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Inter-American Foundation

An Independent Agency of the U.S. Government

FOIA IAF-2016-004

March 22, 2016

Via email

This letter is in response to your Freedom of Information Act (FOIA) email inquiry, received on February 17, 2016. In that email you submitted the following request, which I quote in its entirety:

Pursuant to the provisions of the Freedom of Information Act, I respectfully request a copy of the meeting minutes for the IAF during the time period August 1, 2013 through December 31, 2015.

In response to your FOIA request, attached please find one responsive document of 54 pages being released in full. There is no fee associated with this request.

Please let me know if you have any questions, and thank you for your patience.

Regards,

Paul M. Zimmerman
General Counsel

Inter-American Foundation

Meeting of the Board of Directors and Advisory Council

December 9, 2013

The Board of Directors of the Inter-American Foundation (IAF) met in the White House Conference Room at the offices of Baker & McKenzie LLP at 815 Connecticut Avenue, NW, Washington, DC 20006, on December 9, 2013. Board Members present were John P. Salazar, Chair; Thomas Dodd, Vice Chair; and Eddy Arriola, Member. Board Member Jack Vaughn participated via conference call. Members of the IAF Advisory Council present were Alexander Watson, Chair; Marcos Flavio Azzi, Member; Rafael Fernandez MacGregor, Member; Nicolas Mariscal, Member; Hector Morales, Member; Anita Perez-Ferguson, Member; Jim Polsfut, Member; and Susan Tiano, Member. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Lesley Duncan, Chief Operating Officer; Manuel Nuñez, Director of External and Government Affairs; Emilia Rodriguez-Stein, Director of Evaluations; Paul Zimmerman, General Counsel; Patrick Ahern, Representative for Nicaragua; Megan Fletcher, Congressional Affairs Specialist; and Alexis Toussaint, Acting Executive Assistant. IAF staff members Gabriela Boyer, Representative for Mexico; Seth Jesse, Representative for El Salvador; and Jenny Petrow, Representative for Haiti, the Dominican Republic and Jamaica, attended a portion of the meeting. Mark Goode and Pamela Roberts of the Roberts Group, a firm based in Richmond, VA contracted by the IAF to provide consulting services regarding the engagement of potential donors, also participated.

I. CALL TO ORDER

Chairman John Salazar called the meeting to order at 9:00 a.m. Salazar introduced and welcomed the IAF's two new Advisory Council members, Jim Polsfut of the Cordillera Foundation and Hector Morales of Baker & McKenzie LLP and a former member of the IAF Board. Salazar thanked Morales for hosting the meeting at Baker & McKenzie.

II. APPROVAL OF THE MINUTES

The minutes of the meeting on June 24, 2013 of the IAF Board of Directors were approved and adopted by a unanimous voice vote.

III. MANAGEMENT REPORT

A. Overview and report on implementation of strategic plan (Robert Kaplan)

Board, Advisory Council and IAF staff matters

Kaplan reported that Elena Echeverría had withdrawn from the Advisory Council, and that the White House had nominated Mark Lopes to the IAF Board of Directors. Lopes has also been nominated to the position of U.S. Executive Director of the Inter-American Development Bank. Lesley Duncan began as the IAF's new Chief Operating Officer in the last week of September.

Federal Government Shutdown

The IAF was closed from October 1st to 17th during the shutdown of the federal government due to the failure of Congress to appropriate funds for the 2014 fiscal year. Prior to the shutdown, Duncan and General Counsel Paul Zimmerman updated the IAF's shutdown plan and prepared the agency for closure. The plan was executed smoothly. Kaplan commented that the IAF lost about one month of work time as shutdown planning and start-up consumed the week prior to and following the closure.

Activity at the IAF since the last board meeting in June 2013 was primarily occupied by finalizing development grants, which have tended to bunch toward the end of the fiscal year; preparing and presenting the IAF's budget request to the Office of Management and Budget (OMB) for fiscal year 2015; and completing financial and other reporting for FY 2013.

Review of IAF Budget in FY 2013 (details in the board book)

In FY 2013, the IAF's total operating budget was about 15 percent lower (\$4.5 million) than that of FY 2012. The reduced budget was due to the federal sequester, which withheld 5 percent of the IAF's appropriations (\$1.4 million), and a 40 percent drop (\$3.1 million) in receipts from the Social Progress Trust Fund (SPTF). As a consequence, despite spending \$400,000 less on overhead than in FY 2012, including reducing staff from 43 to 41 full-time equivalent (FTEs), the ratio of overhead to total costs rose to about 20 percent (including the value of grantee counterpart) in FY 2013.

Despite reduced funding, the IAF's development grant program is still highly leveraged. The IAF more than matched its FY 2013 Congressional appropriation (of \$21.375 million) with \$22 million in resources from other sources: SPTF, grantee counterpart, inter-agency reimbursements and donations to fund its program and operations.

Update on FY 2014 Budget

The IAF's budget for FY 2014 is uncertain. The agency is operating on a continuing resolution through January 15th, which makes available \$6.3 million (29 percent of the IAF's post-sequester FY 2013 appropriation), not including SPTF receipts and other funds. The President requested an \$18.1 million appropriation for the IAF. An appropriation at this low level would be offset by a higher amount in SPTF receipts and by fundraising to yield a total FY 2014 operating budget about equal to FY 2013 levels. The Senate approved an IAF appropriation at the FY 2012 level, which is \$4.4 million more than the President's request. An appropriation at this level would return to FY 2012 levels total funds under IAF management (appropriation, SPTF, other sources). The House approved an IAF appropriation that is \$4.4 million less than the President's request; it would represent a nearly 20 percent cut from the IAF's FY 2013 budget.

Outlook for the IAF's FY 2015 Budget

OMB's guidance to the IAF was to include two scenarios in the IAF's FY 2015 budget request: a 5 percent and a 10 percent reduction in funding from the President's FY 2013 request. We also included a third scenario: federal funding at the FY 2012 level (\$22.5 million). The IAF had its budget hearing with OMB in late September. OMB will communicate FY 2015 budget decisions on December 17 and give us three days to submit an appeal. We project SPTF funding for FY 2015 at \$5.6 million, and our fundraising target for FY 2015 is an additional \$2 million. While the IAF has begun to put in place the tools for donor engagement, this remains the agency's greatest challenge. The IAF anticipates a further reduction in staffing and overhead in FY 2015.

IAF on the Foreign Assistance Dashboard

Kaplan announced the launch of IAF data on the U.S. Foreign Assistance Dashboard, a web-based repository of budget and financial data for all U.S. government agencies engaged in foreign assistance. (A technical glitch caused the State Department to postpone the launch until December 13th.) The Dashboard has been under development for several years, and the team has faced a challenge of how to standardize presentation of data across all government agencies, while being meaningful to how each agency conducts its business. For the IAF, the Dashboard reports on appropriations, SPTF and transfers from other agencies. The website (www.foreignassistance.gov) is meant to be user-friendly and provides aggregate and disaggregate data and transaction-level detail at the level of grantees and contractors.

Outreach

The IAF was invited on two occasions to share with a wide audience one of its evaluation tools, the ex-post assessment. Emilia Rodriguez-Stein and Miguel Cuevas of the Evaluations office offered a webinar in September to members of InterAction, an alliance of 180 NGOs. IAF collaborated with Plan International and Project Concern International to present at the 27th Annual Conference of the American Evaluation Association in October.

The IAF participated as sponsor, co-sponsor, member or speaker in several meetings or events, including the 2nd Brazilian Philanthropy Forum in Sao Paulo; the Central America Donors Forum in Washington, DC; an ongoing inter-agency working group on remittances (organized by the Treasury Department) and a "coffee and chocolate" educational event for congressional staff.

Report on the First Year of the IAF's 2013-2017 Strategic Plan [Detailed tables in board book]

Kaplan reported on the IAF's performance in FY 2013 on the five strategic goals of the agency's five-year Strategic Plan (FY 2013 – 2017):

Strategic Goal 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.

➔ The IAF met two of three targets and fell slightly short on the third. Management considers that work is generally on track for this strategic goal.

Goal 2: Promote the social inclusion and civic participation of traditionally marginalized groups.

→ The IAF met two of three targets and fell slightly short on the third (based on FY 2012 data that was compiled and analyzed in 2013). Management considers that work is generally on track for this strategic goal.

Goal 3: Make knowledge-generation and knowledge management an integral part of our work, informing new approaches for smarter investments by IAF and others.

→ The IAF met three of four targets and is slightly behind schedule on the fourth. Management considers that work is generally on track for this strategic goal.

Goal 4: Increase awareness, understanding and support for the IAF and its programs among key audiences in order to draw more resources into grassroots development.

→ IAF met or exceeded three of five targets. The IAF was slightly below its target on counterpart funding and yielded about half of the targeted amount of outside funding. Management has recently increased fundraising efforts.

Goal 5: Modernize and strengthen our operations.

→ The IAF has reduced slightly the time it takes to make a funding decision, which was the only performance measure applicable to FY 2013.

Ambassador Watson asked how the IAF determined performance measures, as he noted that the targets in FY 2013 was lower in some cases than in FY 2012. Kaplan explained that the IAF's goals are set over a year in advance of the fiscal year to which they apply, as part of its budget submission to OMB. Management then revises the targets based on the actual budget received. In FY 2013, the IAF did not receive a final budget until April, about halfway through the fiscal year. Given budget-related uncertainty and a new process for measuring the IAF's progress on its strategic goals, Kaplan acknowledged that the performance measures are a work in progress.

B. FY13 grantmaking and portfolio characteristics and trends (Stephen Cox)

Review of FY13 Programmatic Funding (details in the board book)

Cox summarized IAF grantmaking from seven funding sources. The largest amounts come from appropriated funds and SPTF. Other sources reflect fundraising and inter-agency agreements.

IAF grantmaking saw some small regional shifts in FY 2013: a sizable increase in the Caribbean, a small increase in Central America and fewer new grants in Brazil. Cox noted that the Program office reviewed its methodology for accounting for grantee counterpart resources last year and suggested this may have been a factor in the drop seen from the previous year.

Program news

Staff from the Coady International Institute, a significant thought leader on asset-based community development, provided training for IAF staff in April. In June, the IAF chaired a panel on citizen-driven development at the Latin American Studies Association (LASA) annual

conference held this year in Washington, DC. The panelists were representatives from three IAF grantee partners in Guatemala, Colombia and Bolivia and the director of the Coady Institute.

During FY13, the IAF brought to fruition two inter-agency agreements with the State Department: Americas Partnership on Social Inclusion and Equality (APSIE), which seeks to build the capacity of traditionally marginalized groups to access educational and economic opportunities and promote inclusive policies, and the Inter-American Social Protection Network (IASPN), in which the IAF was able to negotiate a change of focus fund grants.

The IAF has received funding from the Mott Foundation in support of a grantmaking partnership to promote the development of community foundations in Mexico. The partnership now supports development (by the Comunalía alliance) of a network of community foundations, training (by Instituto Mora) for community foundation leaders, and challenge sub-grants (administered by Fundación Merced). The Mott Foundation has begun to talk with the IAF about a next phase of the partnership that would increase Mott Foundation funding from \$300,000 to \$400,000.

With IAF assistance, RedEAmérica is updating its strategic plan and expects to finalize it by the annual meeting of members in Chile in April 2014. This will help us better identify where to invest next with RedEAmérica members.

Cox suggested that the IAF's partnership with the Mott Foundation provides a model for bringing more resources to the IAF for grant-making consistent with the IAF's mission. The Program office has begun a realignment of its staff to support efforts to build stronger networks of grantee and funding partners. The Program office is working closely with the External and Government Affairs office to sharpen the IAF's value proposition to potential funding partners.

Networks

The IAF's current and former grantees, fellows, in-country and U.S.-based professionals and staff represent an underdeveloped asset of the Foundation. Many partners are now in positions of real influence. One of our most important challenges is to identify and activate this network.

The possibility of connectivity today makes it possible for good ideas, when given a platform, to go viral. This is true for emerging sectors of the global economy as it is for social movements. Good ideas from IAF grantees could go viral if the IAF activates its network and builds a platform for partners to connect and access specialized expertise.

Susan Tiano asked about the accuracy of the IAF's database, and Cox acknowledged that it could be better. Grantees of the last few years are relatively easy to reach, but going much further back in time would require more effort. Tiano asked whether the IAF had ever organized its alumni fellows in groups by cities or regions and suggested considering involving students in this effort and/or utilizing LinkedIn. Jim Polsfut asked about the number of alumni fellows that the IAF has identified. Nuñez answered 700 out of 1,000.

Rafael Fernandez-MacGregor recommended that the IAF create and curate a social network of IAF alumni fellows with the IAF's own domain. He recommended the IAF concentrate on identifying a simple, clear value proposition for alumni to get involved in the network and

motivate them to contribute. He also suggested that the network be open-source to facilitate contributions and expansion, and that it be compatible with smartphone technology.

Anita Perez Ferguson recommended that the IAF serve as the host/curator in order to make information more accessible to participants. Marcos Flavio Azzi added that such a network could improve the IAF's visibility and facilitate its creation of more funding partnerships. He recommended setting goals and targets and having regular meetings to ensure implementation.

Emerging strategic themes

The IAF has begun to invest in strategic themes of the agency's work. It seeks to learn from the applied experience of its partners, to generate knowledge and lessons around effective grassroots development practice, make better grants and establish the IAF as a thought leader. Establishing a reputation for substantive expertise is critical to gaining funding partners. Responsive funding will remain a core value of IAF grant-making.

Emerging themes are chosen based on the IAF's experience in the area, the interest level of grantees and partners, a sense that the IAF can add value to the thinking and knowledge on the theme, and a clear link to U.S. national interests and congressional priorities. For each of the strategic themes the IAF invests in, it seeks lessons on how communities can strengthen agency, such as by gaining more control over the context in which they work or improving negotiation capacity. Possible emerging themes include community-based resource management, sustainable smallholder agriculture, migration and development, youth, social inclusion, community philanthropy, participatory democracy and recycling.

The life cycle of a strategic theme will include the following phases: 1) a review of the IAF's history of funding and engagement; 2) engagement of grantees and other partners and leaders in the area; 3) the development of an exploration strategy together with those partners; 4) some activity/effort to explore the theme; 5) an evaluation of that activity/effort; 6) the production of something we can share; and 7) a decision on whether to continue and 8) identification of next steps the IAF can take to sustain the effort.

C. Emerging Program Themes (various IAF staff)

a. Migration & Development (Seth Jesse)

The IAF has worked since about 2000 on the topic of migration and development, supporting about 25 projects with significant transnational components, totaling over \$6 million. IAF publications and support for exchanges and conferences on the topic deepened its interest. Today, a diversity of actors look at the issue from a variety of perspectives: U.S. agencies (Department of State, USAID, Treasury Department and Department of Homeland Security), private companies, foundations, and organized associations of migrants in the diaspora. A number of IAF grantee partners have already engaged migrant Hometown Associations (HTAs) as contributors of counterpart resources to their projects. IAF seeks to harvest the lessons from these experiences and be more strategic about its investments in this area.

Hector Morales suggested linking with two of the major players on this theme: the Inter-American Dialogue, where Manuel Orozco is a lead thinker, and the Multilateral Investment Fund (MIF) at the Inter-American Development Bank. Mariscal sees an opportunity in southern Mexico, where the government is working to expand the railroad and improve connectivity.

b. Coffee (Jenny Petrow)

IAF work with the coffee sector is often through associations and cooperatives of smallholder coffee farmers, a natural fit with IAF goals. These grantee partners often pair cultivation with environmental conservation, and are looking for opportunities to integrate into or assume control of parts of the value chain. The IAF has 13 active grants, totaling \$3.7 million in IAF funds with \$7.5 million in counterpart contributions supporting coffee projects in five countries: the Dominican Republic, Nicaragua, Guatemala, Mexico and El Salvador.

