

THE ECONOMIC REINTEGRATION OF THE OVERSEAS FILIPINO WORKERS

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It is indeed a distinct honor and privilege to speak before this prestigious symposium of lecture series even if I am just a representative of the principal invited guest in the person of Secretary Patricia Sto. Tomas. For the information of this august assembly, since Administrator Virgilio Angelo is currently on a trip in various European countries to promote *Kabayanihan* Projects, I am now the Acting Administrator / OIC of the agency.

Senior Vice President Antonio Kalaw who is representing DAP President, Dr. Eduardo Gonzales, distinguished discussants led by Atty. Byron Bocar, Ms. MayAnn Villalba, my friends from the seafarers sector Engineer Nelson Ramirez, distinguished guests and friends.

I was tasked to speak on the specific topic on economic reintegration of the OFWs. Instead of doing a prepared speech, I prepared a powerpoint presentation.

Let me give you briefly, an overview of the OFW phenomenon. The good Mr. Kalaw earlier gave you some figures and facts about overseas employment. He did mention that we have about 7 million Filipinos overseas. If we are to base it on the data of the National Statistics Office (NSO) of this 7-8 million Filipinos overseas, there are about 3-4 million who comprise the so-called OFWs, the rest are either immigrants or permanent residents. Because of the magnitude of their number, 7 million would comprise of a significant percentage of the entire Filipino population, and a significant contribution in our economy. Mr. Kalaw mentioned a figure of US\$ 8 billion in remittances, we have heard economists and analysts say that this has been the saving factor of our economy. As a matter of fact, perhaps, the exchange rate for the dollar to peso could be higher were it not for the inward remittances of the OFWs. It is a common joke that it is OFWs' remittance money which keeps the Malls: SM Mega Mall and Robinson's Department Stores especially in the urban centers outside of Metro Manila alive among many other multiplier effects in the economic activity of the country.

OFWs, when they go out of the country, would eventually return, that is a fact. And there is a mix of economic, social and political factors which causes the OFWs to return. Thus, in order to avoid a crisis, government, in partnership with NGOs and various social partners, have to prepare for such eventuality.

By virtue of RA 8042 passed and enacted in 1987, OWWA was tasked in the reintegration process. The same year, saw the start of the Integrated Reintegration Program for

OCWs with Economic Livelihood Development Program (ELPD), NSIP as its component. However, for some reason, the ELPD, was suspended in 1995. The program was repackaged and renamed *Kabuhayan 2000 para sa Pagbabalik ng Pinoy* and in 1996, the EC *Pondong Pang asenso* OCW was conceived and was later renamed the Livelihood Development Program.

In 1998, NGO Asian Migrant Center pioneered the reintegration program in the Asian Region and other NGOs have also been undertaking reintegration programs though localized and limited in skills. I mentioned the participation of the activities of the various NGOs because these NGOs on their own are persecuting the reintegration program for OFWs. And I shall later mention the unified or a common vision for reintegration program as crafted by NGOs and GOs.

In 2002, President Gloria Macapagal Arroyo created the Office of the Undersecretary for Returning Migrant Workers of which resulted in the engagement of 25 welfare family officers who took charge of organizing reintegration activities in all regions of the country.

Why is there a need for a reintegration program? Firstly, to maximize the untapped potentials of migrant remittances. Secondly, we have to confront the social cost of labor migration. Likewise, we have to address the growing dependency on remittances and also to address the low savings rate of migrant workers.

It is common to hear of an OFW who has spent 5 – 10 years abroad, they come back to the Philippines, *halos wala pong natirang pera, kung meron man silang naipundar, karamihan napunta sa mga consumer goods, appliances, imported clothes. Pag itinanong mo kung mayroon silang naipon, ay kakaunti lamang* and sometimes they would even venture into businesses – tricycle, jeepneys. At the time *na usong uso ang hot pandesal, nata de coco, na hindi rin umasenso ang pinundar nilang negosyo*. So there has to be a reintegrated approach, NGOs and GOs should collaborate in order to properly address this.

We have two parts of the reintegration program at present: *Kabanyahan I*, which is mounted and pursued onsite. As I have mentioned earlier, we have started this year and we started to cover the East Asian leg for this month. The Administrator is presently in Europe touring the different countries with significant concentration of OFWs. One of our directors, this week shall leave for Saudi Arabia which is host to 900,000 OFWs, also to promote *Kabanyahan*.

What could be the possible causes of failure? Lack of coordination, lack of commitment, lack of uniformity in implementation and lack of resources or funds.

The suggested features of the Philippines Reintegration Program: First, a process should begin from the time an OFW leaves the country. It is interesting to note that the Pre-Departure Orientation Seminar (PDOS), a mandatory seminar before for OFWs leave has been transferred recently from the POEA to OWWA. We have endeavored and just finished the redesigning the PDOS curriculum, the content of the seminar. And an

important component of that seminar is the reintegration program. *So, papaalis pa lamang yung OFW, binibigyan mo na siya ng idea or perspective kung ano ang puwede niyang gawain o magawa pagbalik niya. Ano ang paghahanda na kailangan gawin niya habang siya ay nandoon at naiwan ang pamilya dito?* Because as I said, his being an OFW is not permanent. *Pagkatapos ng kanyang kontrata, siya ay babalik kung hindi makakakuha ng panibagong kontrata.*

There should also be a creation of sustainable economic activities and that there should be empowering and liberating features for the OFW, and the community where the OFW stays and for the society in general.

The reintegration program shall likewise be large scale, comprehensive, and more importantly, sustained. It shall encompass social, political, and economic dimensions. It shall likewise recognize that migrants are now a potent social force. Lastly, it shall have a class and gender perspective.

