

CONSERVATION

**Agreement Between the
UNITED STATES OF AMERICA
and the PHILIPPINES**

Signed at Manila July 18, 2013



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966
(80 Stat. 271; 1 U.S.C. 113)—

“ . . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

PHILIPPINES

Conservation

*Agreement signed at Manila July 18, 2013;
Entered into force September 3, 2013.*

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

The Government of the United States of America and the Government of the Republic of the Philippines (hereinafter the Parties),

Seeking to facilitate the conservation, protection, restoration, and sustainable use and management of tropical forests in the Philippines, which play a vital role in the protection of the world's climate and biodiversity and provide a wide range of environmental, social, and economic benefits to people at local, national, and international levels,

Desiring to enhance the friendship and spirit of cooperation between the Parties,

Recognizing that 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 conservation of tropical forests,

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

Seeking to complement and build upon the Agreement Between the Government of the United States of America and the Republic of the Philippines Concerning the Establishment of a Tropical Forest Conservation Fund and a Tropical Forest Conservation Board, signed on September 19, 2002 (hereinafter the 2002 Tropical Forest Agreement),

Wishing to further the Second Agreement Between the Government of the United States of America and the Government of the Republic of the Philippines Regarding the Reduction of Certain Debts Owed to the Government of the United States of America and its Agencies, signed this date (hereinafter the Second Debt Reduction Agreement), which reduces certain debts owed to the U.S. Government through the exchange of old obligations for new obligations,

Recognizing the effectiveness of the 2002 Tropical Forest Agreement and 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, signed on September 19, 2002 (hereinafter the 2002 Debt Reduction Agreement),

Desiring to facilitate the establishment of a Second Tropical Forest Fund by utilizing the existing structure of the Tropical Forest Fund established under the 2002 Tropical Forest Agreement, and

Also desiring to establish a Tropical Forest Conservation Board to administer the Second Tropical Forest Fund, and to harmonize the operations of this Tropical Forest Conservation Board with the operations of the Tropical Forest Conservation Board established under Article III of the 2002 Tropical Forest Agreement as set forth in this Agreement,

Have agreed as follows:

Article I PURPOSE

The purpose of this Agreement is to provide for the establishment of a Second Tropical Forest Conservation Fund and the operation of an administering body in order to promote activities designed to conserve, maintain, and restore the forests of the Philippines.

Article II SECOND TROPICAL FOREST FUND

1. Within six (6) months of the entry into force of this Agreement, the Government of the Republic of the Philippines, in accordance with its own laws, shall establish a Tropical Forest Conservation Fund, hereinafter known as the Second Tropical Forest Fund, which shall be administered by a Tropical Forest Conservation Board as provided in Article III of this Agreement (hereinafter the Board). Any monies deposited in the Second Tropical Forest Fund, or grants made from this 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. The Second Tropical Forest Fund may be established within the Tropical Forest Conservation Fund created pursuant to Article II of the 2002 Tropical Forest Agreement (hereinafter the First Tropical Forest Fund), provided that funds in the Second Tropical Forest Fund shall not be commingled with other funds or accounts, including those in the First Tropical Forest Fund, and shall be used exclusively for the purposes of this Agreement.
2. 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 Republic of the Philippines, and voluntary contributions from the Government of the

Republic of the Philippines, other governments, and non-governmental entities, may also be deposited into the Second Tropical Forest Fund.

