given limited resources) where will the greatest return for our investment exist? What or who should be the focus? What should exist as limiting parameters for our role in more integrated commercial partnerships?

Dr. Tiano asked about the role of the U.S.-based private sector. Our leverage there is the tax write-off. How we can motivate U.S.-based companies to take advantage of the tax incentive to work in an integrated way?

Mr. Wallace said RedEAmérica is a lever and we should focus our resources on making it a stronger one. We should work with those already involved in it as well as attract new companies. The IAF adds value in the learning aspect.

Dr. O’Neil said it sounds like what we do well is the diplomado where they can learn and then teach others. Can we engage more than five companies a year? How many IAF staff can be dedicated to that?

Mr. Kaplan said we are taking advantage of RedEAmérica but the challenge is to take advantage of the 360 companies behind the 69 foundations that form RedEAmérica and get them more engaged. It is not a long term commercial partnership, but a partnership where we help them get the capacity, copy it and then continue on. The IAF has 17 active cooperative agreements with RedEAmérica members. We look at RedEAmérica strategically within the agency. Foundation Representatives and in-country teams work on it, rather than having a separate group assigned to work on RedEAmérica. The key is bringing core knowledge to new partners.

Mr. Wallace: How do we go about approaching the 360 companies? What is the practical application?

Response: We are working with the RedEAmérica executive secretariat which is in the process of determining their way forward. We are sticking to our core business and as Foundation Representatives go about their work, they think about how RedEAmérica fits in. We are partners with RedEAmérica – they are the actors and we are the facilitators.

E. Public policy and grassroots development

Mr. Cox explained that the Grassroots Development Framework (GDF), the system designed by IAF to measure results in development projects, guides us to look at larger policy impacts as well as immediate, concrete results. The GDF is represented as an inverted pyramid with three sections to show impacts at different levels: society (local regional, national), at the top of the pyramid; organizations, in the middle of the pyramid;

and individuals/families, at the base of the pyramid. Tangible and intangible results are also considered.

Mr. Cox presented a slide “Making policy work for the poor” to demonstrate leveling the public policy playing field for the poor and changing the context in which communities have a chance to thrive through three intersecting spheres:

- A. Better policies (what the policies are)
- B. Better process (who decides)
- C. Better results (how they actually work)

Mr. Cox said that the IAF has a role in figuring out how to improve the capacity of communities to get involved. The IAF’s policy “sweet spot” is at the intersection of the B & C categories. Mr. Cox noted that IAF grants do not fund lobbying for legislative action.

COOPESOLIDAR is an artisanal fishing cooperative in Costa Rica that came together to create a community managed marine reserve. They were able to negotiate government approval. This project had results at all three levels.

Coordinadora de Mujeres del Cibao (CMC) trained women in the Dominican Republic to identify priorities and negotiate better access to services including a fire station, women services and a local school. This project had results in B & C.

REMURPE in Peru trains communities to access decentralization funds by answering the question of how to develop a plan and negotiate the bureaucracy of programs. This project had results in B & C.

TIERRA is an NGO that works with community groups to gain land titles and simplify land policy implementation in Bolivia.

Mr. Cox outlined ways to improve our work in this area, including: build policy thinking into our grantmaking (selection, design, thematic clusters like market access and transnational projects); learn from what we have already done; bring grantees together to share lessons; document and disseminate; invest in policy analytical projects (e.g. chronic violence); and work with policy partners such as EPA, State Department, foundations (Kellogg, Mott, Kettering), and the Sustainable Food Lab.

Mr. Cox ended his presentation with questions to consider: What are our most highly leveraged opportunities in this area? How big a part of our program portfolio should our policy efforts be?

Questions/Comments

Mr. Krause: TIERRA and REMURPE would be of interest to the media. He has contacts in this area.

Mr. Mariscal: How do we get in touch without being involved in the political aspect? What about countries such as Nicaragua and Venezuela?

Response: We have an active program in Nicaragua. The IAF has a presence in countries where larger official development assistance organizations might not. As we think about country strategy, we will be thinking about the policy aspect as well. We keep to our core business and try to expand to new funders.

Mr. Fernandez-MacGregor: A project such as TIERRA is replicable. For example, when Mexico decided to title the ejidos, they came across 40-year-old disputes. TIERRA shows how such problems can be resolved. You do not have to have public policy behind it as long as the community is behind it.

Ms. Echavarria: How do you share the policy analytical projects?

Response: One example is a series of meetings held in Mexico, Guatemala and Washington around the topic of chronic violence. Research centers came together to develop a research agenda. The idea is to find a mechanism to bring community organizations together so they can exchange ideas.

FOLLOW-UP: We would like ideas from the Advisory Council in this area.

Mr. Vaughn noted the IAF is a federal government agency so everything is vetted by the local embassies. We need to keep this in mind when we talk about policy influence.

Mr. Wallace: How are we aligning the fellowship program?

Response: While we are planting the seed for the future through the current fellows, we are also examining the network of 1,000 former fellows to see where they are now.

FOLLOW-UP: We would like advice from the Advisory Council on how to engage the former IAF fellows.

F. Summing up

Amb. Watson thanked Mr. Kaplan, Mr. Casis, Mr. Cox, and Mr. Nuñez for their presentations. He asked the Advisory Council members for their views on what the Council as a group should be focusing on. What can he do as Chairman since he will be attending future Board meetings?

Mr. Browne suggested spreading the word and connectivity. How many assets do we have and how can we connect the dots so it can be larger than the sum of it parts?

Dr. O'Neil suggested two areas. What are the strands of the IAF business and might there be other core businesses to add? Whom do we disseminate to and how can we disseminate more effectively? Amb. Watson's job is to think how to engage the Advisory Council.

Mr. Azzi said we should revisit the 5,000 projects the IAF has funded over time to see the transformation that has occurred.

Response: We have begun the process of evaluating projects that have closed. Getulio Vargas Foundation conducted a series of evaluations a few years ago. More recently, we have used our local data verifiers to conduct these assessments. So far the data verifiers have completed 12 assessments of projects that have been closed for five years.

Mr. Krause said it would be helpful to have e-mail communication amongst Advisory Council members. We need ideas for how the Council can help in specific areas.

FOLLOW-UP: Mr. Kaplan will send an e-mail to Advisory Council members asking for their authorization to share their e-mail address.

Chairman Salazar reiterated that the Advisory Council will be engaged throughout the year and will meet again next December. He expressed appreciation for the members' engagement and interest. He also noted that all Advisory Council members are welcome to attend IAF Board meetings, but we could only reimburse travel expenses for their attendance at Advisory Council meetings.

IV. MANAGEMENT REPORT

This portion of the meeting was chaired by Board Chair Salazar.

Chairman Salazar thanked Linda Kolko for her service. She will retire at the end of December after two decades at the IAF and almost forty years with the federal government. She held different positions at the IAF, including Vice-President for Programs twice, Vice-President for External Affairs, and currently is Vice-President for Operations. She has twice been interim President, most recently in 2010. The Board appreciates Ms. Kolko's dedication to the foundation. Ms. Kolko thanked her colleagues and the Board for their support over the years.

A. Overview and update

Mr. Kaplan has recruited a top management team in light of recent and upcoming staff departures. We are interviewing candidates for General Counsel and will make a decision soon.

We are focusing efforts on the office move. In addition to the new location, we will change to an open office layout to facilitate collaboration.

Mr. Kaplan met with Acting Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson. She is interested in visiting an IAF project in the near future, perhaps in Peru or Central America.

Responding to a question about our contacts with foundations, Mr. Kaplan said he and Mr. Cox visited Kettering Foundation in November. Kettering specializes in bringing

people together to talk about current issues in democracy. One topic of mutual interest is chronic violence. It was noted that Kettering cosponsors dialogues and research exchanges and would not be a funding partner for our grantmaking in the region.

B. Operations

Ms. Kolko reported that in FY11 the IAF was able to meet all critical budget needs and transfer surpluses of \$2.7 million for grants and grant audits, including \$670,000 in program support funds, obligating a total of \$15.6 million for grants, amendments and grant audits. We are moving to a smaller, open-floor office environment in April 2012 that is expected to yield \$1.9 million in savings over the next 10 years.

We are under a continuing budget resolution (CR) until December 16, 2011. We are able to continue most of our critical operations and obligate several new grants and amendments since we also have access to \$7.5 million in Social Progress Trust Funds (SPTF) for use in FY12. Our overall FY12 budget could range from \$26.75 million (if we get the OMB & House's mark of \$19.1 million appropriated funds) up to almost \$30 million (if we get the Senate mark of \$22.5 million).

OMB received our FY13 budget submission in September. Understanding the difficult budget situation within the federal government, but taking into account our dwindling SPTF resources, we requested an appropriation of \$23.8 million to increase our leverage with private sector partners to fund grassroots development. This would bring our operating budget in FY13 to \$27.8 million. Our hearing was held on September 30 with OMB Budget Examiner Cristina Killingsworth and Chief of the Economic Affairs Branch (and former IAF Budget Examiner) Mark Sandy. We presented our initiatives to lever resources from a variety of sources, our collaboration with other U.S. government agencies and how our assistance complements the efforts of other agencies and increases the return on the total U.S. investment. We received a budget passback of \$16.6 million, a 26 percent cut from our total operating budget in FY11; OMB sees it as a 13 percent cut from our FY12 request of \$19.1 million because they consider only the appropriated amount. On December 2nd we submitted an appeal requesting \$20 million and expect a response by the end of the calendar year.

For the tenth year in a row, we received an unqualified audit of our financial statements, internal controls over financial reporting and compliance with laws and regulations from the USAID Office of the Inspector General. We also received a perfect score on our FISMA (IT security) audit. We have received clean IT security audits since the law was enacted seven years ago.

C. Congressional affairs

Mr. Nuñez reiterated that we are on a CR until December 16. We are hoping to see a bills package gain agreement by the end of this week.

In compliance with a new OMB requirement, we communicated to 19 Congressional offices that the IAF has received a clean financial audit for a decade.

We have had several good meetings with key Congressional staffers and have more scheduled for early next year. The GDF is of particular interest to some offices.

In response to a question about our strategy for cutting the budget, Mr. Kaplan explained that we will continue to look for savings from overhead. For example, we are considering a change to cloud computing, which could improve our capability and reduce costs. There are several federal government IT security hurdles to overcome before we could do that. As previously stated, when we apply guidelines of the American Institute of Certified Public Accountants (AICPA) Guide for Not-for-Profit Organizations to calculate the IAF's overhead expenditure, the figure is 13 percent for FY11. Applying OMB guidelines, which considers all staff as overhead, yields 31 percent. We make a note of the distinction when reporting to OMB or to Congress. It is important that we report in accordance with AICPA guidance when we seek funds from other sources, as that is what funders are used to seeing.

V. NEXT MEETINGS

The Board will meet on the following dates:

Monday, March 26, 2012

Monday, June 25, 2012

Monday, September 24, 2012

Monday, December 10, 2012 (with the Advisory Council)

VI. ADJOURNMENT

Chairman Salazar adjourned the meeting at 1:45 p.m.

2012 Meeting Minutes

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
March 26, 2012**

The Board of Directors of the Inter-American Foundation (IAF) met at 901 N. Stuart Street, Arlington, Virginia, on March 26, 2012. Board Members present were John P. Salazar, Acting Chair; Thomas Dodd, Acting Vice Chair; Kay Arnold, Secretary; Jack Vaughn, Member; and Roger Wallace, Member. Advisory Council members present were Alexander Watson, Chair; and Charles Krause, Member. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Manuel Nuñez, Director of External and Government Affairs; Juan Price, Chief Operating Officer; Emilia Rodriguez-Stein, Director of Evaluations; Paul Zimmerman, General Counsel; and Cindy Soto, Executive Assistant. Grace Nicolette, Manager, and Mark McLean, Research Analyst, of the Center for Effective Philanthropy attended a portion of the meeting.

I. CALL TO ORDER

Chairman Salazar called the meeting to order at 9:00 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the December 12, 2011, Board of Directors and Advisory Council meeting were approved and adopted by a unanimous vote.

III. MANAGEMENT REPORT

A. Overview and follow-up from December meeting (Kaplan)

IAF organization. Mr. Kaplan introduced Paul Zimmerman, General Counsel, who joined the IAF in January. The management team is now complete. Kaplan also reported that the Director for Evaluation now reports directly to the President (she previously reported to the Vice President for Operations), and the travel grant program is now being managed by the Office of External and Government Affairs.

Advisory Council Matters. Mr. Kaplan summarized follow-up from the December 12, 2011 Board and Advisory Council meeting:

- He spoke by telephone with each of the members who were unable to attend in person.
- We have begun to send a copy of the monthly management report to the Advisory Council.
- On April 11 the Latin American Advisory Council members will participate in an audioconference to discuss RedEAmérica.
- Later in the spring we will convene a meeting about communications issues.
- Kaplan and Advisory Council Chair Alec Watson keep in contact as appropriate.

During a recent trip to Brazil, Kaplan, Cox and two Foundation Representatives who work in Brazil, Amy Kirschenbaum and David Fleischer, met with Advisory Council member Marcos Flavio Azzi to discuss RedEAmérica and opportunities for business engagement in Brazil.

Outreach. Mr. Kaplan highlighted recent outreach events:

- Together with Jenny Petrow, the IAF's Representative for Haiti, Kaplan and Mr. Vaughn met with the CEO and management of the Clinton Bush Haiti Fund. Each organization shared information about its portfolio, and they agreed to explore opportunities for co-funding. The Clinton Bush Haiti Fund was established to be a temporary response to the earthquake two years ago and will likely need to find a way to wind down its activities in 18-24 months. Given the IAF's long-standing engagement in Haiti, this could offer an opportunity to give continuity to the Fund's investment portfolio.
- Kaplan and Mr. Wallace traveled to Ottawa in February to meet with the President of the International Development Research Centre (IDRC), David Malone, and a group of Canadian policymakers and academics engaged with Latin America. They discussed developments in Latin America and potential opportunities for collaboration. In their meetings with IDRC staff, they learned that IDRC went from zero fundraising fifteen years ago to now receiving 20 percent of their funds from external public and private donors. The Director for Donor Partnerships, David Schwartz, offered to share IDRC experience and vetting processes.
- Kaplan gave a presentation on the IAF at a gathering of retired US foreign service officers who gather for a monthly luncheon discussion. Amb. Dodd is a member of the group (FLAG) and attended the event. There was a lively discussion and great interest in the IAF's work. An IAF Board member suggested that FLAG members might be interested in speaking out about the IAF.
- Kaplan gave the keynote speech at the Middle Atlantic Council of Latin American Studies (MACLAS) conference on March 22 at American University. This afternoon he is traveling to Dayton, Ohio to attend the Kettering Foundation Multinational Conference on "Citizens and the State: Mutual Mistrust."

Other matters. Kaplan summarized his trip to Brazil at the end of February with Vice President for Programs Steve Cox, Amy Kirschenbaum, and David Fleischer. There are clear needs and opportunities for the IAF to stay engaged in Brazil, and we need to think through how best to invest our limited resources to complement and leverage much larger public programs and private investments in grassroots development. The IAF's focus on thriving communities and evaluating results could make an important contribution to increasing the impact and sustainability of those programs and investments.

Kaplan noted that he attended the IAF fellows' mid-year conference in Panama a few weeks ago, but he will defer to Amb. Dodd to report on this later in the agenda.

Finally, Kaplan reported that the Office of Government Ethics (OGE) conducted a review of the IAF's ethics program. The report was completed last week and there were no findings. There were a couple of issues that required some follow-up. Mr. Zimmerman

informed the Board that as of this date, two Advisory Council members have not filed the required confidential financial disclosure report. We have obtained OGE approval for a new, less burdensome version of the report that will apply to all Advisory Council members in the future. Both tardy Advisory Council members have said they intend to file the simplified report. Zimmerman emphasized that the financial reports are a legal requirement and there is no flexibility in compliance. If an individual does not file the report, we would need to terminate their membership on the Advisory Council.

B. Program update

Mr. Cox began his presentation on RedEAmérica by highlighting a few reasons for its creation, including: engage the private sector in grassroots development, tap into business know-how and networks, reach an underserved small project niche in our portfolio, and transmit IAF's knowledge. Highlights from the first ten years since RedEAmérica's creation:

- 72 members in 11 countries supported by 360 companies
- 452 subgrants awarded to partners that the IAF would have great difficulty reaching on its own
- IAF's \$4.8 million investment matched by \$8.6 million from RedEAmérica members
- \$8 million IDB/MIF alliance in six countries
- 570 graduates from 14 countries of the online training certificate course on grassroots development ("diplomado") at the Tecnológico de Monterrey
- \$9 million total IAF investment.

The first phase the initiative, building the foundation of RedEAmérica (2003 – 2008), involved capacity building with Fundación Corona; launching coinvestment funds; a learning program with Fundación Minetti; and a grant to RedEAmérica through CONSORCIO based in Colombia to develop a common operating framework. The period 2008 – 2012 focused on institutionalizing the network: RedEAmérica became legally incorporated with a new strategic plan and full-time executive secretariat; five national funds were created in Argentina, Brazil, Colombia, Peru, and Guatemala; strategic alliances were formed with IDB, HSBC, Save the Children and Fundación DIS; and a solid web presence was established (www.redeamerica.org).

At the same time, Cox mentioned a few challenges of RedEAmérica's first decade: unclear rules of the game; variable commitment on the part of IAF and RedEAmérica members; RedEAmérica's identity was slow to gel; and it took time to establish a strong secretariat.

When the IAF participated in the RedEAmérica forum in Brazil in March we made a clear commitment to move forward and "reboot" our relationship. This means working as a partner with RedEAmérica to consolidate the network, expand and diversify membership, align investment with core business strategies, and integrate the initiative with other IAF program strategies and teams. On the latter point, IAF Foundation Representatives are involved in vetting new RedEAmérica proposals for cooperative

agreements as they come forward. This is one of the ways the IAF can have a presence in the region, making small grants available to a broader array of smaller groups.

Cox outlined advances since the Board and Advisory Council meeting last December. In January, we signed a new cooperative agreement with the RedEAmérica secretariat (to support a self-assessment tool, training strategy for base organizations, case studies, and RedEAmérica-IAF prizes for the network's tenth anniversary); and reviewed a consultant's report on past business engagement strategies. In February, a survey of members was conducted; an IAF team traveled to Colombia to discuss details of engagement in the next phase of the relationship; a new Memorandum of Understanding was signed with the RedEAmérica board; and IAF staff participated in the RedEAmérica international forum.

A new call for proposals was launched in March. Priorities are: engage new countries and new members; strengthen existing funds and promote collaboration among them; mobilize more funding from the region's private sector; and expand attention to underserved portfolio niches. IAF funding terms have changed and matching from corporate partners will increase from 2:1 to 3:1 over the course of the cooperative agreement. IAF funding will go mostly for subgrants but limited funds may also be used for complementary initiatives (not overhead). There is a \$50,000 subgrant ceiling, and we have standardized the agreements to reduce transaction costs. We plan to sign five or six cooperative agreements in FY12 for total IAF funding commitment of up to \$2 million.

Mr. Wallace expressed his support and congratulated Mr. Cox and his team for the RedEAmérica presentation and plans moving forward. He also noted that former IAF Advisory Council member Jose Antonio Fernandez is the head of Tecnológico de Monterrey which administers the diplomado, and suggested it may be useful to engage with the institute to extend the collaboration.

In response to Mr. Salazar's question about how we are doing with projects and in the field, Cox noted that we contracted a consultant last August to conduct a review of how our grantees' projects are affected by local chronic violence. We are looking both at how the projects and communities are affected, as well as how our staff are affected. Regarding staff safety, we work closely with the Regional Security Officers in the US embassies to schedule field visits. In some countries, it has been a challenge to get clearance in a locally fluid situation. Regarding the projects and communities, we are interested in exploring what communities can do to increase their resilience in contexts of violence. How can our grantmaking and strategy support community resilience? Ms. Arnold noted that the IAF has solid experience working in these contexts during the civil wars in the past, and that this experience could point to lessons and approaches. In response to Mr. Krause's question, Cox confirmed that we have projects in the US-Mexico border area and have received proposals from Ciudad Juarez. Mr. Krause suggested that if the IAF has roots in this community then we should connect with news correspondents in Mexico. The IAF can get credit for supporting these groups and it's a good way to raise our profile.

Cox said that we are working toward a goal of \$18 million in funding commitments this year. As of now, about \$5 million of grants have come through for his review. The pipeline contains about \$26 million in the funding requests, not including the \$2 million that we are earmarking for subgrant funds through RedEAmérica. We are working with an amended grant process and are in the process of hiring a new grant administrator.

Next week Cox will meet with a counterpart at USAID to review a draft of a joint statement on how our two organizations are complementary and can work together.

