

**No. 51045**

---

**United States of America  
and  
Philippines**

**Agreement between the Government of the United States of America and the Government of the Republic of the Philippines concerning the establishment of a Tropical Forest Conservation Fund and a Tropical Forest Conservation Board. Manila, 19 September 2002**

**Entry into force:** *1 November 2002, in accordance with article X*

**Authentic text:** *English*

**Registration with the Secretariat of the United Nations:** *United States of America, 15 July 2013*

---

**États-Unis d'Amérique  
et  
Philippines**

**Accord entre le Gouvernement des États-Unis d'Amérique et le Gouvernement de la République des Philippines concernant la création d'un Fonds pour la conservation des forêts tropicales et d'un Conseil de conservation des forêts tropicales. Manille, 19 septembre 2002**

**Entrée en vigueur :** *1<sup>er</sup> novembre 2002, conformément à l'article X*

**Texte authentique :** *anglais*

**Enregistrement auprès du Secrétariat de l'Organisation des Nations Unies :** *États-Unis d'Amérique, 15 juillet 2013*

[ ENGLISH TEXT – TEXTE ANGLAIS ]

**AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES CONCERNING THE ESTABLISHMENT OF A TROPICAL FOREST CONSERVATION FUND AND A TROPICAL FOREST CONSERVATION BOARD**

The Government of the United States of America (U.S. Government) and the Government of the Republic of the Philippines (Government of the Philippines), hereinafter known as the Parties,

*Seeking* to facilitate the conservation, protection, restoration, and sustainable use and management of tropical forests, which provide a wide range of benefits to humankind,

*Desiring* to enhance the friendship and spirit of cooperation between the Parties;

*Recognizing* that rapid rates of tropical deforestation and forest degradation continue to be serious problems in many regions of the world,

*Also recognizing* that the alleviation of external debt can reduce economic pressures on countries and result in increased protection for tropical forests,

*Further recognizing* that economic benefits to local communities of sustainable uses of tropical forests are critical to the protection of tropical forests,

*Wishing* to ensure that resources freed from debt are targeted to the conservation of tropical forests,

Also *wishing* to further the Agreement Between the Government of the United States of America and the Government of the Republic of the Philippines Regarding the Reduction of a Certain Debt Owed to the Government of the United States and its Agencies of this date, hereinafter known as the Debt Reduction Agreement, which reduces certain debt owed the U.S. Government through the exchange of old obligations for a new obligation, known as the New Tropical Forest Conservation Act (New TFCA) Obligation,

Have agreed as follows:

**ARTICLE I  
PURPOSE**

The purpose of this Agreement is to provide for the establishment of a Tropical Forest Conservation Fund and Administering Board in order to promote activities designed to conserve, maintain or restore the forests of the Philippines.

## **ARTICLE II**

### **TROPICAL FOREST CONSERVATION FUND**

1. The Government of the Philippines shall establish a Tropical Forest Conservation Fund, hereinafter known as the Fund, in accordance with its own laws. The Fund shall be administered by the Board established pursuant to Article III. Any monies deposited in the Fund, or grants made from the Fund, will be free from any taxation, levies, fees or other charges imposed by the Parties to the extent permissible by the laws of the Parties.
2. Subject to Article III(2) and Article IV(5) of the Debt Reduction Agreement, the Government of the Philippines shall ensure that the entire amount of interest falling due on the New TFCA Obligation on or after the entry into force of this Agreement is deposited in full in local currency in the Fund in accordance with the repayment schedule provided by the U.S. Government to the Government of the Philippines pursuant to the Debt Reduction Agreement.
3. Monies, in the form of local currencies or other currencies, from other sources, including but not limited to public and private creditors of the Government of the Philippines and voluntary contributions from the Government of the Philippines, other governments, and non-governmental entities may also be deposited into the Fund.
4. Amounts deposited shall be subject to the requirements and considerations of this Agreement. Subject to Article IX(3), deposits in the Fund made pursuant to Article II(2) shall be the joint property of the Government of the Philippines and the US Government until they are disbursed pursuant to the procedures set forth in Article VI. The Board and the fiscal agent shall develop a provision to be included in the grant agreements to address the recovery of funds misspent or misused by, and the return of any unused grant funds held by, a grantee in default.
5. The Government of the Philippines, in consultation with the U.S. Government, shall select a fiscal agent for the Fund who shall be charged with investment and disbursement of the monies in the Fund. The contract between the Government of the Philippines and the fiscal agent shall be concluded by the closing date as specified in Article II of the Debt Reduction Agreement and shall specify the relationship of the fiscal agent with the Board. The fiscal agent is responsible for promptly notifying the Board in writing when the Government of the Philippines makes a deposit in the Fund pursuant to paragraph 2 of this Article, or if a deposit is overdue.
6. Deposits in the Fund shall be prudently invested by the fiscal agent until disbursed. Returns on investment shall be deposited by the fiscal agent in the Fund until disbursed, pursuant to the procedures set forth in Article VI.
7. The fiscal agent shall make every effort to ensure that such investments yield a positive real rate of return within acceptable limits of risk. To accomplish this goal, the fiscal agent may be authorized by the Parties jointly to convert all or part of the monies in the Fund into U.S. dollars or other hard currencies for investment purposes. To the extent that prudent investment practices cannot accomplish this goal, the Government of the Philippines shall ensure that the

