

**No. 10130**

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**UNITED STATES OF AMERICA  
and  
PHILIPPINES**

**Exchange of notes constituting an agreement on the use of the Special Fund for Education for the Fund for Assistance to Private Education (with annex and related notes of 26 April 1966). Manila, 11 June 1968**

*Authentic text: English.*

*Registered by the United States of America on 5 January 1970.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
PHILIPPINES**

**Échange de notes constituant un accord relatif à l'utilisation du Fonds spécial pour l'éducation aux fins du Fonds d'assistance à l'enseignement privé (avec annexe et notes connexes du 26 avril 1966). Manille, 11 juin 1968**

*Texte authentique: anglais.*

*Enregistré par les États-Unis d'Amérique le 5 janvier 1970.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
THE PHILIPPINES ON THE USE OF THE SPECIAL FUND  
FOR EDUCATION FOR THE FUND FOR ASSISTANCE  
TO PRIVATE EDUCATION

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*The American Chargé d'Affaires ad interim to the Secretary  
of Foreign Affairs of the Philippines*

No. 942

Manila, June 11, 1968

Excellency :

I have the honor to refer to our April 26, 1966<sup>2</sup> exchange of notes concerning the Special Fund for Education authorized by United States Public Law 88-94, approved August 12, 1963, as an amendment to the Philippine War Damage Legislation of 1962, and to the recent discussions about the project for Assistance to Private Education, proposed by Your Excellency's Government. The details of this project are elaborated in Annex A to this note.

As indicated in Annex A, this project, entitled Fund for Assistance to Private Education, calls for the establishment of a permanent trust fund with all earnings therefrom available for various programs of assistance to private education. The activities of the Fund will assure continued development and improvement of Philippine private schools through stimulating progress toward quality and excellence, and emphasis on study in those educational fields necessary to meet crucial manpower needs for Philippine national development.

I now have the honor on behalf of my Government to inform Your Excellency that this project, as outlined in Annex A to this note, has been approved, and for this purpose six million one hundred fifty-four thousand dollars (\$6,154,000) will be made available from the Special Fund for Education. I have the further honor to propose that the following undertakings, drawn up in accordance with our April 26, 1966, exchange of notes, govern the implementation of this project :

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<sup>1</sup> Came into force on 11 June 1968 by the exchange of the said notes.

<sup>2</sup> See page (180) of this volume.

1. The United States Government shall make the dollar disbursement for this project in depository banks designated by the Chairman of the National Economic Council of the Government of the Republic of the Philippines to the credit of the Fund for Assistance to Private Education. This disbursement shall be made within two weeks of the execution of the trust deed referred to in paragraph 2 below.

2. The enduring character of the Fund for Assistance to Private Education is secured by the undertaking of Your Excellency's Government to ensure that the irrevocable trust deed, establishing the Private Education Assistance Committee as trustee of the Fund, will stipulate that the principal of the Fund is to be maintained intact with only the earnings therefrom being utilized to finance programs of assistance to private education, but excluding any support of religious worship or instruction.

3. Materials descriptive of the origin of the Fund for Assistance to Private Education, projects undertaken through grants from the Fund, and buildings financed in whole or in part through grants from the Fund shall appropriately identify the contribution of the Special Fund for Education made available by the people of the United States of America in recognition of the common efforts of the Philippines and the United States during World War II.

4. Your Excellency's Government shall provide the Government of the United States with a copy of an annual report of the activities of the Fund for Assistance to Private Education.

Upon receipt of a note from Your Excellency indicating that the foregoing understandings are acceptable to the Government of the Philippines, the Government of the United States of America will consider that this note with its annex and Your Excellency's reply thereto constitute an agreement between our two Governments on the use of the Special Fund for Education for the Fund for Assistance to Private Education.

Accept, Excellency, the assurances of my highest consideration.

James M. WILSON, Jr.

Attachment :  
Annex A.

