

MALACANANG  
RESIDENCE OF THE PRESIDENT  
OF THE PHILIPPINES  
-MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 306

CONSTITUTING THE "FUND FOR ASSISTANCE TO STUDENTS"  
AS AN IRREVOCABLE TRUST FUND, CREATING A "STU-  
DENTS ASSISTANCE COMMITTEE" AS TRUSTEE, AND  
PROVIDING FOR THE MANAGEMENT THEREOF.

WHEREAS, pursuant to a "Project Agreement"  
entered into on \_\_\_\_\_ between the Government  
of the Republic of the Philippines and the Govern-  
ment of the United States of America executed in  
accordance with the "Exchange of Notes" between  
said Governments, the sum of Six Hundred Five Thou-  
sand Dollars (\$605,000.00), U.S. Currency, from  
the Special Fund for Education authorized by Uni-  
ted States Public Law 88-94, will be made available  
as a "Fund for Assistance to Students" for the pur-  
pose of providing a permanent trust fund, earnings  
from which shall be used for educational purposes  
and activities of benefit to Philippine students;  
and

WHEREAS, for the purpose aforesaid, it is re-  
quired that the Fund be constituted as an irrevoc-  
able trust fund to be managed and administered  
by a permanent "Student Assistance Committee";

NOW, THEREFORE, I, FERDINAND E. MARCOS, Pre-  
sident of the Philippines by virtue of the powers  
vested in me by law and in pursuance of the "Pro-  
ject Agreement," and "Exchange of Notes," do here-  
by constitute the "Fund for Assistance to Students"  
(hereinafter called the "Fund") as an irrevocable  
trust fund under and subject to the terms herein-  
after specified.

SECTION 1. Fund for Assistance to Students.  
The aforesaid sum of Six Hundred Five Thousand Dol-  
lars (\$605,000.00) U.S. Currency, or its Philippine

peso equivalent as provided in Section 6(a), shall be made available for this Project.

The Philippine Government may use up to Thirty Thousand Dollars (\$30,000.00) to defray initial Project operating costs and the remaining funds, but not less than Five Hundred Seventy-Five Thousand Dollars (\$575,000.00) shall be used to establish a permanent trust fund, earnings from which shall be used for educational programs and activities of benefit to Philippine students. In order to insure the enduring character of the Fund, the remaining funds shall be maintained in trust with only the earnings therefrom being utilized to finance programs of assistance to students, but excluding any support of religious worship or instruction, 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 shall be managed so as to maximize its earnings; but also in a prudent manner consistent with its character as a perpetual trust.

SECTION 2. Purpose of the Fund. The Fund shall be established to assist educational programs and activities of benefit to Philippine students, especially those conducted through student organizations. Among such programs are those which:

a. Foster intellectual activity and the interchange 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, literary classes, and non-partisan efforts to promote popular understanding of national and local concerns.

SECTION 3. Composition of Students Assistance Committee. A Committee which will serve as the trustee of the Fund and in this capacity shall administer, manage, and supervise the operations of the Fund which shall be known as the "Students Assistance Committee" (hereinafter called the "Trustee"), is hereby created and shall be composed of:

a. The Secretary of Education or his representative, as Chairman;

b. A representative from the National Economic Council, as Member; and

c. A representative from the private sector to be designated by the President, as Member.

SECTION 4. Functions and Responsibilities. The Students Assistance Committee shall have the following functions and responsibilities:

a. Decide on the use of an initial amount of up to Thirty Thousand Dollars (\$30,000.00) for beginning operation and program costs;

b. Set the investment policy of the Fund;

c. Provide for the receiving and processing of projects sought to be financed by the Fund;

d. 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;

e. Avail of professional counsel and services by retaining an investment and financial manager, if desired;

f. Employ necessary staff personnel and retain advisors and consultants;

g. Formulate and adopt an assistance program based on the guidelines;

h. Ensure that materials descriptive of the origin of the Fund for Assistance to Students, 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 of America in recognition of the common efforts of the Philippines and the United States during World War II; and

i. Perform such other acts and things as may be necessary, proper or conducive to the purposes and objectives of the Fund and of its programs.

SECTION 5. Non-impairment of Trust Fund. In order to assure the enduring character of the trust fund, the Government of the United States of America and the Government of the Republic of the Philippines have mutually agreed that the trust fund specified in Section one hereof shall be operated strictly as a capital fund for investment and re-investment, and that the same shall be maintained intact, with only the net earnings of the Fund as hereinafter defined being authorized for financing programs of assistance to students, but excluding any support of religious worship or instruction.

