

INTER-AMERICAN FOUNDATION



FISCAL 2007 CONGRESSIONAL BUDGET JUSTIFICATION

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SECTION 1

Executive Summary

EXECUTIVE SUMMARY

For fiscal 2007, the Inter-American Foundation (IAF) is planning an operating budget of \$26 million, composed of \$19.3 million in appropriated funds and \$6.7 million from the Social Progress Trust Fund. At this level, the IAF requires 47 full-time employees (FTEs), most of them assigned to program activities.

For 35 years, the IAF has been a small but significant component of U.S. foreign assistance. It has funded more than 4,500 development projects by responding to the self-help efforts of the organized poor and the groups that directly support them. The IAF's experience has demonstrated clearly that, in terms of better living conditions, foreign aid is most effective at the community level, where people shape their lives. In terms of furthering the U.S. government's long-term interest in productive relationships abroad, development assistance works best when it supports solutions that come from the communities affected by the results. These observations are not limited to Latin America and the Caribbean. They are reflected, for example, in the conclusion of the Council of Foreign Relations, after undertaking research in three Muslim countries: "What Muslims say they want from America is respect, understood as consultation and non-intervention, and development aid in which they, not Americans, define their needs."

With an operating budget of \$26 million, the IAF plans to fund more of the meritorious proposals it receives and support President Bush's commitment to Opportunity Zones as articulated at the 2005 Summit of the Americas. Its responsive approach is particularly relevant at a time when the development profession is recasting its emphasis on policy and infrastructure to focus more on the dynamics of people and their communities. While policy and infrastructure are necessary to successful development, they are not sufficient. People make changes and make them work. The IAF has been a pioneer in this realization. Created as an alternative to government-to-government assistance, it has had more experience with initiatives that mobilize ingenuity, energy and engagement at the grassroots level than any other foreign assistance agency.

The 2005 Program Assessment Rating Tool helped IAF sharpen its strategic goals and performance measures for its fiscal 2007 budget, and this document reflects the IAF's PART submission. IAF received a "Moderately Effective" rating indicating that OMB recognizes IAF's effective approach to grassroots development. IAF's strategic goals are now defined as (1) effective development, (2) learning, (3) counterpart resource mobilization and (4) cost-effective

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operations. IAF is committed to documenting its progress on each strategic goal for OMB and the relevant Congressional committees.

Projects funded are the core of the IAF's development effort: to improve the quality of life as measured by objective indicators such as increased income, job creation, better nutrition and access to housing, education and clean water. Because these projects are proposed by the people most involved, their chances for sustainability beyond the life of IAF's support are very good. The IAF's rate of success in funding sustainable projects is well documented by independent evaluations as well as by regular data collection, verification and audits. IAF's focus areas emerge from the stream of proposals it receives and the fresh ideas they contain. This fact accounts for IAF's productive history with indigenous peoples and for grants supporting other disadvantaged sectors, especially African-descendent communities, women and the handicapped. Another current emphasis is transnational projects, funded in collaboration with U.S.-based associations of migrants who contribute to the creation of productive enterprises and jobs in their communities of origin.

Funded projects provide the lessons IAF communicates to development professionals and students. In recent years, IAF's dissemination of its experiences has helped expand the application of its grassroots approach. One notable initiative is RedEAmérica, a network of 55 Latin American and Caribbean corporations and corporate foundations that have agreed to channel their own funding and mobilize additional resources toward grassroots initiatives. The network now envisions a Global Fund capable of attracting funds for grassroots development from beyond the Western Hemisphere. Additionally, the IAF and the International Guarantee Fund of Switzerland have created a fund for channeling loan capital to grassroots-level entrepreneurs in Central America, which may extend its reach in fiscal 2007.

In 2005, the IAF's support for administration priorities in Latin America and the Caribbean has included close collaboration with the Department of State and 25 other U.S. government agencies on the 2005 Summit of the Americas. The IAF further encouraged participation in the Summit preparations by sponsoring the Eleventh Annual Inter-American Conference for Mayors and Local Officials, the Second Inter-American Summit on Decentralization and Local/Regional Governance, and the African Descendent Summit Forum, all of which resulted in declarations presented at the Summit. Additionally, representatives of 10 IAF grantees presented their point of view at the Organization of American States' General Assembly in Fort Lauderdale to cabinet-level officials, including U.S. Secretary of State Condoleezza Rice.

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As a result of its active participation in the Summit, the IAF anticipates working with a range of partners toward a new direction in development. Among President Bush's Summit commitments is the IAF's call for Opportunity Zones. This concept is based on the U.S. domestic initiative encouraging a combination of business ownership, local investment and civic partnerships to bring people out of poverty in targeted areas. The IAF has already committed resources and government officials in Guatemala, Nicaragua, Ecuador, Argentina and Peru have expressed interest in this initiative.

In order to streamline operations, lower costs and ensure compliance with OMB reporting requirements, the IAF outsources the following services to the Bureau of the Public Debt (BPD): procurement, accounting, budget, Equal Employment Opportunity and information technology support. Under a new inter-agency agreement, BPD's Office of Information Technology maintains a remote data center at the facility in Parkersburg, West Virginia, for IAF contingencies and continuity of operations. The equipment designated for the IAF can recover the Foundation's infrastructure during an emergency and provide IAF employees with continued access to e-mail communications as well as the agency's enterprise network. IAF's essential personnel now have laptops configured to access the network at the contingency site. In August 2005, the IAF successfully completed contingency testing of remote access to IAF network file and mail servers at the BPD data center through the use of a Virtual Private Network (VPN) configured on the laptops. The IAF plans to install a database server at the remote data center and schedule another annual test of the continuity of operations plan in fiscal 2006 which will include both the enterprise network and grant management system, to comply with FISMA security requirements.

In October 2005, the IAF recertified and accredited additional enhancements made to the network infrastructure and security, based on IAF policy; OMB Circular A1-130, Appendix III; and NIST Special Publication 800-37, Guide for the Security Certification and Accreditation of Federal Information Systems. This significant accomplishment places IAF on a short list of federal micro-agencies with certification and accreditation. In addition, IAF has prepared the baseline security requirements, privacy impact assessment, Federal Information Systems Processing Standard (FIPS) security categorization, and security plan for the new GIFTS on-line grant management system application currently in development. IAF is conducting risk analyses of the new database application as the redesign progresses, with the intent of correcting vulnerabilities so that the new application can be certified and accredited prior to implementation during the first quarter of fiscal 2007.

IAF prepared a transition plan to meet OMB requirements to move to a new version of Internet Protocol (IP), which provides the addressing mechanism that defines how and where information such as text, voice, and video move across interconnected networks. Internet Protocol version 6 (IPv6) has been developed to improve security and increase the amount of available IP address space to accommodate the increasing number of global users and devices that are connecting to the Internet.

In response to the new Homeland Security Presidential Directive (HSPD-12) to establish a common identification standard for federal employees, the IAF established a service level agreement with the DOI National Business Center to handle digital fingerprinting, photographs, and preparation of new Personal Identity Verification (PIV) policies and procedures, as well as the design of the new smart PIV card for our agency. All agencies are expected to begin using the new cards by October 2006.

The IAF is among the agencies supporting E-Gov. BPD has implemented the integration with the Central Contractor Registration, the system used by suppliers as the sole repository for pertinent data, including remittance information. Integration allows BPD and the IAF to more efficiently maintain current data related to suppliers. BPD and IAF completed the transfer from the Federal Financial System to the Oracle Federal Financials platform, which provides real-time, user-friendly financial reports. Per the Department of the Treasury's migration plan submitted to GSA in fiscal 2004, in January 2005 the IAF adopted the U.S. government-wide E-Travel system, GovTrip, integrating on-line booking and allowing travelers to attach receipts to their voucher.

The IAF is, therefore, making every effort to use its funding effectively. The IAF is also doing its best to leverage additional resources to compensate for dwindling support from the Social Progress Trust Fund, which will soon be exhausted. An operating budget of \$26 million represents a relatively small but significant investment in a targeted and critically important approach to development assistance. This investment can be hugely beneficial for United States foreign policy and for poor communities in Latin America and the Caribbean.

