



HOUSE OF REPRESENTATIVES

H. No. 7400

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AN ACT
INSTITUTIONALIZING AN ENTERPRISE-BASED EDUCATION AND TRAINING PROGRAM TO STRENGTHEN TECHNICAL-VOCATIONAL EDUCATION AND TRAINING AND APPROPRIATING FUNDS THEREFOR

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Enterprise-Based Education
2 and Training (EBET) Program Act.”
3

4 **SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to enhance the
5 skills of the middle-level manpower of the country to meet the requirements brought about by
6 more advanced and evolving technologies. To this end, the State seeks to strengthen technical-
7 vocational education and training (TVET) programs to promote employment and ensure the steady
8 supply of educated and competitive manpower equipped with the appropriate skills and
9 desirable work habits and attitudes to meet the requirements, demands, and standards of the
10 workplace both in the local and international market.
11

12 The State recognizes that apprenticeship, learnership, dual training, and other forms of
13 industry-based training arrangement will help develop and upgrade the skills of the student
14 trainee in a world where technology is rapidly changing, as well as provide them opportunities
15 to acquire relevant knowledge and training within the setting of a business enterprise or industry.
16 The State further recognizes that this mode of knowledge-acquisition will greatly contribute to the
17 creation of a pool of well-trained middle-level workforce in the country.
18

19 **SEC. 3. *Objectives.*** – This Act shall have the following objectives:
20

- 21 a) To establish a national enterprise-based training and education system for the middle-
22 level manpower that is competency-based, including an off-and-on-the job training
23 program and involving the active participation and cooperation of employers, workers,
24 industry, and the government;
25
- 26 b) To produce well-trained and better equipped manpower capable of responding to the skill
27 requirements and demands of employers and the industries;
28
- 29 c) To rationalize the middle-level manpower training system by consolidating
30 apprenticeship, dual training, on-the-job training programs and all other forms of
31 industry-based training arrangement;
32
- 33 d) To establish enterprise-based training standards that shall ensure the acquisition by
34 students or trainees of the right competencies in an environment where their rights are
35 protected and their safety is assured; and
36
- 37 e) To broaden the opportunities, venues of education and training towards greater access by
38 all workers.

1 **SEC. 4. Definition of Terms.** – As used in this Act:
2

3 a) *Apprenticeship* refers to a training and employment program involving a contract between
4 an apprentice and an employer on an approved apprenticeable occupation and generally aims
5 to provide a mechanism that will ensure availability of qualified skilled workers based on
6 industry requirements;
7

8 b) *Competency assessment* refers to the process of making a judgment on whether a person
9 has achieved a level of competency;
10

11 c) *Competency standards* refer to the set of benchmarks on the knowledge, skills, attitudes
12 and values required for the performance of a job, occupation or trade in the workplace;
13

14 d) *Dual education and training* refer to the combination of on-the-job training involving
15 an enterprise and a training institution;
16

17 e) *Dual training system* refers to the delivery of technical-vocational education and training
18 that combines in-plant and in-school training based on a plan collaboratively designed and
19 implemented by an accredited dual system educational institution or training center and an
20 accredited dual system agricultural, industrial, or business establishments with prior notice
21 and advice to the concerned local government unit. Under this system, the student trainee
22 shall be provided with the best possible learning experience, under the shared responsibility
23 of a business establishment which provides practical training, and an educational institution
24 which provides the required specific, general and occupation-related theoretical instruction.
25 The dual nature of the training system requires that the two (2) instructing parties operate in
26 a well-coordinated and symbiotic manner.
27

28 f) *Enterprise-based competencies* refer to the knowledge, skills and attitudes or values
29 necessary for the competent performance in the workplace that are required from a student
30 trainee before admission to the EBET program;
31

32 g) *Enterprise-based education and training program* refers to a practical work-related or
33 workplace-related training program with compulsory related theoretical instructions
34 conducted on-the-job and implemented within companies, which includes, among others,
35 any of the following modalities: a) apprenticeship; b) learnership; c) on-the-job training; d)
36 practicum; e) work appreciation program; f) dual training system; g) internship; and h) in-
37 company training;
38

39 h) *Enterprise-based student trainee* refers to a person qualified to undergo training for an
40 approved enterprise-based education and training in an established period as provided
41 for by the enterprise-based training agreement;
42

43 i) *Enterprise-based training agreement* refers to a contract between an enterprise and a
44 student trainee emphasizing the rights, duties and responsibilities of each party wherein
45 an enterprise binds itself to train the student trainee who in turn accepts the terms of
46 education and training;
47

48 j) *Learnership* refers to a practical training, work-based or on-the-job training program for
49 approved learnable occupations, for a period not exceeding three (3) months. Only companies

1 whose learnership programs are approved and registered by the Technical Education and
2 Skills Development Authority (TESDA) can hire learners;

3
4 k) *Middle-level manpower* refers to those who have acquired practical skills and knowledge
5 through formal or non-formal education and training equivalent to at least a secondary
6 education but preferably at post-secondary education with a corresponding degree of
7 diploma; or skilled workers who have become highly competent in their trade or craft as
8 attested by the industry;

9
10 l) *Nominal duration of education and training* refers to the estimated number of training
11 hours; and

12
13 m) *Period of education and training* refers to the duration when the training
14 commences and terminates.

