

August 11, 1967

**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
CULTURAL DEVELOPMENT PROJECT**

UNITED STATES OF AMERICA

Special Fund for Education for the Cultural Development Project

Agreement effected by exchange of notes;
Signed at Manila 11 August 1967;
With Annexes;
Entered into force 11 August 1967,

I

The American Charge d'Affaires ad interim to the Acting Secretary of Foreign Affairs
of the Philippines

No. 113

Manila, August 11, 1967

Excellency;

I have the honor to refer to our April 26, 1966^[1] exchange of notes 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 to the recent discussions about the Cultural Development Fund 1962, and to the recent discussions about the Cultural Development Fund project, formally proposed by Your Excellency's Government on February 24, 1967, and attached as Annex A to this note. As indicated in the proposal of Your Excellency's Government, this project calls for the establishment of a 15 million peso permanent trust fund, the earnings of which shall be used solely for financing the programs and operations of the Cultural Center of the Philippines. The Cultural Development Fund, in financing the various activities of the Center's theater for the performing arts, museum and art gallery, art and music library, and open amphitheater, will on a national basis through program of information, training and education promote and nurture Filipino culture and the creativity of the Filipino artist.

I now have the honor on behalf of my Government to inform Your Excellency that this project has been approved, and for this purpose three million five hundred thousand dollars (\$3,500,000) will be made available from the Special Fund for Education. I have the further honor to propose the following undertakings, drawn up in accordance with our April 26, 1966 exchange of notes govern the implementation of this project:

1. The dollar disbursement for the project shall be made within two weeks after the date of this exchange of notes by the United States Government for deposit 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 said National Economic Council.

2. The enduring character of the Cultural Development Fund is ensured by the undertaking of Your Excellency's Government to maintain the principal of the Fund intact, using only its investment portfolio earnings to finance the center's activities and by the intention to enlarge the Fund through the accrual of future cash donations and surpluses arising from the Cultural Center's operations.

3. Materials descriptive of the origin of the Cultural Development Fund and its income will contain appropriate reference to the contribution of the Special Fund for Education, which was 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 the Cultural Center's regular annual reports of activities and finances.

Upon receipt of a note from Your Excellency indicating that the foregoing understanding 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 the Cultural Development Project.

Accept, Excellency, the assurances of my highest consideration.

JAMES M. WILSON, JR.

Annex:

A. Cultural Development Fund Project Proposal

His Excellency Jose D. Ingles
Acting Secretary of Foreign Affairs
Manila

ANNEX A

CULTURAL DEVELOPMENT FUND

A project Proposal

OFFICE OF THE PRESIDENT

CULTURAL CENTER OF THE PHILIPPINES

MANILA

SPECIAL FUND FOR EDUCATION

PROJECT STUDY AND PROPOSAL

I. SUMMARY

1.1 Project Title

CULTURAL DEVELOPMENT FUND

1.2 Brief Description

This project involves the establishment of a P15 million trust fund, to be known as the Cultural Development Fund, the earnings of which shall be used for financing the programs and operations of the Cultural Center of the Philippines.

The Cultural Center of the Philippines is a government-sponsored but independently managed organization. It was established for the development, propagation and conservation of Philippine art and culture. The Center's physical facilities, consisting of (1) a theatre for the performing arts, (2) a museum and art gallery, (3) an art and music library, and (4) an open amphitheatre for outdoor performances, are presently under construction on a 21-hectare reclaimed area projecting into Manila Bay. The land is a donation of the Philippine Government while funds for the preparation of the site and construction of all buildings were raised from private contributions. Construction is on an overlapping schedule starting with the theatre which will be completed in December 1968. All facilities will be operational by July 1969.

In addition to performances and exhibits, the Center will also engage in research and training which will be integrated with the educational system. Educational activities will include fellowship, scholarship and research grants, publications and technical and financial assistance to community sponsored programs.

1.3 Implementing Agency

This project will be implemented by the Cultural Center of the Philippines, an institution created by the Executive Order No. 30, series of 1966. Policy formulation and determination is exercised by a Board of Trustees composed of leading private citizens appointed by the President of the Philippines. At present this Board is assisted by an executive staff which will be expanded into an appropriate organization consistent with the activities of the Center. The Board of Trustees will assume responsibility for the investment and management of the Cultural Development Fund and its income.

1.4 Funding

	Capital	Operating	Total
4.1			
Special			
Fund for	\$3,500,000	\$ —	\$3,500,000
Education			
.....			
4.2			
Cultural			
Center of	P1,700.000	P100,000	P1,800,000
the			
Philippines			
4.3 Duration:	No specific period can be given		
to this project.	The Cultural Development		
Fund is			
a			
permanent			
trust fund.			

