

## **AN ACT ESTABLISHING THE OVERSEAS WORKERS' INVESTMENT FUND TO PROVIDE INCENTIVES TO OVERSEAS WORKERS, REDUCE THE FOREIGN DEBT BURDEN AND FOR OTHER PURPOSES**

*REPUBLIC ACT NO. 7111, August 22, 1991*

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/524b7cd33c33/>

---

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

SECTION 1. Short Title. - This Act shall be known as the "Overseas Workers' Investment (OWI) Fund Act."

SEC. 2. Declaration of Policy. - It is the policy of the State to protect and promote the welfare of Filipino overseas workers; to pioneer and develop innovative means to provide incentives; and to uplift the workers' families' living standards. It is likewise the policy of the State to reduce the foreign debt burden in order to better achieve sustained economic growth by way of tapping the unofficial and informal remittances of said workers.

SEC. 3. Scope. - This Act shall apply to all Filipino citizens overseas, who are workers duly registered with the Philippine Overseas Employment Administration (POEA) and/or the Commission on Filipinos Overseas (CFO), and their beneficiaries in the Philippines: Provided, That the additional benefits as enumerated in Section 8 of this Act shall not apply to Filipinos overseas, as defined in Section 2 of Batas Pambansa Blg. 79, who have already acquired immigrant status in their host countries: Provided, further, That the participation of Filipinos overseas, as defined in Batas Pambansa Blg. 79, in the remittance programs under this Act shall be limited to the first two (2) years of operation of said programs effective from the date of publication of the implementing rules and regulations of this Act.

The participation of said overseas workers shall not exceed their total salaries or earnings for the period, counting from the effectivity of this Act.

SEC. 4. Overseas Workers' Investment Fund Board. - There is hereby created the Overseas Workers' Investment (OWI) Fund Board, which is hereby vested with corporate powers in accordance with existing laws, to encourage the greater remittance of earnings of Filipino workers overseas and to safeguard and oversee the participation of said worker's remittances and savings in the Government's debt-reduction efforts and other productive undertakings. The Board shall be composed of the following as members:

- The Secretary of the Department of Labor and Employment;
- The Secretary of the Department of Finance;
- The Governor of the Central Bank of the Philippines;
- The Administrator of the Philippine Overseas Employment Administration; and
- One (1) representative of the overseas workers to be appointed by the President who shall receive a per diem of One thousand pesos (P1,000.00) for every OWI Fund Board meeting attended.

The Secretary of the Department of Labor and Employment shall serve as the Chairman of the Management Board.

All ex officio members of the Board shall receive no additional compensation or remuneration from the OWI Fund.

The President shall appoint the members of the Board within thirty (30) days from the approval of this Act.

The Board shall within forty-five (45) days from the appointment of its members promulgate such rules and regulations as may be necessary to implement the provisions of this Act. In addition, the Board shall adopt the bylaws of the Fund and set the date, time and place of regular Board meetings. The Board shall enter into necessary trust agreements and establish the essential organizational support, hire and oversee highly competent personnel and/or existing institutions to implement the appropriate operating systems, plans, modern and efficient communication networks and the other provisions of this Act.

The Board shall report to the President and to Congress the progress of its tasks and business on a semiannual basis.

SEC. 5. Powers/Functions of the OWI Fund Board. - The OWI Fund Board shall have the following powers and functions:

- To encourage the greater participation of Filipino overseas workers in official remittance schemes by way of:
- Assuring the prompt and safe delivery of such remittances to the workers' beneficiaries by processing these within forty-eight (48) hours at the most and by maintaining a reliable express communication and delivery systems;
- Developing a network/consortium of commercial banks to maximize the use of their resources in serving the remittance and other transaction needs of the overseas workers;
- Adopting an appropriate technology or system which will expedite the delivery of participatory debt reduction certificates (PDRC's) to the beneficiaries;
- Providing for reasonable charges and fees for the remittance services of participating financial institutions, agents, courier services, etc.; and
- Enlisting the support of various government agencies in information and marketing campaigns concerning its remittance services and other programs, and enhancing their capability through financial and other kinds of support;
- To accredit, in conjunction with the Central Bank, domestic as well as foreign financial and other institutions, money couriers, and communication organizations and delivery services, etc. as official foreign exchange remittance centers/collection agents or official couriers;
- To issue special receipts through accredited financial institutions or certified couriers abroad as evidence of Government's guarantee for the workers' foreign exchange remittances;
- To pool the remittances of overseas workers coursed through accredited money couriers and other informal channels to be used in debt-for-note arrangements, including leveraged debt paper purchases, and to participate in international secondary financial markets by purchasing Philippine debt papers within the limits set forth in Section 6 hereof;
- To forward purchased debt papers to the Central Bank and/or any other concerned original borrowing

agency/obligor in exchange for their agreement to back up and/or underwrite specific issues of negotiable certificates to be known as the participatory debt reduction certificates (PDRCs). The OWI Fund Board may decide to share with the original obligors up to forty percent (40%) of the discounts gained on debt papers: Provided, That this does not undermine the viability of the OWI Fund remittance/investment program in the long run. Likewise, the OWI Fund Board may decide to reduce the interest rates on the remaining portions (net of discount sharing with the original obligors) of the loans purchased;