3. The amounts deposited in the Second Tropical Forest Fund shall be subject to the provisions of this Agreement. The Government of the Republic of the Philippines shall make payments to the Second Tropical Forest Fund pursuant to the provisions of the Second Debt Reduction Agreement.
4. The Parties shall select, through a competitive selection process to be determined by the Parties, a fiscal agent for the Second Tropical Forest Fund (hereinafter Fiscal Agent), who shall be charged with the investment and disbursement of the monies in the Second Tropical Forest Fund. The Fiscal Agent appointed pursuant to Article II, paragraph 5, of the 2002 Tropical Forest Agreement may also serve as the Fiscal Agent for the Second Tropical Forest Fund. The contract between the Government of the Republic of the Philippines and the Fiscal Agent shall: (i) be concluded as soon as possible, but no later than six (6) months after the closing date as defined in Article II of the Second Debt Reduction Agreement; (ii) specify the subordinate relationship of the Fiscal Agent to the Board; and (iii) specify that the Fiscal Agent shall take direction with respect to the Second Tropical Forest Fund only from the Board or, pursuant to Article VIII, from the Government of the Republic of the Philippines. The Fiscal Agent is responsible for promptly notifying the Board in writing when the Government of the Republic of the Philippines makes a payment to the Second Tropical Forest Fund, or if a payment is overdue.
5. Monies in the Second Tropical Forest Fund shall be invested by the Fiscal Agent until disbursed, with every effort made to ensure that such investments yield a positive real rate of return within acceptable limits of risk in accord with sound investment practices. To accomplish this goal, the Parties, upon the recommendation by the Board, may jointly authorize the Fiscal Agent through formal writing to convert all or part of the monies in the Second Tropical Forest Fund into U.S. dollars or other "hard currencies" for investment purposes. Returns on investment shall be deposited by the Fiscal Agent in the Second Tropical Forest Fund until disbursed, pursuant to the procedures set forth in Article VI of this Agreement.

Article III

COMPOSITION OF THE BOARD TO ADMINISTER THE SECOND TROPICAL FOREST FUND

1. The Government of the Republic of the Philippines shall establish in accordance with its laws, a Second Tropical Forest Conservation Board (the Board) to administer and manage the Second Tropical Forest Fund. The Board shall be discrete and separate from any existing board, commission, foundation, or other entity, except as specifically set forth in this Agreement with respect to the Tropical Forest Conservation Board established under Article III of the 2002 Tropical Forest Agreement (hereinafter the 2002 Board). The Parties may agree that the members of

the Board under this Agreement shall be the same as those of the 2002 Board. Subject to the provisions of this Agreement, the Board established under this Agreement shall have authority to administer and manage the Second Tropical Forest Fund, which authority shall be separate and distinct from that of the 2002 Board to make decisions with respect to the First Tropical Forest Fund in accordance with the 2002 Tropical Forest Agreement. For avoidance of doubt, the Board established under this Agreement shall make decisions pertaining to the Second Tropical Forest Fund separately and independently from decisions made to administer and manage the First Tropical Forest Fund. Operations of the Board under this Agreement and the 2002 Board may be jointly administered to the extent consistent with this Agreement and other applicable agreements between the Parties.

2. The Board shall consist of nine (9) members, who shall be appointed and shall serve as prescribed in Article III of the 2002 Tropical Forest Agreement.
3. The Board shall ensure that it has available, at all times, significant and specific expertise and experience in REDD+, including reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks, either through Board membership or through advisor(s) hired to support and advise the Board.
4. Board members named as prescribed in Article III (2)(A) and (B) of the 2002 Tropical Forest Agreement shall serve *ad honorem* and at the discretion of the naming Party. Board members appointed as prescribed in Article III (2)(C) of the 2002 Tropical Forest Agreement shall serve *ad honorem*, except that the administrative expenses of such Board members may be paid as provided in Article IV, paragraph 9 of this Agreement. Such Board members shall serve in their expert capacity for a four (4)-year term, and may be removed prior to the end of their term only for malfeasance or dereliction of duty. A member of the Board may 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 TO ADMINISTER AND MANAGE THE SECOND TROPICAL FOREST FUND

1. The Board shall be responsible for: (i) administration and management of the Second Tropical Forest Fund; (ii) disbursements from this Fund to support eligible activities; and (iii) oversight of all activities financed pursuant to this Agreement. The

Government of the Republic of the Philippines shall ensure that the Board has the necessary authority to carry out the functions assigned to it in this Agreement, and upon request to the Government of the Republic of the Philippines shall provide information regarding this authority to the U.S. Government.