Table 1.1 Multi-Year Estimates

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
	Actual	Budget Authority	Passback
OMB Planning Level	17,856,000	19,305,000	19,268,000
Prior Year Carryover Funds - 04/05	1,063,842		
Prior Year Carryover Funds - 05/06		340,000	
No-Year Appropriated Funds	140,000		
Gift Account	75,000		
SPTF	6,069,000	5,655,000	6,732,000
TOTAL BUDGET	25,203,842	25,300,000	26,000,000
Grants (Development and Corporate), Grant Audits			
Appropriated, Current Year, 06/07	7,701,587	8,032,211	8,220,654
SPTF	6,069,000	5,655,000	6,732,000
Gift Account	75,000		
Prior Year Carryover Funds - 04/05	984,443		
Prior Year Carryover Funds - 05/06		340,000	
Prior Year Carryover Funds - No Year			
Subtotal - Grants	14,830,030	14,027,211	14,952,654
Evaluations and Other Program Activities	2,894,396	3,699,285	3,284,000
Total Grants and Other Program Activities	17,724,426	17,726,496	18,236,654
Program Management and Operations (overhead)			
Appropriated, Current Year, 06/07	6,861,064	7,573,504	7,763,346
Prior Year Carryover Funds - 04/05	79,399		
Prior Year Carryover Funds - 05/06			
Prior Year Carryover Funds - No Year	140,000		
Subtotal - Program Support	7,080,463	7,573,504	7,763,346
Total Obligation Authority	24,804,889	25,300,000	26,000,000
Overhead Percentage	28.54%	29.93%	29.86%
FTEs	42	47	47

Table 1.2 Detail of Object Classifications

Object		FY 2005	FY 2006	FY 2007
Class	Category	Actual	Budget Authority	Passback
PROGRAM SUPPORT				
	<u>Staff Salaries & Related Expenses</u>			
11.1	Permanent Positions	3,266,245	3,699,800	3,786,493
11.7	Other Personnel Compensation	61,549	60,000	85,000
11.0	Total Personnel Compensation	3,327,794	3,759,800	3,871,493
12.0	Civilian Personnel Benefits	863,314	1,005,060	1,030,036
13.0	Benefits to Former Employees	8,476	400	400
	<u>Travel and Transportation</u>	-	-	-
21.0	Travel and transportation of persons	489,961	533,425	534,035
22.0	Transportation of things	18,487	40,000	40,000
	<u>Support Services</u>			
23.2	Rental Payments to Others	576,815	623,000	638,000
23.5	Communications, Utilities., Misc.	110,252	51,300	51,300
23.7	Non-ADP Rentals/Copier (new BOC)	12,000	12,400	12,400
23.8	Postage, Messenger, Non-ADP Rentals	49,227	41,000	41,000
24.0	Printing and Reproduction	44,498	42,500	42,500
25.2	Other Services	194,420	184,350	189,850
25.2	Staff Training	49,433	78,215	77,715
25.3	Services from Other Gov Agencies	1,014,776	1,001,912	1,064,675
25.7	Maintenance-Equipment	243,649	74,905	74,905
26.0	Supplies and Materials	51,647	64,937	57,037
31.0	Equipment	25,714	60,300	38,000
	Program Support Total	7,080,463	7,573,504	7,763,346
PROGRAM ACTIVITIES				
	<u>Learning & Dissemination</u>			
22.1	Contract Mail Service	10,200	15,100	20,000
23.8	Postage	100,000	120,000	120,000
24.0	Printing and Reproduction	166,220	241,185	244,000
25.1	Studies & Evaluations	773,687	1,353,000	930,000
25.1	Translations	57,791	120,000	120,000
	<u>Technical Assistance to Grantees</u>			
25.1	Local Advisory Service (LAS)	712,684	800,000	800,000
25.1	Data Verifiers (DV)	473,814	600,000	600,000
25.2	Program Conference Support	600,000	450,000	450,000
	<u>Grants</u>			
41.0	Grants/Grant Audits	14,830,030	14,027,211	14,952,654
	Subtotal Program Activities	17,724,426	17,726,496	18,236,654
Grand Total Program Support and Program		24,804,889	25,300,000	26,000,000
	Overhead	28.54%	29.93%	29.86%
Full-Time Equivalent Usage		42	47	47

SECTION 2

Projected Fiscal 2007 Program Plan

FISCAL 2007 PROGRAM PLAN

A. Introduction

For fiscal 2007, the Inter-American Foundation (IAF) is planning an operating budget of \$26 million, composed of \$19.3 million of appropriated funds and \$6.7 million from the Social Progress Trust Fund. At this level, the IAF requires 47 full-time employees (FTEs), most of them assigned to program activities.

B. Overview of Goals and Objectives of the Expanded Fiscal 2007 Program

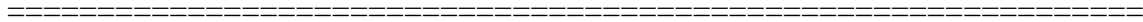
In furtherance of its Congressional mandate, the IAF has focused its strategic goals as follows for Fiscal 2007:

1. **Effective development:** The IAF will identify and fund projects promising effective development as confirmed by measurable results. The IAF supports the best projects submitted in response to its call for proposals and works with each grantee to select objective indicators against which to measure the desired outcome. Progress toward specified goals is reported by the grantee and verified by IAF staff and contractors.

The IAF will support grassroots development activities that would likely engage transnational communities, marginalized youth groups and individual entrepreneurs, among other beneficiaries, while fostering a culture of democratic participation. In support of President Bush's commitment at 2005 Summit of the Americas, the IAF plans to allocate \$1 million for at least five grants toward the creation of Opportunity Zones funded in partnership with other organizations.

2. **Learning:** The IAF will document effective projects and share the information with the development community through scheduled publications and other learning activities. Resources available through the IAF will include results data, independent evaluations and the findings of commissioned research.

The IAF will continue to fund studies, grantee exchanges and dissemination of its successful experiences. It will reinstate its program of graduate fellowships, encouraging fresh thought on grassroots development, maintaining a connection to the academic and research



institutions across the hemisphere, and supporting individuals likely to influence development policy. In support of the Summit of the Americas, the IAF will also fund training, technical assistance and visits to community renewal efforts in the U.S. for practitioners from five countries.

3. Mobilize counterpart resources: The IAF will mobilize cash and in-kind contributions from beneficiary communities and other sources. In addition to the counterpart the IAF requires every grantee to invest in its project, the IAF will continue to encourage its grantees to obtain support toward sustaining their efforts beyond the grant period.

The IAF will continue to provide support for RedEAmérica, whose corporate members match IAF funding in amounts specified under bilateral agreements. On its investment of \$1 million, the IAF expects a return of \$3 million in resources from corporate contributors for grassroots development in fiscal 2007.

4. Operational efficiency: The IAF will make its internal operations as cost-effective as possible, minimizing its operational expenses as a percentage of its program, and will reduce the time required to process proposals and obligate funds.

In fiscal 2007 the IAF specifically aims to accomplish the following:

- advance awareness in the foreign assistance community that the most effective way to sustain development is by strengthening communities;
- replicate the IAF's responsive approach to grassroots development, through RedEAmérica, a network of businesses and corporate foundations that has grown to 55 members in two years;
- establish the IAF's leadership in connecting international migrants and their remittances with grassroots development, including by engaging U.S. corporate donors with employees from Latin America;
- consolidate the IAF's leadership position in supporting the development efforts of communities traditionally excluded from full participation in economic life, particularly indigenous peoples, African descendants, women and the handicapped;
- reinstate the IAF's fellowship program of grants supporting graduate research;

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- follow up on the President's commitment to the 2005 Summit of the Americas by working with interested governments and the private sector to create Opportunity Zones;
 - remain an influential force in the development profession by communicating with a broad network of practitioners, donors, policy-makers and academics through the IAF Web site, publications and conferences and other gatherings featuring speakers drawn from IAF staff and grantees.

C. Specific Goals and Objectives of the Fiscal 2007 Program

The IAF's goals for fiscal 2007 follow those articulated in the IAF's PART document submitted to OMB in August 2005. Each of four strategic goals is subdivided into specifically focused performance goals, including those reported in the PART. Progress toward each of these goals is gauged by performance measures that include quantifiable and other evidence, principally drawn from the IAF's grant portfolio.

Fiscal 2007 Performance Goals

Strategic Plan Goal I: Effective development

The IAF will identify and fund projects promising effective development and will measure the results against objective indicators of the desired outcome selected in consultation with each grantee. Annual grantee reports are verified by IAF staff and contractors.

Performance Goal 1.1: Fund grassroots development proposals promising improvement in the quality of life as measured by such indicators as increased income, jobs created, and better access to social services, housing, sanitation, clean water and education.

Performance Measurement 1.1.1: Percentage of grantees, whose funding ends in fiscal 2007, that meet or exceed outcome goals specified for their project as determined by verified scheduled reports (recognizing that natural disasters and political and economic factors beyond the control of the grantees can affect progress).

Performance Goal 1.2: Promote participatory development as the fundamental building block of democratic self-governance.