- To pool the peso equivalent of remittances of overseas workers coursed through the banking system, establishing therewith a peso loan and investment fund, which may be entrusted to a particular bank for purposes of lending and/or investing, especially into productive concerns of overseas workers and their families, small business entities, etc.;
- To issue PDRCs to the workers' beneficiaries through accredited local financial institutions, money couriers, and communication and delivery services acting as official couriers;
- To accept and administer trust funds which shall then be guaranteed by the Republic of the Philippines;
- To ensure that the workers shall remit only a maximum amount equal to the average earnings of their occupational group in their host countries;
- To adopt measures and/or penalties to ensure the integrity of the OWI Fund remittance system and investment funds;
- To cause the conduct of periodic surveys about the condition of workers and workers' remittances;
- To ensure that the debt conversions that will be undertaken shall abide by the special guidelines of the Central Bank on debt redemption to be issued for purposes of this Act;
- To administer the funds and other property under its custody with the skill, care, prudence, and diligence of a prudent man engaged in similar business affairs and with objectives similar to those of the trust in question; and
- To adopt, amend or change its bylaws; to adopt, alter, or use a seal; to enter into contracts; to sue and be sued; and to exercise the general powers of a corporation.

SEC. 6. Debt Purchase Guidelines. - In buying Philippine foreign debt papers pursuant to the debt-for-note scheme, the OWI Fund Board shall observe the following guidelines and standards:

- Priority shall be given to Philippine foreign debt papers where the loan proceeds were actually utilized in projects, programs and balance of payments financing which benefited the Filipino people;
- Loans categorized by law or pronounced by the President pursuant to the recommendation of the Joint Legislative-Executive Foreign Debt Council as immoral, odious, and/or illegal shall not be subject to the debt-for-note scheme;
- Foreign indebtedness which are subject to any pending litigation or repudiation shall not be subject to any debt conversion or reduction arrangements;
- Only debt papers having a minimum discount rate of thirty-five percent (35%) shall be considered for debt-for-note under this Act; and
- Only remittances coursed through the nonfinancial entities and money couriers shall be utilized for debt conversions. Such remittances coursed through the financial institutions shall be used as loan and investment funds that will give priority to the needs and concerns of overseas workers and their families. Said loan and

investment funds may also be utilized to finance the needs of small business enterprises: Provided, That the workers' funds are one hundred percent (100%) guaranteed by the Government.

SEC. 7. Investment Instrument. - The participatory debt reduction certificate (PDRC) shall be a negotiable government security guaranteed by the Republic of the Philippines to be issued in any of the following denominations: US\$100, \$200, \$300, \$400, \$500, \$1,000 and \$2,000, redeemable in Philippine pesos at the full value of the Central Bank buying rate one (1) day prior to redemption. It shall automatically bear an interest rate which shall be reckoned based on the quarterly average of the London Interbank Offered Rates (LIBOR) plus one percent (1%), to be determined at the end of each quarter but payable at the end of each semester, and shall have a maturity of five (5) years from the date of issuance.

The PDRC shall incorporate a tax-free premium over and above the face value of the same certificate, the percentage of which shall be fixed at one-half (1/2) of the numerical value of the discount of the purchased debt papers at the time of the remittance. The premium shall not earn interest.

The holder of a PDRC shall be entitled to receive in cash one-fifth (1/5) of the premium rate, which shall be stamped on the PDRC upon issuance, at the end of every one (1) full year from the date of issue of the certificate.

The PDRCs shall be directly and immediately released/delivered to the beneficiaries.

At the option of the remitting worker or his beneficiary in the Philippines, the PDRC may be exchanged for cash at face value at the official exchange rate with any of the accredited financial institutions, used as collateral for loans with concessional interest rates, sold to any investor, or kept to earn market interest rates.