2. With respect to the administration and management of the Second Tropical Forest Fund, the Board shall:
 - (a) Issue and widely disseminate a public announcement on the call for grant applications which states the purpose of the Second Tropical Forest 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 paragraph 5 of Article V and award grants to such entities for activities consistent with paragraph 1 of Article V 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) Within six (6) months of the date of appointment of the Board members described in paragraph 2 of Article III of this Agreement, develop and submit to the Parties for their approval a long-term strategic plan for the operation of the Second Tropical Forest Fund, including an annual budget showing prospective activities and expected administrative and program costs;
 - (f) Take steps to meet the relevant performance criteria set forth in the Tropical Forest Conservation Act (TFCA) Evaluation Sheet, the current form of which is contained in the Annex to this Agreement, recognizing the document may be amended from time to time by the U.S. Government in its sole discretion;
 - (g) Submit to the Parties, on an annual basis, information including:
 - (i) An annual budget showing prospective activities and expected administrative and program costs;
 - (ii) A completed TFCA Evaluation Sheet, unless the time elapsed since the signing of this Agreement is less than eighteen (18) months;
 - (iii) A report on grant activities for the previous year, including multi-year activities, funded by the Board, which shall include information

regarding grants awarded, grant recipients, grant amounts, grant activities funded, status of grant implementation, and audits of randomly selected grants; and

- (iv) A financial audit conducted in accordance with generally accepted international accounting standards by an independent auditor, covering the previous program year; and
 - (h) With the concurrence of the Parties, appoint 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 additional staff, if necessary, with the approval of the Board. At the discretion of the Board and with the concurrence of the Parties, the Executive Director appointed pursuant to Article IV, paragraph 2(F), of the 2002 Tropical Forest Agreement may also serve as the Executive Director for the Second Tropical Forest Fund.
3. Proposed grants with a life-of-project total in excess of US\$100,000 which are endorsed by the Board shall be presented by the Board to both Parties for their concurrence in writing. 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 Parties' members on the Board shall no longer be subject to either Party's disapproval. For the purposes of this Agreement, "Philippine Business Days" means days on which the Bangko Sentral ng Pilipinas ("Central Bank of the Philippines") is open for business.
 4. The Board, by majority vote, may choose to apply the same bylaws and procedures for the operation of the Board and Second Tropical Forest Fund, as applied to the operation of the 2002 Board, to the extent consistent with this Agreement, or may choose other bylaws and procedures subject to approval by the Parties. No disbursements pursuant to Article VI may be made prior to the adoption of these procedures.
 5. The Board shall approve procedures and schedules for the grant process, including procedures and schedules relating to public announcements, grant applications and review, monitoring, and auditing. The Board may choose to apply the same procedures and schedules for the grant process as applied to the operation of the 2002 Board, to the extent consistent with this Agreement, subject to approval by the Parties.
 6. The Board shall establish and make public selection criteria for awarding grants, which should include the means for evaluating the merits of an application and the chances of success of proposed activities. The Board may establish specific selection

criteria and methods of evaluation for grant applications for proposed REDD+ activities.

7. The Board shall monitor performance under grant agreements to determine whether time schedules and other performance goals are being achieved. Grant agreements shall provide for periodic progress reports from the grantee to the Board. Such reports will review all activity components essential to the successful achievement of the goals of the activity. A provision shall be included in each grant agreement awarded pursuant to this Agreement to address the recovery of funds misspent or misused by, and the return of any unused grant funds held by, a grantee.
8. The Board shall meet at least once every three (3) months.
9. The Board may draw sums from the Second Tropical Forest Fund necessary to pay for reasonable administrative expenses of the Board, including the audit required pursuant to paragraph 2(g)(iv) of this Article. Board members appointed as prescribed in Article III (2)(C) of the 2002 Tropical Forest Agreement may be compensated from the Fund only for travel expenses and reasonable per diem. Such expenses incurred by Board members appointed as prescribed in Article III (2)(A) and (B) of the 2002 Tropical Forest Agreement shall be borne by the respective Party. Administrative expenses shall not exceed a ceiling established by the Parties, taking into account anticipated administrative expenses and funds available in the Second Tropical Forest Fund. The initial ceiling will be established within one hundred twenty (120) Philippine Business Days of the entry into force of the Agreement. The Parties' representatives on the Board shall periodically review and adjust, as appropriate, the ceiling for administrative expenses.
10. To the extent that administrative expenses relate to the shared operation of both the First Tropical Forest Fund and the Second Tropical Forest Fund, the Board shall determine, with the concurrence of the Parties, an appropriate proportional rate to draw from each Fund to pay for such administrative expenses.
11. The Board shall award grants only within the financial capacity of the Second Tropical Forest Fund and strictly on the merits of proposals presented to the Board.
12. The Board's bylaws, written policies, operating procedures, summaries of proceedings, books, records, reports, and any organizing statutes shall be retained in the files of the Board. A permanent record shall also be maintained of the decision criteria used in the award of each grant. The Board shall make available for easy public inspection, such as by posting such documents on the internet where appropriate, its bylaws, written policies, operating procedures, summaries of proceedings, and decision criteria used in the award of each grant. Upon request, authorities of either Party shall be granted access to all Board documents, including minutes of meetings, books, records, and reports.