Performance Measure 1.2.1: Funded proposals reflecting the engagement of beneficiaries in project design, execution and follow-through.

Performance Measure 1.2.2: Funded training in self-governance and the skills necessary to partner with local government in community development.

Performance Goal 1.3: Identify opportunities for development among traditionally excluded peoples, among them people of African descent, indigenous peoples, people with disabilities and women.

Performance Measure 1.3.1: Funded projects proposed by grassroots organizations specifically serving excluded communities, including those enumerated above.

Performance Measure 1.3.2: IAF-sponsored participation of representatives of traditionally excluded populations in international development fora, studies, publications and other activities.

Performance Goal 1.4: Explore and promote the community foundation model as a vehicle for mobilizing resources.

Performance Measure 1.4.1: Continued funding of community foundations.

Performance Measure 1.4.2: Exchanges related to community foundations.

Performance Goal 1.5: Support the mandate of the Summit of the Americas to create Opportunity Zones.

Performance Measure 1.5.1: Travel grants awarded toward development of Opportunity Zones.

Performance Measure 1.5.2: Grants to grassroots and nongovernmental organizations toward development of Opportunity Zones.

Strategic Plan Goal 2: Learning

The IAF will document effective projects and share the information with the development community through scheduled publications and other learning activities. Resources available through the IAF will include results data, independent in-depth evaluations and the findings of contracted research.

Performance Goal 2.1: Through surveys, document the extent to which participants in IAF learning activities find the knowledge shared applicable to their work.

Performance Measure 2.1.1: Percentage of participants in IAF learning activities that agree or strongly agree that they will apply knowledge gained in IAF sponsored learning activities to their development work.

Performance Goal 2.2: Promote understanding of grassroots development through the IAF's flagship publications, through outreach by IAF staff and through otherwise sharing IAF's experience, including the results of evaluations and research.

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Performance Measurement 2.2.1: Publication and distribution of IAF's 2006 annual report and its 2007 journal.

Performance Measurement 2.2.2: Staff and grantee presentations at development fora and in print.

Performance Measure 2.2.3: Annual in-depth evaluation of randomly selected IAF projects whose grant period has ended and the incorporation of relevant recommendations into IAF's selection processes and monitoring procedures.

Performance Measurement 2.2.4: Dissemination of the findings of studies on, *inter alia*, corporate social responsibility, civic opportunities for problem-solving, the economic and social integration of Latin Americans of African descent, and recycling programs as instruments for engaging excluded populations.

Performance Goal 2.3: Work toward sharing and harmonizing award guidelines, information collection and results analysis with institutions and networks of Latin American and Caribbean donors dedicated to responsive grassroots development funding.

Performance Measure 2.3.1: Collaborative relationships with organizations and processes that promote participatory development and democratic governance in the international development agenda: the Summit of the Americas, the Millennium Challenge Corporation, USAID, the Canadian International Development Agency, the World Bank, the Inter-American Development Bank and the Organization of the American States, among others.

Performance Goal 2.4: Continue refining the Grassroots Development Framework to reflect work on the "intangible" results of IAF's funding relevant to democratic engagement and deliberation.

Performance Measure 2.4.1: The development of new indicators and revision of current indicators of democratic engagement and deliberation for incorporation into the Grassroots Development Framework and its manual.

Performance Goal 2.5: Reinstate the IAF graduate fellowships program for students in American universities specializing in topics related to grassroots development.

Performance Measurement 2.5.1: Program structured and fellowships awarded.

Strategic Plan Goal 3: Mobilize counterpart resources

The IAF will mobilize cash and in-kind contributions from beneficiary communities and other sources. In addition to the counterpart resources the IAF requires every grantee to invest in its projects, the IAF will encourage its grantees to obtain additional support toward their efforts beyond the grant period.

Performance Goal 3.1: Promote greater involvement of the business sector in supporting responsive grassroots development through RedEAmérica's network of companies and corporate foundations.

Performance Measure 3.1.1: Increase RedEAmérica's membership.

Performance Measure 3.1.2: Increase the number of grants and grant supplements from RedEAmérica members supporting the self-help efforts of community organizations.

Performance Measure 3.2.3: Increase the amount of support committed by members of RedEAmérica to community organizations, including funds contributed from the individual members' own resources and mobilized from other donors.

Performance Goal 3.2: Encourage IAF grantees to obtain resources from other sources to further their sustainability and success in efforts undertaken after IAF funding ends.

Performance Measure 3.2.1: Amount of in-kind and cash resources that grantees are able to mobilize from within or obtain from without to further project activities and their future efforts.

Performance Goal 3.3: Collaborate with U.S. and other donors in a broad variety of arrangements.

Performance Measure 3.3.1: To encourage contributions from private U.S. donors to IAF-funded projects, disseminate an IRS letter ruling that the IAF's grantmaking procedures satisfy IRS expenditure responsibility requirements for U.S. foundations.

Performance Measure 3.3.2: Extension of the coverage of the partnership between the IAF and the International Guarantee Fund (IGF) of Switzerland (1) broadening the criteria for participation to include organizations not solely dedicated to credit and (2) by expansion beyond Central America.

Performance Goal 3.4: Identify and support evolving transnational relationships that encourage immigrant organizations to aid in the sustainable and responsive grassroots development of their home communities.

Performance Measure 3.4.1: Continued collaboration with immigrant groups toward identifying financial and technical resources for supporting development projects in their communities of origin.

Performance Evidence 3.4.2: Continued dissemination of the results of IAF's initiatives in transnational linkages.

Performance Measure 3.4.3: Expanded community foundation activities on the U.S.-Mexico border through promotion of cross-border philanthropy.

Performance Measure 3.4.4: Research on effective grassroots development assistance involving transnational communities.

Performance Measure 3.4.5: Meetings bringing together representatives of IAF grantees to share experiences.

Strategic Plan Goal 4: Operational Efficiency

The Foundation will make internal operations as cost-effective as possible. It will seek to minimize its operational expenses as a percentage of its program obligations and reduce the time required to process proposals, select projects to be supported and obligate funds.

Performance goal 4.1: Reduce overhead, notwithstanding government-wide requirements that often limit our control of expenditures, to make more

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resources available for development activities that improve the quality of life of poor communities.

Performance Measure 4.1.1: Percentage of IAF's budget spent on overhead.

Performance Goal 4.2: Reduce the time lapsed between receipt of a proposal and award of a grant.

Performance Measure 4.2.1: Time spent on review of proposals.

Table 2.1 Resource Allocations by Objective for FY-05 to FY-07

Strategic Plan Goal I. Effective Development. The IAF will identify and fund projects promising effective development as confirmed by measurable results.

Year	FY 2005	FY 2006	FY 2007
No. of Funding Actions	75	77	87
Grant budget	12,755,000	12,177,000	13,103,000
Program Activities	830,000	1,316,000	1,034,000
Program Support (overhead)	2,385,000	2,480,000	2,600,000
FTEs	20	22.5	23

Funding Actions are new grants and amendments of current grants.

Program Activities include local advisory services, grant related research and training, and technical assistance related to the Summit of the Americas (SOA) activities.

Program Support (overhead) includes staff travel, salaries and benefits.

Strategic Plan Goal II. Learning. The IAF will document effective projects and share the information with the development community through scheduled publications and other learning activities.

Year	FY 2005	FY 2006	FY 2007
Program Activities	1,782,000	2,133,000	2,000,000
Program Support (overhead)	900,000	964,000	1,033,000
FTEs	7.25	7.25	6.75

Program Activities include all dissemination activities, studies, Data Verifiers, evaluation contracts, program conference support services, printing, and program activities related to the SOA.

Program Support (overhead) includes staff travel, salaries and benefits.

Strategic Plan Goal III. Mobilize Counterpart Resources. The IAF will mobilize cash and in-kind contributions from beneficiary communities and other sources.

Year	FY 2005	FY 2006	FY 2007
No. of Funding Actions	12	11	17
Grant budget	1,863,000	1,850,000	1,850,000
Program Activities	282,000	250,000	250,000
Program Support (overhead)	328,000	336,000	376,000
FTEs	2	2.5	2.5

Funding Actions are new grants and amendments of current grants.

Program Activities include training and technical assistance to the RedEAmérica network.

Program Support (overhead) includes staff travel, salaries and benefits.

Strategic Plan Goal IV. Operational Efficiency. The IAF will make its internal operations as cost-effective as possible; minimizing its operational expenses as a percentage of its program, and will reduce the time required to process proposals and obligate funds.

