

23 JUL 25 P5:24

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

RECEIVED BY: 

SENATE

S. B. NO. 2354

Introduced by **SENATOR JOEL VILLANUEVA**

AN ACT
PROVIDING FOR A REVISED NATIONAL APPRENTICESHIP PROGRAM, CLARIFYING THE STANDARDS FOR TRAINING AND ENGAGEMENT OF APPRENTICES AND ACCREDITATION OF APPRENTICESHIP PROGRAMS, AND REPEALING FOR THE PURPOSE CHAPTERS I AND II OF TITLE II, BOOK II OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES

EXPLANATORY NOTE

Under Article II, Section 13 of the 1987 Constitution, the State recognized the vital role of the youth in nation-building. The importance of the youth in our country's development has been further emphasized when the government integrated the Sustainable Development Goals (SDG) in the Philippine Development Plan 2017-2022. Among the subgoals of SDG Target 8 (promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) are: i) the substantial reduction of the proportion of youth not in employment, education, or training; and ii) the development and operationalization of a global strategy for youth employment.

To assist the youth in the workforce, the government has allocated a total of Php1.401 Billion for 2023 under the Department of Labor and Employment's (DOLE) programs such as Government Internship Program, Special Program for Employment of Students, and Job Search Assistance.¹

¹ April 17, 2023. DBM Allots Over P1.4 Billion for Employment Programs to Prepare Filipino Youth Job Seekers. Department of Budget and Management Press Release. Available at <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/2694-dbm-allots-over-p1-4-billion-for-employment-programs-to-prepare-filipino-youth-job-seekers> (Accessed on July

Despite these interventions, youth unemployment is still rising. Data from the Philippine Statistics Authority (PSA) shows that Youth Labor Force Participation Rate (LFPR) was estimated at 33.8% in May 2023, lower than April 2023's 34.7% and May 2022's 36.2%. Meanwhile, youth unemployment rate in May 2023 was 10.6%, higher than April 2023's 10%. In addition, among the employed youth, 11% percent were underemployed in May 2023.²

This bill aims to close the gap between youth unemployment and entry-level jobs in the skills industry by strengthening the current apprenticeship program. The bill provides guidelines for apprenticeable occupations, apprenticeship schemes, training, qualification, and engagement of apprentices, contents of apprenticeship contract, accreditation of apprenticeship programs, and remedial process in case of violation of apprenticeship contract, among others. The measure also mandates every enterprise applying for an Apprenticeship Program to establish a Bipartite Enterprise Apprenticeship Committee which shall be responsible for monitoring the program implementation, settling differences between management and apprentices, and recommending measures for effective program implementation.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


JOEL VILLANUEVA 

18, 2023).

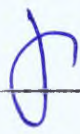
² July 7, 2023. Unemployment Rate in May 2023 was Estimated at 4.3 Percent. Philippine Statistics Authority. Available at <https://psa.gov.ph/content/unemployment-rate-may-2023-was-estimated-43-percent> (Accessed on July 18, 2023).

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

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SECTION 1. Short Title. – This Act shall be known as the “Apprenticeship Training System Act”.

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to establish an apprenticeship program that will ensure the availability of qualified human resource in critical, in-demand and hard-to-fill occupations through the participation of employers, workers, government agencies, and non-government agencies.

SEC. 3. Statement of Objectives. – This Act aims to:

- (a) Help meet the demand of the economy for best-fit, competitive, and trained human resource;
- (b) Have a national apprenticeship program that includes on- and off-the-job training components with tripartite involvement;
- (c) Promote full employment of youth and young workers through training and development;

- 1 (d) Enhance existing standards for the training, development, and employability
2 of apprentices;
- 3
- 4 (e) Recognize the indispensable role of private enterprises in training and
5 development;
- 6
- 7 (f) Strengthen advocacy of the apprenticeship training program to encourage
8 enterprise and young workers' participation;
- 9
- 10 (g) Increase productivity and competitiveness of enterprises by ensuring
11 availability of skilled human resource; and
- 12
- 13 (h) Harness Corporate Social Responsibility (CSR) towards the development
14 of skilled human resource to meet the requirements of the industries.
- 15