Finally, Cox reported that we have been in discussions with a program officer at the Mott Foundation and are writing a grant proposal to Mott requesting funds to support joint IAF-Mott work with community foundations in Mexico. This is a program area where we have shared investment in the past. Under the proposal, Mott would make a grant to the IAF earmarked for work in the Mexican community foundation sector.

C. Operations

The IAF is moving the weekend of April 20 to our new location at 1331 Pennsylvania Avenue, NW, Suite 1200 North, Washington, DC 20004. Mr. Price shared the floor plan designed to encourage more teamwork and collaboration among staff. The space will be fitted with new modular furniture, workstations, six small meeting rooms, a large meeting room that can be divided in two, showers, sound masking system, and windows all around to provide plenty of ambient light. Our new space will be LEED certified.

D. Congressional affairs

Mr. Nuñez reported that the Congressional Budget Justification (CBJ) was distributed to 52 Members of Congress and that his office is conducting follow-up conversations with key staffers. The FY 2013 CBJ was built around three main themes: 1. IAF's ability to serve US interests; 2. IAF as a smart cost-effective business model, and; 3. The fact that IAF's work complements broader development efforts in the region.

US Ambassador to Mexico Anthony Wayne issued a press release on March 6 citing the IAF's excellent work. This has been communicated to key Congressional offices.

Nuñez reported that his office plans to actively disseminate the recently received Grantee Perception Report to key congressional audiences in the coming months.

Amb. Dodd and other Board members agreed that establishing relationships with Congressional staffers is a good idea and perhaps after the move to Washington we can invite staffers over to the IAF. Nuñez mentioned that we are in contact with Congressman Farr's office about a summer event focused on former grantee El Ceibo.

Mr. Wallace asked if we are in touch with the administration officials at agencies such as the Office of Management and Budget (OMB) or National Security Council (NSC). Nuñez noted that we cleared the CBJ with OMB and that Juan has regular contact with

our OMB examiner. Kaplan reported that he met a few months ago with acting Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson, and that she knows the IAF from several years ago when she worked with an Assistant Secretary of State who was a Board member. Mr. Wallace suggested meeting with Dan Restrepo, Senior Director for Western Hemisphere Affairs at NSC. Cox mentioned we have met recently with officials at HUD and EPA, and that both are interested in collaborating with us.

Mr. Wallace asked about the status of the new Board nominees Eddy Arriola and Kelly Ryan. Kaplan reported that their nominations have been presented to the Senate, but they have not been confirmed.

E. Ex-post assessments

Dr. Rodriguez-Stein made a presentation on ex-post assessments. Past evaluations conducted by Getulio Vargas covered micro-credit, institution building and case studies. Other evaluations focused on eco-tourism, partnerships, democracy and sustainability.

The IAF's evaluation system begins with a baseline assessment of Grassroots Development Framework indicators selected with the grantee during the orientation meeting. The indicators are tracked by the grantee every six months during project implementation and verified by local specialists contracted by the IAF. We draft a project history at the end of each project. Ex-post assessments are conducted on a few projects that ended five years prior. The IAF-contracted data verifiers visit the grantee, write a report and evaluation office staff prepare a summary of the findings. In 2009 we conducted pilot studies and completed an additional eight studies in 2010-11.

To illustrate, Rodriguez-Stein presented the ex-post assessment of Cooperativa de Ahorro y Crédito Mujeres Unidas (CACMU) in Ecuador. This cooperative of indigenous women was created in 1994. The IAF supported CACMU between 2002-2005: \$384,630 funding for three years to purchase equipment, training, marketing and a \$90,000 credit fund. As a baseline, in 2002 CACMU had the following characteristics: \$33,500 credit fund; 30 organizations; 180 active clients in 2 districts; 580 members; and partnerships with the university in Ibarra and the municipalities of Ibarra and Otavalo. By the end of the project in 2005, the organization had grown considerably. The credit fund had grown to \$838,669, and CACMU had 450 active clients, 675 loans and a 2 percent default rate. About 1,400 jobs were created over the course of the project.

By the time of the ex-post assessment visit in 2010, CACMU had progressed even further: the credit fund had grown to \$3.2 million; 11,969 active clients; 6,969 savings accounts; 13 districts; 7,938 members. CACMU now has a separately managed micro-finance institution with its own building, 8 local savings and loan associations and a CACMU Foundation. Over the last decade, it has created hundreds of jobs in micro-enterprise and agriculture, financed new and improved homes, and strengthened social networks in the communities. This growth was assisted by national and international donors and connections.

Some of the keys to success were leadership and efficient management; training/capacity building; being responsive and adapting to local needs; trust building; and networking.

Looking ahead to 2012, we will focus on the link between local productive initiatives and global markets. Projects to be evaluated are PAGJINO, dasheen (Nicaragua); SOPPEXCA, coffee (Nicaragua); PIDECAFE, brown sugar (Peru); AEDES, amaranth (Peru); and APANB, organic coffee (Panama). The idea is to learn how local productive initiatives have connected with global markets: what made them sustainable after IAF funding ended?

These ex-post assessments should help improve the grantmaking process, and we will disseminate the results on our website, in our publications and to the development community. They can also help grantees learn and validate their own initiatives.

Mr. Wallace said we could also learn lessons by visiting projects that have failed. Rodriguez-Stein agreed, though she also pointed out that visiting failed projects presents other challenges. In some cases, the organization may no longer exist, key informants may have moved on and records may not be available. Nevertheless, we also look at failures when we can, and these experiences also can yield important lessons.

F. Brief on strategic planning exercise

Mr. Zimmerman described the content and process for developing the IAF's new strategic plan for fiscal years 2013-17. The essence of a strategic plan is to answer the following questions: What should the IAF seek to achieve over the next five years? How should we do it? How can we evaluate and measure our success and correct course as we go?

Drafting a new strategic plan is a requirement of OMB, but it is also an opportunity to engage constituents around a shared plan of action. We plan to make it an operational document to help keep us focused on what is important. Key components of the strategic plan are mission statement, vision statement and strategic goals (high level, long-term, outcome-oriented, and measurable).

Zimmerman divided the process timeline into two parts. In Part I, contractor Brenda Smith gathered information through a series of 22 interviews (May 2011), made a presentation to the Board (June 2011), conducted 13 additional interviews (July-August 2011), drafted findings and recommendations (August 2011), and the Board discussed those findings and recommendations (September 2011). At the September meeting, Mr. Kaplan informed the Board that we would take a pause in the strategic planning exercise in light of changes in the management team during 2011 so that the new team would have the opportunity to engage and own the process.

Now that the full management team is in place, Part II will focus on data integration and writing. Several data points will be considered: Brenda Smith's findings and recommendations, Board feedback, recommendations from the all staff retreat

(September 2011), the Grantee Perception Report, and input from management and staff. The management team held a brainstorming and planning session in March 2012. Structured interviews with staff will be scheduled in April 2012. The first draft of the plan will be sent to all staff for comments in May 2012. The Board will receive a draft in mid-June and discuss it at the June 25 meeting. The strategic plan will be finalized and submitted to OMB in August 2012.

Mr. Krause asked if we are taking into account IAF's visibility and public image and suggested we incorporate those components in the strategic plan. It is essential to raise IAF's profile so it does not get lost or disappear. Zimmerman agreed and noted that would be reflected in the draft.

Mr. Wallace suggested that the Board receive a draft of the strategic plan earlier than mid-June. The Board and management discussed the pros and cons of sending an early draft to the Board and agreed that a copy of the draft strategic plan should go to the Board and Advisory Council at the same time as it is sent to all staff – in May 2012. It will be clearly noted that it is a working draft and that we are requesting input.

IV. IAF FELLOWS MID-YEAR CONFERENCE

Ambassador Dodd reported on his third time participating in the IAF Fellows Mid-Year Conference which was held in Panama in March. The conference is a unique experience for graduate students in the US because of its multidisciplinary nature. Amb. Dodd observed that students were somewhat wary of other disciplines at first, but by the end of the conference they were listening to each other and even adjusting their dissertation research. Among the themes covered this year were water supply; indigenous communities scaling up; how grassroots organizations network and provide security for what they are doing; how they influence municipal, national and state government; and how grassroots organizations deal with questions of sovereignty and nationalism.

Amb. Dodd shared a few thoughts on what he heard about the IAF – what we are doing and what they think we should be doing. A consistent theme throughout the fellows conferences is that networking continues long after the IAF fellowship ends. Fellows from the first round are now known in their fields and are in touch with the third group of fellows. A national network is emerging and the fellows are at the forefront. They appreciate the opportunity to engage in peer reviews and form this association as they begin their careers.

Another observation is that the academic review committee would like to sit down with the IAF to discuss the framework or model for the fellows. When talking about project failures, perhaps we could get input from fellows. He suggested that we may want to open a listening conference for the fellows. In the context of the Grantee Perception Report, perhaps the fellows can help with additional background and country information.

Mr. Salazar asked how we are engaging with the fellows after their fellowship ends. Kaplan reported that there will be two panels of former IAF fellows at the Latin American Studies Association conference in May. Last year the journal included peer-reviewed articles written by IAF fellows. We have current contact information for 70 percent of the 1,000 fellowship alumni. Nuñez noted that after our new website launches in May we plan to send a formal communication to the alumni network and ask them to register for IAF updates and news. Kaplan also noted that he would work with Cox and Nuñez to draw the fellowship program closer to our development grant program.

V. GRANTEE PERCEPTION REPORT

Kaplan introduced Grace Nicolette, Manager, and Mark McLean, Research Analyst, of the Center for Effective Philanthropy (CEP). He said that last fall we worked with CEP to include IAF grantees in its regular grantee perception survey so that we could receive anonymous feedback from our grantee partners and compare that feedback to other funders who have participated in CEP's standard survey.

Ms. Nicolette provided background information on CEP, a nonprofit based in Boston and San Francisco. CEP covers three main areas: research; convening and programming; and assessment tools. The grantee survey solicits anonymous and confidential feedback and provides opportunities for gaining insight.

CEP surveyed 225 IAF grantees and received 188 responses (84 percent). Results were compared to CEP's full dataset of 273 funders surveyed over the last nine years, as well as to a cohort of 14 international funders. The IAF is the first federal agency to participate in the survey, and other agencies have now expressed interest in the tool.

Results of the survey are contained in the Grantee Perception Report (GPR). An excerpt of the GPR was included in the Board briefing materials. Ms. Nicolette used a powerpoint presentation to highlight the findings in several categories.

Impact on and Understanding of grantees' fields.

Impact on and Understanding of grantees' local communities.

Impact on grantee organizations.

Funder-Grantee relationships.

IAF's administrative processes: helpfulness of processes vs. time spent by grantees on these processes (e.g. time elapsed between proposal submission and clear commitment.)

Dollar return summary.

Non monetary assistance.

Grantee suggestions for the foundation. Most suggestions for improvement are in the area of processes and grant administration.

We included a few custom questions in the survey. One question was how significantly working with the IAF has affected grantees' opinion of the United States; the average rating was 5.6 on a scale of 1 to 7, and 72 percent reported that working with IAF improved their opinion of the United States. 37 percent rated this 7 -- the highest level.

Grantees also indicated that they would like more sharing opportunities. To that end, we have decided to add a small learning component to most new grants to fund learning and sharing activities that may not have been contemplated at the beginning of the grant.

Grantees rated the usefulness of different forms of IAF support to help obtain financial or non-financial assistance from other sources. They reported that the IAF's reputation lends credibility to their efforts; the average rating was 6.2 on a scale of 1 to 7.

Kaplan said that CEP will make a presentation to all staff on the survey findings. We also intend to share the results more broadly. The GPR excerpt will be translated into Spanish, Portuguese and French and will be sent to grantees with a note thanking them for their participation and telling them how we plan to address shortcomings they identified. We will also share the GPR excerpt with key constituents (e.g. OMB, Congress).

The full GPR includes a detailed breakdown in all categories. We will post on the IAF's website both the full GPR (in English) and the excerpts in four languages.

VI. NEXT MEETINGS

The Board will meet on the following dates:

- Monday, June 25, 2012
- Monday, September 24, 2012
- Monday, December 10, 2012 (with the Advisory Council)

VII. EXECUTIVE SESSION

Mr. Vaughn made a motion to close the meeting and go into Executive Session. Mr. Wallace seconded the motion. Mr. Zimmerman certified the session as closed under 22 CFR 1004.4 (f). All Board members were in favor.

VIII. ADJOURNMENT

The Chairman adjourned the meeting at 12:50 p.m.

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
June 25, 2012**

The Board of Directors of the Inter-American Foundation (IAF) met at 1331 Pennsylvania Avenue, Suite 1200 North, Washington, DC 20004, on June 25, 2012. Board Members present were John P. Salazar, Acting Chair; Thomas Dodd, Acting Vice Chair; Eduardo "Eddy" Arriola, Member; J. Kelly Ryan, Member; and Roger Wallace, Member. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Manuel Nuñez, Director of External and Government Affairs; Juan Price, Chief Operating Officer; Mara Quintero, Associate General Counsel; Emilia Rodriguez-Stein, Director of Evaluations; and Cindy Soto, Executive Assistant.

I. CALL TO ORDER

Chairman Salazar called the meeting to order at 9:07 a.m. He introduced and gave background information on new board members Eddy Arriola and Kelly Ryan who are attending their first IAF board meeting.

II. APPROVAL OF THE MINUTES

The minutes of the March 26, 2012, board of directors meeting were approved and adopted by a unanimous vote.

Chairman Salazar asked for updates on the following items from the March meeting: outcomes from the Clinton Bush Haiti Fund; the joint statement with USAID; Mott Foundation grant proposal; and the meeting with Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson.

III. APPOINTMENT OF BOARD SECRETARY

Chairman Salazar noted that with the departure of Kay Arnold from the board it was necessary to appoint a new board secretary. Chairman Salazar spoke with board member Jack Vaughn about his interest in that role, and Mr. Vaughn agreed to serve. Mr. Arriola moved to ratify the appointment, Amb. Dodd seconded, and all board members were in favor.

IV. APPOINTMENT OF ADVISORY COUNCIL VICE-CHAIR

Chairman Salazar explained that it is the prerogative of the board to appoint the chair and vice-chair of the advisory council. Amb. Alec Watson is the chair of the advisory council, and a vice-chair has not been appointed. As a former chair of the board of directors, Kay Arnold is automatically a member of the advisory council. Chairman Salazar has contacted Ms. Arnold about her interest in serving as vice-chair of the advisory council, and she indicated that she would be willing to serve. Mr. Wallace moved to ratify the appointment, Amb. Dodd seconded, and all board members were in favor.

Chairman Salazar noted that Ms. Arnold served on the board of directors for over 10 years. He suggested adopting a board resolution thanking Ms. Arnold for her service. The resolution would be discussed at the September 24, 2012 board meeting and presented to Ms. Arnold at the next Advisory Council meeting on December 10, 2012. Mr. Wallace moved to adopt the resolution, Mr. Arriola seconded, and all board members were in favor.

Follow-up: Chairman Salazar asked IAF president Kaplan to prepare a draft for consideration at the board's next meeting in September.

V. MANAGEMENT REPORT

A. Overview and follow-up from March meeting (Robert Kaplan)

Principal follow-up from March 26, 2012 board meeting

Grantee Perception Report. Following the presentation by the Center for Effective Philanthropy of the Grantee Perception Report, we:

- Distributed the report to the advisory council.
- Translated the summary excerpt report into Spanish, Portuguese and French, and posted it on our website. We also posted the full report (in English, only).
- Sent links to the translated summary excerpt report to all grantee partners who were invited to participate, along with a letter telling them how we plan to follow up and inviting further comments or reactions. We received 17 responses from grantees in 12 countries.
- Sent the report to our in-country teams (technical assistance support, data verifiers and auditors) with a letter inviting comments.
- Shared the report with OMB.
- Incorporated the report in our talking points with external audiences.

Early draft strategic plan. As the board requested, we distributed to the board and advisory council on May 16 an early draft of the new five-year strategic plan. The final draft is in the board book for discussion later in the agenda.

Advisory council matters

Two advisory council members who had not filed their financial disclosure report by the time of the March meeting have both now filed.

We held an audioconference on April 11 with advisory council members from Latin America to discuss our approach with RedEAmérica. Kaplan and Nuñez met with Amb. Jim Jones on May 1 to discuss outreach efforts. Two specific recommendations from Amb. Jones that we have followed up are Rep. Jared Polis (Congressman from Colorado and chair of the US-Mexico caucus) and John Deere. He subsequently also connected us

with the Global Foodbanking Network. Kaplan consulted with Frank Yturria regarding Congressional outreach.

We shared the draft strategic plan on May 16 and received good input from several members.

Outreach

Partnerships. The most promising partnership prospects from outreach since the last board meeting include US Department of Housing and Urban Development (office of international philanthropic innovation met with Nuñez and Cox); GE (GE president for Latin America met with Kaplan, Cox and Nuñez); BSR, Tides Foundation and Hewlett Foundation from Kaplan's meetings in San Francisco and Menlo Park last month. In Seattle, Kaplan met with the Grameen Foundation's senior vice president for programs and regions. Mr. Wallace noted that the IAF had been in contact with Grameen (Alex Counts) based in Washington, DC in the past.

Central America Donors Forum. Kaplan gave the luncheon keynote at the Central America Donors Forum (about 120 participants), sponsored by the Seattle International Foundation. This was a good opportunity to reach and interact with many family foundations who are engaged in Central America.

Update on the USAID joint statement. This was originally suggested by USAID Administrator Rajiv Shah in February 2011. After a few meetings for staff to exchange experience, Cox sent a working draft joint statement to his USAID-designated counterpart in October 2011. We understand that the draft has now been cleared by the USAID Assistant Administrator for Latin America and the Caribbean, and that the next step within USAID is to determine what other internal clearances are needed.

Ongoing learning partnership with Kettering Foundation. Kaplan attended a Kettering multinational conference in Dayton on March 27 (reported in the April management report). As a result of ongoing discussions, Kettering agreed to fund a learning exercise as input to our clarifying our theory of change. Based on terms of reference agreed between Kettering and the IAF, Kettering contracted a consultant to conduct a selective literature review about the IAF and carry out about 20 in depth interviews with staff and in-country teams. She will produce an internal report for us, and we may define an additional follow-on exercise. Cox and Rodriguez-Stein will travel to Dayton in late July to participate at Kettering with researchers and practitioners from Asset Based Community Development Institute, Coady International Institute, Grassroots Grantmakers, and others.

Cengage. At the recommendation of Carlos Buhler (former CEO of RedEAmérica member Holcim Brazil), we have been in contact with Cengage about how we could collaborate to take advantage of its sophisticated electronic learning platform to bring our work and that of our grantee partners to a worldwide audience (and vice versa). More on this as (and if) it matures over the next few months.

IAF events. We have hosted five events in our new space in the last two months, compared to the same number over six and a half months at the Arlington, Virginia location. Ms. Ryan asked whether we regularly invite Congressional staff to events hosted at IAF and suggested doing so now that we are located relatively close by. Amb. Dodd agreed.

Other matters

The FY11 Grant Results Report is posted on our website (a copy is included in the board book) as well as two ex-post assessments.

We are in the final stages of contracting a consultancy on chronic violence to include focus groups with grantee partners, staff training, identifying best strategies for funding, and exchange. We plan to participate in an inter-organization working group on chronic violence with a focus on Central America.

Kaplan reported that Board member Jack Vaughn traveled to Haiti earlier this month (at his own expense) with Foundation Representative Jenny Petrow. After his trip, Mr. Vaughn commented that he was impressed with the talent and skill of the grassroots groups we are working with, which made him more hopeful and excited about Haiti's future. He also commended the professionalism, inter-personal skills and tireless energy and patience of Jenny Petrow.

The new IAF website went live June 21st. Nuñez will give a demonstration of the site later in the meeting.

The Office of General Counsel will provide Hatch Act training to all staff. General Counsel Paul Zimmerman can provide advice to board members after the meeting if desired.

In response to Chairman Salazar's question, Kaplan said he has not had further contact with A/S Jacobson. Chairman Salazar asked if there was any chance that she could join the board of directors. Kaplan said that he has not heard any news from the White House about the President's plans to present nominations to fill remaining vacancies on the board. The Assistant Secretary for the Western Hemisphere has often been appointed to the IAF board in the past.

B. Program update (Stephen Cox)

Program process overview

The Program Office develops and negotiates the portfolio, helps partners succeed and measure results, learns and shares, and builds purposeful networks. How a project

happens can be broken down into two categories: review and approval, and doing and learning. Cox listed the steps involved in each phase.

Cox used the Grassroots Development Framework (GDF) cone to illustrate how we help communities thrive with impacts at different levels: individuals & families; organizations; and society (local, regional, national). Tangible indicators include standard of living; organizational capacity; and policy environment. Intangible indicators include personal capacities; organizational culture; and community norms.

He noted that a project is more than a grant and thriving communities require more than a project. We look for opportunities to fund projects that deliver results throughout the GDF cone, test something new about how communities thrive, support a community's priorities, and reinforce a community process, and build social capital and adaptive capacity. Good grants are technically feasible or plausible, reflect country context and strategy, are appropriately and sustainably scaled and paced, have synergies with other parts of our portfolio, and support a community's inclusion in larger processes.

