



Republic of the Philippines
House of Representatives

Quezon City, Metro Manila

Nineteenth Congress
First Regular Session

9:44 am
/24

HOUSE BILL NO. 4860

Introduced by Representative Khymer Adan T. Olaso

EXPLANATORY NOTE

This bill seeks to establish a provident fund for overseas Filipino workers (OFWs).

Section 18, Article II of the 1987 Constitution provides:

"The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare."

Further, Section 3, Article XIII of the 1987 Constitution provides that the State shall afford full protection to our overseas Filipino workers (OFWs), to wit:

"The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all."

This provident fund is a savings scheme consisting of contributions from the OFWs which serves as a loan facility and provider of supplementary welfare to the OFWs.

This bill aims to help OFWs to save for retirement and to grow their hard-earned money. A board of trustees will serve as the primary manager of the

provident fund who shall be in charge of accounting, investing, loaning out of these funds as well as the distribution of dividends and benefits to member-beneficiaries.

Membership in the provident fund is voluntary. The OFWs may contribute a minimum of two hundred pesos monthly up to a maximum amount to be determined by the board.

This proposed bill will provide the OFWs with more options to save and grow their money, and show them how much the government values their hard work and sacrifice when they leave the country and their loved ones just to earn more for their future and those of their families.



KHYMER ADAN T. OLASO



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 4860

Introduced by Representative Khymer Adan T. Olaso

1 **AN ACT**
2 **ESTABLISHING A PROVIDENT FUND FOR OVERSEAS FILIPINO**
3 **WORKERS**
4

5 *Be it enacted by the Senate and the House of Representatives of the Philippines*
6 *in Congress assembled:*
7

8 SECTION 1. ***Short Title.*** – This Act shall be known as the “*Overseas*
9 *Filipino Workers (OFWs) Provident Fund Act.*”

10 SEC. 2. ***Declaration of Policy.*** – It is the policy of the State to promote
11 the interest and welfare of OFWs and their families. For this purpose, it is
12 necessary to establish a provident fund for OFWs to encourage savings and
13 investments and provide alternative sources of loan financing and facilities for
14 their other productive undertakings.

15 SEC. 3. ***Overseas Filipino Workers Provident Fund.*** – There is hereby
16 established a provident fund for OFWs which shall serve as a long-term

1 investment fund. It shall also serve as a credit and loan facility and provide
2 other welfare benefits to its members.

3 All money collected for the provident fund shall be deposited and
4 maintained in any authorized government servicing bank and the disbursement
5 of which is subject to existing accounting, budgeting and auditing laws, rules
6 and regulations.

7 SEC. 4. ***Board of Trustees.*** – The provident fund shall be managed by
8 the Board of Trustees, hereinafter referred to as the Board. The Board is
9 composed of the following:

- 10 (a) Secretary of Migrant Workers, as chairperson;
- 11 (b) Administrator of the OFW Provident Fund, as vice-chairperson;
- 12 (c) Secretary of Labor and Employment;
- 13 (d) Secretary of Finance;
- 14 (e) Secretary of Foreign Affairs;
- 15 (f) Administrator from the Overseas Workers Welfare Administration
16 (OWWA);
- 17 (g) One representative of the OFWs; and
- 18 (h) One representative from the overseas employment and recruitment
19 agencies or manning agencies; as members.

20 The representative of the OFWs and the representative of the employment
21 and recruitment agencies shall be appointed by the President, upon the

1 recommendation of the Board. They are entitled to allowances to be determined
2 by the Board.

3 **SEC. 5. *Powers and Functions of the Board.*** – The Board shall exercise
4 the following powers and functions:

5 (a) Direct the efficient and effective management of the provident
6 fund;

7 (b) Promulgate, implement and enforce the rules and regulations
8 governing the use, operation, and investment of the provident fund;

9 (c) Identify and secure other legal, valid and authorized sources of
10 funds to provide better credit facility and welfare benefits for the members;

11 (d) Establish and implement a system to efficiently collect and
12 facilitate the OFWs contribution to the provident fund;

13 (e) Determine the type, use and amounts of loans that may be granted
14 and prescribe the applicable repayment schedule and interest rates;

15 (f) Determine the benefits due to members of the provident fund;

16 (g) Establish the eligibility requirements for membership, claimants
17 and grantees of the provident fund;

18 (h) Approve membership, loans to employees after considering the
19 poverty threshold limit, benefits, and expenditures from the provident fund;

20 (i) Designate or appoint officers and staff of standing committees for
21 the provident fund from among the regular personnel of the agency, and
22 prescribe their duties, and responsibilities; and

(j) Perform such other functions as may be necessary to carry out the objectives and purposes of this Act.

SEC. 6. **Administrator.** – There shall be an administrator who shall serve as the chief executive officer of the provident fund office attached to the OWWA. The administrator shall manage the day-to-day affairs of the provident fund office and shall be responsible for carrying out the policies and programs prescribed by the Board pursuant to this Act. The administrator shall be appointed by the President of the Philippines upon recommendation of the Board. The administrator shall have the rank, qualifications, and compensation of a bureau director.

SEC. 7. **Voluntary Membership.** – Membership in the provident fund shall be voluntary on the part of the OFWs.

SEC. 8. **Member Contributions.** – The OFWs may contribute a minimum of Two hundred pesos (P200.00) monthly up to a maximum amount to be determined by the Board.

SEC. 9. **Returns and Benefits.** – The return of the OFW's contribution, and the interest, depending on the amount of the contribution, and the period of the OFW investment to the provident fund, shall be determined by the Board. However, OFWs shall be allowed to withdraw all the contributions and interests in the event of the following:

(a) Retirement;

(b) Disability;

1 (c) Reaching the age of sixty (60);

2 (d) Withdrawal of membership; or

3 (e) Death.

4 In case of death, the legal heirs as determined by law shall be allowed to
5 claim the contributions and interests of the member. Aside from the returns of
6 the contributions stated above, additional benefits such as maternity, death,
7 loans, and other benefits as determined by the Board may be granted to the
8 members.

9 SEC. 10. ***Funding Sources.*** – The provident fund shall be sourced from
10 the following:

11 (a) Contributions of the members;

12 (b) Initial counterpart contributions of the government as support for
13 the reasonable operating requirements in the administration and operation of the
14 provident fund such as the part-time assignment of existing personnel and the
15 use of necessary agency facilities and equipment; and

16 (c) Such other fund sources as may be provided by laws, and those
17 which the Board may thereafter identify as legal, valid and authorized funding
18 sources.

19 SEC. 11. ***Enforcement Agency.*** – The OWWA attached to the
20 Department of Migrant Workers shall enforce the provisions of this Act.

21 SEC. 12. ***Implementing Rules and Regulations.*** – Within six (6)
22 months from the effectivity of this Act, the Secretary of Migrant Workers shall

1 issue the necessary rules and regulations for the effective implementation of this
2 Act.

3 SEC. 13. *Effectivity.* – This Act shall take effect fifteen (15) days after
4 its publication in the *Official Gazette* or in a newspaper of general circulation.

5 *Approved,*