Article V
ELIGIBLE ACTIVITIES AND GRANT RECIPIENTS

- I. Amounts deposited in the Second Tropical Forest Fund shall be used only to provide grants to conserve, maintain, or restore tropical forests in the Philippines specified in paragraph 4 of this Article through one or more of the following eligible types of activities:
 - (a) Establishment, restoration, protection, and maintenance of parks, protected areas, and reserves. Such activities could include, for example, demarcation of protected forest areas and indigenous reserves, establishment of new or expanded protected forests and buffer zones, identification of unique or representative forest areas, or inventory and protection of areas featuring high levels of forest carbon, species richness or endemism;
 - (b) Development and implementation of scientifically sound systems of natural resource management, including land and ecosystem management practices. Such activities could include, for example: (i) implementation of sustainable forest management practices to improve carbon stocks, development and implementation of scientifically sound systems of forest land and forest resources management; (ii) forest resources assessment and inventory; (iii) land and resource use monitoring and evaluation; (iv) application of criteria and indicators for forest conservation and sustainable management; (v) development and implementation of forest management information systems; (vi) development and implementation of watershed ecosystem management and community-based forest management strategies to enhance carbon stocks and other ecosystem values while promoting livelihoods; (vii) adoption of research-based forest technologies; (viii) plantation establishment on degraded lands; (ix) natural forest regeneration, rehabilitation and management; or (x) testing and application of silvicultural techniques;
 - (c) Training programs to increase scientific, technical, and managerial capacities of individuals and organizations involved in forest conservation efforts. Such activities could include, for example: (i) short-term institutional training courses, internships and study tours; (ii) development of community extension services; (iii) environmental education and public awareness programs; (iv) enhancement of university curricula in forest management, mapping, monitoring or conservation biology; or (v) education and training to develop capacity of local entities;
 - (d) Restoration, protection, or sustainable use of diverse animal and plant species. Such activities could include, for example: (i) rehabilitation of degraded forests; (ii) reforestation with native species, if linked to conserving broad, biologically diverse landscapes; (iii) sustainable hunting, fishing and animal farming; (iv) improvement of forest health and vitality and relevant research and development;

or (v) efforts to assess and address associated illegal practices, including illegal logging. In no case shall funds be used to promote or support the expansion of industrial logging into primary tropical forests;

