

PROGRAM TO SUPPORT THE ACTIVITIES OF THE FELIPE HERRERA LANE FOUNDATION

(TC-97-02-39-2-RG)

EXECUTIVE SUMMARY

REQUESTER: Felipe Herrera Lane Foundation, Santiago, Chile

EXECUTING AGENCY: Felipe Herrera Lane Foundation

BENEFICIARIES: Bank member countries

FINANCING: IDB (FSO in local currency): US\$1,500,000
Local counterpart funding: US\$ 500,000
Total: US\$2,000,000

**FINANCIAL
TERMS AND
CONDITIONS:** Amortization period: 6 years
Disbursement period: 1.5 years

**ENVIRONMENTAL
CLASSIFICATION:** The Environment and Social Impact Committee considered this operation under a short procedure, which expired on March 21, 1997.

OBJECTIVES: The objective of this regional technical-cooperation project is to support the Felipe Herrera Lane Foundation in promoting and carrying out regional initiatives in the fields of culture and development. Special attention will be paid to initiatives to enrich the cultural identity of Latin America and the Caribbean and to the promotion of political, economic, social, and cultural integration in the region.

DESCRIPTION: Two types of activities are proposed:

1. Activities to launch the foundation: (i) preparation and publication of a biography of Felipe Herrera; (ii) organization of a seminar on culture and development; (iii) cataloguing of Felipe Herrera's collection of books and documents; and (iv) a campaign to raise funds for the foundation.
2. Main recurring activities: (i) a series of seminars to keep abreast of events and open new avenues for international dialogue on the cultural dimensions of development in the countries of Latin America and other regions; (ii) the award, on a biannual basis, of the

Felipe Herrera Prize to individuals in the region who stand out for their special dedication and substantial intellectual contribution to the field of culture and development; and (iii) funding of an annual Felipe Herrera Chair in an institution of higher education in the region.

BENEFITS:

The main benefit for the Bank will be to pass on the legacy of its founder and first president to future generations. This regional technical-cooperation project will also provide the opportunity to support research programs and projects that could complement the Bank's work in fields such as integration and education, which are important parts of its current mandate.

RISKS:

There is the dual risk of lack of support for: (i) implementation of the series of activities described in this plan of operations; and (ii) the financial sustainability of the foundation. These risks will be mitigated by: (i) the intellectual and technical support of an advisory group; and (ii) the committee in charge of raising additional funds.

**THE BANK'S
REGIONAL STRATEGY:**

In his capacity as first president of the Inter-American Development Bank, Felipe Herrera placed particular emphasis on providing the institution with a 'regional vision' in the economic, political, social, and cultural spheres. It will be a pivotal objective of this regional technical-cooperation project to recall, promote, and disseminate the concept of the 'integration bank' held by its first president.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

- A. Conditions precedent to the first disbursement:
 - (i) initial activities to launch the foundation (see paragraph 4.13); and
 - (ii) main activities (see paragraph 4.14).
- B. Disbursement modality: in two tranches (see paragraphs 4.13 and 4.14).
- C. Retroactive cost recognition (see paragraph 4.16).
- D. Reports (see paragraph 4.17).

**ACCOUNTABILITY
WITHIN THE BANK:**

Basic and technical responsibility: INT/RTC. The operation will be administered and supervised by COF/CCH.

I. BACKGROUND

- 1.1 Felipe Herrera Lane, one of the most prominent founders of the Inter-American Development Bank and its first president, died on September 17, 1996. His leadership during the Bank's first eleven years transformed it into the main source of funding and technical assistance for the region and projected its activities into new priority fields of action for the economic and social progress of Latin America and the Caribbean. Felipe Herrera's vision launched an on-going process of innovation in the Bank to make it more responsive to the needs of its member countries, stressing areas such as health care, education, housing, environmental sanitation, and regional integration.
- 1.2 Felipe Herrera's distinguished professional career, his philosophy, and work revolve around three interwoven areas in which the Bank has been active since its foundation:
 - Strengthening of development in the countries of the region based on approaches that are compatible with modern world-wide trends;
 - Support for regional integration as a process that embraces economic aspects as well as political concertation, social development, the exchange of ideas and experiences, and closer cultural understanding;
 - The importance of linking economic and social development to a redefinition of Latin American cultural identity in the context of rapid globalization, with stress on education as a mainstay for economic growth, democratic change, and active participation by the region in the international community.
- 1.3 In memory of Felipe Herrera and on his family's initiative, in May 1997 a foundation bearing his name was established in Santiago, Chile. The foundation is a private, not-for-profit institution devoted to preserving its namesake's intellectual legacy.
- 1.4 The foundation's main objective is to support and foster different national, subregional, and regional initiatives to systematically explore and study the links between different cultural expressions and the processes of development and modernization in Latin America and the Caribbean.
- 1.5 Its specific objectives include:
 - a. Promoting studies, debates, and concrete actions to strengthen the linkage between the cultural values and the development and integration of Latin American countries;

