

Republic of the Philippines  
SENATE OF THE PHILIPPINES  
Pasay City



Senate  
Office of the Secretary

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SIXTEENTH CONGRESS  
First Regular Session

RECEIVED BY: *jr*

S. B. No. **1955**

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INTRODUCED BY SENATOR SONNY M. ANGARA

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EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) play a crucial role in the development of the Philippines, sending in much-needed foreign remittances that help maintain the country's macroeconomic stability. Many OFWs venture abroad with the aim of building up a productive and dignified life for themselves and their families. That they do so through much hardship makes it fitting to ascribe heroism to their efforts.

Government has the obligation to provide as much assistance as it can to OFWs, in line with its responsibility to promote social justice, which includes "the commitment to create economic opportunities based on freedom of initiative and self-reliance," as stipulated in Article XIII, Sec. 2 of the Philippine Constitution.

Such can be extended via an exclusive credit assistance program, as the foregoing measure details.

Coverage under the credit facilities explained in this bill starts before the departure of the OFW. With a valid employment contract, an OFW may avail of a Fifty Thousand Pesos (PHP 50,000.00) loan from the Overseas Workers Welfare Administration (OWWA) to defray living expenses of families left behind and recruitment fees and other costs incurred during pre-employment.

This credit facility is but another venue for government to support OFWs for their immense contribution to the nation.

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

SENATOR SONNY M. ANGARA



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AN ACT  
ESTABLISHING A CREDIT ASSISTANCE PROGRAM  
FOR OVERSEAS WORKERS

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

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

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

7  
8           **SEC. 3. Loans.** An overseas contract worker with a valid employment contract  
9 processed through a licensed recruitment and manning agency accredited by the Philippine  
10 Overseas Employment Administration (POEA) may avail of a loan of not more than fifty  
11 Thousand pesos (P50,000.00) from the Overseas Worker and Welfare Administration (OWWA)  
12 for any of the following purposes: (a) to defray the living expenses of one's family during the  
13 first months of absence; and/or (b) to pay for recruitment expenses including placement fees,  
14 documentation costs and plane tickets: Provided, That any member of the OFW's family not  
15 otherwise disqualified by law shall be a co-borrower and shall execute the necessary  
16 documentation to that effect; Provided, Further, That the loan shall be granted and released by  
17 the OWWA upon proper evaluation and submission of the employment contract and plane  
18 ticket, duly certified to in writing by the recruitment agency or direct hirer as to their  
19 authenticity and properly verified by the POEA.

20  
21           The loan shall be entered into by and between the overseas worker-borrower and  
22 OWWA, with the next-of-kin as a co-borrower. The loan shall be covered with loan redemption  
23 insurance from any private insurance provider duly registered with and accredited by the  
24 Insurance Commission (IC), the premium of which shall be paid by the applicant overseas  
25 worker-borrower.

26

1           **SEC. 4. Accreditation of Banks as Payment Conduits.** – The OWWA shall accredit as  
2 many domestic or foreign banking institutions as possible which are duly authorized to do  
3 business in the Philippines in order to serve the loan payment/amortization needs of overseas  
4 workers-borrowers. It shall be the obligation of the overseas worker-borrower to remit the loan  
5 payment/amortization regularly to OWWA through the banking institutions. The OWWA shall  
6 likewise establish, within one (1) year after the effectivity of this Act, an online payment system  
7 wherein the overseas worker-borrower may pay the loan amortization through the internet.  
8

9           **SEC. 5. Payment of Loan.** The loan shall be paid in twelve (12) equal monthly  
10 installments at a preferred interest rate not to exceed six percent (6%) per annum.  
11

12           **SEC. 6. Loan Payment Assurance Mechanisms.** Failure to pay the loan and/or any  
13 violation of the terms imposed upon the loan shall be sufficient ground for the POEA and all its  
14 offices, including its deputized/accredited private entities and the Philippine Overseas labor  
15 Offices (POLOs), to withhold the issuance of the Overseas Employment Certificate (OEC) and  
16 any other exit permit/clearance to work abroad to the overseas worker-borrower concerned  
17 unless: (a) he/she agrees to the restructuring of the loan, and thereupon pays the first  
18 installment on the said restructuring, as duly certified by OWWA, and, together with this  
19 restructuring, he/she justifies in writing the cause or reason for failure to pay the balance due in  
20 connection with the loan; or, (b) he/she is able to pay in full, as duly certified by OWWA,  
21 whatever balance is due in connection with the loan.  
22