Some ongoing challenges are sustainability (giving enough without creating dependency), getting the right mix between funding NGOs and grassroots organizations, and finding newer, more creative hypotheses. We look for the right mix of being responsive and being strategic, and building and sustaining purposeful networks of partners.

Cox reported funding trends across FY09-FY12.

Looking toward the future, Cox listed some of the principal steps we are taking to accelerate knowledge production:

- Connecting, convening and leading new thinking
- Updating the GDF, led by the Evaluation Office
- Country strategies
- Recasting program staff roles to promote learning
- Learning enhancement activities in new grants
- New thematic efforts in chronic violence, migration and remittance flows, and market access

Challenges for the coming year include aligning program strategy and staff assignments with the new strategic plan and country strategies. The program office needs to collaborate more closely with the evaluation office on knowledge products, and will be called upon to support the office of external and government affairs on outreach and fundraising. Operationally, we will tweak the new team structure and grant approval process, and we need to assess (and update or replace) our grants management system.

RedEAmérica reboot update

Cox briefly recapped the *Red Interamericana de Fundaciones y Acciones Empresariales para el Desarrollo de Base (RedEAmérica)* -- 72 members from 360 firms in 11

countries. Over the ten years since establishing RedEAmerica, the IAF has entered into 28 collaborative agreements, funding 452 sub-grants, with a total IAF contribution of \$4.8 million matched by \$8.6 million from RedEAmerica partners. RedEAmerica developed an online training certificate course on grassroots development (“diplomado”) at the Tecnológico de Monterrey, which now has 570 graduates drawn from RedEAmerica members and others interested in grassroots development. Mr. Wallace noted that former advisory council member Jose Antonio Fernandez is the head of the Tecnológico de Monterrey.

We received eight proposals in response to the call for proposals we announced at the RedEAmerica 10th anniversary meeting in March. The new call increases the match requirement from 2:1 to 3:1. Over the next several months, we expect to fund two to four new cooperative agreements totaling \$600,000 – \$1 million, leveraging \$1.5 million – \$3 million.

Amb. Dodd suggested INCAE Business School could be a good partner. Mr. Wallace agreed we should connect; he has met with INCAE board member Francisco de Sola.

FY12 Program highlights

Cox briefly described two groups whose projects we expect to fund this year: the *Asociación No Lucrativa Muj'bab'l yol (MBYL)* in Guatemala, and the *Agrupación Afro-Ecuatoriana de Mujeres Progresistas (AAMP)* in Guayaquil, Ecuador.

MBYL is comprised of 22 mostly indigenous community radio stations, serving over 60,000 listeners. Programs include civic education, rights, community news and talk shows. The project covers technical and journalistic skills development, improved quality programming, connectivity among stations, upgrading the training center and pushing for a more stable legal/regulatory environment to guarantee access to airwaves.

AAMP, an association of African descendent women in a very poor neighborhood of Guayaquil, received an IAF grant in 2009 which they used to form 12 community savings banks, strengthen 256 microenterprises, create community businesses (internet center, cleaning products, African clothing design), and help build a business center. This month we funded a new three-year grant to create commercial opportunities within the neighborhood, construct a community center, create new jobs

Board questions and comments

Chairman Salazar asked for an example of a project in the agriculture sector. Cox described a project in El Salvador that helps local producer cooperatives improve production of basic foodstuffs. The project ties into food security and linking with urban markets. Market access has been a recurrent theme among IAF projects over the years.

Chairman Salazar asked for the dollar range of grants. Cox said planning grants are under \$50,000, and we plan to fund six this year. Regular grants are typically in the range of \$200,000 - \$300,000 over three years, but occasionally are as much as \$400,000.

Mr. Wallace suggested getting in touch with Renate Rennie, Chairman and President of Tinker Foundation Inc. Ms. Rennie is a former member of the IAF advisory council.

Ms. Ryan suggested reaching out to agriculture schools in the US (e.g. LSU, Texas A&M). Cox agreed we should reach out to agriculture and business schools.

In terms of the grants management system, Ms. Ryan said Microsoft provided the technology for UNHCR and they might be willing to help us. She offered to put us in touch.

Amb. Dodd asked about engagement with the fellows. Cox explained there is a new stipulation in the fellows' contract for them to be in contact with the Foundation Representative for the country where they are conducting their field research. Kaplan added that the fellows' contract now also includes a requirement that they come to the IAF's offices to present their work.

C. Operations update (Juan Price)

The IAF moved into our new location at 1331 Pennsylvania Avenue, NW, Suite 1200 North, Washington, DC 20004, on April 23. There are some miscellaneous furniture issues that need to be resolved and the glass around the huddle rooms will be replaced. We have an improved boardroom that can be divided into two rooms, each with projection capability. We are negotiating storage space in the building instead of the storage units we have in Arlington which would yield cost savings. The new offices have increased security at the entrance to our suite; staff members have to provide the names of expected guests so they can be buzzed in to our space. We also have an upgraded phone system based on VoIP technology. Kudos to all IAF staff for contributing to a successful office move.

We are working to procure a new information technology infrastructure provider. Our current agreement with the Bureau of Public Debt ends in September. Our goal is to increase information technology customer service.

We are preparing the FY14 OMB submission which is due in September. The financial audit and the FISMA (information technology security) audit are ongoing. Our budget officer has announced that she will retire at the end of the year, so we will be advertising the opening in the near future.

D. Congressional affairs update (Manuel Nuñez)

The Office of External and Government Affairs (EGA) is responsible for carrying the IAF message to external audiences, managing the fellows program and congressional affairs.

Budget. The IAF's FY12 appropriation is \$22.5 million. For FY13, the President's request is \$18.1 million. The House of Representatives' version of the FY13 State Department, Foreign Operations and Related Programs appropriations bill provides \$18.1 million for the IAF. The Senate's version of the appropriations bill provides \$23.5 million for the IAF. A conference committee will convene to negotiate a final agreement and we will provide updates as they become available.

EGA has met with about 20 Congressional offices, mostly appropriators. Results are the keystone of our message, and we highlight the Grantee Perception Report and ex-post assessments.

On June 28 the IAF is hosting an "Eat and Greet" event on Capitol Hill for Congressional staff featuring chocolate from El Ceibo in Bolivia and coffee from two small farmer cooperatives in Nicaragua. El Ceibo is a former IAF grantee from Bolivia that has enjoyed great success over the years and recently signed a deal with Whole Foods. The local El Ceibo distributor and a representative of Sustainable Harvest will attend. Congressman Sam Farr and IAF President Kaplan will make some opening remarks. Ms. Ryan suggested listing the event in the Reuters Washington Daybook.

Last month we coordinated a meeting for Guatemalan grantee partner SANK (indigenous association in Guatemala working on land titling and improved agricultural practices) with the Senate Caucus on International Narcotics Control. Our grantee partner spent about 90 minutes with the bipartisan group of staff advisors.

The House Committee on Foreign Affairs is convening a working group on Venezuela and invited IAF participation. Our Foundation Representative for Venezuela Juanita Roca will participate. We do not have any active projects in Venezuela as the three grants listed in the last annual report ended recently. Ms. Ryan asked if we have received new proposals from Venezuela. Cox confirmed that we have not. We have encountered some difficulty in obtaining visas to travel there.

Board questions and comments

Chairman Salazar asked if we are finding new Congressional supporters for the IAF. Nuñez said we are making good progress and many have commented on the huge returns we can get on a relatively modest investment. There is interest in how we leverage our funds, for example through our work with RedEAmérica. We emphasize our results and ex-post assessments. Some offices have expressed interest in visiting IAF projects.

There was discussion about seeking specific advocates for the IAF. In 2009, the IAF recognized five members of the United States Congress for their exceptional contributions to our work the grassroots: Senators Christopher Dodd, Patrick Leahy and

Richard Lugar and Representatives Howard Berman and Ileana Ros-Lehtinen. Ms. Ryan suggested reaching out to retired members to keep them engaged, for example Senator Mike DeWine who has an interest in Haiti. These individuals could be ambassadors for the IAF. We could also invite them to join our advisory council. We may also consider whether developing relations with organizations like Cato Institute, American Enterprise Institute and Heritage Foundation might also create new interest in the IAF.

VI. STRATEGIC PLANNING EXERCISE (Robert Kaplan)

Process

Kaplan summarized the process over the last year that contributed to drafting the strategic plan:

- In the spring of 2011, branding expert Brenda Smith interviewed the management team, met with staff focus groups and conducted about two dozen interviews with external informants. She presented an initial report to the board in June 2011, conducted additional interviews over the summer, and presented her final report to the board in September 2011.
- We then decided to put the strategic planning process on hold until we had the full new management team in place. In the meantime we held an all-hands retreat in September 2011 and received the results of the Grantee Perception Report.
- The managers held a strategic brainstorming session in March, and Paul Zimmerman convened focus groups with staff in April to contribute to drafting the plan.
- A first draft of the strategic plan was circulated in mid-May to the board, advisory council and staff. We received many comments and incorporated them into a second draft that was included in the board book.

After the board approves the strategic plan, we will post it on our website, and draft the FY13 and FY14 performance measures that need to be included in the FY14 budget submission to OMB in September.

Kaplan emphasized that approving and disseminating a strategic plan does not mean strategic thinking ceases. We can refine our thinking to reflect learning and changing circumstances or opportunities.

IAF Strategic Plan FY 2013-17

Kaplan summarized the elements of the plan: the mission, vision and six strategic goals. He said that we tried to draft a plan that is clear and simple. The plan has important points of continuity with our current plan, while also identifying new strategic priorities that will require concerted new effort. He commented that the strategic goals are mutually reinforcing.

***Mission:** Promoting and investing in grassroots development to help communities thrive.*

***Vision:** Thriving communities throughout Latin America and the Caribbean, where people direct their own lives as individuals and citizens.*

***Strategic Goal One:** Support the coordinated efforts of the poor to improve their material circumstances, strengthen their organizations, and enhance the social and economic environment for community-led development.*

***Strategic Goal Two:** Promote the social inclusion and civic participation of traditionally marginalized groups.*

***Strategic Goal Three:** Make knowledge generation and knowledge management an integral part of our work, informing new approaches for smarter investments by IAF and others.*

***Strategic Goal Four:** Draw more resources into grassroots development.*

***Strategic Goal Five:** Increase awareness, understanding, and support for the IAF and its program among key audiences.*

***Strategic Goal Six:** Modernize and strengthen our operations.*

Kaplan shared feedback from Jack Vaughn, who was unable to attend today's meeting:

- “Well defined, achievable, and in some cases already being implemented.” Is there staff buy-in? Kaplan noted there has been staff discussion along the way and changes since the May draft reflecting further specific staff comments, and that staff discussions will continue as we begin to implement the plan.
- Particularly excited about goal #4 (resources), supported by goal #5 (increasing awareness, understanding and support) which should precede it.
- Agreed with the external risk factors and that we are addressing them as possible.
- “Continuing to make the IAF a ‘great place to work’ and promoting grassroots development as an ‘exciting and noble’ career should be at the forefront for attracting and maintaining our very professional staff.”

Kaplan reported that we shared the draft strategic plan with the OMB division chief and budget examiner. They thought that the plan reflects OMB's previous comments in our budget passbacks (e.g. evaluation and operational efficiency). They also noted past OMB comments about focusing on the poorest countries. Kaplan said he pushed back a bit on that suggestion, arguing that we should have more of a presence in the poorest countries but not work exclusively there. Instead, our strategy in each country should reflect the local situation. For example, in Brazil, which has more poor people than Central America, we look for ways to draw corporations and wealthy private investors into grassroots development. Countries like Brazil also offer good opportunities to test new approaches. OMB also emphasized the importance of alignment with US foreign policy and presidential priorities.

Board comments

Mr. Arriola suggested that one of the metrics for goal #5 “Increase awareness, understanding, and support for the IAF and its program among key audiences” could include prospective IAF employees in addition to Congress, media, and grantees.

At Chairman Salazar’s request, Kaplan explained the Social Progress Trust Fund (SPTF). The SPTF, created in the 1960s by the U.S. government and administered by the Inter-American Development Bank (IDB), co-funded long-term low interest IDB loans to Latin American governments to reduce poverty. The governments can pay back in local currency and the reflows go through the IDB to the IAF to fund our development grants. The amount we receive from the SPTF varies from year to year, and is nearing an end. In the current fiscal year we have \$7.5 million SPTF available, last year we had \$4.9 million and next year we will have \$4.2 million. By 2018, the amount will be less than \$1 million each year, though the last payment will not take place until 2032.

Mr. Wallace suggested that we combine goal #4 and goal #5. After discussion it was agreed that there should be five goals instead of six.

The revised goals should read as follows:

***Strategic Goal One:** Support the coordinated efforts of the poor to improve their material circumstances, strengthen their organizations, and enhance the social and economic environment for community-led development.*

***Strategic Goal Two:** Promote the social inclusion and civic participation of traditionally marginalized groups.*

***Strategic Goal Three:** Make knowledge generation and knowledge management an integral part of our work, informing new approaches for smarter investments by IAF and others.*

***Strategic Goal Four:** Increase awareness, understanding, and support for the IAF and its program among key audiences in order to draw more resources into grassroots development.*

***Strategic Goal Five:** Modernize and strengthen our operations.*

Chairman Salazar noted that the strategic goals are clear, achievable and understandable and the board should support the mission, vision, and revised strategic goals. Mr. Wallace moved to support the strategic plan, Mr. Arriola seconded, and all board members were in favor.

VII. INITIAL FUNDRAISING PLAN (Manuel Nuñez)

The IAF must be able to answer the following essential questions: Who are you? What do you do? Why should I give or care? We can effectively answer those questions by

refining our mission and vision, strengthening our messaging, improving our Web presence and setting a monetary goal.

Our fundraising should be anchored in our philosophy and identity. We craft messages tailored to specific audiences. Examples include: *the IAF focuses on helping communities thrive; the IAF provides a smart, cost-effective development approach; the IAF provides value, leverage and focuses on accountability and results.*

Website fundraising effectiveness can be maximized by including basic contact information, conveying the organization's personality, keeping information current, and providing interesting content.

Núñez listed several fundraising assets (people, property or abstract qualities):

- Mission & vision
- Program
- Staff
- Board members
- Advisory council
- Networks (grantees, fellows)
- Government identity
- Independent status
- Geographic focus
- Portfolio diversity
- Expertise
- Knowledge generation
- Outcomes
- Value for money
- Brand equity (in communities and with Latin American corporations)

Mr. Arriola asked if there are limits or restrictions. Ms. Quintero noted that when Paul Zimmerman joined the IAF as General Counsel in January, he conducted an extensive review of the IAF's enabling legislation and found that we have broad gift authority, which is somewhat unique for a government agency. We may receive conditional or unrestricted gifts.

Ms. Ryan asked if we have a policy for declining gift in terms of inappropriate sources or conflicts of interest. In her experience with State Department it was difficult to set up and there had to be a thorough review before broadly receiving gifts. Núñez reported that we do not yet have an explicit policy, but that we would develop one, as well as a specific process for assessing reputational risk.

There was discussion about the challenges with donor-directed giving. Kaplan agreed that we need to set a policy early on in fundraising efforts. He added that the IAF has received gifts in the past.

Núñez outlined Strategy and Targeting. The short-term goal in FY 12/13 is \$4 million – \$5 million.

We would specifically seek the following:

- Co-investment: funds do not flow through IAF but are invested directly in the project alongside IAF funds.
- Directed funding: funds flow through IAF but are directed toward a specific portfolio area or donor interest.
- Unrestricted funding: funds flow through the IAF and area able to be invested in accordance with evolving IAF portfolio priorities.

Núñez presented a list of entities under the following categories: foundations, private sector, US government agencies, multilaterals/bilaterals, and high net-worth individuals. Board members had additional suggestions including Abbott Laboratories, Proctor and Gamble, 3M, DOD, United Nations World Food Programme, Food and Agriculture Organization (FAO) of the United Nations in Rome, and Economic Commission for Latin America and the Caribbean (ECLAC). Another recommendation is to ask A/S Jacobson for the list of business contacts maintained by US embassies in the region.

Núñez invited board members to continue to make suggestions.

Mr. Arriola commented that this initiative will take considerable time and it could be a real challenge for just one person. Kaplan agreed it is a challenge and that other staff in the agency will need to be involved to support these efforts. He characterized the dollar amount as a “stretch goal.” Ms. Ryan said she does not think it is a stretch goal and suggested we talk to the State Department Office of the U.S. Global AIDS Coordinator. Several agreed it would be good to get an early win from an important source.

Next steps include completing the assessment of assets, writing a formal donor engagement plan, establishing a moves management system, developing target-specific fundraising materials, engaging the IAF fellows network, and embarking on a US government agency “road show.”

Kaplan wondered if perhaps there is a funder that might be interested in helping us set up the fundraising initiative. Mr. Wallace suggested Tinker Foundation and offered to participate in a discussion with them.

VIII. WEBSITE DEMO (Manuel Núñez)

Our new website went live on June 21. We completed the procurement for website design in record time (about 5 months) and switched to a private vendor, Vision Internet. In doing so, we have achieved cost savings of over \$100,000. We are also now able to make changes to the website ourselves without having to rely on the website host.

Núñez demonstrated the new features of the website. An interactive map has links to active projects and basic project information. Users can bookmark and share specific

pages via email. There is also a mobile version of the site. There are hyperlinks to IAF publications, a section on Partners, board and advisory council information, the President's message and bio, and reporting and accountability. Pages are translated into Spanish, Portuguese and Creole via Google Translate so that updates can be made to all versions of the site at one time. Some pages, such as the instructions for presenting a proposal, have been translated in-house to ensure accuracy.

The board was impressed with the quality of the new website and congratulated Nuñez and his team for their work. One suggestion is to highlight RedEAmérica in its own section on the site.

IX. NEXT MEETINGS

The Board will meet on the following dates:

- Monday, September 24, 2012
- Monday, December 10, 2012 (with the Advisory Council)

X. ADJOURNMENT

The Chairman adjourned the meeting at 1:27 p.m.

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
September 24, 2012**

The Board of Directors of the Inter-American Foundation (IAF) met at 1331 Pennsylvania Avenue, Suite 1200 North, Washington, DC 20004, on September 24, 2012. Board Members present were John P. Salazar, Acting Chair; Thomas Dodd, Acting Vice Chair; Jack Vaughn, Secretary; Eduardo "Eddy" Arriola, Member; J. Kelly Ryan, Member; and Roger Wallace, Member. Advisory Council Vice Chair Kay Arnold also attended. IAF staff members in attendance were Robert Kaplan, President; Manuel Nuñez, Director of External and Government Affairs; Juan Price, Chief Operating Officer; Emilia Rodriguez-Stein, Director of Evaluations; Paul Zimmerman, General Counsel; and Cindy Soto, Executive Assistant. Marcy Kelley, Foundation Representative for Costa Rica and Ecuador; Jenny Petrow, Foundation Representative for Haiti, Dominican Republic and Jamaica; and Juanita Roca, Foundation Representative for Chile, Colombia and Venezuela attended a portion of the meeting. Representatives of USAID (Mark Feierstein, Assistant Administrator, Bureau for Latin America and the Caribbean; and Chris Cushing, Acting Director, Strategy and Program Office, Bureau for Latin America and the Caribbean) attended a portion of the meeting.

I. CALL TO ORDER

Chairman Salazar called the meeting to order at 9:05 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the June 25, 2012, board of directors meeting were approved and adopted by a unanimous vote.

III. RESOLUTION HONORING SERVICE OF KAY ARNOLD

In follow-up to the June 25, 2012 board meeting, the board reviewed a draft resolution thanking Kay Arnold for her service on the IAF board. Mr. Vaughn moved to adopt the resolution, Amb. Dodd seconded, and all board members were in favor. The resolution will be presented to Ms. Arnold at the next Advisory Council meeting on December 10, 2012.

IV. MANAGEMENT REPORT

A. Overview and follow-up from June meeting (Robert Kaplan)

Principal follow-up from June 25, 2012 board meeting

- Mr. Kaplan responded to Chairman Salazar's requests for updates that were unanswered at the June meeting.

Clinton Bush Haiti Fund. We submitted a proposal to the Clinton Bush Haiti Fund to co-fund Cine Institute of Jacmel in March. In May we heard that CBHF decided not to fund it. We are proceeding on our own and have agreed with CBHF that we will continue to look for co-funding opportunities.

Mott Foundation grant proposal. We submitted a proposal in July and heard that it has been approved by the staff and is awaiting Mott president approval; we will soon be going through the formal process of drafting an agreement for signature by both organizations.