Many of these organizations have similar goals and face similar challenges, such as price volatility, market access and the need for economic diversification. In much of Mexico and Central America, coffee producers face a double whammy of “roya,” (a parasitic fungus that has reduced harvests by as much as 20 to 40 percent in some places) and a precipitous drop in coffee prices (from \$2.40/lb two years ago to slightly above \$1/lb this year). The IAF can do more to help coffee producer groups improve their core business and proactively address other threats and opportunities. It can do this by identifying and sharing coffee sector lessons within and across country portfolios, cultivating relationships with technical, funding and thought partners, facilitating the development of regional networks of grantee partners, and staying informed of trends in the field. A recent gathering of representatives of 10 IAF-funded coffee organizations at the “Let’s Talk Roya” conference, organized by Sustainable Harvest in El Salvador, allowed them to form a network and improve their technical expertise regarding roya.

Gabriela Boyer responded to a question about alternative crops by explaining that coffee does well planted alongside other crops, such as macadamia nuts and ginger.

c. Chronic Violence (Stephen Cox)

IAF partners and projects are powerfully affected by a context of chronic violence in which they live and work. A preliminary survey of IAF grantees when the IAF began its exploration of the phenomenon revealed that a large proportion of our partners were affected. Some have learned to cope or be resilient. In order to be responsible and effective grant-makers, the IAF seeks to better understand how this type of intense, persistent violence affects a community’s ability to function and thrive as well as what the IAF may be able to do about it.

Cox shared primary propositions of the Chronic Violence Framework, developed by sociologist Tani Adams in collaboration with the IAF, regarding how it affects human development, social behavior and the practice of citizenship. Violence has no single cause and begets more violence. Childhood development is compromised by the trauma of their parents, who do not have the capacity to raise them in a healthy environment; thus the parents’ trauma is transmitted intergenerationally. Individual and social behavior exhibit a perverse normality of physical and social isolation, social silence, scapegoating, exclusive practices and the inability to plan beyond

day-to-day existence. The practice of citizenship and democracy is threatened as citizens perceive themselves as victims and the state as an enemy, abandon public spaces, and resort to direct justice.

While many public and private institutions are investing heavily at the national or regional level to address crime and violence in Latin American countries, the IAF's approach focuses on building agency at the local level to help communities to become healthy and take back control over what is happening to them.

After an initial exposure to the concept of chronic violence in late 2011, the IAF began in 2012 a working group dedicated to the theme and to clarifying how the framework might be useful to the IAF, its partners and communities. In the summer of 2013 the IAF held focus groups in partner communities in Ecuador, Colombia, El Salvador, Guatemala and Mexico to test how the chronic violence framework applied to their own histories. The IAF convened representatives from the focus groups and IAF staff working in the five countries in a regional workshop in Guatemala in November to share what groups had learned about chronic violence and structure a process for refining a workshop tool on the concept, identifying thought partners in the region and developing case studies of community resilience in the context of chronic violence.

d. Congressional Perspective on Themes (Megan Fletcher)

The IAF looks for thematic areas where U.S. national interests and the interests of grantee partners overlap with bipartisan and bicameral interest in Congress, and where the IAF can help inform Congress about challenges on the ground and cost-effective ways to address them. Chronic violence, migration and development and coffee fit these criteria.

IAF staff have discussed the topic of chronic violence with more than 32 congressional staffers whose Members serve on key oversight committees. They found the IAF's initiative both timely and relevant to their own work on citizen security in the region and to constituent concerns, and complementary with U.S. investments in programs like the Central American Regional Security Initiative (CARSI). Staffers asked the IAF to share what it learns about what ordinary citizens believe they need to improve their security and what investments create resilience to violence.

Migration and Development is also of interest to many members of Congress, especially those with constituent ties to the region. There is increasing bipartisan interest in seeing that U.S. foreign assistance work to address the economic, social and security reasons associated with migration. Congress is also interested in IAF's experience working with Diaspora in catalyzing resources to invest in the needs of migrant-sending communities.

Coffee enterprises have served as a powerful example of how the IAF promotes grassroots business that can grow to a global scale. There is bipartisan interest in supporting job-creation and the integration of products from small producers into the supply chain – one that utilizes trade agreements and benefits U.S. businesses and consumers. At a reception for congressional staffers in December 2013, the IAF offered coffee from IAF-supported groups that now sell in international markets and highlighted how the IAF helps them learn from each other to overcome shared challenges like roya.

Board and Advisory Council members expressed appreciation for the update on the IAF's programmatic strategy and concurred that all three themes are relevant and capture an audience. Fernandez-MacGregor suggested that the IAF project he visited in Oaxaca showcases well the IAF's support for work on all three themes – coffee, migration and violence – as well as highlighting the importance of finding roles for young people. Salazar also congratulated the IAF on the 2013 edition of the Grassroots Development Journal with a focus on youth.

IV. ADVISORY COUNCIL REPORT

A. Report on Advisory Council engagement (Amb. Alexander Watson)

Ambassador Alexander Watson, chair of the IAF Advisory Council, recognized the council's new members, Jim Polsfut and Hector Morales, and thanked Morales for hosting the meeting. He also thanked members of the Advisory Council who contributed about half of the funds raised to participate in the upcoming Bridge-Builders Award ceremony, which will bring awareness of the IAF's work to a broader audience.

In the last year, members of the Advisory Council had many meetings and other interactions with IAF staff, which offered a full exposure to the IAF's programmatic areas of focus and an opportunity to provide feedback on its work. Nicolas Mariscal and Rafael Fernandez-MacGregor visited grantee partners in Oaxaca, Mexico, and Juan Edgar Picado visited a fishing cooperative in Costa Rica. Marcos Flavio Azzi connected the IAF to contacts in Brazil, and Charles Krause arranged a meeting of IAF senior staff with Enrique Iglesias, former President of the Inter-American Development Bank and elder statesman for the region.

Amb. Watson reminded council members of former IAF board member Kay Arnold's challenge to the group at the Advisory Council's 2012 meeting to do more to support the IAF. She posed four questions, which Watson later re-iterated in a letter to Advisory Council members: 1) what does your own experience tell you about how IAF should diversify funding; 2) who should we engage; 3) What should our message be with each of these prospective partners; and 4) what doors are we prepared to open for the foundation? Watson noted that some answers were included in the second tab of the Board book and that all Board and Advisory Council members should continue to think about these questions and what they can do.

B. Implications of 2013 Popular Protests in Latin America

a. Mexico (Nicolas Mariscal and Rafael Fernandez MacGregor)

Mariscal shared reflections about the multiple macro and micro-level factors that may have contributed to a wave of popular protests in Mexico in the last year. The country's economic, political and social environment was an important backdrop, as well as its complex and diverse cultural heritage, histories, and languages. He noted social discontent around persistent challenges such as corruption, inequality, lack of opportunities for development, and lackluster economic growth (1.3 percent in 2013 and 3.3 forecasted for 2014) and a general concern about

organized crime. Alongside these ongoing problems, the approval of significant structural reforms to major sectors -- labor, telecommunications, state debt, education, fiscal policy, financial systems, political and transparency rules, and energy (forthcoming) – may have signaled an opportunity to make demands public. Mariscal also emphasized the need to look at the particular features of each movement to understand their development. He provided a brief summary of several of the protest movements, including “Yo Soy 132,” teacher protests and protests against energy reform and the Barzón.

Fernandez-MacGregor noted some similarity between the protests in Mexico and those of the Arab spring, which originated in the middle classes and expressed expectations for a more democratic and responsive government. Regarding structural reforms, particularly of the energy sector, he said he had expected more opposition, especially from labor unions. On the other hand, he speculated that the Mexican people have long recognized the potential for developing the country’s energy sector. He posed two key questions for social engagement ahead: 1) how to engage people and organize communities from the bottom-up, and, 2) with regard to the private sector, how to organize business models that can serve thin markets in small communities with e-government and e-health and make them sustainable.

b. Brazil (Marcos Flavio Azzi)

Regarding the protests in Brazil, Azzi suggested that they may have had less to do with a demonstration of citizenship than with the power of social media. He suggested that, as a result of the strong dictatorships in the 1960s and 1970s, democratic demonstrations are not in Brazilians’ DNA. Many who participated lacked understanding of why they were protesting and joined in because they were not otherwise occupied. Nevertheless, as context, Azzi noted a disparity between Brazil’s economic power – ranking sixth or seventh in the world – and its social development, where it ranks about 80th. He suggested that Brazilians in urban centers are highly aware of spending by government and others to build stadiums (for hosting the World Cup and Olympics) rather than address health and other social needs. While they question these decisions, they do not seem to be sufficiently motivated to organize themselves and build a popular movement that could impact Brazilian policy and politics.

c. Comments (Robert Kaplan)

Kaplan thanked Mariscal, Fernandez-MacGregor and Azzi for their insight into the popular protests in Mexico and Brazil. He said the IAF is interested in understanding recent protests in those and many other countries of the region to inform the foundation’s role and work. People joined protests for many reasons, including for policy changes, political reasons, student solidarity and opposition to mining. Underlying social tensions are also a factor. While the percentage of the population below the poverty line is now down to 28 percent, there are more poor people in the region than there were in 1980. Moreover, a “struggling class,” including those whose livelihoods have improved in recent years, teeters between poverty and the middle class with earnings the equivalent of US\$4-10 per day. Many feel vulnerable and left out. Social media permits more information about what is happening in other countries. The latest Latinobarómetro opinion survey suggests a relatively high disposition to participate in protests

but less willingness to participate in civic organizations. The IAF does not support or participate in protests, but considers that organizing for collective action strengthens a community's practice of democracy and motivates people to inform themselves about their rights and responsibilities.

Fernandez-MacGregor agreed with the analysis that Latin Americans participate more readily in protests and less readily in organized movements. Watson observed that many people who protest may then not know how to channel their energy to address their concerns. He noted enormous potential to redirect their focus to organizing collectively and to networking productively with significant benefits for democracy and society.

Polsfut remarked that he believes supporting civic engagement and citizen participation is the way to make a difference, a lesson he learned as CEO of the US-Mexico Foundation. Perez Ferguson commented that supporting civic participation is a great challenge, and it is important to engender participation without controlling it.

Fernandez-MacGregor commented that 20 percent of Facebook users worldwide are in Latin America. Polsfut noted that technology penetration is likely much lower among poorer populations. Cox recalled an example of an IAF grantee that we recently helped overcome this barrier by providing \$2,000 in the grant; connecting to the national telecommunications grid opened many doors for new opportunities.

Fernandez-MacGregor remarked that the IAF's approach to supporting social inclusion is something that few people understand how to do well or for which they have a track record. He expressed support for finding alternative funding sources.

Watson asserted that all IAF Advisory Council and Board members can contribute to IAF fundraising. They can also help to identify others interested in supporting the kind of work the IAF does. The IAF is truly working at the center of the challenges that many of the countries in the region are facing.

V. Donor Engagement (Manuel Nuñez with Mark Goode and Pamela Roberts of The Roberts Group)

The IAF's Pitch Deck

Nuñez presented the IAF's pitch deck for prospective donors. The presentation is further adapted to each prospective donor with a specific value proposition. Nuñez thanked Polsfut for previously sharing his pitch deck at the US-Mexico Foundation.

The IAF and its approach resonates with potential donors for a number of reasons. Donors appreciate being able to see where the money goes and are impressed by the IAF's transparency and glasspockets certification. They also find the IAF's leveraging of counterpart resources to be compelling. As donors are increasingly shifting to impact investing, the IAF's ability to track progress and verify results is beyond the capacity of many corporate and private foundations.

The valuable and effective infrastructure the IAF already has in place is an attractive asset to potential donors who often lack this. Most potential donors the IAF has spoken with do not have the ability to do grantee engagement and project evaluation cost-effectively, so the IAF can fill that need. Donors are impressed by IAF's sophisticated and selective process for identifying grantee partners. The IAF's bipartisan support since its creation, the agency's 40 years of stewardship experience and its tax deductible status are additional draws. The IAF's broad rather than singular focus is also an advantage. In exploring funding opportunities, donors have a range of options from investing in themes to supporting emerging networks that link people at the grassroots to learn from each other.

Engagement of Board and Advisory Council in IAF Fundraising

Mark Goode of The Roberts Group, reviewed why it is critical for the IAF to diversify its funding sources and build a strong donor base and what the IAF needs to achieve this. Support from Board and Advisory Council members is critical to the IAF's fundraising success. The IAF needs business development staff, but current resource constraints do not provide for that. The IAF needs to add a combination of people, expertise and funding in order to bring in more resources. The IAF needs to raise its brand awareness in the corporate and private donor community because the vast majority of prospective donors have never heard of the IAF.

Goode displayed a graphic of the IAF's funding spectrum: a map of how the IAF funding opportunities match up with potential funding sources. The spectrum ranges from philanthropy to revenue-generating social enterprises to socially-driven business. Bridging philanthropy and business is attractive to social investors because people have come to realize that integrating the two provides the most benefit.

Goode mentioned specific ways that Board and Advisory Council members could support fundraising. They can save the IAF valuable time by making introductions to key individuals or entities, including foundations, philanthropists, social or impact investors and corporations. They can host an event with high net worth individuals or key entities, or share other ideas with IAF staff. In turn, the IAF committed to providing Board and Advisory Council members with the materials they need to support the fundraising effort effectively, including one-page overviews, short video clips of the IAF's work, case studies and briefing materials.

Discussion

Azzi asked about the IAF's fundraising goal for 2014. When told that the FY 2014 target is \$1.5 million and the FY 2015 target is \$2 million, Azzi suggested that this may mean the IAF needs some 200-400 meetings with potential donors. He said that donor engagement is expensive in terms of time and people investments. Goode reiterated the need to efficiently identify people with an interest and connection to the IAF's work. Donor events can be a cost-effective tool.

Polsfut recommended using a concrete pitch that combines scarcity and a deadline, which help a company have a clear idea of what exactly we are looking for. For example, the IAF could decide it is looking for five partners at \$100,000 each. He also asked about the benefit to donors of contributing to the IAF. Wealthy individuals and families interested in philanthropy are often

interested in leaving a legacy; the IAF can think about what it could add to the legacy of these families. The IAF can fill a need for smaller foundations that want to support groups like those reached by the IAF, but who do not have the appropriate infrastructure. Such foundations also want recognition from audiences with which the IAF has a solid reputation: the communities they support, the White House and Congress.

Participants discussed the potential challenge of donors who may want to be involved in decisions on how resources are spent. How much donor advice is the IAF willing to take?

Eddy Arriola asked how the IAF vets potential donors. Pam Roberts described how the IAF and Roberts Group vet potential donors before first engagement.

Vaughn shared lessons from a fundraising effort about five years ago. Pairing IAF themes with prospective donor interests was helpful, and the IAF's strategic infrastructure was a compelling sell. Vaughn advised the IAF to clearly articulate programmatic and geographic focus and strategy, as otherwise IAF grantmaking may seem too broad or nebulous.

Several participants felt that offering a low overhead charge, so that as much as 90 percent of donated funds could go to program objectives, would be attractive to potential donors.

Watson asked for clarification on how the IAF will respond to donors who ask about the fact that it is a U.S. government agency. Goode responded that he has found that this ultimately makes no difference to donors – and can be an advantage. It does not affect the distribution channel of their funds to the very poorest. The IAF transfers resources directly to the communities rather than going through governments or contractors. Donors have the confidence in the effectiveness of their resources invested because the IAF knows so well how to vet and select grantee partners and measure impact. In addition, donors know the recipient organizations are vetted by the U.S. government and they get a tax deduction on their donation.

Morales congratulated the IAF on an excellent value proposition highlighting the quality of its work and its longevity. He noted that there is significant competition from other agencies and institutions, such as the MIF, that are also in the process of trying to attract financing. He encouraged the IAF to mention in its pitch presentation the points that differentiate the IAF from other such institutions.

