

Grant No. 64

AGREEMENT

ON

THE RYOICHI SASAKAWA YOUNG LEADERS FELLOWSHIP FUND

BETWEEN

THE UNIVERSITY OF CHILE

AND

THE NIPPON FOUNDATION

AGREEMENT on THE RYOICHI SASAKAWA YOUNG LEADERS FELLOWSHIP FUND (hereinafter called the Fund) between University of Chile, a university having its principal office at Avda. Libertador Bernardo O'Higgins N° 1058, Santiago, Chile (hereinafter called the University) on the one hand, and THE NIPPON FOUNDATION, a Japanese non-profit foundation having its principal office at 1-2-2 Akasaka, Minato-ku, Tokyo 107-8404, Japan (hereinafter called the Foundation) on the other.

WHEREAS

(A) The Foundation supports the fellowship program known as "The Ryoichi Sasakawa Young Leaders Fellowship Fund Program" whereby endowments of one million United States dollars (US\$1,000,000) each are granted to selected institutions of higher learning worldwide to establish funds for the purpose of financially assisting young graduate students with leadership potential who are enrolled in master's or doctoral programs in the social sciences and humanities by such institutions;

(B) The University has applied to the Foundation for a grant as the endowment to establish the Fund at the University;

(C) The Foundation has agreed to provide such a grant to the University upon the terms and conditions hereinafter set forth;

(D) The Foundation delegates administrative responsibilities for establishing and monitoring the Fund and the fellowship program of the University to The Tokyo Foundation, a Japanese non-profit foundation having its principal office at The Nippon Foundation Building-3rd Floor, 1-2-2 Akasaka, Minato-ku, Tokyo 107-0052, Japan;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

The Fund

Section 1.1. The Foundation agrees to provide to the University a grant of one million United States dollars (US\$1,000,000) as the endowment for the establishment of the Fund.

Section 1.2. The endowment of the Fund shall be maintained intact permanently and only proceeds, not capital, of the Fund shall be used for the operation of the program stipulated in Appendix 2 of this Agreement (hereinafter called the Program). No proceeds of the Fund shall be used for any purpose other than for such operation of the program.

Section 1.3. The Fund shall be deposited or invested in a safe and secure manner, and denominated in a convertible currency agreeable to both the University and the Foundation. The University agrees to make arrangements for exemption or reduction of any taxes or duties on the proceeds of the Fund whenever such tax exemption or reduction is available under the applicable law or regulations.

Section 1.4. The University shall apply annual proceeds accruing to the Fund exclusively for the objective and scope of the Program and for financing items of expenditure of the Program described in Appendix 2 of this Agreement. When the University desires to alter the objective, scope and items of expenditure of the Program, the University shall obtain the prior written approval of the Foundation.

ARTICLE II

Management of the Fund and the Program

Section 2.1. In management and operations of the Fund and the Program, the University shall perform all obligations hereinafter set forth.

Section 2.2. A Steering Committee to be established within the University shall be responsible for the management and operations of the Fund and the Program. The Steering Committee shall consist of a chairperson appointed by the President of the University and six (6) other members. The chairperson shall be the Vice Rector for Academic Affairs and the members shall include the Vice Rector for Finance, Director of Postgraduate Studies, Director of the Graduate School of Humanities, Director of the Graduate School of Social Sciences, Director of International Cooperation, and Director of Finance. The term of the chairperson and the members of the Steering Committee shall coincide with the respective terms of their office. The Steering Committee shall meet at least once in each academic year. The Steering Committee shall invite a representative of the Foundation to its meetings as an observer.

Section 2.3. The University shall furnish to the Foundation an annual plan of the Program with the detailed budget allocation, necessary procedures to implement it, and the names and addresses of fellowship recipients within four (4) weeks after such decisions are made by the Steering Committee.

Section 2.4. The University shall maintain a separate account for investing the Fund on one hand, and a separate local account for receiving and managing income from investment on the other. Any balance remaining in the local account at the end of the program year shall be carried over to the next program year. The University shall have such accounts and related financial statements audited annually, and furnish to the Foundation certified copies of such audited financial statements, all in English within three (3) months after the end of each fiscal year.

Section 2.5. The University shall furnish to the Foundation an annual report on the accomplishments and performance of the Program within three (3) months after the end of each academic year.

Section 2.6. The University shall furnish to the Foundation all such reports and information as the Foundation shall reasonably request concerning the Fund, the Program and any other relevant matters.

