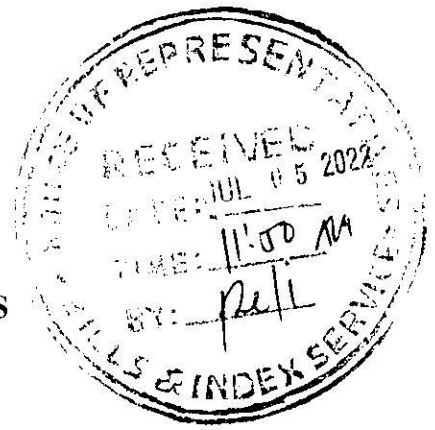


HOUSE OF REPRESENTATIVES

House Bill No. **1188**



Introduced by Representative Christian Tell A. Yap

EXPLANATORY NOTE

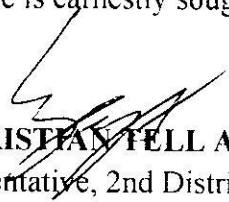
Overseas Filipino Workers (OFWs) are the modern-day heroes of our nation. They leave the country in search for better-paying jobs in foreign lands primarily to provide for their families they leave behind and to improve their quality of life. However, oftentimes, OFW families are compelled to borrow money to pay for the expenses of their loved ones' departure.

According to the latest data as of March 7, 2022 from the Philippine Statistics Authority, 1.77 million Overseas Filipino Employees (OFWs) or Filipino workers are working overseas during the period of April to September 2020. Therefore, ensuring the protection and security of all our OFWs, documented and undocumented, are not only necessary for their safety as citizens, but also to sustain the growth of our national economy.

Pursuant to the mandate of the State to protect all its citizens, including the families of OFW they left behind, Republic Act No. 8042 or the Migrant Workers and Overseas Filipinos Act of 1995 was enacted. One of the objectives of this law is to provide for the families of currently employed OFWs to avail if the Family Assistance Loan from the Overseas Worker Welfare Administration (OWWA) in cases of emergency situations. However, this law omits the initial stages of OFW employment wherein families may suffer from bearing the cost of their living expenses in the absence of their OFW relative.

This proposed measure seeks to provide a credit assistance program to capacitate the families of OFW left behind to pay for their living expenses. This bill gives a prospective OFW who has a valid contract as certified by the Philippine Overseas Employment Administration (POEA) the opportunity to avail of the fifty thousand pesos (P50,000) loan from the OWWA to shoulder the living expenses of his/her family during the initial period of the latter's overseas employment. Adequate safeguards in the fulfillment of the loan obligation and imposition of penalties for erring government officials are further established under this measure.

In view of the foregoing reasons, the approval of the measure is earnestly sought.



CHRISTIAN YELL A. YAP
Representative, 2nd District of Tarlac

1
NINETEENTH CONGRESS)
OF THE REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

House Bill No. **1188**

Introduced by Representative Christian Tell A. Yap

AN ACT
ESTABLISHING A CREDIT ASSISTANCE PROGRAM FOR OVERSEAS FILIPINO
WORKERS

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

2 **Section 1. Short Title.** - This Act shall be known as the "*Overseas Workers Credit*
3 *Assistance Act.*"

4 **Sec. 2. Declaration of Policy.** – It is hereby declared a policy of the State to protect the
5 interest of the overseas workers by providing them access to credit facilities even before their
6 departure.

7 **Sec. 3. Loans.** - An overseas Filipino worker (OFW) with a valid employment contract
8 processed through a licensed recruitment and manning agency accredited by the Philippine
9 Overseas Employment Administration (POEA) may avail of a loan of not more than fifty
10 thousand pesos (P50,000.00) from the Overseas Workers Welfare Administration (OWWA) for
11 any of the following purposes:

12 (a) To defray the living expenses of one's family during the first months of absence;
13 and/or

14 (b) To pay for recruitment expenses including placement fees, documentation costs and
15 plane tickets: *Provided*, That any member of the OFW's family not otherwise
16 disqualified by law shall be a co-borrower and shall execute the necessary
17 documentation to that effect: *Provided, further*, That the loan shall be granted and
18 released by the OWWA upon proper evaluation and submission of the employment
19 contract and plane ticket, duly certified to in writing by the recruitment agency or
20 direct hirer as to their authenticity and properly verified by the POEA. The
21 aforementioned maximum amount of fifty thousand pesos (P50,000.00) specified

1 herein may be increased by the OWWA, taking into account inflation and other
2 relevant factors, through a resolution duly approved by the OWWA Board of
3 Trustees.

4 The loan shall be entered into by and between the overseas worker-borrower
5 and the OWWA, with the next-of-kin as a co-borrower. The loan shall be covered
6 with a loan redemption insurance from any private insurance provider duly registered
7 with and accredited by the Insurance Commission, the premium of which shall be
8 paid by the applicant overseas worker-borrower.

