

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
Second Regular Session

House Bill No. **6519**



Introduced by ANGKLA Party-list Representative JESULITO A. MANALO

AN ACT CREATING THE
OVERSEAS FILIPINO WORKERS (OFW) SOVEREIGN FUNDS

EXPLANATORY NOTE

There are approximately 10 million Overseas Filipino Workers (OFWs) all over the world with 2.2 million OFWs who left the country in 2016 according to the latest data from the Philippine Statistics Authority. Their cash remittances peaked at \$25.6 Billion in 2015, and increased by roughly 5% in 2016. With the enormous amount of cash Filipino overseas workers bring in, the Philippines is now regarded as the third largest recipient of foreign remittances around the world.

Considering the huge number of our Overseas Filipino Workers (OFW) and the high volume of remittances they bring into the country, there is no doubt that they continue to largely contribute to the economic growth of the country. Notwithstanding these contributions, the government can still find other mechanisms to help our OFWs utilize their monies better, and in the process, also help the government raise more revenues to be used solely for select key government programs or projects and likewise to introduce a new revenue generation mechanism for the country other than the traditional taxes.

It is the exclusive duty of the House of Representatives to "originate" revenue or tariff bills and bills authorizing increase of the public debt as stated in Section 24 of Article VI of the 1987 Constitution, to wit:

ARTICLE VI

SECTION 24. All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.

And since it is the duty of the House of Representatives to look for means to finance government projects, this House Bill hereby proposes the raising of funds for

government and government-assisted projects through the issuance of bonds and other debt instruments for subscription and investment by OFWs, their immediate relatives and other Filipino citizens abroad.

This measure is designed to encourage all OFWs to invest part of their income or cash remittances with the government, to be pooled under a special fund to be referred to as OFW Sovereign Fund. Similar to treasury bills or bonds, but under a special fund devised solely for OFWs' enjoyment, wherein they can invest their monies with government, through a program to be created by the Bureau of the Treasury, ideally for a higher return, better tax incentives, and with lesser risks than in regular banks. This will allow OFWs to save some of their income, simultaneously providing them the opportunity to help their country, since the proceeds of this created fund will finance significantly urgent national government projects.

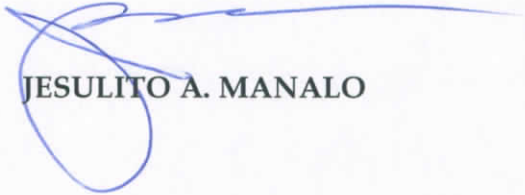
This will enable OFWs to be investors in nation-building towards the industrialization of the country so that OFWs like seafarers can be reintegrated into the Philippine domestic economy by becoming industrialists themselves using their know-how and experience acquired in working abroad to be the owners and/or officers of their own shipbuilding companies and shipyards, as just one example. This is in line with the agenda of President Rodrigo Roa Duterte as outlined in his July 24, 2017 State of the Nation Address wherein he said:

Ours is a rich country. Wealth that this country is endowed with [is] a gift from God to be utilized for the [people's] welfare and the common good. I do not believe that this gift was given to us to be merely viewed or appreciated, but to be extracted from the earth and utilized to make life worth living.

That is why I say that it is not enough that we mine this wealth. What is more important is that we convert the raw material thereof into finished products for international and local purposes. That way, it will not only be the few who are the rich but also the poor who are many who will benefit therefrom.

Therefore, I call on our industrialists, investors [and] commercial barons to put up factories and manufacturing establishments right here in the Philippines to process our raw materials into finished products.

In view of the foregoing, approval of this bill is most respectfully requested.



JESULITO A. MANALO

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**AN ACT CREATING THE
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION. 1. Title. – This Act shall be known as the “OFW Sovereign Fund Act.”

SEC. 2. Coverage. – This Act shall cover all Overseas Filipino Workers (OFW) and former OFWs, whether land-based or sea-based, and their immediate family members such as their parents, spouses and children. If they are still unmarried, their siblings shall likewise be covered by this Act. Other Filipinos overseas are also covered by this Act as long as they are still citizens of the Philippines.

SEC. 3. Declaration of Policy. – It is the policy of the State to formulate efficient programs that will help raise revenue to meet expenditure targets and to effect adequate operational guidelines for fiscal and financial policies. It is also the policy of the State to implement a system that shall help Overseas Filipino Workers, their immediate family members and other Filipino citizens overseas, maximize the use of their hard-earned money through investment programs mutually-beneficial to them (the OFWs) and the government.

