



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 482

<b>HOUSE OF REPRESENTATIVES</b>
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REGISTRATION UNIT BILLS AND INDEX SERVICE

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Introduced by Honorable **MARK A. VILLAR**

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

**EXPLANATORY NOTE**

Overseas Filipino Workers are not only called modern-day heroes, they are also economic drivers of the country. According to the Bangko Sentral ng Pilipinas (BSP), Cash remittances sent via the formal banking networks by overseas Filipino workers (OFWs) amounted to \$25.76 billion in 2015, up 4.6 percent from \$24.63 billion in 2014. These remittances continued to be a "major driver of domestic demand."

Last year, the total remittances accounted for 9.8 percent of gross domestic product (GDP) and 8.3 percent of gross national income.

The number of overseas Filipino workers (OFW) being deployed to other countries has been constantly increasing for the past 3 decades, as per Country Migration Report of the International Organization for Migration (IOM).

According to the Philippine Overseas Employment Administration (POEA), there were a total of 1,832,668 OFWs in 2014 – 1,430,842 land-based and 401,826 sea-based.

In recognition of their valuable contribution, this bill creating an OFWs credit assistance program is proposed. 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 (P50,000.00) loan from the Overseas Worker Welfare Administration to defray the living expenses of his family during the first month 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.



MARK A. VILLAR



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*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 Workers Credit Assistance Act of 2016."

**SECTION 2. Declaration of Policies.** – It is hereby declared a policy of the State to protect the interest of the overseas workers by providing them access to credit facilities even before their departure.

**SECTION 3. Loans.** - An overseas Filipino worker (OFW) with a valid employment contract processed through a licensed recruitment and manning agency accredited 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) for any of the following purposes: (a) to defray the living expenses of one's family during the first month of absence; and/or (b) to pay for recruitment expenses including placement fees, documentation costs and plane tickets: Provided, that any member of the OFW's family not otherwise disqualified by law shall

be a co-borrower, and shall execute the necessary documentation to that effect: Provided, further, That the loan shall be granted and released by the OWWA upon proper evaluation and submission of the employment contract and plane ticket, duly certified to in writing by the recruitment agency or direct hirer as to their authenticity and properly verified by the POEA. The aforementioned maximum amount of Fifty Thousand Pesos (P50,000.00) specified herein may be increased by the OWWA, taking into account inflation and other relevant factors, through a Resolution duly approved by the OWWA Board of Trustees.

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

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

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

**SECTION 6. Implementing Rules and Regulations.** - 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 non-payment 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,