

Inter-American Foundation
Meeting of the Board of Directors
April 24 2017

The board of directors of the Inter-American Foundation (IAF) met at the IAF at 1331 Pennsylvania Avenue, NW, Washington, DC 20004, on April 24, 2017. Board members present were Eddy Arriola, chair; Juan Carlos Iturregui, vice-chair; Jack Vaughn, secretary; Kelly Ryan, member. Board member Lou Viada attended the meeting via video conference. IAF advisory council chair Amb. Alexander Watson was also present. 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 grants and portfolio management; Paul Zimmerman, general counsel; and Karen Vargas, executive assistant. Paloma Adams-Allen attended as a member of the public.

I. CALL TO ORDER

Chairman Eddy Arriola began the meeting by thanking Robert Kaplan for his dedication over the last six and half years, stating: “As chairman, I couldn’t have asked for a better partner.” Arriola also welcomed Paloma Adams-Allen who has been selected as the IAF’s next president and CEO. Arriola called the meeting to order at 9:07 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the November 14, 2016 meeting of the IAF board of directors with the advisory council were approved and adopted by a unanimous voice vote.

III. MANAGEMENT REPORT

A. Overview (Robert Kaplan)

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

New President and CEO. The board of directors successfully selected and hired Paloma Adams-Allen to take over as president and chief executive officer of the Inter-American Foundation (IAF) as of April 26, 2017.

IAF Financial Snapshot. The IAF is operating on a continuing resolution through April 28, prorated at the same annual level as FY16: \$22.5 million. Total resources for FY17 include \$3.5 million

received in FY16 from the Social Progress Trust Fund (SPTF) for obligation in this fiscal year, which has been obligated against grants in full. Additionally, the IAF negotiated a lump sum payout from the SPTF of \$8.5 million in FY17 that is now available for obligation. There are three outstanding SPTF loans totaling \$2.1 million which will expire in 2017, 2021 and 2028 and which are unlikely to be paid ahead of schedule. Transfers and donations are two other sources of funds. The IAF has a pending \$6 million transfer from USAID to support the Central America strategy. In addition, the IAF has received two donations from the Mott Foundation totaling \$450,000 and is about halfway to its FY17 goal of \$1 million in private donations.

The FY18 appropriation process is underway. In March, the president released a blueprint budget in which the IAF was listed among the 19 agencies identified for elimination. The Office of Management and Budget (OMB) has informed the IAF of a \$4.6 million budget in FY18 for winding down operations. The IAF has communicated to OMB, and, in response to a request from Congress, to Congress as well, that it has engaged in a planning exercise for the contingency of the elimination of the IAF, and it has estimated that it would cost significantly more than this amount. Ultimately, Congress will determine the IAF's budget. In early April, a bipartisan letter was sent to the House Appropriations Subcommittee on State Department and Foreign Operations in support of IAF appropriations at the full FY16 level (\$22.5M) and a transfer of funds for Central America. The letter was authored by Rep. Eliot Engel (D-NY) and Rep. Chris Smith (R-NJ), and was signed by a total of 4 republicans and 5 democrats. Several board members commended Manny Nuñez and Megan Fletcher, IAF congressional affairs specialist, for their continued efforts with congressional audiences, especially through congressional staff delegations to the region which have been impactful in showcasing the IAF approach.

Ecovida. Ecovida is the large meeting of farmer organizations that takes place every other year in Brazil to help advance the agroecology movement. This was the IAF's third time participating in the meeting of the agricultural network who met from April 21 – 23. This year, the conference focused on participatory certification and consumer-producer linkages. The IAF sponsored the attendance of 41 grantee partner organizations, a total of 53 individuals from Central American and South American countries. Eight staff members and four in country contractors also attended. In addition, IAF grantee partners convened ahead of the meeting to better acquaint themselves and to help put the conference agenda into context. They also met for a two-day meeting following the conference to discuss lesson learned for supporting sustainable agricultural practices and engaging women and youth in agriculture and leadership. The two day meeting included an update on RedColaborar and a demonstration of new prototype features developed with their feedback.

