

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 507



Introduced by **Representative Jaime R. Fresnedi**

EXPLANATORY NOTE

This bill seeks to promote transparency and accountability in all transactions involving higher education institutions (HEIs) in the Philippines. As the country intensifies its efforts to provide quality tertiary education, with the Department of Budget and Management (DBM) allocating ₱105.6 billion for state universities and colleges in the 2024 National Expenditure Program (NEP)¹, there is a growing need to ensure that foreign engagements do not compromise academic freedom, institutional autonomy, or national security.

The increasing participation rate in tertiary education, which reached 51.38% as of July 2024², the second highest in the ASEAN region after Singapore, underscores the importance of safeguarding the integrity of our educational institutions. While foreign collaborations can offer valuable resources and opportunities, they also pose potential risks if not properly regulated. The lack of a comprehensive legal framework to monitor and disclose foreign gifts, grants, donations, and contracts leaves HEIs vulnerable to undue influence and conflicts of interest.

This proposed legislation aims to bridge this policy gap by mandating the disclosure of significant foreign transactions to the Commission on Higher Education (CHED). It also seeks to enhance transparency by establishing clear guidelines and thresholds for reporting without hindering beneficial international partnerships. Moreover, the bill empowers CHED to monitor and assess these engagements, ensuring they align with national interests and educational standards.

In light of the substantial investments in the education sector and the critical role of HEIs in national development, it is imperative to enact measures that protect their autonomy and uphold the public trust. This proposed measure represents a proactive step

¹ 2024 NEP allocates P105.6B for SUCs (<https://mirror.pia.gov.ph/press-releases/2023/08/19/2024-nep-allocates-p1056b-for-state-universities-colleges>)

² Fill P4.1-B funding gap for free higher education (<https://www.pna.gov.ph/articles/1211130>)

towards reinforcing the integrity of our higher education system and ensuring that foreign collaborations contribute positively to the country's academic and developmental goals.

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


JAIME R. FRESNEDI
Representative
Lone District, Muntinlupa City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 507

Introduced by **Representative Jaime R. Fresnedi**

AN ACT
REQUIRING HIGHER EDUCATION INSTITUTIONS TO DISCLOSE FOREIGN
GIFTS AND CONTRACTS, ESTABLISHING A MONITORING MECHANISM,
PROVIDING PENALTIES FOR NON-COMPLIANCE, APPROPRIATING FUNDS
THEREFOR, 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 "*Transparency in Foreign Transactions for Higher Education Institutions Act.*"

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote transparency and accountability in all transactions involving higher education institutions. Recognizing that higher education institutions increasingly engage with foreign governments, entities, and individuals, the State reaffirms its commitment to safeguarding the autonomy of higher education institutions, protecting academic freedom, and preserving the integrity of the country's educational system.

The State likewise affirms that academic institutions must remain spaces of free thought, innovation, and critical inquiry, safeguarded from undue foreign influence or intervention. Towards this end, the State shall ensure that all foreign gifts, grants, donations, endowments, contracts, and other transactions entered into by higher education institutions are conducted with full disclosure, are free from any undue influence, and do not compromise the sovereignty, national security, and national interests of the Philippines. The State shall also establish appropriate mechanisms to monitor and regulate such engagements in a manner that respects institutional independence while upholding transparency and accountability.

SEC 3. *Definition of Terms.* – For purposes of this Act, the following terms shall mean:

a) Higher Education Institutions (HEIs) refer to any public or private institution duly recognized by the Commission on Higher Education (CHED) that offers post-secondary degree programs.

b) Foreign Source refers to foreign governments or any of its agencies, a legal entity, created under the laws of a foreign country, a person who is not a citizen of the Philippines, or an organization that is substantially controlled or financed by any of the foregoing.

c) Foreign Gifts or Contracts refer to any gift, grant, endowment, donation, contract, or other arrangement involving the transfer of property, money, service, or any item of value from a foreign source, whether made directly or indirectly, for the benefit of a higher education institution, including its subsidiaries, research centers, or affiliated foundations

d) Threshold Amount refers to an aggregate value of at least Ten Million Pesos (Php 10,000,000.00) within a calendar year from a single foreign source.

SEC. 4. Mandatory Disclosure of Foreign Gifts and Contracts. – Every HEI that receives foreign gifts or enters into foreign contracts meeting or exceeding the Threshold Amount in a calendar year shall disclose to the Commission on Higher Education (CHED) the following:

- a) Name and address of the foreign source;
- b) Amount, nature, and terms of the foreign gift or contract;
- c) Purpose for which the gift or contract was intended or used;
- d) Conditions or restrictions attached, if any; and
- e) Other relevant information as may be required by CHED.

SEC. 5. Timing and Manner of Disclosure. – The HEI shall submit the disclosure to CHED within thirty (30) calendar days from the execution of the foreign contract or receipt of the foreign gift. CHED shall prescribe the format of disclosure, which may include digital filing.

SEC. 6. Public Access to Information. – All disclosures filed under this Act shall be considered public documents and made available for inspection on the official website of CHED, subject to existing laws on confidentiality and data privacy.

SEC. 7. Monitoring and Oversight. – CHED shall establish a monitoring mechanism to:

- a) Review the submitted disclosures;
- b) Identify patterns or risks that may affect academic freedom, institutional autonomy;
or
- c) Recommend appropriate actions or interventions to ensure compliance.

CHED may issue regulations to operationalize the provisions of this Act.

SEC. 8. *Prohibited Transactions.* – No HEI shall accept foreign gifts or enter into contracts that:

- a) Compromise its academic independence;
- b) Require adoption of foreign political or ideological positions as a condition;
- c) Violate national security laws or policies of the Republic of the Philippines.

SEC. 9. *Penalties.* – Any HEI that knowingly fails to disclose foreign gifts or contracts as required under this Act shall be subject to:

- a) Administrative penalties, including suspension of government assistance or accreditation, after due notice and hearing by CHED; and
- b) Referral to appropriate authorities for possible violations under Republic Act (R.A.) No. 3019 or the “*Anti-Graft and Corrupt Practices Act*”, if warranted.

CHED may recommend the imposition of appropriate sanctions under applicable corporate governance and educational laws for private HEIs,

SEC. 10. *Appropriations.* – The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of CHED. Thereafter, such sums as may be necessary for the continued implementation shall be included in the annual General Appropriations Act.

SEC. 11. *Implementing Rules and Regulations.* – The CHED, in consultation with the Department of Justice (DOJ), National Security Council (NSC), and other relevant stakeholders shall jointly promulgate the implementing rules and regulations (IRR) to implement the provisions of this Act and issue the same within sixty (60) days from its effectivity.

The IRR issued pursuant to this section shall take effect thirty (30) days after its publication in a newspaper of general circulation.

SEC. 12. *Separability Clause.* – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 13. *Repealing Clause.* – All laws, decrees, ordinances, administrative order, rules and regulations, or any part thereof, which are inconsistent with this Act are repealed or amended accordingly.

SEC. 14. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette and at least two (2) newspapers of national circulation.

Approved,