

No. 11267

---

**UNITED STATES OF AMERICA  
and  
PHILIPPINES**

**Exchange of notes constituting an agreement on the use of  
the Special Fund for Education for the Project for Assist-  
ance to Students (with annex). Manila, 30 March 1971**

*Authentic text: English.*

*Registered by the United States of America on 4 August 1971.*

---

**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 Projet d'as-  
sistance aux étudiants (avec annexe). Manille, 30 mars  
1971**

*Texte authentique: anglais.*

*Enregistré par les États-Unis d'Amérique le 4 août 1971.*

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 PROJECT FOR ASSISTANCE  
TO STUDENTS

---

I

*The American Ambassador to the Philippine Secretary of Foreign Affairs*

Manila, March 30, 1971

No. 171

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 and to the recent discussions about the Project for Assistance to Students, proposed by Your Excellency's Government. The details of this Project are elaborated in the Annex to this note. As indicated in the Annex, the Project calls for the use of \$575,000 to establish a permanent trust fund, earnings from which shall be used for educational programs and activities of benefit to Philippine students. The Project also provides for the use of up to \$30,000 to defray initial Project expenses.

I now have the honor on behalf of my Government to inform Your Excellency that this Project, as outlined in the Annex to this note, has been approved, and for this purpose \$605,000 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.

---

<sup>1</sup> Came into force on 30 March 1971, the date of the note in reply, in accordance with the provisions of the said notes.

<sup>2</sup> United Nations, *Treaty Series*, vol. 706, p. 57.

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 Students, National Economic Council, Government of the Republic of the Philippines. This disbursement shall be made within two weeks of notification of the banks designated as depositors and of the establishment of a permanent Student Assistance Committee to serve as trustee of the irrevocable trust fund referred to in the next paragraph.

2. The enduring character of the Student Assistance Fund is secured by the undertaking of Your Excellency's Government to ensure that the principal of the Fund is maintained intact with only the earnings therefrom being utilized to finance programs of assistance to students, but excluding any support of religious worship or instruction.

3. Materials describing the origin of the Fund for Assistance to Students shall 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, three years from the date of this agreement, provide the Government of the United States with a comprehensive report of the activities of the Fund for Assistance to Students.

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 Project for Assistance to Students.

Accept, Excellency, the renewed assurances of my highest consideration.

HENRY A. BYROADE

Enclosure:  
Annex

His Excellency Carlos P. Romulo  
Secretary of Foreign Affairs  
Manila

## ANNEX

## FUND FOR ASSISTANCE TO STUDENTS

*A PROJECT UNDER THE SPECIAL FUND FOR EDUCATION**I. Description of the Project*

This Project involves the establishment of a permanent trust fund to be known as the Fund for Assistance to Students (hereinafter referred to as the "Fund") from the Special Fund for Education. The United States Government shall make \$605,000 available for this Project.

The Government of the Philippines may use up to \$30,000 of this amount to defray initial Project operating costs, including expenses connected with any individual programs undertaken within the guidelines set forth under paragraph III below. The Government of the Philippines will use the remaining funds, but not less than \$575,000, to create the Fund. The earnings of the Fund will be utilized exclusively for the educational benefit of Philippine students, 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. Any unused earnings of the Fund may be capitalized to increase the Fund's principal.

*II. Objectives of the Project*

This Project is intended to assist educational programs and activities of benefit to Philippine students, especially those conducted through student organizations. Both the amount devoted to initial expenses and thus not capitalized in the Fund, and the earnings of the Fund itself, whether in the form of interest, dividends, or capital gains, shall be used exclusively for such programs and activities. Among such programs are those which:

- A. Foster intellectual activity and the inter-change of ideas and experiences by such means as funding meetings and conferences, book exchange centers, and publications.
- B. Support development of student organization and activity, particularly in provincial areas, by assisting regional student organizations throughout the Philippines.
- C. Assist students participating in educational enrichment activities that expand their knowledge and understanding of national, social, economic and political developments. Such activities could include agricultural extension work,

literacy classes, and non-partisan efforts to promote popular understanding of national and local concerns.

### III. *Organization and Staffing*

To administer the Project and serve as trustee of the Fund there shall be created a Students 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 a representative from the private sector to be designated by the President.

As Project Administrator, the Committee will decide on the use of an initial amount of up to \$30,000 for beginning operating and program costs. The Committee will also serve as trustee of the Fund and in this capacity will set investment policy; provide for the receiving and processing of Project proposals from applicant student organizations; 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. In this connection, the Committee will formulate and adopt an assistance program based on the guidelines set forth under Paragraph II above. In order to ensure optimum utilization of the Fund, the Committee shall extend preference to projects which are enduring, self-sustaining, or which incorporate counterpart financial arrangements. Assistance from the Fund shall be extended only upon approval by the Committee of proposals submitted by applicant student organizations.

In order to obtain professional counsel and services in the management of the capital entrusted to it, the Committee may retain an investment and financial manager. The Committee may also employ staff personnel and retain advisors and consultants as appropriate to assist in program planning and implementation.

### IV. *Scheduled Implementing Sequence*

The sequence of steps in implementing this Project shall be as follows:

- A. Establishment of permanent Committee for Assistance to Students;
- B. Release of \$605,000 by the United States Government;
- C. Selection of investment manager;
- D. Start of investment program;
- E. Announcement of guidelines and procedures for applying for assistance from the Fund;
- F. Start of the application period;
- G. Start of the assistance program.

## II

REPUBLICA NG PILIPINAS  
KAGAWARAN NG SULIRANING PANLABAS  
MAYNILA <sup>1</sup>

Manila, 30 March 1971

No. 8183

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's Note No. 171 dated 30 March 1971 regarding the Project for Assistance to Students provided for by the Special Fund for Education, which reads as follows:

[See note I]

I have the honor to inform Your Excellency that the Government of the Philippines accepts the Project annexed to the Note as well as the undertakings proposed to govern the implementation of this Project, and agrees that the Note and this reply shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

CARLOS P. ROMULO

Secretary of Foreign Affairs

His Excellency Henry Byroade  
Ambassador Extraordinary and Plenipotentiary  
Embassy of the United States of America  
Manila

---

<sup>1</sup> Republic of the Philippines, Department of Foreign Affairs, Manila.