

'17 MAY 16 P6:10

S E N A T E

RECEIVED BY: 

COMMITTEE REPORT NO. 85

Submitted jointly by the Committees on Banks, Financial Institutions and Currencies and Labor, Employment and Human Resource Development on MAY 16 2017

Re: Senate Bill No. 785

Recommending its approval with amendments.

Sponsor: Senator Escudero

MR. PRESIDENT:

The Committees on Banks, Financial Institutions and Currencies and Labor, Employment and Human Resource Development to which was referred Senate Bill No. 785, introduced by Senator Francis G. Escudero, entitled:

“AN ACT PROVIDING A SYSTEM OF EXTENDING NO-COLLATERAL, LOW-INTEREST LOANS TO GRADUATES OF ANY COURSES OFFERED BY THE TECHNICAL EDUCATION AND SKILLS AUTHORITY OR DULY ACCREDITED LEARNING INSTITUTIONS WITH APPROVED OVERSEAS JOB CONTRACTS”

have considered the same and have the honor to report it back to the Senate with the recommendation that it be approved with the following amendments:

1. ON PAGE 1, LINE 3, INSERT THE WORD “**DEVELOPMENT**” BETWEEN THE WORDS SKILLS AND AUTHORITY;
2. ON PAGE 1, LINE 6, BEFORE THE WORD “**ONLY**” , INSERT THE FOLLOWING PHRASE: “**THAT ARE VALIDATED BY THE PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION OR FOR VIABLE START-UP PROJECTS BY INDIVIDUALS WITH NATIONAL CERTIFICATES ISSUED BY TESDA**”
3. ON PAGE 1, LINE 9, AFTER THE LAST SENTENCE, INSERT THE FOLLOWING PARAGRAPHS:

TO ENSURE THE CONTINUITY AND SUSTAINABILITY OF THE CREDIT PROGRAM, THE FOLLOWING SHALL BE REQUIRED FROM THE BORROWER:

- A. **IN ORDER TO PROMOTE RISK-SHARING AND COLLECTIVE RESPONSIBILITY IN THE PAYMENT OF THE LOAN, THE DESIGNATION OF A PERSON, PREFERABLY A LEGITIMATE SPOUSE OR A MEMBER OF THE**

**BORROWER'S IMMEDIATE FAMILY, AS A CO-BORROWER TO THE LOAN;
AND**

B. IN ORDER FOR THE BORROWER TO BE FULLY INFORMED OF HIS/HER RESPONSIBILITIES AND THE PENALTIES FOR NON-PAYMENT OF LOAN, HIS/HER ATTENDANCE IN A COUNSELLING SEMINAR, WHICH SHALL BE CONDUCTED BY THE CONCERNED BANK OR FINANCIAL INSTITUTION.

4. ON PAGE 1, LINE 11, DELETE THE WORD "FIVE (5)" AND REPLACE WITH "TEN (10)";
5. ON PAGE 1, DELETE LINES 23-25 AND INSERT THE FOLLOWING NEW SECTION 4:
SEC. 4. INTEREST RATES SHALL BE MARKET-DETERMINED IN ORDER TO ALLOW LENDERS TO SET THE COST OF CREDIT, BASED ON THEIR ASSESSMENT OF THE RISKS AND PROFILES OF BORROWERS.

Respectfully submitted:



SEN. JOEL VILLANUEVA
Chairperson
Committee on Labor, Employment
Human Resource Development
Member, Committee on Banks,
Financial Institutions and Currencies



SEN. FRANCIS G. ESCUDERO
Chairperson
Committee on Banks, Financial Institutions, and
and Currencies
Member, Committee on Labor, Employment
and Human Resource Development

Vice Chairpersons:

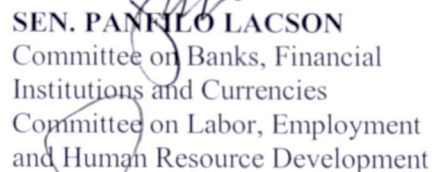
SEN. GRACE POE
Committee on Banks, Financial Institutions
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SEN. SONNY ANGARA
Committee on Labor, Employment
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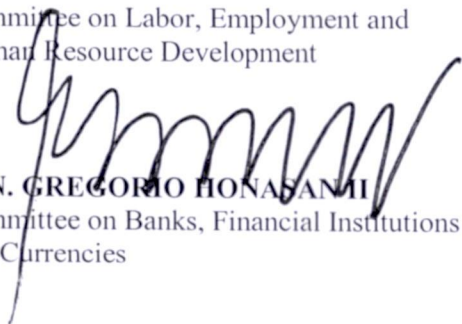
Members:



