Evaluation of Unified Student Financial Assistance System in Tertiary Education (UniFAST) in Addressing Capital Market Imperfection in the Philippines

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Positive Features and Inadequacies of Unified Student Financial Assistance System in Tertiary Education (UniFAST) Act

The importance of investing in higher education cannot be overemphasized. It can affect individuals' income as well as the nations' progress in terms of the quality of its labor force. However, the participation rate in the Philippines in higher education over several decades has remained relatively stagnant compared with our neighboring countries like Thailand and Korea. Part of the reason for the low participation rate can be attributed to poverty issues as well as the financing problems of the able students who lack sufficient funds to cover the cost of education. Individuals and even organizations always seek the help of capital markets to address such issues of inadequate funds. However, the capital market is not perfect. One cannot use his/her skill or promise for the rendition of service in the future as a form of collateral in exchange of borrowing funds. This is the very reason why the government enacted the Unified Student Financial Assistance System for Tertiary Education Act (R.A. No. 10687) or UniFAST last May 11, 2016. It aims to allow citizens full access to quality education by providing adequate funding and to increase the participation rate in tertiary education.

In order to adhere to its objectives, the UniFAST Act (2016) will offer qualified applicants different Students Financial Assistance Program (StuFAP) namely (a.) scholarships, (b) grant-in-aid, (c) National Student Loan Program (NSLP), and (d) other modalities of StuFAP. However, the main focus of this article is on the evaluation of the NSLP in terms of addressing the capital market imperfection.

The UNiFAST Act (2016) provided both strengths and issues that need great attention from the Board. Positive features includes: (1) UniFAST board will be partnered with both Government Service Insurance System (GSIS) and Social Security System (SSS) in conducting feasibility study to create a system that will automatically deduct from the salary of the members with unpaid student loans; (2) the NSLP of the UniFAST Act will give priority to the top 10 best students of all public schools; and (3) the program will provide a beneficial mode of payment-installment basis for the students. Such payment will only happen after the student finished his/her program and graduated from the chosen institution. On the other hand, the UniFAST Act also has some issues to be addressed which include: (1) it failed to identify what type of management set up is deemed necessary. If this management will be run by a hierarchical system, this means that part of the cost of the program will go to the salary of this unidentified management. Will it be more efficient if the budget will be given to additional qualified scholars instead?; (2) the Act only provided the responsibilities of the not yet identified management of the program such as prevention of overfunding of the cost of tertiary education, establish accountability mechanisms, sanctions, and incentives conducive to the effective and efficient collection of loan repayments, yet there were no specific details in terms of the mechanisms appropriate to use as well as the sanctions and incentives for the student and the lender respectively. A system that will keep a detailed allocation of funds is necessary to monitor the cost of the program as well as where and how the funds were used. In addition, an accountability mechanism should be a system that will strictly monitor the loans of the student-borrower from the time he/she availed the loan up to the repayment of the loan. It is also important to note that the system includes the dates, the interest rate, as well as the persons responsible for the transaction for ease of tracking. Although the Act stated that it shall encourage private sectors participation, it failed to identify whether it includes private banks. Is the program open from the participation of the private banks? If such, what are the incentives the Bangko Sentral ng Pilipinas is willing to give that will entice private banks to actively participate in the aforementioned program?; (3) it did not provide a sophisticated process flow from the application up to the repayment of the loan that will guide potential students to avail the program. It is not stated in the IRR the coverage of the loans, the requirements for the applicants, the process of application, and the system for the repayment of the loans.

In general, UniFAST Act is at its infancy stage since it was just approved in May 2016. However, for it to be effectively and efficiently put into action, detailed rules and regulations must be crafted by the Board. This could be the gateway for the Philippines to increase its participation rate in higher education just like what happened in Korea and Thailand. The success of UniFAST is yet to be discovered and for it to materialize, there are still a lot of works left for the Board to do.