SEC. 8. Additional Incentives. - At the end of each calendar quarter, after providing for the settlement of all accounts payable and other obligations of the Fund and other charges of the Central Bank, the balance of the gains/proceeds in the OWI Fund shall be used in providing for the following, which shall accrue to the original holder:

- Four-year scholarship grant in favor of a worker or any member of his family if said worker has remitted under the OWI Fund system Ten thousand dollars (US\$10,000.00) worth of PDRC within a continuous two-year period: Provided, That such grant shall conform to the set minimum academic standards of the school attended; that the grantee shall undergo six-month apprenticeship training before graduation; and that any remaining unused period of the four-year scholarship may be transferable to other qualified beneficiaries of said worker;
- Housing program for overseas workers;
- Credit facility for overseas workers who may want to engage in business enterprises and/or livelihood projects: Provided, That the participating overseas workers shall be entitled to borrow up to twenty-five percent (25%) of the amount remitted at concessional interest rates to be determined, and subject to such guidelines to be promulgated, by the OWI Fund Board;
- Health/hospitalization insurance for the family of the worker for the duration that the worker continuously holds on to at least Two thousand dollars (US\$2,000.00) worth of PDRC;
- Raffles of airline tickets, appliances, and other items for all who have remitted under the OWI Fund; and
- Other programs that will benefit the workers.

The gains from debt conversion arrangements and profitable investments of the peso loan funds shall be the primary sources of funding for the incentives and benefits granted to the overseas workers, and of the investment operations of the OWI Fund programs, including the provision of reasonable returns to the other participants and

the possible placements in investment ventures/opportunities with comparatively high returns and minimal risk.

SEC. 9. Coordinating Agencies. - The following agencies of the Government shall provide complementary support services to the OWI Fund as follows:

- The Central Bank (CB) shall formulate and implement the guidelines for a special debt-for-note conversion program exclusive to the OWI Fund;
- The Philippine National Bank (PNB) and other financial institutions shall serve as remittance and redemption conduits of PDRCs and shall ensure the immediate purchase or conversion of the same, or redemption of the equivalent cash at face value upon the request of the overseas worker's beneficiary;
- The Department of Labor and Employment (DOLE) and the Philippine Overseas Employment Administration (POEA) shall assist the Fund by providing and updating the list of duly registered overseas workers and their beneficiaries;
- The Overseas Workers Welfare Administration (OWWA), the Commission on Filipinos Overseas (CFO) and the Philippine Overseas Employment Administration (POEA) shall conduct intensive marketing and information campaigns regarding the remittance system of the OWI Fund through:
  - Pre-departure orientation seminars to overseas workers;
  - Information desks of the coordinating agencies of the OWI Fund;
  - Mass media campaigns; and
  - Strengthening its linkages with accredited financial and other institutions.

SEC. 10. Contingency Measures. - To ensure the continuity of the grant of premium and incentives to the overseas workers in cases of unavailability of debt papers in the international secondary market and the discount rate of Philippine debt paper falling to such levels that may impair the viability of the OWI Fund in the short run:

- The OWI Fund shall set aside five (5) percentage points of the discounts of the debt papers purchased as a reserve/contingency fund;
- The Office of the President may authorize the OWI Fund to draw from its Contingent Fund to complement the OWI Fund's reserve/contingency fund; and
- Congress may set aside an additional contingency incentives fund to encourage workers to remit their foreign exchange through accredited channels.

SEC. 11. Initial Funding. - The Philippine National Bank (PNB), the Overseas Workers Welfare Administration (OWWA) and the other government financial institutions may place in trust with the OWI Fund a minimum amount of Two million dollars (US\$2,000,000.00) each (or its peso equivalent) or provide the same in the form of a short-term loan to the OWI Fund which shall earn them the same interest as the yield on ninety-day treasury bills. This initial funding shall serve as standby funds.

In addition, the accredited financial institutions, money couriers, and other service participants in the remittance system shall be required to deposit in trust with the OWI Fund the equivalent of twenty percent (20%) of their projected quarterly remittance transactions under this Act which shall, likewise, earn them the same interest as the yield on ninety-day treasury bills.

SEC. 12. Program Period. - The OWI Fund shall operate for not more than five (5) years from the date of publication of the implementing rules and regulations of this Act: Provided, That this period may be extended by

the President for a period of not exceeding three (3) years upon recommendation of the OWI Fund Board.

Upon termination of operations, the OWI Fund support organization and/or trustee shall nevertheless continue its functions for three (3) years after the termination of the remittance system for the purpose of prosecuting and defending suits by or against the OWI Fund and enabling it to settle and wind up its affairs, but not for the purpose of continuing the remittance, debt-for-note and other operations for which the Fund was established.

SEC. 13. Separability Clause. - If any provision of this Act is declared unconstitutional, the other portions shall remain valid.

SEC. 14. Repealing Clause. - Any provision of law, decree, order, or rules and regulations inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

SEC. 15. Effectivity. - This Act shall take effect upon its approval.

Approved,

**JOVITO R. SALONGA RAMON V. MITRA**

President of the Senate Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 27532 and Senate Bills No. 1003 was finally passed by the House of Representatives and the Senate on June 3, 1991 and May 30, 1991, respectively.

**EDWIN P. ACOBA CAMILO L. SABIO**

Secretary of the Senate Secretary General  
House of Representatives

Approved: August 22, 1991

CORAZON C. AQUINO President of the Philippines

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at <https://batas.org>**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.