VI. ADJOURNMENT

Next meeting on March 31st. The two other meetings in 2014 are scheduled on July 28, 2014 and November 10, 2014 (with the full Advisory Council).

Inter-American Foundation
Meeting of the Board of Directors
March 31, 2014

The Board of Directors of the Inter-American Foundation (IAF) met at the IAF at 1331 Pennsylvania Avenue, NW, Washington, DC 20004, on March 31, 2014. Board Members present were Eddy Arriola, Chair; Amb. Thomas Dodd, Vice-Chair; Jack Vaughn, Secretary; Kelly Ryan, Member; and John P. Salazar, Member. IAF Advisory Council Chair Amb. Alexander Watson also attended. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice-President for Programs; Lesley Duncan, Chief Operating Officer; Manuel Nuñez, Managing Director of External and Government Affairs; Emilia Rodriguez-Stein, Director of Evaluations; Paul Zimmerman, General Counsel; Rosemarie Moreken, Analysis and Evaluations Specialist; Megan Fletcher, Congressional Affairs Specialist; and Alexis Toussaint, Acting Executive Assistant.

I. Call to Order

Prior to the meeting, new Board Chair Eddy Arriola asked John Salazar to chair the meeting, as Arriola had only recently been appointed to the position on March 20, 2014, and Salazar had prepared the agenda for the meeting in his role as Acting Chair before that date. Salazar called the meeting to order and congratulated Arriola on his appointment.

II. Approval of the Minutes

The minutes of the meeting on December 9, 2013 of the IAF Board of Directors and Advisory Council were approved and adopted by a unanimous voice vote.

III. Management Report

A. Overview (Robert Kaplan)

IAF Board Positions and Nominations

IAF President Robert Kaplan reported on the status of Board positions and nominations. President Obama designated Eddy Arriola as Chair on March 20, 2014. Arriola will be the tenth Board Chair in 45 years. Ambassador Thomas Dodd continues as Vice-Chair. Four Board nominations are now with the Senate Foreign Relations Committee:

- Mark Lopes, currently serving at Deputy Assistant Administrator at USAID and nominated by President Obama last year to be the United States' Executive Director on the Board of the Inter-

American Development Bank, in the position last held by Hector Morales and with a term ending September 20, 2016

- Roberta Jacobson, Assistant Secretary of State for Western Hemisphere Affairs, in the position last held by Adolfo Franco and with terms ending September 20, 2014 and September 20, 2020
- Juan Carlos Iturregui, Senior Advisor at Dentons law firm, in the position currently held by Ambassador Dodd and with terms ending June 26, 2014 and June 26, 2020
- Annette Taddeo-Goldstein, Founder and CEO at LanguageSpeak, Inc., in the position currently held by John Salazar and with a term ending September 20, 2018

Kaplan also reviewed the terms for current IAF Board members. Eddy Arriola's term is through October 6, 2016. Roger Wallace's term ended October 6, 2008, and he continues to serve until replaced. Jack Vaughn's term ended September 20, 2012, and he continues to serve until replaced. Kelly Ryan's term ended September 20, 2012, and she continues to serve until replaced. There is one vacant position last held by Gary Bryner (deceased), and the term runs through June 26, 2014.

Kaplan thanked IAF General Counsel Paul Zimmerman for his work with the White House Office of Personnel, the Office of Government Ethics and the Senate Foreign Relations Committee to ensure complete supporting information on each candidate, including assessment of potential conflicts of interest so that the Senate can consider the nominations.

IAF Budget

Kaplan reviewed the IAF's total budget authority for FY 2014. Congress enacted an appropriation of \$22.5 million, the same level appropriated in FY 2012 and higher than the IAF's appropriated funds in FY 2013 under the continuing resolution with a 5 percent cut due to the sequester. With \$6 million this year from SPTF and the IAF's fundraising target of \$1.1 million, the IAF expects to have a total operating budget this year of about \$30 million. This amount is less than the \$31.1 million available in FY 2012 and more than the \$26.6 million budget in FY 2013. Kaplan noted that the IAF is about 50 percent ahead of where it was last year in implementing its budget -- program is running a bit less than twice the pace of last year and program support, about 30 percent ahead.

Regarding the IAF budget for FY 2015, the President asked Congress for an appropriation of \$18.1 million, the same as the request in FY2014, but \$4.4 million (20 percent) below the enacted level.

Bridge Builder Award

Kaplan thanked all members of the Board and Advisory Council (and others) who made it possible for the IAF to fill a table with supporters at the ceremony convened by Partners for Livable Communities on February 6 in Washington. He thanked Ambassador Dodd and Ambassador Watson for participating on behalf of the Board and Advisory Council. The IAF was among ten honorees, including both individuals and organizations. The IAF's communications team publicized the honor and it has been added as an endorsement in IAF donor engagement presentations.

Program Office Realignment

Kaplan reported, as mentioned in December, that the IAF is realigning its program staff to help provide strong leadership and adequate resources to build out the IAF's grassroots network and plug

into strategic thematic opportunities. The realignment is also intended to better support IAF's fundraising, as many potential donor partners are organized around a specific set of topics where IAF needs to be able to demonstrate value. Management of our program, currently under a Vice-President for Programs, will instead be under two Managing Directors: one for grantmaking and portfolio management, and the other for networks and strategic initiatives.

Kaplan's Trip to Peru

Kaplan recounted his recent experience accompanying the IAF's program officer for Peru on a visit to the sites of three projects and to participate in an exchange conference with two dozen IAF grantee partners in Peru. Kaplan commented that his experience in Peru underlined the power of the IAF's grassroots network – an idea discussed with the Board and Advisory Council in December. In one case, Kaplan visited with a coffee cooperative (also the focus of an a recent ex-post assessment by the Evaluations Office) whose idea to diversify into brown sugar production grew out of a visit to a coffee cooperative in Colombia that was also producing brown sugar. Today, the Peruvian cooperative has over 4,000 members, is diversified into brown sugar and cacao, and grosses \$8 million in exports per year. The two-day exchange among Peruvian grantee partners illustrated how diversity in IAF grantee partners enriches the way each partner sees the work in its own community or communities where it works.

Event at Center for Strategic and International Studies (CSIS)

Kaplan was featured at an event hosted at CSIS by Daniel Runde, director of the organization's Project on Prosperity and Development. The format was a wide-ranging interview, in which Kaplan summarized IAF's mission, approach and ongoing programs and emphasized the cost-effectiveness of the IAF's work. Topics in the Q&A included: sustainability, evaluation and learning from failure, private sector partnerships and RedEAmerica, the IAF's relationship with other U.S. government agencies, the power of networks, how IAF strengthens organizational capabilities, and IAF's work in middle income countries. A videorecording of the event is posted on IAF and CSIS websites.

Meeting with Roberta Jacobson, Assistant Secretary of State for Western Hemisphere Affairs

Kaplan reviewed his recent meeting with Assistant Secretary of State for Western Hemisphere Affairs, Roberta Jacobson. They discussed on-going IAF-State Department collaboration, including the Americas Partnership for Social Inclusion and Equality (APSIE) and the Inter-American Social Protection Network (IASPN), and Kaplan mentioned a presentation on our chronic violence learning initiative that same day to State Department staff. Kaplan suggested there may be opportunities for the State Department to make a strategic investment to keep the IAF engaged in countries where USAID no longer has a program. This would enable the United States to maintain positive professional engagement with local civil society organizations at a very modest cost. Jacobson expressed interest in visiting with IAF grantee partners when she travels to the region.

Kaplan's Mexico Trip (February)

Kaplan traveled to Mexico in February to participate in the IAF fellows' mid-year conference and in meetings with Advisory Council members (Amb. Dodd will report later in the meeting). He found the group of this year's fellows to be energetic and engaged, and noted that two are working directly with IAF grantee partners (not a common occurrence). A medical emergency during the conference

involving a participant underscored the advantage of contracting with the Institute for International Education to administer the program. Health insurance coverage provided by the contractor allowed her to undergo surgery in Mexico and be medically evacuated out of the country.

Kaplan and IAF Representative for Mexico Gabriela Boyer met with advisory council member Rafael Fernandez MacGregor, who organized a meeting with the Mexican Institute for Entrepreneurship (INADEM). Advisory Council member Nicolas Mariscal also arranged a meeting with Lorenzo Servitje, founder of Bimbo Bakeries and now the Executive Director of a family foundation, Fundacion Sertull. Sertull subsequently communicated its intention to contribute Mex\$600,000 (about US\$50,000) this year to co-fund a project in Mexico with the IAF.

Donor engagement

Kaplan reported that we continue to explore potential collaboration with an impact investor, Pomona Impact. In addition, IAF External and Government Affairs Managing Director Manuel Nuñez and the IAF's Representative for Argentina Jeremy Coon were recently in Argentina, where they met with John Deere's corporate team and visited an IAF grantee partner.

Amb. Watson commended staff who work on publications. He noted they are very well done and that project examples are easy to understand. Salazar agreed and also noted the effective use of photographs.

B. Program Update (Stephen Cox)

Vice-President for Programs Stephen Cox reiterated that realignment of the Program Office will create two organizational units (one focused on grantmaking and the other on networks) to allow the IAF to build on what we do well – thoughtful grantmaking, ongoing monitoring and support of grantee partners and measuring of project results – and do more to strengthen the IAF's networks among current and former grantee partners, learn from grantee partners, help build their capacity and sharpen the IAF's value proposition to funding partners.

Country Priorities

Cox described efforts underway to more clearly define country priorities so that the IAF can be more strategic about where it allocates resources as realignment takes place without expanding staff. All countries in the IAF portfolio are important. Yet, the timing is right to look at priorities and assignments as two program staff will retire this year and as we will be reallocating staff effort to reflect the new alignment. The criteria for evaluating country priorities include relative priority for US interests, potential for a robust portfolio, IAF in-country capacity, the operational complexity of the country environment, and the potential to make an impact in the civil society sector.

We plan to organize our grant funding in two tiers of countries. In both tiers, the IAF would look to fund initiatives that increasingly add to and inform the IAF's body of work on strategic themes. In higher priority countries, the IAF would continue its trademark responsive funding with broad portfolios. In other countries, the objective would be to be more selective in grantmaking and fund initiatives that only add value to strategic themes or other program-wide priorities.

Strategic Themes

Cox updated the Board on emerging strategic themes of focus for IAF grantmaking, presented in greater depth at the previous Board meeting in December: migration and diaspora engagement, sustainable smallholder agriculture, chronic violence, community-based resource management, and community philanthropy. While the IAF's historically responsive grantmaking is an important core value to continue, the IAF has a lot to gain by investing in a handful of strategic themes and generating shareable lessons in those areas. The IAF increasingly seeks to be recognized as a thought leader regarding how to help communities thrive; this is also critical for establishing funding partnerships. Themes identified thus far have a clear link to US priorities, are areas in which the IAF has a portfolio of experience, and demonstrate value-added to grantee partners.

In the thematic area of migration and diaspora engagement, the IAF has conducted a portfolio analysis to harvest lessons from our grantmaking in this area. Potential thought partners include IAF grantee FUPEC, CAMMINA (which includes Ford, Avina and Open Society Foundations) and the Rockefeller Aspen Diaspora Project. IAF is planning an exchange of diaspora leaders from different countries in El Salvador later this year to engage them on how to work more effectively in migrant-sending communities.

Regarding sustainable smallholder agriculture, or agro-ecology, the IAF has completed a draft overview of the subject area, including a first look at IAF projects in this theme. There is an active network of IAF grantee partners that convened at the 2012 Ecovida conference in Brazil and are looking for next steps.

On chronic violence, the IAF hosted an overflow crowd in December for the third meeting of an international working group of government and nongovernmental organizations and thought leaders, convened by scholar Tani Adams. With IAF support, Adams has developed a framework for understanding how chronic violence affects individuals, communities and societies, particularly in capacity to engage in civic life. Two officials from the Department of State joined the meeting, which led to follow-up meetings at the State Department to explore how the chronic violence framework applies to the larger U.S. Government agenda. In addition, as a result of the November 2013 regional meeting on chronic violence with representatives of five grantee partners and IAF staff, three of the groups (in Ecuador, El Salvador and Guatemala) are bringing forward new project proposals to continue or deepen their work to address chronic violence or apply the framework.

A large proportion of IAF grantees are involved in some aspects of community-based resource management. The IAF sees an emerging interest in constructive engagement by the community in issues including natural resource extraction and infrastructure development. The IAF has also been in conversations with organizations, including the Center for International Environmental Law, the Due Process of Law Foundation, Counterpart International, and the Ford and Avina Foundations, that are looking at how communities engage in discussions of how extractive industries affect community well-being. Later this week the IAF will host two grantee partners from Guatemala that are facing these issues.

Community philanthropy is another emerging programmatic theme. The IAF is working closely with the Global Alliance for Community Philanthropy to explore ways to promote the sector and share best practices. IAF has also begun exploring interest among U.S.-based community foundations in

supporting initiatives in Latin America. In particular, the Foundation is exploring potential partnerships with U.S. community foundations with the capacity to raise funds from private donors who may be interested in international philanthropy, but have little capacity and infrastructure to do international funding on their own. Cox and staff of the Program Office held two exploratory meetings with local community foundations, one with the Community Foundation of the National Capital Region and another with the Arlington Trust.

Cooperative Agreements

We will be looking to cooperative agreements – a funding mechanism distinct from the grants that comprise the majority of IAF funding actions – as a creative way for the IAF to partner with key collaborators on strategic and thematic initiatives. Cooperative agreements are funding actions in which the IAF takes an active role in the design and implementation of projects. RedEAmérica cooperative agreements serve as examples. Partners to the cooperative agreements define the objectives and how much they each will contribute, discuss the evolution of priorities over the life of the agreement and have considerable flexibility to adapt to changes as the partnerships evolve.

New cooperative agreements under development include: with Just Associates (JASS) for providing leadership training for indigenous women leaders in Mesoamerica; with Cambio Democratico for training communities in negotiations regarding infrastructure projects and extractive industry practices; and with former grantee Minga Peru for training other partners in developing and executing marketing and communications strategies. Such cooperative agreements would support these partners' ongoing programs, enable IAF grantee partners to better access their services, and help both cooperative agreement partners and IAF grantee partners take their work to the next level.

Networks

Cox reiterated that one of the IAF's greatest opportunities ahead is to build networks in which current and former IAF grantee partners can connect and share great ideas. At this moment, this is a latent asset of which the IAF is not taking full advantage. Building network(s) represents a great challenge, as it could include more than 5000 current and past grantee partners, more than 1000 current and alumni fellows, hundreds of current and former IAF in-country professionals and hundreds of NGO, foundation, government and business partners. The Program Office realignment will result in more resources dedicated to these priorities. The Foundation is currently reviewing open electronic platforms that may adaptable to these purpose. However, Cox emphasized that the networks the IAF envisions are much more than electronic spaces to share documents; they are about shared conversation and building lasting relationships.

C. 2013 Results Report (Emilia Rodriguez-Stein and Rosemarie Moreken)

Evaluation and Audits Director Emilia Rodriguez-Stein noted that the Evaluations Office is looking at how we use the information we collect from grantees, including in ex-post assessments of selected grants several years after they conclude. The next set of ex-post assessments will likely be conducted on eight grants in five countries and will have a thematic focus on participatory democracy.

Evaluation Specialist Rosemarie Moreken reviewed the IAF's system and methodology for evaluating the results of grants, which have been published in an annual report since 1999. The Grassroots Development Framework (GDF) was developed by the IAF and remains its principal evaluation tool, although it is always evolving and improving. The GDF seeks to identify tangible and intangible results at different levels (the individual, the organization, and the society). It currently tracks 41 indicators; some new, potential indicators related to the environment are being tested.

