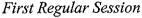
SIXTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES





13 JUL 16 A9:39

s. No. 785

SENATE

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5. NO. <u>700</u>

RECENTED BY:

Introduced by Senator Ralph G. Recto

Explanatory Note

Education is a fundamental human right and is essential for the exercise of all other human rights. Article 26 of the 1948 Universal Declaration of Human Rights states that "Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit." As early as the Malolos Constitution, a system of free and compulsory elementary education was established and by Republic Act No. 6655, a free public secondary education in the country was instituted.

The Philippines is a signatory to several international legal obligations relating to ensuring universal access to free education. One of which is the Education for All (EFA) movement which is a global commitment to provide quality basic education for all children, youth and adults by 2015. The EFA goals also contribute to the global pursuit of two education-related Millennium Development Goals (MDGs) namely, achieving universal primary education by 2015 and eliminating gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.

These commitments may be able to ensure universal access to basic education but gives less regard for students continuing into higher education, an area which needs adequate support especially in the era of globalization. In fact, in the 2012-2013 Global Competitiveness Report, the Philippines ranked only 76th out of the 140 economies in the list for ratio of total tertiary enrolment. Similarly, the 2011 Annual Poverty Indicator Survey shows that the percentage of people who were able to finish post-secondary education is only at 1.2% in the poorest 30% of the population. Among the reasons given for not attending school were lack of personal interest and high cost of education. Hence, it is time that the government put more resources to finance post-secondary education as well.

Education is a powerful tool to lift oneself out of poverty and improve the quality of life. In fact, according to a UNESCO study, one extra year of schooling increases a person's earnings by up to $10\%^{1}$. Likewise, based on the July 2011 Labor Force Survey, the average daily wage of a worker who had finished elementary is P186; high school, P246; and college, P598. The differences in wages clearly show that investment in attaining higher levels of education yield higher returns in the long run.

Gaining higher levels of education also serves as a passport to a wider range of opportunities for employment. The results of the April 2013 Labor Force Survey show that of the total unemployed workforce, college graduates posted a lower share at 21.3% compared to high school graduates which is at 31.7%.

Our present higher education system has already been providing assistance to a portion of poor but deserving students. For school year 2013-2014, the Commission on Higher Education (CHED) has programmed 52,517 Student Financial Assistance Programs' (StuFAPs) beneficiaries amounting to more than P706 million. However, this allocation can only provide assistance to one percent of

¹ <u>http://www.un.org/en/globalissues/briefingpapers/efa/</u> (Accessed July 10, 2013)

graduating high school students, a far cry from reaching the goal of providing wider access to college education.

Given the low enrolment and completion rate of the poor in tertiary education, and the inadequate amount of financial assistance to students who wish to pursue higher education, there is certainly a need for government to provide more facilities by which financial aids, scholarships, and loan programs are extended. To gradually achieve this goal, this bill seeks to use the expertise of a government bank to deliver financing services for education.

The Development Bank of the Philippines (DBP) is the country's lead institution in development finance and is in the forefront of promoting countrywide sustainable development. Its major thrusts include financing projects in building infrastructure to sustain socio-economic development; supporting the growth of micro, small and medium enterprises; providing assistance for basic social services and for the protection of the environment.

Consistent with DBP's vision to serve as a catalyst for a progressive and poverty-free Philippines, this bill, therefore, seeks to amend the Charter of the DBP to make financing for education form part of its key thrusts. It mandates DBP to set a part of its loanable portfolio to grant educational loans to poor but deserving students all over the country to enter technical-vocational or college education. Repayments will commence once the borrower finishes his/her education.

No less than the Constitution mandates the State to protect and promote the right of all citizens to quality education at all levels, and take appropriate steps to make such education accessible to all. It is hoped that with a more accessible way of financing higher education, our students will be equipped with the education they need to master the skills necessary for higher level work so they may fully enjoy participating as citizens contributing to the country's inclusive growth.

In view of the foregoing, immediate approval of this bill is earnestly sought.

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SIXTEENTH CONGRESS OF THE **REPUBLIC OF THE PHILIPPINES** First Regular Session

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SENATE

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JUL 16 A 9:39 13

785S. No.