- b. Identifying the values, institutions, and cultural attitudes that mark Latin American societies and drawing up proposals to integrate them into development processes and policies to ensure that the former do not contradict the region's cultural visions and that the latter do not hold back modernization processes on the economic and social fronts;
 - c. Laying particular stress, in a global context in which knowledge has become the main factor for growth, on the analysis of the role of education in Latin American development and on identifying reforms to enable education to move forward into the 21st century; and
 - d. Fostering comparative studies of the cultural expressions of Latin American societies and those of other regions in the world, in a stage of history that is marked by technological change and globalization.
- 1.6 The objectives stem from the acknowledgment of three factors: (i) the world has shifted from production economies to economies based on knowledge; (ii) the production, organization, and dissemination of knowledge chiefly depend on cultural factors; and (iii) from the sociological theories of modernization that prevailed in the post-war period to today's main currents of economic thought, research and strict empirical observation alike have forcefully stressed the role of cultural attitudes as the driving force in development.
- 1.7 To reflect the foundation's objectives, its work will be organized into three main areas:
- a. Promotion of studies, meetings, and other activities to introduce the cultural dimension into public and private projects linked to the development and integration of Latin America and its ties to other regions;
 - b. Cooperation with academic centers and universities in the region in studying and transmitting to new generations the importance of the links between the cultural heritage, education, and development, with special emphasis on cross-fertilization between cultural traditions and economic evolution; and
 - c. Establishment of a biannual Felipe Herrera Prize to be awarded to persons who have performed outstanding work in the field of development and culture, with particular focus on Latin American integration.
- 1.8 The present operation proposes to support the Felipe Herrera Lane Foundation in achieving its objectives through specific activities in the areas mentioned above.

II. OBJECTIVE

- 2.1 The objective of this regional technical-cooperation project is to support the Felipe Herrera Lane Foundation in promoting and carrying out regional initiatives in the fields of culture and development. Special attention will be paid to initiatives to enrich the cultural identity of Latin America and the Caribbean and to the promotion of political, economic, social, and cultural integration in the region.

III. DESCRIPTION

- 3.1 Two types of activities are proposed under this regional technical cooperation program.

A. Activities to launch the foundation

- 3.2 The following short-term activities are intended to support the foundation during its initial stage of operation.

1. Biography of Felipe Herrera

- 3.3 At the behest of the Bank, Professor Luciano Tomassini, eminent political scientist and professor at the University of Chile, has written a biography of Felipe Herrera. Giving a chronological account of the different stages of Herrera's life, the biography focuses on the core aspects of his professional and intellectual development.

- 3.4 The biography is to be published in two languages. Some 2,000 copies of the Spanish version will be printed by a leading Latin American publishing house, while the English version will be published by the IDB. The copyrights will be the property of the foundation.

2. Seminar on culture and development

- 3.5 Last May 12, the foundation, in cooperation with the University of Chile, organized a seminar on culture and development to discuss key aspects of Felipe Herrera's philosophy.

- 3.6 The seminar was attended by prominent members of the international political, economic, and academic communities, including colleagues and friends of Felipe Herrera, experts in the main areas that form his legacy, and distinguished Chileans from the worlds of development, culture, and government. The seminar's agenda can be consulted in Annex I.

- 3.7 The seminar was the first in a series that will continue annually with events to discuss specific topics in the relationship between culture and development (see paragraphs 3.13 to 3.15).

3. Felipe Herrera library

- 3.8 To support the efforts of the foundation in preserving Felipe Herrera's extensive literary collection, a librarian will be hired to catalogue, using electronic means, close to 8,000 books, 20 collections of journals, and 500 boxes of documents that form part of the foundation's legacy. The collection will be open to the public for consultation at the library, which will be installed in Felipe Herrera House, and will subsequently be made available on the Internet.