Grantee partners are introduced to the GDF by the "data verifier" at an orientation meeting. (A data verifier is an in-country professional with strong evaluations experience and respect for grantee partners who works for the IAF on a five-year contract.) The data verifier visits the grantee partner to finalize the selection of five-to-six indicators that the grantee partner will measure and monitor throughout the grant period. The initial visits serve to capture a baseline for project assessment.

Data verifiers help grantees identify tools to measure and report their results every six months. Data verifiers conduct periodic site visits to check the data reported and hear grantee partners reflect on what they have accomplished. Over the years data verifiers have found underreporting to be more common than overreporting errors. The data in verified grantee reports is aggregated in the end-of-year "Results Report." At the end of the grant period, data verifiers produce a project history that reviews the goals of the project, the results, and lessons, and serves to capture qualitative information not aggregated in the results reports.

The IAF evaluation system is cost-effective, uses local and in-country knowledge and builds the capacity of grantee partners to track progress and identify areas for improvement. The data serve the grantee partners, IAF in-country teams, IAF staff and feeds documents submitted to the Office of Management and Budget (OMB), the Congressional Budget Justification and other publications. In February, a representative of the USAID's Office of the Inspector General visited and was impressed with the IAF's system of evaluation and audit for avoiding waste and abuse. He said that he had not seen a system like in at other agencies and encouraged the IAF to share it with others.

Moreken provided a sampling of some of the results included in the FY 2013 Results Report, which was distributed to Board members before the meeting.

Vaughn asked how the IAF gathers precise data for results indicators, such as the number of jobs created or sustained. He wondered about OMB's interest and whether OMB staff ever question this. Rodriguez-Stein responded that OMB is very supportive of the IAF's job-creation strength and asked the IAF to highlight this number in the last meeting.

Amb. Watson asked whether the IAF could require all grantees to report on those indicators that OMB consistently finds to be most important. Rodriguez-Stein responded that this would be possible, but some grantees decide that other indicators are a better fit with the objectives of their project. Selecting just five or six indicators usually matches their capacity. Moreken noted that grantee partners often want to add more indicators as the grant progresses.

Ryan suggested that it would be important to report on job creation in all projects, given the environment and interest in Washington. She also suggested that a more precise indicator for "improved health" might be more useful.

Ryan asked about analyzing the results by country or by whether the country is “tier one” or “tier two.” This might shed light on what types of projects, activities, themes, etc. are yielding the greatest results. Cox agreed that this kind of aggregation of results indicators could help when demonstrating our leadership in development issues to potential partners, such as illustrating grantees’ success in agriculture for Caterpillar.

Ryan asked whether the IAF shares feedback with grantees regarding where they fall in comparison to other grantees. Moreken responded we do not currently do that. Ryan also emphasized the need for grantees to measure not just outputs, but change in behavior.

D. Congressional Budget Justification and Donor Engagement (Manuel Nuñez)

Congressional Budget Justification (CBJ)

External and Government Affairs Managing Director Manuel Nuñez reviewed the IAF’s congressional strategy and budget justification document. He described the importance of understanding congressional priorities, having a presence on the Hill and promptly responding to congressional staff requests (taking less than 24 hours in most cases). Nunez also highlighted the central role transparency and willingness to discuss successes and failures has played in generating credibility for the IAF.

The IAF distributed the CBJ to key Congressional offices the week of March 17 shortly after the President submitted his FY 2015 budget request to Congress. The main messages in support of funding were that the IAF: 1) serves U.S. interests; 2) complements broader U.S. development efforts; 3) provides a cost-effective approach to foreign assistance; and 4) focuses on marginalized groups. The cost-effectiveness argument has resonated most broadly and strongly. We have also received positive feedback on the value of IAF presence where there is little or no other U.S. foreign assistance presence, IAF’s ability to leverage resources and our efforts to involve the private sector.

Nunez reviewed the rosters of House and Senate Appropriations Committees (particularly the subcommittees that deal with Foreign Operations), the House Foreign Affairs Committee (particularly the Subcommittee on the Western Hemisphere) and the Senate Committee on Foreign Relations (particularly the Subcommittees on Western Hemisphere and on International Development). Other key Members who do not serve on these committees include those with geographic proximity to the border or a thematic interest.

John Salazar complemented the IAF on how it works with Congress.

Donor Engagement

Nuñez updated the Board on donor engagement work. Nuñez recently visited Argentina with IAF Representative Jeremy Coon where they met with representatives from John Deere to continue exploring a partnership. Ambassador James Jones originally facilitated the connection to John Deere. The Deere Foundation has a global community development fund, but little presence in Latin America. Rosario, Argentina is one of Deere’s oldest international production sites.

In Argentina, Nuñez and Coon met with Deere's Head of Corporate Relations for Latin America and the manager of the Rosario plant site. Nuñez, Coon and the Deere team also traveled to Mendoza to visit an IAF project. The Deere Foundation has asked the IAF to put together a partnership proposal for presentation at their Board meeting in May.

Amb. Watson commented on the potential exploitation of natural gas resources expected in northwest Argentina in the future. Although it is still early, he cautioned that this exploration will be controversial and IAF should be aware of its potential impact on partnerships.

In other developments, Nuñez reported on ongoing strategic alliance discussions between impact investing firm Pomona Impact and the IAF. Swiss bank Vontobel's U.S. wealth advisory arm has expressed an interest in exploring a Pomona Impact/IAF alliance as an asset class. Vontobel is underwriting and hosting an event in Dallas, TX on April 25 to showcase IAF and Pomona Impact to their clients.

Ryan commented that migration and development is a timely issue now garnering lots of attention, and she sees opportunities to link the IAF to the topic. She suggested that IAF explore having a presence at the World Economic Forum in Davos next year. In order to build up to that, Ryan offered to work with the International Organization for Migration to identify opportunities for the IAF to get some international visibility on this theme. Ryan says the Forum wants to highlight creative ways to do development.

E. IAF's Corporate Structure (Paul Zimmerman)

Paul Zimmerman described the IAF's corporate structure, challenges it poses for new creative partnerships with co-funders or donors, and legal options for moving forward. He cautioned that conversations on these internal matters are still at an early stage.

The IAF's enabling legislation, which states that the IAF "shall be a nonprofit corporation," and shall have broad authority to accept gifts, indicates that the original intention was for the agency to operate flexibly and with funding from both public and private sources. At the same time, the way in which OMB and the Treasury Department extend their oversight and control to private funds managed by the IAF may impose unnecessary inefficiencies and inhibit potential partners.

As the IAF seeks to attract private donations and establish creative partnerships with other organizations, it would be useful to be able to open and manage its own bank account and make disbursements without having to go through the accounting processes required by OMB and the Treasury Department for appropriated and other public funds. One way to accomplish this would be to create a subsidiary 501(c)(3) in order receive and manage the funds from various partnerships.

As a government entity, the IAF may not do anything without explicit authorization. The IAF's statute states, "*The Foundation, as a corporation— ... (11) shall have such other powers as may be necessary and incident to carrying out its powers and duties under this section.*" Ordinarily, this would suggest that the IAF Board would have the authority to decide if creating a subsidiary 501(c)3 is necessary and incident for the IAF to carry out its mission.

Zimmerman noted that the National Endowment for the Arts (NEA), which shares similar status as a government corporation, explored some years ago if it could create a 501(c)(3) to receive private funds. The Department of Justice found that the NEA did not have the authority to do so because the Government Corporation Control Act (GCCA) barred the NEA (and all government entities falling under the GCCA) from doing so unless specifically authorized to do so by Congress. Zimmerman said that this logic would also apply to the IAF.

Zimmerman suggested that there are several options for achieving the desired objectives, including asking Congress to amend the language in our enabling legislation either to authorize the creation of a subsidiary non-profit or make the GCCA inapplicable to the IAF. Other options that would not require an act of Congress may include creating a trust account or entering into a contractual relationship that specifies all the desired particulars, including flow of funds from income.

Zimmerman noted that his work on this matter has benefited from pro bono legal advice from Baker & MacKenzie, facilitated by Advisory Council member Hector Morales.

Ryan asked if any federal agencies have a non-profit subsidiary. Zimmerman mentioned the Smithsonian and the Wilson Center as examples, but noted that their historical backgrounds are different than the IAF. Both are government-private hybrid corporate structures.

Salazar voiced support for the IAF to continue to explore options that ensure a corporate structure that supports partnerships for its strategic initiatives.

IV. Report on IAF Fellows Mid-Year Conference (Ambassador Thomas Dodd)

Amb. Dodd shared reflections and observations from his five days at the IAF Fellows Conference in Mexico City.

First, the IAF Fellows Conference is a unique opportunity for doctoral candidates to meet and collaborate with others across disciplines and fields of study. By the end of the week, students had planned collaborative efforts across fields. This is important in the development of their careers, as any university grant requires an inter-disciplinary approach.

Second, the influence the fellows have on the grassroots organizations and vice versa is profound. He believes each of their lives are changed by the fellowships. He urged the IAF to explore what these scholars can do for the IAF in the short and long terms. He suggested having fellows write about some of the grassroots organizations the IAF is funding. Amb. Dodd remarked that the fellows are some of the finest young people he has met; many will go on to positions of influence. He urged the IAF to keep up its support of the fellows program.

Third, Amb. Dodd asked the group of fellows, what has changed in the grassroots organization and in its relationships with other grassroots organizations and with government? The answer he heard was that grassroots groups are doing more to influence and impact public policy. The failure of government to listen to and strengthen civil society has been one of the fundamental flaws of governments that have come to power. The grassroots organizations are having a profound influence strengthening each other. For some organizations, such as those in Ciudad Juarez and El Salvador, addressing local challenges means taking on risk in dangerous conditions.

Fourth, as Amb. Dodd was all but certain this would be his last IAF Fellows Conference, he shared some advice with the students. He urged the fellows, who will go into a variety of professions, to move outside the classroom in order to share their knowledge broadly by, for example, giving briefings to decision-makers in the public and private sectors. He also encouraged the fellows to keep a journal or diary, which may turn out to be more interesting than their lectures. What fellows and organizations learn from each other can be revealing.

V. IAF Goodwill Ambassador (Kelly Ryan)

Kaplan introduced this topic by noting that Kelly Ryan had suggested at a previous meeting that the IAF consider naming a celebrity goodwill ambassador.

Ryan explained that she had followed up since then with colleagues at a UN organization to hear their experience, which has generally been quite positive. One benefit is that a celebrity goodwill ambassador attracts media and others to events that they would not otherwise attend, bringing greater visibility to specific issues and initiatives.

Ryan said that she had discussed the idea with other colleagues in the U.S. government who suggested Mexican actor and director Diego Luna as a potential goodwill ambassador for the IAF. Luna is the director of the just-released biopic on César Chavez and a well-known actor. He is co-founder of the production company Canana Films along with childhood friend and fellow actor Gael Garcia Bernal (*The Motorcycle Diaries*) and Mexican producer Pablo Cruz. The company focuses on Mexican- and Latin American-themed features that deal with social justice issues.

Nunez reviewed criteria for evaluating Luna as a potential goodwill ambassador including: endorsement potential (familiarity, impact, endorsement status); personality and the values he represents; and match with the IAF. While raising awareness of the IAF, would he also *strengthen* our brand image?

Neither Ryan nor Nunez uncovered anything controversial about Mr. Luna. Ryan said she was impressed by the maturity and measured judgment of his responses to reporter questions on immigration. Ryan also thought his relatively young age could be advantageous in bringing the IAF's work to the attention of a younger audience.

Zimmerman clarified that there are no legal prohibitions or restrictions that would prevent the IAF from establishing a formal relationship with a goodwill ambassador. The IAF would still have to consider the terms of the relationship, including how to terminate it if that were necessary.

Board members responded favorably to the concept of a goodwill ambassador and discussed Luna as a candidate. They discussed the relative merits of calling on a U.S. citizen vs. a citizen from the region. They underscored the importance of ensuring that the ambassador be someone with a passion in line with the IAF's mission. Ryan noted that Luna seems very interested in empowerment and in leveling the playing field.

Based on the discussion, Ryan will reach out to a colleague who may be able to facilitate contact with Luna. Nuñez, Zimmerman and Kaplan will support her in the outreach and in clarifying specific role and terms if he is interested.

If discussions with Luna proceed favorably, Salazar suggested presenting a “final package” to the Board for approval.

Closing Words from former Chairman Salazar

Salazar offered some words at the close of his role as Acting Chairmanship. He contrasted the blooming initiative and energy now at the IAF with the environment when he started. Rather than working in silos, there are now a lot more synergies at the IAF. “We are all now of one mind here at the IAF. We have a great team. We’re on track.”

VI. Executive Session

Salazar moved to go into executive session. Amb Dodd seconded. (This portion of the meeting is omitted from the minutes.)

VII. Adjournment

The meeting was adjourned 1:18 by new IAF Chairman Arriola, who thanked outgoing Chairman Salazar for his leadership.

Inter-American Foundation
Meeting of the Board of Directors
August 11, 2014

The Board of Directors of the Inter-American Foundation (IAF) met at the IAF at 1331 Pennsylvania Avenue, NW, Washington, DC 20004, on August 11, 2014. Board Members present were Eddy Arriola, Chair; Amb. Thomas Dodd, Vice-Chair; Jack Vaughn, Secretary; Kelly Ryan, Member; and Roger Wallace, Member. John Salazar attended the meeting via video conference. IAF Advisory Council Vice-Chair Kay Arnold and Charles Krause also attended. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Managing Director for Networks and Strategic Initiatives; Lesley Duncan, Chief Operating Officer; Marcy Kelley, Managing Director for Grants and Portfolio Management; Manuel Nuñez, Managing Director for External and Government Affairs; Emilia Rodriguez-Stein, Director for Evaluations; Paul Zimmerman, General Counsel; and Karen Vargas, Executive Assistant.

I. CALL TO ORDER

Chairman of the Board, Eddy Arriola began the meeting with a statement of gratitude for the participants' time, energy and enthusiasm. Arriola called the meeting to order at 9:08.

II. APPROVAL OF THE MINUTES

The minutes of the meeting on March 31, 2014 of the IAF Board of Directors were approved and adopted by a unanimous voice vote.

III. MANAGMENT REPORT

A. Overview (Robert Kaplan)

Kaplan provided a brief update of IAF affairs since the last Board meeting in March, mainly highlighting items introduced in the monthly management reports to the Board.

IAF New Staff and Members of the Management Team

Kaplan welcomed new members of the management team: Marcy Kelley, who has been with the IAF for 10 years and is now Managing Director for Grants and Portfolio Management; Karen Vargas joined as Executive Assistant in May, replacing Cindy Soto who left in December.

New Senior Budget and Finance Specialist, Christopher Wood joined in May, replacing Nicole Tillman who left in September. Natalia Mandrus will join the IAF in September as Associate General Counsel, replacing Mara Quintero-Campbell who left in December.

Program Office Realignment

The Program Office realignment is underway. Marcy Kelley is Managing Director for Grants and Portfolio Management, and Steve Cox is Managing Director for Networks and Strategic Initiatives.

Kaplan affirmed that the realignment is a deliberate shift to dedicate attention and resources to building out and nurturing the IAF's grassroots network and supporting strategic initiatives. Several further changes will flow from the realignment over the next year. The Fellowship program will move from External Affairs to Networks and Strategic Initiatives at the beginning of FY15. While the program will be implemented in its current fashion for the 2014/15 cycle, Cox will lead a top to bottom review of the program's objectives and design over the next few months, and consider whether we should introduce changes next year to align it more closely with the rest of our program.

Continuing with the effort to align our program resources and focus on learning, Evaluation will be consolidated with Networks by FY16. Emilia Rodriguez-Stein has emphasized over the last several years the importance of creating strong links between the Evaluation Office and the Programs Office. By consolidating Evaluation and Networks, we hope to tighten feedback loops between evaluation results and our programs, particularly network interactions and strategic initiatives.

