

FOURTEENTH CONGRESS OF THE REPUBLIC)
 OF THE PHILIPPINES)
 First Regular Session)

8 APR 23 12

SENATE**S.B. NO. 2190**

RECEIVED BY: _____

Introduced by Senate President Manny Villar

EXPLANATORY NOTE


Section 22, Article II of the Constitution states "The States recognizes the indispensable role of the private sector, encourages private enterprise and provide incentives to needed investment." Likewise, Section 14, Article XII provides that: "the sustained development of a reservoir of national talents consisting of Filipino scientists, entrepreneurs, professionals, managers, high level manpower and skilled workers and craftsman in all fields shall be promoted by the State."

Every year, Philippine colleges and universities produce thousands of college graduates who crowd the labor force, but cannot land in any job. Thus, it results into a huge reserve of unemployed. According to the Commission on Higher Education (CHED), more than 447,000 college students graduated in schools nationwide in April 2006. Research says that this adds to the 2.8 million unemployed. One way by which government solve the high unemployment rate among college graduates and undergraduate students is to teach them to face the world with an entrepreneurial mindset. Thus, they should be equipped with skills to be a success, and be a boss of their own. Unfortunately, their dreams and aspirations to be self-sufficient at a young age are hampered by lack of material and financial resources available to them.

In line with the above constitutional provisions, this proposed measure seeks to promote the establishment, ownership and operation of economic enterprises by individuals, particularly college students and graduates. This is done by mandating banks and financial institutions, through their credit and financing system, to allot at least five per cent (5%) of their loanable funds to new college graduates and fulltime college students, including those enrolled in technical and vocational schools. With access to financing scheme, they can start and put up their own entrepreneurial ventures, thereby foster their entrepreneurial mindset and develop skills and values necessary to build the backbone of competitiveness in the Philippine economy.

The CHED shall issue the necessary guidelines to ensure that its objective of motivating entrepreneurship among them be realized. Therefore, not all new graduates and fulltime students will qualify for the grant of such privilege. The the Bangko Sentral ng Pilipinas (BSP), in consultation with and upon recommendation of CHED shall determine the eligibility of applicants to such credit and financial assistance. Thereafter, the new graduates and students are required to undergo educational training by the BSP and CHED in coordination with the Department of Trade and Industry (DTI) to stimulate their awareness of entrepreneurship as options for employment and help them be more creative, innovative, independent, and self confident which are essential attributes for their success.

In view of the foregoing, early passage of this proposed measure is earnestly requested.



MANNY VILLAR
Senate President

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S E N A T E

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AN ACT

PROMOTING ENTREPRENEURSHIP BY MANDATING BANKS TO PROVIDE FIVE PER CENT (5%) OF THEIR LOANABLE FUNDS TO NEW GRADUATES AND FULLTIME STUDENTS , AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. - This Act shall be known as the "**College Graduates and Students Entrepreneurship Act of 2008**".

SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to promote the establishment, ownership and operation of economic enterprises by individuals by fostering entrepreneurial mindset among new college graduates and full-time students. Towards this end, banking institutions shall allot, through their credit and financing system, at least five per cent of their loanable funds to new college graduates and fulltime students.

SEC. 3. Definition of Terms. - As used in this Act, the following terms shall mean:

- a. New Graduates - those who just graduated from college, including those who have finished a technical and vocational course upon the effectivity of this Act;
- b. Fulltime College Students - those who are presently enrolled in baccalaureate degree or technical vocational course, with at least

fifteen (15) unit load per semester for the past four (4) semesters from the effectivity of this Act;

- c. Entrepreneurship – an organizer of an economic venture especially one who organizes, owns, manages and assumes the risk or danger of uncertain outcome or unforeseen condition, especially a business enterprise of speculative nature.

SEC. 4. Coverage, - This Act shall cover all new graduates and other fulltime students in the country.

SEC. 5. Grant of Credit and Financial Assistance. - Banks, whether government or private, shall allot at least five per cent (5%) of their loanable funds to graduates and fulltime students. Provided, however, that such amount loaned shall be exclusively utilized as seed money or capital for their business ventures.

SEC. 6. Eligibility for Credit and Financial Assistance. - The Commission on Higher Education (CHED), in coordination with Bangko Sentral ng Pilipinas (BSP) shall issue the guidelines for the availment of credit and financial assistance from the banking institutions by would-be student-entrepreneurs. It shall likewise assess and determine the eligibility of applicants to such loans.

SEC. 7. Education and Training for Would-Be Student-Entrepreneurs. - The BSP and CHED, in coordination with the Department of Trade and Industry (DTI), shall conduct a training for eligible graduates and students within the coverage of this Act in order to promote their entrepreneurial mindset, enhance business skills and encourage innovative business start-ups.

SEC. 8 Availment and Payment of Credit and Financial Assistance. - The Bangko Sentral ng Pilipinas (BSP), in consultation with, and/or upon the recommendation of CHED, shall determine the eligibility of applicants to such

credit and financial assistance. It shall likewise provide the general guidelines for the payment of such loans by college graduates and students.

SEC. 9. Implementing Rules and Regulations. – The Commission on Higher Education (CHED, in coordination with the BSP and DTI, shall issue and promulgate the necessary implementing rules and regulations within (60) days upon the approval of this Act.

SEC. 10. Repealing Clause. – All laws, rules and regulations or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 11. Separability Clause. – If any part, section or provision of this Act shall be held invalid or unconstitutional, no other part, section or provisions thereof shall be affected thereby.

SEC. 12. Effectivity. – This Act shall take effect after publication in the Official Gazette and in at least two (2) newspapers of general circulation.

Approved,