- (e) Research and identification of medicinal uses of tropical forest plant life to treat human diseases, illnesses and health related concerns. Such activities could include, for example: (i) ethnobotany studies; (ii) sample collection and analysis; or (iii) technical document preparation, publication, and dissemination; or
 - (f) Development and support of the livelihoods of individuals living in or near a tropical forest in a manner consistent with protecting such a tropical forest and protecting or increasing its carbon stocks. Such activities could include, for example: (i) development of community-based enterprises involving wood or non-wood products or ecosystem services that contribute to tropical forest conservation, application of low impact logging practices; or (ii) development of multiple-use tree species outside natural forests.
2. To the extent consistent with paragraph 1 and the goal of conservation of biological diversity, the Board shall endeavor to ensure, in coordination with the Parties, that grants from the Second Tropical Forest Fund contribute to climate change mitigation objectives through “REDD+” activities consistent with the Philippine National REDD Plus Strategy (PNRPS). These REDD Plus activities include:
- (a) Reducing emissions from deforestation;
 - (b) Reducing emissions from forest degradation;
 - (c) Conservation of forest carbon stocks;
 - (d) Sustainable management of forests; and
 - (e) Enhancement of forest carbon stocks.
3. The Board shall require, as a condition of any grant, the application of appropriate social and environmental safeguards to grant-funded activities and the compliance of such activities with applicable existing Philippine environmental laws and regulations.
4. Activities shall be focused on and support forest conservation and REDD+ in a maximum of four (4) landscapes of an ecologically significant scale (which may cross provincial boundaries where ecologically appropriate) lying within the following four (4) geographic areas or other areas, if so decided by the Board and Parties:
- A. Sierra Madre;
 - B. Samar/Leyte;
 - C. Palawan Province; and
 - D. Bukidnon/Misamis.

5. Entities in the Philippines which shall be eligible to receive grants from the Second Tropical Forest Fund are:
 - (a) Nongovernmental environmental, forestry, conservation, and indigenous people organizations of, or active in, the Philippines, including those organizations involved in development, education, scientific research, or forest management;
 - (b) Other appropriate local or regional entities of, or active in, the Philippines; or
 - (c) In exceptional circumstances, the Government of the Republic of the Philippines.
6. In providing grants, priority shall be given to projects that are run by nongovernmental organizations and other private entities and that involve local communities in their planning and execution.
7. Further, in providing grants, preference shall be given to those projects that are at levels commensurate with achieving measurable impact on large landscapes while maintaining accountability and efficacy.
8. No grants shall be provided to any entity listed by the Government of the Republic of the Philippines, the U.S. Government (Office of Foreign Assets Control), or the United Nations as a terrorist, narcotics trafficker, or other specially-designated national. Further, no grants shall be provided to those associated with such entities, as determined by the Parties.

Article VI
DISBURSEMENT OF FUNDS

1. The Board shall instruct the Fiscal Agent appointed pursuant to paragraph 4 of Article II to disburse grant monies from the Second Tropical Forest Fund to entities selected to receive grants pursuant to Article V. All disbursements shall be made pursuant to a grant agreement, as prepared pursuant to Article IV, paragraph 2(d) of this Agreement.
2. The Fiscal Agent appointed pursuant to paragraph 4 of Article II shall make disbursements promptly to designated recipients in accordance with directions received from the Board. In no case shall more than ten (10) Philippine Business Days elapse between the Fiscal Agent's receipt of a direction for disbursement and actual disbursement of funds to a grant recipient.

Article VII
DISPUTE RESOLUTION AND REVIEW

1. Upon the written request of either Party, the Parties shall consult each other concerning the implementation or interpretation of this Agreement. These

consultations shall be completed within sixty (60) Philippine Business Days after a request for consultations is received from the other Party.

2. Consultations between the Parties concerning the interpretation or implementation of this Agreement may be conducted through written submissions between the Department of State of the U.S. Government and the Department of Finance of the Government of the Republic of the Philippines. Unless the U.S. Government otherwise notifies the Government of the Republic of the Philippines, the Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs shall be the contact point in the Department of State. Unless the Government of the Republic of the Philippines otherwise notifies the U.S. Government, the Undersecretary or Officer-in-Charge of the International Finance Group shall be the contact point in the Department of Finance.
3. Either Party may request consultations with the Board and the other Party after reviewing the Board's reports and audits presented pursuant to Article IV. Such request shall be made in writing. These consultations shall be completed within sixty (60) Philippine Business Days after a request for consultations is received from the other Party.
4. The Parties shall meet to review the operation of this Agreement one (1) year from the date of its entry into force, and periodically thereafter as the Parties so agree.