New Grants Audit Policy

Kaplan reported that he approved a new grants audit policy reflecting a risk assessment approach. The new policy calls for a risk assessment at the outset of the project, intended to identify capacity deficiencies in the Grantees that may be addressed by specific training. There will be an audit after one year, at which point future auditing intervals will be determined. The IAF maintains the right to call for an audit at any time it deems necessary. Emilia Rodriguez-Stein presented the policy last week at the IAF Auditors and Data Verifiers Meeting in Panama.

RedEAmérica

Kaplan and IAF Foundation Representative Juanita Roca participated in RedEAmérica's annual forum in April, held this year in Chile. The topic of this year's forum was the "Enterprise and Community: actors for sustainable development." It was a very successful event, with 500 participants from 11 countries. Kaplan spoke in a plenary panel on the topic of how companies can establish a closer connection with communities.

Strengthening ties between corporations and communities directly reflects an evolution in RedEAmérica's mission and strategy. Kaplan, Cox, and Roca participated in a two-day strategic planning session with the RedEAmérica Board in May. We are now waiting for RedEAmérica to finalize its new strategic plan so that we can define how to engage the network and its members most productively. Roger Wallace noted that far more resources are in play in a company's operations than are allocated via its foundation.

Inter-agency process within U.S. government (USG)

Kaplan reported that the IAF is increasingly engaged in the U.S. government's inter-agency process. Manny Nuñez has represented the Foundation in inter-agency meetings preparing the Summit of the

Americas. There will be another Summit next year in Panama, with dates yet to be announced. Nuñez has also represented the IAF in the inter-agency meetings on the President's student exchange initiative 100,000 strong.

Kaplan participated in the Deputies Committee meeting on Central American strategy last month, in preparation for three Central American presidents' visit to Washington D.C. to meet with President Obama and Vice President Biden. Kaplan noted increased resonance with agency partners about how the IAF can be strategically important in the region. Board chairman Arriola and Kaplan recently met with Ricardo Zuniga, NSC Director for Western Hemisphere Affairs and talked concretely about how the IAF is relevant to US policy across the region. Kaplan met with the Deputy Assistant Secretary for Central America at the State Department to follow up on the Central America strategy and the NSC Director for Central America and the Caribbean came to the IAF last month to meet with Nuñez and Cox. Kaplan will meet later this week with the new Director for Western Hemisphere at the Treasury Department to discuss the IAF's work.

Kaplan explained that the big picture here is that we are seeking more engagement with different parts of government to see where the IAF can collaborate effectively. This potential for inter-agency collaboration was also a topic of discussion in a meeting last week with the new OMB branch chief for international affairs, Fouad Saad.

Fellows Program

As previously mentioned, Steve Cox will lead a top-to-bottom review of the fellows program in FY 15. Kaplan reported that the IAF awarded 16 fellowships for fieldwork in seven countries for the 2014-2015 cycle. The Fellows represent eight nationalities and 14 universities. For the last several years, about half of the fellows have been American citizens and half foreign nationals.

Ex Post Assessment

The topic for the 2014 Ex-Post Assessments is "Participatory Democracy." Fieldwork is underway, and our evaluators will visit nine former grantee partners in six countries. The meeting in Panama last week provided a good opportunity for all of the evaluators to share progress and discuss the approach. We hope to complete the evaluations by the end of the year.

Auditors and Data Verifiers Meeting in Panama

About 50 data verifiers and auditors from 17 countries met in Panama last week to share experience and get updated on IAF policies and practices. Kaplan mentioned that, collectively, the participants had over 600 years of experience with the IAF. Today these individuals work under 5-year contracts with the IAF; some have been affiliated with the Foundation for over 30 years. A very professional group, they are in some ways the eyes and ears of the Foundation in the field (along with our Local Liaisons), and we hope to increase how we engage with them, including using some of the new information and communications technology that we are introducing into the Foundation's work.

Budget

Kaplan reviewed the FY15 budget, recapping the President's \$18.1 million request and the House and Senate appropriations committees' approval of \$22.5 million. The appropriations process

appears stalled at this time, so there may need to be a Continuing Resolution to keep the government open on October 1st. Kaplan also mentioned that the Senate appropriations committee's bill for FY 14 supplemental funds for Central America included \$5 million for the IAF to work with at risk-youth in the region. While this is a nice vote of confidence for the IAF and shows the impact of our efforts to increase the Foundation's visibility on the Hill, Kaplan noted that the Senate has not approved a bill, the House bill does not include additional funding for the IAF.

Several Board members asked questions about the supplemental budget. John Salazar and others complimented the staff on achieving greater recognition for the IAF's work.

B. Donor engagement Update (Manuel Nuñez)

We had a \$1.1 million goal for FY14, and so far we have commitments totaling about \$250,000. Although short of our goal, we have had to start our fundraising operation from scratch and learn as we go. Nuñez called attention to the new donor vetting process and tools, which are included as background materials for this meeting. All donor prospects will be vetted through this process.

Impact Investors and High Net worth Individuals:

Nuñez summarized discussions with two impact investors: *Pomona Impact* (Rich Ambrose), which has a Central America focus, and *Minerva Capital*, which has a focus on Mexico. We are exploring possible relationships that could generate viable deal flow for the impact investor, access to capital and technical assistance on good terms for the community enterprise, and a supplemental funding source for the IAF.

We have also had discussions with Vontobel Swiss Wealth Advisors, who are interested in creating an impact investment portfolio for their clients. Vontobel sponsored an event in Dallas to explore interest in this idea and is interested in holding another event in Miami. Thanks to Jack Vaughn and Roger Wallace for their help and advice for the event in Dallas.

The Roberts Group continues to assist us in evaluating these potential partnerships.

Corporations

Nuñez summarized interactions with several corporations. We submitted an initial proposal to John Deere in Argentina for \$500,000 for community development projects around their factory in Rosario, and they asked us to start with a pilot project for \$75,000. This is a good starting point that we consider a positive relationship building opportunity. *Coca-Cola* and *Citi Group* are two new prospects that are interested in presenting our work to their Latin American groups. We are also re-engaging with *Tupperware* and *Green Mountain Coffee*.

Foundations

Nuñez reminded the Board that we have received \$275,000 so far from an original \$300,000 commitment from the Mott Foundation. The remaining \$25,000 is payable at the beginning of FY15, and Mott now wants to explore the possibility of adding \$100,000 to their commitment. Fundación Sertull in Mexico has expressed interest in committing \$45,000 for a project in Mexico, and we hope to finalize agreement before the end of FY14. Nuñez reported on on-going conversations with the Communities Foundation of Texas and other foundations in the Dallas area.

There was some discussion about how much IAF might realize in revenue by participating in impact investing initiatives, what is the value that the IAF brings to the table and what would be the cost to the IAF. Board members concurred that it is important that the IAF receive money at the front end when impact investment funds are established, as we should not count solely on distribution of net income from the funds.

Ambassador Dodd suggested that another opportunity for the IAF could be Partners of the Americas, which he found to be a very effective channel for identifying corporate partners that are willing to help in specific country projects.

C. Multi-Channel communications plan (Manuel Nuñez)

Nuñez provided an overview of the communication channels the IAF is planning to activate from the proposed Communication Plan. He started with an overview of the digital channels the foundation currently has activated and outlined which channels the IAF will increase or activate over the next year. The IAF will add an “Open Mic” component to our website that will permit IAF Grantees and partners to engage in more inter-active communications. We will also set up a Facebook Page to complement the Twitter account.

Nuñez commented that the IAF has amassed significant video footage and the next step is to open a You Tube channel and to increasingly focus videos on strategic themes. This will complement and support the newly established Office of Networks and Strategic Initiatives, which will ensure relevance of what we choose to cover. Additionally, the IAF is beginning to explore Webinars as a way to reach selected audiences.

We will continue to print our *Grassroots Development* journal, but instead of collecting articles to publish all at once in the journal, we will initiate a rolling cycle and publish articles electronically throughout the year and then collect them into a themed journal. As a result the journal will be more of a compendium at the end of the year of things that we have written about throughout the year in a timely and relevant fashion.

External digital channels are outlets we do not control but want to plug into – e.g. Oxfam, Center for Global Development, Americas Quarterly. Additionally, we want to do a Blogger tour, where we take bloggers to visit IAF projects and blog about what they see. .

Instead of a Newsletter, we will use E-mails / E-bulletins with 1-3 lines that can be sent out relatively frequently and are user friendly.

We plan to hold more external events, particularly focusing on products that provide a concrete understanding of the IAF’s work.

The IAF also will be more opportunistic with “Other media” which includes radio and newspaper. Some examples include Chairman Arriola’s Op-Ed piece in the Miami Herald and Kaplan’s Q&A response in the Inter-American Dialogue.

D. Congressional Staff Delegation (Manuel Nuñez)

Nuñez reported that from August 19 – 24th there would be a Congressional Staff Delegation to Central America, with a focus root causes of youth migration. The participants are Cesar Gonzalez,

Chief of Staff for Representative Mario Díaz-Balart (R-FL); Eric Jacobstein, Senior Policy Advisor for the House Foreign Affairs Committee Minority Staff; Nury Gambarotti, Legislative and Research Assistant for the Senate Foreign Relations Committee Majority Staff; Robert “Bobby” Hamill, Legislative Assistant in the Office of Rep. Sean P. Duffy (R-WI); and Clare Seekle, Latin America Analyst at the Congressional Research Service. This is a small staff delegation, well balanced with Republicans and Democrats from both the House and the Senate.

In response to questions about how IAF is staffing the visit, Nuñez said that Seth Jesse (Foundation Representative for El Salvador) and Megan Fletcher (Congressional Affairs Specialist) and he would accompany the delegation in El Salvador, and Steve Cox and Megan Fletcher would accompany the delegation in Guatemala. IAF Local Liaisons in each of the countries would also participate in their respective country. Responding to a question about the choice of countries, Nuñez mentioned that we have also included in the briefing book information about the IAF’s program in Honduras, and Fletcher will be in Honduras the week before the visit, so she will be able to share her reflections.

There was some discussion about the value of meetings with local government and U.S. embassy officials, particularly in the context of recent heightened interest in the region because of child migration and displacement of local populations. Kelly Ryan spoke of her own experience accompanying deported children back to their country and visiting a return center. Nuñez noted that the Congressional Staff had voiced particular excitement about the opportunity to talk to community members where they live, and that this has been a real focus for the trip.

E. Budget matters (Lesley Duncan)

Duncan began by stating that most of what would be covered is in fact background information that the Board would have already seen in the management reports and previous presentations.

FY14 funding sources are the IAF appropriations at \$22.5 million, Social Protection Trust Fund (SPTF) at \$6.03 million, and \$0.8 million in recoveries, for a total budget of nearly \$30 million. These funds will be used for grants/audits (\$16.9 million), other programs (\$4.8 million) and program support (\$9 million).

Duncan showed the range of IAF appropriations and SPTF funds over the last 20 years. Since FY09, the IAF appropriations has been steady at about \$22.5 million. The SPTF, on the other hand, has been quite variable and is nearly depleted, which adds urgency to the need to replace it through fund-raising, revenue generation or an offsetting increase in our base appropriation.

Duncan then showed a graphical representation of the IAF grants and leveraged funds from counterparts. Over the last 13 years the ratio for what the Grantees contribute on top of what the IAF contribution is to projects has been around \$1.30 for every \$1 from the IAF.

Duncan showed two graphical representations detailing the IAF’s program (excluding grants) and program support. She explained that the IAF has very little scope to change overhead except by cutting personnel. The IAF has reduced staff over the last few years from 42 staff members three years ago down to about 38 today, and we have shifted staff to highest priority needs (e.g. eliminating a full-time receptionist and increasing staff support for information and communications technology). There was some discussion of what is included in overhead and how that compares with how overhead is defined in the private sector.

Duncan moved to FY16 Funding Scenarios, showing the FY13 Actuals, FY14 Estimates, the FY15 President's request of \$18.1 million the House and Senate \$22.5 million, and then OMB guidance for FY16. She said that we plan to submit a few scenarios, including one at the \$18.1 million OMB guidance level, but also providing other options at a higher level. She concluded by informing the Board that FY16 budget submission is due to OMB on September 8th and that we would send a draft to the Board on August 20th.

Kaplan reiterated that since 2009 IAF has had an appropriation of \$22.5 million every year except one year at \$23 million and a sequester year when it went down to \$21.4 million. Despite this fact, OMB considers the IAF's base appropriation to be \$18.1 million because that is what was included in the President's FY15 request. He said that we intend to ask OMB to revise our base to \$22.5 million to reflect our actual experience over the last few years. Otherwise the guidance level cut of 2 percent would really be a cut of over 20 percent.

Kaplan reported that the management team is currently considering whether to add a third scenario of \$27.5 million reflecting special needs in Central America. We would bolster that request by showing how we are already prioritizing investment in Central America: we estimate 37 percent of the IAF's grant making in FY14 will be in Central America; adding Mexico brings that figure to nearly 50 percent. He said that staff are currently working on a detailed program at that level, and that we will decide in the next week how to move forward.

Several Board members urged the IAF to present a budget scenario at the higher level.

VI. DATES FOR MEETINGS IN 2015

Kaplan noted that the date of the next Board meeting is Monday, November 10th and that this meeting will also include the full Advisory Council.

After some discussion, the Board approved the following dates for Board meetings in 2015:

Monday March 16th

Monday August 10th

Monday November 9th (with Advisory Council)

Discussion ensued about the merit of holding one of the Board meetings in the field so that Board members could also visit IAF grantee partners and meet with U.S. embassy and other officials. Arriola asked Kaplan to explore the possibility of holding the March meeting in one of the countries where the IAF is working. The meeting would take place during the week of March 16th.

VII. ADJOURNMENT

The meeting was adjourned 10:32 by Chairman Arriola.

Inter-American Foundation
Meeting of the Board and Advisory Council
November 10, 2014

The Board of Directors and Advisory Council of the Inter-American Foundation (IAF) met at the offices of Baker and McKenzie LLP at 815 Connecticut Ave, NW Washington, DC 20006, on November 10, 2014. Board members present were Eddy Arriola, Chair; Amb. Thomas Dodd, Vice-Chair; Jack Vaughn, Secretary; Kelly Ryan and John Salazar. IAF Advisory Council members present were Amb. Alexander Watson, Chair; Marcos Flavio Azzi, Charles Krause, Nicolás Mariscal, Amb. Hector E. Morales, Juan Edgar Picado, James Polsfut, and Dr. Susan Tiano. Members of the IAF management team in attendance included Robert Kaplan, President; Stephan Cox, Managing Director for Networks and Strategic Initiatives; Lesley Duncan, Chief Operating Officer; Marcy Kelley, Managing Director for Grantmaking and Portfolio Management; Manuel Nuñez, Managing Director for External and Government Affairs; Emilia Rodriguez-Stein, Managing Director for Evaluation and Audit; Paul Zimmerman, General Counsel; and Karen Vargas, Executive Assistant. In addition, IAF Foundation Representatives Miriam Brandao (Peru), Seth Jesse (El Salvador) and Juanita Rocca (Chile, Colombia, and Venezuela) were present. Mr. Elmer Arias of Fundación FUPEC was a guest at the meeting.

I. CALL TO ORDER

Chairman of the Board, Eddy Arriola began by thanking Amb. Hector E. Morales and Baker & McKenzie LLP for hosting the meeting and reception. He thanked the members of the board and advisory council for their participation and called the meeting to order at 9:08 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the August 11, 2014 meeting of the IAF Board of Directors were called for approval by Arriola; Secretary Jack Vaughn seconded the motion and the minutes were approved by a unanimous voice vote.

III. MANAGEMENT REPORT

A. Overview and Update (Robert Kaplan)

Kaplan reiterated Arriola's gratitude to Amb. Hector E. Morales and Baker & McKenzie for hosting the reception and present meeting. He walked through the agenda for the meeting and provided summary updates on key events since the last meeting of the board.