I. Introduction

The importance of investing in higher education cannot be overemphasized. It can affect individuals' income as well as the nations' progress in terms of the quality of its labor force. However, the participation rate in the Philippines in higher education over several decades has remained relatively stagnant. Data from World Bank revealed that there is relatively slow growth rate year-on-year in the Philippines compared with other East Asian countries like Korea and Thailand. During the 1970's, participation rate in the Philippines is somewhat high at 17.65%. After two decades, it is up to 35.75% in 2014. Korea on the other hand, made a dramatic increase from 7.25% in 1971 to a soaring high of 94.21% in 2014 while Thailand from 2.86% in 1971 to 52.51% in 2014. Part of the reason of the low participation rate can be attributed to poverty issues as well as the financing problems of the able students who lack sufficient funds to cover the cost of education. The inability of students and families to secure funds in the capital market because of the presence of market imperfection is the focus of the paper.

The significance of capital market is to link the suppliers of funds (lenders) to those who demand funds (borrowers). In most cases, a borrower will issue a receipt to the lender as a promise of repayment. The said receipt can be sold or bought with interest or dividends as compensation (Gould, 2013). However, funding higher education through capital market is too risky since it is obviously difficult to finance an individual without collateral. One cannot use his/her skill or promise for the rendition of service in the future as a form of collateral in exchange for borrowing funds. The paper seeks to evaluate whether the Unified Student Financial Assistance System in Tertiary Education (UniFAST) will address the capital market imperfection in higher education since the amount of benefits from finishing a higher degree of education is tremendous to both the individual as well as to the society.

II. Benefits of Education

The primacy of investing in education helps people in becoming productive citizens, increase their earnings, and avoidance of poverty (Colclough, Kingdon, & Patrinos, 2009). Studies have shown that there is 10% increase in wage for every one additional year of education (Psacharopoulos & Patrinos, 2004). Moreover, in the study of Georgetown University Center on Education and the Workforce, in 1999 an adult with a bachelor's degree earned 75% more over a lifetime than a high school graduate; by 2009 the premium had grown to 84%. Access to education greatly affects labor market. First, specialized skills developed increases the entrepreneurial intention or participation of an individual in the labor market. Second, occupational opportunities available for an individual will be based on the quality and level of education he/she gained. Lastly, human capacity to perform highly-specialized tasks determines the income level of an individual (Fasih, 2008; Tullao, 2017).

(OECD, 2012) reported that investing in tertiary higher education among countries resulted in having both individuals and social advantage. On the individual level, across OECD countries, the long-term economic advantage of having a tertiary degree instead of an upper secondary degree (USD175,067 for men and USD110,007 for women) is roughly twice as large as the advantage that a person with an upper secondary education has over someone with a lower level of education (USD77,604 for men and USD63,035 for women). Studies also revealed that increases in the number of years of schooling result in significant increases in income generating capacity (Orazem, Glewwe, & Patrinos, 2008; Hanushek & Woessman, 2008; and Luo & Terada, 2009). In the country level, the net return on the public costs to support a man in tertiary education is more than USD91,000, on average across OECD countries—more than three times the amount of the public investment while the net return on the public costs to support a woman in higher education is somewhat lower—USD55,000, on average. Moreover, there are also nonpecuniary benefits after getting a college degree. Recent studies showed that employees who gained more schooling enjoy better health conditions; more independence and social interactions; more creativity and high sense of accomplishment (Oreopoulos, 2013); social awareness on the laws; proper payment of taxes; people's awareness on social, cultural, and political issues; awareness in the community and research; and innovative skills (Tullao, 2017).

III. Initiatives in Addressing Equity in Higher Education

3.1 Education Service Contracting (ESC)

Education Service Contracting is basically the government's effort that targets low-income students to pursue higher education. The government enters into a contract with private schools that will provide the program to the qualified students.

There were several types of contracts in educational system provided by World Bank (2006) as shown in Table 1.