Year	FY 2005	FY 2006	FY 2007
Program Support (overhead)	4,094,000	3,793,000	3,754,000
FTEs	12.75	14.75	14.75

Program Support (overhead) includes staff travel, salaries and benefits, operating expenses, supplies, information technology services, accounting, financial services, equipment, etc.

SECTION 3

Fiscal 2005 Accomplishments

FISCAL 2005 PROGRAM ACCOMPLISHMENTS

Overview

- For the fiscal 2005 grant program, IAF staff reviewed more than 1,800 grant proposals from grassroots organizations in Latin America and the Caribbean.
- Of the applicants, 100 were selected for field visits.
- The IAF funded 54 new grants in the amount of \$12 million and amended 33 ongoing projects in the amount of \$2.6 million, totaling more than \$14.6 million in grant funding, representing 100 percent of all grant funds for fiscal 2005.
- The projects funded in fiscal 2005 are expected to reach some 119,000 beneficiaries.
- Expected grantee contributions in cash and in kind will equal 98 percent of IAF's investment in fiscal 2005.
- Results data from active projects analyzed during fiscal 2005 reveal the following:
 - More than 19,000 beneficiaries improved their diet and hence their health.
 - More than 32,000 beneficiaries gained access to medical attention.
 - Close to 10,000 individuals gained access to clean water.
 - More than 40,000 individuals benefited from improved trash removal operations.
 - IAF grantees in eight countries helped their beneficiaries build 221 new houses and improve 1,006 others.
 - Courses, workshops and seminars trained more than 52,000 individuals in finance including loan management; approximately 32,000 in agriculture and environment-related topics; close to 17,000 in management; and close to 8,000 in health issues, such as prenatal care and disease prevention.
 - IAF-supported activities created more than 3,800 full-time positions and 1,100 part-time positions.

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- Grant activities also generated 3,600 full-time seasonal jobs and 3,300 part-time seasonal positions.
 - More than 1,700 organizations cooperated with IAF grantees.
 - Of 644 organizations in partnerships with IAF grantees, 320 became partners in fiscal 2004.
 - Grantees mobilized \$5.3 million of their own resources for project activities and brokered another \$4.8 million from other sources, for a total of \$10.1 million (\$7.2 million in cash and \$2.9 million in kind).
 - Central government institutions, the most generous contributors to IAF grantees, donated \$3.8 million, most of it in cash.
 - International nonprofit organizations contributed \$1.25 million to IAF grantees.
 - IAF grantees extended close to 195,000 loans averaging \$393 each.
 - Grantees disseminated information on their development approaches, practices and/or techniques in 17 of the 19 countries where the IAF funds activities.
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- Since 1972, the IAF has made 4,578 grants valued at about \$586 million, with counterpart contributions totaling more than \$847 million. In fiscal 2005, grants averaged \$176,000 disburseable over a two-year period, compared to \$143,000 over the same period in fiscal 2004, \$180,000 in fiscal 2003 and fiscal 2002, \$198,000 in fiscal 2001, and \$183,700 in fiscal 2000. Grantee contributions, in kind or in cash, worth 98 percent of IAF's fiscal 2005 investment, are detailed in Table 3.1.

Table 3.1 -- GRANTEE/COUNTERPART CONTRIBUTIONS for FY 1972-2005

(in \$000s)

Fiscal Year	IAF Funds	Counterpart Contributions	Total IAF and Counterpart Funds	Counterpart Funds as % of Total	Counterpart Funds as % of IAF Total
1972	\$ 2,794	\$ 2,504	\$ 5,298	47%	90%
1973	2,944	4,263	7,207	59%	145%
1974	11,884	13,248	25,132	53%	111%
1975	12,634	18,787	31,421	60%	149%
1976	12,190	15,100	27,290	55%	124%
1977	14,967	18,458	33,425	55%	123%
1978	11,726	10,596	22,322	47%	90%
1979	16,866	14,431	31,297	46%	86%
1980	22,399	25,360	47,759	53%	113%
1981	21,811	27,949	49,760	56%	128%
1982	21,206	28,869	50,075	58%	136%
1983	17,662	21,826	39,488	55%	124%
1984	17,683	24,750	42,433	58%	140%
1985	22,659	35,256	57,915	61%	156%
1986	18,817	16,664	35,481	47%	89%
1987	19,552	37,400	56,952	66%	191%
1988	20,267	25,564	45,831	56%	126%
1989	22,026	26,883	48,909	55%	122%
1990	19,414	12,050	31,464	38%	62%
1991	26,934	37,125	64,059	58%	138%
1992	21,917	32,639	54,556	60%	149%
1993	24,429	37,163	61,592	60%	152%
1994	24,739	38,135	62,874	61%	154%
1995	22,926	37,550	60,476	62%	164%
1996	15,276	49,938	65,214	77%	327%
1997	14,494	38,915	53,409	73%	268%
1998	17,973	37,381	55,354	68%	208%
1999	22,671	36,218	58,889	62%	160%
2000	11,393	24,027	35,420	68%	211%
2001	13,874	29,849	43,723	68%	215%
2002	13,378	23,227	36,605	63%	174%
2003	15,930	16,299	32,229	51%	102%
2004	14,264	14,618	28,882	51%	102%
2005	14,618	14,304	28,922	49%	98%
Total	\$ 584,317	\$ 847,346	\$ 1,431,663	59%	145%

Introduction

In fiscal 2005, the Inter-American Foundation received an appropriation of \$17.8 million for program and program support activities, which was supplemented by \$6 million for grants from the Social Progress Trust Fund, \$75,000 from the IAF's gift account and \$1.25 million in carry-over funds. The total budget was \$25.35 million.

The IAF funds grassroots development in Latin American and the Caribbean by responding to the proposals it receives and carefully selecting the best from its very large pool. In-depth evaluations of selected projects complement normal reporting; the information is made available to staff and to the development and academic communities. During fiscal 2005, IAF staff and grantee representatives shared at 70 events these and other experiences in development assistance, including the implications of financial, technical and cultural flows from transnational communities and the funding and learning potential of RedEAmérica, launched with support from the IAF in fiscal 2003.

Detailed below are the IAF's accomplishments of its objectives for fiscal 2005. For ease of reference the objectives are listed under the relevant goal from the original Strategic Plan submitted, and the accomplishments follow the corresponding objective.

Accomplishment of the Goals and Objectives of the Fiscal 2005 Program

Strategic Plan Goal I:

Support the most promising and innovative means to foster sustainable grassroots development and economic independence.

Performance Goal 1.1: Fully implement a broader, more competitive and more transparent selection process which takes full advantage of internal sectoral expertise.

Performance Measure. Changes to the selection process introduced in fiscal 2004 were refined during fiscal 2005 when proposals received totaled more than 1,880. Despite the unexpected influx, all proposals were evaluated against established criteria in the time allotted. This review began with a reading by one country expert and one other staff member with subject-matter expertise. More than 80 percent were rated by a second subject-matter expert. Some 300 proposals merited closer consideration, and IAF representatives visited 100 applicants. The top-ranked 51 proposals were further discussed at open reviews; representatives relayed concerns and suggestions to the prospective grantees for their response. Some applicants required a second visit. By mid-summer senior management began reviewing all documentation for approval, and proposals were then forwarded to Congress and the respective U.S. Embassies for clearance.

To make the work flow more evenly in fiscal 2006 and reduce time spent in review, IAF's Office of Programs decided to eliminate the single annual deadline and evaluate proposals throughout the next funding year. New software purchased in the fourth quarter will allow applicants to apply on-line. The IAF is revising its call for proposals in an effort to reduce the number of substandard submissions.