Section 2.7. The University shall state in any public announcements and publications relating to the Fund that activities under the Fund are financially assisted by the Foundation. The University shall furnish to the Foundation copies of all published materials it may produce in connection with the Fund. The University shall agree that the Foundation may publicize the activities of the Fund for the purposes of public information, provided that in any instances where specific activities of the University are included, prior written permission of the University shall be obtained.

ARTICLE III

Effective Date and Remittance of the Grant

Section 3.1. The effective date of this Agreement shall be the date on which the second of the parties hereto to execute this Agreement has effected such execution.

Section 3.2. The Foundation shall remit to the University a grant of one million United States dollars (US\$1,000,000) within one (1) month after the effective date of this Agreement to the account stipulated in Appendix 1 of the Agreement.

ARTICLE IV

Due Operation of the Program

Section 4.1. (a) If any circumstances arise which interfere with the sound operations of the Fund as well as the Program upon the terms and conditions stated in this Agreement, the Foundation may take initiatives in raising the issues with the University.

(b) In the event of any such initiatives to be taken by the Foundation, the University shall convene the Steering Committee and attempt at resolving the issues with the participation of the Foundation.

(c) Any matter not specifically provided for in this Agreement or any doubts that may arise with regard to the interpretation of the provisions of this Agreement shall be resolved by mutual consultation between the University and the Foundation, having due regard to the applicable rules and regulations of the Foundation and the regulations governing the University as an educational institution.

Section 4.2. In the event that the University is found to have used all or part of the capital of the Fund for any purpose whatsoever or all or a part of the proceeds of the Fund for any purpose other than for the operation of the Program in accordance with this Agreement, or in the event that the University is no longer capable of operating the Program as contemplated by this Agreement, the Foundation may at any time terminate this Agreement. Upon termination of this Agreement, the University shall, upon demand by the Foundation, repay the grant funds received from the Foundation pursuant to this Agreement, together with all proceeds of the Fund that remain to be expended or committed for operation of the Program. (See Appendix 3)

ARTICLE V

Other Matters

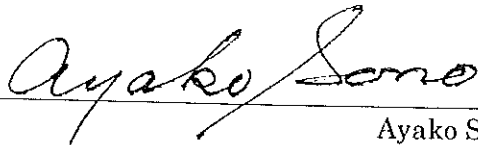
Section 5.1. Any notice or request required under this Agreement shall be made in writing.

Section 5.2. This Agreement may be amended or altered only by written agreement of the parties hereto through their duly authorized officers or representatives. If one of the parties wishes to amend or alter part of this Agreement, the party shall inform the other of such an intention as soon as possible and the parties hereto shall consult with each other on the proposed amendment or alteration in good faith.

Section 5.3. This Agreement is written in English and each party will keep one signed copy. This English language version of this Agreement is the true, valid and binding Agreement between the parties hereto and, in the event of any differences between this version and any translation hereof into any other language, this version shall prevail.

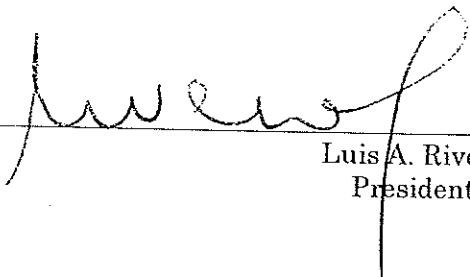
IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names as of the dates hereunder.

The Nippon Foundation
1-2-2 Akasaka
Minato-ku, Tokyo 107-8404 Japan

By 
Ayako Sono
Chairperson

Date 18 March 2002

University of Chile
Avda Libertador Bernardo O'Higgins N° 1058
Santiago, Chile

By 
Luis A. Riveros
President

Date 18-MARCH-2002

Management of the Fund Pursuant toSection 1.2. of this Agreement

The capital of the Fund in the amount of one million United States dollars (US\$1,000,000) to be remitted to the University by the Foundation shall be deposited into the following bank in United States dollars permanently and administered by the Steering Committee of the University as specified in Section 2.2 for earning the yield.

Bank Name	Bankers Trust New York ABA No. 021001033 Swift: BKTRU33
For Deposit at	Deutsche Bank, Filiale Hamburg BLZ: 200 700 00 Swift: DEUT DE HH
Reference	Private Banking International
Account Name	U.DE CHILE – SYLFF- 64
Account Number	600-1133339
Address	Adolphsplatzs 7 20457 Hamburg, Germany
Telephone	(49-40) 3701 3861
Facsimile	(49-40) 3701 5856

The Steering Committee specified in Section 2.2 of this Agreement shall be responsible for ensuring that the real value of the capital of the Fund is maintained to the greatest possible extent. The Steering Committee shall therefore decide, in consultation with the Foundation, how large a portion of the yield on the capital it wishes to add to the capital of the Fund at the end of each fiscal year, dependent on the rate of inflation and the general interest level. The Steering Committee shall distribute the disposable income to the annual expenditure items of the Program as specified in Section 1.2 and Appendix 2 of this Agreement. The yield on the capital shall be tax exempt.

