

Inter-American Foundation
Meetings of the Board of Directors and Advisory Council
November 14, 2016

The board of directors and advisory council of the Inter-American Foundation (IAF) met at the offices of Baker & McKenzie LLP at 815 Connecticut Ave, NW Washington, DC 20006, on November 14, 2016. Board members present were Eddy Arriola, chair; Amb. Juan Carlos Iturregui, vice-chair; Jack Vaughn, secretary; and members Kelly Ryan and Luis A Viada. Board member Roger Wallace called in for a portion of the meeting. IAF advisory council members present were Amb. Alexander Watson, chair; Rafael Fernandez-MacGregor; Anita Perez-Ferguson; Charles Krause; Juan Edgar Picado; James Polsfut; and Dr. Susan Tiano. Members of the IAF management team in attendance included Robert Kaplan, president; Stephen 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; Paul Zimmerman, general counsel; and Karen Vargas, executive assistant. In addition, IAs staff Amanda Fagerblom, Jenny Petrow, Juanita Roca, and Lauren Woodham were present.

I. CALL TO ORDER

Chairman Eddy Arriola called the meetings to order at 9:10 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the meeting of the IAF board of directors on May 2, 2016 were approved and adopted by a unanimous voice vote.

III. MANAGEMENT REPORT

A. Overview

IAF President Robert Kaplan outlined the agenda for the meeting and provided a brief update of IAF affairs since the last meeting in May.

FY17 Budget. The IAF is operating on a continuing resolution through Dec. 9, prorated at the same annual level as FY16: \$22.5 million. Total IAF resources for FY17 include an additional \$3.6 million from the Social Progress Trust Fund (SPTF), as well as recoveries and donations that become available during the year. Both the House and Senate appropriations committees marked the IAF at \$22.5 million level for FY17.

On July 21, the IAF submitted a proposal to USAID and the State Department for a transfer of \$15 million for the U.S. Strategy in Central America from FY16 appropriations development assistance account. We have not yet received a response.

Transition for New Administration. The IAF will not receive a landing team for the presidential transition, but we have prepared a transition binder for the new administration. The binder provides background information on the agency and highlights the following issues: i) declining resources; ii) opportunity to expand the IAF's Central America program; iii) filling vacant board positions; and iv) establishing a subsidiary corporation to facilitate public-private partnerships.

New President and CEO Recruitment. Kaplan announced in October that he would step down as president and CEO of the Inter-American Foundation on April 30, 2017 after six and a half years of service, citing purely personal reasons. His decision has been communicated in successively wider circles, including the board and advisory council, staff, close collaborators in Congress and the Administration, and other partners. The agency issued a press release on November 1 to communicate his decision more broadly.

Kaplan reported that the IAF will contract a search firm to identify candidates and prepare supporting documentation to assist the board in recruiting a new president and CEO for the agency. The board's goal is to have the new person in place by May 1.

FY16 Audits. Kaplan reported on two audits at the IAF during the year. The Federal Information Security Modernization Act FY16 audit report included 13 recommendations, all of which are being addressed by the management team. The IAF received an unmodified FY16 financial audit, which means that there were no findings or recommendations.

B. Report on the Implementation of IAF's Strategic Plan

Chief Operating Officer Lesley Duncan reported on how the IAF used its budget in FY16 compared to FY15. The total FY16 budget of \$29.0 million was slightly lower than the \$29.9 million in FY15 despite a Congressional appropriation at the same level of \$22.5 million for both years. The difference was primarily due to a drop in resources available from the SPTF (\$5.4 million versus \$6.1 million in FY15). The proportion of the budget allocated to cover administrative costs increased from 11.8 percent to 13.9 percent in FY16, primarily reflecting obligation of rent for the full five-year lease period. Staffing remained constant across both years at 38 full time equivalents, and counterpart commitments from the IAF's grantee partners increased from \$20.9 million in FY15 to \$22.8 million in FY16.

The IAF's 2013 – 2017 strategic plan outlines five strategic goals to guide work toward achieving the foundation's mission of "promoting and investing in grassroots development to help communities thrive." Duncan summarized the principal FY16 results among the 19 specific metrics for progress in meeting the five strategic goals. Thirteen of the 19 targets were exceeded or met. The IAF fell short of three programmatic targets due to the unexpected requirement to obligate funds for a five-

year lease period, and a fourth due to a methodological change from previous years. The IAF continues to be challenged by its outside fundraising target and has drafted a donor engagement strategy to address this priority (to be discussed in a separate agenda point later in the meeting). The IAF fell just slightly short of its target in FY16 for elapsed time between receiving a proposal and communicating a funding decision. The metrics were presented in full detail in the board book and are reported publicly in the annual management report submitted to the Office of Management and Budget (OMB) and Congress.

