

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

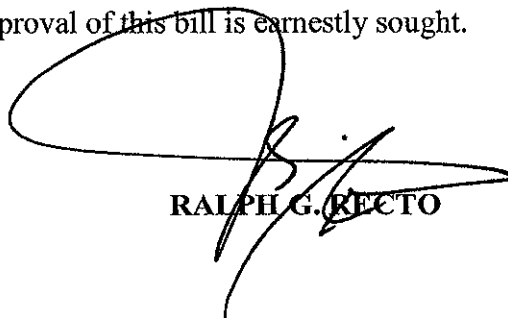
Given the low enrolment and completion rate of the poor in tertiary education, and the inadequate amount of financial assistance to students who wish to pursue higher education, there is certainly a need for government to provide more facilities by which financial aids, scholarships, and loan programs 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.



RALPH G. RECTO

SENATE

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S. No. 785

RECEIVED BY: *ji*

Introduced by Senator Ralph G. Recto

AN ACT
PROVIDING GREATER ACCESS TO POST-SECONDARY EDUCATION BY
ESTABLISHING AN EDUCATIONAL LOAN PROGRAM, AMENDING FOR 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:

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

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

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

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

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

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

1 “(a) x x x;

2 “(b) x x x;

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

12 “x x x”

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

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

27 **SEC. 5. Repealing Clause.** – All laws, decrees, orders, rules and regulations or parts thereof
28 inconsistent with any of the provisions of this Act are hereby repealed, amended or modified
29 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,