SECTION 6. Rules for Determining Impairment or Non-impairment of Trust Fund. For the purpose of establishing whether or not the trust fund herein constituted is being maintained intact and unimpaired, a determination must be made on April 30, August 31, and December 31 of each year (hereinafter called the determination date(s) in accordance with the following rules:

a. If as at a determination date, the total of the cash on hand and in bank, the market value of the investments then held after adjusting for all accrued expenses as at that date, be at least equal to the dollar equivalent of the fund as provided in Section one hereof, or as such trust fund may have been augmented in accordance with the provisions of Section eight hereof, then in that event

the trust fund shall be deemed to have been maintained intact and unimpaired: Provided, That if any part, or all, of the fund shall be converted into Philippine pesos, or invested in the Philippines in assets the value of which is formally denominated in pesos, then the value of the fund which is not to be impaired will be determined in pesos for whatever portion of the fund is so converted, said value to be calculated by multiplying the actual number of dollars converted times the rate of exchange prevailing at the time the conversion or conversions are actually made.

b. If as at a determination date, the total of the cash on hand and in bank, the market value of the investments then held be less than the dollar value or its peso equivalent of the trust fund as provided in Section one hereof, or as such trust fund may have been augmented in accordance with provisions of Section eight hereof, then in that event the trust fund shall be deemed not to have been maintained intact and unimpaired.

c. Should the trust fund be determined not to have been maintained intact and unimpaired as at a determination date, then in that event no disbursement for programs or projects of assistance to students shall be authorized until after the succeeding determination date at which it shall be shown that the impairment of the trust fund has been remedied by the application of stricter control on the programming of expenses and other disbursements, or through the appreciation of the value of investments held or the receipt of additional cash derived from interests, dividends or other rights on investments or from the proceeds of sale of investments whose value has been appreciated. Nothing in this paragraph contained shall, however, be construed to prevent the payment by the Trustee of reasonable expenses incident to the investment operations of the Fund as distinguished from expenses or disbursements for programs of assistance to students. Neither shall the Trustee be deemed to have been temporarily disauthorized from paying the compensation of the administrative staff it has previously

hired and could not lay off in the meantime either on legal grounds or because of the serious disruptive effects any such lay off may entail on the operations of the Fund, provided that provision in good faith shall be made to remedy this problem.

SECTION 7. Net earnings from Investments of the Fund. The Fund shall be deemed to have "net earnings" that may be earmarked or disbursed for financing programs of assistance to students if as at a determination date the total of the cash on hand and in bank, the market value of the investments then held, after adjusting for accrued expenses as of that date, be in excess of the dollar value or its peso equivalent of the trust fund provided in Section one hereof, or as such fund may be augmented in accordance with the provisions of Section eight hereof. The dollar value or its peso equivalent of such excess shall be the maximum level of funds that may be earmarked or disbursed for financing programs of assistance to students for the period immediately following a determination date at which such net earnings have been established and until the succeeding determination date. In order, however, to provide a hedge against the impairment of trust fund, the Trustee shall, as far as practicable, refrain from committing funds for programs of assistance to students in excess of ninety (90%) of such net earnings.

SECTION 8. Additions to Trust Fund. The trust fund herein constituted may be augmented from time to time by grants, donations or other lawful transfers by the Government of the Republic of the Philippines, or any other public or private entity, the disposition of the principal and/or income of which shall likewise be governed by the provisions hereof, or by such special terms and conditions as may be imposed in the particular deed, request or other transfers, and agreed to by the Trustee. Any unused earnings may be capitalized to increase the principal of the fund.

SECTION 9. Guidelines for Trustee Decisions. In arriving at decisions on individual project applications for grants, loans or other forms of financing from the Fund, the Trustee shall be guided by the

following consideration which shall be weighed equally:

a. The project's assistance to educational programs and activities of benefit to Philippine students;

b. The significance of the assistance in a specific geographic area or region in the Philippines;

c. The amount of assistance requested or consistent with Fund assistance to as many educational programs and activities as possible;

d. An assessment of the purposes or objectives of the educational programs and activities.

SECTION 10. Concurrence of the Chairman. Decisions of the Trustee shall be made with the concurrence of the Chairman. The Trustee shall, when necessary, consult with the Philippine Manpower Development Council.

SECTION 11. Cooperation with the Trustee. The Trustee may call upon any department, bureau, office, agency, or instrumentality of the Government of the Republic of the Philippines, including government-owned or controlled corporations, for such assistance as it may desire and need in the pursuit of the purposes or objectives of the trust fund and the discharge of its functions and responsibilities.

SECTION 12. Meeting and Annual Report. The Trustee shall meet at such time as may be determined by the Chairman and shall render to the President of the Philippines an annual report of its activities. A copy of the annual report shall be furnished the Government of the United States of America, as provided in the aforementioned "Project Agreement" and "Exchange of Notes."

SECTION 13. Effectivity of the Order. This order shall take effect immediately.

Done in the City of Manila, this 22nd day of March, in the year of Our Lord, nineteen hundred and seventy-one.

(SGD.) FERDINAND E. MARCOS  
President of the Philippines

By the President:

(SGD.) ALEJANDRO MELCHOR  
Executive Secretary