II. PURPOSE AND DESCRIPTION

Background and History

The Cultural Center of the Philippines was created by Executive Order No. 30 of the President of the Philippines on June 25, 1966 (Annex "A"). The Order also transferred to the Center a parcel of land which had been previously set aside by Proclamation No. 20 of March 12, 1966 for the physical facilities of the Center (Annex "A-I"). Shortly thereafter the Center's Board of Trustees, with the First Lady of the Philippines as Chairman and prominent civic and business leaders as members, was constituted by the President (Annex "B").

In the meantime the services of the well-known architectural firm of Leandro V. Locsin & Associates were obtained to design the cultural complex and to supervise its construction. The firm has submitted its preliminary studies for the entire complex, including detailed plans for the construction of the National Theatre which is the first phase of the project. The Board of Trustees has accepted and approved these designs.

A series of fund drives — solicitations, benefit performances by local and foreign artists, opera and dance companies, benefit showings of selected motion pictures — was sponsored by the Center to raise its initial requirements. The corner stone of the Center was laid on April 17, 1966 and the construction of the National Theatre began in June 1966 (Annex "C").[*] Target date for the completion of the theatre is December 1968.

Pledges of donations mainly from the private sector are expected to provide the full amount of P35 million for the completion of the entire complex. Construction is on an overlapping schedule such that the complementary structures for the museum, open theatre and art gallery-library are expected to be completed by June 1969. These facilities are described in the attached brochure (Annex "B").[*]

While sufficient provisions have been made for funding the construction of the Center, there remains the problem of financing its programs and activities. It goes without saying that the Center is a non-profit institution. It is precisely because of this indispensable feature of such an enterprise that financing its activities becomes a special problem.

In anticipation of this problem, the Board of Trustees, on January 30, 1967, passed Resolution No. 1, series of 1967, establishing a special investment fund the proceeds of which shall be used in financing programs and activities of the Center(Annex "D"), The Philippine Government, through this project proposal, seeks to utilize \$3.5 M from the Special Fund for Education to establish this fund beginning July 1, 1967.

JUSTIFICATION

The need for a cultural center is explained in the attached brochure[*] as follows:

"A nation and a people must have firm roots, a base from which to grow. When history and circumstances cause a blurring of the past, the result is a confusion of tradition and values. A people with national amnesia suffer a lack of balance and sense of direction. Rootless and purposeless, they

must find firm traditions or ideals, and grasp a solid sedimentation of ancestral aspirations or they will wither and die.

"The physical destruction of museums, libraries, theatres, churches, artifacts and works of art during the last war has seriously hampered the growth of a rich cultural life for the present generation of Filipinos. The war dislocated traditional Filipino values: while foreign values, often times in conflict with the nation's cultural background, led the Filipino to a cultural predicament and an inevitable chasm.

"... the Cultural Center of the Philippines is far from a mere repository conserving disappearing artifacts, since as envisioned, research materials will be available to scholars and artists. The artifacts thereby serve as raw materials, direct inspiration from which creative minds may build, or perhaps even deviate, from conscious sources that make up our culture. The use of workshops, lecture halls, a theatre for the performing arts, and an art gallery are to nurture this creativity in the contemporary artist. Ethnic Filipino recorded music and artifact are not just conserved but becomes a source from which contemporary imagination may bring to fruition the modern Filipino cultural identity. Design and style elements from the rich Filipino legacy may thereby gain new meaning and life. In this way cultural growth would have social and psychological stability provided by tradition."

This need is recognized by the guidelines adopted by the Philippine Committee for the Special Fund for Education. They specifically include projects which promote the Filipino culture as among these which shall be considered in allocating the Special Fund for Education.

An important element of promotion, however, is education. The activities of the Cultural Center include an extensive program of information and education consisting of seminars, teacher-training, publications, scholarship and research grants, and community programs. The Cultural Development Fund is primarily intended to support these activities.

The Fund will enable the Center to operate with a higher degree of independence and efficiency than if it were to depend on government appropriations and donations for financing its operations. The income of the fund can be projected and thus allow the Center to formulate long-term plans and maximize the utilization of its facilities and resource.

The "Enduring character" of the project, desired in projects to be financed by the Special Fund for Education, is assured. As a trust fund, the Cultural Development Fund shall remain intact and shall even increase. All future cash donations and surpluses which may occur from the operations of the Center's facilities, particularly the National Theatre, shall accrue to the Cultural Development Fund as provided by Resolution No. 1 (Annex "D").

OBJECTIVES

The general objective of the Cultural Center of the Philippines is to promote and conserve the Filipino culture. In support of this objective, the Cultural Development Fund is being established to provide a continuing source of financing for the programs and activities of the Center. This will insure continuous and gradually