

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUN 30 P5 03

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S E N A T E

S. No. 386

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Based on the data released by the Department of Labor and Employment, for the year 2002, the Philippines deployed a total of 891, 908 workers. In the same year, remittances from Overseas Filipino Workers amounted to \$7.64 billion.

For many of our countrymen who cannot find job opportunities in the domestic market, overseas employment is an escape from poverty that comes at a high price. This price includes separation from their families, exposure to unknown risks, and at times the forfeiture of property to defray the costs of recruitment and job placement.

This bill seeks to establish a credit assistance program for overseas workers, to be funded from the Overseas Workers Welfare Administration (OWWA). An overseas Filipino worker (OFW) with a valid contract may obtain a loan of not more than fifty thousand pesos (P50,000) to defray the living expenses of his relatives during the first months of his absence, as well as to allow him to repay whatever debts he may have incurred to finance his recruitment, placement and other fees.

In view of the foregoing, early passage of this bill is earnestly requested.

S. Osmeña III
SERGIO OSMEÑA III
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC)
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AN ACT
ESTABLISHING A CREDIT ASSISTANCE PROGRAM FOR OVERSEAS
WORKERS

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

1 SECTION 1. **Title.** – This Act shall be known as the “Overseas
2 **Workers Credit Assistance Act of 2004.**”

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

6 SEC. 3. **Loans.** – An overseas contract worker with a valid contract
7 through/from an accredited employment of the POEA may avail of a loan of not
8 more than Fifty thousand pesos (P50,000.00) from the Overseas Worker
9 Welfare Administration (OWWA) to defray the living expenses of his family
10 during the first months of absence as well as recruitment expenses including
11 placement fees, documentation costs and plane tickets: *Provided*, That any one
12 member of this family not otherwise disqualified by law shall participate in the
13 loan as Co-borrower, and execute the necessary documentation to that effect:
14 *Provided, further*, That the loan shall be granted and release by the OWWA
15 upon proper submission of the following documents, duly certified proper
16 submission of the following documents, duly certified to in writing by the

1 recruitment agency or direct hirer as to their authenticity and properly
2 certified/verified by the POEA:

- 3 a) Employment contract;
- 4 b) Plane ticket; and
- 5 c) Bank Account

6 The loan shall be entered into by and between the overseas workers and
7 OWWA, with a next of kin as guarantor. The loan shall be covered with loan
8 redemption insurance from the Government Service Insurance System (GSIS),
9 the premium of which shall be paid by the applicant overseas worker.

10 **SEC. 4. *Establishment of Bank Account.*** – Overseas workers availing
11 of the loan mentioned in the preceding Section shall establish a bank account
12 with any domestic or foreign banking institution duly authorized to do business in
13 the Philippines, in the name of the overseas worker himself/herself and/or a
14 member of his immediate family designated as Co-borrower to the loan wherein
15 the proceeds of the loan shall be released and credited, and where monthly
16 remittances of salaries and wages abroad and payments on the loan shall be
17 made. It shall be the obligation of the overseas worker-borrower to remit his
18 earnings abroad only through said bank account.

19 **SEC. 5. *Payment of Loan.*** – The loan shall be paid in twelve (12) equal
20 monthly installment at a preferred interest rate not to exceed six percent (6%)
21 per annum through the bank account to be established under the immediately
22 preceding Section. For this purpose, applicant shall execute the necessary
23 authority for the bank to withhold the monthly loan amortizations from his
24 remittances.

25 **SEC. 6. *Sanctions.*** – Failure to pay the loan and/or violation of the terms
26 imposed herein shall be a sufficient ground to bar the defaulting overseas
27 worker-borrower from future overseas employment.

28 **SEC. 7. *Implementing Rules.*** – The OWWA shall issue the rules and
29 regulations for the effective implementation of the provisions of this Act.

1 SEC. 8. **Appropriation.** – The amount needed to implement the
2 provisions of this Act shall be appropriated out of the Overseas Welfare Fund.

3 SEC. 9. **Repealing Clause.** – Any other provision of law or rules and
4 regulations contrary to the provisions of this Act are hereby repealed or modified
5 accordingly.

6 SEC. 10. **Effectivity.** -- This Act shall take effect fifteen (15) days after its
7 publication in the *Official Gazette* or in at least two (2) newspapers of general
8 circulation.

9 Approved,