Performance Measure. The IAF funded 54 proposals (including five new cooperative agreements funded through RedEAmérica) promising improvement in the quality of life as measured by such indicators as increased income, job training and placement, better nutrition and housing, and access to clean water. These include the following:

- Tukuypaj (\$159,202 over four years) will expand its experimental program of community-managed trout breeding and farming using lagoons in 41 Andean communities in Bolivia, diversifying food

production, developing the communities' management capacity, improving family income and increasing trout consumption, resulting in nutritional benefits, especially for children. (BO-494)

- Fundación UÑATATAWI (FUNDAWI) (\$195,272 over three years) will introduce and consolidate the production and marketing of medicinal and aromatic plants to protect the tropical forest ecology and increase the incomes of 258 families from eight communities in the Caranavi province of La Paz, Bolivia. The grantee will develop a farmer-owned and -managed enterprise involving a seedling nursery; infrastructure for processing and storing dried leaves, teas and essential oils; and training in organic production technologies and marketing. (BO-500)
- Associação de Deficientes Físicos de Betim (ADEFIB) (\$249,350 over two years) will focus on protection of watersheds and the preservation of surface and ground water sources in the municipality of Betim, Brazil; on the social and professional inclusion of its 220 members, who are individuals with disabilities; and on job training and placement for people with physical disabilities. (BR-826)
- Empresa Cooperativa del Sur del Cauca (COSURCA) (\$291,699 over two years) will provide technical and financial services to 1,530 Colombian coffee and fruit (papaya and lulo) farmers to renovate their farms, further their use of organic growing methods, improve post-harvest coffee processing, and increase the volume of organic coffee marketed through international Fair Trade channels, as well as increase fruit sales in regional markets. (C0-503)
- Cooperativa de la Federación de Productores, Campesinos y Microempresarios Azuanos Inc. (C-Feproca) (\$142,151 over two years) will incubate at least 400 rural and/or women-owned micro-enterprises through enterprise development training and microcredit to 26 rural women's associations, all members of C-Feproca's affiliate organization, the Federación de Productores, Campesinos y Microempresarios Azuanos, in Azua de Compostela province in the Dominican Republic. (DR-330)
- Federación de Cooperativas de Medianos y Pequeños Productores Agropecuarios De El Salvador (FEDECOPPS) (\$250,315 over two years) will conduct a pilot project to strengthen organic agricultural production and create five small businesses to process and market

fruits and vegetables, improve food security, offering new economic opportunities to young adults, increasing leadership opportunities for women and improving family income. (ES-215)

- Subcomité de Productores Ovicaprinos de Michoacán, A.C., (SPOM) (\$400,000 over four years) will further the consolidation of a regional goat-milk producers' association, develop a new system for collecting and processing milk, and begin production and sale of value-added items such as cheese, flavored milk and candies. By improving milk quality through technical assistance, training and providing marketing support, and by entering into new sales arrangements, the grantee aims to increase the income of 2,000 members in 25 municipalities in northern Michoacán, Mexico. (ME-476)
- Cooperativa de Servicios Múltiples Tepeyac (Tepeyac) (\$398,000 over three years) will increase the income of dairy farmers by constructing a pasteurizing and processing plant, offering technical and financial assistance to improve the quality and quantity of dairy production and also strengthen the local dairy sector, and by providing support for marketing activities. (NC-263)
- Fundación Baru Pro Desarrollo Socioeconómico de la Comunidad (FUNBARU) (\$163,939 over two years) will work in Paja de Sombrero, Panama, with a community organization that is introducing bamboo as an alternate source of income and a means to preserve the environment. The grantee will directly assist with capacity-building, investment capital for fixed assets and equipment, and marketing bamboo products while the community organization becomes legally constituted. (PN-279)
- Centro de Investigación, Capacitación, Asesoría y Promoción (CICAP) (\$281,800 over three years) will provide training, technical assistance and capital to 400 Peruvian farmers in the Upper Zaña River Basin toward an economically and environmentally sustainable management for the area's bamboo forests and toward improving job opportunities and income through micro-enterprises that process the bamboo. (PU-528)
- Asociación para la Defensa Ecológica (DEECO) (\$93,785 over two years) will provide training, technical assistance and equipment for 360 women trash handlers as they develop economic enterprises to

increase their income from segregating solid waste for recycling and composting. DEECO will also organize an education campaign to teach the residents of Trujillo to separate organic and inorganic waste prior to collection. (PU-529)

- Una Casa un Sueño (UCUS) (\$100,000 over two years) will provide training in home construction, urban farming and group organization and will set up a fund to finance urban agriculture activities for approximately 85 low-income residents of Villa del Chanco, a poor Montevideo neighborhood. Residents will build at least 25 new homes on land donated by the municipality. (UR-179)
- Asociación de Productores de Leche de Paysandú (APLP) (\$289,245 over three years) will strengthen agricultural networks, develop the productive potential of Uruguayan farm families through technical training and a revolving loan fund. In collaboration with the regional, inter-sectoral Consejo Económico Social, the grantee will provide access to sub-grants for proposals addressing health, education, infrastructure maintenance and other community issues. (UR-180)
- Agencia para el Desarrollo de la Pequeña Agroindustria en las Zonas Rurales de Venezuela (Agendair) (\$271,350 over three years) will work with La Fe y Pimpinela, an enterprise owned and operated by small-scale producers of sugar cane, to develop four collectively-owned sugar mills and at least three new products from sugar cane, benefiting 200 families in the state of Portuguesa, Venezuela. (VZ-194)
- Fundación para la Capacitación y Mejoramiento Social del Joven Torrense (FUNCAMET) (\$336,130 over three years) will train at least 200 youths in entrepreneurship, integrate at least 100 producers in the collective production and marketing of aloe in Venezuela and internationally, and construct a rustic hospitality center, el Jardín de Aloe. Revenues will finance FUNCAMET's future socio-economic projects. (VZ-198)

Performance Goal 1.2: Use results of a feasibility study on non-grant financing mechanisms to initiate select activities.

Performance Measure. Based on a feasibility study, the IAF and the International Guarantee Fund (IGF), a nonprofit cooperative based in Switzerland, each contributed \$200,000 to form the Latin American International Guarantee Fund (LAIGF) in July 2004, to help qualifying

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organizations engaged in productive activities access credit. The fund was fully committed in FY 2005 to guaranteeing \$1 million in commercial bank loans to borrowers in Central America.

Performance Goal 1.3: Continue to help and to draw attention to African descendants – who comprise half the population living below the poverty line in Latin America and the Caribbean.

Performance Measure. The IAF continues to be one of the leading development institutions working with communities of African descendants in the Americas. During fiscal 2005 staff and/or grantees participated in the following events:

- The National Council of La Raza (NCLR), the Inter-Agency Consultation on Race in Latin America (IAC) and the Woodrow Wilson Center sponsored a multi-event seminar on Mexicans of African descent and a reception honoring their contribution to Mexican history and culture.
- IAF contractors led a series of interviews, meetings and community diagnostic sessions designed to strengthen México Negro, an Afro-Mexican organization based in Oaxaca, and to identify potential project activities and community priorities.
- The IAF sponsored the attendance of 10 participants at conferences on racial equality in Uruguay and Brazil.
- African-descendants from Ecuador, Paraguay and Uruguay on an IAF-sponsored panel shared their experiences at the National Council of La Raza (NCLR) annual conference, attended by more than 6,000 Hispanic-Americans, and met with policy-makers, development practitioners and Afro-Latino youth leaders in Washington, D.C.
- The IAF sponsored 17 young African-descendent participants in the Global Afro-Latino and Caribbean Initiative's conference on the status of Afro-Latino organizations held in Argentina.
- During February 2005, the IAF hosted Afro-Brazilian international visitors invited to the United States by the Department of State; this included a reception on Capitol Hill hosted by the Congressional Black Caucus, the Brazil Information Center and the Inter-American Dialogue.
- The IAF sponsored the participation of five African-descendants in the International Seminar on Advancing Equity and Racial

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Inclusion hosted in Brasilia by the government of Brazil and sponsored by the Inter-American Development Bank.

- The IAF was represented on a panel on the Millennium Development Goals at a regional conference of African-descendent organizations, local governments and multilateral organizations sponsored by grantee Mundo Afro in Montevideo.
- IAF's Office of External Affairs developed a brochure on IAF's work with Latin Americans of African descent.
- IAF provided grantee Mundo Afro resources to sponsor participants at planning events in preparation for the "Santiago +5" Latin American Regional Conference against Racism, to be held in Brazil in April 2006;
- The IAF sponsored the participation of 22 African-descendent civil society representatives and government officials at the African-Descendent Civil Society Forum, held in San Jose, Costa Rica, Sept. 1-2 as part of the Summit of the Americas preparatory process. The event immediately followed the Afro Legislators conference at which IAF sponsored the participation of 10 African-descendent legislators and civil society leaders.
- The IAF published a report on the conference "Leadership and Socio-Economic Development for Communities of African Descent in Latin America and the Caribbean Workshop," held in Honduras in February 2004.

Performance Measure. Fundación Lann-Nobis, a member of RedEAmérica, is creating a fund (expected to total at least \$480,000) for financing self-help projects undertaken by community-based Ecuadorians of African descent. The fund has attracted support from multiple sources in Ecuador and abroad.