C. Program Report

FY16 Development Grants Program. Managing Director Marcy Kelley reported on the IAF's development grants program in FY16. The IAF funded 50 new grants and 46 supplemental funds amendments totaling 96 funding actions that represent a \$14.4 million investment, compared to 113 funding actions and a \$15.7 million investment in FY15. Total counterpart commitments were \$22.8 million. The IAF continued to emphasize funding in Central America and Mexico; these funding actions account for about 50 percent of the total. New grants represented two-thirds of total funding in FY16. The average new grant was \$172,000 to be disbursed over three years; the average additional funds amendment was \$124,000 to be disbursed over two years.

The ongoing development grants portfolio remains strong, with 282 active projects representing a commitment of \$72.6 million from the IAF and \$98.7 million from our grantee partners. The 122 active grants in Central America and Mexico represents 43 percent of the number of active grants overall and amounts to \$27.7 million. The number of multi-country grants increased in FY16, reflecting our grantee partners sharing across borders.

The IAF's federal appropriation provided \$5.7 million to fund the \$14.4m development grants in FY16, a decrease from \$8.4 million in FY15 due to a requirement to obligate the full five-year period of the new office lease. As a result of the shortfall, the IAF obligated only a portion of the required amount for some multi-year grants with an expectation that we will be able to obligate the remaining amount in FY17 (about \$2.4 million). Additional sources of funds include the SPTF, (\$5.4 million), recoveries (\$690,000) and donations from the C.S. Mott Foundation and Fundación Sertull (\$85,000).

Kelley showed a short film on the aftermath of Hurricane Matthew in Haiti made by an alumnus from former grantee partner Ciné Institute. The IAF's in-country liaison travelled with the photographer to film IAF partners in the areas hardest hit and followed up with a status report. Three current grantee partners and three former grantee partners were among the affected departments of Grand'Anse and Sud. Sadly, there were 19 deaths among the members of two IAF grantee partners in Sud where there has also been considerable loss in houses, livestock, seed, and infrastructure. In Grand'Anse, 98 percent of schools have been destroyed, there is a cholera outbreak and much of the area's youth are migrating to the city.

The IAF learned in responding to the earthquake in 2010 that our grantee partners could play an effective role in affected communities by facilitating quick access to resources to satisfy immediate needs identified at the local level. The IAF is responding to the current situation in Haiti by reprogramming active grants or adding funds through an amendment; providing small grants to

former grantee partners; and facilitating a psychologist-led training of trainers for grantee partners' staff to assist others cope with crises. Kelley reported that an online fundraising appeal for Haiti (a first for the IAF) generated four donations totaling \$5,300, including a generous gift from Dentons, LLP, thanks to the active efforts of board vice-chair Juan Carlos Iturregui.

Grassroots Peacemaking in Colombia. Foundation Representatives Juanita Roca and Jenny Petrow, share responsibility for the Colombia portfolio. Roca provided an overview of Colombia's internal conflict and violence since 1948, including the 50-year guerrilla insurgency of the Revolutionary Armed Forces of Colombia (FARC). She noted that Colombia lives "multiple violences" -- perpetrators and victims vary from region to region, which makes peacebuilding an enormous challenge beyond negotiations with a single group. Roca summarized the peace negotiations in Havana between the FARC and the Colombian government that took place from October 2012 through September 2016, when peace accords were signed. The government called a plebiscite on October 2 to ratify the accords. Less than 40 percent of Colombians voted, and 50.2 percent of those who voted rejected the accords. Roca pointed to a rural-urban divide in Colombia. The peripheral areas of the country that were generally most affected by the conflict predominantly voted in favor of the deal. The government and the FARC have reopened negotiations and are seeking to address the principal criticisms.

Against this backdrop, Petrow provided a snapshot of the IAF's grassroots peace initiative designed to support this historic opportunity. The IAF invited a diverse array of current and recent Colombian grantee partners to reflect on how they could form part of the solution. We received 30 proposals and will move forward with 18 organizations that are geographically, demographically, and thematically diverse. Some will analyze the peace agreements in order to create local post-conflict strategies. Others will advance local and regional economic and social development plans that address peacebuilding. Still others have asked for help to acquire or strengthen skills for leadership in violence prevention and conflict resolution or to carry out community reconciliation efforts. One of the 18 groups, the *Centro de Investigación y Educación Popular (CINEP)* specializes in assessing peace processes. This will help us all to be more reflective on the experiences in each community, identify the different strategies for peace-building, and how they fit among other peace initiatives in Colombia. It will also help us share our findings with a broader audience, both in Colombia and elsewhere. Although the IAF will fund each organization with a separate small grant, they will be networked in a single cohort to multiply the impact and allow us all to learn from the collective experience. A videographer will document the initiative for sharing it with others.