16 **SEC. 4. Definition of Terms.** – For purposes of this Act, the following terms
17 are hereby defined:

- 18
- 19 (a) **Apprentice** refers to a person undergoing training for an approved
20 apprenticeable occupation during an established period as provided under
21 an apprenticeship contract;
- 22
- 23 (b) **Apprenticeable Occupation** refers to an occupation specified by an
24 industry and approved for apprenticeship by the Technical Education and
25 Skills Development Authority (TESDA), subject to the criteria set under
26 Section 9 hereof;
- 27
- 28 (c) **Apprenticeship** refers to a training within an enterprise with compulsory
29 related theoretical instructions supported by a contract between an
30 apprentice and an enterprise on an approved apprenticeship learning plan;
- 31
- 32 (d) **Apprenticeship Contract** refers to an agreement wherein an enterprise
33 binds itself to train the apprentice who in turn accepts the terms of training
34 for the recognized apprenticeable occupation. The apprenticeship contract
35 also contains the learning plan, and the rights, duties, and responsibilities
36 of each party;
- 37
- 38 (e) **Authority** refers to the Technical Education and Skills Development
39 Authority (TESDA);
- 40
- 41 (f) **Bipartite Enterprise Apprenticeship Committee** refers to a group within
42 the enterprise composed of the labor and the management responsible for
43 monitoring the program implementation, settling differences between the
44 management and the apprentices, and recommending measures for
45 effective implementation;
- 46
- 47 (g) **Board** refers to the TESDA Board;
- 48
- 49 (h) **Certificate of Competency** refers to a document issued by the Authority to
50 individuals who were assessed as competent in a single unit or cluster of

1 related units of competency: *Provided*, That a single unit or cluster of
2 competencies shall be awarded a corresponding Certificate of Competency;

- 3
4 (i) **Certificate of Apprenticeship Program Registration** refers to a
5 document issued by TESDA granting an authority to an enterprise to offer
6 a program in an apprenticeable occupation;
7
8 (j) **Cluster of Competencies** refers to a group of competencies as defined in
9 the Training Regulations that corresponds to a Certificate of Competency.
10 A cluster of units of competency includes the basic, common, and core
11 competency that can be offered as a registered program;
12
13 (k) **Competency Assessment** refers to the process of collecting evidence to
14 determine the competency of a person undergoing apprenticeship based
15 on established standards of competency;
16
17 (l) **Competency Standard** refers to a written specification of the knowledge,
18 skills, attitude, and values required for the performance of a job, occupation
19 or trade and the corresponding standard of performance required for those
20 in the workplace;
21
22 (m) **Enterprise** refers to a participating establishment or organization or the
23 Government that directly engages an apprentice based on an approved
24 Apprenticeship Program;
25
26 (n) **Industry Board/Body** refers to an independent body established in priority
27 industries to provide direct participation of employers and workers in the
28 design and implementation of skills development schemes, trade skills
29 standardization and certification and such other functions in the fulfillment
30 of the Authority's objectives;
31
32 (o) **National Certificate** refers to a document issued to individuals who have
33 demonstrated achievement of all the required units of competency;
34
35 (p) **Qualification** refers to a formal certification that a person has successfully
36 achieved learning outcomes relevant to the identified academic, industry or
37 community requirements. A qualification confers official recognition of value
38 in the labor market and in further education and training; and
39
40 (q) **Unit of Competency** refers to an activity that comprises a manageable
41 component of work. In competency standards, each unit of competency is
42 described in terms of elements, performance criteria, range of variables and
43 evidence guide.