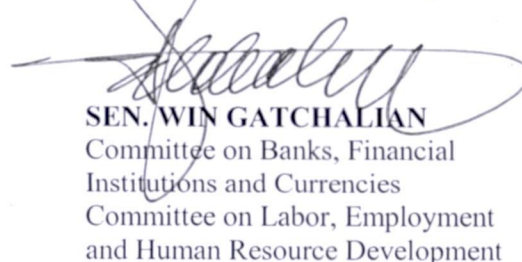
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SEN. PANFILO LACSON
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SEN. EMMANUEL "MANNY" PACQUIAO
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SEN. LOREN B. LEGARDA
Committee on Labor, Employment
and Human Resource Development

SEN. RISA HONTIVEROS
Committee on Labor, Employment and
Human Resource Development

Ex-Officio Members:

SEN. FRANKLIN M. DRILON
Senate Minority Floor Leader

SEN. VICENTE C. SOTTO III
Senate Majority Floor Leader

SEN. RALPH G. RECTO
Senate President Pro-Tempore

HON. AQUILINO "KOKO" PIMENTEL III
Senate President

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



'16 JUL 21 A11:36

SENATE

S. B. No. 785

RECEIVED BY: 

Introduced by Senator FRANCIS G. ESCUDERO

AN ACT
PROVIDING A SYSTEM OF EXTENDING NO-COLLATERAL, LOW-INTEREST
LOANS TO GRADUATES OF ANY COURSES OFFERED BY THE TECHNICAL
EDUCATION AND SKILLS AUTHORITY OR DULY ACCREDITED LEARNING
INSTITUTIONS WITH APPROVED OVERSEAS JOB CONTRACTS

EXPLANATORY NOTE

Many, if not all, graduates of various courses offered by the Technical Education and Skills Development Authority (TESDA) and other learning institutions lose opportunities in foreign countries as Overseas Filipino Workers due to the inability to raise the funds necessary to defer placement fees or travel expenses therefore.

In that score, this bill proposes a special loan for graduates of TESDA and other educational institutions duly accredited by the Commission on Higher Education with approved overseas jobs contract. It is proposed that with the necessary credit facilities these graduates will be able to defray the cost of securing employment in foreign countries.

Hence, the approval of this bill is earnestly sought.

FRANCIS G. ESCUDERO

'16 JUL 21 AM 11:36

SENATE

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AN ACT
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LOANS TO GRADUATES OF ANY COURSES OFFERED BY THE TECHNICAL
EDUCATION AND SKILLS AUTHORITY OR DULY ACCREDITED LEARNING
INSTITUTIONS WITH APPROVED OVERSEAS JOB CONTRACTS

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

1 **Section 1.** All government and private banking and financial institutions are hereby
2 mandated to make the necessary provisions for extending no-collateral, low interest loans to
3 graduates of any courses offered by the Technical Education and Skills Authority (TESDA) or
4 any accredited learning institutions: *Provided*, That loans extended under this Act shall be used
5 exclusively for meeting the credit needs of such graduates with approved overseas job contracts
6 only: *Provided further*, That in the case of private banking and financial institutions, the
7 provision of such loans shall in no way operate to prejudice their core banking functions:
8 *Provided finally*, That the term accredited learning institutions shall refer to such educational
9 institutions recognized and supervised by the Commission on Higher Education (CHED).

10
11 **Section 2.** Each Loan shall be payable within a period not to exceed five (5) years and
12 shall be in an amount not to exceed One Hundred Thousand Pesos (PhP 100,000) at the option of
13 the graduate concerned: *Provided*, That such extension of loans shall be consistent with safe and
14 sound banking practices as provided under Republic Act No.8791, otherwise known as, "The
15 General Banking Law of 2000."

16
17 **Section 3.** The Director-General of TESDA or the Chairperson of CHED, whichever the
18 case may be, is hereby directed to enter into the necessary Memoranda of Agreement with the
19 appropriate government and private banking and financial institutions to provide the terms and
20 conditions under which the loans referred to in this Act shall be extended to its intended
21 beneficiaries.

22
23 **Section 4.** The Monetary Board shall prescribe the interest rate on the loans to be
24 granted under this Act: *Provided*, That the said interest rates shall be based on the lowest rate of
25 interest for similar credit accommodations prevailing at the time.

26
27 **Section 5.** All government and private banking and financial institutions which shall
28 extend the loans specified in this Act shall be granted development assistance incentives
29 provided by the Bangko Sentral ng Pilipinas under Section 46 of Republic Act No. 8791.

