

Inter-American Foundation
Meeting of the Board of Directors
May 7, 2018

The board of directors of the Inter-American Foundation (IAF) met at the IAF offices at 1331 Pennsylvania Avenue, NW, Washington, DC 20004, on May 7, 2018. Board members present were Eddy Arriola, chair; Juan Carlos Iturregui, vice chair; and Jack Vaughn, secretary. Members Kelly Ryan and Lou Viada attended via teleconference. The following advisory council members were in attendance Amb. Alexander Watson, chair; and British Robinson, member. IAF staff members in attendance included Paloma Adams-Allen, president; Barbara Aliño, managing director for external and government affairs; Lesley Duncan, chief operating officer; Marcy Kelley, managing director for grant making and portfolio management; Paul Zimmerman, general counsel; and Karen Vargas, executive assistant. In addition, Gaby Boyer, foundation representative for Nicaragua and community asset mobilization; Jenny Petrow, foundation representative for Colombia; and Juanita Roca, foundation representative for Colombia were also in attendance.

I. CALL TO ORDER

Board chairman, Eddy Arriola, thanked the management team for organizing an incredible trip to Guatemala. He noted that the annual trips are a unique opportunity for the board to directly experience the IAF's mission and impact. Arriola called the meeting to order at 10:05 a.m.

II. APPROVAL OF THE MINUTES

The minutes of the November 6, 2017 meeting of the board of directors and advisory council were approved and adopted by a unanimous voice vote.

III. FY18 BUDGET AND PREVIEW OF FY19 REQUEST

The first half of fiscal year 2018 was marked by two brief shutdowns and five continuing resolutions before the approval of a government spending bill in late March. While the FY18 budget process was disruptive, the IAF secured the same level funding as in FY17 (\$22.5 million appropriation) as well as a firm FY1819 transfer from United States Agency for International Development (USAID) of \$10 million for support to the U.S. Strategy for Central America. Currently, the IAF is unlocking a transfer of \$6 million from USAID for expenditure in FY18

and is staying abreast of the proposal by the White House to exercise its rescission authority and pull back money from the Omnibus Spending Bill passed by Congress.¹

Barbara Aliño, the IAF's managing director for external and government affairs, reported on the Office of Management and Budget (OMB) proposal to consolidate the IAF and ADF into USAID, which is expected to be included in its Reform Pamphlet. She noted an uptick in interest from Congress on the IAF's grassroots development model and its value to the U.S. foreign assistance toolkit. Aliño reiterated the IAF's ongoing commitment to engage the Hill meaningfully, including by preparing for the FY19 briefing cycle, potential hearings in June, and planning for the annual congressional staff delegations to visit projects in the field. In mid-March, the IAF received a letter of strong bipartisan support by the House Foreign Affairs Committee that validated the team's diligence in responding to requests for information and meetings from Congress.

IV. STATUS OF NOMINATION OF NEW BOARD MEMBER(S)

IAF General Counsel Paul Zimmerman reported that, on March 12, the White House announced the nomination of Kimberly Breier to be both Assistant Secretary of State for Western Hemisphere Affairs and a Member of the Board of Directors of the Inter-American Foundation for a term expiring September 20, 2020. The Office of the General Counsel has reviewed the nominee's financial disclosure form and issued an opinion letter that she has no financial conflicts of interest that would be implicated by her service as a member on the board. The White House counsel has acknowledge receipt of this information. Next, the nomination is expected to be considered by the Senate Foreign Relations Committee and, if approved, it will move to the full Senate for approval. There has been no hearing scheduled on the nomination to date.

V. MANAGEMENT REPORT

A. Overview and follow-up from November meeting

IAF President Paloma Adams-Allen provided highlights since the November meeting. She noted that the major focus of the first half of the fiscal year has been securing the IAF's budget and laying the groundwork for programmatic success.

Advisory Council. The IAF's statute states that the "Foundation must have 12 advisory council members." Although the foundation is meeting this requirement it would be great to add additional country-specific expertise – particularly in the IAF's priority countries, including Colombia, the Eastern Caribbean, and each of the Northern Triangle countries.

¹ Author's note. On May 8, the White House announced a \$15 million rescission package, the IAF's FY17 transfer was not affected.

The IAF's General Counsel, Paul Zimmerman, answered technical questions regarding the classification of advisory council members as Special Government Employees and the implications of the council being registered under the Federal Advisory Council Act (FACA). He noted that advisory council members have a requirement to complete ethics training on an annual basis, while other FACA reporting requirements are fulfilled at the organizational level.

FY18 grantmaking. Adams-Allen noted that due to the federal budget uncertainty that characterized the first half the fiscal year, the IAF is slightly behind its total grantmaking compared to this period last year. Marcy Kelley, managing director for grants and portfolio management, reported that despite the slow start there is a strong funding pipeline for FY18 of 133 actions totaling \$19.8 million in the year, which exceeds our budget of \$17 million. There was a brief discussion about the size and value of the total active portfolio (300 grants totaling \$78 million) and overhead cost when taking into account counterpart commitments in addition to the IAF's investment (approximately 11% percent). Board members suggested referencing the IAF's total investment per annum rather than solely the grant making amount, given that the IAF's programmatic impact is better captured by that figure.