44
45 **SEC. 5. Apprenticeable Occupation.** – An apprenticeable occupation
46 must:

- 47
48 (a) Be recommended by an industry board/s or national or regional industry
49 association/s in industries that are part of the priority sectors included in the

1 Philippine Development Plan or the corresponding Regional Development
2 Plan,

- 3
- 4 (b) Be approved by the TESDA Board;
 - 5
 - 6 (c) Involve skills that are within the core processes of the business of the
7 enterprise and the learning outcomes for which are transferable to
8 employment in related enterprises; and
 - 9
 - 10 (d) Require related theoretical instruction to supplement the on-the-job
11 learning.
 - 12

13 *Provided, however, That apprenticeship does not include On-The-Job*
14 *Training (OJT), internship, and any other learning process required by education*
15 *and training institutions as part of their curriculum.*

16

17 **SEC. 6. Apprenticeship Period.** – The apprenticeship period shall be
18 based on the duration of training required in the Training Plan and on the
19 complexity of the skills to be learned by the apprentices.

20

21 **SEC. 7. Apprenticeship Program Registration.** – The Apprenticeship
22 Program shall be submitted for approval to, and registered with, TESDA. It may
23 be:

- 24
- 25 (a) For a qualification;
 - 26
 - 27 (b) For cluster of competencies; or
 - 28
 - 29 (c) For a bundled set of qualifications as contained in the Training Regulations
30 as applicable, or based on industry specific standards.
 - 31

32 For the avoidance of doubt, apprenticeship programs may also be offered
33 for the whole occupation or employable parts thereof.

34

35 The application for registration shall include, among others, the Certificate
36 of Undertaking, the Training Plan, and the creation of the Bipartite Enterprise
37 Apprenticeship Committee.

38

39 A Certificate of Apprenticeship Program Registration shall be issued to the
40 enterprise to signify authorization for specific qualification or competency clusters.

41

42 Prior to registration, an enterprise shall execute an undertaking to:

- 43
- 44 (a) Implement the Apprenticeship Program with fairness, honesty, and good
45 faith;
 - 46
 - 47 (b) Ensure that it will not employ any practice that will violate, impair, or abuse
48 the rights of apprentices; and
 - 49

- 1 (c) Submit material information on its Apprenticeship Program, including
2 regulatory compliance and apprenticeship contracts, to an industry
3 association which shall make such information available to the public.
4

5 TESDA shall provide technical assistance to the applying and implementing
6 enterprises to be able to comply with the provisions of this Section.
7

8 **SEC. 8. Bipartite Enterprise Apprenticeship Committee.** – There shall
9 be established in every enterprise applying for an Apprenticeship Program, a
10 Bipartite Enterprise Apprenticeship Committee composed of labor and
11 management. The Committee shall be responsible for designing the
12 apprenticeship program, developing the Training Plan, monitoring the program
13 implementation, settling differences between management and apprentices, and
14 recommending measures for the effective continuous improvement of the
15 implementation of the program.
16

17 For unionized enterprises, the employees' representative shall come from
18 the existing labor unions, while employees' representatives in non-unionized
19 enterprises shall be elected by the employees of the enterprise.
20

21 **SEC. 9. Apprenticeship Training Program Content and Delivery.** –
22

23 (a) The apprenticeship program, whether for those who are not in education,
24 employment, or training (NEET) or those who wish to upskill and reskill,
25 shall be based on recognized competency standards that specify the
26 required knowledge, skills, attitude, and the performance criteria. The
27 competency units shall include basic, common and core competencies.
28

29 (b) The program content and delivery shall be specified in the Training Plan,
30 which can be designed for a batch of apprentices or for individual
31 apprentices. The Training Plan shall also specify the system by which
32 learning outcomes are measured, certified and credited in the Philippine
33 Credit Transfer System (PCTS).
34

35 (c) The Training Plan shall allow for flexibility and modularization within the
36 internal structure of the enterprise, as well as from external providers, such
37 as colleges and universities, the Massive Open Online Course system, and
38 accredited mentors.
39

40 (d) The apprenticeship program shall recognize prior learning outcomes
41 achieved from formal, nonformal and informal learning modes.
42

