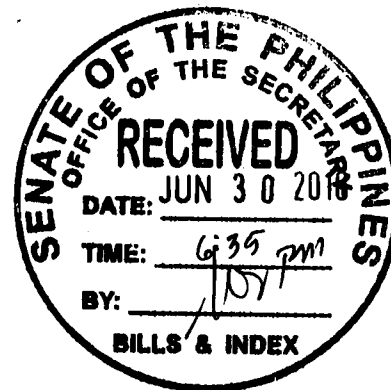


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE  
S. B. No. 208

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Introduced by SENATOR JOEL "TESDAMAN" VILLANUEVA

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**AN ACT  
TO STRENGTHEN TECHNICAL VOCATIONAL EDUCATION AND  
TRAINING (TVET) IN THE PHILIPPINES BY INCORPORATING  
APPRENTICESHIP AND DUAL TRAINING AND RECOGNIZING THE  
IMPORTANCE OF CONTINUOUS TRAINING OF THE UNEMPLOYED  
AND EXPANDING THE PROVISION OF ENTERPRISE-BASED  
EDUCATION AND TRAINING**

**EXPLANATORY NOTE**

Employers' participation in technical vocational education and training (TVET) is a precondition to the success of skills development activities through both on-the-job and off-the job training. Engaging the business sector in education and training will ensure adequate supply of skills that businesses need right now.

The alignment of TVET with employer demand can facilitate the development of qualified workers and reduce potential skills shortages. Ensuring that employers are fully engaged in TVET can also bridge the gap between institutional policy and the practical reality of matching qualified workers with appropriate skills requirements.

With the steady rise in TVET outputs in the Philippines, greater private sector participation in skills development is not only essential but also imperative to provide alternative route to training and employment.

Records prove that many Filipino youth have now changed their outlook about TVET. From 2010-2015, TVET graduates in all delivery modes in the Philippines reached 9,958,974 individuals. However, enrolment in enterprise-based training lagged behind at only 408,882 or 4.11%.

This bill is a response to the necessity of involving the private sector in the provision of skills: (1) to help meet the demand of the economy for well-trained manpower; (2) to establish a national enterprise-based training system and standards that is competency-based, including an on- and off-the job training program through the participation of employers, workers, and government; (3) to establish enterprise-based training standards to ensure that the trainees will acquire the right competencies and for the protection of the rights ad safety of the trainees; and (4) to broaden the opportunities, venues of education and training towards greater access.

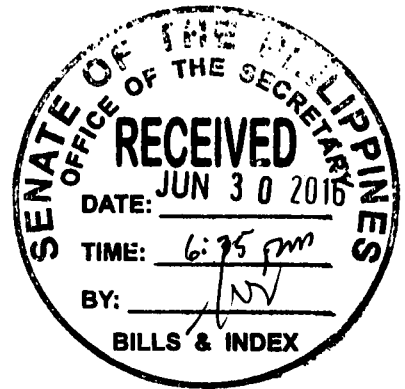
The government's partnerships with industry associations in the last six years prove that skills development activities can be a nexus where the pursuit of public and private needs intersect. Engaging the business community in education and training will help us reach out to as many people, especially the youth, who are seeking for jobs and other opportunities.

This bill can help the government continue to rise up to meet the changing needs of the market, link with the public and private sector partners and put in place good governance practices that can expand partnership with industry associations and companies through enterprise-based training.

The immediate passage of this bill is earnestly sought.

  
**SENATOR JOEL "TESDAMAN" VILLANUEVA**

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**AN ACT**  
**TO STRENGTHEN TECHNICAL VOCATIONAL EDUCATION AND TRAINING (TVET) IN THE PHILIPPINES BY INCORPORATING APPRENTICESHIP AND DUAL TRAINING AND RECOGNIZING THE IMPORTANCE OF CONTINUOUS TRAINING OF THE UNEMPLOYED AND EXPANDING THE PROVISION OF ENTERPRISE-BASED EDUCATION AND TRAINING**

*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  
2     Education and Training Act of 2016."