Grassroots Development Fellowship Program. As agreed at the November 2017 board and advisory council meeting, the IAF did not recruit a new cohort for its fellowship program this fiscal year. The decision to pause the program is intended to allow the Foundation to rethink the program's structure. Some avenues the IAF is exploring include: i) diversifying academic disciplines beyond doctoral candidates; ii) partnering with academic institutions to reduce costs and incent innovation; and iii) ensuring that research topics and projects directly contribute to the IAF's mission and priorities. Adams-Allen noted that staying true to the grassroots development model has been the guiding principle throughout this phase. The IAF will continue exploring options throughout the spring and summer, and expects to put forth a recommendation to the board of directors by early summer 2019.

Quarterly Annual Program Projection Report. As previewed at the November meeting the Foundation launched a country prioritization exercise and agreed to report progress on its established geographic and thematic targets to the board on a quarterly basis. A combined first and second quarter report was submitted to the board in April 2017 and is included in the briefing materials. This report is part of an effort to help the Foundation maintain its focus and provide a fuller picture of the Foundation's programmatic activity to the board of directors.

New Due Diligence Standards and Institutional Risk Review. The Foundation established new due diligence standards to surface and address institutional risk concerns posed by proponent organizations, their leadership, and or project activities. This risk review is embedded in the formal grant process at the prescreen phase and is required for every grant under funding consideration. Adams-Allen reported that she reviews each assessment before a grant is awarded and will refer grants requiring further consideration to the board via a subcommittee, which will

be discussed in more detail later in the meeting.

Changes in the IAF Organizational Chart. As of March 2018, Stephen Cox, formerly the managing director for networks and strategic initiatives, retired from the Foundation. The IAF has taken this opportunity to update its organizational structure by adding an Office for Knowledge Management and Learning and hiring a Director for Strategic Partnerships. The new knowledge management office will house the Foundation's learning initiatives, fellowship program, and monitoring and evaluation of the IAF's programs. The IAF's thematic initiatives (sustainable smallholder agriculture, social and economic inclusion, community asset mobilization, and alternatives to migration) and networking activities will be absorbed into the reconstituted Programs Office led by Marcy Kelley who will be supported by a Deputy Director.

The IAF is also onboarding several other positions to reflect the Foundation's needs in its current operating context, and to backfill positions following staff retirements and resignations. These include a second Congressional Specialist to help with the growing congressional engagement strategy; an Associate General Counsel; Program Specialist; and Writer/Editor who brings a fresh design perspective and specialized focus in the Latin American development sector. All-in-all, we anticipate 46 full-time-equivalent staff members at the Foundation by the end of FY18

Focus on Impact and Thought Leadership. Adams-Allen announced a new management consultancy starting in June, to review the IAF's mandate, size, portfolio and current inputs, and recommend updates or options for new knowledge management systems, tools and programs to be implemented by the Office of Knowledge Management and Learning. Additionally, she thanked Kelly Ryan for connecting the IAF to USG Digital Services at the White House who have subsequently expressed interest in the results of the consultancy and a potential collaboration with the IAF in designing the new system.

Over the last several months the IAF has prioritized thought leadership in grassroots and community-led development and will continue to do so with the goal of leveraging funds from other donors. For instance, the Foundation's leadership and investment in the Latin American and Caribbean community foundation sector, which Paloma highlighted at the Council on Foundation's North American Community Foundations Summit in Mexico this February, has opened an avenue for broadening our Partnership to Support Post-Earthquake Recovery in Mexico, including by attracting new donors for the Mexico Earthquake Recovery and Disaster Preparedness Fund. A full update on this initiative will be provided by Gaby Boyer, foundation representative for Nicaragua and community asset mobilization, later in the meeting. In April, the IAF as a member of the Global Alliance for Community Philanthropy, shared lessons learned on our approach for unlocking community resources at the launch of the GrantCraft paper "How Community Philanthropy Shifts Power: What Donors Can Do to Help Make that Happen" in Washington, D.C. and New York City. Moreover, the IAF is elevating the profile of its work in the Northern Triangle of Central America, and is co-hosting an event at the Wilson Center on chronic violence in June. In October, the IAF will participate in the Central America Donors

Forum with the Seattle International Foundation in El Salvador. Finally, we are currently in planning the IAF's participation in the 2018 Concordia Summit taking place in late July or early August in Colombia, as well, as an event with public and private sectors on the margins of the 73rd Session of the United Nations General Assembly.

Exciting Initiatives. Adams-Allen noted that there are several new and exciting initiatives underway and opened the floor to Foundation Representatives, Boyer, Roca and Petrow.

