

## **GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF THE FILIPINO EXPATRIATE LIVELIHOOD SUPPORT FUND (FELSF) FOR DISPLACED OVERSEAS WORKERS DUE TO GLOBAL ECONOMIC CRISIS**

*OWWA MEMORANDUM OF INSTRUCTIONS NO. 01, S. OF 2009, January 12, 2009*

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In the interest of the service and in connection with Overseas Workers Welfare Administration (OWWA) Board Resolution No. 038 Series of 2008, allocating an additional amount of ONE HUNDRED MILLION PESOS (Php100,000,000.00) for the Filipino Expatriate Livelihood Support Fund (FELSF) as an economic safety net for Overseas Filipino Workers (OFWs) who may be displaced at the country-worksites abroad, the following implementing rules and regulations are hereby issued:

### **I. NATURE**

The FELSF shall be implemented under the Livelihood Development Program as an integral component of the OFW reintegration program which shall serve as an economic safety net that may be availed of by OFWs and family members who were displaced in country-worksites abroad due to the current global economic crisis.

### **II. OBJECTIVES**

The FELSF shall provide credit assistance and facilities for entrepreneurial activities to OFWs who are displaced at country-worksites abroad due to the current global financial crisis in order to improve their economic productivity and general welfare, strengthen their entrepreneurial capabilities and provide self-employment opportunities to them and families.

### **III. FEATURES OF THE PROGRAM**

- A. The program shall be a supervised and direct lending facility solely for OFWs and their family members who are adversely affected by the global financial crisis;
- B. It shall espouse synergy and complementation of the services offered by government agencies, non-government organizations, church-based institutions, peoples' organizations and the private sector;
- C. It has a long-term goal of transforming the OFWs into entrepreneurs and ensuring their sustainable livelihood opportunities;
- D. It shall support the displaced worker's livelihood projects as an additional capital to expand an existing business;
- E. It shall offer a Non-collateral Loan Window with an interest of five percent (5%) per annum, payable in 24 months and a 90-day grace period. The loanable amount is a maximum of FIFTY THOUSAND PESOS ONLY (Php50,000.00) per qualified individual borrower; and

F. The loan can be availed of after going through the Phase I of the Department of Labor and Employment (DOLE) Livelihood Package of Assistance and Services for Displaced Workers through the National Reintegration Center for OFWs (NRCO). Phase I consists of Business Counselling and Skills Training.

#### **IV. PROGRAM FUND MANAGEMENT**

The amount of ONE HUNDRED MILLION PESOS (Php100,000,000.00) shall be established as a revolving fund for the Program. Loan funds shall be established at the Regional Welfare Offices.

#### **V. LOAN REQUIREMENTS**

- A. Proof of OWWA membership
- B. Proof of displacement due to the global financial crisis
- C. Business Proposal
- D. Financial Statements where the OFWs and/or families have existing business(es)
- E. Promissory Note
- F. Marital Consent, for married borrowers

#### **VI. PROGRAM IMPLEMENTATION**

The following procedures shall be implemented:

##### **A. Loan Application and Approval**

1. The Family Welfare Officer (FWO) at the Regional Welfare Office shall interview a prospective applicant to ascertain whether he/she is qualified under the program.
2. An officer of the RWO shall conduct site inspection to validate the data and information on the existing or proposed business.
3. Only loan application with complete documentary requirements shall be included in the validation.

An evaluation report shall be submitted to the RWO Director containing findings and recommendations. The report will then be submitted to the concerned Regional Cluster Manager for approval.

##### **B. Mode of Fund Releases**

1. The ROCS shall initiate disbursement voucher preparation for all approved loans and shall be forwarded to the concerned RWO.
2. The loan shall be released to the proponent only after compliance of pre-release conditions and proper identification of the borrower.
3. The release of loan shall be based on business needs. Loans for working capital or site improvements shall be released on staggered basis.
4. A loan intended for the purchase of machinery shall be paid directly to the supplier/vendor accompanied by a Purchase Order (P.O.)