43 **SEC. 10. Training of Apprentices.** – Only enterprises with Apprenticeship
44 Programs registered with TESDA can enter into apprenticeship contracts and train
45 apprentices in approved apprenticeable occupations.
46

47 The enterprises shall be responsible for the following:
48

49 (a) Ensure that the necessary abilities and knowledge for the apprentice to
50 achieve the purpose of the training are imparted to the apprentice and shall

- 1 provide such training systematically in accordance with an approved
2 Training Plan;
3
4 (b) Appoint the training officer to implement the Training Plan;
5
6 (c) Make available, free of charge, the consumable materials and basic hand
7 tools and equipment necessary for the training;
8
9 (d) Allow the apprentice to attend in-school training and to sit for the
10 competency assessment;
11
12 (e) Require the apprentice to keep an updated report book and inspect such
13 books;
14
15 (f) Ensure that the apprentice is encouraged to develop personality;
16
17 (g) Ensure that the apprentice is protected from physical or moral danger;
18
19 (h) Entrust to the apprentice such activities as are related to the purpose of the
20 training; and
21
22 (i) Ensure the payment of remuneration of apprentices in accordance with the
23 apprenticeship contract.
24

25 **SEC. 11. *Qualifications of an Apprentice.*** – To qualify as an apprentice,
26 a person shall:
27

- 28 (a) Be at least fifteen (15) years of age: *Provided*, That an apprentice below
29 eighteen (18) years of age shall not be exposed to dangerous or hazardous
30 occupations;
31
32 (b) Possess good moral character, vocational aptitude, and capacity for
33 apprenticeship as determined by the enterprise; and
34
35 (c) Possess the ability to comprehend and follow oral and written instructions.
36

37 For the avoidance of doubt, an apprentice may be one who is not engaged
38 in education, employment, or training, or one who wishes to upskill or reskill.
39

40 Trade, industry, and labor organizations may recommend to TESDA
41 appropriate educational requirements for different occupations.
42

43 **SEC. 12. *Aptitude Testing of Applicants.*** – Any person who is not
44 engaged in education, employment, or training (NEET) to be engaged as
45 apprentice shall undergo the appropriate aptitude examinations which shall be
46 administered by the Bipartite Enterprise Apprenticeship Committee.
47

48 **SEC. 13. *Signing of Apprenticeship Contract.*** – Every apprenticeship
49 contract shall be signed by the enterprise owner or his/her authorized
50 representative and the apprentice.

1
2 An apprenticeship contract with an apprentice of below eighteen (18) years
3 old shall be signed in his/her behalf by his/her parent or guardian, subject to the
4 right of the apprentice to terminate the same after thirty (30) days' prior notice.
5

6 Every apprenticeship contract entered into under this Section shall be
7 approved by the Bipartite Enterprise Apprenticeship Committee and copies thereof
8 shall be furnished to the management and the apprentice.
9

10 No enterprise shall be allowed to engage apprentices more than twenty
11 percent (20%) of the total number of its regular employees: *Provided*, That the
12 TESDA Board may, upon recommendation of the Industry Board/Body, increase
13 the cap, if necessary; *Provided further*, That any person who shall be engaged as
14 an apprentice in excess of the threshold herein provided shall be considered as a
15 regular employee of the enterprise concerned if no such prior authority to increase
16 the threshold have been granted by the TESDA Board.
17

18 **SEC. 14. Contents of Apprenticeship Contract.** – An apprenticeship
19 contract shall conform with the rules issued by TESDA through appropriate
20 regulations and shall include:
21

