

June 11, 1968

**EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT 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**

UNITED STATES OF AMERICA

SPECIAL FUND FOR EDUCATION

Agreement effected by exchange of notes, Signed at Manila 11 June 1968, With Annex; Entered into force 11 June 1968.

I

The American Charge 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 ' 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 there from 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:

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 to" 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 there from 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 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

A N N E X 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.