

**[OWWA MEMORANDUM OF INSTRUCTION NO.
011, S. 2000, August 22, 2000]**

**GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF
THE RE-ENTRY LOAN FOR DISPLACED WORKERS**

In the interest of the service and further to MOI No. 02, Series of 2000, the following guidelines and procedures are hereby prescribed for the implementation of the Re-Entry Loan for Displaced Workers.

Client Coverage

The credit window is exclusively open to OFWs who have been displaced or had been caused to prematurely return home due to any of the following reasons:

1. natural calamities such as earthquakes, tidal waves, volcanic eruptions, etc. in their countries of employment,
2. man-made calamities such as wars or political turmoil, unfavorable economic conditions or emergency situations in their countries of employment,
3. contract violations by agencies or employers and other employment-related factors,
4. serious illnesses of workers that would constrain them to voluntarily terminate their employment overseas or serious illnesses of beneficiaries who are totally dependent on the workers that would similarly result in the returning home of workers ahead of time, and
5. industry regulations or restrictions on trades or skills that would cause employment disruptions for the workers.

In order to qualify for assistance, an OFW must not have returned to the country for a period of not more than three (3) years upon the filing of his/her application for loan under the Re-Entry Loan for Displaced Workers.

Loan Description

The Re-Entry Loan for Displaced Workers is a supervised credit window that is intended to create stopgap sources of livelihood for displaced workers or their beneficiaries.

It is open to individuals, partnership projects of not more than five (5) members and group projects of six (6) members or more.

The Re-Entry Loan for Displaced Workers has the following features:

Loan Ceiling: P20,000 per qualified borrower

Interest Rate:	4% per annum
Loan Usage:	Working capital and acquisition of assets for a livelihood project
Collateral Coverage:	Co-Maker or Guarantor System
Payment Terms:	
a) Individual loans	Maximum principal payment term of 18 months
b) Group loans	Maximum principal payment term of 60 months

Criteria For Individual To Qualify As Co-Maker:

1. He/she must not be a spouse of the applicant;
2. He/she must be locally employed with a minimum monthly salary of P10,000.00; and
3. He/she must be living in the community (town or city) where the project applicant resides.

Criteria For Organization To Qualify As Co-Maker:

1. The organization must have existed for at least three years prior to the group applicant's filing of loan application;
2. Must be able to cover twice the loan amount with its cash reserves at the time of project evaluation (as reflected in its audited financial statements)
3. Must be holding office in the community (town or city) where the project applicant resides.

Penalty Charges

A penalty charge of 2% per month shall be imposed on the delayed amortization until payment is updated.

Rebate

As a standard lending practice in the LDPO, the program grants rebates on the unearned interest to a loan proponent who makes a full settlement of his/her account prior to loan maturity. However, this does not apply to a proponent who makes a partial advanced payment on his/her loan.

Loan Requirements

1. Official document/s that would certify the applicant's status as a displaced worker (e.g. certification from the Labor Center/Welfare Officer/CECOR/Embassy, certification from foreign employer terminating the services of applicant, certification from host country's health authorities/hospital/doctor on the workers' illness, certification from POEA/DOLE)
2. Proof of OWWA Contribution
3. Current Community Tax Certificate
4. OFW Consent

- 4.1 Marital Consent (for married borrowers)
- 4.2 Authorization (for parent or sibling who is applying on behalf of OFW)
5. Marriage Contract or proof of marriage
6. Documents to establish borrower's relationship with OFW (for legitimate beneficiaries borrowing in place of OFW)
7. Business Plan
8. Certificate of Indigency from the LGU Social Worker (for displaced workers who have returned to the country for more than one year at the time of application)
9. 2 x 2 ID picture
10. Sketch of residence and project site
11. Promissory Note with Notarized Waiver for Salary Deduction (for Individual Co-Maker)
12. ITR or Certificate of Employment with Annual Compensation of Co-Maker (for individual Co-Maker)
13. Board Resolution or General Assembly Resolution (for Organization/Cooperative/Association acting as Co-Maker)
14. Audited Financial Statement (for Organization/Cooperative/Association acting as Co-Maker)

Additional Requirements for Group Applicants:

1. Certificate of Registration with CDA for cooperative projects, Securities and Exchange Commission (SEC) registration for partnerships and corporations
2. Articles of Cooperation and By-Laws for cooperatives, Articles of Incorporation for corporations and Partnership Agreement with Profit-Sharing Scheme for partnerships
3. Board Resolution/Group Resolution specifying intent to undertake a group project using capital to be borrowed from the LDPO
4. Certification of ROU (or partner agency in the case of groups that they referred) regarding the cohesiveness of the group and their capability to undertake a group venture or project

Partner Agencies

Partner-agencies, specifically the Ecumenical Commission for Migrants and Itinerants (ECMI) of the Catholic Bishops Conference of the Philippines and the Self-Employment Assistance Unit (SEAU) of the Department of Social Welfare Development, may participate in the operation of the Re-Entry Loan for Displaced Workers on a municipal, provincial or regional level by:

- 1) Referring individual or group applicants to the Regional OWWA Units for assistance; or
- 2) Implementing an approved Displaced Workers Assistance Scheme in their identified areas that would closely follow the guidelines and procedures herein set forth.

Proposals for the latter are to be submitted to the Plans and Programs Office (PPO) for assessment and evaluation of their individual merits.

The partner-agency may adopt a suitable format for the proposal but must include the following relevant information:

- a. List of Beneficiaries to Benefit from the Scheme;
- b. Requirements 1-6 of Loan Requirements and Appropriate Additional Requirements for Group Projects;
- c. Significant Information on the Partner-Agency including Structure of the Organization;
- d. Status and Extent of Assistance Given to Displaced Workers (or the agency's track record in assisting similar beneficiaries);
- e. Detailed Workplan Indicating Time Frame and Important Activities/Tasks;
- f. Detailed Design for Social/Technical Preparation, Monitoring and Collection;
- g. Business Plan; and
- h. Draft Memorandum of Agreement between the partner-agency and OWWA

The approval of the Administrator must be secured for any document or agreement regarding partnerships with allied agencies that would oblige OWWA in manner.

Availment Procedures

Individual Loans:

For Walk-in Applicants

1. The applicant undergoes an assessment interview where significant data and information are recorded;
2. Appropriate trainings are recommended and undertaken;
3. The proponent submits a business plan together with all other requirements;
4. The project development officer (PDO) evaluates the proposal, after determining the sufficiency of information that is contained in the business plan;

In case of a deficient business plan, the PDO assists the applicant in organizing the proposal. As appropriate, project evaluation is endorsed to another project staff;

5. Approved projects are processed for release;