- Resolution honoring Kay Arnold. See Agenda item III.
- Follow-up to a lunch discussion in June about a board trip. Given the current fiscal environment, we suggest including two or three board members on staff trips with a more program-focused objective that are happening anyway. It is particularly important for Mr. Arriola and Ms. Ryan to travel as new board members.

Chairman Salazar asked for comments. It is helpful to see the projects first-hand because it is difficult to talk about measurable success based on paper alone. While small trips make sense because they can be more cost-effective, it is also valuable to have the whole board together to share experiences. One suggestion is to plan a trip around a substantial event where a larger IAF presence would be important. Perhaps we could also lean more on the embassy for support.

Based on the discussion, Kaplan committed to find ways to get board members to the field. If we do not do a trip for all board members together, then new board members should be paired with members who have been on the board for a longer time.

FY14 budget submission to OMB

We submitted our budget request to OMB on September 7. In accordance with OMB guidance, we requested \$17.1 million appropriation with an add-back request of \$5.4 million to bring us to the FY12 level of \$22.5 million. The total budget at the guidance level would be 25 percent below FY12 (including SPTF). With the full add-back, it would be 7 percent below FY12. We are concerned that a budget at the guidance level would undermine our ability to raise funds from other sources. A budget at the add-back level would preserve our ability to leverage our resources with other funding sources.

We received written questions from OMB on September 11 and had a budget hearing on September 18. Our OMB examiner expressed three main concerns:

1. Overhead. As in the past, OMB pressed us to find ways to reduce overhead, though they did not provide a benchmark. We show a slight drop in overhead from FY11 to FY12, but that is mostly a reflection of a larger total budget this year, as actual program support costs have remained basically flat. We have continued to argue that the way we define overhead should reflect AICPA guidelines for private foundations and non-profits (under which we would be at about 13 percent) so that we would be comparable to others

as we go forward trying to raise private funds. Following a discussion with OMB in June, we added a line to the budget table showing grantee counterpart and reported our OMB-defined overhead two ways: (a) against total IAF budget, which yields 29 percent; and (b) against total IAF budget plus grantee counterpart, which yields 17 percent.

Our FY13 and FY14 projections continue to show flat program support costs even in scenarios with large cuts to the total budget for three reasons: (1) much of our administrative costs reflect responsibilities to manage 270 multi-year obligations already underway rather than to obligate a much smaller number and volume of new grants; (2) we have already cut administrative costs to the bone (particularly in operations, where we are reallocating and adding staff and where further cuts are not possible); (3) cutting program staff would undermine our ability to deliver if we are successful in raising funds. IAF has administrative capacity to support grantmaking up to about \$20 million per year. We increase overall resource efficiency as we approach that amount (as this year) and decrease it if we do not have the budgetary resources to fund that whole amount.

2. How does the IAF support administration priorities? We cited closer collaboration with State Department, the joint statement with USAID on complementarity, and beginning collaboration with EPA and HUD in their international programs. On specific White House priorities, we have a long-standing agriculture and food security portfolio in countries where Feed the Future is focused (Guatemala, Haiti, Honduras, Nicaragua) and we have participated in the Partnership for Growth in El Salvador. With respect to the White House emphasis on “engagement that is strong, sustained, meaningful, and based on mutual respect,” this is the essence of the IAF’s approach, corroborated by the Grantee Perception Report.

3. Raising funds from other public and private sources. We pointed to successes so far with State Department and Mott Foundation (together worth \$700,000), and ongoing efforts to increase revenues from other sources. We underlined the importance of being able to offer donors the opportunity to match (not replace) our resources. The OMB examiner was sensitive to whether the donations are consistent with our mission; our response was that we would accept donations to support work that we want to do in any case but do not have the resources to do on our own.

Mr. Vaughn suggested we may want to focus on Brazil. A good contact is former board member Thomas Shannon who is the US ambassador there.

Advisory council matters

Kaplan touched base with Advisory Council Chair Alec Watson and Vice Chair Kay Arnold (separately) in mid-July to de-brief the June board meeting and discuss donor engagement. Kaplan and Nuñez participated in an audioconference on September 11 with Advisory Council members Shannon O’Neill, Charles Krause and Don Browne to discuss our communications and publications strategy.

Outreach

Congress. In addition to Nuñez's frequent visits with key staffers, we hosted a Congressional Eat and Greet on June 28. The topic was how community-led entrepreneurial efforts can go from grassroots to global and highlighted IAF coffee and chocolate projects. On July 18, Kaplan spoke at a Congressional briefing series on leveraging investments in Latin America, together with Nancy Lee of the MIF. On July 25, Kaplan and board member Kelly Ryan attended a Congressional dinner on the topic of US- Mexico Relations. In August, Tom Garofalo from Congressman Moran's office visited IAF projects in El Salvador. He briefed his office after the trip and it led to a follow-up meeting last week.

Public events. Kaypi Peru took place at the Smithsonian National Museum of the American Indian from July 24-30. Amb. Dodd, Amb. Watson, and Ms. Arnold attended the opening reception. Kaplan spoke on a panel at the Academy of International Business Conference on July 2. The panel included senior executives from McKinsey, AES Solar and OxFam.

State Department. Kaplan met with Maria Otero, Under-Secretary of State for Civilian Security, Democracy and Human Rights on July 24. In follow-up, we plan to have a meeting with relevant bureaus and offices in early October. In collaboration with the Western Hemisphere Bureau, we signed a new inter-agency agreement to support the Americas Partnership on Social Inclusion and Equality (APSIE). The grants will strengthen civil society organizations working to promote racial, ethnic, and gender equality, LGBT rights, and social inclusion in Brazil, Colombia, Guatemala, Peru, and Jamaica. We met last week with the Summit of the Americas group at State Department to discuss the Inter-American Social Protection Network (IASPN) and other topics.

National Security Council. Kaplan met with Ricardo Zuñiga, Special Assistant to the President and Senior Director for Western Hemisphere Affairs on August 23. Kaplan briefed him on the IAF, our new strategic plan and initiatives. Mr. Zuñiga was particularly interested in chronic violence and Central America. They also discussed the status of board appointments and budget guidance.

USAID. The joint statement on complementarity was approved on August 29. (A copy is included in the board book.) Chairman Salazar noted that we have not had that recognition before and this is a good opportunity for the agency. Kaplan explained that the idea of a joint statement came out of a meeting with USAID Administrator Rajiv Shah in February 2011. The statement was drafted and cleared within the highest levels of the IAF and USAID office for the Western Hemisphere.

Institutional collaboration on ABCD and citizen-led development. Stephen Cox and Emilia Rodriguez-Stein participated with researchers and practitioners from ABCD institute, Coady International Institute, Grassroots Grantmakers, and others, in Dayton in late July. Kaplan and Cox visited Coady in mid-September to learn more about Coady's leadership training and discuss potential collaborative opportunities in Latin America. There are good prospects to join forces as we have complementary institutional assets, and perhaps even joint fundraising.

Other matters

Format and timing of monthly board reports. The general format of the monthly management report has been constant since the beginning of 2011: current year financials compared with the previous year; current year approvals of grants and amendments compared with the previous year; outreach; other matters (sometimes congressional affairs or evaluation). This spring we started attaching public statements for approved new grants. Now that we are posting these to the website, we summarize each new grant with a couple of sentences, grant amount and counterpart, and provide a hyperlink to the website for more detail. Kaplan asked if the board would like to see anything additional included. The board agreed with the format.

In terms of timing, Kaplan proposed to consolidate in the board book the report for the previous month and the update (which adds another ten days or so). With four board meetings each year, this means there would be eight management reports (January, February/March, April, May/June, July, August/September, October, November/December). The reports would be sent to the advisory council at the same time. The board agreed with the proposed timing.

Questions/Comments

Ms. Ryan asked what we mean by counterpart. Kaplan explained it includes the grantee partner's own resources and resources mobilized from others. Rodriguez-Stein said it includes what the grantee partners commit at the beginning of the project, as well as additional resources they may mobilize during the life of the project.

Chairman Salazar congratulated Zimmerman for successfully reducing the number of potential members of a government-wide class action lawsuit from over fifty former IAF employees to one, as reported in the August 2012 management report.

Chairman Salazar also mentioned the general counsel's legal opinion on IAF's broad gift authority. Ms. Ryan said she had raised the issue of the appropriateness of gifts and asked what rules we have in place for accepting gifts. Mr. Vaughn asked if the embassy could weigh in. Zimmerman responded that we have legal authority to accept gifts and he agreed there should be policies about appropriate sources and procedures. We want to be flexible but the gifts should be in areas that are in line with our mission. Receipt of funding need not be cleared by the embassy.

B. Program update

1. FY12 funding and active portfolio (Robert Kaplan)

Vice President for Programs Stephen Cox was not able to attend the board meeting so Kaplan gave an overview of FY12 grantmaking and the active portfolio. (Reference was made to the tables and graphs in Tab 4 of the board book.)

- We had a very busy year with 126 funding actions: 58 new grants and 68 amendments, of which 13 were for Ecovida, a grantee exchange in Brazil.
- Total funding of \$16.4 million, just shy of 10 percent more than last year.
- 644 new proposals received in FY12.
- Context: during the same period we moved offices and revamped the grant approval process.
- Geographic mix: slightly higher concentration of total active portfolio in Central America. Central America and the Andes region now equal 56 percent of our active portfolio.
- Thematic mix: apparent drop in rural development (39.7 percent in FY11 to 26.6 percent in FY12) is not the consequence of a deliberate shift, but an artifact of where we found the good proposals this year.
- Outreach/exchange. In addition to country grantee exchanges, about 15 grantees and others gathered in Brazil in May (Ecovida) to talk about coordinated efforts in sustainable agriculture, product certification, market access, and links between rural producers and urban consumers for agricultural products. Three IAF staff participated at the Grantmakers Without Borders (now called the Edge) conference and presented our work on local philanthropy in Brazil, Mexico and the Dominican Republic.
- Steps forward
 - We reactivated RedEAmérica, as we have noted in both prior meetings. Our call for proposals resulted in two new subgrant relationships with consortia of corporate foundations in Brazil and Colombia. Others from the same call – in Mexico and Argentina, and one regional proposal with Holcim – were not quite ready for FY12. We are engaging the RedEAmérica network in rethinking core business engagement and applications of the training program for other audiences.
 - Looking forward to FY13, staff will be developing country strategies in the first quarter. We will also articulate clearer guidance on issues such as financial sustainability, real community agency, minimum critical standards for economic analysis of projects, and counterpart. This guidance can also be part of our knowledge production for a larger audience.

Ms. Ryan suggested linking the IAF with a course for development professionals that is offered at the John F. Kennedy School of Government at Harvard University. Students from the Kennedy School or other universities could interview staff and draft a report. The academic arena would give a different view versus hiring a consultant. Amb. Dodd suggested connecting with a consortium of Washington-based universities. Zimmerman noted that knowledge management came up during the strategic planning process. Kaplan said we will be planning for knowledge management systems in FY13 and implementing in FY14.

2. Focus on Colombia

Presentation by Juanita Roca, Foundation Representative for Chile, Colombia and Venezuela.

Overview of Colombia's internal situation:

- According to CEPAL (Preliminary Balance, 2011), Colombia has the highest urban unemployment in Latin America at 11.4 percent. The central region has less poverty and the rural areas have generalized poverty. Colombia also has the highest economic inequality in Latin America after Brazil (CEPAL, Panorama Social 2011).
- On June 10, 2011, President Santos signed the landmark victims and land restitution law, which gives victims of Colombia's internal conflict the right to seek reparations in the form of land and financial compensation for the crimes they suffered from guerrillas, paramilitary and the armed forces. It is estimated that over 3 million persons and 6 million hectares may be affected.
- Peace negotiations have recently begun with the FARC; the previous peace negotiations took place in 2002.
- Colombia has legislation for indigenous and Afro descendant communities that gives them relative autonomy.
- There is an enlightened corporate sector, pioneers in corporate social responsibility and community engagement, and there is a legal framework for strong community participation for local development.
- Plan Colombia gave \$5 billion between 2000-2007, three quarters of which went to the Colombian military and the police counterinsurgency and anti narcotic operations. This has had an important presence in the region. Foreign assistance from European sources has focused on internally displaced populations, human rights and peace-building efforts.

The IAF program in Colombia:

- 24 active grants in 26 of the 33 departments of Colombia. Six grants have national coverage, five are regional (covering more than one department) and almost half of the portfolio is located within one specific department. Topics include institutional strengthening and capacity-building, agricultural production, marketing and environment.
- Four themes/strategies in the portfolio:
 1. Partnerships. The hemispheric headquarters for RedEAmérica is located in Bogota. Subgrant funds with RedEAmérica partners (22 members are from Colombia) in the form of small grants (\$20,000 maximum) have reached over 450 grassroots organizations.
 2. Reducing the risk of recruitment by paramilitary and guerrillas.
 3. Women's empowerment and how it relates to territorial rights.
 4. How agriculture production and environmental protection reaffirm campesino identity.

3. Focus on Haiti

Presentation by Jenny Petrow, Foundation Representative for Haiti, Dominican Republic and Jamaica.

Haiti received \$1.4 billion from the US after the 2010 earthquake and that amount has dropped to \$339 million. According to the foreign assistance dashboard, Haiti is the largest recipient of aid in the western hemisphere. There are about 369,000 people still living in tents. Democracy is shaky and there have been corruption scandals. A fully

functioning government has only been in place for four months of the last 12. Other problems include cholera. On the positive side, there are new government initiatives such as cash transfer programs. Civil society is only slightly older than democracy.

There are currently 12 IAF grants in Haiti with activities in 7 of 10 departments; three are urban and nine are rural. They include six grassroots groups, five NGOs and one diaspora association. Total funding is \$3.4 million in IAF funds and \$3.4 million in counterpart. About 88 percent of the poor live in the countryside. Due to most aid going to the capital, the IAF tries to reach those overlooked by the aid community (e.g. small groups sometimes with no legal recognition at the outset, or projects outside the funding priorities of other organizations).

Sectors and target populations include a focus on youth-run and women-run projects. The IAF's philosophy of engagement in Haiti is:

- True sustainability lies in enabling organizations to gain the proper tools for analyzing situations, proposing solutions, and acting on them.
- Even the simplest, "bread and butter" project can be a catalyst for broader change. For example, MP3K is a group of yam growers; their children were dying of diarrhea and they realized they had to get a water filtration system.

We use three primary mechanisms: accompanying (not telling them what to do, but helping them find resources to solve their problems); building capacity (through monitoring visits, exchanges, all-grantee training sessions, technical assistance); and brokering relationships (for example, MP3K has partnered with GWU/Living Waters for the World to implement a solar water filtration system).

Mr. Vaughn said he saw first-hand how the IAF works, from planning to implementing, when he visited Haiti in June and he came away hopeful and happy.

4. Chronic Violence Learning Project

Presentation by Marcy Kelley, Foundation Representative for Costa Rica and Ecuador.

The Chronic Violence Learning Project (CVLP) is an institutional learning project that will involve Washington-based staff and field teams through May 2013. According to the Latinobarómetro 2011, delinquency/public security is the most important problem perceived by citizens in Latin America, followed by the economy.

Tani Adams, a researcher in social change and policy reform in Latin America, is assisting us in this effort. Last fall Ms. Adams looked at the IAF's grant portfolio and found that seven percent of our grants in 11 countries explicitly target violence (gangs, gender violence, human trafficking); 15 percent of our grants in 13 countries have been affected by violence, including robbery, kidnapping, and paramilitary presence; and 18 percent of our grants take place in areas in 12 countries where IAF staff have restricted access because of US Embassy security restrictions.

With this background in mind, we designed a learning project to help us and our grantee partners understand better the implications of chronic violence for the communities where we work, what we do in those communities, and how we do it. Some key questions include: how does chronic violence affect grantee partners and staff? What are the dynamics of long-term violence and the issues that it raises for IAF grantee partners and grant making? How could a project help build community resilience around chronic violence in ways that strengthen social capital and build citizenship?

Kelley gave examples of how the concept of chronic violence affects her work in Panama and Ecuador.

Last week we held the kickoff meeting for the CVLP involving 18 Washington staff and 13 field staff. Adams presented the chronic violence framework and we discussed the process which will include a workshop with grantee partners in Latin America. Adams will prepare a final paper summarizing findings on the implications of chronic violence for the IAF's work. Our hypothesis is that resilient communities are better prepared to deal with chronic violence and IAF grants support community empowerment or agency to become more resilient.

The board asked to be kept informed of the progress.

Ms. Ryan said she has worked with the United Nations High Commission for Refugees (UNHCR) on organized crime issues in Central America. UNHCR will be reaching out to some universities and setting up a workshop that perhaps the IAF could attend. In addition, organizations like UNHCR, IOM and ICRC may be interested in seeing the report in terms of how chronic violence affects the work of agencies.

The role of USAID in Latin America and complementarity with IAF.

We invited USAID to share thoughts on their role in Latin America and complementarity with the IAF. Chairman Salazar introduced guests Mark Feierstein, Assistant Administrator, Bureau for Latin America and the Caribbean; and Chris Cushing, Acting Director, Strategy and Program Office, Bureau for Latin America and the Caribbean.

Mr. Feierstein highlighted two aspects where he thought USAID could learn from the IAF's experience -- procurement reform (channeling more resources to local organizations) and monitoring and evaluation efforts.

The Bureau for Latin America and the Caribbean distinguishes itself from other USAID Bureaus in that it does not use the traditional development approach. The Colombia mission's primary objective is security, not development, and this is USAID's second largest mission. Mexico poses a security challenge. A budget increase in Central America (Guatemala, Honduras, El Salvador) was driven by security. Violence is a leading threat.

USAID is looking towards a gradual exit from the region. In its mission statement, the goal is to be much smaller in LAC by the year 2030, although still present in countries

such as Haiti and Guatemala. In Colombia, Mexico and Peru USAID tries to help the governments lay the groundwork so that they do not depend on foreign assistance. Costa Rica, Uruguay, Argentina and Chile are all flourishing today, and there is no longer a USAID presence. The Panama mission is closing this month. In Brazil USAID is now working to help the country develop its own foreign assistance program and is no longer funding programs there.

USAID is mostly getting out of the health sector (except Haiti, Guatemala and Bolivia) because the indicators show improvement and they can finance health initiatives on their own. They have cut funding in the ALBA countries.

Currently, 12 percent of USAID funding goes to local groups. With procurement reform, they want to get to 30 percent within four years. This will vary across countries. The goal for Haiti is 18 percent. There is some internal resistance working with local groups due to concerns about corruption and the idea that development gains would not be as great as they would be by working with an experienced partner in the US. USAID is eager to hear about IAF's experience and one possibility is to work with IAF graduates.

In the area of monitoring and evaluation, USAID is moving away from outputs and moving toward outcomes. USAID Administrator Shah would like to focus on one or two key metrics per country, for example, reducing homicide rates. Everything they do in any given country should be able to fit on an index card.

Chairman Salazar thanked Mr. Feierstein for his presentation and opened up the discussion for comments from others.

Kaplan agreed there have been significant advances in the region but that considerable challenges remain. He commented that the IAF's investment to support the initiatives and strengthen the capacity of local community organizations was not the same as "procuring services" from a local contractor to carry out an externally-defined task. Nevertheless, he offered to talk with USAID staff who may have concerns about working with local civil society organizations. Mr. Feierstein noted that USAID develops five-year strategies for each country that are consulted with local civil society groups before projects are awarded.

Mr. Feierstein noted that USAID's Haiti mission has an aggressive program to start funding local groups and he asked about IAF's funding approach and how the IAF protects against corruption. Petrow said funding a US-based contractor can achieve outputs but in order to achieve outcomes it is necessary to fund groups locally as the IAF does. With respect to corruption, we have to have realistic expectations and develop a relationship of trust with our grantees in conjunction with oversight mechanisms. Kelley noted that we fund projects but focus on the process. We are also flexible with changes that occur during the life of the project. That process is what creates democratic systems -- learning to speak up, work collectively and influence those around them.

Mr. Feierstein asked about IAF's engagement with Capitol Hill, particularly in terms of how we convince oversight committees that we have adequate protection against corruption. Nuñez said that our results monitoring and auditing systems contribute to a level of comfort. The ex-post assessments, where we conduct evaluations of groups five years after funding ended, have also drawn interest. Rodriguez-Stein noted that is one way to help us move from outputs to impacts. Mr. Cushing asked how the IAF funds ex post evaluations, and Rodriguez-Stein confirmed that funding comes from within the contracts for data verification services.

Chairman Salazar concluded that we are pleased with the USAID-IAF joint statement and it gives encouragement going forward that we can have stronger collaboration based on our complementary strengths.

C. Operations update (Juan Price)

Since the last board meeting there were three items pending from the office move. Hitt Construction completed some glasswork and will be applying IAF emblems or frosting around the glass walls. Northtide completed work on the president's furniture. We finalized the lease with Quadrangle Management to include additional storage space down the hall. We achieved cost savings by moving storage items from Virginia to this location.