Table 1 Types of Contracts in Education

What government contracts for	Definition	Contract types
Management, professional services (input)	Government buys school management services or auxiliary and professional services	Management contracts Professional services contract (curriculum design)
Operational services (process)	Government buys school operation services	Operational contracts
Education services (output)	Government buys student places in private schools (contracts with school to enroll specific students)	Contract for education of specific students
Facility availability (input)	Government buys facility availability	Provision of infrastructure services contracts
Facility availability and education services (input and output bundle)	Government buys facility availability combined with services (operational or outputs)	Provision of infrastructure contracts with education services contracts

Management contract could be managing a single school or an entire district. Three major types of management responsibilities are: financial management, staff management, long-term planning and leadership. Examples of private management of public schools include charter schools in the United States and Fe y Alegría schools in Latin America. However, a good example of *professional services* is that of the Sabis Network from Lebanon for curriculum design and implementation services (World Bank, 2006). Support services are found to be more expensive on public rather than private schools. In a number of countries, support staff in public schools are paid higher salaries relative to similar jobs in the private sector. Food services, for example, are rarely run by public school authorities in OECD countries. Virtually all school-bus service in England and New Zealand is provided by contractors, as is 80% in Canada (World Bank, 2006).

Operational service is a type of service where private actors were contracted by public schools. It covers both managing and staffing the public school. The communities also take an active role in the improvement of school facilities (either in-kind or financially). Examples of operational services contracting include the United States' charter schools, City Academies in the United Kingdom, and Fe y Alegría in Latin America. This is done in areas where there is the greatest financial need. In Latin America, governments most often contract with Fe y Alegría to run rural schools for hard-to-reach populations (Patrinos, 2006).

Education service is when governments contract the enrollment of students in private schools or buying outputs. In this way, the government expenditures on constructing and equipping new schools are lessened. It allows the targeting of low-income, disadvantaged, or "problem" students. Examples of this type of contracting have been used in New Zealand to provide adequate education to children who are not responding to the traditional methods and in the Philippines to support the enrollment of low-income students in private schools in areas where there is a shortage of public high schools. They also include voucher programs such as those in Spain, Colombia, and Chile (Patrinos, 2006).

Education Service Contracting (ESC) in the Philippines is a program provided for by Republic Act 8545 or the "Expanded Government Assistance to Students and Teachers in Private Education (FAPE, 2014). It provides subsidy to public elementary graduates who choose to enroll in private schools (Alba, 2010). In 2011–2012, ESC budget amounted to Php 3.61 billion enabled 634,860 students to study in 2,860 participating private schools. It is a strong evidence of the public-private partnership in making secondary education accessible to Filipino Children (FAPE, 2014).

Contracting for Facility Availability—Public-private partnership (PPP) is the most common in the education sector. One of the well-practiced arrangements is where the private sector finances, designs, constructs, and operates a public school facility under a contract with the government for a given period. At the end of the contract period, ownership of the school facility is transferred to the government. Infrastructure focused PPPs have a number of characteristics in common: (i) the private consortium is selected via a competitive tender process, (ii) private sector partners invest in school infrastructure and provide related noncore services (for example, building maintenance), (iii) the government retains responsibility for delivering core services such as teaching, (iv) arrangements between the government and its private partner are governed by long term contracts—usually 25 to 30 years and contracts specify the services the private contractor must deliver and the standards that must be met, (v) service contracts are often bundled, with the private sector taking on several functions such as design, building, maintenance, and employment of some noncore staff, and (vi) payments under the contract are contingent upon the private operator's delivery of services to an agreed performance standard (World Bank, 2006). The United Kingdom, Canada, Australia, and other countries have implemented infrastructure PPPs, or as they are known in the United Kingdom, Private Finance Initiatives (PFIs), to expand private involvement in financing and providing infrastructure (Patrinos, 2006).