3     **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to  
4     enhance the skills of middle-level workforce of the entire nation. The State seek  
5     to strengthen middle-level manpower education and training in the country and to  
6     promote employment so that it can be assured and ever-growing supply of an  
7     educated and skilled globally competitive manpower equipped with appropriate  
8     skills and desirable work habits and attitudes in accordance with the  
9     requirements that meet the demands and standards of the workplace in the  
10    market. The policy recognizes two paths of education and training, namely: for  
11    developing and upgrading the skills of student/trainee in a technologically  
12    changing world and for providing relevance in the training of student/trainee by  
13    encouraging work experiences as valid part and means of education and training.

1 The recognition of the two paths of education and training will greatly contribute  
2 to the creation of a dependable pool of well-trained middle-level workforce in the  
3 country.

4 **SEC. 3. *Statement of Objectives*** – This Act shall have the following objectives:

5 1. To help meet the demand of the economy for well-trained manpower through  
6 Technical Vocational Education and Training;

7 2. To establish a national enterprise-based training system and standards that is  
8 competency-based, including an on- and off-the job training program through the  
9 participation of employers, workers, and government;

10 3. To establish enterprise-based training standards to ensure that the trainees  
11 will acquire the right competencies and for the protection of the rights ad safety of  
12 the trainees.

13 4. To broaden the opportunities, venues of education and training towards  
14 greater access

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

16 **(A.) “Enterprise-Based Training Program”** means practical training with  
17 compulsory related theoretical instructions conducted on-and-off the job involving  
18 an agreement between a trainee and an enterprise on an approved enterprise-  
19 based training qualification. The duration of the program shall be base on the  
20 complexity of the competencies to be learned in the specific qualification.

21 **(B.) “Enterprise-Based Trainee/Student”** is a person undergoing training for  
22 an approved enterprise-based education and training qualification in an  
23 established period assured by an enterprise-based education and training  
24 agreement.

25 **(C.) “Enterprise”** is a group or association, industry organization, (single  
26 proprietorship), government instrumentalities or civic group or any entity  
27 organized whether or not for profit regardless of the product or services it could  
28 use.

1       **(D.) “Enterprise-Based Training Agreement Between Enterprise and**  
2       **Trainee”** is a contract wherein an enterprise binds itself to train the trainee who  
3       in turn accepts the terms of education and training for an enterprise-based  
4       training qualification emphasizing the rights, duties and responsibilities of each  
5       party.

6       **(E.) “Enterprise-Based Education and Training Qualification”** is a  
7       qualification approved for enterprise-based education and training by the TESDA  
8       Board. Qualification refers to the whole range of competencies a person  
9       possesses.

10       **(F.) “Enterprise-Based Education and Training Fund”** is a fund to be used to  
11       defray expenses of the trainees and other expenses related to the  
12       implementation of Enterprise-Based Training program.

13       **(G.) “Competency Standards”** are written specifications of the knowledge,  
14       skills, attitudes and values required for the performance of a job, occupation or  
15       trade and the corresponding standard of performance required for these in the  
16       workplace.

17       **(H.) “Competency Assessment”** is the process of gathering and judging  
18       evidence in order to decide whether a person has achieved a standard of  
19       competency of competence objective.

20       **(I.) “Dual Education and Training”** refers to the combination of on- and off-the-  
21       job training involving an enterprise and a training institution.

22       **(J.) “Period of Education and Training”** states when the training commences  
23       and terminates.

24       **(K.) “Nominal Duration of Education and Training”** is the estimated number of  
25       training hours.

26       **SEC. 5. Trainee Entry Requirements for Qualifications of an Enterprise**  
27       **Based Education and Training** - To qualify as an enterprise-based  
28       student/trainee, a person shall:

29       (A.) Be at least high school graduate or its equivalent;

30       (B.) Possess vocational aptitude and capacity for enterprise-based training as

1 established through appropriate testing; and

2 (C.) Possess the ability to comprehend and follow oral and written instructions.  
3 Industry associations and labor groups may recommend to the TESDA  
4 appropriate educational requirements for the different occupations.

5 **SEC. 6. *Aptitude Testing of Applicants*** – Consonant with the minimum  
6 qualifications of the enterprise-based trainee applicant required under this Act,  
7 the enterprises, groups or associations, industry organizations, government  
8 institutions or civic groups with duly recognized enterprise-based training  
9 programs shall have the primary responsibility for providing appropriate aptitude  
10 tests in the selection of trainees. If they do not have adequate facilities for the  
11 purpose, the TESDA may perform the service free of charge.