Update on Central America Strategy. Managing Director Marcy Kelley provided an overview of the IAF's program in the northern triangle of Central America and provided a status update on the IAF's proposal to USAID for a transfer of funds in support of the Strategy for Engagement in Central America (Sept. 1, 2016 – Dec. 31, 2019). In July 2016 the IAF presented a proposal to USAID for \$15 million to support the Central America strategy. At the request of USAID, IAF revised the amount from \$15 million to \$6 million and resubmitted the proposal in November. The United States Central America Strategy focuses on three pillars: economic security; governance; and security. The stated goal of the IAF's component of the Central American Strategy is "to increase economic prosperity and enhance effective governance, especially at the community and municipal levels throughout El Salvador, Guatemala, and Honduras, by supporting citizen-led organizations to

achieve local priorities and address pressing challenges.” This goal is supported by five objectives: i) enhance skills and create jobs, especially for young people, ii) strengthen rural economies, iii) increase capability of citizen-led grassroots organizations to exercise agency locally and hold governments accountable, iv) increase civic participation and inclusion in local communities, and v) increase peer learning among grassroots organizations in the three countries.

The IAF’s current Central America portfolio includes 68 grants supporting groups operating in 2,800 communities. Of those grants, approximately 50 percent are located in high migrant sending communities. In FY16, the IAF had 26 funding actions totaling \$3.63 million IAF investment in the region. In contrast, the IAF expects to fund 54 actions representing an estimated \$9.76 million IAF investment in FY17. The IAF’s FY17 projected funding in the northern triangle includes about \$4 million for agriculture projects, \$3 million for youth, \$1.6 million for environment projects, and about \$700,000 for governance strengthening projects. The majority (57 percent) would be concentrated in rural areas, 30 percent would reach both rural and urban areas and 13 percent would focus on urban areas. Additionally, IAF is investing \$400,000 in technical support and capacity building in the form of studies, exchanges, and training centered around migration, including: i) a mapping of public and private community assets in Honduras, ii) an exchange between Colombian and Guatemalan grantee partners on peace processes, and iii) sustainability planning in El Salvador and Honduras.

The IAF believes that its grants reduce migration by supporting efforts of organized local citizens to i) improve the broad range of social and economic conditions that constitute push factors for migration—beyond just income, ii) increase the ties of would-be migrants to their communities and stronger local organizations, and iii) decrease the appeal of migration. In short, creating strong local organizations is a factor that contributes to persons deciding to stay in their communities. By targeting communities that are at risk of becoming source communities, but are not yet high sending, the IAF’s projects are expected to root people who would be tempted to migrate to their communities and thereby diminishing the possibility of high levels of migration. The criteria for the selection of projects to be funded with the CEN Strategy transfer funds includes a consideration of i) community agency in development of project, ii) feasibility of proposed activities, iii) sustainability, iv) organizational capacity, and v) alignment with U.S. strategy. Additionally, the IAF’s approach differs from traditional aid in that projects i) are located beyond the geographic reach and priorities of other aid agencies, ii) are led by community groups that are typically too incipient or small to partner with USAID or absorb large amounts of funding, and iii) are designed to be a community designed and owned solutions to the challenges of insecurity, scarcity of economic opportunities, or poor local governance.

A discussion ensued regarding the Central America update. Several participants applauded the IAF’s efforts in the region. Board members Kelly Ryan and Lou Viada inquired about the use of metrics to demonstrate impact. Ryan shared how polling data is being used to measure migration. Other participants shared ideas include inserting survey questions into the Americas Barometer and conducting impact evaluations. Board vice chair Juan Carlos Iturregui, asked about the possibility of engaging with USAID and others for a larger transfer.