Contracting for facility availability and education services is a form of contracting used where private actors are contracted to provide facilities and to operate them. Governments use this form of contracting both to obtain capital investment and at the same time provide incentives to the operator to deliver services as efficiently as possible. The United Kingdom's DBFP (design, build, finance, and operate) is an example of this type of contracting (LaRocque, 2006).

3.2 Public-Private Partnerships

3.2.1 Policy issues in Public-Private Partnership in Education

Although various research proved that private operation of schools with public funding raises student achievements leading to efficiency gains (Kingdon, 2007) and improve the quality of achievement scores (Alba, 2010), there are some policy questions that are relevant in the discussion of PPP programs.

First, which is the best way to give public funds for privately-produced education—*(supply side)* funds given directly to private schools per student grant or *(demand side)* public funds are directly given to families as a voucher per child? In India, supply side funding did not yield good results. Some of the problems identified in this method are the lack of incentives among the private schools that led to poor student learning outcomes; and teachers of aided schools wanted to be paid directly from the state government treasury (as public school teachers are paid), rather than continue to be paid locally by their private school managements, who received the government grant. Schools in Columbia made use of this PPP supply side funding (Kingdon, 2007). On the other hand, demand side funding (school vouchers to parents) was practiced in countries such as Chile, Colombia, New Zealand, and the US. Compared with supply side funding, voucher funding for private schooling is generally associated with improved student outcomes. A great example using this method was in Columbia, wherein the government's way of giving school vouchers is through the lottery. This foster competition between private schools and attracted the attention of the parents, which promoted beneficial effects to student's education both short-term and long-term.

Second, what are the equity effects of demand-side public funding for private education? Ladd (2002) believed that the voucher system may be good only for well-off families. These families have the freedom to choose better private schools, leaving poor families within public schools. However, Nechyba (2005) suggested that careful design of the voucher system will change the ball game. The amount of voucher should be inverse to family income, whereby the poorest families would receive the highest value vouchers.

Third, question for policy concerns the feasibility of voucher PPP schemes in low income countries. There is no way to deal with this than for the governments considering PPPs to try out both supply side per-student funding and demand-side voucher funding PPPs on a trial basis.

Fourth, should education be free and publicly funded by the government? Tullao (2017) believed that education should not be free especially in public schools for the following reasons: 1.) It is only but proper for the students to invest in their education since the expected rate of returns in both private and public colleges is high; 2.) There is even higher expected rate of returns among public colleges than in private colleges in courses such as the Arts, Business, Education, Engineering, Health, Mathematics and Statistics, Physical Sciences, and Social and Behavioral Sciences; 3.) The budget amounting to PhP8 billion is insufficient to cover the expenses of 1.4 million students in SUCs in the country; 4.) It will weaken private colleges and universities and, thus, lead to poor quality of education; 5.) There are numerous benefit both for the individual as well as to the county if one pursue tertiary education. In contrast, Gatchalian (2017) argued that the abolition of tuition fees in SUCs through the enactment of the Free Higher Education Act could be viewed to be a sensible and viable strategy. The estimated cost is justifiable given its personal and social gratification.

3.2.2 Voucher system

The voucher system gives the students the liberty to search for the school that they think will give them the highest value for money. It is also referred to as demand-driven funding (Jongbloed, 2004). The whole idea of the system is focused on the "freedom to choose" (Barr, 1998). It requires that education can be both provided by public or at least in part by private institutions that complied with the quality standards. According to Jongbloed and Vossensteyn (2002), the government is responsible for overseeing the quality control and information supply. The fees are determined by the providers and are covered partly by the voucher.

Although there are advantages of the voucher system, Jongbloed and Koelman (2000) pointed out several disadvantages of the system: (1) Geographical factor is an issue on the limits of choices left for the students; (2) There could also be a problem on over-subscription of vouchers that will favor high-income families; (3) There should be a strong will amongst government regulators to protect the individuals, quality, and equity; (4) Large variations in enrollment and funding may lead to job insecurity among teachers; and (5) Programs with small enrollments but high cultural value may force to close.