12 **SEC. 7. *Scope of Training and Coverage of Venues*** – An enterprise, group or  
13 association, industry organization, government or civic group wishing to organize  
14 an enterprise-based training program shall have its program registered with  
15 TESDA before it enters into an agreement with the trainees.

16 This Code shall apply to all work-related or workplace related regardless of the  
17 following seven (7) modalities: (1) Apprenticeship; (2) Learnership; (3) On the  
18 Job Training (OJT); (4) Practicum; (5) Work Appreciation Program; (6) Dual  
19 Training System; (7) Internship

20 **SEC. 8. *Contents of Enterprise-Based Training Agreement***. – Enterprise-  
21 Based Training Agreements shall conform to the rules issued by the TESDA and  
22 shall include the following:

23 (A.) Nature and purpose of training;

24 (B.) Curriculum;

25 (C.) Period of training;

26 (D.) Training allowance equivalent to seventy-five percent (75%) of the existing  
27 minimum wage which can be paid in cash or kind or in both;

- 1 (E.) Schedule of training allowance payments;
- 2 (F.) Process of termination of enterprise-based training; and
- 3 (G.) General rights and obligations of both parties.

4 **SEC. 9. *Signing of Enterprise-Based Training Agreement*** – Every enterprise-  
5 based education and training agreement shall be signed by the employer or his  
6 agent, or by an authorized representative of any of the recognized organizations,  
7 associations, government institutions or civic groups and by the student/trainee.  
8 An enterprise-based training agreement with a minor shall be signed in his behalf  
9 by his parent or guardian or, if the latter is not available, by an authorized  
10 representative of TESDA, and the same shall be binding during its lifetime.

11 **SEC. 10. *Enterprise-based Education and Training Arrangements*** –  
12 Registered enterprise, group or association, industry organization, government  
13 institution or civic group wishing to organize the enterprise-based education and  
14 training program shall choose from any of the following enterprise-based training  
15 schemes, which shall use the dual education and training approach:

- 16 (A.) Enterprise-based education and training involving a company and an  
17 identified technical vocational institution;
- 18 (B.) Enterprise-based education and training involving a group of companies and  
19 a technical vocational institution;
- 20 (C.) Enterprise-based education and training involving an industry training center  
21 and a company or a group of companies;

22 **SEC. 11. *Responsibility for Theoretical Instruction*** – Compulsory theoretical  
23 instructions shall be part of enterprise-based education and training program. In  
24 cases where the program is undertaken in the plant, theoretical instructions may  
25 be given by the enterprise. If the latter is not prepared to assume the  
26 responsibility, the same may be delegated to an appropriate government agency.

1     **SEC. 12. *Enterprise-Based Education and Training Administration*** - The  
2     overall policy for enterprise-based education and training shall be the function of  
3     the TESDA Board. The responsibility for enterprise-based training  
4     administration, monitoring and evaluation of on- and off-the-job training shall be  
5     the concern of the TESDA Secretariat. The identification and prioritization of  
6     enterprise-based training qualifications and the development of competency  
7     standards and curricula shall be the joint responsibility of industry associations,  
8     labor groups, and TESDA. The Plant Enterprise-Based Education and Training  
9     Committee shall be established in every participating enterprise to ensure that  
10    program implementation is in accordance with approved policies.

11    **SEC. 13. *Investigation of Violation of Enterprise-Based Training Agreement***  
12    – The Industry Coordinator, upon complaints of any interested party or *motu*  
13    *proprio*, shall have the initial responsibility for settling differences arising from  
14    enterprise-based training agreements. In case it is not able to settle such  
15    differences, the TESDA Secretariat or its authorized representative shall  
16    investigate and render a decision pursuant to pertinent rules and regulations.

17    **SEC. 14. *Appeal to the TESDA Secretariat*** - The decision of the TESDA  
18    Secretariat may be appealed by any aggrieved person to the TESDA Board  
19    within five (5) days from receipt of the decision. The decision of the TESDA  
20    Board shall be final and executory.

