

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



HOUSE OF REPRESENTATIVES

House Bill No. **5098**

Introduced by Representative VICTOR A. YAP

EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) are the modern-day heroes of our nation. They leave the country in search for better-paying jobs in foreign lands primarily to provide for their families they leave behind and to improve their quality of life. However, oftentimes, OFW families are compelled to borrow money to pay for the expenses of their loved ones' departure.

According to the latest data of the Philippine Statistics Authority (PSA), there are around 2.3 million OFWs abroad during the period of April to September 2018. Further reports from the Department of Labor and Employment (DOLE) show that personal remittances of OFWs amounted to \$32.213 billion in 2018, equating to 1.6 trillion pesos or approximately 25% of the national budget. For the year 2019, it is projected that OFW remittances may shoot up to more than \$32 billion. Evidently, the contributions of OFWs are paramount to the prosperity of our national economy.

Pursuant to the mandate of the State to protect all its citizens, including the families of OFWs they left behind, Republic Act No. 8042 or the Migrant Workers and Overseas Filipinos Act of 1995 was enacted. One of the objectives of this law is to provide for the families of currently employed OFWs to avail of the Family Assistance Loan from the Overseas Worker Welfare Administration (OWWA) in cases of emergency situations. However, this law omits the initial stages of OFW employment wherein families may suffer from bearing the cost of their living expenses in the absence of their OFW relative.

Thus, it is in the best interest of the State to support the families of OFWs by providing a credit assistance program to capacitate the families of OFWs left behind to pay for their living expenses. This bill gives a prospective OFW who has a valid contract as certified by the Philippine Overseas Employment Administration (POEA) the opportunity to avail of the fifty thousand peso (P50,000) loan from the OWWA to shoulder the living expenses of his/her family during the initial period of the latter's overseas employment. Adequate safeguards in the fulfilment of the loan obligation and imposition of penalties for erring government officials are further established under this measure.

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

VICTOR A. YAP  
Representative, 2nd District of Tarlac



HOUSE OF REPRESENTATIVES

House Bill No. 5098

Introduced by Representative Victor A. Yap

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 Workers Credit  
2 Assistance Act”.

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

7  
8           **SEC 3. Loans.** - An overseas Filipino worker (OFW) 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 thousand  
11 pesos (P50,000.00) from the Overseas Workers Welfare Administration (OWWA) for any of the  
12 following purposes:

13                   a) To defray the living expenses of one’s family during the first months of absence;  
14 and/or

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

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

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

14  
15          **SEC. 5. Payment of Loan.** - The loan shall be paid in twelve (12) equal monthly  
16          installments at a preferred interest rate not to exceed six percent (6%) per annum.

17  
18          **SEC. 6. Loan Payment Assurance Mechanisms.** – Failure to pay the loan and/or any  
19          violation of the terms imposed upon the loan shall be sufficient ground for the POEA and all its  
20          offices, including its deputized/accredited private entities and the Philippine Overseas Labor  
21          Offices (POLOs), to withhold the issuance of the Overseas Employment Certificate (OEC) and any  
22          other exit permit/clearance to work abroad to the overseas worker-borrower concerned unless:

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

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

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

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36          **SEC. 7. Loan Verification.** – For purposes of faster loan verification and/or  
37          authentication and to facilitate the OWWA's administration of this Credit Assistance Program, the  
38          Balik-Manggagawa Processing Center, Regional Offices and Labor Assistance Centers (LACs) of



1 the POEA, all POLOs abroad, all OWWA offices in the Philippines and abroad, and all other  
2 concerned government agencies/offices and all licensed recruitment and manning agencies  
3 deputized/accredited by the POEA to issue OECs and other exit permits/clearances to work abroad,  
4 shall coordinate closely and regularly with the OWWA using all available means of verifiable and  
5 properly protected communications including, but not limited to, at least one (1) dedicated, real-  
6 time and interactive website to be maintained and regularly updated on a twenty-four (24)-hour-a-  
7 day, seven (7)-day-a-week (24/7) basis by the OWWA.

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

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

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

24  
25 **SEC. 10. *Funding.*** – The amount needed by the OWWA to implement the Credit  
26 Assistance Program for OFWs shall be charged against the Overseas Welfare Trust Fund: Provided,  
27 That all payments and interests earned on the loans shall accrue to the Overseas Welfare Trust  
28 Fund.

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

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

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

4           **SEC. 13. *Repealing Clause.*** – Any other provisions of law or rules and regulations  
5 inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.  
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7           **SEC. 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication  
8 in the Official Gazette and in two (2) newspapers of general circulation.

*Approved,*