9 **Sec. 4. Accreditation of Banks as Payment Conduits.** – The OWWA shall accredit as
10 many domestic or foreign banking institutions as possible which are duly authorized to do
11 business in the Philippines in order to serve the loan payment/amortization needs of overseas
12 workers-borrowers. It shall be the obligation of the overseas worker-borrower to remit the loan
13 payment/amortization regularly to the OWWA through the banking institutions. The OWWA
14 shall likewise establish, within one (1) year after the effectivity of this Act, an on-line payment
15 system wherein the overseas worker-borrower may pay the loan amortization through the
16 internet.

17 **Sec. 5. Payment of Loan.** – The loan shall be paid in twelve (12) equal monthly
18 installments at a preferred interest rate not to exceed six percent (6%) per annum

19 **Sec. 6. Loan Payment Assurance Mechanisms.** – Failure to pay the loan and/or any
20 violation of the terms imposed upon the loan shall be sufficient ground for the POEA and all its
21 offices, including its deputized/accredited private entities and the Philippine Overseas Labor
22 Offices (POLOs), to withhold the issuance of the Overseas Employment Certificate (OEC) and
23 any other exit permit/clearance to work abroad to the overseas worker-borrower concerned
24 unless:

- 25 (a) The overseas worker-borrower agrees to the restructuring of the loan, and thereupon
26 pays the first installment on the said restructuring, as duly certified by the OWWA,
27 and, together with this restructuring, the overseas worker-borrower justifies in writing
28 the cause for the failure to pay the balance due in connection with the loan; or
29 (b) The overseas worker-borrower is able to pay in full, as duly certified by the OWWA,
30 whatever balance is due in connection with the loan.

31 The certification of the OWWA account officer concerned indicating therein the
32 just cause/reason for the failure to pay, duly attested to by the said account officer's
33 immediate supervisor, shall serve as proof of just cause/reason. This certification and
34 all other certifications mentioned in this section may be issued electronically, through
35 the internet, with the electronic signatures of the persons executing and/or attesting to
36 the said certifications and other authenticating safeguards.

1 **Sec. 7. *Loan Verification.*** – For purposes of faster loan verification and/or authentication
2 and to facilitate the OWWA’s administration of this Credit Assistance Program, the Balik-
3 Manggagawa Processing Center, Regional Offices and Labor Assistance Centers (LACs) of the
4 POEA, all POLOs abroad, all OWWA offices in the Philippines and abroad, and all other
5 concerned government agencies/offices and all licensed recruitment and manning agencies
6 deputized/accredited by the POEA to issue OECs and other exit permits/clearances to work
7 abroad, shall coordinate closely and regularly with the OWWA using all available means of
8 verifiable and properly protected communications including, but not limited to, at least one (1)
9 dedicated, real-time and interactive website to be maintained and regularly updated on a twenty-
10 four (24)-hour-a-day, seven (7)-day-a-week (24/7) basis by the OWWA.

11 **Sec. 8. *Prohibited Acts and Penalties.*** – Any government official and/or employee who
12 issues an OEC and/or an exit permit/clearance to any overseas worker-borrower in violation of
13 any provision of this Act shall suffer the penalty of sixty (60)-day suspension without pay for the
14 first offense and dismissal from the service with a five (5)-year disqualification to hold any
15 public office for the second offense.

16 Any private entity which issues an OEC and/or an exit permit/clearance to any overseas
17 worker-borrower in violation of any provision of this Act shall suffer the penalty of sixty (60)-
18 day suspension of its license or accreditation for the first offense and permanent cancellation of
19 license or accreditation for the second offense.

20 **Sec. 9. *Additional Personnel for the OWWA.*** – To ensure the proper implementation of
21 this Act, the OWWA is hereby authorized to hire additional personnel who possess the necessary
22 skills, qualification and experience in bookkeeping, accounting, information technology, and
23 credit administration, including, but not limited to, the areas of evaluation of loan applications,
24 credit investigation, verification, authentication, and collection.

25 **Sec. 10. *Funding.*** - The amount needed by the OWWA to implement the Credit
26 Assistance Program for OFWs shall be charged against the Overseas Welfare Trust Fund:
27 *Provided*, That all payments and interests earned on the loans shall accrue to the Overseas
28 Welfare Trust Fund.

29 The funding requirement of other agencies/offices charged to assist the OWWA in
30 implementing the program shall be included in the annual General Appropriations Act.

31 **Sec. 11. *Implementing Rules and Regulations.*** – The OWWA, in consultation with the
32 Senate Committee on Labor and Employment and the House Committee on Overseas Workers
33 Affairs, shall, within sixty (60) days after the effectivity of this Act, issue the necessary rules and
34 regulations for its effective implementation.

1 **Sec. 12. *Separability Clause.*** - If, for any reason, any section or provision of this Act is
2 held unconstitutional or invalid, the other sections or provisions hereof shall not be affected
3 thereby.

4 **Sec. 13. *Repealing Clause.*** - All laws, decrees, executive orders, proclamations, rules
5 and regulations and other issuances or parts thereof, inconsistent with the provisions of this Act
6 are hereby repealed or modified accordingly.

7 **Sec. 14. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its
8 publication in the Official Gazette or two (2) newspaper of general circulation.

Approved,