



HOUSE OF REPRESENTATIVES

H. No. 4985

BY REPRESENTATIVES YAP (S.), GONZALES, REVILLA, VIOLAGO, BELLO (W.), UNGAB, ALMARIO, CUA, BATAOIL, LOBREGAT, PIAMONTE, PADILLA, ACOSTA-ALBA, ABUEG, ACHARON, ALIPING, ANTONINO-NADRES, ARENAS, BATOCABE, BELLO (S.), BRAVO (A.), COLMENARES, DEL ROSARIO (A.G.), FORTUN, GARCIA (G.), GO (A.C.), GUANLAO, GULLAS, HICAP, ILAGAN, ESCUDERO, MENDOZA (M.), OLIVAREZ, ORTEGA (V.), PAQUIZ, RIDON, ROMULO, SUANSING, TAN (A.), TING, MAGSAYSAY, TINIO, UY (J.), YU, CO, TAMBUNTING, GATCHALIAN (W.), GATCHALIAN (S.) AND DE VENECIA, PER COMMITTEE REPORT NO. 416

AN ACT ESTABLISHING A CREDIT ASSISTANCE PROGRAM FOR OVERSEAS FILIPINO 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
2 Workers Credit Assistance Act”.

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

6 SEC. 3. *Loans.* – An overseas Filipino worker (OFW) with a valid
7 employment contract processed through a licensed recruitment and manning
8 agency accredited by the Philippine Overseas Employment Administration
9 (POEA) may avail of a loan of not more than fifty thousand pesos

1 (P50,000.00) from the Overseas Workers Welfare Administration (OWWA)
2 for any of the following purposes:

3 (a) To defray the living expenses of one's family during the first
4 months of absence; and/or

5 (b) To pay for recruitment expenses including placement fees,
6 documentation costs and plane tickets: *Provided*, That any member of the
7 OFW's family not otherwise disqualified by law shall be a co-borrower and
8 shall execute the necessary documentation to that effect: *Provided, further*,
9 That the loan shall be granted and released by the OWWA upon proper
10 evaluation and submission of the employment contract and plane ticket,
11 duly certified to in writing by the recruitment agency or direct hirer as to
12 their authenticity and properly verified by the POEA. The aforementioned
13 maximum amount of fifty thousand pesos (P50,000.00) specified herein may
14 be increased by the OWWA, taking into account inflation and other relevant
15 factors, through a resolution duly approved by the OWWA Board of Trustees.

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

22 SEC. 4. *Accreditation of Banks as Payment Conduits.* -- The OWWA
23 shall accredit as many domestic or foreign banking institutions as possible
24 which are duly authorized to do business in the Philippines in order to serve
25 the loan payment/amortization needs of overseas workers-borrowers. It shall
26 be the obligation of the overseas worker-borrower to remit the loan
27 payment/amortization regularly to the OWWA through the banking
28 institutions. The OWWA shall likewise establish, within one (1) year after the

1 effectivity of this Act, an on-line payment system wherein the overseas worker-
2 borrower may pay the loan amortization through the internet.

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

6 SEC. 6. *Loan Payment Assurance Mechanisms.* – Failure to pay the
7 loan and/or any violation of the terms imposed upon the loan shall be sufficient
8 ground for the POEA and all its offices, including its deputized/accredited
9 private entities and the Philippine Overseas Labor Offices (POLOs), to
10 withhold the issuance of the Overseas Employment Certificate (OEC) and any
11 other exit permit/clearance to work abroad to the overseas worker-borrower
12 concerned unless:

13 (a) The overseas worker-borrower agrees to the restructuring of the
14 loan, and thereupon pays the first installment on the said restructuring, as duly
15 certified by the OWWA, and, together with this restructuring, the overseas
16 worker-borrower justifies in writing the cause for the failure to pay the balance
17 due in connection with the loan; or

18 (b) The overseas worker-borrower is able to pay in full, as duly
19 certified by the OWWA, whatever balance is due in connection with the loan.

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

1 *SEC. 7. Loan Verification.* – For purposes of faster loan verification
2 and/or authentication and to facilitate the OWWA’s administration of this
3 Credit Assistance Program, the Balik-Manggagawa Processing Center,
4 Regional Offices and Labor Assistance Centers (LACs) of the POEA, all
5 POLOs abroad, all OWWA offices in the Philippines and abroad, and all other
6 concerned government agencies/offices and all licensed recruitment and
7 manning agencies deputized/accredited by the POEA to issue OECs and other
8 exit permits/clearances to work abroad, shall coordinate closely and regularly
9 with the OWWA using all available means of verifiable and properly protected
10 communications including, but not limited to, at least one (1) dedicated,
11 real-time and interactive website to be maintained and regularly updated on a
12 twenty-four (24)-hour-a-day, seven (7)-day-a-week (24/7) basis by the
13 OWWA.

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

20 Any private entity which issues an OEC and/or an exit permit/clearance
21 to any overseas worker-borrower in violation of any provision of this Act shall
22 suffer the penalty of sixty (60)-day suspension of its license or accreditation for
23 the first offense and permanent cancellation of license or accreditation for the
24 second offense.

25 *SEC. 9. Additional Personnel for the OWWA.* – To ensure the proper
26 implementation of this Act, the OWWA is hereby authorized to hire additional
27 personnel who possess the necessary skills, qualification and experience in
28 bookkeeping, accounting, information technology, and credit administration,

1 including, but not limited to, the areas of evaluation of loan applications, credit
2 investigation, verification, authentication, and collection.

3 SEC. 10. *Funding.* – The amount needed by the OWWA to implement
4 the Credit Assistance Program for OFWs shall be charged against the Overseas
5 Welfare Trust Fund: *Provided,* That all payments and interests earned on the
6 loans shall accrue to the Overseas Welfare Trust Fund.

7 The funding requirement of other agencies/offices charged to assist the
8 OWWA in implementing the program shall be included in the annual General
9 Appropriations Act.

10 SEC. 11. *Implementing Rules and Regulations.* – The OWWA, in
11 consultation with the Senate Committee on Labor and Employment and the
12 House Committee on Overseas Workers Affairs, shall, within sixty (60) days
13 after the effectivity of this Act, issue the necessary rules and regulations for its
14 effective implementation.

15 SEC. 12. *Separability Clause.* – If, for any reason, any section or
16 provision of this Act is held unconstitutional or invalid, the other sections or
17 provisions hereof shall not be affected thereby.

18 SEC. 13. *Repealing Clause.* – Any other provisions of law or rules
19 and regulations inconsistent with the provisions of this Act are hereby
20 repealed, amended or modified accordingly.

21 SEC. 14. *Effectivity.* – This Act shall take effect fifteen (15) days after
22 its publication in the *Official Gazette* and in two (2) newspapers of general
23 circulation.

Approved,

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