Article VIII SUSPENSION OF DISBURSEMENTS

1. If at any time either of the Parties determines that any issue requiring consultation under Article VII has not been satisfactorily resolved, such Party may notify the other in writing.
2. Notwithstanding any other provisions of this Agreement, upon receipt of such written notification from the U.S. Government, the Government of the Republic of the Philippines shall immediately suspend disbursements to be made under Article VI of this Agreement.
3. Notwithstanding any other provisions of this Agreement, upon providing such written notification to the U.S. Government, the Government of the Republic of the Philippines may immediately suspend disbursements to be made under Article VI of this Agreement.
4. Suspension of disbursements pursuant to paragraph 2 or 3 of this Article shall mean that no further approval of grants shall be undertaken until the Parties have agreed to resume such activity. However, disbursements pursuant to already approved grant agreements shall proceed unless the specific grant agreement is suspended pursuant to the terms of the grant agreement.

5. Should the Parties jointly certify in writing to the Board that a grant agreement inconsistent with the terms of this Agreement or the procedures of the Board was awarded, the Government of the Republic of the Philippines shall, upon joint decision of the Parties, suspend disbursements under that grant agreement. Should disbursements be so suspended, no further approval of any grants shall be undertaken until both Parties agree to resume the receipt of grant applications and the review and award of grants.
6. If the Government of the Republic of the Philippines fails to suspend disbursements made under Article VI of this Agreement within seven (7) Philippine Business Days of receiving written notification from the U.S. Government referred to in paragraphs 1 and 2 above ("the Notification Period"), the Government of the Republic of the Philippines agrees that it will take any and all actions necessary to freeze the Second Tropical Forest Fund until both Parties confirm in writing that the issues that led to freezing of the Second Tropical Forest Fund have been resolved.

Article IX TERMINATION

1. The Agreement shall automatically terminate in the event that the Second Debt Reduction Agreement automatically terminates under paragraph 1 of Article VI of the Second Debt Reduction Agreement.
2. The Agreement may be terminated by either Party upon six (6) months' written notice to the other Party if: (i) the Second Debt Reduction Agreement is terminated under paragraph 2 of Article VI of the Second Debt Reduction Agreement, and (ii) all funds resulting from the Payments in accordance with the Second Debt Reduction Agreement have been expended.
3. Upon termination under paragraph 2 of this Article, the provisions of the Agreement shall continue to apply for the purpose of completion of any previously-authorized grants.

Article X ENTRY INTO FORCE, AMENDMENT AND OTHER ARRANGEMENTS

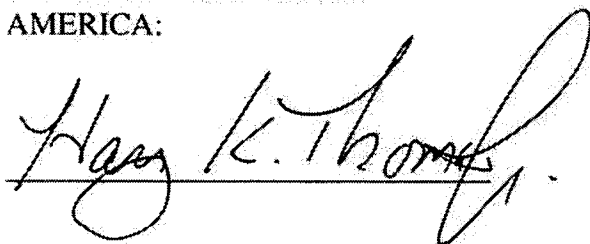
1. This Agreement shall enter into force on a date that is to be jointly decided in advance by the Parties in writing, provided that such date shall fall at least forty-five (45) days after signature of this Agreement. If the Agreement has not been brought into force by the end of September 5, 2013, entry into force shall be precluded. Once in force, this Agreement shall remain in force unless terminated in accordance with Article IX of this Agreement.
2. This Agreement may be amended by written agreement of the Parties.

3. Nothing in this Agreement shall prejudice other arrangements between the Parties concerning debt reduction or cooperation and assistance for tropical forest conservation purposes.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

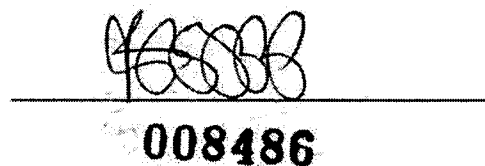
Done at Manila, this 18 day of July 2013, in duplicate, in the English language.

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA:



A handwritten signature in black ink, appearing to read "Hag K. Thompson", is written over a horizontal line.

FOR THE GOVERNMENT OF
THE REPUBLIC OF THE
PHILIPPINES:



A handwritten signature in black ink is written over a horizontal line. Below the line, the identification number "008486" is printed in a bold, black, sans-serif font.