Performance Measure. The following 2005 projects funded in support of Performance Goal 1.3 are characterized by leadership or beneficiaries of African descent:

- 100 Dimensão-Cooperativa de Coleta Seletiva e Reciclagem de Resíduos Sólidos com Formação e Educação Ambiental (100 Dimensão) (\$321,625 over two years), a recyclers' cooperative in the Federal District of Brasilia led by an Afro-Brazilian woman, will strengthen its administrative and productive capacity, increase its members' income, develop activities to involve and benefit other

community residents, and provide assistance to other organizations of recyclers. (BR-823)

- Associação de Moradores do Conjunto Palmeira (ASMOCONP) (\$225,000 over two years) will provide vocational education and on-the-job training to 1,000 youths in Fortaleza. Students will intern with almost 100 accredited local establishments and will receive technical support and loans toward opening their own businesses. Participating establishments will also have access to credit to invest in their economic activities. (BR-824)
- Associação dos Artesãos de Imperatriz (ASSARI) (\$314,000 over three years) will improve the income of approximately 400 families involved in handicraft production in Imperatriz, Maranhão, Brazil, through applying new technologies, developing their management skills and opening market opportunities. (BR-827)
- Fundo Rotativo da Ação da Cidadania (CREDCIDADANIA) (\$315,000 over two years) will provide training to 400 low-income families in two rural communities in Pernambuco, Brazil, and access to start-up and working capital through a loan fund that each community will create and manage. CREDCIDADANIA will use a mobile office to respond to the credit needs of entrepreneurs in remote locations. (BR-828)
- Obras Sociais da Diocese de Imperatriz (OSDI) (\$191,000 over three years) will strengthen Casas Familiares Rurais (CFRs) in three municipalities of Maranhão. CFRs are educational centers that allow rural students to alternate residence between home and school. Direct beneficiaries are 270 youths who will be trained as community development agents. The goal is to demonstrate the validity of the CFR model in improving the quality of life of rural families and obtain long-term official support. (BR-829)
- Fundación Mujer y Familia Andina (FUNDAMYF) (\$230,000 over three years) will provide women of African descent in Esmeraldas, Ecuador, education and technical assistance in preventive health practices, citizen rights and responsibilities and in administering a savings and loan fund to finance their micro-enterprises. (EC-390)

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- Fundación para la Tecnología y el Desarrollo Latinoamericano Ecuatoriano (FTDE) (\$220,030 over two years) provides training in alternative agricultural practices to 500 Ecuadorian families of African descent in 30 different communities in Esmeraldas. Residents will also participate in activities that improve their networking, organizing, social cohesion and collective problem-solving. (EC-391)
 - Fundación Agencia de Desarrollo Planificado (PLANDES) (\$35,000 over one year) will assess the feasibility of a social franchise enterprise in which Afro-Venezuelan communities in up to four states will participate. The grantee will undertake a market analysis to identify the most promising traditional products for domestic and international sale; investigate the benefits of registering a brand name for the products and services offered by the enterprise; and research alternative organizational structures to coordinate production and marketing. (VZ-195)

Performance Goal 1.4: Continue to promote development efforts among indigenous communities while focusing on their residents as citizens and not just as disempowered ethnic groups.

Performance Measure. The IAF continued to support the efforts of indigenous peoples through improved economic opportunities, public-private partnerships and recognition of their rights. Funded initiatives included the construction of community museums to heighten community identity and increase income; leadership development; and improved production by indigenous artisans, especially women. In June 2005, the IAF brought representatives of former grantee El Ceibo to Washington, D.C., to participate in the Smithsonian Folklife Festival's exhibit on culture and food. El Ceibo showcased its history and multifaceted grassroots development approach; it began serving cacao producers in the late 1970s and gradually evolved into an agro-enterprise whose sales of beans and assorted chocolate products gross \$2 million a year.

An IAF representative has given presentations on the Andean region at a Georgetown University conference on indigenous development in Peru and Bolivia; at a workshop of the World Bank's International Finance Program on Grassroots Business Organizations; and at the Foreign Service Institute on the history of the indigenous movements in the Andes.

Performance Measure. Representative grants relevant to Performance Goal 1.4 follow:

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- El Ceibal Asociación Civil (El Ceibal) (\$109,000 over three years) will strengthen and consolidate six organized clusters of rural artisans, mostly indigenous women, in the provinces of Santiago del Estero and Tucumán, Argentina, into an association of weavers. The artisans will increase household income, recover ancestral techniques and designs, thus acquiring a renewed sense of cultural identity. (AR-339)
 - Asociación de Artesanos Andinos (AAA) (\$186,325 over three years) will revive and further develop traditional weaving techniques and designs to increase the skills, income and cultural pride of 500 male and female indigenous Bolivian weavers. The project focuses on strengthening artisan organizations in 34 communities; improving, diversifying and expanding production; and formulating an effective local marketing strategy. (BO-497)
 - Consejo de Desarrollo de Sector Social de la Economía Regional de Intibucá (CODESSE-Intibucá) (\$173,742 over three years) will strengthen 12 worker-owned enterprises selected from among its member businesses, and, in the process, its own institutional capacity as well as its credibility in representing the interest of its members, primarily of Lenca Indian origin, in local and departmental policy venues in Intibucá, Honduras. (HO-239)
 - Organización de Ejidos Productores Forestales de la Zona Maya (OEPFZM) (\$395,000 over three years) will provide training and technical assistance to associations in the state of Quintana Roo, Mexico, that process and market non-timber forest products, with emphasis on gum and honey. The program aims to strengthen the associations and increase income while preserving natural resources. Approximately 450 Mayan families are expected to directly benefit from better prices for traditional agricultural goods in niche markets. (ME-477)
 - Miel Solidaria Campesina, A.C. (MISOCA) (\$399,500 over four years) will provide training and technical assistance to 200 small-scale, primarily indigenous beekeepers and their producer associations in the states of Veracruz, Puebla, Guerrero and Oaxaca, Mexico. The program will include participatory planning and evaluation activities, the development of a new training center equipped with accessible educational materials, a market study, and a fund for productive

projects. The grantee aims to improve beekeepers' technical skills, increase their productive capacity and sales, and strengthen their associations. (ME-478)

- Asociación Minga-Peru (Minga-Peru) (\$75,000 over 18 months) will strengthen its network of rural women who use training, economic projects and radio programs to promote gender equity, income-generation and preventive health practice in 55 indigenous Peruvian communities on the banks of Marañon and Tigre tributaries of the Amazon River. The communications activities will reach 30,000 women in the riverside communities. (PU-527)
- Asociación Cultural Ayllu Yupaychay (YUPAY) (\$220,000 over three years) will design, apply and evaluate a more appropriate methodology for teaching indigenous children and youths in remote Andean highland communities of Cuzco, Peru. Approximately 360 children in 12 communities will participate. (PU-533)

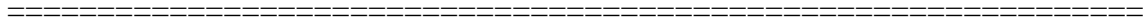
**Strategic Plan Goal II:
Communication, learning and reflective practice.**

Performance Goal 2.1: Work with RedEAmérica toward standardizing information collection and analysis.

Performance Measure. RedEAmérica members drafted a definition of grassroots development and funding principles and a standardized budget format and all 55 corporate foundation and company members unanimously accepted both. They also standardized results measurements for all projects funded with community organizations. Members initiated creation of a databank with information on all projects funded through the network.

Performance Goal 2.2: Use a separate unit within the Office of Operations to maximize information sharing with the IAF's automated grant evaluation and management system, develop greater internal capacity to analyze data, and conduct more in-depth inquiries.

Performance Measure. Office of Evaluation staff participated in the proposal reviews by identifying learning possibilities and selecting performance indicators for each project. IAF representatives and data verifiers developed a closer working relationship, resulting in more



cooperation and information sharing. The Office of Evaluation also improved the format and distribution of its monthly newsletter summarizing verified grantee accomplishments.

Performance Measure. The Getulio Vargas Foundation, a Brazilian research institution, evaluated a group of 10 projects randomly selected from those whose funding expired within the two previous years. Findings and recommendations were discussed among staff. FGV shared its findings with IAF staff, confirming that these projects had achieved most of their goals. These preliminary findings included the following relevant to sustainability:

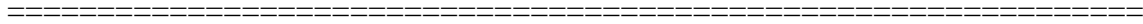
- Community participation in project design is a key factor in sustainability.
- Projects inserted in a broader local development strategy, including partnerships with local authorities, businesses and other community forces, had a greater chance of becoming sustainable.
- For donors, “knowing when to let go” is critically important.
- Leadership from outside the community can be constructive, but only when the expertise serves to empower local leaders.
- Short-term tangible results contribute to long-term sustainability.
- Projects should be seen in the context of broader policy opportunities.

Evaluations of another 10 randomly selected projects were completed in fiscal 2005 and a summary of findings will be shared with IAF staff.