The four components of the program include advocacy and information dissemination. I earlier mentioned that we already start as early as the pre-departure orientation seminar.

This shall be complemented by organizing. The organizing component shall be the delivery mechanism for dissemination, information and service provision, thus we organize not only the OFW into Filipino communities abroad but also at their homeland. Back home in the Philippines we organize families left behind into OFW Family Circles. The purpose of organizing is also for visibility and it opens several windows of opportunity.

A third component of the program is service provision. There shall be economic programs and psychosocial progress as well.

And having organized these groups, there shall be networking with these groups with what we call social partners (service providers) and NGOs whose advocacy is geared towards the OFWs.

How do we make this happen? First, a mapping of the OFWs and their families. We have to identify where they are and start establishing linkages. There should also be a creation of a one-stop shop. Provincial or regional reintegration for accessibility, we are going down to the provincial level but in the meantime we are still at the regional level.

There should be continuous tracking and monitoring system. There shall also be a proactive resourcing from possible donors. As I said, funding could also be a problem, we are speaking of approximately 3 – 4 million OFWs and if multiplied by 4, the average family size of an OFW, that would be about 20-30 million. There should be a catalogue of services, directory, synchronized reporting and coordinated and harmonized work.

The core ideas on OFW Reintegration Program: When we speak of reintegration, this is not limited to economic reintegration. When speaking of reintegration as a whole, there are 2 main program components of a reintegration program: the economic component and the psychosocial component.

The economic component would involve savings mobilization coupled with enterprise development training, business planning and social counseling services, and having equipped the OFW or a member of the family OFW with the training and planning skills and loan facility. At present, the OWWA is offering individual loans and group loans.

The other component of a reintegration program is the psychosocial component. We instill awareness amongst OFW and their family members, we implement skills, leadership development and community organizing.

In April 2002, government and NGOs gathered in National Conference for OFWs' Reintegration (NCOR) and the principal achievement of this conference is for GOs and NGOs to have a unified or a common understanding of what reintegration for OFWs means.

Bago po na-convene ang conference na ito, yung gobyerno and even the different agencies within government and the various NGOs have different concepts of reintegration. So we thought there must be a common vision to begin with, para coordinated at harmonized ang ating effort, kailangan iisa ang ating pananaw tungkol sa reintegrasyon.

So after that conference, we formed a council. Those who participated in that National Conference were organized into a council in order to sustain the unified vision on OFW Reintegration.

We are pursuing a harmonized sectoral initiative through NGOs and GO partnership. We are also identifying business and investment opportunities for OFWs. We looked at the development of community-based impact projects and the involvement of the academe and the private sector for support services. We document best practices which should be a basis for lessons learned, for the experiences to be shared with other groups or OFWs individuals or families to learn from. We continue with the reintegrated preparedness program, oneness at the job sites and all these should be continually monitored and evaluated for further development.

Having a general overview of the reintegrated program, I shall now proceed to the economic aspect of reintegration which is the topic assigned to me.

The economic component of the reintegration program is principally livelihood. The objectives are as follows: the development of alternative source of livelihood for unemployed and displaced OFWs and their beneficiaries and the development of income-generating projects to augment incomes of the gainfully employed OFWs. We refer to active OFWs, the preservation of OFW economic gains from working abroad. This contemplates of a situation where the OFW has gone for good. The provision of social preparation and other support services to attain the preceding objectives.

The Livelihood Development Project for OFWs has three credit windows: Direct – lending for individual entrepreneurs, Re-entry loans for displaced workers and Group assistance

loans with a minimum number of five (5) for either a cooperative or non-stock/non-profit corporation.

Direct-lending for Individual Entrepreneurs

A borrowing member of OWWA can loan for P100,000.00 at 9% per annum (interest rate), the purpose of the loan is for working capital extension and/or equipment acquisition. This loan should be coupled with collateral.

Re-entry loans. The loanable amount is P20,000.00, at 4% per annum. No collateral is required, only a co-maker or a guarantor. The purpose of the loan is for working capital. Its interest is only 4% because the worker was displaced.

Group Assistance Loan: There are two types. First, Capital augmentation for cooperatives through retail re-lending. The OWWA will loan a certain amount of up to P500,000.00 to a group either a cooperative or a small corporation and this group will re-lend it to its members for a maximum of P50,000.00 per qualified beneficiary. Collateral is required. There is an 80-20 debt equity ratio and a 3% wholesale interest.

Second, Direct Assistance to Group Projects - the cooperative itself makes use of the loan. Interest is pegged at 9% per annum. Purpose: working capital. Collateral required.

For the Direct Lending Project, OWWA has released P80,867.175. This has benefited a total of 1,253 beneficiaries nationwide. It has generated 3,459 employment opportunities and the average repayment rate is 62.73%.

On the re-entry program, 205 projects have been funded and the amount released is P3,042,200. This benefited 205 beneficiaries and generated 329 employment opportunities. The average repayment rate is 59.55%.

Some insights on the OWWA livelihood projects. Its main purpose is to give access to loan facilities to OFWs to satisfy the economic component of the reintegration program. This is a priority to those who cannot be accommodated by the banking system.

There are two basic functions of this Project: Income Augmentation and Entrepreneurial Development.

The program fund earnings is evidenced by the turn-over rate and the possible income from foreclosed earnings. The livelihood program is only one component of the reintegrated return program for OFWs.

Ms. Lagdameo: Thank you. We will now proceed to the reactions of the members of the panel of discussants and to lead the discussions is the Supervising Political Officer of Akbayan Party List, he is currently a member of the National Executive Committee National Council and the International Committee of *AKBAYAN* Citizens Action Party. To represent Congresswoman Loretta Ann Rosales, please welcome Atty. Byron Bocar.