21    **SEC. 15. *Exhaustion of Administrative Remedies.*** – No person shall institute  
22    any action for the enforcement of any enterprise-based training agreement or  
23    damages for breach of any such agreement, unless he has exhausted all  
24    available administrative remedies.

25    **SEC. 16. *Conditions as Exemptions for Voluntary Participating***  
26    ***Organization of Enterprise-Based Training Program:***

27    (A.) When national security or particular requirements of economic development  
28    so demand, the President of the Philippines may require compulsory enterprise-  
29    based education and training in certain trades, occupations, jobs or employment  
30    levels where storage of trained manpower is deemed critical as determined by  
31    the TESDA Board upon the recommendation of its Secretariat.



1 (B.) Where services of foreign technicians are utilized by private companies in  
2 enterprise-based training occupations, such companies are required to set-up  
3 appropriate enterprise-based education and training programs.

4 **SEC. 17. *Enterprise-based Education and Training Fund.*** – An Enterprise-  
5 Based Education and Training Program Fund shall be established to defray the  
6 expenses of the trainees and other expenses related to the implementation of the  
7 enterprise-based training program. The fund shall be derived from the following:

8 (A.) One percent (1%) of passport fees collected from departing Overseas  
9 Filipino Workers (OFWs);

10 (B.) One-time fee paid by the graduates of the enterprise-based training program  
11 upon employment to be paid through the SSS; and

12 (C.) Donations, grants and endowments specifically for the enterprise-based  
13 training programs.

14 **SEC. 18. *Enterprise-based Education and Training Incentives.*** -  
15 Participating Enterprises, Groups or Associations, Industry Organizations or Civic  
16 Groups participating in the enterprise-based training program shall be granted  
17 the following incentives:

18 (A.) An additional deduction from taxable income equivalent to fifty percent (50%)  
19 of the training expenses incurred provided that such expenses shall not exceed  
20 five percent (5%) of their total direct labor expenses but in no case exceed  
21 twenty-five million pesos (25,000,000) a year;

22 (B.) Donations, contributions, bequest, subsidy or final aid actually paid or made  
23 to a participating training institution within the taxable year shall also be  
24 deductible for income tax purposes in an amount not to exceed five percent (5%)  
25 of the taxable business income of the participating enterprise, group or  
26 association, industry organization or civic group computed without the benefit of  
27 deduction; and

28 (C.) Exemption from donor's tax, provided, however that not more than thirty  
29 percent (30%) of said donations shall be used by the training institution for  
30 administration purposes.

1     **SEC. 19. *Exemption from Probationary Employment; System of***  
2     ***Equivalency.*** – Certified enterprise-based training graduates shall be exempted  
3     from probationary employment. They shall be employed as regular workers if  
4     chosen to be retained by the participating enterprise, group or association,  
5     industry organization, government institution or civic group.

6     Enterprise-Based Training graduates shall likewise be awarded equivalent unit  
7     credits in the formal system of education and that can be used in pursuing  
8     tertiary degree courses, subject to the integrated policies and guidelines of  
9     equivalency and adult education acceleration program of TESDA, Commission  
10    on Higher Education (CHED) and Department of Education (DepEd).

11    **SEC. 20. *Insurance Coverage and Protection of Trainees*** - Every  
12    participating enterprise, group or association, industry organization, government  
13    institution or civic group undertaking training in accordance with the provisions of  
14    this Act shall sign a life and/or accident insurance policy.

15    **SEC. 21. *Responsibility for Work Site Safety*** - Every agricultural, industrial,  
16    medical and business establishment undertaking training in accordance with the  
17    provisions of this Act, shall sign a life and/or accident insurance policy on the life  
18    of the trainee with insured ad the spouse, children or parents of the trainee as the  
19    beneficiaries thereof: Provided, that the agricultural, industrial and business  
20    establishments shall pay for the premium of said insurance policy.

21    **SEC. 22. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations  
22    or parts thereof inconsistent with this Act are hereby repealed or modified  
23    accordingly.

24    **SEC. 23. *Effectivity.*** - This Act shall take effect after completion of its  
25    publication in the Official Gazette or in two (2) newspapers of general circulation.

**Approved.**