Reflections on board trip to Colombia. During the week of February 20, 2017, members of the IAF’s Board of Directors and Advisory Council traveled to Colombia. Participants included board

Chairman Eddy Arriola; ; Vice Chairman Juan Carlos Iturregui; board member Jack C. Vaughn; and advisory council member Charles Krause. Also attending were IAF president Robert Kaplan, Office of Networks and Strategic Initiatives director Stephen Cox, foundation representatives Jenny Petrow and Juanita Roca, local liaison team members Nicolás Bermudez and Marcela Campuzano, and data verifier Carolina Gonzalez. Paying their own expenses, three spouses also attended. The trip included meetings in Bogota, including a visit to the U.S. Embassy to meet with USAID Mission Director Peter Natiello and an evening reception hosted at the U.S. Ambassador's residence. Participants later travelled to Valle del Cauca and Cali to visits grantee partners.

Board members Eddy Arriola, Juan Carlos Iturregui, and Jack Vaughn each shared their reflections on the trip. Arriola mentioned that the agenda was ambitious, but that he is glad to have annual board trips because of the significant difference it makes to see the IAF's fieldwork firsthand. Iturregui shared positive feedback on visiting rural projects in Valle del Cauca and noted that he found the short visit with the urban youth group in Cali to be valuable and that he would appreciate more visits to urban grantee partners. He also echoed last year's feedback that there is room for improvement on logistical planning, including limiting transit time to maximize the time spent with partners. Vaughn reiterated that generally board trips are a great way to reenergize the board. In this specific trip he thought the meetings at the onset of the trip were excellent for putting into context the work of IAF grantee partners especially regarding the peace process.

B. FY 2018 – 2022 Strategic Plan (Kaplan)

In June 2012 the board of directors approved the current strategic plan, in place from 2012 – 2017. The IAF will follow the same timeline for the approval of the next five-year strategic plan, which covers activities from 2018 – 2022. Kaplan enumerated the objectives for the discussion: i) share the management team's process over the last four months and the resulting draft plan, ii) receive reactions and feedback, and iii) discuss next steps for arriving at an approved 2018 – 2022 strategic plan by the end of June. By way of overview the Government Performance and Results Act of 1993 (GPRA) and the Government Performance and Results Modernization Act of 2010 (GPRA-MA) call for agencies to develop a five-year plan, as well as financial and programmatic reports each year. Together, they are intended to enable the board, OMB, and Congress to exercise oversight over the IAF. It is also an opportunity for the IAF to drive discussion and forward movement around mission-critical priorities and activities and ideally articulates clear goals and metrics for the agency. Kaplan called attention to the inclusion of the IAF's current strategic plan in the meeting materials (tab four) and briefly summarized the five strategic goals. Lesley Duncan, chief operating officer, reports at the November board meetings on the IAF's performance on each goal for the previous fiscal year.

Next, Kaplan outlined the five high level achievements and challenges. First, the IAF has made a concerted effort to clarify our niche and relevance and has strengthened how we articulate the ways in which we are complementary to broader U.S. interests. Second, the IAF is better at tapping the power of our grassroots network. Having an active network among IAF's partners is as important as funding them, and this creates a unique value proposition the IAF can offer to potential partners in both public and private sectors. Third, IAF grantee partners have twice reported in the Center for

Effective Philanthropy's grantee perception survey that they find our evaluation system to be highly valuable. Nevertheless the various components fall short in providing analytic value to the IAF. This presents a real mandate for the IAF moving forward to increase learning and knowledge management effectiveness. Fourth, the IAF has often talked about increasing and diversifying our sources of revenue. Indeed, IAF has succeeded in keeping its appropriations level in a declining environment, and had some limited success from private foundations. Inter-agencies transfers offer another option, but the IAF's focus should continue to be increasing funding from private partners. Fifth, the IAF has significantly improved internal operations. We have modernized information technology and financial systems and continue to invest in personnel and mission while maintaining our small overhead footprint.