Our budget officer is retiring at the end of this week and we will advertise the position soon. We procured a financial contractor to fill the gap, and she will be training this week.

We completed the procurement for a new information technology infrastructure provider. Our current agreement with the Bureau of Public Debt ends this month.

We have had some problems with the phone system (international calls being dropped and poor sound quality) and established a two-week monitoring period for issues. We are scheduling a meeting with the phone service provider to discuss how they will address the issues.

Amb. Dodd asked for the number of FTEs. Kaplan said we currently have 43 FTEs and we have 47 positions. Referring to the June board meeting minutes, Mr. Vaughn asked about additional help for fundraising. Kaplan said we are hoping to hire a fundraiser in FY13.

V. FY13 BUDGET AND FUNDING PERSPECTIVE (Robert Kaplan)

Kaplan summarized the FY13 Budget and Funding Strategy as decision-making under conditions of high uncertainty.

We will most likely operate under a Continuing Resolution through March 2013, followed by several possibilities beyond. Scenarios include (1) appropriation at the

President's request and House appropriations level: \$18.1million; (2) appropriation at the Senate appropriations level: \$23.5 million; (3) appropriation somewhere between those two figures; or (4) some other amount.

Putting the numbers into context, in FY12 we received an appropriation of \$22.5 million and \$7.5 million from SPTF for a total operating budget of \$30.0 million. An additional \$0.8 million in recoveries brought us to \$30.8 million which was used for grants/audits (\$17.3 million), other programs (\$4.6 million), and program support activities (\$9.0 million).

For FY13, the IAF's appropriation could be in the range of \$18.1 million - \$23.5 million, and an additional \$4.2 million from SPTF and revenue from the APSIE and Mott agreements would bring us to between \$23.0 million - \$28.4 million. That's eight percent below FY12 under the high scenario and 25 percent below FY12 in the low scenario. Given the fact that program support and other program funds are mostly fixed over the short term, we will have only between \$9.1 million and \$14.5 million for grants/audits in FY13 compared to \$17.3 million in FY12.

Kaplan outlined a few relevant dynamics of the IAF's portfolio. Over the last few years, we have maintained a portfolio of about 270 grants, which we think is a good size for our portfolio. We maintain this number by approving about 60 new grants and adding supplemental funds to another 30-40 ongoing grants. New grants normally provide funding for about three years. At an average of about \$75,000 each, the supplemental funds amendments cost a total of about \$2.6 million.

With these numbers in mind, in FY13 we would have \$6.5 million – \$11.9 million for new grants, depending on the ultimate appropriation approved. At the lower level, that would mean an average of \$100,000 per new grant (half the average); and at the higher level, an average of \$200,000.

If, as a result of the uncertainty about our appropriation, we hold the average size of each new grant to \$100,000, then we may underfund good projects and underspend our budget if we ultimately receive the higher appropriation. If, on the other hand, we maintain the average size of our grants at our historic \$200,000 average, we would run out of money after funding only about 30 grants if we ultimately receive the lower appropriation.

So what should we do? We are contemplating whether we could review all new grants as we normally do, approve them for multi-year funding if appropriate, but obligate only enough funds for the first year to eighteen months. If by March 2013 we receive the higher appropriation, we would go ahead and top up each grant for the full multi-year period as we would have done in a normal year. If, on the other hand, we receive the lower appropriation, we would not top up the grant with FY13 funds and instead do so in FY14. This would also give us time to try to raise funds from public and private partners for these specific projects.

Board members asked several clarifying questions and commented that there are some risks both for the IAF and for our grantee partners if we ultimately receive the lower appropriation. On the other hand, having specific projects partially funded could be attractive to potential donors.

VI. PUBLIC INFORMATION ABOUT IAF GRANTS (Manuel Nuñez)

Historically, public information on our grants was very limited. The annual report contained a brief summary of each new grant, and no further information as projects proceed over the next few years.

The IAF website now includes a short description and location information on each of the projects in our active portfolio by country (see Our Work → Where We Work → Country Portfolios → Country).

Nuñez shared the revamped Public Statement which, rather than providing a list of activities for each project, focuses on answers to bigger questions and provides transparency on the funding. (See Our Work → Where We Work → Country Portfolios → Country → Specific grant). We have shared the new Public Statement format with staff of the House and Senate Foreign Affairs and Appropriations Committees.

Chairman Salazar agreed that it is a step forward and reader-friendly.

Mr. Vaughn asked about the IAF's social media presence. Nuñez explained that we opened an IAF twitter account and are in the process of creating procedures and content. Our handle is "IAFgrassroots." Facebook is more complicated. We now have the ability to update the website with project information, grantee photos and videos. We can also post grantee videos on YouTube.

Chairman Salazar said the board is pleased with Mr. Kaplan's leadership and what the management team has done to make the IAF more visible. We are positioning to get private funding and initiatives with State, USAID and private organizations are helping us to make more of a difference in a positive way.

VII. EXECUTIVE SESSION

Chairman Salazar made a motion to close the meeting and go into Executive Session. Mr. Vaughn seconded the motion. Mr. Zimmerman certified the session as closed under 22 CFR 1004.4 (f). All Board members were in favor.

VIII. ADJOURNMENT

The Chairman adjourned the meeting at 1:00 p.m.

**Minutes of the Meeting of the Board of Directors and Advisory Council
Inter-American Foundation
December 10, 2012**

The Board of Directors and Advisory Council of the Inter-American Foundation (IAF) met at the Woodrow Wilson International Center for Scholars, 1300 Pennsylvania Avenue, NW, 6th Floor Moynihan Boardroom, Washington, DC 20004, on December 10, 2012. Board members present were Amb. Thomas Dodd, Vice Chair; Jack Vaughn, Secretary; Eduardo "Eddy" Arriola, Member; and Roger Wallace, Member. Advisory Council members present were Amb. Alexander Watson, Chair; Kay Arnold, Vice Chair; and Members, Marcos Flavio Azzi, Don Browne, Rafael Fernandez-MacGregor, Amb. James (Jim) Jones, Charles Krause, Nicolas Mariscal, Juan Edgar Picado, and Susan Tiano. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Manuel Nuñez, Director of External and Government Affairs; Emilia Rodriguez-Stein, Director of Evaluations; Paul Zimmerman, General Counsel; and Cindy Soto, Executive Assistant. Representatives of the U.S. Department of State, Bureau of Western Hemisphere Affairs (John Feeley, Principal Deputy Assistant Secretary; Patrick Reilly; and Zakiya Carr Johnson) attended a portion of the meeting.

I. CALL TO ORDER

Chairman John Salazar was unable to attend the meeting due to a scheduling conflict. Vice Chairman Dodd called the meeting to order at 9:14 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the September 24, 2012, board of directors meeting were approved and adopted by a unanimous vote.

III. REMARKS FROM JOHN FEELEY, U.S. DEPARTMENT OF STATE

Vice Chairman Dodd introduced John Feeley, Principal Deputy Assistant Secretary, U.S. Department of State, Bureau of Western Hemisphere Affairs. Mr. Feeley thanked the IAF board for the invitation to participate and transmitted regrets from Assistant Secretary Roberta Jacobson that she was unable to attend.

Mr. Feeley referred to the IAF's strategic plan and its mission of helping communities thrive. He commented that this focus is very important for U.S. policy towards Latin America and the Caribbean, and that it complements the work of other agencies. He noted that there are several areas of on-going collaboration with the IAF, including the Inter-American Social Protection Network (IASPN), the Americas Partnership for Social Inclusion and Equality (APSIE), and the U.S.-Brazil Joint Action Plan To Eliminate Racial and Ethnic Discrimination and Promote Equality (Joint Action Plan).

Mr. Feeley focused his remarks on three administration objectives in the region: social inclusion, economic inclusion and social protection.

Social inclusion

The Bureau of Western Hemisphere Affairs has elevated social inclusion from being a niche topic to a cross-cutting policy tenet in everything they do across 50 embassies. Feeley complimented the IAF's work with traditionally excluded populations, and in particular with indigenous and African-descendent groups. He mentioned the importance of people-to-people interaction between people from diverse backgrounds from Latin America and the Caribbean and the United States, and in this context mentioned the Bureau's efforts to ensure diversity in *100,000 Strong in the Americas*, an initiative that supports people-to-people interaction through international exchange of students at participating colleges and universities. Feeley also mentioned the State Department's commitment to inclusion of lesbian, gay, bisexual and transgender (LGBT) persons, and noted the importance of working at the grassroots level to affect attitudes and ultimately influence policy.

Economic inclusion

Mr. Feeley emphasized the importance of partnerships. He said it is important not to tell societies what to do but look for synergies and common interests. U.S. policy is to identify societies and governments that share our values and work toward the same ends. This includes strengthening democracy and providing greater security for all citizens, in particular where we share a border (Mexico and Canada) but including all borders (Caribbean).

Feeley highlighted *Pathways to Prosperity in the Americas*, created to accelerate the promotion of best practices for entrepreneurs with access to financing, training and markets. There have been four ministerial meetings on the initiative. One issue addressed by the initiative is how to leverage technology (spreading access to the Internet and broadband) and the small business center model. The Small Business Network of the Americas (SBNA) helps small businesses participate in international trade by linking national networks of small business support centers.

Another key initiative is *Women's Entrepreneurship in the Americas (WEAmericas)* which leverages public-private partnerships to increase women's economic participation and address three key issues: access to training and networks, access to markets, and access to finance. State Department has established public-private partnerships with Walmart Foundation, Goldman Sachs and others.

Feeley also mentioned State Department's work with diaspora communities and taking advantage of the interconnectedness of entrepreneurs in the U.S. and with home countries. He noted that the IAF has also done much work with these networks.

Social protection

The Inter-American Social Protection Network (IASPN) was launched in 2009 at the Summit of the Americas in Trinidad, and the IAF has been involved in technical discussions. The programs use creativity, technology and incentives on a national policy level down to the community level

to keep kids in school, for example, to allow every citizen of every country to have better opportunities.

In closing, Mr. Feeley posed two questions for discussion. First, with respect to funding challenges. Why are we not as successful in securing funding for development as we should be? How can we be more effective in ensuring that Congress recognizes the importance of funding foreign assistance? How can we address a perception that community development is soft? Second, Feeley commented on the emphasis on strategic communication with stakeholders in the IAF's new strategic plan. He asked how we are approaching this.

Finally, Mr. Feeley thanked the IAF for its work. State Department is proud of its partnership with the IAF and plans to continue working together.

Questions and comments

Vice Chairman Dodd opened the floor for questions.

Responding to questions about Mexico, Mr. Feeley expressed optimism about the new Mexican president, Enrique Peña Nieto and said that the U.S. has had unprecedented conversations with the transition team. President Peña Nieto is emphasizing steps to make Mexico more competitive with increased jobs and education, and this will bring important benefits on both sides of the border.

Feeley responded to an observation about the relative lack of media attention to Latin America and a question about why the region does not figure more prominently in the administration's narrative. He agreed the last 20 years have been frustrating for those interested in the region as attention is often directed elsewhere. He commented on changes to the nature of foreign policy now that we have 24/7 media access. Despite the best intentions of successive administrations, foreign policy since the fall of the Berlin Wall in 1989 has often been reactive. We, collectively, have failed to present opportunities available in the region, and most people do not realize that our biggest trading partners are in this hemisphere. Demographic changes in this country may naturally draw greater attention to our common interests with Latin America.

Amb. Jones commended the administration for educational exchanges. He noted that on his first trip to Mexico, in 1966, he did not meet anyone in leadership who had been educated outside Mexico. By the time he was Ambassador in 1993, it was hard to meet anyone who was not educated in the U.S. or outside Mexico. One of the most important ways to increase common understanding is to get students into the communities.

On the topic of drug legalization and the referenda in Colorado and Washington, Feeley noted that the official line is Title 21 of the Code of Federal Regulations. But it should not come as a surprise that the dialogue is evolving. Community development does have an impact on national policy. On the topic of arms, the U.S. has room to improve. Feeley mentioned The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Demand Letter program. He also noted the ATF has not had a confirmed director in several years.

In response to a comment about corporate social responsibility, Feeley agreed that CSR is not charity but good for business. He pointed to Odebrecht in Brazil as one example. Greater philanthropy leads to more productive societies.

Amb. Watson took up Feeley's question about funding challenges and commented that perhaps in its discussions with OMB, State Department could encourage serious consideration of the IAF and how its community based approach complements and enhances the effectiveness of other U.S. policies and programs. In the absence of USAID programs in a country, IAF's role can be even more important than ever to maintain a positive U.S. presence and image. While budget cuts tend to be made across the board, with such a tiny budget already the IAF cannot afford to take more cuts.

Mr. Vaughn commented that the IAF is not limited to federal funding, but can also receive private donations. Mr. Wallace highlighted RedEAmérica, the network of 73 corporate foundations throughout Latin America and the Caribbean. He commented that the IAF has a 40-year history and a superb way of tracking what we have funded. We achieve scalability by transplanting the IAF's DNA into other local funders, and this leverage should be a powerful argument in the IAF's favor.

Vice Chairman Dodd thanked Mr. Feeley for his participation.

IV. PRESENTATION OF RESOLUTION HONORING SERVICE OF KAY ARNOLD

Vice Chairman Dodd presented Advisory Council Vice Chair Kay Arnold with a framed copy of the resolution approved by the board in September, signed by Chairman Salazar, thanking her for her service on the IAF board. He also presented Ms. Arnold with a congratulatory letter signed by Secretary of State Hillary Rodham Clinton.

V. CARRYING OUT THE IAF'S STRATEGIC PLAN

A. Overview of strategic plan (Robert Kaplan)

Mr. Kaplan summarized the strategic planning process. We contracted a branding expert in Spring 2011 to conduct interviews with the IAF management team, staff focus groups and two dozen external informants. She presented an initial report to the board in June 2011 and then conducted about a dozen additional external interviews before presenting her final report to the board in September 2011. The process was put on hold to complete the management team and, in the meantime, we held an all-hands retreat in September 2011 and received the results from the grantee perception survey. We resumed the process in March 2012 with brainstorming sessions and staff focus groups to contribute to drafting. Staff, board and advisory council members then had the opportunity to review the draft strategic plan and provide feedback to help refine the drafting. We distributed the final draft in the board book in June 2012.

The board discussed and approved the strategic plan at their June 25, 2012, meeting.

From the **IAF Strategic Plan FY 2013-17**:

Mission: To promote and invest in grassroots development to help communities thrive.

Vision: Thriving communities throughout Latin America and the Caribbean, where people direct their own lives as individuals and citizens

Five strategic goals:

1. Support the coordinated efforts of the poor to improve their material circumstances, strengthen their organizations, and enhance the social and economic environment for community-led development. Reflects three levels of the GDF
2. Promote the social inclusion and civic participation of traditionally marginalized groups
3. Make knowledge generation and knowledge management an integral part of our work, informing new approaches for smarter investments by IAF and others
4. Increase awareness, understanding and support for the IAF and its program among key audiences in order to draw more resources into grassroots development
5. Modernize and strengthen our operations

The strategic plan is posted on our website, www.iaf.gov.

We are now using the strategic plan to guide our work. We drafted 3-5 specific performance measures for each goal for FY13 and FY14, and these were included in our FY14 budget submission to OMB in September. At a management team retreat on October 1, we discussed each office's role in accomplishing the goals and how offices are interdependent. We are now in the process of revising performance plans of each member of the management team to reflect our strategic goals.

Kaplan explained the background information included in the board book: the USAID-IAF joint statement of complementarity; his remarks given at a conference in Tijuana focusing on community agency (distinguishing between community groups as protagonists versus participants), building organizational capacity in all aspects of our relationship with our grantee partners, and thinking beyond the project (a thriving community is more than a collection of successful projects); and two ex-post assessment summaries.

B. Program strategy: goals one through three (Cox and Rodriguez-Stein)

Mr. Cox presented "Action and Learning." In support of strategic goal one, we propose to have at the end of FY13 270 active projects and 100 new funding actions with real results. On the second goal, we have greater engagement of traditionally marginalized groups with solid results. With the third goal, the IAF and knowledge partners make real contributions to communities of

practice. The Grassroots Development Framework shows impacts at different levels: individual/families, organizations, and society.

Action and learning are inseparable in several different phases including, among others, developing country strategies; receiving proposals; screening, analysis, and approval of grants; choosing GDF indicators; orientation and monitoring; learning enhancement activities; amendments; project histories; ex-post assessments; and connectivity efforts.

Elements of what makes an IAF project are supporting a community's priorities, the ability to adapt, delivering results throughout the GDF cone, yielding new knowledge about how communities thrive, and supporting a community's inclusion in larger processes.

Three key issues are agency (protagonismo), organizational capacity, and thinking beyond the project. In the latter, we sometimes face the project paradox of design rigor versus process rigor. There are also opportunities for IAF to develop longer term partnerships with communities, support the institutional ecosystem and build communities of practice.

Dr. Rodriguez-Stein presented "Evaluation and Learning." We learn from IAF-funded projects at several points including proposal review, at the start of a project, during implementation, and at the end of the project. One initiative has in-country teams visiting projects that ended five years prior to study sustainability. Meta analyses and other studies involve partners, the IAF journal and website, and the development community.

Eight ex-post assessments studying the connection between local productivity and the global market have been completed. Seven summaries are posted on the IAF website. We are in the process of deciding the types of projects to be evaluated in 2013.

We also achieve learning through other sources such as the fellowship program; collaborations with Kettering, Coady Institute, Mott Foundation, RedEAmérica and others; exchanges; conferences; publications; and academia (three staff members are teaching at local universities on development issues).

A knowledge management system will need to be integrated through grantmaking, results, publications, studies, and staff and in-country team experience to become useful in new grants and other areas.

Comments by Amb. Watson

It is important to help develop local organizations in a way that is sustainable over time, particularly with USAID focusing virtually its entire effort in Latin America on security-related issues. While there has been much discussion of the growing middle class in Latin America, it is important to keep in mind that an important aspect of this development is the psychological dimension of no longer feeling trapped in a traditional pattern. This creates new expectations, which in turn can be disruptive in a society. We can help them develop the capacity but we also need the resources to carry it out.

Community is a variety of things. The presentations showed that IAF is already doing what is necessary to get things done like helping partners to create the knowledge and transmit learning. The question is how can this be shared beyond IAF? Is there any way we can make money doing that to fund its programs?

Other comments and questions

Mr. Fernandez-MacGregor asked about the strongest justification for continued public funding in a constrained fiscal environment. He suggested that part of the answer is to understand the size of the “ripple” caused by IAF programs, and how big is the problem we are trying to address. While he is impressed with the IAF’s ability to measure success, it matters whether we are succeeding with 10 percent vs. 0.001 percent of the problem. With such a small budget, the IAF’s direct impact on a large problem would naturally be quite small, so the IAF’s focus should be how to multiply the impact of its work. How big is the problem? How big of an impact are we having? How can we influence other organizations to do likewise?

Mr. Azzi cited his experience working with non-profit organizations in Brazil. He said it has been difficult to find organizations that can show progress against specific goals and targets, and that donors have sometimes stopped sending money because of recipients’ failures in this regard. He suggested that this is an important challenge that could unlock substantial local funding in Brazil.

Mr. Mariscal asked about the magnitude of the IAF’s overall impact. What have been the results over the years? What size organizations are we helping? How do organizations look for funding and find the IAF? He suggested that, because IAF is so well structured and has so much information, perhaps we can do joint ventures with other foundations working in the region.

Responding to the question about ripple and impact, Mr. Kaplan said we encourage both partners and copycats. One example of this is our work with RedEAmérica, the network of Latin American corporate foundations, that we have helped orient toward investing in grassroots development. Our robust evaluation system is important in this regard, as we need to be able to demonstrate good practices to other organizations. Kaplan noted that the word “promote” in the mission statement was designed to convey the idea. He also pointed to the fourth strategic goal about connectedness and to the third strategic goal’s emphasis on knowledge generation and management as central to our work.

Dr. Tiano asked about how the fellows relate to other activities of the IAF. Kaplan noted that, with leadership from Manny Nuñez and Steve Cox, we have begun to integrate the fellows more with the IAF. There are new requirements for program office staff to contact fellows working in the country for which they are responsible early in the fellowship period. We have also added a requirement that fellows come to the IAF upon request to present their work to IAF staff. Kaplan also noted that two panels of IAF fellows presented summaries of their research at the Latin American Studies Association annual conference last May.

C. Communications and donor engagement: goal four (Nuñez)

Mr. Nuñez outlined several exercises (audience mapping & prioritization, target audience portraits, positioning, and core & target messaging) to help achieve communications objectives of increasing awareness and understanding of IAF with key audiences, driving differentiation versus other agencies, demonstrating leadership in the grassroots development field, and creating interest in resourcing the IAF. He also outlined three principles: planning and strategizing about our targets; our approach as a small agency by pounding the pavement and knocking on doors; and highlighting projects.