Performance Goal 2.3: Present cutting-edge development analysis that encourages additional resources to flow to Latin America and the Caribbean.

Performance Measure. In fiscal 2004 the IAF commissioned a major study on the significance of corporate social responsibility in Latin America by scholar and author Lester Salamon of the Johns Hopkins University. Prof. Salamon has finished the literature review and the detailed survey of IAF files relating to corporate social responsibility and in summer 2005 conducted extensive interviews in four Latin American countries. Interim reports will be presented during FY2006 and the study published in FY2007.

Performance Measure. In fiscal 2004 the IAF contracted the Chilean Fundación para la Superación de la Pobreza to conduct a multi-country



study on the role of development assistance in the creation of public spaces for community deliberation and action. In fiscal 2005 the researchers shared their findings at seminars at the University of Texas-Austin, the Woodrow Wilson International Center for Scholars in Washington, at the Latin American meeting of the International Society for Third-Sector Research in Lima, Peru, at the Latin American Conference of Mayors and Municipal Officials in Miami, and at the Second Summit of Decentralization and Local/Regional Governance in San Salvador. The final report will be posted on the IAF Web site.

Performance Measure. The following grant was funded in support of Performance Goal 2.3:

- VINCULAR Responsabilidad Social Empresarial (VINCULAR) (\$150,000 over one year) will advance the Inter-American Corporate Social Responsibility (IACSR) Network by engaging approximately 1,500 business leaders and community groups in training seminars focused on corporate social responsibility (CSR). Seminars will coincide with CSR conferences in Sao Paulo, Brazil, and Santiago, Chile. The grantee will organize additional meetings and provide Web page support. (LA-168)

Strategic Plan Goal III:

Make the most of available resources (efficiency, counterpart).

Performance Goal 3.1: Collaborate with a broader range of donors.

Performance Measure. During 2005, the IAF began to disseminate to the U.S. donor community the IRS ruling that the IAF meets the expenditure responsibility reporting requirements, thus opening the door to additional resources for IAF-vetted projects. IAF staff and board representatives visited Texas foundations interested in funding community groups in Mexico and elsewhere in Latin America, and contacted foundations in the Mississippi Delta region interested in supporting U.S. immigrant organizations with transnational connections. With the Tower Center for Public Policy at Southern Methodist University, the IAF is planning a gathering of donors for early 2006 in Dallas.

Performance Goal 3.2: Increase the number of grants made by RedEAmérica.

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Performance Measure. RedEAmérica's grant program was launched through a series of cooperative agreements with individual members requiring they match or double IAF funding awarded in fiscal 2003, 2004 and 2005. Additionally, in fiscal 2005, the cooperative agreements prompted the formation of several local and national funds that mobilized funds from third parties. In 2005, IAF's funding and funding mobilized by RedEAmérica members will finance at least 319 small grants supporting the self-help efforts of grassroots organizations.

RedEAmérica members matching IAF's funding were Colombia's Fundación Empresarios por la Educación with \$146,000; Dibujando un Mañana of Mexico with \$43,500 and another \$40,000 from other corporate sources; and Coser Foundation of Brazil with \$70,000. Fundación Arcor, Telefónica Chile, Corporación Acción RSE (Colombia), Corporación Sociedad Activa (Chile) and Fundación Lann-Nobis (Ecuador) reported \$2,622,000, or double the IAF's contribution, had been committed to their programs.

Performance Goal 3.3: Identify and support evolving relationships between immigrants to the U.S. and their home communities in Latin America and the Caribbean.

Performance Measure. Throughout fiscal 2005, members of the IAF's transnational committee met with immigrant leaders in several U.S. cities and visited counterpart organizations and projects in Latin America. A brief document was developed to provide guidance to migrant organizations interested in submitting transnational proposals to the IAF. Staff participated as panelists in conferences on transnational issues. The IAF brought together grantees and migrant leaders at an event in Mexico. The IAF sponsored a panel on and supported the participation of several women from El Salvador at the Second Conference of Salvadorans Residing Abroad, in Washington, D.C.

Performance Measure. Fiscal 2005 grants with transnational implications follow:

- Centro Waaponí (Waaponi) (\$270,060 over two years) will work with 400 Ecuadorian adolescents and young adults with at least one parent who has migrated in search of work. Participants will learn to confront problems, manage conflict, set life goals and become active in their communities. (EC-392)

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- Fundación Salvadoreña para la Reconstrucción y el Desarrollo (REDES) (\$459,000 over four years) will assist 18 communities with high migration rates in the departments of Cabañas, Cuscatlán, San Vicente and La Paz through an economic development program providing grants for six community projects to be matched by contributions from hometown associations. Loans and sub-grants will be awarded to 240 families for microbusinesses, including 90 pilot projects managed by young adults. (ES-217)
 - Maquiladora Dignidad y Justicia (MDJ) (59,300 for two years) will strengthen a worker-run garment enterprise on the U.S.-Mexican border, developing management and production skills as well as market opportunities and expanding its labor force. (ME-475)

Performance Measure. The IAF has identified community foundations along the U.S.-Mexico border as an area of interest and has designated the deputy vice president for programs to advance it. In fiscal 2005, the IAF funded a visit of representatives of community foundation grantees to the Fundación Internacional de la Comunidad (FIC) in Tijuana, Mexico, which has designed and piloted a call for proposals and competitive process and has awarded 18 grants to community groups in five municipalities. Based on this success, it received \$50,000 from the Secretary for Social Development of Baja California for a loan fund. Under the fiscal 2004 grant LA-164, representatives of four border foundation grantees attended training in community deliberation and are applying the methodology. In December, the IAF provided three travel grants to Mexican community foundation staff who, accompanied by the IAF's deputy vice president for programs, shared experiences on starting foundations, garnering support, governance, fundraising and other topics at the First International Symposium on Community Foundations in Berlin.

Strategic Plan Goal IV:

Be the preeminent organization in the areas of grassroots development and participatory democracy in Latin America and the Caribbean.

Performance Goal 4.1: Revise the Grassroots Development Framework to reflect further work on the "intangible" results of IAF funding.

Performance Measure. The Office of Evaluation worked with data verifiers and IAF program staff at the annual conference of data verifiers in the Dominican Republic to revise indicators of intangible grant results,

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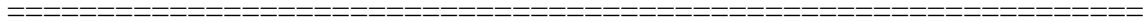
such as “leadership,” which now includes “the capacity to facilitate and negotiate actions for collective interests.” New indicators such as “trust in the organization” and the capacity to “concert” were added to the GDF. For all indicators, a new electronic table for recording and reporting information was designed. These new GDF elements will be reflected in a manual to be applied by the next fiscal year.

Performance Goal 4.2: Broaden and deepen dialogue with other development experts and practitioners studying democracy and the grassroots approach.

Performance Measure. In 2005 IAF representatives explained the connection between grassroots democracy and sustained grassroots development to staff at the Mexican Center for Philanthropy (CEMEFI), the World Affairs Conference at the University of Colorado, Boulder, Georgetown University’s School of Foreign Service, American University School of International Affairs, the World Bank, the International Youth Foundation, and the annual conferences of the League of United Latin American Citizens and the National Council of La Raza, among other venues. The IAF is collaborating with the United Nations Development Programme’s initiative on community dialogues and with other donors focused on the capacity for self governance as the lasting impact of development projects. The IAF co-sponsored major conferences on local development at the University of Texas at Austin and at the Woodrow Wilson Center. IAF’s staff made related presentations to USAID, the Office of Public Diplomacy at the State Department, the Canadian International Development Agency and the Organization of American States.

In 2005, IAF’s Office of External Affairs received considerable response to Grassroots Development 2004. Readers from as far away as India and Bangladesh described Patrick Breslin’s article “Thinking Outside Newton’s Box: Metaphors for Grassroots Development” as “provocative,” “fascinating” and “excellent.” It is being used in courses at American University and California State Polytechnic University and circulated through a variety of development agencies.

Grassroots Development 2005 was printed and distributed in English and Spanish in August 2005; the Portuguese was posted in September. The 2005 journal features a section on the IAF’s start-up under Bill Dyal, IAF president from 1971 to 1980, who tested and then nurtured the concepts of responsiveness and participatory self-help that have guided the IAF’s funding ever since. Profiled in the journal are two organizations



supported during the Dyal years, the Bosconia Program in Colombia and Manos del Uruguay, both still in operation. The journal also examines a grant 25 years ago to indigenous Guarani in Misiones, Argentina, and looks at current grantees offering job placement to Venezuelans living with HIV/AIDS, water services to rural Hondurans and micro-loans to Ecuadorian women. Other items covered include an IAF-co-sponsored series on Mexicans of African descent, a group which has since attracted international attention, and the contribution of two late grassroots leaders to the success of the Bolivian chocolate cooperative El Ceibo, a former grantee.