- 22 (a) Competencies that will be acquired within the apprenticeship program
23 based on the Training Plan and the method of competency assessment;
24
- 25 (b) The period of training depending on the approved Training Plan;
26
- 27 (c) Training allowance, which in no case shall be below seventy-five percent
28 (75%) of the applicable minimum wage: *Provided*, That the allowance shall
29 be increased in an amount to be set by the TESDA Board through
30 appropriate regulations, upon recommendation of the recognized Industry
31 Board/Body based on acquired competency of the apprentice; *Provided*
32 *further*, That contributions to the training allowance by government
33 agencies and/or non-governmental organizations shall be considered in
34 computing the said seventy-five percent (75%);
35
- 36 (d) A schedule of training allowance payment;
37
- 38 (e) An undertaking from the enterprise that it shall provide a disability and/or
39 accident insurance policy in favor of the apprentice during the
40 apprenticeship period; and
41
- 42 (f) The general rights and obligations of both parties, grounds for termination
43 of the contract, and the process for the termination of the apprenticeship
44 contract.
45

46 The approved Training Plan shall be attached to the Apprenticeship
47 Contract.
48

1 **SEC. 15. Apprenticeship Schemes.** – Enterprises with approved
2 apprenticeship program may choose from any of the following apprenticeship
3 schemes:

- 4
- 5 (a) Involving a company or group of companies and an identified education and
6 training institution;
 - 7
 - 8 (b) Conducted entirely by a company with demonstrated capacity to conduct
9 theoretical instruction; or
 - 10
 - 11 (c) Other schemes proposed by the enterprise as aligned to its business
12 processes, subject to the approval of the TESDA Regional Director.
 - 13

14 **SEC. 16. Competency Assessment and Certification.** – The apprentice
15 shall undergo competency assessment for qualifications within the apprenticeship
16 period and shall be issued the appropriate National Certificate (NC) or Certificate
17 of Competency (COC) after he/she has demonstrated achievement of the
18 competency standards.

19

20 **SEC. 17. Training Certificate and System of Equivalency.** – A Training
21 Certificate shall be issued by the authorized enterprise to signify completion of the
22 apprenticeship program in accordance with the approved training program. The
23 Certificate shall contain a list of the units of competency acquired and shall be
24 comparable to completion of a training program in a technical-vocational education
25 and training institution.

26

27 Apprenticeship graduates shall likewise be awarded equivalent unit credits
28 in the formal system of education that can be used in pursuing tertiary degree
29 courses subject to the integrated policies, standards and guidelines on
30 equivalency, and adult education acceleration program of the TESDA,
31 Commission on Higher Education (CHED) and the Department of Education
32 (DepEd).

33

34 **SEC. 18. Apprenticeship Administration.** – TESDA shall be responsible
35 for the implementation of the apprenticeship program as provided for in this Act.
36 For this purpose, TESDA shall conduct a regular compliance audit of enterprises
37 with registered apprenticeship program.

38

39 The TESDA Board shall establish the overall apprenticeship policy and
40 standards.

41

42 The TESDA Secretariat shall be responsible for apprenticeship
43 administration, monitoring, and evaluation of the training.

44

45 In addition to the existing functions of Industry Boards/Bodies as provided
46 under law or appropriate regulations, they also shall determine and recommend to
47 the TESDA Board apprenticeable occupations.

48

49 **SEC. 19. Violation and Termination of Apprenticeship Contract.** – The
50 Bipartite Enterprise Apprenticeship Committee shall have authority to settle

1 differences arising out of apprenticeship contracts upon complaints of any
2 interested person or upon its own initiative.

3
4 Within five (5) days from the receipt of the decision of the Bipartite
5 Enterprise Apprenticeship Committee, an aggrieved person may elevate the
6 matter to the TESDA Secretariat, which shall investigate and render a decision
7 pursuant to pertinent rules and regulations as may be prescribed by the TESDA
8 Board.

9
10 The apprenticeship contract shall be terminated on any of the grounds
11 stipulated thereunder, subject to the rules on due process. The Notice of
12 Termination shall be filed with the Bipartite Enterprise Apprenticeship Committee
13 for conciliation and settlement of issues. In the absence of settlement or
14 agreement, the same shall be elevated to the TESDA Secretariat or its authorized
15 representative pursuant to the pertinent rules and regulations of the TESDA Board.