There are three tiers of target audience prioritization. Resource targets provide direct resource support and are of the highest priority. Examples include executive agencies, USG partner agencies, foundations, multi/bilateral, private sector, and wealthy individuals. Second and third tier supporting targets can reinforce the opinions of resource targets. Examples of the second tier include development agencies, advocacy groups, media and IAF fellows; the third tier includes civil society, foreign embassies, grantees and academia.

Mr. Browne suggested adding “entrepreneurial”. Mr. Fernandez-MacGregor suggested backing up one step to address why community based projects are important. Mr. Wallace said the issue of scalability is also missing. Going back to the ripple question, Amb. Watson suggested asking why development in Latin America is significant even before getting into community development. Mr. Nuñez agreed that an understanding of the importance of citizen-led community development is critical and that we can supplement our agency specific messaging with some of the broader development themes highlighted.

In the area of donor engagement, the IAF received a \$300,000 grant from Mott Foundation and we are in discussions with the United Way. Private sector connections include Green Mountain Coffee, Tupperware, John Deere (thanks to an introduction by Advisory Council member Amb. Jones), and GE.

There are several supporting actions with systems (website, social media), training on donor engagement, materials (diversified publications strategy, information packets, presentations, evaluation summaries, and institutional video), third party support in strategic communications, staff realignment within the Office of External and Government Affairs, and enhanced coordination with the Program Office.

Mr. Vaughn agreed that outsourcing CSR has a lot of potential and suggested that we convene a meeting of CSR officers based in Washington or New York.

Mr. Nunez described enhanced Congressional communications and collaboration efforts in FY12/13.

Finally, Mr. Nuñez presented a 2013 communications calendar that includes grantee roundtables, fellows forum and LASA panel.

Comments by Ms. Arnold

With new leadership at the IAF we are poised to take another step. The question is what is holding us back? Scale is important. We also have to make an effort to communicate better. Everyone can act as a witness, and part of the advisory council's job is to be that witness.

Ms. Arnold encouraged advisory council members to be connectors. This includes media – getting positive buzz about the IAF and good media stories about the work we do and setting us up as an expert. Be a connector with partners and donors. Call a fellow CEO to talk about the IAF, and help give the IAF credibility with someone who might not otherwise know us. Help staff cultivate donors and secure commitments. We all know that Manny will be in a much better position to raise private funds if a door is opened for him by one of us. In terms of Congressional support, one Member may be able to provide the support that is critical to the agency. Let Manny know if you have a relationship with a Member so that he can prioritize the IAF's outreach on the Hill.

She noted that a few advisory council members have said they need more information. She asked each member to get very specific about what they would need to get to a comfort level endorsing the IAF to potential partners. She set as a goal that each advisory council member share at least one contact (i.e. media, potential donor, Congressional Member).

Other comments

Mr. Wallace said there are dual tracks related to funding. With the corporate private sector, we can provide outsourcing services by finding good projects where we work, though this may create a management challenge if there are too many earmarked funds. He thought that private foundations may be less likely to want to delve into a specific project, and will more likely support a topic or initiative. We should have a focused, energetic program to get information out to other organizations to address concerns about scalability. We have to justify what we do and come up with a solid proposal.

D. Operational efficiency: goal five (Kaplan)

Mr. Kaplan pointed to two items raised in feedback from the grantee perception survey: (1) a long delay in IAF commitment to fund a potential grantee partner, and (2) administrative time spent during the proposal and selection process and a high administrative burden on grantee partners during the grant period.

We also have made our own observation about the inadequacy and inefficiency of our knowledge management systems. For example, we store information on our grants in a few different information technology systems that are not linked. The grants management system, GEMS, is over a decade old and contains basic grantmaking data; the GDF results data is stored in an Excel application separate from GEMS; travel and consultant reports are saved in Word on our network shared drive. We plan to explore web-based tools to streamline data capture and analysis.

Knowledge management is not only about information technology, and we also need to improve our work processes to enable easy access and reporting. This includes a review of lessons and results of prior grants as we consider making new grants and a focus on teamwork.

Mr. Kaplan emphasized that this is a planning year for knowledge management. We welcome suggestions for addressing challenges in this area for implementation next year.

E. Other matters

Vice Chairman Dodd mentioned the recent passing of Viron P. "Pete" Vaky, a career diplomat who was the U.S. ambassador to three countries and was involved in Latin American policy for decades. Vice Chairman Dodd and Amb. Watson attended the memorial service, and they mentioned that a speaker shared a story about Amb. Vaky's having played an instrumental role in securing funding for the IAF soon after the foundation was created.

VI. SETTING NEXT BOARD MEETINGS

Vice Chairman Dodd reiterated the proposed dates of the next board meetings:

- Monday, March 25, 2013
- Monday, June 24, 2013
- Monday, September 30, 2013
- Monday, December 9, 2013 (with advisory council)

The question was raised whether the December date was flexible to accommodate scheduling conflicts. After some discussion it was decided to keep the dates as proposed.

VII. ADJOURNMENT

Vice Chairman Dodd adjourned the meeting at 1:15 p.m.

2013 Meeting Minutes

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
March 25, 2013**

The Board of Directors of the Inter-American Foundation (IAF) met at 1331 Pennsylvania Avenue, NW, Suite 1200 North, Washington, DC 20004, on March 25, 2013. Board members present were John P. Salazar, Chair; Amb. Thomas Dodd, Vice Chair; Jack Vaughn, Secretary; J. Kelly Ryan, Member; and Roger Wallace, Member. Advisory Council Vice Chair Kay Arnold also attended. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Manuel Nuñez, Director of External and Government Affairs; Emilia Rodriguez-Stein, Director of Evaluations; Jake Sgambati, Chief Operating Officer; Paul Zimmerman, General Counsel; and Cindy Soto, Executive Assistant. Ricardo Zuniga, Special Assistant to the President and Senior Director for Western Hemisphere Affairs, National Security Council, attended a portion of the meeting.

I. CALL TO ORDER

Chairman John Salazar called the meeting to order at 9:03 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the December 10, 2012, board of directors and advisory council meeting were approved and adopted by a unanimous vote.

III. MANAGEMENT REPORT

A. Overview and follow-up from December meeting (Robert Kaplan)

New senior staff

As mentioned in the monthly reports, we have hired new senior staff in the operations office. Jake Sgambati, Chief Operating Officer, was on detail from Peace Corps for three months and is now a permanent IAF staff member. Nicole Tillman, lead financial specialist, joined IAF January 1st from the State Department budget office. Rajiv Jain, information technology team lead, joined at the end of January from the Small Business Administration; he previously worked at Peace Corps.

Advisory council matters

Dumas Siméus and Oscar Chacon resigned from the advisory council.

Nicolas Mariscal and Rafael Fernandez-MacGregor visited grantee partners (SICOB I and UMCO) in Oaxaca, Mexico.

Advisory council chair Alec Watson sent a letter to advisory council members following up on questions asked by Kay Arnold at the December 2012 meeting. We had a disappointing response with just two replies, though one other member asked for a bit more time to respond. Amb. Watson plans to follow up with each member individually.

- Marcos Flavio Azzi stressed the importance of establishing a dedicated team to work on Brazil, including staff based in Brazil. This would facilitate solid partnerships with corporations and foundations. He suggested specific industrial associations as a source of potential partners, and offered personal assistance opening doors once we can show that we are fully prepared to have partners in Brazil. This means the capability to receive donations in an account in Brazil, the capability to act with agility and demonstrate social impact in a short timeframe, and the capability to track progress transparently with clear social indicators.
- Frank Yturria urged a fundamental redefinition of the IAF's mission to fit today's problems. He suggested that there is an important need to support grassroots development in the U.S. He cited poor illegal immigrants, one in six U.S. citizens living in poverty, 47 million citizens on food stamps, one in three children going to bed hungry every night and high incidence of diabetes in the border area.

Kaplan raised the question of whether we should invite additional members to the advisory council, particularly to help with donor engagement. The board agreed to consider names of potential advisory council members.

A suggestion was made to invite Amb. Hector Morales, a former IAF board member and former U.S. ambassador to the OAS. Amb. Dodd made a motion to consider, Mr. Vaughn seconded, and all board members voted to invite Mr. Morales. [Mr. Wallace recused himself from the vote because he is related to Mr. Morales.]

A suggestion was made to invite Jim Polsfut, based in Denver, who is committed to U.S. – Latin American relations and knows the business community interested in Latin America. The board voted unanimously to invite Mr. Polsfut.

Ms. Ryan also suggested that we consider someone from the entertainment world to help raise our profile, ideally someone from Central or South America. We should also consider a sporting figure.

Follow-up: Board members discussed other potential candidates and will be open to considering additional members over the next few months.

Mr. Zimmerman suggested setting expectations at the initial contact. He mentioned that in a previous job, he developed an individual development plan with each board and advisory council member that defined commitments.

Mr. Vaughn said that when he met with local foundations in Dallas a few years ago, there was a willingness to give money but they were less interested in our programs already in place and we need to figure out the best way to present our programs. Mr. Wallace noted that we have a diverse programmatic portfolio. One example could be Mary Kay which

ties in with women empowerment and CSR goals. Once the new advisory council members join, we could match up their interests with specific program areas.

Follow-up: Kaplan will draft background information about the advisory council and what we need in potential new members.

Update on personnel/legal matter

General Counsel Paul Zimmerman gave a brief litigation report. There is a pending matter before the Merit Systems Protection Board (MSPB), an administrative body within the government that hears challenges by employees to adverse actions they suffer in their employment with other federal agencies (e.g. terminations and lengthy suspensions). In our case, a former employee who resigned is challenging his resignation as an involuntary resignation, or constructive discharge. We submitted a brief challenging the jurisdiction of MSPB and are waiting for a decision. We are reasonably confident that the matter will be dismissed. When asked about our potential exposure, Mr. Zimmerman explained that the MSPB could order reinstatement, back pay, front pay, etc. If board members request more details, they can be addressed in an executive session or one-on-one.

Budget matters

FY13. How does the sequester affect the IAF? With the extension of the continuing resolution through the end of the fiscal year, unless there are further changes later in the year, the sequester would be a five percent cut from the FY12 level. That is a cut of \$1.125 million from \$22.5 million, or \$21.4 million. This is compared with the President's request of \$18.1 million. We are not planning to furlough staff. Responding to a question of whether we are fully staffed, Kaplan noted that we have two vacancies. We received \$4.2 million from the SPTF last year, which we will obligate for funding grants this year. We also have received funds from the State Department and the Mott Foundation that will also be obligated this year (about \$0.5 million). So the total budget authority this year will be about \$26 million compared with about \$30 million in FY12.

FY14. The President's request is \$18.1 million, the same request as FY13, versus actual FY13 budget of \$21.4 million (after sequester). SPTF totals \$5.7 million versus actual FY13 of \$4.2 million. Funds from other sources are \$1 million (projected) versus \$0.5 million (actual) for FY13. The bottom line is \$24.8 million for FY14 versus \$26.1 million in FY13.

Board travel

Board member Jack Vaughn joined one day of a trip to Haiti. We met with U.S. Ambassador Pamela White who arrived in Haiti in July 2012. She was previously ambassador in The Gambia, after a long career at USAID mostly in Africa.

Board members Kelly Ryan and Eddy Arriola traveled to Guatemala. Ms. Ryan will report later in the meeting. Highlights included site visits with grantee partners,

participation in a portion of the fellows' mid-year conference, roundtable presentations by grantee partners, and meetings with U.S. Ambassador Arnold Chacon, Guatemala's Vice-Minister for Culture, and the head of Myrna Mack Foundation to discuss violence and impunity. Ms. Ryan noted that Amb. Chacon did not know about the IAF, and she suggested that we could ask the State Department, Bureau of Western Hemisphere Affairs, to send a cable out about the IAF.

Glasspockets

The IAF received the Glasspockets designation by the Foundation Center which shows that foundations are committed to transparency and accountability. As was the case when we participated in the grantee perception survey, IAF is the first government agency to fulfill requirements for Glasspockets.

B. Donor engagement (Manuel Nuñez)

With respect to fundraising, we have been taking steps to be able to answer some key questions: who are you? what do you do? why should I give, care or partner? This includes refining our mission and vision, strengthening our messaging, improving our web presence, setting a fundraising goal, developing a target list, assessing our fundraising assets, and developing relevant content. Future goals are to formalize and strengthen our grantee partner network, and create and execute a strategy to leverage our assets.

We have set an internal short-term goal of \$4-5 million in FY13/14, focusing on resource donors from the private sector, U.S. government agencies (e.g. Housing and Urban Development, State, Labor, Environmental Protection Agency), foundations, multilaterals/bilateral, and individuals (high-net-worth & small donor, a new area of opportunity.)

Nuñez described three types of funding, in ascending order of preference. With co-investment, funds do not flow through IAF but are invested directly in the project alongside IAF funds. With directed funding, funds flow through IAF but are directed toward a specific portfolio area or donor interest. With unrestricted funding, funds flow through the IAF and are able to be invested in accordance with evolving IAF portfolio priorities.

We separated donor targets into three tiers among five categories: foundations (e.g. Mott Foundation, United Way, MacArthur Foundation, International Committee of the Red Cross, Summit); private sector (e.g. Green Mountain, Tupperware, John Deere, General Electric); U.S. government agencies (e.g. State Department, HUD); individuals; and multi/bilaterals. Nuñez thanked Ms. Ryan for opening doors with International Committee of the Red Cross (ICRC) and MacArthur Foundation.

We are exploring three primary approaches to private sector donor engagement. With membership-based project find and investment (e.g. General Electric), a company pays a

membership fee for an early look and access to IAF projects as they come through the pipeline. The company would be given an opportunity to invest in projects that are of interest to them. With foundation/corporate social responsibility outsourcing (e.g. Green Mountain Coffee), they would be able to leverage IAF economies of scale. The Green Mountain Coffee (GMC) example would be focused on investing in communities along the supply chain and could include projects across a variety of portfolio areas. A commercial partnership (e.g. John Deere, Cargill, Tupperware) is business unit focused as opposed to foundation focused, and would be structured more similar to a business deal with clear commercial benefit to the company. We recently met with The U.S. President's Emergency Plan for AIDS Relief (PEPFAR) to discuss how they manage public-private partnerships, through a connection made by Ms. Ryan.

Núñez described in detail our engagement with GMC, Tupperware, John Deere and General Electric.

Amb. Dodd suggested looking at Proctor & Gamble. In Costa Rica, P&G was interested in the impact on the local communities (e.g. schools and security). Mr. Wallace mentioned Eduardo Cepeda of JP Morgan.

When asked how difficult it is to find and fund projects, Cox said it depends on the specificity of the call for proposals. We could have convening meetings of grantees and other partners to get the word out. We also have in-country teams and their networks in addition to the network of 5,000 former grantee partners.

Núñez summarized our contacts in the foundations/other category including Mott, MacArthur, United Way, ICRC, Summit and Avina. We are also in the exploratory stage with WeConnect International and Filantrofilia.

In the inter-governmental category, we have collaborated with State Department through the Inter-American Social Protection Network (IASPN), Joint Action Plan to Promote Racial and Ethnic Equality (JAPER), Americas Partnership on Social Inclusion and Equality (APSIE), Global Partnership Initiative (GPI), and Conflict Stabilization Operations (CSO) – Central America Team. We have also met with the Office for International and Philanthropic Innovation at Housing and Urban Development (HUD). We plan to reach out to the Department of Agriculture next.

We contracted the Roberts Group to help with a donor engagement strategy and we are exploring a new area of opportunity: small donor engagement, and in particular, the U.S. Hispanic donor. We need to consider operational issues like the different platforms to take donations (e.g. Razoo or Kickstarter). We are also determining risks with receiving funds from a variety of sources.

Amb. Dodd suggested contacting Eric Farnsworth, vice president of the Council of the Americas and Americas Society, who may be able to help establish contacts with the business community interested in Latin America.

Ms. Arnold mentioned that her company posted on Facebook information about a potential grantee, challenged others to contribute, and committed to match such contributions up to a set amount. Her company was able to raise \$3 million using this approach.

Núñez described the IAF's work on Content (institutional & country focused videos, thematic briefs, information packets, presentations, evaluation summaries, and portfolio categorization) and Systems (website, Twitter, Facebook, Donor Perfect Integrated Moves Management Software).

Follow-up: Ms. Ryan requested electronic copies of the thematic briefs to share.

Núñez noted that his office staffing structure is not optimal to support donor engagement. A third-party vendor/contractor could be engaged to take on some of the work but initial estimates place the cost near \$100,000 for a dedicated year of support.

Mr. Wallace suggested contacting a foundation to ask for help developing this capacity at the IAF. He wondered if the Tinker Foundation might be interested in this. If a foundation could fund two positions, could we hire them? Zimmerman explained that we have the legal authority to receive funds that reach the statutory goals of the IAF. There is a tension between having ample authority and how OMB would approach apportioning funds and approving FTEs. Kaplan said that, under statute, the IAF can have up to 100 employees but OMB guidance is that we should remain at 45.

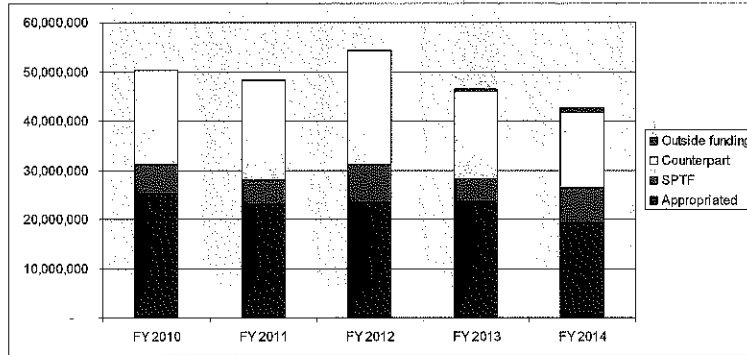
Ms. Ryan recalled that board member Eddy Arriola had previously noted his concern about the manpower needed for donor engagement. Researching portfolio-based business unit engagements is challenging, and she suggested we look for interns from business schools to help.

Board members viewed the IAF institutional video. Ms. Ryan suggested exploring whether BBC or another network could show the video.

C. Overhead and operational efficiency (Jake Sgambati)

Sgambati presented a bar chart showing the source of funds for FY10 through FY14, divided among appropriated, Social Progress Trust Fund (SPTF), counterpart and outside funding. Annual congressional appropriations have been relatively stable but the President's FY14 request is 15 percent below the FY13 level after sequestration. SPTF has been variable and will drop precipitously in FY17 and stay at a very base level through 2032. In terms of committed counterpart, over the last five years each \$1 of IAF grantmaking leverages \$1.43 from grantee partners and others.

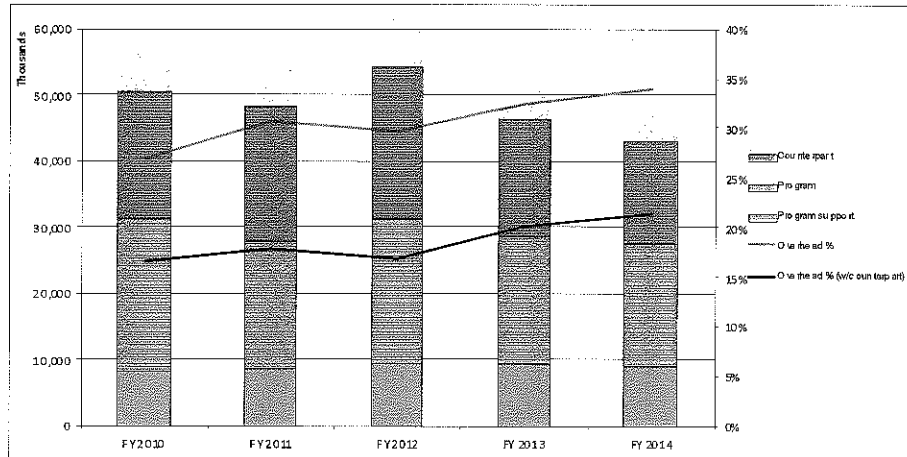
Source of Funds



The IAF uses funds for program (i.e. grants, overseas contractors, overseas travel, studies & evaluations, fellowship program, and translations) and program support (i.e. salaries and benefits, inter-agency agreements, rent, domestic and board travel, training, IT, utilities, equipment maintenance, and supplies). We will be looking for efficiencies in both categories, but Sgambati's presentation to the board will focus on program support only. The U.S. government defines overhead as program support divided by program + program support. According to OMB guidelines, the IAF's overhead was just below 30 percent in FY12. Applying guidelines from the American Institute for Certified Public Accountants (AICPA), however, the IAF's overhead would be less than 15 percent because AICPA guidelines recognize as program some salaries and benefits and a corresponding portion of space/utilities costs

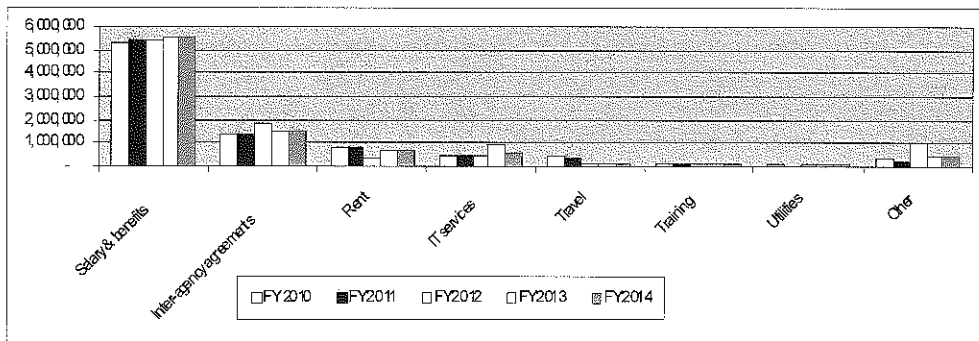
A graph showing historical and projected use of funds for IAF (program, program support and counterpart) reveals that amount spent on program support has been virtually unchanged in over the five-year period. Overhead percentage is increasing over time because stable program support costs occupy a larger share of a reduced total projected budget. The graph tracks overhead percentage with and without counterpart contributions. The lines are parallel but if we include counterpart funding, the IAF's overhead rate is substantially below what it would be if we only consider funds that run through the IAF's balance sheet. A challenge for the agency is that program support costs are difficult to reduce.