RedColaborar. Networks Specialist Amanda Fagerblom and Managing Director Stephen Cox presented the IAF's initiative to develop an online partner engagement platform, RedColaborar to connect the IAF universe of current and former grantee partners, thought partners and fellows. After years of experience bringing partners together physically to share their expertise, the IAF began about two years ago to develop a virtual tool that could enhance and complement face-to-face meetings and visits and continue peer-to-peer engagement between events. The partner engagement platform will connect producers and consumers of content, promote learning, provide access to best practices, advice, and training resources, and create group work spaces for joint action planning. Based on consultation with experts in knowledge sharing platforms and collaboration technology,

the IAF has pursued a strategy that is user-led, agile, and based on grantee partner feedback and needs. Similar to the principles of grassroots development, the approach to building the platform focuses on participation, transparency, evidence-based learning, and sustainability. Cox stressed the importance of *how* the IAF develops the platform as an important determinant of success of the final product.

Fagerblom described the process used to develop a prototype and how we selected groups of grantee partners to test the tools and functionality and provide feedback. The project team is currently working with about eight test groups, mostly drawn from IAF grantee partners. Fagerblom concluded with a brief discussion on some challenges, strategies used to address them, and next steps in the project. Principal challenges include: reaching a critical mass of users, securing a steady flow of useful content, reaching the hard-to-reach, and answering technology access and infrastructure questions. Strategies to address these challenges include: utilizing social media channels to draw in new users, engaging and training community managers, building the tool mobile-ready, and partnering with corporations and technical partners.

Members congratulated the IAF on this initiative, which has the potential to multiply the IAF's impact in the region and to better respond to grassroots partners. Suggestions include: i) provide access as openly as possible, ii) pay attention to how potential users can find content via search engine optimization, and iii) test and iterate the prototype in rapid succession.

Building Broader Communities in the Americas. Managing Director Stephen Cox provided an update on the working group on building broader communities in the Americas. He reminded participants that the working group formed in October 2014, when the IAF and a handful of institutional partners began to explore the possibility of building stronger operational relationships between community foundations in Latin America and the Caribbean and the universe of well-established community foundations in the U.S. and Canada. Over the last two years, the working group has held nine meetings, in Washington, Cleveland, San Francisco, Buffalo, Ciudad Juarez and El Paso, bringing together actors from community foundations, hometown associations, academics, and others to discuss better ways to collaborate.

Some important developments this past year include garnering the support of CF Leads and the C.S. Mott Foundation. CF Leads, one of the leading infrastructure organizations in the community foundation world, provides substantial logistical support and expertise to this effort. The Mott Foundation recently pledged \$150,000 to the IAF in support of this effort. In October the IAF and the Mott Foundation co-hosted a two-day meeting of U.S. and Mexican community foundations in Ciudad Juarez and El Paso, together with local co-sponsors -- the El Paso Community Foundation and Fundación Comunitaria de la Frontera Norte. Looking forward, the initiative will continue building relationships among community foundations across regions through numerous events and activities, including: i) stakeholder exchanges; ii) mapping exercises; iii) peer-to-peer partnerships and transnational pairings; and iv) linking hometown associations with other diaspora actors and their advocates.

IV. ADVISORY COUNCIL ENGAGEMENT

A. Reflections on engaging the advisory council

Ambassador Alexander Watson led a conversation on advisory council engagement and tapping advisory council members' expertise, energy and networks to improve the foundation's effectiveness, visibility and support. He referred to responses received from his letter to advisory council members on Oct. 25, 2016. Watson commented on four ways the advisory council generally engages with the IAF's board and management: i) participating in the annual meeting in Washington, DC; ii) receiving and reacting to the monthly management reports; iii) visiting IAF grantee partners and their projects; and iv) participating from time to time in meetings or calls with IAF staff on specific issues. A general discussion ensued on these points. Remarks and recommendations included: create committees on special topics; increase the number of touchpoints throughout the year; revise and reorder the management report to highlight information that is useful for engaging the advisory council; provide training in specific areas (i.e. fundraising); continue reaching out for advice on areas of subject matter expertise; and increase involvement in external events.