3.3 Student Loan Program

A student loan program is one that is given to low-income yet talented and skilled individuals who wish to enroll in higher education by providing a loan that will cover the cost of education and other incidental expenses, the payment of which will be in the future after the student has completed the program. Usher (2005) provided a picture of how the government subsidies student loan across different countries using three approaches—zero-nominal, zero-real, and cost of government borrowing. The zero-nominal approach has the largest government subsidy and was taken by countries such as Canada, United States, and Germany. The loan shrinks while the student remains in school. The zero-real interest approach is taken by Australia, New Zealand, and the United Kingdom. It has also government subsidy but less than that of the zero-nominal approach. In contrast, Netherlands charges students the government cost of borrowing while Sweden makes use of rate based on the cost of borrowing. Both countries have no government subsidy but students benefit from the intervention of the government since they would be unable to receive such a rate on their own in the private market.

Browne (2010) proposed a program where access and finance to higher education will be possible to students who have potential. The proposal seeks more investments in higher education. The government will initially spend for the upfront cost of higher education through the Student Finance Plan. The demand for payment of the government costs to enter higher education is possible only once they are enjoying the benefits of that education. Payments will be linked to income, so those on low incomes pay nothing. Payments stop when the Student Finance Plan is complete.

The Philippines also value the access to higher education by providing student loan and subsidies. A student can get a partial or full subsidy of the tuition fee by becoming a student assistant in the university/college he/she is enrolled in. In the event the students do not meet the requirements of the scholarship grant offered, he/she can avail of the student loan from the government, which can be paid at a later date (http://www.courses.com.ph/scholarship-grants-philippines-overview/).

3.4 Scholarship Grants

Scholarship grant is another program given by the government and some private institutions to students with talents and skills but have no means to cover the expenses of education. In the Philippines, a number of government agencies, private companies, special academies, and private individuals offer academic scholarships. This type of scholarship usually caters to high school students who are Valedictorians, Salutatorians or part of the upper 10% or 20% of their graduating class. There are also international scholarships provided by foreign organizations and government agencies. On the other hand, there are also non-academic scholarships available like athletic scholarships, cultural scholarships, cadet scholarships, publication scholarships, scholarships for student leaders, band member scholarships, and beauty queen scholarships. There are also special scholarships like for the Overseas Filipino Workers and their beneficiaries and the beneficiaries of former members of the rebel groups (http://www.courses.com.ph/scholarship-grants-philippines-overview/).

IV. UniFAST Act (Republic Act No. 10687)

To allow the citizens full access to quality education by providing adequate funding and to increase the participation rate in tertiary education, a new law was enacted. "The Unified Student Financial Assistance System for Tertiary Education Act (R.A. No. 10687) is the declared policy of the state to promote social justice and was approved and signed by the Board last May 11, 2016. This gives preference to the poor but academically proficient and highly motivated students" (CHED.gov.ph).

There are several objectives of the Act namely: "(1) to properly allocate and utilize all government resources intended for students through effective beneficiary-targeting; (2) to ensure consistency, continuity and efficient coordination of student financial assistance policies and programs; (3) to ensure equity in the distribution of student financial assistance slots to the regions; (4) to produce through talent-based scholarships, a pool of proficient and competent graduates and technical experts who will contribute to the country's high-level labor force; (5) to facilitate access to quality education through grants-in-aid for students belonging to marginalized sectors and (6) to assist through student loans students with liquidity issues" (CHED.gov.ph).

To adhere to its objectives, the aforementioned act will offer qualified applicants different Students Financial Assistance Program (StuFAP) namely (a) scholarships, (b) grant-in-aid, (c) NSLP, and (d) other modalities of StuFAP.

a.) Scholarships—It is a government-funded program that aims to promote an environment that is conducive to the development of talented students for the creation of a pool of world-class Filipino researchers, artists, innovators, thinkers, and leaders.