Use of Funds



Another chart reflects a breakdown of program support funds over five years by major category: Salary & Benefits, Inter-agency agreements (IAA), Rent, information technology services, Travel, Training, Utilities, and Other. Some of the traditional “trimming areas” like training and travel are already very low and do not represent a significant portion in overhead percentage calculation. The two largest cost categories for the IAF are salaries/benefits and IAAs.

Program Support Funds



Currently staff are divided among six offices: executive, general counsel, program, evaluation, operations, and external & government affairs. The IAF needs to examine this organization breakdown and assess if the human capital allocations are correct.

With IAAs, large agencies provide fee-based services to smaller agencies. The IAF moved towards outsourcing functions that were once done in house: Human Resources (Interior Business Center), Procurement (Bureau of Public Debt), Budget & Accounting (Bureau of Public Debt), Equal Employment Opportunity (US Geological Survey). The cost estimate for FY13 is \$1,474,000.

Mr. Vaughn asked if the IAA cost is less than if we had those FTEs in house and whether we have a choice. Sgambati said it is important to keep in mind the cost is not limited to employees but includes systems as well. Ms. Arnold said that in the past OMB told us they viewed IAF as a sister to the African Development Foundation (ADF), and that we should outsource because it was more cost effective. Ms. Ryan asked if ADF has IAAs. Sgambati noted that we met with ADF last week and learned they have partial agreements.

The overhead analysis has already begun and each Office Director has met with the Chief Operating Officer and Budget/Finance Officer. Sgambati has developed an analysis plan with estimated timelines for completion and each target area will be analyzed and presented to Kaplan before the end of FY13.

All areas will be assessed: Training, Travel, Publications, Contracting, Staff levels, IT & IAAs, and Board meetings. In the latter category, we will explore if two or three meetings could be done virtually, and whether IAF should be paying for travel. The current FY14 allocation for board and advisory council travel is \$104,500.

Following the analysis IAF will make strategic reductions, without compromising mission critical work. IAF will also consider the impact of a revenue stream and the workload that will need to be managed as well as how it impacts overhead percentage. Sgambati presented a chart showing the impact of fundraising activity on overhead percentage.

Ms. Arnold recommended that we reach out to the recently nominated OMB director, Sylvia Mathews Burwell, who was previously the head of Walmart Foundation.

D. Program update (Stephen Cox)

We are ahead of where we were last year in terms of funding. As of March 21, eight new grants totaling \$1.4 million and 15 amendments totaling almost \$1.6 million have been cleared by the vice president for programs and are ready for review by OGC and the president. We have a pipeline of \$18 million.

RedEAmérica celebrated its 11th anniversary in Guatemala last month. We are engaging with corporate funders (parent corporations) to help make their core business more reflective of the values of grassroots development.

Cox gave an update on collaborations with State Department. The Americas Partnership on Social Inclusion and Equality (APSIE) provides \$400,000 over three years. We are amending the agreement to expand the number of countries eligible to receive funds beyond the original five. The negotiations to recast the Inter-American Social Protection Network (IASPN) agreement are going well; we are taking a more proactive role in funding projects rather than more passively supporting State Department initiatives.

We are about to begin a series of five case studies in the chronic violence learning project.

E. Evaluation update (Emilia Rodriguez-Stein)

Rodriguez-Stein attended Evaluation Week 2013 at the World Bank, March 18-21, along with 20 other institutions, where we shared information about IAF evaluations.

We have almost completed the results report for 2012, covering 208 active projects that were visited at least twice each. The 342,000 beneficiaries include indigenous, Afro descendants, persons with disabilities, and young people. More than 7,000 jobs were created, saved or improved for disadvantaged individuals. Eighty-five percent of the 75 RedEAmérica members responded to a survey with questions about mobilizing resources and working with subgrantees. We will share a comprehensive report once it is completed.

We have almost completed the five ex post evaluation reports that we began in 2012. The evaluations were clustered around the theme of access to the global market. Using baseline and end line data and project site visits five years after the grants have ceased, we found the quality and quantity of farm products improved and access to global markets was achieved, resulting in increased income for farmers and better diets, housing and children's education. Similarly, former grantees were successful in establishing alliances with domestic and international private and public institutions, which helped them mobilize resources to continue their activities on behalf of poor farmers.

Amb. Dodd asked if grantees use new technology and the internet. Rodriguez-Stein said that they use technology at different levels. Cox mentioned that we signed an agreement with a graduate student researching mobile phone technology to register data. This is a pilot study for us.

F. Congressional affairs (Manuel Nuñez)

We have had 14 Congressional meetings since January. Staff have shown particular interest in the chronic violence learning project and the fact that we have a joint statement of institutional complementarity with USAID. Nuñez mentioned that five IAF foundation

representatives from our program office have accompanied him in meetings on the Hill. As a result of our increased presence, we have been alerted about appropriations submissions of priorities and that has allowed us to provide input from the IAF. In general, the receptivity of our message is improving.

Mr. Vaughn asked if we have made any progress with courting journalists. There was some discussion that we should wait until we have a “hook,” for example, the chronic violence learning project. Ms. Ryan commented that another angle is to talk about grassroots development generally where IAF is not the focus. Also, an individual’s story can have more impact than an agency story. We should ask foundation representatives for their favorite story and have a few ready to share. Cox mentioned that we recently met with Larry Kirkman, former dean of American University’s School of Communication, who is interested in creating class projects around this topic.

IV. REMARKS BY RICARDO ZUNIGA

Chairman Salazar introduced Ricardo Zuniga, Special Assistant to the President and Senior Director for Western Hemisphere Affairs, National Security Council. Mr. Zuniga thanked the IAF board for the invitation to talk about the administration’s major lines of action in the Western hemisphere and how the IAF fits in to the overall picture.

Mr. Zuniga said that President Obama’s first term focused on shared partnership. The underlying message was that we expect countries that are doing well to take on leadership positions. We showed our willingness to help countries into a global space, like Brazil has done.

In the second term, while continuing to stress partnership, the administration is increasing attention to economic growth as a driver of social development, with an emphasis on Mexico and Central America. We want to elevate that component and draw Congressional attention to it.

Mexico is a central point of action for the administration. A rebalancing is taking place in a short period. We are working closely with the new Mexican president. We are also looking at the border as an opportunity for increased competitiveness.

We want to reinforce our relationship with Brazil. In the first term, we built a good structure for cooperation, and we are now working to fill it in.

Central America is facing difficult challenges, and security concerns are a main constraint of growth. This challenge is amplified by the absence of strong institutions.

Mr. Zuniga also mentioned energy security as a challenge facing many countries in the region.

Chairman Salazar opened the floor for comments and questions.

Mr. Wallace asked about where we see Venezuela in the next six months. Mr. Zuniga said we are taking care not to be a factor in the upcoming elections. We are hopeful for a more functional relationship, though there are chances for ongoing instability as the country adjusts. The main theme is uncertainty. There are difficult challenges of corruption and transparency. Outside actors, like Brazil and others, will also play an active role. Additional factors include energy, counternarcotics, and the Colombia peace process.

Amb. Dodd asked about the Community of Latin American and Caribbean States (CELAC) and its new president Raul Castro. How does that look to the U.S.? Mr. Zuniga said we do not see it as a major challenge. He noted there is skepticism from the Brazilians. Some see it as a distraction from the Union of South American Nations (UNASUR) and others do not like that Mexico is a player in CELAC.

Ms. Ryan asked about the OAS elections and whether the U.S. has expressed support for a candidate. Mr. Zuniga commented on the political and diplomatic dynamics behind last week's meeting. Regarding the next leadership of OAS, he commented that our views are well known about there being an underlying leadership problem at the OAS. He mentioned that a few names floating around as potential candidates are Eduardo Stein and Tabaré Vázquez. Officially we are just watching.

Mr. Vaughn asked about Mexican energy policy. Mr. Zuniga said we are laying low. Our engagement would not be helpful to the Mexicans as they work through some difficult issues, just as Mexican engagement would not be helpful to us as we are working on comprehensive immigration reform.

Kaplan emphasized that the IAF works at the community level and has robust relationships with grassroots groups. He asked for a few words on how what the IAF does supports the administration at a broader level. Mr. Zuniga said that the IAF's work is broadly in sync with the administration's emphases. He mentioned in particular the IAF's role in Mexico, Central America and elsewhere and that the IAF can build a real capacity for civil society to participate and help the most vulnerable. Kaplan said a big part of the IAF's mission to build networks among groups and in this way leverage our impact. Kaplan noted that we work in 21 countries, but that 40 percent of our current grantee partners are in Central America.

Ms. Ryan noted that the IAF's systematic study of chronic violence will give data points at the grassroots level. Cox noted that we are about to embark on a series of five case studies in the next couple of months. Mr. Zuniga agreed this will be very important. He emphasized the common thread of a lack of strong institutions.

Núñez asked what would be the most useful ways to present findings at the end of the chronic violence project. How is it complementary to other initiatives? Mr. Zuniga said the most useful would be to carry it through to a public policy recommendation. He suggested identifying contacts involved in implementation at the office director level

(e.g. State, DHS, USAID, and DOJ). We should begin to engage them now and keep regular communication along the way.

Kaplan noted that the IAF board is missing important public sector members who have in the past been a useful bridge between the IAF and other agencies. He also mentioned that the board just decided to expand the IAF's advisory council and asked if Mr. Zuniga could help identify good candidates to join the council.

There was more discussion about the chronic violence learning project. Cox noted that it is not limited to security but has policy implications (e.g. youth employment and participation in the budget process) and we are looking at causes and drivers. For example, Kaplan highlighted IAF's support of a group in Guatemala that works with communities to obtain land title. Nuñez noted that the communities hold title collectively and this makes it more difficult for narcotraffickers to come in to extort individuals. While not a security project, per se, the end result is increased security. This particular grantee partner also met with the U.S. Senate Caucus on International Narcotics Control to share their story.

V. REPORT FROM TRIP TO GUATEMALA (Kelly Ryan)

Ms. Ryan consulted with board member Eddy Arriola (who was unable to attend today's meeting) to prepare her report. Trip highlights included the coffee and land tenure site visits; presentations by the IAF fellows; RedEAmérica reception awarding the grassroots prize; and meetings with former Guatemalan vice president Eduardo Stein, U.S. Ambassador Arnold Chacon, and Helen Mack. We also met with individuals from ECLAC and CARE, in addition to a group of midwives who were former IAF grantee partners.

Ms. Ryan and Mr. Arriola shared the reaction that the trip was inspiring and a valuable learning experience. We need to get the word out about the good work of the IAF. Other takeaways are that embassies have a varied understanding of IAF and there could be lost opportunities. We may also be missing out on leads in Central America, for example, with respect to public-private partnerships. Although we are in a time of tight budgets, it was worthwhile to visit IAF projects to be able to see first-hand the reaction of beneficiaries. The IAF has quite a unique model from other organizations, and that is not always well understood.

Ms. Ryan asked about the possibility of having business students eligible to receive IAF fellowships. Amb. Dodd agreed it would be worth considering. This would be distinct from the current program which supports field research for PhD candidates, and could include professional schools (e.g. communication, public health).

Follow-up: Chairman Salazar asked Kaplan to look into the possibility and have a recommendation for the June board meeting.

Amb. Dodd suggested contacting the bureau of foreign commerce in the Commerce Department. Ms. Ryan also mentioned that we contacted the White House to request a White House Fellow, and that we will follow up in a couple of months to see if we can apply for the next cycle.

VI. ADJOURNMENT

Chairman Salazar adjourned the meeting at 1:16 p.m.

NEXT MEETINGS: Monday, June 24, 2013; Monday, September 30, 2013; and Monday, December 9, 2013 (with Advisory Council)

**Minutes of the Meeting of the Board of Directors
Inter-American Foundation
June 24, 2013**

The Board of Directors of the Inter-American Foundation (IAF) met at 1331 Pennsylvania Avenue, NW, Suite 1200 North, Washington, DC 20004, on June 24, 2013. Board members present were John P. Salazar, Chair; Amb. Thomas Dodd, Vice Chair; Eddy Arriola, Member; J. Kelly Ryan, Member; and Roger Wallace, Member. Advisory Council Chair Alexander Watson and Member Hector Morales also attended. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Manuel Nuñez, Director of External and Government Affairs; Emilia Rodriguez-Stein, Director of Evaluations; Jake Sgambati, Chief Operating Officer; Nicole Tillman, Finance and Budget Officer; Paul Zimmerman, General Counsel; and Cindy Soto, Executive Assistant. Marcy Kelley, Foundation Representative for Costa Rica and Ecuador, and Juanita Roca, Foundation Representative for Colombia and Chile (via phone), attended a portion of the meeting.

I. CALL TO ORDER

Chairman John Salazar called the meeting to order at 9:00 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the March 25, 2013, board of directors meeting were approved and adopted by a unanimous vote.

III. MANAGEMENT REPORT

A. Overview and follow-up from March meeting (Robert Kaplan)

We have been very active since the last board meeting. We have many exciting programmatic developments to share, and we have made good progress in increasing the IAF's visibility. At the same time, we are also facing some big financial challenges so we cannot afford to be complacent. As we will be discussing later in the meeting, we realize we need to have 100 irons in the fire on donor engagement in order to succeed, but we cannot afford to support the effort with a big staff.

Advisory council matters

Jim Polsfut and Hector Morales accepted the invitation to join the IAF advisory council. Mel Martinez and Chris Dodd declined our invitation. Advisory council chair Alec Watson will report on his interaction with advisory council members later in the meeting.

President Obama's trip to Mexico and Costa Rica / Vice-President Biden's trip to Trinidad and Tobago

The IAF was invited by the White House to participate in President Obama's trip planning. We provided programmatic and contact information which was copied to the board in the April 2013 management report (included in the board book). Manuel Nuñez traveled to Costa Rica with representatives from other agencies to participate in events with the U.S. ambassador and at panel discussions.

We were also invited by the White House to participate in planning Vice-President Biden's trip. This information is included as part of the June 2013 management report in the board book.

Latin American Studies Association (LASA) panel

On June 1st, the IAF hosted a panel, *Citizen-driven development: lessons from grassroots groups in Latin America*, at the LASA congress in Washington, D.C. Three grantee partners from Bolivia, Colombia and Guatemala participated, in addition to a researcher/practitioner from partner organization Coady International Institute. The grantee partners also presented at the IAF, with Congressional staffers in attendance, and had meetings on Capitol Hill.

Embassy meetings

Kaplan and Foundation Representative Seth Jesse met with the new Salvadoran ambassador Ruben Zamora on June 5. The discussion focused on working with diaspora. Kaplan and Foundation Representative Gabriela Boyer discussed our portfolio with the new Mexican ambassador, Eduardo Medina Mora, on June 13. The IAF's learning project on chronic violence was of particular interest.

Foreign Assistance Dashboard

The dashboard was created to provide public greater access to foreign assistance data and establish a standard reporting framework for all U.S. government agencies providing foreign assistance. The initiative has been underway for a few years already, and the decision was made to start with the big agencies first (USAID, State, MCC, Defense, Treasury). The IAF had a kick-off meeting with State Department last month and we are working toward putting our data on the dashboard by October 2013. We already provide a lot of programmatic information on our website, and we are the first federal agency to receive GlassPockets certification from the Foundation Center.

IAF fellowship program

The IAF awarded 16 new fellowships to Ph.D. students from 11 universities across the U.S. Field work will take place in seven countries: Brazil, Colombia, Ecuador, El Salvador, Guatemala, Mexico, and Peru. Eight students are from the U.S. and eight are from four other countries (Brazil, Colombia, El Salvador, Guatemala).

The board had requested that we explore the possibility of expanding the IAF fellows program to include students at business or other professional schools. Although we have not conducted a thorough assessment, we have proposed an idea to the State Department and in partnership with

the Department of Education and SBA designed a pilot program. The U.S. Small Business Association has a network of Small Business Development Centers (SBDC) embedded in U.S. universities and corresponding centers in Latin America. The basic idea is to pilot an effort with select MBA programs in the U.S. and the SBDC network in Mexico. Fellows would work in a Mexican SBDC for several weeks providing counseling services to small business clients and grassroots organizations. This would provide good experience for business students, an opportunity for organizations in the IAF grassroots network to access business counseling, and support administration goals for educational exchange opportunities in the region. Meetings to further discuss the pilot program with partners are scheduled for the end of July.

Reflection on change at IAF

We have had several significant changes since the end of 2010. We reorganized the structure in the program office, replacing two regional directors with a single vice-president. We established the office of external and government affairs with the head reporting to the president. We redesigned the grant review and clearance process with more peer review and support from teams within the program office. Five senior managers retired or left the agency and we hired new directors for every office except evaluation and audit. We also moved to new offices in Washington, D.C.

In addition, we have had shrinking budgets, three years of pay freezes and the sequester, which makes it virtually impossible to process cash awards or bonuses for staff.

Accordingly, over the last several months Kaplan and the management team have undertaken a series of inward-looking actions designed to address employee morale. Ultimately, our goal is for IAF to be recognized as a top place to work among small agencies of the federal government.

We have held a series of staff meetings and convened small working groups to identify issues and priorities to address. We have already followed up on several of these items, including several IT improvements (some completed others still in process); establishing a new, more comprehensive telework policy; calling attention to work schedule flexibility for IAF employees; and drafting a staff orientation manual. Other steps are in the works, including setting up a staff advisory committee; all-staff conflict management training; and identifying and implementing a new grants knowledge management system to improve our analytic capability and to ease the administrative burden on staff and grantee partners alike.

We already see some signs that these efforts are bearing fruit, and we are hopeful that additional steps will continue this trend. At the same time, we expect to be facing more challenges in FY14 and are exploring all options to improve our position for the future. Some of these may conceivably cause further staff disruption.

B. Program update

1. Overview and program trends (Stephen Cox)

FY13 grant funds come from a variety of sources, including Appropriated, Social Progress Trust Fund (SPTF), Americas Partnership on Social Inclusion and Equality (APSIE-State Department), Inter-American Social Protection Network (IASPN-State Department), Mott Foundation, and deobligations. The total amount available for grants in FY13 is about \$13 million compared with about \$16 million in FY12. The total FY13 edited pipeline is about \$15 million.

Cox shared the geographical breakdown of FY13 projections (Mexico, Brazil, Southern Cone, Caribbean, Andes, Central America, Latin America regional), compared with FY12 actuals. Over 30 percent of funding actions are in Central America, 26 percent in Andean countries, and about 10 percent each in Brazil and Mexico.

Coady International Institute conducted staff training on citizen-driven development in April. We are also exploring partnership opportunities with Coady in Brazil, Mexico and Haiti. IAF hosted a panel at LASA, as mentioned by Kaplan. Two initiatives with State Department are underway: Americas Partnership on Social Inclusion and Equality (APSIE) and Inter-American Social Protection Network (IASPN). Three grants focusing on community foundations, with joint funding from Mott Foundation, have been made on schedule, and we will soon explore the next round of partnership with Mott.

RedEAmérica has new leadership and is going through the strategic planning process. Concrete next steps for IAF will depend on the outcome of that process.

We have a new mechanism in place for approving small grants. We are in partnership discussions with various entities including JASS, Heifer, Green Mountain Coffee, Avina, Access Initiative (extractive industries), and PCI (radio education program).

We are seeing results of our partners' efforts to produce broader, upstream results that affect public policies and market structures. The context for enhanced policy engagement includes participatory budgeting, social inclusion, decentralized decisions, and growing partner sophistication on engaging in the policy process. The IAF is focusing on enhancing community agency (the capacity to take action or wield power).