value of the deposits in the Fund is maintained in terms of an agreed price index. The fiscal agent shall provide periodic reports to the Board and the Parties on the status of investments.

### ARTICLE III ESTABLISHMENT AND COMPOSITION OF THE BOARD

1. The Government of the Philippines shall establish, in consultation with domestic nongovernmental entities with an interest in forests (such as local community organizations, and scientific, academic, and forestry organizations), in accordance with its laws a Tropical Forest Conservation Board, hereinafter known as the Board, to administer the Fund. The Board shall be discrete and separate from any existing Board, Commission, Foundation, or other entity.
2. The Board shall consist of nine members. It shall be composed of:
  - A. Two representatives appointed by the U.S. Government;
  - B. Two representatives appointed by the Government of the Philippines; and
  - C. Five representatives of a broad range of nongovernmental forest-related interests within the Philippines, including representatives from:
    - (i) environmental nongovernmental organizations;
    - (ii) local community development nongovernmental organizations;
    - (iii) scientific, academic, and/or forestry organizations.
3. The representatives under Article III(2)(C) shall constitute a majority of the members of the Board. They shall be named to the Board by the Government of the Philippines in consultation with a range of domestic nongovernmental entities in the Philippines and with the consent of the U.S. Government.
4. Board members named pursuant to Article III(2)(A) and (B) shall serve *ad honorem* and at the discretion of the naming Party. Board members described in Article III(2)(C) shall serve *ad honorem*, except as provided in Article IV(9), and in their expert capacity for a four (4) year term, and may be removed prior to the end of their term only for malfeasance. A member shall be permitted to serve consecutive terms if both Parties agree.
5. A Board member may not participate in the approval of any proposed grant which, if approved, would result in a financial benefit for the member, any member of his family, an organization which employs the member or with which the member has an affiliation, or an organization in which the member or any member of his family has a direct financial interest. Further, a Board member may not participate in the approval of any proposed grant to an organization which the member represents.

### ARTICLE IV FUNCTIONS OF THE BOARD

1. The Board shall be responsible for administration and management of the Fund and disbursements from the Fund to support eligible activities, and for oversight of activities financed from the Fund, pursuant to this Agreement. The

Government of the Philippines, in consultation with the U.S. Government, shall ensure that the Board has the necessary authority to carry out the functions assigned to it in this Agreement.

2. The Board shall:
  - A. issue and widely disseminate a public announcement on the call for grant applications which states the purpose of the fund, eligible activities and applicants in accordance with Article V, the criteria for the selection of grant recipients, the schedule of the grants process, and any other procedural and format requirements established by the Board;
  - B. receive applications for grants from entities described in Article V(2) and award grants to such entities for activities consistent with Article V(1) on the basis of evaluating applications for their merits and chances of success;
  - C. publicly announce grants awarded by the Board;
  - D. develop with each grant recipient a Grant Agreement, which outlines the terms of the grant;
  - E. present the following to the Parties annually according to a schedule to be mutually agreed upon by the Parties:
    - (1) a plan and annual budget for approval of the Parties showing prospective activities, including expected administrative and program costs. The first such plan and budget are to be presented within three (3) months from the date of the Board's establishment;
    - (2) a report on grant activities for the previous year, including multi-year activities funded by the Board, which shall include for each grant awarded, information as to the grant recipient, grant amount, activity funded, and status of implementation, as well as information on the status of audits of randomly selected grants; and
    - (3) a financial audit in accordance with generally accepted international standards by an independent auditor, covering the previous program year, the first such audit to be presented one (1) year from the date of the Board's establishment or at such time as \$1 million in grants has been disbursed, whichever comes first.
  - F. hire an executive director to coordinate and execute with the guidance of the Board all necessary actions required for the adequate functioning of the Board, including the hiring of necessary support staff with the approval of the Board.
3. Proposed grants with a life-of-project total in excess of \$100,000 endorsed by the Board shall be presented by the Board to both Parties. If either Party disapproves such a grant, that Party must notify the Board of its disapproval, in which case the Board shall not award the proposed grant. Proposed grants not disapproved by either Party within thirty (30) Philippine business days of presentation to the