4. Fund raising

- 3.9 In order to sustain the foundation and expand the gamut of initial activities, this operation will provide financing for the establishment of a fund-raising committee. Three prominent intellectuals with extensive international contacts and experience in fund raising will be engaged for one year to organize campaigns and carry out missions to different countries in the region to canvass for funds.
- 3.10 The members of the committee will be engaged by the foundation based on terms of reference to be presented to the Bank for approval.

B. Main long-term activities

- 3.11 To support the objectives and working agenda of the Felipe Herrera Lane Foundation, this project proposes the following main on-going activities to preserve and promote his legacy.

1. Seminars and publications

- 3.12 To build upon the seminar held last May 12, an international conference will be organized each year on different facets relating to the links between culture and development. The topics for future seminars include development and integration, development and education, and economic globalization and multiculturalism.
- 3.13 The purpose of these seminars will be to keep abreast of events and open new avenues for international dialogue on the cultural dimensions of development in the countries of Latin America and other regions. A select groups of experts from the academic community, governments, and international agencies will be invited to each seminar.
- 3.14 Approximately five studies will be commissioned for each seminar to foster discussion. They will be published in a series of

monographs, together with the results and recommendations of the experts.

2. Felipe Herrera Prize

- 3.15 The foundation will award the Felipe Herrera Prize on a biannual basis to persons in the region who are outstanding for their special dedication and substantial intellectual contribution to the field of culture and development, with particular emphasis on the cultural integration of Latin America and the Caribbean.
- 3.16 The prize will be awarded by a selection committee composed of members of the foundation's board of directors, the international consultative council, and four persons who are prominent in the specific field, who will be named by the foundation's representatives. The regulations for awarding the prize can be consulted in Annex II.

3. Felipe Herrera Chair

- 3.17 Each year, a Felipe Herrera Chair in culture and development will be established in an institution of higher education in the region. The purpose of the chair will be to introduce and/or enhance the area of culture and development in post-graduate programs and facilitate access by students of the social and human sciences to the thinking and research of outstanding specialists from the region.
- 3.18 Chairs may be applied for by public institutions of higher learning in the region that offer post-graduate programs and degrees. They will be awarded by a selection committee, composed of one member from the foundation's board of directors, one from the international consultative council, and four representatives from universities in the region, to be named by the foundation. The regulations for awarding the chair can be consulted in Annex III.

IV. EXECUTION

A. Executing agency

- 4.1 The Felipe Herrera Lane Foundation will execute the program.
- 4.2 The foundation will be headed by a board of directors responsible for proposing annual activities, evaluating past activities, and arranging for financing. The board of directors will be chaired by Chile's Minister of External Relations, and will include the ministers of finance and education, and the president of the University of Chile.

- 4.3 The board of directors will be assisted in its functions by an international consultative council, which will encourage and facilitate ties between the foundation and regional and extra-regional institutions working in the field of culture and development. The international consultative council will be chaired by the President of the IDB and its members will include the Secretary General of the Organization of American States (OAS), the Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC) and the Permanent Secretary of the Latin American Economic System (SELA).
- 4.4 The foundation will be administered by an executive committee composed of five members of the board of directors. The president, secretary, and treasurer of the executive committee will also serve in that capacity for the foundation and the board of directors. The executive committee will be given broad powers to administer the foundation and its assets and will report on its actions to the board of directors at regular meetings to be held at least twice a year.
- 4.5 To implement the project, the foundation will receive technical support from the Centro de Análisis y Políticas Públicas (CAPP) [Center for Analysis and Public Policies] of the University of Chile. CAPP was established in December 1993 to take a more effective approach to the most relevant aspects of public management inside and outside the University of Chile. Since various professors in the center were colleagues of Felipe Herrera when he was law professor at the university, the center is in a position to provide intellectual leadership.
- 4.6 CAPP will appoint an advisory group drawn from its academic staff, whose function will be to support the foundation during the project. Specifically, the group will provide intellectual and technical support for three key activities:
- advice on organizing the annual seminars and assistance in designing the agenda, selecting speakers, and establishing contacts with the institutions organizing the respective events;
 - advice on awarding the prize, including announcements of the competition and the selection of candidates;
 - advice on establishing the chairs, including supervision of the competition, preselection of proposals by the different teaching institutions, and recommendations regarding final selection.
- 4.7 The advisory group will provide its services ad honorem.

B. Duration

- 4.8 This regional technical cooperation program will be carried out over six years.