##### **C. Loan Release Requirements**

Prior to the release of the loan, the proponent shall be given orientation on the following:

1. The importance of the Business Proposal as useful guide in project implementation and the need to abide with the stipulations and provisions of the said proposal.
2. The salient provisions of the Promissory Note, which shall contain among others, the commitment to continue to pay the loan in the event that he/she gets redeployed for overseas job and/or that any of his/her family members shall be the co-payee for the loan.
3. Schedule of the loan payment.

#### D. Collection Procedure

Collection of loan payment shall be done by the RWOs through different modes, like direct payment to the appropriate Regional Office, postal money order and other recognized financial intermediaries, such as banks, remittance centers, etc. All payments shall be made in the name of OWWA Filipino Expatriate Livelihood Support Fund. An official receipt shall be issued upon receipt of the payment.

All loan payments received for the day shall be recorded in a designated cash book for the program and deposited in the depository bank the following day, at the latest, under the account of OWWA FELSF.

The collection procedure shall progress through three (3) stages: reminders, follow-up and appropriate legal measure.

1. Reminders - The borrower shall be furnished with a monthly statement of his account. This shall serve as a reminder and shall give the borrower the opportunity to check the accuracy of the amount. Monthly statement shall be prepared regardless of the age of the account to reflect outstanding balances.
2. Follow-up - This shall call for a schedule of successive actions to be applied at regular intervals, involving sending of follow-up letters, telephone calls and telegrams.
3. Legal Measure - If the reminders and follow-up actions fail, collection through a lawyer or a collection agent shall be resorted to.

#### E. Remittance of Collection

The designated/accredited government banks shall be used as depository for all payments made relative to the loans extended. In no case shall the RWOs be allowed to withdraw funds from the account in any manner.

The RWO shall remit all collections for the month to the OWWA Central Office within five (5) working days after the reference month. The RWOs shall furnish the Central Office the Collection Report accompanied by the Official Receipts and validated deposit slips to the Financial Management Service (FMS).

In remitting collection, three (3) copies of the deposit slip shall be accomplished and machine validated by the bank teller. The second and third copies shall be retained by the RWO for reconciliation of accounts with the OWWA Central Office.

Bank charges shall be paid by the RWOs, chargeable against their Maintenance and Operating Expenses (MOE).

The FMS shall consolidate/summarize all reports of collection submitted by the RWOs.

#### F. Restructuring of Loans

Loan restructuring shall be recommended by the RWO. Requests for restructuring shall be granted only on the following conditions:

1. Natural and man-made calamities.

2. Illness or accident.

Requests for loan restructuring shall be denied under the following circumstances:

1. Mismanagement of business operation.
2. Diversion of funds.

Loan restructuring extending beyond the original term shall need the approval of the OWWA Administrator.

## **VI. PROGRAM MONITORING AND EVALUATION**

A Program Monitoring and Evaluation (PME) system, designed to identify favourable/unfavourable variance to project implementation as planned, shall be installed to effect timely corrective measures and to enhance success of the program. The system shall involve the compilation, generation, analysis, validation, interpretation and presentation of data and information with appropriate recommendations on identified problems or concerns that would be vital to the effective management and continuous improvement of the program.

At the Central Office, the Program Monitoring Team shall be headed by the Director of Policy and Program Development Office (PPDO) and composed of the following members:

- a. Head, Planning and Programs Development Division
- b. Head, Financial Management Service
- c. Head, Regional Operations and Coordination Service

A monitoring report form shall be drawn up by the Policy and Program Development Office (PPDO), in coordination with the ROCS and the FMS.

The OWWA RWOs shall evaluate and implement a monitoring system at the beneficiary level.

Initial visit to the project site shall be conducted within fifteen (15) days after loan release to ascertain and ensure the proponent's adherence to the approved loan utilization schedule and to gather other related data on the business project.

Regular visits shall be conducted once a month for the first three (3) months and quarterly thereafter or when deemed necessary.

A progress report shall be prepared after every visit and shall be submitted to the PPDO through the ROCS. A terminal report shall be prepared by the RWO upon full payment of the loan.

## **VII. REPORT TO THE BOARD**

A quarterly report on the progress of the implementation of the program shall be submitted to the OWWA Board of Trustees.

## **VIII. EFFECTIVITY**

This Memorandum of Instructions shall take effect immediately.

Adopted: 12 Jan. 2009

(SGD.) CARMELITA S. DIMZON  
Administrator

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