The amount of the scholarship shall be determined by the Board, taking into consideration the actual costs of various programs in the top public and private HEI and TVIs, provided that the amount of the scholarships shall not exceed the actual costs of tertiary education (CHED.gov.ph).

b.) Grants-in-Aid—This sort of scholarship is also made available to students belonging to the marginalized sectors of society. The identification of grantees will be based on the national government's poverty-based targeting schemes.

The amount comprising the Grants-in-Aid shall be determined by the Board, taking into consideration the actual cost of various programs in the top public and private tertiary educational institutions listed in the Registry.

c). National Student Loan Program—The Board shall develop a self-sustaining NSLP which will provide qualified students short-term and long-term financial assistance for tertiary education. The program shall be based on a systematic evaluation of lessons learned from current and past student loan schemes.

To ensure the success of the NSLP, the Board shall create the appropriate setup for the NSLP, whose management shall implement the program, prevent the overfunding of the cost of tertiary education, and establish accountability mechanisms, sanctions, and incentives conducive to the effective and efficient collection of loan repayments. In the same manner, it shall explore different processes, including systematic testing and rigorous evaluation of methods to minimize collection costs and avoid non-repayment of loans. It shall also encourage the private sectors' participation to ensure the delivery of the best possible service suitable to the needs and objectives of the NSLP.

The GSIS and SSS shall study the feasibility of having an automatic system of salary deduction for student loan repayments of members with unpaid student loans, pursuant to a memorandum of agreement executed by the Board with GSIS and SSS, and in accordance with the law on deduction of payments.

Top 10 graduates of all public high schools shall be given priority in the grant of student loans provided that the loan granted shall be repaid in installment basis after the student graduates or leaves the educational institution, provided further that the educational loan shall be sourced from 5% of the total loanable portfolio of the Development Bank of the Philippines, without prejudice to the creation of other student loan programs.

d.) Other Modalities of StuFAPs—The Board may also develop other modalities of StuFAPs provided that nothing in the implementing rules and regulations shall preclude the implementing agencies, HEIs, and TVIs from adopting other forms of StuFAPs such as private scholarship or sponsorship programs and student or graduate-assistance programs, in accordance with the standards and guidelines set by the Board.

UniFAST is the government's response in promoting equity in the country by providing the qualified students access to quality education. I found that this act could also increase the rate of participation in tertiary education amongst highly-skilled and talented students without adequate funds to finance their education. After a thorough review of the Act, I found out several strengths and issues of the existing implementing rules and regulations (IRR) of UniFAST Act that could possibly address the capital market imperfection.

Positive Features

First, it was stated that the UniFAST board will be partnered with both the GSIS and SSS in conducting a feasibility study to create a system that will automatically deduct from the salary of the members with unpaid student loans. Such initiative is a great start; however, a centralized system is necessary that will strictly monitor the loans of the students as well as the repayment of their loans. Moreover, the IRR should provide the process on the deduction of the loaned amount and the period when the loan should be paid for the applicants to have a clear grasp of the program.

Second, the NSLP of the UniFAST Act will give priority to the top 10 best students of all public schools. Clearly, this addresses social injustice in terms of education.

Third, the program will provide a beneficial mode of payment-installment basis for the students. Such payment will only happen after the student finished his/her program and graduated from the chosen institution. If properly executed, this clearly will eradicate the inequality in accessing higher quality education as well as the capital market imperfection.

Some Issues of UniFAST Act

Although the existing IRR of the UniFAST Act provided positive features, there are also some issues that need to be addressed.

First, though it is imperative for the Act to mention that it needs an appropriate management that shall implement the program, it failed to identify what type of management set up is deemed necessary. If this management will be run by a hierarchical system, this means that part of the cost of the program will go to the salary of this unidentified management. Will it be more efficient if the budget will be given to additional qualified scholars instead?