C. Cost and financing

- 4.9 The project will cost an estimated US\$2 million equivalent, according to the following budget (see the detailed budget in Annex IV):

Component	IDB	Chilean government
Activities to launch the foundation (short term)	200,000	500,000
- Biography	65,000	
- Librarian	12,000	
- Fund-raising campaigns	39,480	
- Culture and development seminar	73,560	
- Preparation of Felipe Herrera House		500,000
Contingencies	9,960	
Main activities (long term)	1,300,000	
- Seminars: organization and participants	381,600	
- Seminars: studies and publications	240,000	
- Prizes	82,152	
- Chairs	540,000	
Contingencies	56,248	
Total	1,500,000	500,000

(see itemized budget in Annex IV)

1. Bank contribution

- 4.10 The Bank's contribution from the net income of the Fund for Special Operations will be nonreimbursable and has been budgeted as US\$1.5 million equivalent in local currency (Chilean pesos).

2. Chilean government contribution

- 4.11 The Chilean government will provide without charge a house in the capital for 99 years, which will serve as the headquarters of the Felipe Herrera Lane Foundation.

D. Disbursements

- 4.12 The Bank will transfer the funds in two disbursements.

- 4.13 The first will be used to cover the costs of the activities to launch the foundation (paragraphs 3.3 to 3.10) and will be released as soon as the foundation has presented the terms of reference for the librarian and the experts to be hired for fund raising to the Bank for approval. Under the budget, the first disbursement will be US\$200,000.
- 4.14 The remainder of the contribution (US\$1.3 million equivalent) will be fully disbursed after the foundation has presented a detailed report on the initiation of its main activities to the Bank for approval. The report will include: (i) proposals for organizing the seminars (topics, number of speakers, place of the events, etc.) and publication of the results; (ii) detailed procedures governing the announcement of competition, selection, and award of the Felipe Herrera Prize; (iii) detailed procedures governing the announcement of competition, selection, and award of the Felipe Herrera Chair; and (iv) a work plan.
- 4.15 The foundation will entrust administration of the funds from the second disbursement to a reputable commercial bank. The bank chosen will invest them in fixed-income financial instruments with the highest possible returns. The maturity dates for these investment instruments should be compatible with the plan of activities, as set forth in the report mentioned in paragraph 4.14. The executing agency undertakes to use the income generated by the investment to expand and strengthen the activities described in this plan of operations.
- 4.16 The costs of preparing and publishing the biography and organizing and holding the seminar, up to a maximum of US\$140,000, incurred by the foundation after the profile was approved by the Programming Committee (April 2, 1997) will be eligible for reimbursement under the project, provided that applicable Bank procedures for the contracting of goods and services were followed.

E. Reports

- 4.17 The executing agency will present the following to the Bank:
- a. Progress reports to be presented within 90 days after the end of each calendar year. They will contain a detailed account of the activities carried out, an evaluation of them, and recommendations for program development.
 - b. Financial reports: (1) annual, to be presented within 90 days after the end of each calendar year; and (2) final report, within 90 days after the end of the project. The financial reports are to be prepared by an auditing firm or an independent auditor recognized by the Bank.

- c. A final report to be presented within 90 days after the end of the project, giving a quantitative and qualitative evaluation of the results.

V. BENEFITS AND RISKS

A. Benefits

- 5.1 The main benefit for the Bank will be to pass on the legacy of its founder and first president to future generations. This regional technical-cooperation project will also provide the opportunity to support research projects that could complement the Bank's work in fields such as integration and education, which are important parts of its current mandate.

B. Risks

- 5.2 There is the dual risk of lack of support for: (i) implementation of the series of activities described in the plan; and (ii) the financial sustainability of the foundation. These risks will be mitigated by: (i) the intellectual and technical support of an advisory group; and (ii) the committee in charge of raising additional funds, composed of experts with contacts in public and private institutions in the region, whose missions are identified with the legacy of Felipe Herrera and the important objectives of the foundation that bears his name.

FELIPE HERRERA PRIZE

Regulations

1. The following regulations will govern the award of the Felipe Herrera Prize to be granted by the Felipe Herrera Lane Foundation under the regional technical-cooperation program to support the foundation's activities (ATN/SF-.....-RG).

Objective

2. The Felipe Herrera Prize will be awarded to individuals in the region who are outstanding for their special dedication and substantial intellectual contribution to the field of culture and development, with particular emphasis on the cultural integration of Latin America and the Caribbean.

