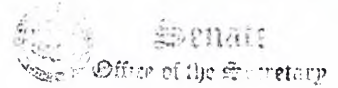


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 JUL 25 P2:15

SENATE
S. No. 865

RECEIVED BY: _____

Introduced by Senator Grace Poe

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

EXPLANATORY NOTE

More than being referred to as modern-day heroes, the Overseas Filipino Workers (OFWs) are considered as a vital partner of Philippine development. According to Bangko Sentral ng Pilipinas (BSP), personal remittances in 2021 went up to a record-breaking \$34.88 billion, exceeding the previous record in 2019 or prior to the COVID pandemic.¹ Even so, this is set to improve as more countries re-open their borders after closure because of the pandemic.

According to the "2019 Survey on Overseas Filipinos"² prepared by the Philippine Statistics Authority, the number of OFWs who worked abroad at any time during the period from April to September 2019 was estimated at 2.2 million. Based on the aforementioned survey, 39.6% of said OFWs were employed in "elementary occupations"; 18% worked as service and sales workers; 12.2% worked as plant and machine operators and assemblers; 8.7% are employed as technicians and associate professionals; 8.5% are professionals; and 8.1% are craft and related trade workers.³

The survey likewise revealed that a total of 1.9 million OFWs sent cash remittances to their families from April to September 2019, and that of these families, only 32.8% were able to set aside savings from said cash remittances.⁴ Moreover, for every 10 OFWs whose families were able to report savings from cash remittances received, about 7 (55.3%) were able to save less than 25% of the total

¹ Agcaoili, Lawrence. (16 February 2022). "OFW Remittances Hit All-Time High in 2021". The Philippine Star. Accessed from: <https://www.philstar.com/business/2022/02/16/2161041/ofw-remittances-hit-all-time-high-2021>

² Philippine Statistics Authority. (August 2020). "Survey on Overseas Filipinos 2019". Accessed from: <https://psa.gov.ph/sites/default/files/2019%20Survey%20on%20Overseas%20Filipinos.pdf>

³ Ibid.

⁴ Ibid.

amount received; 2 (28.3%) were able to save from 25 to 49% of the remittances received; and only 1 (16.4%) saved 50% or more.⁵ These show that most families of OFWs are not able to save a portion of the remittances received, and that for those who were able to save, most are only able to earmark a minimal portion of the remittances for savings.

In recognition of the valuable contributions of OFWs, this bill is submitted. It creates a credit assistance program for our modern-day heroes as they traverse other countries for the sake of their families. Under this bill, a prospective OFW who has a valid contract as certified by the Philippine Overseas Employment Administration (POEA) may avail of a fifty thousand-peso loan from the Overseas Worker Welfare Administration (OWWA) to defray the living expenses of his family during the first few months of his absence as well as other expenses incurred during his pre-employment, with the end goal of assisting OFWs and their families in saving the hard-earned remittances for a brighter future.

In view of the foregoing, the approval of this bill is earnestly sought.

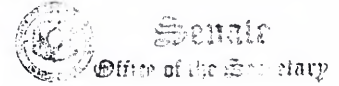


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⁵ Ibid.

NINETEENTH CONGRESS OF THE)
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SENATE
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Introduced by Senator Grace Poe

AN ACT
ESTABLISHING A CREDIT ASSISTANCE PROGRAM FOR OVERSEAS
FILIPINO 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 Filipino Workers*
2 *Credit Assistance Act of 2022.*"

3 Sec. 2. *Declaration of Policies.* – Consistent with the Constitutional mandate
4 that the State shall affirm labor as a primary economic force and shall protect the
5 rights of workers and promote their welfare, it is hereby a declared policy of the
6 State to promote the welfare of Overseas Filipino Workers (OFWs) and to carry out
7 programs geared towards advancing their interests by providing access to credit
8 facilities even before their departure and/or deployment.

9 Sec. 3. *Loans.* – An overseas contract worker with a valid employment
10 contract as certified by the Philippine Overseas Employment Administration (POEA)
11 may avail of a loan of not more than Fifty Thousand Pesos (Php50,000.00) from the
12 Overseas Worker and Welfare Administration (OWWA) to defray the living expenses
13 of his family as well as recruitment expenses including placement fees,
14 documentation costs and plane tickets.

15 Any member of his family or beneficiaries shall participate in the loan as co-
16 borrower, and execute necessary documentation to that effect: Provided, that for
17 purposes of this Act, the family or beneficiaries in this Section shall refer to any of
18 the individuals mentioned under Section 8(k) of Republic Act No. 11199 or the Social
19 Security Act of 2018.

1 The loan shall be granted and released by the OWWA upon proper
2 submission of the following documents, duly certified in writing by the recruitment
3 agency, with corresponding authentication and as properly certified and/or verified
4 by the POEA:

5 (a) Employment Contract; and

6 (b) Plane ticket.

7 The aforementioned maximum amount of fifty thousand pesos (P50,000.00)
8 specified herein may be increased by OWWA, taking into account inflation and other
9 relevant factors, through a resolution duly approved by the OWWA Board of
10 Trustees.

11 *Sec. 4. Establishment of Bank Account or Other Financial Account.* – OFWs
12 whose application for credit assistance has been granted under this Act shall be
13 required to open a bank account or other accredited financial accounts in which
14 payments for the loan shall be made.

15 For this purpose, OWWA shall coordinate with the *Bangko Sentral ng Pilipinas*
16 on the accreditation of domestic or foreign banking institutions or other financial
17 institutions that may serve the loan payment or amortization needs of the OFW
18 borrowers. It shall be the obligation of the OFW borrower to remit the loan
19 payment/amortization regularly to the OWWA through the banking or financial
20 institution. The OWWA shall likewise establish, within one (1) year after the
21 effectivity of this Act, an online payment system wherein OFW borrowers may pay
22 loan amortization through the internet.

23 *Sec. 5. Payment of Loan.* – The loan shall be paid in twelve (12) equal
24 monthly installments or more but not exceeding twenty-four (24) months at a
25 preferred interest rate not to exceed six percent (6%) per annum through the bank
26 account or other financial account established under the immediately preceding
27 Section. For this purpose, the applicant shall execute the necessary authority for the
28 bank to withhold the monthly loan amortization from his remittances.

29 *Sec. 6. Implementing Rules.* – The OWWA, in consultation with other relevant
30 government agencies, organized labor groups and stakeholders, shall issue rules and
31 regulations for the effective implementation of this Act within ninety (90) days from
32 its effectivity. The Implementing Rules and Regulations shall include provisions that

1 will address non-payment of loans provided under this Act and the corresponding
2 penalties that may be imposed, collection and administration of loans, and other
3 issues of significant relevant to this Act.

4 Sec. 7. *Appropriation.* – The amount needed to implement the provisions of
5 this Act shall be appropriated from of the OWWA Trust Fund.

6 Sec. 8. *Separability Clause.* – If any provision, or part hereof, is held invalid or
7 unconstitutional, the remainder of the law or the provision not otherwise affected
8 shall remain valid and subsisting.

9 Sec. 9. *Repealing Clause.* – Any other provisions of law or rules and
10 regulations inconsistent to the provisions of this Act are hereby repealed, amended
11 or modified accordingly.

12 Sec. 10. *Effectivity.* – This Act shall take effect fifteen (15) days after its
13 complete publication in the Official Gazette or in at least two (2) newspapers general
14 circulation, whichever comes earlier.

Approved,