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SENATE
S. B. 1421

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Introduced by Senator Poe

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 with their remittances contributing to the economy at around \$24 billion per year. (World Bank, 2012)

In a span of four decades, the number of deployed OFWs has skyrocketed from 36,035 in 1972 to an estimated 2.2 million in 2011. Four out of five OFWs choose to stay within the Asian continent, with the Middle East serving as top destination (44%) followed by Singapore and Hong Kong. The largest segment of OFWs, 32.7%, comprise of laborers and unskilled workers, with household service workers topping the list of occupations. The second largest group of OFWs are in the nursing profession¹.

In recognition of the valuable contributions of OFWs, this bill is submitted. It creates an OFWs credit assistance program. 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 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.

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

Grace Poe
GRACE POE

¹ www.positivelyfilipino.com, latest (2013)



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**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:

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

SECTION 2. Declaration of Policies - Consistent with the State policy that the State affirms labor as a primary economic force and that it shall protect the rights of workers and promote their welfare, it is hereby declared that the government and its instrumentalities must promote and carry out programs geared towards advancing the interest of the Overseas Filipino Workers (OFWs) by providing them access to credit facilities even before their departure.

SECTION 3. Loans - An overseas contract worker with a valid employment contract as certified by the Philippine Overseas Employment Administration (POEA) may avail of a loan of not more than Fifty Thousand Pesos (P50, 000.00) from the Overseas Worker and Welfare Administration (OWWA) to defray the living expenses of his family during the first three months of absence as well as recruitment expenses including placement fees, documentation costs and plane tickets. Provided, that any one of the member of his family not otherwise disqualified by law shall participate in the loan as co-borrower, and execute necessary documentation to that effect. Provided, further, that the loan shall be granted and released by the OWWA upon proper submission of the following documents, duly certified to in writing by the recruitment agency with corresponding authentication and properly certified/verified by the POEA.

- 3.1. Employment Contract
- 3.2. Plane ticket; and
- 3.3. Bank account

SECTION 4. Establishment of Bank Account - Overseas workers availing of the credit assistance under this Act shall open a bank account in which payments for the loan shall be made.

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

SECTION 6. Implementing Rules - The OWWA, in consultation with organized labor groups and the relevant sectors, shall issue rules and regulations for the effective implementation of this Act. The IRR shall include provisions that will address nonpayment of loans provided under this Act and the corresponding penalties that may be imposed, collection and administration of loans, and other issues of significance relevant to this Act.

SECTION 7. Appropriation - The amount needed to implement the provisions of this Act shall be appropriated out of the Overseas Workers Welfare Fund.

SECTION 8. Repealing Clause. - Any other provisions of law or rules and regulations inconsistent to the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 9. Effectivity - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers general circulation, whichever comes earlier.

Approved,