15
16 **SEC. 5. Establishment and Coverage of an EBET Program.** – There shall be established an
17 EBET Program that shall cover practical work-related or workplace-related training programs with
18 compulsory related theoretical instructions and shall include training modalities or schemes to be
19 grouped as follows: a) EBET by enterprises, which include apprenticeship, learnership, in-
20 company training; b) EBET by technical-vocational institutions (TVIs) and enterprises, which
21 include dual training system, practicum, on-the-job training, internship, and supervised industry
22 training; and c) EBET by government agencies, which include work appreciation program, and
23 government internship program.

24
25 All EBET programs established pursuant to this Act shall apply to all work-related or
26 workplace-related trainings conducted on the job and shall be implemented within enterprises,
27 firms or companies. The duration of the EBET Programs shall be based on the complexity of the
28 specific competencies to be learned.

29
30 A registered enterprise, group or association, industry, organization, government institution
31 or civic group that intends to participate in the dual training system and organize an EBET program
32 shall choose from any of the following training schemes:

- 33
34 a) EBET involving a company or entity and an identified TVI;
35
36 b) EBET involving a group of companies or entities and a TVI; and
37
38 c) EBET involving an industry training center and company or entity or a group of
39 companies or entities.

40
41 **SEC. 6. Registration of an EBET Program.** – An enterprise, group, association, industry,
42 organization, civic society, or government agency or instrumentality that intends to organize an
43 EBET Program shall register such program with the TESDA before entering into an agreement
44 with student trainees.

45
46 The TESDA shall establish a registration mechanism and assign an office that shall process
47 all EBET program applications, including the applications for registration of civic groups,

1 associations, organizations, industries, TVET providers, and government institutions which desire
2 to participate in the EBET Program created under this Act.

3
4 **SEC. 7. Contents of EBET Agreements.** – All EBET agreements shall conform with the
5 rules to be issued by the TESDA and shall include the following: (a) Nature and purpose of
6 training; (b) Training programs; (c) Period of training; (d) Training allowance equivalent to
7 seventy-five percent (75%) of the existing minimum wage, which shall be paid in cash or
8 in kind or both; (e) Schedule of training allowance payments; (f) Process of termination of EBET;
9 and (g) General rights and obligations of both parties.

10
11 Every EBET agreement shall be signed by the employer, or an agent of the employer,
12 or by an authorized representative of any of the participating organizations, associations,
13 government institutions or civic groups, and by the student trainee.

14
15 An EBET agreement with a student trainee who is a minor shall be signed on the minor's
16 behalf by the parent or guardian: *Provided*, That if the latter is not available, an authorized
17 representative of the TESDA shall sign on behalf of the student trainee who is a minor, and the
18 same shall be binding within the period specified in the agreement: *Provided, further*, That a
19 student trainee who is a minor shall be excluded from high risk, dangerous or hazardous
20 occupations.

21
22 **SEC. 8. Qualifications of EBET Student Trainees.** – An applicant for student trainee under
23 the EBET Program to be conducted by the TESDA must have the following qualifications:

- 24
25 a) At least a senior high school graduate or its equivalent;
26
27 b) Possesses vocational aptitude and capacity as may be established through appropriate
28 aptitude tests; and
29
30 c) Possesses the ability to comprehend and follow oral and written instructions.

31
32 Industry associations and labor groups may recommend to the TESDA the appropriate or
33 additional educational requirements for different occupations.

34
35 **SEC. 9. Aptitude Testing of Applicants.** – Consonant with the minimum qualifications of
36 the enterprise-based trainee applicant required under this Act, the enterprises, groups or
37 associations, industry organizations, and government institutions with duly recognized EBET
38 programs shall have the primary responsibility of conducting appropriate aptitude tests in the
39 selection of the trainees: *Provided*, That the TESDA Board may perform the services free of charge
40 if the enterprises do not have adequate facilities for the purpose.

41
42 **SEC. 10. Compulsory Theoretical Instruction.** – Compulsory theoretical instructions shall
43 be part of the EBET Program. In cases where the program is undertaken in the plant, theoretical
44 instructions may be delegated to an institution or to a registered TVET provider which has an
45 applicable program or an existing Memorandum of Agreement or Understanding with the TESDA.