Cox cited several examples of new efforts to access public resources and use participatory budgeting opportunities in Peru, Ecuador, Colombia, Brazil, Uruguay, El Salvador, and Paraguay. The projects work with indigenous groups, Afro-descendants, women, youth, and persons with disabilities in a range of topic areas.

The IAF has improved opportunities in resource management policy, including extractive industries, fishery management, micro-hydroelectric systems, and community-managed water systems. Countries cited were Jamaica, Brazil, Dominican Republic, Peru, and Nicaragua.

We need to better understand how and why these policy engagement opportunities are emerging, best and next practices in community action to take advantage of these opportunities, and support active networking among partners and support sources of expertise.

Discussion/questions

Amb. Dodd asked where the community-managed water system is located in Nicaragua. Cox confirmed that the group Pana Pana is working on the east coast, and Amb. Dodd noted that this is breaking new ground.

Mr. Wallace asked how we can increase the network of active partners. Cox responded that we can get them together in same room with access to experts in their field to begin talking strategy. For example, a private sector conference of small coffee producers will allow participants to share experiences. We can also develop a competence in a thematic cluster in our program, where we build our own competence in a specific area. In addition, we can deploy social media. For example, RedEAmérica members will participate in a meeting with experts from American University School of Communications, MIT, and an NGO in New York that does social media networking, to look at the prospects for a virtual platform. We are also supporting regional gatherings.

Mr. Wallace noted the Brazil grant working in fisheries management and said there may be opportunities to partner with environmental groups which tend to work at the macro level. The IAF can be on the ground helping to identify outside partners. Cox agreed and mentioned a project in Quintana Roo where we have sent grantee partners from Costa Rica to Mexico to learn from them.

2. Chronic Violence Learning Project update (Marcy Kelley and Juanita Roca)

Cox gave a summary of the Chronic Violence Learning Project (CVLP) to date. Two years ago, researcher Tani Adams gave a presentation at the IAF on chronic violence. The IAF then contracted her to look at IAF funded projects that were related to this theme, which raised our own awareness of the extent to which chronic violence affects the communities where we work throughout the region. The chronic violence perspective differs from common approaches to violence, which tend to be linear (problem – response). Chronic violence, not episodic or single-cause violence, represents an ecosystem change and a “new normal.” The IAF niche is to look carefully at what happens at the community level. The question is: how are communities adapting to a new normal with an expectation of chronic violence? This challenges our thinking about our own program and we have to be more explicit in understanding the expectation of violence. The phenomenon is more prevalent than we imagined but acknowledging and coming to grips with the fact can help communities to move forward. Marcy Kelley and Juanita Roca will give an update on the CVLP since the last presentation to the board in September 2012.

Kelley shared a rough initial statistical look at IAF grants. Sixteen grants (7 percent) in 11 countries explicitly target violence (gangs, gender violence, human trafficking). Thirty-seven grants (15 percent) in 13 countries have been affected by violence (including robbery, kidnapping, paramilitary and military presence). Forty-three grants (18 percent) are active in 24 areas in 12 countries where IAF staff have restricted access because of U.S. Embassy security restrictions. Seventy grants (29 percent) focus directly on violence and/or have been affected by violence and/or are being carried out in areas that are restricted for security issues.

Roca emphasized that this is a learning project and we have struggled internally with multiple interests. The overall goal of the CVLP is to facilitate learning, reflection, and strategic thinking about chronic violence with relevant groups. There are three objectives:

- Develop a broader understanding and consciousness of how chronic violence affects individual, social and political relations, systems and beliefs.
- Understand why some communities living in chronic violence are resilient and identify programmatic implications.
- Share a new perspective on chronic violence with others.

The chronic violence framework takes into account the multiple causes and effects that create a new normal: violence begets violence; childhood development is compromised by parental trauma; individual and social behavior exhibit a perverse normality; and the practice of citizenship and democracy is threatened.

Marcy Kelley and Juanita Roca just visited the first two of five focus groups that are being conducted as a way to collect information from the field and engage grantee partners directly. In September we plan to have a regional workshop with two representatives from each focus group, to analyze information and review the process.

Kelley and Roca described the focus groups in Guayaquil, Ecuador (Asociación Afroecuatoriana de Mujeres Progresistas) and Monteria, Colombia (Corporación Taller – Promoción Popular y Desarrollo Alternativo). IAF staff relationships with grantee partners allowed immediate access and trust, perhaps because IAF staff were considered neutral listeners. By telling stories with their own words, participants exercised ownership. The workshop broadened from individual stories to collective stories to community stories. One activity asked volunteers to wear “Martian” glasses to look at their community from the outside, which elicited a reaction from one participant in Guayaquil who said she would not want to live in the community (after the exercise, the same group expressed optimism about what they might be able to do). In Colombia, participants realized they may be able to help the community.

Participants were presented with the evolving chronic violence framework and asked to use photographs or magazine/newspaper clippings to describe examples from their everyday experiences with chronic violence.

On the third day of the workshop, participants placed key events into a timeline that showed their community’s sustained capacity to overcome challenges. By this time, the Martian had a more positive view of their community and a different perspective on their reality. Kelley noted that they could not complete the third day in Colombia due to roadblocks, a circumstance that underscored the perverse normality of violence in the community.

The remaining focus groups will convene in El Salvador, Guatemala, and Mexico in July. The regional workshop will take place in September and we plan to publish the focus group training materials. Part II of the CVLP is still to be determined.

Mr. Wallace asked who developed the materials. Kelley said that it was a team effort and Roca mentioned that the country teams are involved in the process as well.

Chairman Salazar asked for clarification of the new normal. How are they changing the way they live their lives? Kelley explained that in Guayaquil, they are proud of what they have done. Members of the community who are in gangs actually provide security. The key is that they recognize what they have already been doing and turn that into an asset. Cox said we have to ask how we can incorporate that into our program and share it. Nuñez noted that we also have to ask how to transform this into deliverables that others can use.

Mr. Wallace asked why it is the “new” normal, and not the “normal” normal since violence has always been there. Were communities relatively okay until recent years? Kelley clarified that it could be called a perverse normal rather than a “new” normal.

Ms. Ryan believes it is helpful to integrate it into the work of the IAF. There is much data to pull from here. The Department of Defense is doing work on violence in the hemisphere and they do not have this data. Ms. Ryan noted the work done by Helen Mack on the different types of violence. By being able to ask the communities what they want to happen, the IAF has an extraordinary opportunity. We could link with criminologists and import some understandings here in the U.S. The government (e.g. NSS, DOJ, DHS) would like to see how this affects decisions on migration. Children are leaving due to violence. This is important for decision makers in Washington. We want to be able to demonstrate those links to behavior change and reduction in violence. It needs to be data-driven, rather than through anecdotes.

Roca emphasized framework and process. It moves the discussion from a focus on episodic violence to how people are relating to each other. People are used to relying on and responding to external actors and now they are realizing they can do things from within. Kaplan said we are asking the community what they need, what they can do, and what they are doing already. This empowers them to be actors.

Zimmerman asked what kind of data would be most useful. Ms. Ryan said some questions are: What types of harm? How long has it been occurring? Is it rising or falling? It could be interesting for Helen Mack Foundation to look at it. External audiences are interested in numbers and graphs.

3. Results report (Emilia Rodriguez-Stein)

The 2012 Results Report was distributed to board members along with the board book. The report can also be found on the IAF website. Highlights for 2012 include 267 active grants, valued at \$69.7 million; 58 new grants, valued at \$12.29 million; and 68 amendments, valued at \$4.15 million. The average amount per grant was \$261,128. The executive summary describes results at the different levels: individuals and families; organizations, and communities and societies. Approximately 3,437 new jobs were created; 1,892 positions were saved; and more than 33,000 individuals have improved health. At the organization level, the development of skills contributes to the sustainability of projects. Organizations are forming partnerships with municipalities and other NGOs and mobilizing resources. In addition to required commitment of counterpart valued at almost \$9 million, IAF grantees mobilized and brokered more than \$3.76 million. At the community and society level, there is broader participation and civic engagement.

The total active portfolio is divided among topic areas: agriculture, enterprise development, education and training, corporate social investment, environment, cultural, health, legal assistance, housing, and research and dissemination. (The chart is available on the IAF website.)

We conducted a series of ex-post assessments and the summaries are posted on the IAF website. The evaluations were completed by the data verifiers who are knowledgeable about the context and were involved during the grant period. We have determined that going through the data verifiers is the most cost effective method. In the future we hope to have an expert help with a comprehensive evaluation. While it is independent of the program office, the office of evaluation has leadership in the process, selects the project to evaluate and collaborates with program office and external affairs. The assessments seek to determine what made the projects successful or not. Rodriguez-Stein walked through the ex-post assessment of PIDECAFE in Peru.

Mr. Wallace asked how we choose the projects that will be evaluated. Rodriguez-Stein said that this year with the program office we chose a common theme for the evaluations: exporting to global markets. But the projects exporting the goods to global markets were selected by the office of evaluation. Eventually we would like to randomly select the projects to be evaluated.

Mr. Wallace asked whether there might be a bias if the data verifier who was previously involved with the project is also doing the evaluation. In the past, an independent entity such as Getulio Vargas had conducted the evaluations. Rodriguez-Stein said that because the data verifiers do not report to the program office but to the office of evaluation, we closely monitor how they collect and verify the data, and she can assure that the process is not biased. The data verifiers will not be compromising results.

Mr. Wallace said that we should learn from failures as well as successes. Kaplan said it is difficult to find the cases that failed spectacularly because sometimes there is nothing left. At the same time, he noted that not all the cases were successes and some had elements of failure. Mr. Wallace asked if we know the number of projects that failed after five years. Kaplan said we do not go back to every project five years later. We are moving towards regular interaction with groups after funding ends. Cox mentioned the power of the network, and not just the active network but contacts from the past as well. Rodriguez-Stein said that a project history is written at the end of the grant and we learn what worked or did not at the end of each project. At the time the grant closes, about 90 percent of grants are in an active position to move forward and the capacity built during the life of the project helps them to continue. Mr. Wallace asked whether that means that between about five and ten percent have disappeared. Kaplan said he believed the number was likely greater than that. Mr. Wallace said you cannot extract lessons unless you have failures.

Ms. Ryan observed that the chart on topic areas currently reads as an activity report and is missing the economic results, for example in agriculture and food production. Health, enterprise development, housing, and others lend themselves to showing economic results. Kaplan noted that the results report is mostly aggregated data and a snapshot of progress on goals established for the year. It also depends on the indicators selected.

C. Overhead and operational efficiency (Jake Sgambati)

Kaplan said that looking at our operations and improving efficiency is part of our strategic plan and we take it very seriously. Despite the fact that we have kept overhead spending flat over the last several years, our overhead percentage is increasing because our appropriations, and eventually SPTF resources, are falling. We have a two-pronged strategy to address this: (1) a systematic analysis of how we spend our money to identify potential savings, led by Jake Sgambati, and (2) donor engagement to increase the denominator, led by Manuel Nuñez.

Sgambati presented a graph showing historical and projected use of funds for IAF among program, program support and overhead (FY 2010 through FY 2014). Program support funds have been stable over the five-year period, but the overhead percentage is increasing over time because the program support costs occupy a larger share of a reduced total projected budget.

Another chart reflects a breakdown of program support funds over five years by major category: Salary & Benefits, Inter-agency agreements (IAA), Rent, information technology services, Travel, Training, Utilities, and Other. Some of the traditional “trimming areas” like training and travel are already very low and do not represent a significant portion in overhead percentage calculation. The two largest cost categories are salaries/benefits and IAAs.

Sgambati and Nicole Tillman, finance and budget officer, have met with office directors and staff to look at specific target areas. We are using a zero-based approach, starting from nothing to build up the need based on the current context and mission critical work. Each area is given background information, analysis and recommendations. All target areas will be analyzed by the end of FY14 and most changes should be ready for implementation within the next fiscal year. Some recommendations, however, are more complicated and could take years to implement.

Salary and benefits are the highest spending area for program support funds. We are considering how we account for those costs, as direct hires are considered program support but a contractor may be considered program costs. We are also looking at the organizational structure and how to align resources to accomplish our mission. IAF has advantages that we can leverage: small staff structure, relatively portable and mobile work, relatively homogenous region in terms of culture and language, and the USG Asia pivot.

We are looking at areas within the “other” category such as our printer footprint (multifunctional devices instead of different printer models); storage space (implement a record management policy and remove the cost from the annual lease); publications (working with external affairs to analyze the value IAF receives from investing in high layout and production costs); and language lessons (nice-to-have versus mission need). The total potential savings in this category may be about \$100,000 annually.

We expect FY13 and early FY14 investments in information technology will yield significant savings over the next two years. Several systems are already underway such as cloud email (bid going out in the next three weeks), Office 2013 (already procured), and a grants-knowledge management system (needs assessment should be completed by the end of FY13). Our current IT service agreement runs through FY14 and we will review our support needs looking forward to

FY15, when we could save up to \$1 million. We already have some advantages such as a very small server room and small investment in IT infrastructure (e.g. no data center).

There are several ongoing analyses and some focus areas will be completed in August and September. Others will begin soon. As we consider enhancements this year and in the future, we do not want to undercut opportunities to be flexible by making decisions within the current operating context.

Mr. Wallace asked how much is allotted for the IAF fellowship program and how central it is to our mission. He also noted that we went several years without the program. Nuñez confirmed that the total is approximately \$500,000. Kaplan said the program is relevant to our work, and we are taking steps to bring it closer to our development grantmaking program. Chairman Salazar agreed. Kaplan said we have not done a comprehensive review of the fellowship program, but from the management side we see potential to use it strategically for program and evaluations. We have not seen a need to reduce it and may actually expand it, if we can find a donor to co-fund. Nuñez said we look at the fellowship alumni to bolster our network. Amb. Dodd noted that universities are connected to foundations. Rodriguez-Stein said the fellowship program helps professionals in the U.S. and Latin America to train and better understand grassroots development.

Mr. Wallace said if we are going to keep the program, it should enhance our ability to get learning and a product. Kaplan concurred and suggested we may have opportunities to get our multiple networks to reinforce each other (grassroots network, fellows network, strategic partner network). Amb. Dodd said the fellows are a cadre of leaders and the IAF can be a pilot in integrating scholars and practitioners. He, too, wants to see the fellowship program more integrated into the IAF's program. Mr. Wallace said we can approach a foundation for funding, but we have to figure out how the fellowship program integrates.

C. Congressional update (Manuel Nuñez)

There have been no markups as of yet on the FY14 budget. As a reminder, the President's request is \$18.1 million. We will continue to keep an eye on any developments.

We are receiving bipartisan support. Our lean structure, focus on results and transparency have been key points in our favor. We have tried to transparently recount project failures along with successes when meeting with Congressional staff.

The grantees who participated in LASA did a brownbag presentation here at IAF and we invited Congressional staffers to attend. This led to a meeting this week with House staffers. We also took the grantees to a meeting with Senate Foreign Relations Committee staff, and they have since requested a briefing.

Mr. Wallace asked if we can research which Members have specific country interests. Nuñez mentioned that there are several who do not sit on any IAF oversight committees but that have regional interests or specific interests in Mexico due to geographic proximity. We have made an

effort to meet with those offices and develop relationships. The best way to uncover these interests is by asking for recommendations from staffers.

The Congressional dinner on May 22, organized by the Inter-American Dialogue with support from the IAF, focused on President Obama's visit to Mexico and Central America. The dinner was co-hosted by Senator Tim Kaine (D-VA) and Representative Michael McCaul (R-TX), and we have had follow-up meetings with both. Seven Congressional Members attended the dinner along with several ambassadors from the region.

The dinner also led to a follow-up meeting with Representative Beto O'Rourke of El Paso and his staff. Among the topics discussed were security challenges in Ciudad Juarez and community foundations. Mr. Wallace mentioned Guadalupe Arizpe De La Vega from El Paso who could be part of this effort.

Nuñez attended the roundtables on energy, trade, and economic inclusion during President Obama's trip to Costa Rica in May. The government delegation also included Valerie Jarrett, Roberta Jacobson, and Mark Feierstein. Nuñez was able to speak with several people about the IAF, and we were included in the White House press releases for President Obama and Vice President Biden's trips to the region.

Nuñez circulated a concept paper on the Small Business Network of the Americas (SBNA) Fellows program, previously described by Kaplan. The federal agencies involved in the initiative (Departments of State and Education, IAF, Small Business Administration) have identified universities with small business centers embedded. The idea is to run a pilot in 2014 in Mexico. Mr. Wallace recommends that we include in our communications John Feeley, Principal Deputy Assistant Secretary, Bureau of Western Hemisphere Affairs, at State Department.

We have had conversations with Oxfam, including Paul O'Brien and Duncan Green. Former Bolivian grantee, Los Masis, will be performing this week on Kennedy Center's Millennium Stage, and participating in the Smithsonian Folklife Festival. Kaplan recently submitted a piece in the Q & A section of the Latin America Advisor, the newsletter of the Inter-American Dialogue.

IV. ADVISORY COUNCIL REPORT (Alec Watson)

Advisory council chair Alec Watson began by thanking Mr. Morales for accepting the invitation to join the advisory council.

At the December 2012 board meeting, vice chair Kay Arnold challenged advisory council members to make connections with potential partners and donors. Amb. Watson sent a follow-up letter to the advisory council asking four questions:

1. What does your own experience tell you about how the IAF should address this challenge?
2. Who specifically should we engage as we look for new funding partners for the IAF's work?

3. What should our messages be to each of these prospective partners?
4. What doors are you personally prepared to open for the IAF?

We received four categories of responses:

Mission and strategy. There are evolving circumstances in each country, including external phenomenon (e.g. if Colombia peace talks are successful we should be prepared to put funds in the agriculture sector). Emphasize working with women and youth. Think about how best we can use RedEAmérica, including partnering with local authorities.

Visibility and message. Place articles in strategic publications. Focus on unity of message in them. Academics can mention IAF in blogs for a fresh perspective.

Business process. One suggestion was to establish a team in Brazil that would be in a position to receive funds there. This model could apply to other countries. Develop an IAF database of successful programs, initiatives and business practices.

Potential partners. Elena Echavarria offered to put us in touch with Corona corporation and foundation. There were also suggestions in specific categories: academia (universities have relationships with corporations already and we may be able to develop a three-way collaboration); business sector (Nuñez is already working in this area); and individual donors (high net worth? former grantees? foreign language students?).

Amb. Dodd suggested Universidad de los Andes in Colombia and Catholic University of Chile.

Amb. Watson said Nuñez has done excellent work in methodologies, messaging and strategies. The board should use this information and ask how to pull the advisory council into it. The board should also consider whether they expect each advisory council and board member to make a personal donation, as is the practice at non profits that need to raise funds. We could also consider partnerships with other organizations seeking grant funds from government and multilateral institutions. Amb. Watson also noted that fundraising requires more people than what we currently have.

V. DONOR ENGAGEMENT (Manuel Nuñez)

Green Mountain Coffee allocates about \$9 million to a supply chain outreach program. It is not limited to coffee but also education and environment. We just received the request for proposal which is due in July. We plan to describe our work highlighting due diligence, results, evaluation and reporting, co-funding, and capacity building in communities.

Friends of British Council wishes to increase their presence in LAC and we are helping identify projects to support together. Nuñez is meeting with Merck to explore potential collaboration on their Merck for Mothers program in LAC. And thanks to Amb. Jim Jones' introduction, we are meeting with John Deere to discuss our agriculture portfolio.

We are currently evaluating proposals for a contractor to assist in donor engagement.

Mr. Wallace asked if people can donate through the IAF website. Nuñez said we do not yet have that capacity but hope to have that functionality within three months.

Chairman Salazar said he was pleased that all IAF units are working together which causes a multiplier effect. He asked whether OMB has concerns about adding more staff. Zimmerman said there is a statutory ceiling of 100 staff. Kaplan said that OMB asked us to use 43 FTEs when we submitted our budget, but there is no hard cap other than the statutory ceiling.

Other matters

Chairman Salazar asked Zimmerman to report on the employment matter. Zimmerman explained that the former [REDACTED] ^{→ employee} had brought a claim against the IAF before the Merit System Protection Board (MSPB). We argued there was no jurisdiction and we won the motion. The MSPB initial decision dismissing the claim became final. An internal EEO matter has now been filed.

Ms. Ryan announced that she is leaving the Department of Homeland Security and will be seconded to the International Organization for Migration as coordinator for the Inter-governmental Consultation (IGC) on migration, asylum and refugees. She will be living in Geneva for four years. Being seconded means she has reemployment rights and it counts toward her time in government. The White House has said it is okay for her to continue on the IAF board. She will be moving to Geneva in September.

Mr. Wallace asked if there has been any news on new board members. Zimmerman has recently been in touch with PPO because they asked us to confirm information on the status of the current board.

VI. ADJOURNMENT

Chairman Salazar adjourned the meeting at 12:44 p.m.

→ (identification of employee redacted)