30
31 **Section 6.** The Director General of TESDA and the Chairperson of CHED, in
32 coordination with the Administrators of the Philippine Overseas Employment Administration
33 and Overseas Workers Welfare Administration and the Governor of the Bangko Sentral ng

1 Pilipinas, shall promulgate the necessary rules and regulations for the effective implementation
2 of this Act.
3

4 **Section 7. Separability Clause.** – If any provision of this Act is declared invalid or
5 unconstitutional, the provisions not affected thereby shall continue to be in full force and effect.
6

7 **Section 8. Repealing Clause.** – All laws, decrees or rules inconsistent with the provisions
8 of this Act are hereby repealed or modified accordingly.
9

10 **Section 9. Effectivity Clause** – This Act shall take effect fifteen (15) days after the
11 completion of its publication in the Official Gazette or at least two (2) national newspapers of
12 general circulation.
13

14 *Approved,*

dk

AN ACT PROVIDING A SYSTEM OF EXTENDING NO-COLLATERAL LOANS TO QUALIFIED GRADUATES OF ANY DULY ACCREDITED LEARNING INSTITUTION OR OF ANY TECHNICAL-VOCATIONAL EDUCATION AND TRAINING PROGRAM BY THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY

Section 1. All government and private banking and financial institutions are hereby mandated to make the necessary provisions for extending no-collateral, low interest loans to graduates of any courses offered by the Technical Education and Skills **DEVELOPMENT** Authority or any accredited learning institutions: Provided, That loans extended under this Act shall be used exclusively for meeting the credit needs of such graduates with approved overseas job contracts **THAT ARE VALIDATED BY THE PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION OR FOR VIABLE START-UP PROJECTS BY INDIVIDUALS WITH NATIONAL CERTIFICATES ISSUED BY TESDA** only: Provided further , That in the case of private banking and financial institutions, the provision of such loans shall in no way operate to prejudice their core banking functions: Provided finally, That the term accredited learning institutions shall refer to such educational institutions recognized and supervised by the Commission on Higher Education (CHED). **TO ENSURE THE CONTINUITY AND SUSTAINABILITY OF THE CREDIT PROGRAM, THE FOLLOWING SHALL BE REQUIRED FROM THE BORROWER:**

- a. **IN ORDER TO PROMOTE RISK-SHARING AND COLLECTIVE RESPONSIBILITY IN THE PAYMENT OF THE LOAN, THE DESIGNATION OF A PERSON, PREFERABLY A LEGITIMATE SPOUSE OR A MEMBER OF THE BORROWER'S**

IMMEDIATE FAMILY, AS A CO-BORROWER TO THE LOAN; AND

b. IN ORDER FOR THE BORROWER TO BE FULLY INFORMED OF HIS/HER RESPONSIBILITIES AND THE PENALTIES FOR NON-PAYMENT OF LOAN, HIS/HER ATTENDANCE IN A COUNSELLING SEMINAR, WHICH SHALL BE CONDUCTED BY THE CONCERNED BANK OR FINANCIAL INSTITUTION.

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Section 2. Each loan shall be payable within a period not to exceed **TEN (10)** years and shall be in an amount not to exceed One Hundred Thousand Pesos (P100,000) at the option of the graduate concerned: Provided, That such extension of loans shall be consistent with safe and sound banking practices as provided under Republic Act No. 8791, otherwise known as, "The General Banking Law of 2000."

Section 3. The Director-General of TESDA or the Chairperson of CHED, whichever the case may be, is hereby directed to enter into the necessary Memoranda of Agreement with the appropriate government and private banking and financial institutions to provide the terms and conditions under which the loans referred to in this Act shall be extended to its intended beneficiaries.

SECTION 4. INTEREST RATES SHALL BE MARKET-DETERMINED IN ORDER TO ALLOW LENDERS TO SET THE COST OF CREDIT, BASED ON THEIR ASSESSMENT OF THE RISKS AND PROFILES OF BORROWERS.

Section 5. All government and private banking and financial institutions which shall extend the loans specified in this Act shall be granted development assistance incentives provided by the Bangko Sentral ng Pilipinas under Section 46 of Republic Act No. 8791.

Section 6. The Director General of TESDA and the Chairperson of CHED, in coordination with the Administrators of the Philippine Overseas Employment Administration and Overseas Workers Welfare Administration and the Governor of the Bangko Sentral ng Pilipinas, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

Section 7. *Separability Clause.* - If any provision of this Act is declared invalid or unconstitutional, the provisions not affected thereby shall continue to be in full force and effect.

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Section 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or at least two (2) national newspapers of general circulation.