16
17 **SEC. 20. Violation of this Act.** – Any violation of the provisions of this Act
18 shall be under the jurisdiction of TESDA through its regional offices. If the violation
19 constitutes deficiency of labor standards and other labors laws, TESDA, through
20 its regional offices, shall endorse the same to the appropriate regional offices of
21 the Department of Labor and Employment (DOLE), pursuant to Article 128 of the
22 Labor Code of the Philippines, as amended.

23
24 **SEC. 21. Compulsory Apprenticeship.** – When the national security or
25 particular requirements of economic development so demand, the President of the
26 Republic of the Philippines shall require compulsory training of apprentices in
27 certain trades, occupations, jobs, or employment levels where shortage of trained
28 human resources is deemed critical as recommended by the TESDA Board.

29
30 **SEC. 22. Incentives.** – An additional deduction from the taxable income
31 equivalent to one-half (1/2) of the value of training expenses incurred for
32 developing the productivity and efficiency of apprentices program shall be granted
33 to the person or enterprise organizing an apprenticeship program: *Provided*, That
34 such program is duly recognized by TESDA; *Provided further*, That such deduction
35 shall not exceed ten percent (10%) of direct labor wage; *Provided finally*, That the
36 person or enterprise that wishes to avail of this incentive shall pay the apprentices
37 Training Allowance equivalent to the applicable minimum wage.

38
39 **SEC. 23. Exemption from Probationary Employment.** – Certified
40 apprentices shall be exempted from probationary employment in the event that
41 they are employed in occupations requiring the same skills and qualifications
42 standards which they shall have obtained upon passing the competency
43 assessment as provided under Section 16 of this Act.

44
45 **SEC. 24. Penalty clause.** – The TESDA Secretariat shall have the power
46 to initiate program closure proceedings of enterprises found offering unregistered
47 apprenticeship programs without prejudice to the filing of administrative, criminal,
48 or civil liabilities, which may include any of the following causes:

- 1 (a) Fraud or deceit committed in connection with the application for the opening
2 of apprenticeship programs; and
3
4 (b) Failure to comply with conditions or obligations prescribed under this Act or
5 its implementing rules and regulations.
6

7 **SEC. 25. *Implementing Rules and Regulations.*** – The TESDA Board
8 shall, after consultation with the National Tripartite Industrial Peace Council
9 (NTIPC) and other relevant stakeholders, issue the implementing rules and
10 regulations within ninety (90) days after the effectivity of this Act.
11

12 **SEC. 26. *Transitory Provision.*** – All existing apprenticeship programs
13 shall be valid until after the TESDA has conducted an assessment and revalidation
14 for consistency with the provisions of this Act and its implementing rules and
15 regulations.
16

17 **SEC. 27. *Sunset Provision and Annual Report.*** – Four (4) years after the
18 effectivity of this Act, the TESDA Board shall conduct a review of its
19 implementation and submit a report to Congress within thirty (30) days after the
20 conclusion of the review. Thereafter, the TESDA Board shall submit, on or before
21 June 30 of each year, an annual report to the President and the Congress of the
22 Philippines on the status of the implementation of this Act.
23

24 **SEC. 28. *Repealing Clause.*** – Chapter I (Apprentices) and Chapter II
25 (Learners), Title II, Book II and other pertinent provisions of Presidential Decree
26 442, or the Labor Code of the Philippines, as amended, the relevant provisions of
27 Republic Act No. 7796 or the TESDA Act of 1994, and all other laws, decrees,
28 executive orders, and rules and regulations contrary to or inconsistent with the
29 provisions of this Act are hereby repealed or modified accordingly.
30

31 **SEC. 29. *Separability Clause.*** – If any provision of this Act is declared
32 invalid or unconstitutional, the other provisions of this Act not affected by such
33 declaration shall remain in full force and effect.
34

35 **SEC. 30. *Effectivity.*** – This Act shall take effect after fifteen (15) days from
36 the date of its publication in the *Official Gazette* or in two (2) newspapers of general
37 circulation.
38

39 ***Approved.***