TFCF Evaluation Sheet

	Category	Function	Criteria	Fund Comments (w/ supporting material citation as appropriate)	Rating
			definition: "OC/B and its implementor" = The Oversight Committee/ Board and its Fund Administrator or Office of Executive Director.		Excellent (4); Acceptable (3); Needs Improvement (2); Unacceptable (1); NA
A.	Implementation of Agreements		A.1.1 The OC/B and its implementor become operational within one year from the signing of the agreements.		
			A.1.2 The Fund, or other implementor of the TFCF agreement, is in compliance with all articles of the agreements, including the legal registry of the appropriate implementing bodies.		
			A.1.3 The Fund, or other implementor of the TFCF agreement, completes, and makes accessible, annual audits, plans and reports as may be required in the agreements.		
B.	Governance	Planning	B.1.1 Within one year of becoming operational, the OC/B has established a written strategic plan that includes (a) specific, key objectives, (b) a list, in order of importance, of conservation and funding priorities in order to meet those objectives, and (c) target dates for completion of objectives.		
			B.1.2 The established goals & objectives complement plans/programs of others (eg. national environmental plans, donors, swap partners).		
			B.1.3 The OC/B, or its implementors, have established all internal operational policies and procedures in accordance with normal business standards.		
		Implementation	B.2.1 The OC/B meets in accordance with the bilateral agreement with achieves a quorum at these meetings.	(info should include no. of meetings, no. of meetings at which quorum was achieved)	
		Monitoring	B.3.1 The OC/B evaluates, on an annual basis, progress toward the key objectives specified in the strategic plan, and implements any changes judged necessary to remedy deficiencies in meeting the key objectives.		
			B.3.2 Within one year of January 1, 200_ or within one year of becoming operational, the OC/B has established and implemented a monitoring and evaluation plan for determining the conservation impact of funded projects. OC/B monitors assessment of impact of projects.	(please provide details of monitoring and evaluation methodology, percentage of projects undergoing M&E; number of visits per project; results of monitoring, administrator/OC/B corrective actions as applicable).	

TFCFA Evaluation Sheet

	Category	Function	Criteria	Fund Comments (w/ supporting material citation as appropriate)	Rating
			B.3.3 The OC/B conducts an annual performance review of institutional management (itself, the implementors, and, if applicable, the Trustee or Investment Manager).		
C.	Grant Management	Planning	C.1.1 The percentage of total funds paid into the Foundation or Fund (or other vehicle established to receive payments resulting from the Forest Conservation Agreement or Tropical Forest Agreement) disbursed as grants annually, is at a reasonable level.		
		Implementation	C.2.1 Request for Applications (RFAs), or other grant solicitation mechanisms used, are undertaken on a schedule consistent with an OC/B approved expenditure plan, if applicable, and widely publicized (if		
			C.2.2 Grant processing, including fund disbursement periods, is maintained within reasonable targeted timeframes.		
		Monitoring	C.3.1 Grant agreements require reporting on the conservation impact of project.		
			C.3.2 The OC/B has a policy on the need for, and the frequency of, financial audits of grant recipients.		
			C.3.3 Implementor ensures that all necessary grant recipient financial audits and/or impact reports are submitted as required by agreements.		
			C.3.4 The OC/B, through its implementors, ensures periodic on-site reviews of grant projects.	(e.g. number of active projects, number of active projects receiving site inspections, and number of site inspections per project).	
D.	Financial Management	Planning	D.1.1 The OC/B has established a financial plan (complete with budgets, forecasts of income and expenditures).		
			D.1.2 As appropriate, the OC/B has established a written investment policy (guidance for the implementor or fund manager).		
		Implementation	D.2.1 The administrative costs were kept within the limits established by the bilateral agreement or its amendments during the last fiscal year.		
			D.2.2 The OC/B has established, as appropriate, in-house or outsourced investment monitoring capabilities (separate from the Investment Manager).		
			D.2.3 Assuming fund sustainability beyond the life of the TFCFA agreement is an objective, the fund has diversified its sources of revenue (fund raising).		