The Fund shall not be mixed with other financial sources of the University, and a separate account for the Fund shall be maintained by the University in accordance with the regulations specified in Section 2.4 of this Agreement.

Strengthening and Internationalizing Graduate Programs in Social Sciences and
Humanities
of
The University of Chile

A. Objective and Scope of the Program

The objective of the Program is to support the education of students enrolled in master's and/or doctoral degree programs at the University of Chile with high potential for leadership in international matters, in public life as well as in private endeavors, by awarding fellowships. These fellowships will be awarded to outstanding Chilean and international students especially from Latin America, majoring in social sciences and humanities fields that relate to the modernization and globalization process in the implementation of public policies in Latin America.

The fellowships will be provided to outstanding graduate students for a period not exceeding three (3) years.

B. Annual Allocation of Proceeds of The Ryoichi Sasakawa Young Leaders Fellowship Fund for the Program

Following are the items and approximate percentages of expenditure of the Program to be financed annually out of the proceeds of the Fund, based on the highest possible annual interest rate of the Fund. Note: Item 2 below cannot exceed five (5) percent.

<u>Items of Expenditures</u>	<u>Budget Allocation</u>
1. Full and partial fellowships to cover the costs of tuition and maintenance, and for non-Chilean students also airfare	95 percent
2. Administrative support to cover communication, purchase of office supplies and other expenses directly related to the Program	5 percent
Total	100 percent

Approximate Breakdown of Annual Expenditure

(as of March 2002)

Interest rate 5%	US\$ 50,000
30% return to the principal	US\$ 15,000
70% balance	US\$ 35,000

A. Fellowships for study and research at the University of Chile (95%)

* Average annual fellowships for graduate students shall be approximately as follows:

(1) Full fellowships for Chilean students

	<u>Chilean Peso</u>	<u>US dollars</u>
(a) Tuition*	603,000	900
(b) Maintenance	2,412,000	3,600
<hr/> Total	<hr/> 3,015,000	<hr/> 4,500

(2) Full fellowships for non-Chilean students

(a) Tuition*	603,000	900
(b) Maintenance	2,412,000	3,600
(c) Air fare	335,000	500
<hr/> Total	<hr/> 3,350,000	<hr/> 5,000

(3) Partial fellowships**

(a) Tuition	301,500	450
(b) Maintenance	1,206,000	1,800
<hr/> Total	<hr/> 1,507,500	<hr/> 2,250

Note: * The University of Chile will contribute 50% of tuition fees for full fellowships; the figures shown are 50% of the full cost.

** The University of Chile will contribute 50% of the total amount of partial fellowships; the figures shown are 50% of the full cost.

B. Administrative Costs Ch\$1,172,500 US\$1,750 (5%)

It is expected that approximately eight (8) students will receive full and partial fellowships, based on an annual interest rate of 5%, with 30% of the interest being returned to the principal each year.

Currency conversion is based on the exchange rate 1US\$=670Ch\$

THE NIPPON FOUNDATION
REGULATIONS CONCERNING OVERSEAS COOPERATION
AND ASSISTANCE PROGRAMS

(Reg. No. 166 of June 27, 1981)

Amended by Reg. No. 204 of March 15, 1990

Article 15. Cancellation, etc. of Grant of Overseas Cooperation Assistance. If any of the following events takes place, the Foundation may, with the approval of the Transportation Minister, cancel the grant, in whole or in part, of the Overseas Cooperation Assistance in question:

(1) If all or a part of the funds or goods supplied by the Foundation hereunder in relation to a Program is used for any purpose other than such Program; or

(2) If the Program is not carried out in accordance with the relative decision for grant of the Cooperation Assistance; or if the Program Operator fails to satisfy any of the condition attached to said decision.

2. In case and to the extent that the grant of an Overseas Cooperation Assistance is canceled wholly or partially pursuant to the provisions of the preceding Paragraph, the Foundation shall demand the return on or prior to the date specified by the Foundation of the Funds or goods theretofore supplied by the Foundation.

3. In case the demand is made for the return of any funds or goods pursuant to the preceding Paragraph, the Program Operator shall return such funds or goods to the Foundation on or prior to the date specified by the Foundation.

(Note: The "Foundation" as stated herein refers to The Nippon Foundation.)