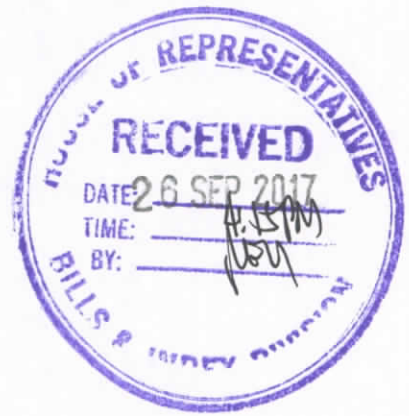


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 6471



INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

EXPLANATORY NOTE

Article II Section 10 provides:

"The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all."

Many of the graduates of various courses offered by the Technical Education and Skills Development Authority (TESDA) and other learning institutions lose opportunities to work as an overseas Filipino worker (OFW) or as an entrepreneur due to the inability to raise the funds necessary to cover placement and travel fees for OFWs or capital for entrepreneurs.

Under this proposed measure, holders of national certificates issued by the TESDA or any accredited learning institutions may secure special loans by government and private banking financial institutions, provided that these OFWs must have approved job contracts that are validated by the Philippine Overseas Employment Administration and that prospective entrepreneurs must present viable start-up project before they can avail of the special loans.

The bill puts a cap to the loanable amount at Php100,000.00 payable within 10 years. This amount shall be subjected to market-determined interest rates to provide lenders the leeway to set the cost of credit based on their assessment of the risks and profiles of their borrowers.

In order to open new doors of opportunities to Filipino workers, the immediate approval of this bill is earnestly sought.


ALFRED VARGAS

Republic of the Philippines
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HOUSE BILL NO. 6471

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AN ACT

PROVIDING A SYSTEM OF EXTENDING NO-COLLATERAL, LOW-INTEREST LOANS TO GRADUATES OF ANY COURSE OFFERED BY THE TECHNICAL EDUCATION AND SKILLS AUTHORITY OR DULY ACCREDITED LEARNING INSTITUTIONS

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

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 (TESDA) or any accredited learning institution: *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.

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 (P100,000.00) 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 Memorandum 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 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.

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

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.

Approved,