Copies of both the 2005 and 2006 issues were recently requested for use this fall at California State Polytechnic University. Among comments received on the latest journal was one from Charles Frankel of Honolulu: "I get a lot of publications, many of which I merely thumb through. But I gave Grassroots Development a good read because of the interesting articles and fine photos... Grassroots Development was a good antidote for Collapse, by Jared Diamond, a great book which shows how we are environmentally destroying the world. You give examples of how poor peoples are helping to save the world."

Fiscal 2005 Grants by Program Sector and Country

Unlike other development assistance agencies that plan their funding according to pre-established programmatic lines, the IAF responds to independent initiatives presented by prospective grantees. This section represents our best effort to classify the purpose of each Fiscal Year 2005 grant according to traditional program sectors. Rarely, however, does IAF fund a project with a single focus. Increasingly self-help development brings together partners who craft multi-faceted solutions to conditions in their communities. Activities usually reach beyond a single program sector. In recent years, including fiscal 2005, we have noticed, for example, that protecting natural resources is often a cross-cutting theme. Communities interested in better income from fishing, farming, eco-tourism and niche-marketing or in better access to clean water and sanitation services understand that a clean, flourishing natural environment is a prerequisite to their success. That said, this section follows the traditional classification system as it applies to the primary goal of each project funded.

IAF support for agriculture and food production activities totaled about \$5.7 million, or 39 percent of program funds, in fiscal 2005 compared to \$3.4 million or 24 percent in fiscal 2004, \$3 million, or more than 18 percent of program funds in fiscal 2003, \$2 million or 19 percent in fiscal 2002, \$4 million or 29 percent in fiscal 2001, \$5 million in fiscal 2000, representing 44 percent of program funding, and \$8.2 million or 37 percent in fiscal 1999. Primary beneficiaries included small-scale farmers, livestock producers and landless agricultural laborers.

IAF support for enterprise development and management programs totaled 3.7 million or 25 percent in fiscal 2005 compared to \$4.3 million or 30 percent in fiscal 2004, \$5.6 million or 35 percent in fiscal 2003, \$7.2 million or 54 percent in fiscal 2002, \$6.3 million or 45 percent in fiscal 2001, \$2.4 million or 21 percent of program funds in fiscal 2000, and \$8.6 million or 38 percent in fiscal 1999. These grants allowed operators and owners of small businesses to acquire equipment and supplies, access credit, develop managerial and technical skills, and improve production and marketing.

Fiscal 2005 grants for education and training activities totaled about \$2 million or 14 percent of program funds compared to \$3.4 million or 24 percent in fiscal 2004, \$2.8 million or 17 percent in fiscal 2003, \$2.3 million or 17 percent in fiscal 2002, \$2.6 million or 19 percent in fiscal 2001, \$2.6 million or 23 percent in fiscal 2000, and \$2.3 million or nearly 10 percent in fiscal 1999. Funded activities included training in organizational development, management, vocational skills, community planning and adult education.

Approximately 5 percent, or \$685,000 of IAF's FY2005 grant resources, supported environmental protection and natural resource conservation and management projects.

Grants to support innovative community development, applied research and dissemination efforts, and to promote cultural research and expression totaled about \$445,000 or 3 percent of program resources.

About \$2.1 million representing 15 percent of all grant resources was channeled into corporate social investment through RedEAmerica, the Network of Corporate Foundations and Companies for Grassroots Development launched in 2002 as an IAF initiative.

Table 3.2 Primary Program Areas, Grants, Beneficiaries Summary

FY2005 Primary Program Area	Number of New Grants and Grant Supplements	Amount	Percent	Number of Intended Direct Beneficiaries
Food Production/Agriculture	26	5,670,665	38.8%	30,563
Business Development/Management	21	3,685,062	25.2%	11,870
Corporate Social Investment	14	2,134,380	14.6%	48,660
Education/Training	16	1,998,259	13.7%	24,925
Ecodevelopment	5	684,832	4.7%	1,624
Community Services	3	286,956	2.0%	1,385
Research and Dissemination	1	150,000	1.0%	400
Cultural Expression	1	8,140	0.1%	-
TOTAL	87	\$ 14,618,294	100%	119,427

Table 3.3 Program Profile, FY2005 Country Reports

ARGENTINA
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture				
Business Development/Management	1	109,000	18%	130
Education/Training	2	313,335	51%	16,000
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment	1	190,000		9,000
TOTAL	4	612,335	100%	25,130

BOLIVIA
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture	6	1,084,241	71%	5,143
Business Development/Management	3	405,259	27%	900
Education/Training	1	34,800	2%	1,000
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	10	1,524,300	100%	7,043

BRAZIL

Program Profile

Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture	4	1,199,975	61%	5,120
Business Development/Management	2	416,000	21%	1,370
Education/Training				
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment	4	343,000	18%	2,100
TOTAL	10	1,958,975	100%	8,590

CHILE

Program Profile

Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture				
Business Development/Management				
Education/Training				
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment	4	785,880	100%	7,010
TOTAL	4	785,880	100%	7,010

COLOMBIA
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture	1	291,699	53%	1,550
Business Development/Management				
Education/Training				
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment	1	260,000	47%	10,000
TOTAL	2	551,699	100%	11,550

DOMINICAN REPUBLIC
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture			0%	
Business Development/Management	1	142,151	39%	225
Education/Training	2	223,390	61%	300
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	3	365,541	100%	525

ECUADOR
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture	1	220,030	19%	550
Business Development/Management	1	230,000	20%	500
Education/Training	1	294,060	26%	400
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment	3	405,500	35%	18,050
TOTAL	6	1,149,590	100%	19,500

EL SALVADOR
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture	5	1,075,457	69%	1,675
Business Development/Management	1	459,000	30%	1,200
Education/Training	1	17,700	1%	200
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	7	1,552,157	100%	3,075

HAITI
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture				
Business Development/Management	1	22,516	100%	0
Education/Training				
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	1	22,516	100%	0

HONDURAS
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture				
Business Development/Management	1	173,742	63%	200
Education/Training				
Research and Dissemination				
Community Services	1	99,956	37%	1,300
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	2	273,698	100%	1,500

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MEXICO

Program Profile

Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture	5	1,392,178	94%	13,750
Business Development/Management	2	89,924	6%	1,820
Education/Training				
Research and Dissemination				
Community Service				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	7	1,482,102	100%	15,570

NICARAGUA

Program Profile

Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture	3	585,000	68%	2,130
Business Development/Management	1	99,000	11%	780
Education/Training	1	145,003	17%	700
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment	1	32,430	4%	360
Corporate Social Investment				
TOTAL	6	861,433	100%	3,970

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PANAMA
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture				
Business Development/Management				
Education/Training	3	102,520	28%	1,395
Research and Dissemination				
Community Services	1	87,000	24%	-
Cultural Expression	1	8,140	2%	-
Ecodevelopment	1	163,939	45%	200
Corporate Social Investment				
TOTAL	6	361,599	100%	1,595

PERU
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture	4	685,930	42%	5,565
Business Development/Management	1	49,900	3%	95
Education/Training	2	396,760	24%	2,060
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment	3	488,463	30%	1,064
Corporate Social Investment				
TOTAL	10	1,621,053	100%	8,784

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URUGUAY**Program Profile****Grants and Amendments for Supplemental Funding**

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture				
Business Development/Management	1	298,245	75%	100
Education/Training				
Research and Dissemination				
Community Services	1	100,000	25%	85
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	2	398,245	100%	185

VENEZUELA**Program Profile****Grants and Amendments for Supplemental Funding**

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/ Agriculture	1	336,130	48%	200
Business Development/Management	2	306,350	44%	800
Education/Training	1	54,691	8%	1,500
Research and Dissemination				
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	4	697,171	100%	2,500

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LATIN AMERICA - REGIONAL
Program Profile
Grants and Amendments for Supplemental Funding

Primary Program Area	# of New Grants & Grant Supplements	Amount	Percent	Intended Direct Beneficiaries
Food Production/Agriculture				
Business Development/Management				
Education/Training				
Research and Dissemination	1	150,000	100%	400
Community Services				
Cultural Expression				
Ecodevelopment				
Corporate Social Investment				
TOTAL	1	150,000	100%	400

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