

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

23 AUG -7 P2 :31

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SENATE
S. No. 2390

Introduced by Senator MANUEL "LITO" M. LAPID

AN ACT
ESTABLISHING A CREDIT ASSISTANCE PROGRAM
FOR OVERSEAS FILIPINO WORKERS

EXPLANATORY NOTE

It cannot be overly stressed how important the role Overseas Filipino Workers (OFWs) play in the shaping of the country's economy. In 2016, the Philippine Statistics Authority prepared a survey on OFWs who worked abroad. It estimated that more than two (2) million Filipinos have worked abroad in that year.

Even as the world was reeling from the pandemic, cash remittances from OFWs hit record high in 2021. The Bangko Sentral ng Pilipinas (BSP) released data that showed that cash remittances coursed through banks rose by 5.1% to \$31.418 billion in 2021 from \$29.903 billion in 2020. Remittances from the Filipinos in the Americas (7.1%), Europe (5.5%), Asia (4.5%), and the Middle East (0.7%) increased in 2021, even as the pandemic continued to affect economies, the BSP said.

The remittances of OFWs are important especially for developing countries like the Philippines because they provide access to resources for the Government which they use in providing essential services and programs to the people. They do not only enrich the OFWs' families, but as well as the nation.

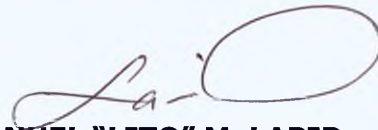
Indeed, OFWs have contributed immensely to the Philippines. For this reason, the least that we can do to repay them is to craft programs that would allow access to services more easily and without the rigorous processes which are laden

with bureaucratic runarounds. For instance, OFWs find it difficult to avail of programs which their local counterparts could easily avail of. This includes availing loans from banks – who in turn demand from them tons of paper works and requirements. Worse, the nature of their employment, which ironically is also the reason why they have been deemed as modern-day heroes, is the very reason why banks usually deny their loan requests among others.

Under this measure, qualified OFWs are allowed to avail of a loan of not more than Fifty Thousand Pesos (Php 50, 000.00) from the Department of Migrant Workers to defray the living expenses of their families during the first three (3) months of absences as well as recruitment expenses, including placement fees, documentation costs and plane tickets. What would have otherwise been a difficult for them to do, now this law aims to simplify.

It is not enough that we acknowledge that contributions of OFWs to the country. Word without corresponding action is nothing. In recognizing their immense role in our economy, we must respond to their needs to repay their sacrifices.

In view of the foregoing, early passage of this bill is earnestly requested.



MANUEL "LITO" M. LAPID
Senator



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

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Section 1. *Short Title.*— This Act shall be known as the "Overseas Filipino Workers Credit Assistance Act of 2022."

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Sec. 2. *Declaration of Policy.*— 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 and/or deployment.

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Sec. 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 (Php 50,000.00) from the Overseas Worker and Welfare Administration (OWWA) to defray the living expenses of his family during the first three (3) months of absence as well as recruitment expenses including placement fees, documentation costs and plane tickets. Provided, that any one of the members 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

1 the following documents, duly certified to in writing by the recruitment agency with
2 corresponding authentication and properly certified/verified by the POEA:

- 3 a. Employment Contract;
- 4 b. Plane ticket; and
- 5 c. Bank account.

6 *Sec. 4. Establishment of Bank Account* – Overseas workers availing of the credit
7 assistance under this Act shall open a bank account in which payments for the loan
8 shall be made.

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

15 *Sec. 6. Implementing Rules.* - The OWWA, in consultation with organized labor
16 groups and the relevant sectors, shall issue rules and regulations for the effective
17 implementation of this Act. The Implementing Rules and Regulations shall include
18 provisions that will address non-payment of loans provided under this Act and the
19 corresponding penalties that may be imposed, collection and administration of loans,
20 and other issues of significance relevant to this Act.

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

23 *Sec. 8. Repealing Clause.* - Any other provisions of law or rules and 24
24 regulations inconsistent to the provisions of this Act are hereby repealed, amended,
25 or modified accordingly

26 *Sec. 7. Effectivity.* – This Act shall take effect fifteen (15) days after its
27 publication in the Official Gazette or in a newspaper of general circulation.

28 *Approved,*