SEC. 4. Implementing Agency. – The Bureau of the Treasury is hereby tasked to implement this Act and thus, is mandated to create a program specifically designed to encourage all OFWs, their immediate family members and other Filipino citizens overseas, to invest their monies or remittances with the government, defining all its guidelines, including but not limited to the minimum amount acceptable for investment, terms of the investment, and interest rates.

SEC. 5. Creation of OFW Sovereign Fund. - For the purpose of proper monitoring of the investments made by OFWs and its use, the Bureau of the Treasury shall create a separate special fund to be referred to as the OFW Sovereign Fund, where all investments made by all OFWs, their immediate family members and other Filipino citizens overseas, under the program herein created shall be initially lodged, until it is utilized by the government for its select key projects. The Bureau of the Treasury, in coordination with the Department of Budget and Management and the Commission on Audit, shall make an accounting of all the receipts and disbursements from the OFW Sovereign Fund and prepare a complete annual report for ready reference of the public, especially by its investors as defined under Section 2 hereof, with copies of the said report to be automatically submitted yearly to the Senate and House of Representatives not later than April 30 of the year immediately following the year covered by the report.

The proceeds of all the investments lodged in the OFW Sovereign Fund shall be used solely by the national government to finance significantly urgent national government and private projects with strong emphasis on productive and job-generating industrial or agricultural projects, which shall be directed by the President. The significantly urgent national government projects referred to here shall include the purchase or establishment by the government of strong cash-generating private corporations or government-owned and controlled corporations, respectively, in fields such as, but not limited to, enterprises related to the downstream petroleum industry, electric power generation, transmission and distribution industry, information and communications technology industry, and other strong cash-generating enterprises that shall wean away the government from heavy reliance on taxes and fees as its main source of revenues.

The infrastructures and government offices that serve the benefit of the people to be built through the income generated for such funds can be supplemented by other funds of the government intended to benefit the welfare of all Filipinos in terms of getting the much needed infrastructure in place and operating.

No amount from the OFW Sovereign Fund shall be released for current needs of the government like personal services, maintenance and other operating expenses nor for any capital outlay inconsistent with the second and third paragraphs of this Section.

SEC. 6. Tax Exemption of Interest Income and other Earnings from Investments in the OFW Sovereign Fund. - The earnings of Overseas Filipino Workers (OFW) and former OFWs, their immediate family members and, if they are still unmarried, their siblings, and other Filipino citizens overseas, from their investments in the bonds or other debt or investment instruments that the government shall issue in the implementation of this Act, shall be exempted from any and all kinds of taxes.

SEC. 7. Strong Information Drive. - To ensure the success of this Act, the Bureau of the Treasury is directed to regularly adopt a strong information drive, with assistance from other relevant agencies of government it may deem appropriate, that shall help notify and educate all OFWs about the program, the creation and purpose of the OFW Sovereign Fund and how investment in the fund will be mutually-beneficial to the OFW and the government.

SEC. 8. Proof of Identity and Prohibitions Thereon. - Those under the coverage of this Act as defined in Sec. 2 hereof shall be required to show proof of their identity as such through their Overseas Employment Certificates (OECs), birth certificates, marriage contracts, proof of Filipino citizenship and other verifiable authentic documents. The use of dummies by persons and/or corporations and/or other entities not under the coverage of this Act and the submission of fake or forged documents to be able to participate in and benefit from this program shall be punished according to existing laws.

SEC. 9. Implementing Rules and Regulations. - The Implementing Rules and Regulations or IRR of this Act shall include rules and guidelines to ensure that the bonds or other debt or investment instruments that shall be issued by the government in the implementation of this Act shall be denominated in Philippine peso and likewise in small denominations such as, but not limited to, five thousand pesos (P5,000.00).

The Treasurer of the Philippines, in consultation with other concerned government agencies including the House Committee on Overseas Workers Affairs and the Senate Committee on Labor, Employment and Human Resources Development, shall formulate the necessary implementing rules and regulations to effectively implement the provisions of this Act within ninety (90) days after its effectivity.

SEC. 10. Repealing Clause. - All laws, decrees, executive orders, issuances, rules and regulations which may be inconsistent with any of the provisions of this Act, are hereby deemed repealed, amended or modified accordingly.

SEC. 11. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in two (2) newspapers of general circulation.

Approved,