Congressional staff delegation to El Salvador and Guatemala

The IAF hosted a successful congressional staff delegation to El Salvador and Guatemala, and Kaplan called attention to a Congressional Research Service (Library of Congress) memorandum on the IAF's work in Central America, included in the board book under Tab 6.

Members of the delegation met with Kaplan after the visit to provide feedback and report key takeaways. These included a greater understanding of the IAF's work and how it can have an impact on the "push factors" leading to child and youth migration from the communities. Overall, the delegation was impressed with the IAF's direct engagement in the community, its ability to improve organizational capabilities and how it measures and reports results. They expressed interest in how IAF can replicate and scale up efforts and posed important questions, including how IAF can coordinate with and advise other agencies. Kaplan concluded by noting how this was an important opportunity for the IAF to raise awareness of the relevance its work in addressing an important foreign policy issue. He thanked Nuñez and his team for their work on this important initiative.

Several board and advisory council members inquired about the staff delegation and the Congressional Research Service memo and complimented the IAF for this initiative.

FY16 Budget Submission to Office of Management and Budget (OMB)

Kaplan recapped the three budget scenarios presented to the Office of Management and Budget (OMB): \$18.1 million guidance reflecting President Obama's FY15 request for the IAF; \$22.5 million at actual FY15 marks by Senate and House appropriations committees; and \$27.5 million, which reflects an enhancement with an additional \$5 million for Central America and Mexico. The budget hearing with OMB was in mid-September, and OMB's decision is expected by early December with an opportunity to appeal.

Focus on Central America

Kaplan referred to increased attention over the summer to the crisis situation in Central America and said that the IAF has engaged on several specific initiatives as a result. He reported that the IAF has participated in an intensive round of inter-agency meetings on U.S. engagement in Central America chaired by the National Security Staff in the White House. He thanked Nuñez for representing the agency at most of the meetings.

IDB Meeting

Kaplan also said that Nuñez would represent the IAF as part of the U.S. delegation at a meeting on November 14 at the Inter-American Development Bank on "Investing in Central America: Unlocking Opportunities for Development." The presidents of El Salvador, Guatemala and Honduras will be present, and Vice-President Biden will address the meeting. There was a brief discussion on the purpose of the IDB conference and the role of the IAF at the meeting. Ms. Kelly Ryan added that the topic of migration and development has been elevated on the priority list at the United Nations, and that it is now linked to funding.

Kaplan noted that he would testify before the House Foreign Affairs Subcommittee on the Western Hemisphere on November 18 alongside Roberta Jacobson, Assistant Secretary for Western Hemisphere Affairs at the Department of State, and Elizabeth Hogan, Acting Assistant Administrator for the Latin America and Caribbean Bureau of USAID, on the issue of “Unaccompanied Alien Children: Pressing the Administration for a Strategy.”

Learning Exchange for Home Town Associations

Kaplan mentioned a successful learning exchange conducted by an IAF grantee partner and communities in El Salvador with Salvadoran, Honduran, Guatemalan, Haitian, Mexican and Peruvian leaders from the US to learn about diaspora investment in economic activities in countries of origin. Foundation Representative for El Salvador Seth Jesse joined by Elmer Arias, leader of the effort in El Salvador, will present on “Engaging home town associations” later in the meeting.

Central America Donors Forum

Kaplan reported that the IAF is a member of the strategic council of the Central American Donors Forum, an initiative of the Seattle International Foundation, and will participate in the next Forum meeting in December in Mexico City. This is the third time the IAF is participating, and Steve Cox, Managing Director of Networks and Strategic Initiatives will represent the IAF.

Other Matters

Subsidiary 501 (c)3

Kaplan reported to the board and advisory council on follow-up from the discussion in the board meeting last March about corporate governance, and in particular how the IAF could establish a subsidiary 501(c)3 organization. The purpose of doing so would be to facilitate donor engagement for the IAF’s mission. During the meeting in March, General Counsel Paul Zimmerman presented legal analysis on this matter and concluded that the IAF would need approval from Congress in order to establish a subsidiary. He thanked Amb. Morales and Baker & McKenzie for the support provided in conducting the legal review. Kaplan reported that over the course of the last months, he has explored the idea with key Congressional committee staff – both authorizers and appropriators. Nobody expressed any strong negative reactions, and all have said they would be interested in discussing the details of such a proposal. Kaplan also reported that the IAF raised this matter in our budget hearing with OMB in September.

Fundraising and Donor Engagement

Kaplan briefly mentioned that the IAF signed a framework cooperative agreement with Minerva Capital Group, an impact investor focused on small and medium sized enterprises in Mexico. Nuñez will speak more on this later in the meeting. Thanks again to Amb. Morales for facilitating pro bono advice from Baker & McKenzie on this matter.

Chairman Arriola, Nuñez, and the Roberts Group participated in a fundraising dinner with potential investors in Miami earlier this month. Mr. Nuñez will provide more information during his presentation.

Community Foundations and our growing Network

Cox and Gabriela Boyer participated in the Council on Foundation's fall conference last month -- an important meeting celebrating the centennial of the first community foundation, which was in Cleveland. This year there was an expanded discussion on global programs, and the IAF facilitated participation of several of our community foundation partners in Latin America and the Caribbean. We consider growing interest in community foundations globally to be an important development and an excellent opportunity to showcase and validate our experience. Cox will report on this later in the meeting.

Board Membership

Kaplan recapped that three IAF board members are pending Senate confirmation, Mark Lopes, Roberta Jacobson, and Juan Carlos Iturregui. A fourth nominee (Annette Taddeo-Goldstein), was presented in February 2014, and her nomination was withdrawn in September.

Kaplan added that there is no indication if the Senate will complete consideration of pending nominees before year's end. If not confirmed by that time, nominees will need to be re-submitted in 2015.

Board and advisory council meetings in 2015

Board meetings in 2015 will take place on March 16, August 10 and November 9, with this November meeting also involving the full advisory council. At the board's request at the August meeting, IAF staff have explored the option of holding the March meeting in the region. In choosing where to hold the meeting, staff have taken into account the opportunity to show and engage in the IAF's core business, accessibility and security, and the ability to meet an array of stakeholders. At this time, we have narrowed down the list to Mexico, Costa Rica, Dominican Republic, and Peru. We will continue to work on details in order to make take a decision in the next several weeks, but we wanted to inform advisory members of the dates (March 15 to 19) in case any may want to join. Advisory council members would need to cover their own expenses.

B. Report on implementation of strategic plan (Lesley Duncan)

Chief Operating Officer Lesley Duncan reported on the implementation of the IAF's five-year strategic plan for the years 2013-2017. Duncan began by referring members to Tab 3 of the board book, where the material of her presentation is found. Opening her presentation by citing the mission and vision of the IAF, she noted that overall the agency did well in meeting its goals for the year and is well-positioned for continued achievement of the 5 year strategic plan. She then presented each goal, highlighting key achievements. In summary:

Goal 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. Duncan highlighted performance measure 1.3, number of beneficiaries reached through IAF grantmaking (356,000 beneficiaries).

Goal 2: Promote the social inclusion and civic participation of traditionally marginalized groups. Duncan highlighted performance measure 2.3, improved quality of life, reached in various ways through IAF grantmaking (62,000 individuals from marginalized groups).

A brief conversation ensued on who is counted among the group of marginalized individuals and whether perhaps all beneficiaries of IAF grants should be included. Staff clarified that, while almost all beneficiaries of IAF grants are poor, the IAF has used the term “marginalized” to refer to a subset subject to social exclusion on the basis of race, ethnicity or other personal characteristic.

Goal 3: Make knowledge-generation and knowledge management an integral part of our work, informing new approaches and smarter investments by IAF and others. Duncan highlighted two performance measures: 3.1, funding actions, events, conferences and exchanges that directly enhance opportunities for generating and disseminating new knowledge and promoting interactive learning among IAF partners (76 travel grants), and 3.4, institutional knowledge-management plan (in progress). Duncan reported that the agency has been in the process of procuring a new grants management system and had to resubmit a call for bids. She said that she is hopeful that by this time next year the new system will be implemented.

Goal 4: Increase awareness, understanding and support for the IAF and its programs among key audiences in order to draw more resources into grassroots development. Duncan highlighted two performance measures: 4.4, dollar value committed by counterparts in FY14 (\$21.5 Million), and 4.5, donations from outside funding sources, the only performance measure we fell short on this year. Nuñez will speak more on this in his presentation on donor engagement later in the meeting.

Goal 5: Modernize and strengthen our operations. Duncan noted that work is still in progress on re-engineering the IAF’s system of grants approval, monitoring and evaluation supported by versatile grants management system, and that we decided to defer until this year work on putting in place a new staff performance evaluation system. The Grantee Perception Survey has been sent to grantees and we expect to have results by February.

Staff responded to questions regarding how the IAF tracks and verifies grantee counterpart contributions. Several participants commented on the IAF’s fundraising goal and asked about the resources that the IAF is putting into the effort. Kaplan noted that this topic would be covered by Nuñez in his presentation later in the meeting.

C. FY14 program report (Steve Cox and Marcy Kelley)

Kelley and Cox presented information on the FY14 program. They opened their presentation by calling attention to the FY14 IAF funding by region table and graph (included in board book under Tab 4) depicting 107 funding actions. They drew attention to grants cited as “Latin America,” which refers to grants that are carried out in more than one country. They noted that 41 percent of new funding actions last year were in Mexico and Central America, representing 42 percent of overall IAF funding. They went on to explain that IAF aims to increase this to 50 percent in FY15, which will enable us to balance an expanded presence in a priority region while also staying engaged elsewhere to retain maximum flexibility. Kelley reported that the

IAF's total active portfolio at the end of FY14 included 268 grants, with 38 percent in Mesoamerica.

Cox reported on the program office realignment. In FY14 the program office transitioned into what is now the office of Grantmaking and Portfolio Management (Grants) led by Marcy Kelley and the office of Networks and Strategic Initiatives (Networks) led by Steve Cox. Kelley and Cox presented an overview of the makeup, focus and role of each office. In citing FY14 highlights, they noted that we have put greater emphasis on identifying and capitalizing opportunities in which grantee partners could share their capabilities with other partners. In this context, Cox mentioned a group of regional grants ("Latin America" grants). These include a group in Peru that is supporting IAF's regional work on social protection systems; another Peruvian group that is providing training for grantees on communications strategies; a group in Mexico focused on women's rights in Mexico and Central America; a network of organizations located in the South American Chaco (parts of Argentina, Bolivia and Paraguay); a Salvadoran group supporting a network of organizations in Central America working with persons with disabilities; a Colombian organization currently chairing a regional network focused on racial discrimination; and a multi-national firm whose individual country subsidiaries are members of RedEAmérica.

Minga Peru

Miriam Brandao, Foundation Representative for Peru, provided a brief overview of Minga, a Peruvian grantee partner dedicated to promoting social justice in the Peruvian Amazon. The objective of IAF's cooperative agreement with Minga is to improve strategic communications skills of grantee partners in the Dominican Republic and Peru. Brandao emphasized that this capacity building initiative is demand driven and facilitated by the IAF to tap grantee partners' expertise where it is needed elsewhere in the region. Brandao explained that this kind of South-South exchange and training strengthens all parties.

CEDER

Brandao provided a brief overview of the IAF's inter-agency agreement with the Department of State for the Inter-American Social Protection Network, which has been underway for the last few years. The cooperative agreement with the *Centro de Estudios para el Desarrollo Regional* (CEDER) will support a series of technical exchanges over the next few months with IAF grantee partners who have been supported with social protection grants over the last few years. One exciting product of the initiative will be a summary of lessons and recommendations for presentation at the Summit of the Americas meeting in Panama in April 2015.

A brief discussion emerged on the IAF's participation at the Summit of the Americas. Several participants expressed excitement over this opportunity.

Community Philanthropy

Cox reported that the IAF has had an evolving relationship in several countries with emerging community foundations. He referred to IAF's work in Mexico in collaboration with the Mott Foundation as being the most visible, but also referenced Costa Rica, Haiti, and Brazil. Cox mentioned the agency's participation in the Global Alliance for Community Philanthropy, a

forum that includes participation of Aga Khan Foundation, USAID, Mott Foundation, Ford Foundation and Rockefeller Foundation. Cox suggested that community philanthropy is a linkage opportunity for the IAF to tap into a broad donor market. He noted that there are over 700 community foundations in the U.S. and that there is an opportunity for the IAF to help these foundations expand their efforts to include more international programming.

Cox reported on the Council of Foundations meeting in Cleveland where IAF grantees participated in the plenary and where he had the chance to promote the idea of collaborations between US and Latin American community foundations, particularly in cities with large Hispanic diasporas. He mentioned that the idea was welcomed and that there are several interested parties in continuing to explore this possibility.

Some board and advisory council members asked questions regarding the volume invested through community foundations, as well as level of effort on behalf of the IAF. One participant suggested that we may want to add to the IAF advisory council a member who could bring knowledge and contacts in this arena.

D. Donor engagement report (Manuel Nuñez)

Mr. Nuñez provided an overview of donor engagement efforts, voicing dissatisfaction with where the IAF stood at present time. He clarified that the consultant hired to help raise money, the Roberts Group, has been onboard for 14 months and that he gets about 90 hours a month from them.

Nuñez reported on the three main “buckets” of donor engagement: 1) corporations, 2) foundations and 3) impact investor / high net worth individuals. He provided updates on initiatives contained within each category, all of which have been presented in the monthly management reports to the board and advisory council.

Nuñez returned to the question of where the Roberts Group has focused its efforts, reporting that it has been in the impact investors category. He mentioned our discussions with Pomona Impact and the Minerva Capital Group and that we have now signed a framework cooperative agreement with the Minerva Capital Group. He outlined a preliminary structure for a fund established to generate financial return and create social impact that includes a 10% catalytic first loss component for investors and incentives and support for investees designed to help strengthen business and support achievement of social impact goals. The role of the IAF would be to raise money for the catalytic first loss fund component and partner with select portfolio companies to help achieve social impact goals. Nuñez explained that this is of interest to the IAF because it aligns with the mission and presents an opportunity for corporate partnerships and increased financial opportunity.

Several board and advisory members engaged Nuñez in questions and provided feedback and recommendations on this matter. There was a clear sense of excitement for the opportunity that this may signify for the IAF. At the same time, many cautioned against moving into something without exploring all the intricacies of such a partnership. Some key takeaways include suggestions about other funds to explore, the importance of defining specific tasks and

timeframes to track performance and stay on task, a caution on reputational risk considerations, and a suggestion to use embassy contacts for vetting if at all possible.

E. Ethics training for Special Government Employees

General Counsel Paul Zimmerman presented information on annual ethics training for special government employees. He provided the following link: http://education.oge.gov/training/module_files/ogesge_wbt_07/10.html and further clarified that it is a self-directed online training module. He mentioned that he would follow-up with an email and assured the board and advisory that if they had any questions they were welcomed to contact his office.

IV. Focus on Central America and Mexico

A. Current program and how we can expand it (Marcy Kelley)

Marcy Kelley reported that at the end of FY14, the IAF had 109 active grants in Central America and Mexico, the region collectively called “Mesoamerica.” Forty-one funding actions were made in the year for a total IAF commitment of \$6,520,505. Furthermore, the 41% of total IAF grants represented in Mesoamerica account for 35% of IAF’s active portfolio. 32% of the IAF portfolio focuses on agriculture. Grants supporting youth initiatives in the northern triangle comprise more than 40% of the portfolio.

Kelley described an overlay of IAF grants on a Department of Homeland Security map of municipalities that are the highest source of unaccompanied minors arriving at the U.S. border this year, which shows IAF grantee partners working in 550 high sending communities. This illustrates that the IAF has an extensive grassroots presence in the region that could be expanded quickly.