46
47 **SEC. 11. EBET Administration.** – The TESDA Board shall set the overall policy for the

1 EBET Program. The responsibility for enterprise-based training administration, monitoring and
2 evaluation of the on/off-the-job training shall be the concern of the TESDA Secretariat.
3 The identification and prioritization of enterprise-based training qualifications and the
4 development of competency standards and curricula shall be the joint responsibility of
5 industry associations, labor groups, and the TESDA.
6

7 **SEC. 12. EBET Committee.** – There shall be established an EBET Committee in every
8 enterprise implementing an EBET program. It shall be responsible for monitoring the
9 implementation of the EBET program in accordance with the approved policies of the TESDA
10 Board, settling differences between management and trainees regarding EBET agreements and
11 other concerns, and recommending measures for improving policies, standards, and guidelines for
12 implementing the program.
13

14 The EBET Committee shall be composed of labor and management: *Provided*, That the
15 representative of the employees in unionized enterprises shall come from the existing labor unions:
16 *Provided, further*, That the representative of the employees in non-unionized enterprises shall be
17 elected by employees of the enterprise.
18

19 In case the EBET Committee shall not be able to settle the differences between management
20 and labor, the TESDA Secretariat or its authorized representative shall investigate and render
21 a decision pursuant to pertinent rules and regulations.
22

23 **SEC. 13. Appeal to the TESDA Board.** – The decision of the TESDA Secretariat may
24 be appealed by any aggrieved person to the TESDA Board within five (5) working days
25 from the receipt of the decision. The decision of the TESDA Board shall be final and executory.
26

27 **SEC. 14. Exhaustion of Administrative Remedies.** – No person shall institute any action
28 for the enforcement of any EBET agreement or payment of damages for breach of any such
29 agreement, unless all available administrative remedies have been exhausted.
30

31 **SEC. 15. Compulsory Participation in the EBET Program.** – Enterprises shall be required
32 to provide the appropriate EBET Program under the following circumstances:
33

- 34 a) When national security or the requirements of economic development so demand,
35 the President of the Philippines shall require the implementation of the EBET
36 Program in certain trades, occupations, jobs or employment levels where the supply
37 of trained manpower is deemed critical, as determined by the TESDA Board, upon
38 the recommendation of its secretariat; and
39
40 c) In private companies which employ foreign technicians in enterprise-based training
41 occupations.
42

43 **SEC. 16. Tax Exemptions.** – All grants, bequests, endowments, donations, and contributions
44 made to and to be used actually, directly and exclusively by the participating training institution
45 shall be exempt from donor's tax and the same shall be considered as allowable deduction from
46 the gross income for purposes of computing the taxable income of the donor in accordance with
47 the provisions of the National Internal Revenue Code of 1997, as amended.
48

49 The importation of all new machineries and equipment used in the EBET Program shall be
50 exempted from customs duties in accordance with the provisions of Republic Act No. 10863,

1 otherwise known as the “Customs Modernization and Tariff Act”.

2
3 **SEC. 17. *Exemption from Probationary Employment.*** – Certified EBET graduates shall be
4 exempted from probationary employment in the event that they are employed in occupations
5 requiring the same skills and qualification standards which they shall have obtained upon passing
6 the appropriate competency assessment.

7
8 **SEC. 18. *Awarding of Equivalent Unit Credits.*** – An EBET graduate shall be awarded
9 equivalent unit credits in the formal system of education which can be used in pursuing
10 higher degree courses, subject to the integrated policies and guidelines of equivalency and
11 the adult education acceleration program of the TESDA, Commission on Higher Education,
12 and the Department of Education.

13
14 **SEC. 19. *Free Insurance Coverage and Protection of Trainees.*** – Every participating
15 enterprise, group or association, industry organization, government institution and civic group
16 undertaking training in accordance with the provisions of this Act shall provide life and
17 accident insurance coverage for every trainee free of charge: *Provided,* That the premium
18 payments of said insurance policy shall be borne by the participating enterprise, group,
19 organization or institution.

20
21 **SEC. 20. *Limitations on the Number of Trainees.*** – No enterprise shall be allowed to engage
22 trainees beyond twenty percent (20%) of the total number of its regular employees: *Provided,* That
23 the TESDA Board may, upon recommendation of the industry association, increase or decrease the
24 cap, if necessary: *Provided, further,* That any person who shall be engaged as a trainee in excess
25 of the threshold herein provided shall be considered as a regular employee of the enterprise.

26
27 **SEC. 21. *Appropriations.*** – The initial amount for the implementation of this Act shall be
28 charged against the current year’s appropriations of the TESDA. Thereafter, such amount shall be
29 included in the annual General Appropriations Act.

30
31 **SEC. 22. *Report to Congress.*** – Every four (4) years after the effectivity of this Act, the
32 TESDA Board shall conduct a review of the implementation of the EBET Program and submit a
33 report to Congress within thirty (30) days after its review. The report shall cover the
34 accomplishments, extent of the implementation of the EBET Program, and other relevant
35 information, including the employability and retention rates of trainees or graduates, as well as the
36 recommendations for further improvement of the program.

37 **SEC. 23. *Implementing Rules and Regulations.*** – Within ninety (90) days after the
38 effectivity of this Act, the TESDA shall, in consultation with relevant stakeholders, issue the rules
39 and regulations for the effective implementation of this Act.

40 **SEC. 24. *Separability Clause.*** – In the event any of the provisions of this Act is declared
41 unconstitutional, the validity of the other provisions shall not be affected by such declaration.

42 **SEC. 25. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations or parts
43 thereof inconsistent with this Act are repealed or modified accordingly.

44 **SEC. 26. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
45 the *Official Gazette* or in a newspaper of general circulation.

Approved,

