

FINANCING OF EDUCATIONAL EXCHANGE PROGRAM

Agreement signed at Manila March 23, 1948

Entered into force March 23, 1948

Article 11 amended by agreement of April 2 and 8, 1948;¹ article 5 amended by agreement of December 8 and 20, 1948²

Amended and extended by agreement of September 18 and October 3, 1958³

Superseded by agreement of March 23, 1963⁴

62 Stat. 1878; Treaties and Other
International Acts Series 1730

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FOR THE USE OF FUNDS MADE AVAILABLE IN ACCORDANCE WITH THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FOR THE SALE OF CERTAIN SURPLUS WAR PROPERTY, SIGNED SEPTEMBER 11, 1946

The Government of the United States of America and the Government of the Republic of the Philippines;

Desiring to promote further mutual understanding between the peoples of the United States of America and the Republic of the Philippines by a wider exchange of knowledge and professional talents through educational contacts;

Considering that Section 32 (b) of the United States Surplus Property Act of 1944, as amended (Public Law No. 584, 79th Congress; 60 Stat. 754), provides that the Secretary of State of the United States of America may enter into an agreement with any foreign government for the use of currencies or credits for currencies of such foreign government acquired as a result of surplus property disposals for certain educational activities; and

Considering that under the provisions of Article 5 C (2) of the Agreement between the Government of the United States of America and the Govern-

¹ TIAS 1745, *post*, p. 131.

² TIAS 1910, *post*, p. 168.

³ 9 UST 1444; TIAS 4138.

⁴ 14 UST 352; TIAS 5321.

ment of the Republic of the Philippines for the sale of certain Surplus War Property signed at Manila on September 11, 1946⁵ (hereinafter designated the "Sales Agreement") it is provided that the Government of the Republic of the Philippines shall make available to the Government of the United States of America the equivalent of Two Million Dollars (\$2,000,000—United States currency) and any unexpended portion of the sum set forth in Article 5 C (1) of the Sales Agreement, to be available for the implementation of agreements to be entered into between the Government of the United States of America and the Government of the Republic of the Philippines for cultural research, instruction, and other educational activities, Have agreed as follows:

ARTICLE 1⁶

There shall be established in the Philippines a foundation to be known as the United States Educational Foundation in the Philippines (hereinafter designated the "Foundation"), which shall be recognized by the Government of the United States of America and the Government of the Republic of the Philippines as an organization created and established to facilitate the administration of the educational program to be financed by funds made available by the Government of the Republic of the Philippines under the terms of the present agreement.⁶

Except as provided in Article 3 hereof the Foundation shall be exempt from the domestic and local laws of the United States of America and the Republic of the Philippines as they relate to the use and expenditure of currencies and credits for currencies for the purposes set forth in the present agreement.

The funds made available by the Government of the Republic of the Philippines shall be used by the Foundation for the purpose, as set forth in Section 32 (b) of the United States Surplus Property Act of 1944, as amended, of

(1) financing studies, research, instruction, and other educational activities of or for citizens of the United States of America in schools and institutions of higher learning located in the Philippines or of the citizens of the Philippines in United States schools and institutions of higher learning located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, including payment for transportation, tuition, maintenance, and other expenses incident to scholastic activities; or

(2) furnishing transportation for citizens of the Philippines who desire to attend United States schools and institutions of higher learning in the

⁵ 43 UNTS 231.

⁶ For an amendment of the first paragraph of art. 1, see agreement of Sept. 18 and Oct. 3, 1958, (9 UST 1444; TIAS 4138).

continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands and whose attendance will not deprive citizens of the United States of America of an opportunity to attend such schools and institutions.

ARTICLE 2

In furtherance of the aforementioned purposes, the Foundation may, subject to the provisions of Article 10 of the present agreement, exercise all powers necessary to the carrying out of the purpose of the present agreement including the following:

- (1) Receive funds.
- (2) Open and operate bank accounts in the name of the Foundation in a depository or depositories to be designated by the Secretary of State of the United States of America.
- (3) Disburse funds and make grants and advances of funds for the authorized purposes of the Foundation.
- (4) Acquire, hold, and dispose of such property in the name of the Foundation as the Board of Directors of the Foundation may consider necessary or desirable, provided however, that the acquisition of any real property shall be subject to the prior approval of the Secretary of State of the United States of America.
- (5) Plan, adopt, and carry out programs, in accordance with the purposes of Section 32 (b) of the United States Surplus Property Act of 1944, as amended, and the purposes of this agreement.
- (6) Recommend to the Board of Foreign Scholarships, provided for in the United States Surplus Property Act of 1944, as amended, students, professors, research scholars, resident in the Philippines and institutions of the Philippines qualified to participate in the programs in accordance with the aforesaid Act.
- (7) Recommend to the aforesaid Board of Foreign Scholarships such qualifications for the selection of participants in the programs as it may deem necessary for achieving the purpose and objectives of the Foundation.
- (8) Provide for periodic audits of the accounts of the Foundation as directed by auditors selected by the Secretary of State of the United States of America.
- (9) Engage administrative and clerical staff and fix the salaries and wages thereof.

ARTICLE 3

All expenditures by the Foundation shall be made pursuant to an annual budget to be approved by the Secretary of State of the United States of America pursuant to such regulations as he may prescribe.

ARTICLE 4

The Foundation shall not enter into any commitment or create any obligation which shall bind the Foundation in excess of the funds actually on hand nor acquire, hold, or dispose of property except for the purposes authorized in the present agreement.

ARTICLE 5⁷

The management and direction of the affairs of the Foundation shall be vested in a Board of Directors consisting of nine Directors, (hereinafter designated the "Board").