She said that IAF has identified several areas of focus for scaling up its work with additional resources: 1) Enhance current projects and vetted partners; 2) issue a focused call for new proposals and partners; 3) invest strategically in capacity building, exchanges and networks; 4) expand our support for new types of projects (water, scholarships, IT); and 5) engage the diaspora and U.S. donors. She also noted that a substantial increase in programming would require an increased staff, and that IAF is looking at ways to train new staff quickly. She also said that IAF is beginning to explore baselines and monitoring metrics related to the migration issue.

A brief discussion ensued on the percentage of scaling up that was being referred to and what the board and advisory could do to complement the efforts of the Grants office. Kelley introduced Foundation Representative for El Salvador Seth Jesse, who led the initiative on home town associations (HTAs) and presented at last year’s meeting of the board and advisory council on the topic. Jesse would speak on how the IAF could capitalize on the movement of HTAs as “development actors” in scaling up efforts in the region as well as fundraising.

B. Engaging home town associations (Seth Jesse and Elmer Arias)

Jesse began with a historical overview of the makeup of HTAs in the United States followed by a brief introduction of the IAF's work with them. He mentioned thirty grants supported by the agency mostly involving migrants. Jesse said that engaging HTAs is in line with the mission of the agency, and he suggested that over the next four to five years the agency should continue to work on capacity building efforts addressing specific weaknesses already identified. Areas for continued improvement include legal status and incorporation as 501(c) 3, empowerment of organizations in communities of origin and engagement of new partners and mechanisms (i.e. community foundations).

Jesse introduced Mr. Elmer Arias of the group Fundación para la Educación Social, Económico y Cultural (FUPEC). Arias is based locally in the greater DC area, and FUPEC engages in collective remittances for social projects in El Salvador. The IAF has collaborated successfully with FUPEC for three years.

[Speaking in Spanish] Mr. Arias thanked everyone present for the opportunity afforded him to present his work, acknowledging that FUPEC would not have been possible without the support of the IAF. Arias provided a biographical account of his life in the U.S. and took meeting participants through the journey of launching his business, the difficulties he faced in the initial phase and how that led him to the realization of using remittances to fund social improvement in his home country of El Salvador. Arias then informed how FUPEC manages funds, emphasizing the confidence the community places in the organization because not a single dollar has ever been misplaced. Arias asserted that all the money goes to productive projects that bring community development and opportunities for employment. He further stated that people in these communities feel less inclined to leave their communities because of the opportunities created.

Arias shared reflections from a project where a \$25,000 investment was able to substantially increase the capacity of a shrimp production plant by improving their supply-chain. He underscored elements of the project including the impact on women and how small investments have big social and economic impacts in small communities.

Lastly, Arias recapped the exchange that took place October 12th through 15th 2014 in which representatives of Guatemalan, Haitian, Honduran, Mexican, Peruvian and Salvadoran communities in the United States travelled to El Salvador to learn how the organization collaborates with ex-patriates to pool resources for improving living conditions in home countries. Participants exchanged best practices on partnering with organizations in communities of origin, fundraising and project design, among others.

Jesse added that an important highlight from the exchange and a somewhat unexpected result is that the group from Honduras has since invested funds to bring FUPEC on as capacity building partner.

C. Tragedy of September 26, 2014, Iguala, Mexico (Mariscal)

Mr. Mariscal provided a brief report on the tragic event of September 26, 2014 in Iguala, Guerrero, Mexico. He recounted the assassination of forty-three students noting the collective

sense of social discontent and alarmed public outcry that resulted, as well as rampant dissatisfaction in public institutions. Mariscal commented that although many reforms are needed, he believes President Peña Nieto will act accordingly and with absolute transparency in the matter. He concluded with a statement of hope, saying that President Peña Nieto has good energy to lead Mexico through this tragedy.

Several attendees joined in expressions of sympathy.

V. RedEAmérica (Juanita Roca)

Juanita Roca, Foundation Representative for Chile, Colombia, and Venezuela, reported on a regional cooperative agreement with Holcim, a Swiss-based company with offices throughout Latin America. Roca underscored the value added to the field of development practice by partnering with the corporate sector, naming corporate know-how, contacts and networking and contextual understanding as additional benefits. The IAF is contributing \$153,500 to the partnership, and Holcim is committing \$454,813. This will provide funding for grassroots grantmaking to small groups in several countries where Holcim has operations (Argentina, Brazil, Ecuador, and Colombia).

The Holcim cooperative agreement reflects an important development in RedEAmérica's focus that resulted from its strategic planning process this year, where the IAF played a key role. IAF staff participated in RedEAmérica's board meeting last May where key decisions on the strategy were taken. Roca reported that the elements of the strategic plan are: continuation of capacity building (grassroots), consolidation and growth of the network, and exploration of how to influence core business practices.

VI. Reflections on August brainstorming session

Kaplan reported on the August brainstorming session involving members of the board and advisory council and the IAF management team. He prefaced his summary by reminding participants that the brainstorming session was not intended to develop or act on any specific proposals, nor resolve any issues. Quite the contrary, Chairman Arriola wanted to create the space for participants to think expansively as individuals outside assigned roles at IAF and brainstorm in a free form and out-of-the-box way. Kaplan described the gathering of input before the session and how the discussion was conducted before summarizing it. He commented that it was a good session bringing important questions to the table.

Kaplan summarized his reflections in two parts -- an overview of the principal positives and the principal challenges that emerged from the discussion. He said that the overarching positive was a strong support for the IAF's mission and direct engagement with Latin American civil society organizations. Among the principal positives of the agency are: (1) impact at three levels (household, organization and community); (2) approach in making and monitoring high quality grassroots grants that put local people in charge; (3) financial leverage and local ownership; (4) organizational flexibility and adaptive management; (5) excellent reputation among civil society organizations in the region; (6) recognition of the value of long-term relationships and the potential value of extensive grassroots networks; and (7) complementarity with other U.S. government agencies working in the region.

He summarized four principal challenges identified as: (1) “the identity challenge,” which includes questions of geographic focus, balancing near-term versus long-term priorities, and size; (2) “the resource challenge,” which includes questions about how to align institutional resources to support programmatic, fundraising and communications objectives, how to diversify and increase our resources, and how to strengthen the role of our board and advisory council; (3) the “visibility challenge,” which includes questions about what is a simple and compelling narrative about the IAF’s work backed up by clear and specific evidence of results, why there are few third party testimonials about the IAF’s work, and how we can best enlist the board and advisory council to increase visibility; and (4) “the evidence of impact challenge,” which includes questions about generating more value with our evaluation efforts, what is the appropriate standard of evidence to confirm impact, and how can IAF demonstrate broader and more transformational community impact that goes beyond the relatively narrow project impacts, including impact on a field of practice.

Kaplan opened the floor to questions and comments, and several advisory council members, including Mariscal, Watson, Picado, Krause all contributed recommendations for continued exploration on how to maximize the agency’s impact and improve its visibility.

VII. Role and engagement of advisory council

Ambassador Watson commented that the Inter-American Foundation is headed in the right direction for engaging its advisory council members. He suggested that the council functions less as a collective body than as a resource of individual expertise that can be tapped by the IAF. He suggested that members are willing to participate more, and that tapping them depends on clear communication of what the IAF needs and understanding of which members can help with specific needs.

Advisory council members offered recommendations on how they could be more engaged, including adoption of a committee structure, focusing part of the management reports on requests to the advisory council, and the use of fact sheets on topics and countries of interest so that board and advisory council members can have them at hand as opportunities arise.

VIII. ADJOURNMENT

Chairman Arriola reminded participants of the next board meeting date and welcomed their participation, thanking them for their engagement.

Kaplan thanked all for their active participation in the meeting. He said that the Inter-American Foundation is a stronger organization because of the commitment from everyone present, and he thanked the board and advisory council for their investment of time and energy in the IAF.

Chairman Arriola adjourned the meeting at 1:49 p.m.

Inter-American Foundation
Meeting of the Board of Directors
August 10, 2015

The board of directors of the Inter-American Foundation (IAF) met at the IAF at 1331 Pennsylvania Avenue, NW, Washington, DC 20004, on August 10, 2015. Board members present were Eddy Arriola, Chair; Amb. Thomas Dodd, Vice-Chair; Kelly Ryan, Member; John Salazar, Member; and Roger Wallace, Member. IAF staff members in attendance were Robert Kaplan, president; Stephen Cox, managing director for networks and strategic initiatives; Lesley Duncan, chief operating officer; Marcy Kelley, managing director for grants and portfolio management; Manuel Nuñez, managing director for external and government affairs; Emilia Rodriguez-Stein, director for Evaluation; Karen Vargas, executive assistant. Paul Zimmerman, general counsel, and Anita Perez-Ferguson, advisory council member, joined via tele-conference. Christopher Wood, Budget Specialist joined the meeting for the financial discussion.

I. CALL TO ORDER

Board chairman Eddy Arriola began the meeting with a statement of gratitude for the participants' time, energy and enthusiasm. He commented that the meeting agenda was full and interesting. Arriola called the meeting to order at 9:01 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the meeting on November 10, 2014 of the IAF board of directors and advisory council were approved and adopted by a unanimous voice vote.

III. MANAGMENT REPORT

A. Overview (Robert Kaplan)

Update on IAF Affairs

IAF president Kaplan welcomed the board members, commenting that much time had elapsed since the last meeting in November. He outlined the agenda and provided a brief update of IAF affairs since the last meeting. Stating that the update mainly highlights items introduced in the monthly management reports, he noted that the nine reports were included in the briefing book.

A full report on the IAF's FY15 program will be presented at the next board meeting, by which time the fiscal year will have ended. The development grants program for FY15 is on track despite some major changes in the program office, including a transition into two offices (grants and portfolio management and networks and strategic initiatives) and several staff assuming new positions and

country assignments. Importantly, the IAF is close to achieving its FY15 goal of dedicating 50 percent of new funding commitments to Central America and Mexico. The current portfolio of development grants is healthy, with 250-260 total active grants. Additionally, we have increased support for grantee exchanges and special capacity building initiatives. Strengthening our grassroots network is a primary objective of the realignment. We awarded fourteen fellowships for Ph.D level field research related to grassroots development. Steve Cox will say more on the fellowship program.

The IAF has procured a new grants management system that will be implemented over the next few months to consolidate relevant grants data that are currently stored in several siloed systems; data integration will enable us to analyze results more easily and effectively, informing our own decision-making and enabling us to share lessons with others.

We have made progress in efforts to raise the IAF's visibility. We now have many short videos on the website, and we have recently also launched a blog and a Facebook page. Among several IAF-sponsored public events was a very visible series of discussions and a video launch around lessons from the response to the earthquake in Haiti five years ago. Manny Nuñez will say more.

Grantee Perception Survey

Kaplan reminded the board that three years ago the IAF became the first US government agency to participate in the Center for Effective Philanthropy's (CEP) Grantee Perception Survey. The survey's usefulness derives from the ability to draw comparisons with other grantmakers, as well as with surveys of the same grantmaker in previous years. Last fall, the IAF participated in the survey for a second time, and CEP sent about 200 confidential survey requests to IAF grantee partners; about 70 percent responded. The grantee perception report, presented to the management team in March, compares responses from IAF grantee partners with those of over 42,000 grantees from nearly 300 foundations, as well as with a smaller cohort of fourteen international funders (e.g. Ford, Kellogg, MacArthur, Mott, Skoll, etc.). It also compares the IAF's absolute and relative results with our own results reported three years ago.

We have discussed the report with staff, presented it to our in-country teams and shared it with all grantee partners who had been invited to participate. It is posted on the IAF's website in full, as well as summarized in four languages. The principal findings were slightly better but mostly consistent with those of the previous survey. They included high ratings on impact in grantees' field, community and organization, as well as on the grantee-funder relationship, helpfulness of selection, reporting and evaluation processes, and on non-monetary assistance such as opportunities for grantee meetings and exchanges. This last area was prioritized by IAF grantee partners three years ago, and we are gratified to see higher ratings reflecting the fact that we have increased these initiatives. The IAF received relatively low scores on responsiveness and consistency of communication, with grantees noting a long wait to receive a definitive commitment of funding and spending a lot of time on administrative requirements.

Evaluation

Kaplan provided some comments on evaluation. First, the IAF contracted Giving Evidence, a British consultancy dedicated to helping non-profit organizations use evidence to improve the impact of their work, to conduct interviews and focus groups with our grantee partners to learn what they find so helpful about our evaluation process. Giving Evidence will prepare a case study with findings and provide the IAF with suggestions about how we could improve the utility of our evaluation process for our own decision-making while preserving its value to our grantee partners.

Second, we completed ex-post assessments on eight projects related to civic participation that ended five years ago. The assessment looked at the experience of groups working to increase the effectiveness of citizens' organizations collaboration with public authorities, including for the purpose of allocating participatory budgets. With these eight new projects, there are now a total of 21 ex-post assessments available on our website. This year, ex-post assessments will be conducted on nine grants in eight countries, studying the very relevant topic of youth.

Finally, the evaluation team will shift into the networks office in October as part of the strategic realignment to strengthen our ability to tie together evaluation, learning and new programming.

Audits

The USAID Office of the Inspector General (OIG), which provides the internal audit function for the IAF, conducted a program audit in El Salvador and Brazil. We have received a draft report with recommendations about increasing counterpart commitments in El Salvador, applying OMB and other requirements to grantees, and reporting fraud, waste and abuse to OIG. We are reviewing the report and will present comments so it can be finalized in the next couple of months.

The Government Accountability Office (GAO) concluded a performance audit on US agency programs to reduce unaccompanied child migration from Central America. The audit covered USAID; the Departments of Homeland Security, State and Justice; the Millennium Challenge Corporation and the IAF. The GAO recommended that the Departments of Homeland Security and State strengthen their evaluation of relevant programs. There were no recommendations for the IAF. Overall, this is a good report for the IAF and includes details about how the agency conducts and evaluates its program. We sent the full report to the board, and it is available on GAO's website.

The annual Federal Information Security Management Act audit is also in its final stage, and we are reviewing the draft report, which includes several recommendations.

Board Nominations

There are two presidential nominations to the board pending Senate confirmation. Juan Carlos Iturregui has been nominated to the position currently occupied by Ambassador Dodd for a term through June 26, 2020. Luis Viada has been nominated to the position currently occupied by John Salazar for a term through September 20, 2018. Both had interviews the last week of July with a

staffer for the majority in the Senate committee. There are no other specifics or a schedule for Senate consideration of their confirmation.

Several board members congratulated the staff for the positive results in the grantee perception report and asked questions about the ex-post assessments and the IAF's evaluation process.

B. FY 16 Budget and Preview of FY 17 Request (Lesley Duncan)

Chief operating officer Lesley Duncan recognized Chris Wood, IAF's budget and financial specialist. He started in May 2014 and plays an instrumental role in IAF's budget matters.

Reclassification of Overhead

In June, the Office of Management and Budget (OMB) approved reclassification of certain implementation costs, which affect how we report "program support" (overhead). Following guidance for non-profit organizations from the American Institute of Certified Public Accountants, the IAF will now classify as program certain personnel, rent and travel items directly associated with implementing our programs. This results in a reclassification of about \$3.4 million, including 58 percent of our personnel costs, a pro rata share of rent, and program travel. The accounting lowers overhead from about 30 percent to 20 percent for FY14 and provides a more accurate comparison across agencies and sectors for OMB, Congress, and the general public. It also makes us more competitive to potential donors. Several board members expressed appreciation and support.

FY15 Snapshot

The sources of funding for the FY15 budget are: \$22.5 million appropriated funds, \$6.1 million from the Social Protection Trust Fund (SPTF) and \$1 million from recoveries. In terms of expenditures, the bulk of these funds will be applied to grants and audits (about \$15 million), and the rest will fund program implementation (approximately \$8.8 million) and program support (about \$5.8 million). The principal categories in FY15 program implementation expenditures are program-related compensation and benefits, our in country local liaisons and data verifiers, the fellowship program, travel grants, studies and evaluation and program-related rent and travel.

