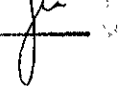


SIXTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
*First Regular Session*



'13 AUG 13 P3:11

SENATE  
S. No. 1278

RECEIVED BY: 

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Introduced by Senator Manuel "Lito" M. Lapid

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### EXPLANATORY NOTE

Article XIII, Section 3 of the Constitution provides that 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.

All over the world, the hard-earned dollars of our Overseas Filipino Workers (OFWs) play a vital role in pump-priming our economy to levels that have allowed us to achieve growth as a nation. In a statement made sometime in September, 2012, the National Economic and Development Authority (NEDA) recognized that OFW remittances are important because these promote inclusive growth in our economy. This is because OFW remittances trickle down directly to households.

The proposed measure seeks to support the OFW sector by providing credit facilities to OFWs. These credit facilities may be availed of prior to an OFW's departure from the Philippines. Any OFW who has a valid contract, as certified by the POEA, may avail of a loan in an amount not exceeding One Hundred Thousand Pesos (Php100,000.00) from the OWWA to defray the living expenses of his/her family during the first few months of his/her absence as well as to answer for other expenses that may be incurred during the pre-employment stages.

Considering its beneficial implication and the impact of OFW income to the economy, the immediate passage of this measure is earnestly sought.

  
**MANUEL "LITO" M. LAPID**  
*Senator*



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SENATE

S. No. 1278

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Introduced by Senator Manuel "Lito" M. Lapid

**AN ACT  
ESTABLISHING A CREDIT ASSISTANCE PROGRAM FOR OVERSEAS  
FILIPINO WORKERS**

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

**SECTION 1. Short Title.** - This Act shall be known as the "**Overseas  
Workers Credit Assistance Act of 2013**".

**SEC. 2. Declaration of Policy.** - It is the policy of the State to protect the  
interest of overseas workers by providing them access to credit facilities to aid with  
expenses that may be incurred prior to their departure from the Philippines.

**SEC. 3. Loans.** - An overseas contract worker with a valid contract from an  
employment agency duly accredited by the Philippine Overseas Employment  
Administration (POEA) may avail of a loan in an amount not exceeding One Hundred  
Thousand Pesos (Php100,000.00) from the Overseas Workers and Welfare  
Administration (OWWA) either to defray the living expenses of his/her family during the  
first months of his/her absence, or to answer for recruitment expenses such as, but not  
limited to, placement fees, documentation costs, and airfare: *Provided*, That any of the  
members of his/her family not otherwise disqualified by law shall participate in the loan  
as co-borrower and shall execute the necessary documentation therefor: *Provided*,  
*further*, That the loan shall be granted and released by the OWWA only upon  
submission of the following documents, duly certified in writing by the recruitment  
agency or direct hirer as to authenticity, and properly certified/verified by the POEA:

- (a) Employment contract;
- (b) Plane ticket; and
- (c) Proof of opening of bank account, in accordance with Section 4 of this Act.

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

1           **SEC. 4.       *Establishment of Bank Account.*** - Overseas workers availing of  
2 the loan mentioned in the preceding section shall establish a bank account with any  
3 banking institution duly authorized to do business in the Philippines, in the his/her name  
4 and/or in the name of the member of his/her immediate family designated as co-  
5 borrower to the loan. Said bank account shall serve as the destination account to which  
6 the proceeds of the loan shall be released and credited, as the destination account for  
7 monthly remittances of salaries and wages earned abroad, and the source account from  
8 which payments of the loan shall be made. The overseas worker-borrower shall remit  
9 his earnings abroad only through the said bank account.

10  
11           **SEC. 5.       *Payment of Loan*** - The loan shall be paid in twelve (12) equal  
12 monthly installments at a preferred interest rate not to exceed six percent (6%) per  
13 annum. Payment shall be made through the bank account to be established under the  
14 immediately preceding section and for this purpose the overseas worker-borrower shall  
15 execute the necessary authority for the bank to withhold the monthly loan amortizations  
16 from remittances deposited therein.

17  
18           **SEC. 6.       *Sanctions*** - Failure to pay the loan, violation of the terms thereof,  
19 and/or violation of any of the obligations imposed herein shall be a ground to bar the  
20 defaulting overseas worker-borrower from future overseas employment.

21  
22           **SEC. 7.       *Implementing Rules and Regulations.*** - The OWWA shall issue  
23 rules and regulations for the effective implementation of this Act.

24  
25           **SEC. 8.       *Appropriations.*** - The amount needed to implement the provisions  
26 of this Act shall be appropriated out of the Overseas Welfare Fund.

27  
28           **SEC. 9.       *Separability Clause*** - If any provision or part hereof is held invalid  
29 or unconstitutional, the remaining provisions or parts not otherwise affected shall remain  
30 valid and subsisting.

31  
32           **SEC. 10.    *Repealing Clause.*** - All laws, executive orders, decrees,  
33 instructions, rules and regulations, or parts thereof contrary to or inconsistent with any  
34 provision of this Act are hereby amended, repealed, or modified accordingly.

35  
36           **SEC. 11.    *Effectivity.*** - This Act shall take effect fifteen (15) days after its  
37 publication in the *Official Gazette* or in at least two (2) newspapers of general  
38 circulation.

***Approved,***