The principal officer in charge of the Diplomatic Mission of the United States of America to the Republic of the Philippines (hereinafter designated the "Chief of Mission") shall be Honorary Chairman of the Board. He shall have the power of appointment and removal of members of the Board at his discretion. The members of the Board shall be as follows: (a) the Chief Public Affairs Officer of the United States Embassy in the Philippines, Chairman; (b) two other members of the Embassy staff, one of whom shall serve as treasurer; (c) two citizens of the United States of America, one representative of American business interests in the Philippines and one representative of American educational interests in the Philippines; and (d) four citizens of the Philippines, at least two of whom shall be prominent in the field of education.

The six members specified in (c) and (d) of the last preceding paragraph shall be resident in the Philippines and shall serve from the time of their appointment until the succeeding December 31 next following such appointment. They shall be eligible for reappointment. The United States members shall be designated by the Chief of Mission; the Philippine members by the Chief of Mission from a list of names submitted by the Government of the Republic of the Philippines. Vacancies by reason of resignations, transfers of residence outside of the Philippines, expiration of term of service, or otherwise shall be filled in accordance with this procedure.

The Directors shall serve without compensation, but the Foundation is authorized to pay the necessary expenses of the Directors in attending meetings of the Board.

ARTICLE 6

The Board shall adopt such by-laws and appoint such committees as it shall deem necessary for the conduct of the affairs of the Foundation.

ARTICLE 7

Reports as directed by the Secretary of State of the United States of America shall be made annually on the activities of the Foundation to the Secre-

⁷ For an amendment of art. 5, see agreement of Dec. 8 and 20, 1948 (TIAS 1910), *post*, p. 168.

tary of State of the United States of America and to the Government of the Republic of the Philippines.

ARTICLE 8

The principal office of the Foundation shall be in the capital city of the Philippines but meetings of the Board and any of its committees may be held in such other places as the Board may from time to time determine, and the activities of any of the Foundation's officers or staff may be carried on at such places as may be approved by the Board.

ARTICLE 9

The Board may appoint an Executive Officer and determine his salary and term of service, provided however, that in the event it is found to be impracticable for the Board to secure an appointee acceptable to the Chairman, the Government of the United States of America may provide an Executive Officer and such assistants as may be deemed necessary to ensure the effective operation of the program. The Executive Officer shall be responsible for the direction and supervision of the Board's programs and activities in accordance with the Board's resolutions and directives. In his absence or disability, the Board may appoint a substitute for such time as it deems necessary or desirable.

ARTICLE 10

The decisions of the Board in all matters may, in the discretion of the Secretary of State of the United States of America, be subject to his review.

ARTICLE 11⁸

The Government of the Republic of the Philippines shall within thirty (30) days of the date of the signature of the present agreement, deposit with the Treasurer of the United States of America, an amount of the currency of the Government of the Republic of the Philippines equivalent to Two Hundred Thousand Dollars (\$200,000—United States currency). On January 1, 1948, and on each succeeding January 1, the Government of the Republic of the Philippines shall similarly deposit an amount of the currency of the Government of the Republic of the Philippines equivalent to Two Hundred Thousand Dollars (\$200,000—United States currency) until an aggregate amount equivalent to Two Million Dollars (\$2,000,000—United States currency) shall have been so deposited. The aggregate amount of Two Million Dollars shall be increased by any unexpended portion of the sum set forth in Article 5 C (1) of the Sales Agreement which may become available for cultural, research, instruction, and other educational activities. The rate of ex-

⁸ For amendments to art. 11, see agreements of Apr. 2 and 8, 1948 (TIAS 1745), *post*, p. 131, and Sept. 18 and Oct. 3, 1958 (9 UST 1444; TIAS 4138).

change to be used in determining the amount of currency of the Government of the Republic of the Philippines which shall be considered equivalent to Two Hundred Thousand Dollars (\$200,000—United States currency) shall be the rate agreed upon from time to time by the Government of the United States of America and the Government of the Republic of the Philippines for transactions pursuant to Article 5 C of the Sales Agreement.

The Secretary of State of the United States of America will make available to the Foundation currency of the Government of the Republic of the Philippines in such amounts as may be required by the Foundation, but in no event in excess of the budgetary limitation established pursuant to Article 3 of the present agreement.

ARTICLE 12

Furniture, equipment, supplies, and any other articles intended for the official use of the Foundation shall be exempt in the territory of the Republic of the Philippines from customs duties, excises, and surtaxes, and every other form of taxation.

All funds and other property used for the purposes of the Foundation, and all official acts of the Foundation within the scope of its purposes shall likewise be exempt from taxation of every kind in the territory of the Republic of the Philippines.

ARTICLE 13

The Government of the Republic of the Philippines shall extend to citizens of the United States of America residing in the Philippines and engaged in educational activities under the auspices of the Foundation such privileges with respect to exemption from taxation, and other burdens affecting the entry, travel, and residence of such persons as are extended to Filipino citizens residing in the United States of America engaged in similar activities.

ARTICLE 14

Wherever, in the present agreement, the term "Secretary of State of the United States of America" is used, it shall be understood to mean the Secretary of State of the United States of America or any officer or employee of the Government of the United States of America designated by him to act in his behalf.

ARTICLE 15

The present agreement may be amended by the exchange of diplomatic notes between the Government of the United States of America and the Government of the Republic of the Philippines.

ARTICLE 16

The present agreement shall come into force upon the date of signature.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed the present agreement.

DONE at Manila this 23 day of March 1948.

For the Government of the United States of America:

EMMET O'NEAL

*Ambassador Extraordinary and Plenipotentiary
of the United States of America to the
Republic of the Philippines*

For the Government of the Republic of the Philippines:

ELPIDIO QUIRINO

*Vice President of the Philippines
and concurrently
Secretary of Foreign Affairs*