His Excellency Narciso Ramos  
Secretary of Foreign Affairs  
Manila

## ANNEX A

FUND FOR ASSISTANCE TO PRIVATE EDUCATION CREATED  
BY THE SPECIAL FUND FOR EDUCATION

## I. DESCRIPTION OF THE FUND

The Government of the Philippines will create a permanent trust fund, hereinafter referred to as the Fund. The earnings of the Fund will be utilized exclusively for the benefit of private education in the Philippines, and its principal may be augmented by future grants, donations and transfers by the Philippine Government or any other public or private entity. The Fund will be managed so as to maximize its earnings, but also in a prudent manner consistent with its character as a perpetual trust. The Fund's earnings, whether in the form of interest, dividends or capital gains, will be used to finance grants and/or loans for faculty training and development in the forms of scholarships, research grants, faculty incentives, inter-institutional cooperative projects, and other programs of benefit to private education. Any unused earnings may be capitalized to increase the principal of the Fund.

## II. ORGANIZATION AND STAFFING

To administer and serve as trustee of the Fund there shall be created a Private Education Assistance Committee hereinafter called "the Committee", composed of the Secretary of Education or his representative as Chairman, a representative from the National Economic Council, and one representative from each of the following three educational associations which are members of the Board of National Education: Catholic Educational Association of the Philippines, Association of Christian Schools and Colleges, and the Philippine Association of Colleges and Universities. Decisions of the Committee will be made with the concurrence of the Chairman. The Committee will, as necessary, consult with the Philippine Manpower Development Council.

The Private Education Assistance Committee will serve as the trustee of the Fund and in this capacity will set investment policy; establish priorities among the various possible project areas defined by the guidelines set forth under paragraph III below; provide for the receiving and processing of project applications; and make all decisions on the use of the Fund's income and capital gains, including final action on individual applications for grants and/or loans. Since the project priorities established by the Committee will constitute a current assessment of the Philippine Government's national requirements in private education, they will be reviewed periodically and revised as necessitated by changing conditions. In order to avail of professional counsel and services in the management of the capital entrusted to it, the Committee may retain an investment and financial manager.

## III. GUIDELINES FOR USE OF FUND

In arriving at decisions on individual project applications for grants and/or loans from earnings of the Fund, the Committee shall be guided by the following considerations, which shall be weighed equally:

- (A) The project's contribution to improvement in the quality of Philippine education.
- (B) The project's relation to a field of study or specialization of high priority for national growth.
- (C) The significance of the contribution, and potential contribution through the project, of the applying institution or association to educational needs in a specific geographic area or region of the Philippines.
- (D) The amount of funds requested for the project as consistent with Fund assistance to as many institutions as possible.
- (E) An assessment of the institution's or association's past and current efforts to improve the quality of its education and the quality of its planning for the future.

#### IV. IMPLEMENTING SCHEDULE

Implementation of this project shall be accomplished as follows :

- (a) Organization of the Private Education Assistance Committee and  
Entry into force of Deed of Trust . . . . . June 18, 1968
- (b) Release of \$6,154,000 by U.S. Government . . . . . July 1, 1968
- (c) Start of Investment Program . . . . . July 15, 1968
- (d) Programming of Income . . . . . Jan. 1, 1969
- (e) Announcement of Procedures for Project Applications . . . Feb. 1, 1969
- (f) Start of Project Applications . . . . . April 1, 1969
- (g) Begin Awards . . . . . July 1, 1969

## II

*The Secretary of Foreign Affairs of the Philippines to the American  
Chargé d'Affaires ad interim*

No. 138992

Manila, June 11, 1968

Sir :

I have the honor to acknowledge the receipt of your Note No. 942 dated June 11, 1968 concerning the Special Fund for Education authorized by Public Law 88-94, approved August 12, 1963, as an amendment to the Philippine War Damage legislation of 1962 and the recent discussions about the project for Assistance to Private Education which reads as follows :

[See note I]

I wish to inform you that the foregoing understandings are acceptable to the Government of the Philippines and will consider your note with its annex and this note as constituting an agreement between our two Governments on the use of the Special Fund for Education for the Fund for Assistance to Private Education.

Accept, Sir, the assurances of my highest consideration.

Narciso RAMOS  
Secretary of Foreign Affairs

The Honorable James M. Wilson, Jr.  
Chargé d'Affaires  
Embassy of the United States of America  
Manila

RELATED NOTES

(of 26 April 1966)

[*As under No. 10126, see p. 110 of this volume.*]