Second, the Act only provided the responsibilities of the not yet identified management of the program—such as prevention of overfunding of the tertiary education cost and establishment of accountability mechanisms, sanctions, and incentives conducive to the effective and efficient collection of loan repayments—yet there were no specific details in terms of the mechanisms appropriate to use as well as the sanctions and incentives for the student and the lender respectively. A system that will keep a detailed allocation of funds is necessary to monitor the cost of the program as well as where and how the funds were being used. In addition, an accountability mechanism should be a system that will strictly monitor the loans of the student-borrower from the time he/she availed the loan up to the repayment of the loan. It is also important to note that the system includes the dates, the interest rate, as well as the persons responsible for the transaction for ease of tracking. Although the Act stated that it shall encourage private sectors participation, it failed to identify whether it includes private banks. Is the program open from the participation of the private banks? If such, what are the incentives the Bangko Sentral ng Pilipinas is willing to give that will entice private banks to actively participate in the aforementioned program?

Third, it did not provide a sophisticated process flow from the application up to the repayment of the loan that will guide potential students to avail the program. It is not stated in the IRR the coverage of the loans, the requirements for the applicants, the process of application, and the system for the repayment of the loans.

Conclusions and Recommendations

The paper provided the importance and benefits of investing in higher education. There is no doubt that the benefits of pursuing higher education are significant not only to the individual but also to the society at large. As such, the government made efforts through the UniFAST to address the capital market imperfection. I found that the NSLP under UniFAST Act can possibly address the imperfection of the capital market. However, the Board must craft a more detailed IRR that will guide the qualified and potential students who are interested in availing the program.

Specifically, UniFAST Act needs to:

(1) properly identify the management set up that will operate and supervise the NSLP. The government must assure that the cost of putting the system that will supervise the program should be reasonable enough that it is not higher than the amount that is allotted for the NSLP. The budget allocation must undergo a cost-benefit analysis. The benefits of which should be more focus on the funds that will cover the cost of education among students pursuing higher education.

(2) UniFAST Board should create more detailed processes in terms of the mechanisms to be used in the monitoring of the loans, sanctions for payment default, and rewards for participating banks (especially on private banking institutions). A more detailed system can

make a good perception among the public and, thus, will lead to greater trust with the government. The Board should clearly identify the strengths as well as the weaknesses of the proposed system. This should include the loan coverage amount, interest rates, the period that loan should be paid, and the process of monitoring. Moreover, it is important for the Board to identify sanctions for the student-borrower for default payments or withdrawing from the program. It will also encourage private and public banking institutions to participate in the program if the IRR will identify clear incentives from the Banko Sentral ng Pilipinas (BSP).

(3) The existing IRR must provide a process flow from the time of loan application up to the repayment of the loan. There must be a clear policy on the loan repayment and how the system will work in coordination with GSIS and SSS. In the event that the student who availed the program lost his job because of either fortuitous events or some management dilemma in the company, the said student should also be relieved from paying his/her loan until such time that he/she has found a new job. Moreover, if such student becomes incapable to work because of sickness or accident, the remaining loan amount that is not yet paid will be extinguished. Furthermore, other agencies should be part of crafting the policy of this program such as the Bankers Association of the Philippines, Chamber of Thrift Banks, Rural Bankers Association of the Philippines, in consultation with Bureau of Internal Revenue, National Bureau of Investigation, Philippines Overseas Employment Administration, and Philippine Association of State Universities and Colleges together with Commission on Higher Education and Technical Education and Skills Development Authority.

In general, the UniFAST Act is at its infancy stage since it was just approved in May, 2016. However, for it to be effectively and efficiently put into action, detailed rules and regulations must be crafted by the Board. This could be the gateway for the Philippines to increase its participation rate in higher education just like what happened in Korea and Thailand. The success of UniFAST is yet to be discovered and for it to materialize, there are still a lot of works left for the Board to do.

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