23           The certification of the OWWA account officer concerned indicating therein the just  
24 cause or reason for the failure to pay, duly attested to by the said account officer's immediate  
25 supervisor, shall serve as proof of the just cause or reason. This certification and all other  
26 certifications mentioned on this section may be issued electronically, through the internet, with  
27 the electronic signatures of the persons executing and/or attesting to the said certifications and  
28 other authenticating safeguards.  
29

30           **SEC. 7. Loan Verification.** For purposes of faster loan verification and/or  
31 authentication and to facilitate OWWA's administration of this credit assistance program, the  
32 Balik-Manggagawa Processing Center, Regional Offices and Labor Assistance Centers (LACs) of  
33 the POEA, all Philippine Overseas Labor Offices (POLOs) abroad, all OWWA offices in the  
34 Philippines and abroad, all other concerned government agencies/offices and all licensed  
35 recruitment and manning agencies deputized/accredited by the POEA to issue OECs and other  
36 exit permits/clearances to work abroad, shall coordinate closely and regularly with OWWA  
37 using all available means of verifiable and properly protected communications including, but  
38 not limited to, at least one (1) dedicated, real-time and interactive website to be maintained and  
39 regularly updated on a twenty-four hour a day, seven-day a week (24/7) basis by the OWWA.

1           **SEC. 8. Prohibited Acts and Penalties.** – Any government official and/or employee who  
2 issues an Overseas Employment Certificate (OEC) and/or an exit permit/clearance to any  
3 overseas worker-borrower in violation of any provision of this Act shall suffer the penalty of  
4 sixty (60) day suspension without pay for the first offense and dismissal from the service with a  
5 five (5) year disqualification to hold any public office for the second offense.

6  
7           Any private entity which issues an Overseas Employment Certificate (OEC) and/or an  
8 exit permit/clearance to any overseas worker-borrower in violation of any provision of this Act  
9 shall suffer the penalty of sixty (60) day suspension of its license or accreditation for the first  
10 offense and permanent cancellation of license or accreditation for the second offense.

11  
12           **SEC. 9. Additional Personnel for OWWA.** – To ensure the proper implementation of this  
13 Act, OWWA is hereby authorized to hire additional personnel who possess the necessary skills,  
14 qualification and experience in bookkeeping, accounting, information technology, and credit  
15 administration, including but not limited to, the areas of evaluation of loan applications, credit  
16 investigation, verification, authentication, and collection.

17  
18           **SEC. 10. Implementing Rules and Regulations.** – The OWWA, in consultation with the  
19 Senate Committee on Labor and Employment and the House Committee on Overseas Workers  
20 Affairs, shall, within sixty (60) days after the effectivity of this Act, issue the necessary rules and  
21 regulations for its effective implementation.

22  
23           **SEC. 11. Appropriations.** – The amount needed for the release of loans as mandated  
24 under this Act shall be appropriated out of the Overseas Welfare Trust Fund. The departments,  
25 agencies, bureaus, and offices charged with carrying out the provisions of this act shall include  
26 in their respective programs the implementation of this Act, funding of which shall be included  
27 in the Annual General Appropriations Act.

28  
29           **SEC 12. Repealing Clause.** Any other provisions of law or rules and regulations  
30 inconsistent to the provisions of this Act are hereby repealed, amended or modified  
31 accordingly.

32  
33           **SEC. 13. Separability Clause.** If, for any reason, any section or provision of this Act is  
34 held unconstitutional or invalid, the other sections or provisions hereof shall not be affected  
35 thereby.

36           **SEC. 14. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the  
37 Official Gazette and in at least two (2) newspapers of general circulation.

38           Approved,