Characteristics

3. Form: A prize that will consist of a cash award (US\$25,000) and a certificate.
4. Financeable items: The cost of the prize and travel costs and per diems for accepting the prize.
5. Interval: Every two years during the six years of the project.

Requisites

6. Candidates must meet the following basic requirements:
 - Be citizens of a borrowing member country of the Bank; and
 - Not have received the prize already nor be of the same nationality as the previous recipient.

Selection criteria

7. Prize winners will be selected based on their contributions to culture and development, or within that sphere, to a specific area to be determined by the foundation.

Procedure for awarding the prize

8. Selection committee. A selection committee will be established composed of one member from the foundation's board of directors, one from the international consultative council of the Felipe Herrera Lane Foundation, and four persons who are prominent in the

specific field, who will be named by the foundation's representatives. Such persons may not be members of the foundation and will provide their services ad honorem.

9. The selection committee will be responsible for:
 - Determining the procedure for the nomination of candidates;
 - Defining the requisites and selection criteria, when necessary;
 - Supervising the nomination process;
 - Selecting the winner of the prize, by consensus;
 - Informing the president of the foundation of its decision.
10. The selection committee will be assisted in its functions by the project advisory group, composed of academic personnel from the Analysis and Public Policies Center (CAPP) of the University of Chile.
11. The prize will be awarded at a ceremony held at the foundation's headquarters.

FELIPE HERRERA CHAIR

Regulations

1. The following regulations will govern the award of the Felipe Herrera Chair to be established by the Felipe Herrera Lane Foundation under the regional technical-cooperation program to support the foundation's activities (ATN/SF-.....-RG).

Objective

2. The purpose of the chair will be to introduce and/or enhance the subject of culture and development in post-graduate programs and facilitate access by students of social and human sciences to the thinking and research of outstanding specialists from the region.

Characteristics

3. Form: Establishment of a chair for one year in an institution of higher learning in a borrowing member country of the Bank.
4. Financeable items: The chair will consist of one year's salary for the academic appointed to it and the travel and installation costs for that person and his/her dependents. The beneficiary institution will provide the necessary logistical and secretarial support for smooth functioning of the chair.
5. Duration: One chair per year during the six years of the project.

Requisites

6. Institutions of higher education that wish to compete for a chair must comply with the following requisites:
 - Be legally established in a borrowing member country of the Bank;
 - Be a public institution of higher education that offers postgraduate programs and degrees;
 - Not have been awarded a chair previously nor be located in the same country as the previous chair; and
 - Submit an application including a proposal relating to the academic who would occupy the chair. The academic must be a citizen of a borrowing member country of the Bank, from a country other than the country applying for the chair.

Selection criteria

7. Beneficiary institutions will be selected based on the quality of:
(i) the applicant institution; (ii) the postgraduate program that would host the chair; (iii) the proposal for incorporating the

chair into the academic program; and (iv) the academic who would hold the chair. Special consideration will be given to the academic support requirements of institutions of higher education in the relatively less-developed borrowing member countries of the Bank (group D).

Procedure for awarding the chair

8. A selection committee will be established composed of one member from the board of directors, one from the international consultative council of the Felipe Herrera Lane Foundation, and four representatives of universities in the region, to be named by the foundation. The representatives may not be members of the foundation nor belong to an institution that is participating in the respective competition. They will serve ad honorem.
9. The selection committee will be responsible for:
 - Determining the procedure for the competition for the chair;
 - Defining the requisites and selection criteria, when necessary;
 - Supervising the competition process;
 - Selecting the winner of the chair, by consensus, and determining the amount of funding as established in point 4; and
 - Informing the president of the foundation of its decision.
10. The selection committee will be assisted in its functions by the project advisory group, composed of academic personnel from the Analysis and Public Policies Center (CAPP) of the University of Chile.

PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION TO SUPPORT
THE FELIPE HERRERA LANE FOUNDATION ACTIVITIES PROGRAM

The Board of Executive Directors

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary and to take such additional measures as may be pertinent for the execution of the plan of operations referred to in Document AT- with respect to a nonreimbursable technical cooperation with the Felipe Herrera Lane Foundation, to Support the Felipe Herrera Lane Foundation Activities Program.

2. That up to the equivalente of US\$1,500,000 in pesos chilenos, is authorized for the purpose of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.