From January to April the IAF leadership team worked with Brenda Smith, the same consultant used for the previous strategic plan, to draft the 2018 – 2022 strategic plan. In this iteration she interviewed each of the members of the board and management team, as well as a few people on the advisory council. In January she guided a brainstorming session with the management team and drafted some strategic goals. Working in pairs, the managing directors revised the drafted goals in preparation for a more focused discussion in early February. The management team had several working sessions to compile a consolidated draft to present to staff for a March discussion and feedback session. The management team has since updated the draft with staff feedback, and the new draft was made available in tab four of the briefing materials.

The IAF's 2018 – 2022 strategic plan is made up of three main parts: i) mission and vision, ii) statement of beliefs, and iii) five goals and subsidiary objectives. The proposed mission statement is more active and is grounded in why the IAF was created in the first place with specific reference to the "engines of change." The vision is unchanged, but a statement of beliefs is included to show the thread of how IAF's work contributes to stable democracies in the region. Next, Kaplan enumerated the five strategic goals and their sixteen objectives. Goal one: strengthen the capacity of historically excluded communities to act on their own behalf to build a better future. Goal two: rigorously assess IAF program experience, extract and share useful lessons, and use those to inform future decision by the Foundation and other actors. Goal three: increase awareness, understanding and support for the IAF and its programs. Goal four: draw more resources into grassroots development to scale and deepen impact. And goal five: continually improve internal business processes and recruit, retain and inspire a world-class staff. The next steps in finalizing the new strategic plan are for the board to provide feedback and suggestions and for incoming President and CEO, Paloma Adams-Allen, to integrate the board's feedback and present a revised plan for board approval by the end of June. Following this the IAF shares the approved plan with OMB and then the IAF leadership team defines metrics and incorporates them into the revised FY18 plan and FY19 OMB budget submission.

The board members engaged in a lively feedback discussion regarding the proposed draft plan. Viada, Iturregui, and Arriola provided comments on the broadness of the vision statement, some noted that the vision seems too broad while others pointed to the appropriateness of a broad vision statement. Ryan and other members offered suggestions on wording and phrasing, for instance replacing nebulous or jargon words and including language like "growth" and "investment." Several

participants mentioned the importance of having a strategic plan for fundraising efforts and whether the IAF would be well-served to have a plan that is more robust and operational versus descriptive or even to create parallel documents to serve a variety of audiences. Iturregui and Viada also recommend rethinking the layout of the plan.

C. Updating the Advisory Council (Kaplan)

Kaplan outlined two main objectives for proceeding vis-à-vis this agenda item. The first task is to consider management's recommendations for the strategic areas where we would prioritize advisory council experience and expertise. The second task being to define next steps and establish a timetable to identify and select candidates. According to the approved Advisory Council charter, the purpose of the council is three-pronged: i) provide counsel to the board of directors regarding the IAF's programs and activities, ii) help disseminate lessons learned by the IAF and its grantee partners, and iii) establish links between the IAF and other individuals and entities to advance the IAF's mission. The IAF's current advisory council includes three former board chairs, seven members who were appointed in 2011, and two members who were appointed in 2013. The six categories used in 2011 to select members included expertise in fundraising; sub-regional perspectives from Mexico, Brazil, Central America, Andean region, and the Caribbean; media; political insight; U.S. based diaspora groups; and other.

IAF's management team recommended four areas of expertise as selection criteria for new members: i) fundraising, ii) sub-regional, iii) media and iv) political insight. It also recommended keeping "other" for a to-be-determined category depending on the agency's needs.

The group agreed that the next steps in adding new Advisory Council members would be: i) the board and management team identify individuals in each category and provide names for consideration by May 31; ii) management team compiles background information and brief biographies by June or July; iii) at the August 9 board call the board decides on invitees and alternates in each category; iv) invite members by August or September; v) new advisory council members meet with the board at the November 6 meeting.

VI. ADJOURNMENT

The meeting was adjourned at 12:28 p.m. by Chairman Arriola.

DATES FOR MEETINGS IN 2017

Wednesday August 9 (Board call)

Monday November 6 (with Advisory Council)