Kaplan announced that Marcos Flavio Azzi has decided to come off the advisory council after having served since 2011. Kaplan also mentioned that the board planned to consider renewing terms or inviting new members in the coming months.

B. Resolution of the Board: To Amend the Advisory Council Charter

General Counsel Paul Zimmerman presented a draft charter of the advisory council that would replace the current charter approved by the board in 2007. The new charter would comply with the Federal Advisory Committee Act (FACA). It also contains a few suggested improvements as follows: i) the Designated Federal Officer (DFO) would serve as the secretary of the advisory council; ii) section 12 provides a procedure for the board to remove an advisory council member prior to the expiration of his or her term of service; and iii) while the current charter is written as a resolution of the board, the draft new charter follows the FACA's model format. After a brief question and answer session, Zimmerman presented a resolution of the board to adopt the charter of the advisory council that was included in its entirety in the briefing materials. Jack Vaughn motioned to approve the resolution; Juan Carlos Iturregui seconded the motion. The resolution passed by unanimous voice vote on Nov. 14, 2016.

V. DONOR ENGAGEMENT STRATEGY

Managing Director Manuel Nuñez presented an update on donor engagement at the IAF. He noted that the IAF has raised slightly less than \$1 million, mainly from private foundations or inter-agency transfers since 2013. This is far short of the targets we set in our 2013 - 2017 strategic plan, so we have drafted a five-year donor engagement strategy going forward. The overall goal is to increase the total operating budget, including by raising 25- 30 percent from non-congressional sources by year 2021. Other reasons to produce a strategy at this time are to build agency-wide consensus on targets, goals, responsibilities, and resource commitments. Nuñez thanked board and advisory council

members Iturregui, Polsfut, Viada, and Watson for their input and reactions to an earlier draft. He also thanked Lauren Woodham, our donor engagement coordinator, for spearheading the effort.

Nuñez described the components in the strategy framework: i) target audience identification, ii) plan and rationale, iii) strategy, iv) staff time, v) board of directors and advisory council member time; vi) direct cost, vii) timetable, viii) projected income, ix) value proposition, and ix) measurement. He then presented the five target audiences and annual fundraising goals for each: i) board and advisory council members, ii) individuals, iii) corporations, iv) foundations, and v) U.S. government agencies. Several members expressed congratulations for a well-thought out plan. Other comments and questions included the relative modesty of the effort, amounts associated with major gifts, prioritization of target audiences, challenges and strategies around online giving, giving campaigns, and donor recognition.

Nuñez asked all those present to complete a short survey that would be available at the lunch break and in electronic form after the meeting for members to provide input regarding their own experience and comfort level with fundraising. He said that he would follow up with each board and advisory council member before the end of December.

The advisory council adjourned at 1:00pm. The board broke for lunch between 1:00 - 1:30pm and resumed its meeting at 1:30pm.

VI. CEO RECRUITMENT

The full board of directors met with Kaplan, Zimmerman, and Duncan to discuss the process for recruiting a new President and CEO.

Duncan and Zimmerman summarized the recruitment process in 2010 that resulted in the hiring of Kaplan. The IAF engaged the services of an executive search firm who performed a range of administrative tasks on behalf of the board, as well as pre-screening finalist candidates and their references in order to provide the board with a full dossier on each one. The board decided which finalists to interview and conducted a day-long meeting to do so face-to-face. The process this time would be similar, with the aim of completing it before Kaplan's departure at the end of April. A timeline was presented to accomplish that objective.

Duncan and Zimmerman shared a draft position description prepared by the IAF's management team updated from the one used in 2010. Based on the statutory language describing the position, salary is fixed at the EX-IV compensation level. The incumbent is eligible for the full array of federal personnel benefits. The position requires a top secret security clearance. There was brief discussion about qualifications and requirements, including previous fundraising experience, congressional relations experience, minimum years of executive experience, advanced academic degree, and Spanish language proficiency.

Chairman Arriola thanked the management team for its professionalism in ushering forward the recruitment process. He said that he intended to be fully engaged and thanked everyone for their time and support.

VII. ADJOURNMENT

The board meeting was adjourned at 2:41 pm by Chairman Arriola.

DATES FOR MEETINGS IN 2017

CEO candidate interviews will be held at a to-be-determined date.

February 20-24: board trip to Colombia, advisory council members are welcome to participate at their own expense.

Monday, April 24: board meeting in Washington, DC

Wednesday, Aug. 9: board conference call

Monday, Nov. 13: board and advisory council meeting in Washington, DC