FY16 and FY17 Funding Scenarios

The IAF's FY16 budget would fund a slightly smaller program at the \$22.5 million appropriation level due to a reduction in collections from the SPTF of almost \$2 million. Congress has not yet approved FY16 appropriations bills, but both the House and Senate committees approved \$22.5 million for the IAF, which is the same as FY15 and substantially more than the President's request of \$18.1 million.

The President's FY16 budget also included a request for \$1 billion to fund a whole of government program of support in Central America directed through accounts managed by USAID and the

Department of State. Funds are intended to be transferred from those accounts to agencies working to implement the strategy, including the IAF. The House and Senate appropriations committees approved funding levels substantially below the President's request. Both expressed support in the committee report for transferring a portion of the funds to the IAF, with the Senate report mentioning a transfer of up to \$15 million. While such additional funding is still uncertain, we are taking steps to ensure that we would be able to deploy them effectively if they become available.

Several board members made favorable comments about the IAF's efforts to increase visibility on the Hill and the importance of Congressional support for a resource transfer. Kaplan and Nuñez commented that it has been a real team effort involving many staff members across the agency, as well as some of our in-country teams and especially our grantee partners who are among the most effective validators of the value of our work.

OMB's guidance to the IAF for FY17 is to present a budget for \$17.5 million, with the possibility of an additional \$900,000 for a special investment. In addition to those scenarios, we will again argue for base funding of \$22.5 million. SPTF resources will be even smaller in FY17. We understand that the President's budget may again request special funding for Central America. We will send the draft FY17 OMB submission to the board in the first week of September in order to finalize it before the September 14 deadline at OMB.

C. Strategic Initiatives and the IAF Fellowship Program (Stephen Cox)

Managing director Steve Cox underscored that our purposes in creating the office of networks and strategic initiatives were to take better advantage of our invaluable network of thousands of current and former grantee partners, to enable them to work and learn together more effectively; to dive deeper into understanding and generating useful new knowledge about programmatic themes of importance; and to be more systematic about helping partners build their own institutional capacity. The Networks unit is also assuming responsibility for our fellowship programs and evaluation efforts. Cox thanked Ambassador Dodd for his important contributions to the fellowship program over several years. He recognized the good work done by the office of external and government affairs that had been responsible for implementing the program.

Fellowship Program Update

Cox gave a brief overview of the composition of the fellowship program, specifically noting that there are over 1,000 alumni with 131 fellowships awarded since 2007, when it was re-started after a lapse of several years. The program costs between \$500,000 and \$600,000 per year and is currently administered logistically by the Institute for International Education. The IAF awarded 14 doctoral fellowships for the 2015 – 2016 cycle, for work in ten countries across the region.

The IAF's fellowship program is competitive and highly regarded, with a first rate academic review committee. It fills a critical need in building the scholarly field of grassroots development. The fellows are from Latin America and the US, and are typically interested in mixed careers as

academics and development practitioners. Fellows have had limited interaction with the IAF mission, team, portfolio, and other alumni, and they also noted that they have few opportunities to return value to the communities where they conduct their research.

The IAF's fellowship program is also exploring ways to provide professional development opportunities to mid-career practitioners from our universe of grantee partners. To this end, in FY16 we plan to undertake a two-prong fellowship program: (1) refinement and continuation of our doctoral fellowships and (2) new leaders' fellowships for mid-career professionals..

Doctoral fellowships will expand upon the current model to build the scholarly and substantive field by supporting young scholars exploring new ideas and building an expanded knowledge base about grassroots development. We will work this fall to learn more about IAF fellowship alumni and take affirmative steps to integrate the 2015-16 cohort with the overall IAF program. This includes an orientation meeting in October 2015 and providing opportunities to interact with the foundation staff and in-country teams. We will also invite fellows to contribute to our communications and media products, and work with them to find ways to return lessons to the communities after their field research is completed. Board members expressed support for greater integration of the fellows program and commented on the importance of clarifying expectations from the outset.

Leaders fellowships would target talented social entrepreneurs in the IAF's grantee partner universe who are in mid-career and may not have had many opportunities to reflect, retool and learn in a structured way with peers. A modest investment in upgrading their capabilities could yield very high returns. Since many organizations already offer relevant programs using a variety of models, the IAF need not incur the high cost of starting a new program, but instead could piggyback on one or more of these programs. This has the added benefit of enabling our leaders fellows to plug into other large networks that further provide opportunities for peer interaction and access to mentoring and peer support.

Strategic Initiatives

Cox described the participatory process used to select three strategic thematic initiatives to focus the IAF's programmatic work : (1) sustainable smallholder agriculture, (2) social and economic inclusion and (3) community asset mobilization. These reflect interest, potential and commitment among partners and staff, and they are clearly linked to US government priorities. Collectively, they make a compelling statement about the IAF's purpose. The networks team will be a service unit working with other parts of the foundation to help evolve and facilitate strategic initiatives.

Strategic capacity building initiatives are another example of a targeted effort, in this case reflecting specifically identified capacity building needs of IAF grantee partners and exploring partners and other actors best able to address them. In FY16, the networks team will be trying to diagnose the most compelling needs and identify opportunities for partnering with qualified training and service providers.

Finally, the IAF is working closely with technology partners to build a Partner Engagement Platform capable of facilitating and supporting our partners' needs to work with each other and an array of other relevant organizations, and have improved access online training and peer-to-peer learning opportunities. The team will make a more detailed presentation on this Partner Engagement Platform at the next board meeting..

D. Ramping Up Efforts in Central America (Marcy Kelley)

Kaplan provided context regarding Central America. He recalled the spike in unaccompanied minors crossing the U.S. border last year, the continued high incidence of emigration this year, worsening violence in El Salvador and a tense political climate in Guatemala and Honduras. The IAF has participated in an intensive inter-agency process on the US strategy for engagement in Central America and met with high level officials in the Department of State, USAID and National Security Council regarding the President's request of \$1 billion for efforts in Central America. Kaplan also mentioned his upcoming trip to El Salvador, Guatemala and Honduras in August to meet with Embassy, USAID and IDB offices. In this context, it is relevant that the IAF has already made a concerted effort to increase its development grants program in Central America and Mexico, directing close to 50 percent of FY15 funding actions to the region.

There has also been substantial Congressional staff interest in Central America this year. Two Congressional staff delegations requested meetings with IAF grantee partners in Guatemala and Honduras. The IAF will host another Congressional staff delegation in late August in Honduras and El Salvador which will include a roundtable of Guatemalan grantee partners. The Aspen Institute Congressional staff delegation will visit with Guatemalan grantee partners in October.

Board members said they were pleased to hear about actions taken by the IAF to remain relevant in this discussion, including cementing working level relationships in each of the countries.

Reversing the Tide by Building Stronger Communities: IAF's Special Initiative on Central America Migration (Kelley)

Managing Director Marcy Kelley reported that the IAF's active portfolio in Mexico and Central America as of September 30, 2014 included 110 active grants, of which 52 (47 percent) were in the northern triangle (El Salvador, Guatemala and Honduras). Agriculture, enterprise development, and education and training account for 75 percent of the grants. About 45 percent of funding in the three countries directly targets youth. Many support indigenous groups and women. These topics and population groups are prominent in the US government's strategy for Central America.

The US strategy mirrors the *Alliance for Prosperity*, which is the plan prepared by the governments of El Salvador, Guatemala and Honduras. The three pillars are prosperity, governance, and security. The IAF's programming aligns with the prosperity pillar in three areas: 1) the incorporation of women and minority entrepreneurs into the economy that along with youth are able to access and maintain jobs in rural communities; 2) the completion of primary school by youth and access to

secondary school along with addressing barriers for rural youth to complete secondary school and 3) conservation of water and protection of watersheds, along with pest and disease management, and the engagement in sustainable agriculture and landscape recovery. The IAF's programming aligns with the governance pillar with respect to the civic engagement of civil society organizations. In this respect, the IAF's ex-post assessments on civic participation last year are also relevant.

Migration has been an important recent theme for the IAF. We conducted focus groups with young people to explore what keeps them in their communities and what motivates them to leave. We have funded radio programs on the dangers of the trip north, and we are working with return migrants in El Salvador and Guatemala and leveraging resources from hometown associations in the US.

This year, the IAF expects to fund 29 new grants and 21 additional funds amendments in Mexico and Central America for a total 50 funding actions out of approximately 109. Of the 50 funding actions, 28 are in El Salvador, Guatemala and Honduras. In these three countries, the IAF operates in 143 municipalities (or sixteen percent of total), up from 119 last November. About 90 percent of funding in FY15 is concentrated in agriculture and food production, education and training, enterprise development and environment, again consistent with the U.S. strategy.

Finally, Kelley summarized how the IAF is preparing to invest substantially more resources in the northern triangle. The IAF's extensive network of civil society organizations represents a solid base because we know that they are capable of expanding their work. At the same time, we currently fund only about 11 percent of incoming proposals, so there is substantial room for growth. In anticipation of potential increased funding for Central America, we have developed a pipeline of more than 40 funding actions totaling \$6 million, as well as 30 others identified for prescreening.

There were comments regarding expected timeline and the process for monies to be transferred. Kaplan reiterated that this has truly been a collaborative effort between the grants, networks, and external affairs offices and the in-country teams as well.

E. Update on Statutory Amendment to IAF's Enabling Resolution (Paul Zimmerman)

In April, the Board unanimously passed a resolution seeking an amendment to the IAF's enabling legislation to authorize the IAF to establish a subsidiary corporation. By early May, we had put together a legislative package (the draft bill, a line by line analysis and transmittal memo) and submitted it to inter-agency review coordinated by OMB. This resulted in comments from a few agencies, to which we responded with a re-draft of the bill and line by line analysis. An OMB office then raised an issue about the degree of control that OMB would be able to exercise over non-appropriated funds managed by the subsidiary corporation. The proposal remains under consideration within OMB.

Kaplan added that we have maintained contact with key stakeholders on the Hill who have reacted positively to and are enthusiastic about this action.

E. Raising the IAF's visibility (Manuel Nuñez)

Managing director Manuel Nuñez began by framing his presentation on efforts to raise the foundation's visibility within the context of the IAF's 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.* He briefly recounted the IAF's target "resource" audiences: government agencies, Congress, and the private sector. Other audiences support our messaging by acting as third-party validators.

Multi-media approaches

In 2012 the IAF had two primary communication channels — a website and two print publications. Over the last three years, we have moved away from print in favor of an expanded digital strategy. The website remains the anchor of the digital offering, now including a blog and more than 60 videos, photographs, news and other content about our programs and the agency. Our journal and annual report are available on the website. We also operate a Facebook page and Twitter account.

We rely heavily on email, and with the assistance of the GovDelivery network, since January the IAF has gained over 10,000 new email addresses of subscribers to our monthly e-bulletins and other messages. This contributed to in website traffic in February and March. Traffic is about 2,500 to 3,500 visitors per month. With 63 videos now on the website, there have been 127,001 loads and 7,401 total plays since 2013. Although the trend line is flattening, 50 percent of the views took place last year. We now also have a suite of social media tools to support our other communications products. The IAF Facebook page launched in June has 741 likes and averages 1.6 posts per day. The IAF's Twitter account, established in 2012 has 475 followers and averages 1.4 tweets per day. We have seven blog posts since starting the IAF blog in June -- about one post per week. Our challenge is to be consistent in providing high frequency good content to build up our audience.

Personal interaction with our grantee partners is an important motivator to support our work. The IAF has increased the number of sponsored events, such as grantee roundtables and engagements on Capitol Hill, such as the annual coffee and chocolate event. The roundtable and launch of a short film on Haiti to mark the passing of five years since the earthquake in Haiti was very successful in raising the IAF's visibility, as was the opportunity for IAF president Kaplan to testify last fall regarding unaccompanied migrant children. The IAF has benefitted from substantial interest from Congressional staff. In addition to the two staff delegation visits to Central America sponsored by the IAF, two other staff delegations requested meetings with IAF grantee partners earlier this summer, and the Aspen Institute sponsored staff delegation will visit an IAF grantee partner in Guatemala in October.

Participating in inter-agency policy committees have also provided important opportunities to raise our visibility within the government. Since first participating in the inter-agency policy committee for the Partnership for Growth almost four years ago, we have participated on the Central America strategy, Summit of the Americas and US-Cuba relations. These can put a significant burden on a small agency staff, but our presence in these meetings, as well as our inclusion in multi-agency

reports conducted by the GAO and others or Congressional dinners sponsored by the Inter-American Dialogue, underline our relevance on major issues of the day.

Núñez concluded that our challenges ahead are to increase leverage of the email subscriptions, grow our social media audience, implement web engine search optimization, align communications with IAF strategic themes and continue securing third-party validation to echo our messages.

G. Preparing for Cuba (Robert Kaplan)

Kaplan recapped President Obama's announcement on December 17 regarding changes to the US policy toward Cuba. Since then there have been major developments, including removing Cuba from the list of state sponsors of terrorism and the opening of embassies in Washington and Havana. In this context, it is appropriate to begin thinking about what the IAF could usefully do in Cuba at the appropriate time and to take measured steps in preparation for what's to come.

Given the foundation's lack of knowledge and experience in Cuba, we need to learn from others about specific challenges and opportunities for grassroots groups and define a clear value proposition for our work. The situation is dynamic, and we need to stay abreast of the evolving legal and political environment concerning Cuba both in the US and in Cuba. Developing relationships would serve the IAF as we prepare ourselves for work in unfamiliar territory. Kaplan reported on his conversations with knowledgeable stakeholders, including US government officials, academics, think-tank staff, business organizations with programs or interests in Cuba, development organizations and members of the IAF's advisory council. All confirmed that the IAF's approach would have utility in Cuba at the right time, and many felt that the IAF is uniquely positioned among US agencies on issues categorized as "entrepreneurship" and "community organization."

With respect to the United States' legal framework for working in Cuba, Zimmerman summarized the change in the Administration's approach as "moving from a regime of prior permission required through a narrow office within Department of State for any contact or communication with Cuban officials, to a regime of notice of contact or communication." At the same time, hard restrictions remain in full force prohibiting transactions with or assistance to Cubans, including private Cuban citizens. A key question is what constitutes "assistance." From a legal perspective, Zimmerman noted that these are the early stages of a thaw of relations that will require a step-by-step process.

Kaplan suggested that in this context, it is sensible for the IAF to be cautious and coordinate with the White House and Department of State any future involvement. Throughout, our focus should be on the IAF's mission and what the agency is uniquely equipped to do when the time comes. He suggested that one way for the IAF to explore opportunities could be to facilitate peer exchanges between Cuban grassroots groups and IAF grantee partners with experience in issues that will be salient in Cuba. Examples include cooperatives (enterprise management, co-op governance and market development), community tourism and coastal zone management.

The Board provided useful comments and reactions to the IAF's thinking about engagement in Cuba. The discussion included positive remarks on the IAF's intent to get informed and ready in light of a rapidly changing environment. At the same time we should heed concerns about human rights. There was agreement that the IAF should remain cautious and respectful of various sentiments regarding Cuba. There were several comments reaffirming the relevance of the IAF's work and the value of its historical experience throughout the region. The conclusion was that the IAF should continue to ready itself for a time when it is appropriate, while remaining judicious of the restrictions still in place.

IV. DATES FOR MEETINGS IN 2016

The next board meeting will include the full advisory council and will take place on Monday, November 9th. Baker & McKenzie has once again agreed to host the meeting at their law office. Thanks to advisory council member Ambassador Hector Morales!

The board set the following dates in 2016 for a trip, two meetings and a conference call:

February: week of 2/21 or week of 2/28 for a board trip

Monday, May 2: meeting in Washington, DC

Wednesday, August 3: conference call

Monday, November 14: meeting in Washington, DC with the full advisory council

V. ADJOURNMENT

The meeting was adjourned at 12:54 p.m. by Chairman Arriola.