Introduced by Senator Ralph G. Recto

AN ACT

PROVIDING GREATER ACCESS TO **POST-SECONDARY EDUCATION** BY LOAN PROGRAM, AMENDING FOR **ESTABLISHING AN EDUCATIONAL** THE PURPOSE EXECUTIVE ORDER NO. 81, OTHERWISE KNOWN AS "THE 1986 REVISED CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES," AS AMENDED

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

SECTION 1. Section 2 of Executive Order No. 81, otherwise known as "The 1986 Revised 1 Charter of the Development Bank of the Philippines," as amended, is hereby further amended to read 2 as follows: 3

"SECTION 2. Name, Purpose and Domicile. The Development Bank of the Philippines, hereinafter called the Bank, operating under the provisions of Republic Act No. 85, as amended, shall henceforth operate under the provisions of this 1986 Revised 6 Charter. The Bank shall be a body corporate and shall exist for a period of fifty years.

"The primary purpose of the Bank shall be to provide banking services 8 principally to PROVIDE ACCESS TO POST-SECONDARY EDUCATION BY 9 ESTABLISHING AN EDUCATIONAL LOAN PROGRAM AND TO service the 10 medium and long term needs of agricultural and industrial enterprises, particularly in 11 the country[-]side and preferably for small and medium scale enterprises; Provided, 12 however, that the pursuit of these objectives shall be undertaken within the context of 13 financially viable and stable banking institutions; Provided, further, that the Bank shall 14 continue to be classified as a development bank; Provided, finally, that unless otherwise 15 provided herein, the Bank may perform all other functions of a UNIVERSAL [thrift] 16 bank. 17

"The Bank's principal office and place of business shall be in the National 18 Capital Region, also known as Metro Manila. It may open and maintain branches, 19 agencies or other offices at such places in the Philippines as its Board of Directors may 20 deem advisable, with the prior approval of the Monetary Board of the [Central Bank of 21 the Philippines] BANGKO SENTRAL NG PILIPINAS." 22

SEC. 2. Section 3 of Executive Order No. 81, as amended by Republic Act No. 8523, is hereby 23 further amended by inserting a new subparagraph after subparagraph (b) to read as follows: 24

"SEC. 3. Corporate Powers. The Development Bank of the Philippines shall have the 25 26 power:

"(a) x x x;

"(b) x x x;

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"(C) TO GRANT LOANS TO POOR BUT DESERVING STUDENTS TO 3 ASSIST THEM IN OBTAINING POST-SECONDARY EDUCATION IN 4 **VOCATIONAL OR TECHNICAL INSTITUTIONS, OR INSTITUTIONS OF** 5 HIGHER EDUCATION: PROVIDED, THAT THE LOAN GRANTED SHALL 6 7 BE REPAID IN INSTALLMENT BASIS AFTER THE STUDENT **OR LEAVES GRADUATES** 8 THE EDUCATIONAL **INSTITUTION: PROVIDED**, FURTHER, THAT THE TOTAL 9 AMOUNT OF EDUCATIONAL LOAN GRANTS SHALL NOT EXCEED TEN PERCENT 10 (10%) OF THE TOTAL BANK LOAN PORTFOLIO; 11

"x x x"

13 SEC. 3. Savings Clause. - Nothing in this Act, shall affect the validity or legality of any right. duty, or obligation created by or in respect of the Bank by virtue of its loan operations as a universal 14 bank prior to this Act. Any receivables pertaining to loans granted prior to this Act, which might be 15 affected by this Act, shall be valid and enforceable upon the terms and conditions under which the 16 loans were made, including the pledge of collateral against which they were issued, and all loans made 17 and security or collateral therefore held by the bank shall remain enforceable according to the terms 18 unless they may be lawfully terminated in accordance with this Act, nor shall this Act supersede the 19 operation of any law protecting or preserving vested contractual rights or be construed to change the 20 terms of any legal contract between the bank and any third party or to impose any new conditions 21 thereon, or to dispense with any condition expressed or authorized in any such contract entered into 22 and taking effect prior to this Act. 23

SEC. 4. Separability Clause. – If, for any reason, any provision of this Act or any part thereof shall be held unconstitutional and invalid, the other parts or provisions of this Act, which are not affected thereby, shall remain in full force and effect.

SEC. 5. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

30 SEC. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in
31 the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,