B. Update on Mexico Earthquake Recovery and Preparedness Fund (Gabriela Boyer)

Following the September 2017 earthquakes in Mexico, the IAF and the C.S. Mott Foundation launched the Partnership to Support Post-Earthquake Recovery in Mexico. The core of the partnership is the Mexico Earthquake Recovery and Disaster Preparedness Fund, which is currently at \$540,000. The fund includes commitments by the IAF, Mott Foundation, El Paso Community Foundation, International Community Foundation, and Silicon Valley Community Foundation. The IAF is also finalizing a proposal to the Rockefeller Brothers Fund for an added contribution into the fund. Furthermore, the IAF is discussing the possibility of a memorandum of understanding (MOU) with Ambulante, a Mexican documentary film organization that launched its own earthquake fund last year. The MOU would include the coordination of funding as well as collaboration in monitoring grant activities and providing technical assistance.

Next, Boyer overviewed the structure and purpose of the fund as well as the focus of the grants to be funded. She noted that the initiative multiplies the IAF's grassroots development approach in the four affected states (Oaxaca, Morales, Mexico State, and Puebla) and strengthens the Mexican philanthropic sector. She emphasized that the initiative grows the IAF's experience in post-disaster environments for medium-to-long term recovery efforts. The IAF's experience of 15 years working to strengthen the community philanthropy sector is the most important factor contributing to the success in raising funds for this initiative. The IAF's hopes to replicate a similar model with its Colombia peace initiative.

Board and advisory council members congratulated the work of the team on this initiative. There was a brief question and answer discussion, which included whether IAF intended to continue growing the fund, reporting requirements and measuring impact, as well as the expected timeline.

C. Update on the Colombia Peace Initiative (Juanita Roca with Jenny Petrow)

In 2016 the IAF launched the Colombia Peace-building Initiative, aided by belief that: i) grassroots communities have an integral role in peace-building; ii) many IAF grantee partners live and work in communities hard hit by the internal conflict and face some of the biggest challenges in peace-building; and iii) the IAF has a unique role in supporting the Colombia Peace Process, which is a significant USG priority. In phase one of the strategy the IAF funded

18 small grants and a series of joint activities to enhance collaboration among grantees, such as the systematization of project experiences that was coordinated by our partner Centro de Investigación y Educación Popular (CINEP). One of the most significant results from the first cohort was the development of a “Sistema de Paz” (Peace System) – a multi-stakeholder community of practice for peace-building in the territories. Juanita Roca, reported that the phase one objectives have all been met and reported out several results, including breaking down barriers to trust, which in turn has facilitated new alliances with public and private sectors and resulted in financial and policy gains.

As Colombia continues the difficult process of implementing the peace accords, the IAF will begin a second phase of its peace initiative. Phase two will focus on longer-term processes, expanding the reach of the initiative, scaling current efforts, and strengthening the peace system among grantee partners. Roca, underscored the key components of the next phase, which are also included in the meeting materials.

A brief discussion ensued and the directors inquired about efforts to disseminate information about the initiative and engagement with other stakeholders. Petrow and Roca confirmed that there is a potential for external events, including a screening of a short video on the Colombia Peace Initiative (at present the video is still under production). In terms of partnership development, the IAF has reached out to about ten foundations, government offices, corporate foundations, including RedÉAmerica, to begin conversations about co-funding or channeling direct resources to the initiative. The directors offered their support including by connecting the IAF to other organizations that may be interested in supporting and or elevating this work.

VI. IAF’S 50TH ANNIVERSARY

Barbara Aliño called attention to the draft proposal for commemorating the IAF’s 50th Anniversary included in the meeting materials. She noted that in June 2018 the IAF will kick off a three-pronged strategy to commemorate this milestone. The strategy, which will run for 12 months, will comprise three campaigns focused on communications, special events and fundraising. Aliño overviewed key components from each of the campaigns, such as developing explainer and impact videos, launching a dedicated webpage, and hosting a series of special events in key cities. The directors congratulated Aliño on a well-articulated strategy. A brief discussion took place where meeting participants asked clarifying questions and provided suggestions like recruiting a global ambassador to act as a spokesperson for the campaign, launching an award to recognize the impact made by a grantee or fellow in the field of grassroots development, and tapping into the IAF network of former staff, fellows, and grantee partners to volunteer in the planning and implementing of the strategy.

VII. GRANT REVIEW COMMITTEE

At the November 2017 meeting, the board of directors and management team discussed a proposal for appropriate board input into the grant review and approval process. Specifically, board input would be warranted in cases where a grant: i) significantly exceeds limits set for geographic or thematic targets; ii) pose potential institutional risks to the IAF; iii) moves the IAF into a meaningfully different area of activity; or iv) is greater than \$400,000. The creation of a grant review committee was proposed to facilitate that process, and, after consulting the IAF's statute and bylaws, it was confirmed that the IAF is authorized to move forward with the establishment of the subcommittee.

Board Chair Eddy Arriola introduced a motion: "that the Board appoint the following members to the Board's Grant Review Committee, for a period of 12 months, at which time new members may be selected to serve on the committee: Lou Viada, Juan Carlos Iturregui, and Jack Vaughn."

Following a brief discussion about meeting frequency, the motion was approved by unanimous vote.

VIII. ADJOURNMENT

Without further business, the meeting was adjourned at 12:46 p.m. by Chairman Arriola.

DATES FOR NEXT MEETINGS

The board will have a conference call on Monday, August 6. The next meeting will include the full advisory council and will take place in Washington, D.C. on Monday, November 19, 2018.