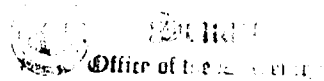


NINETEENTH CONGRESS OF THE)
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SENATE

S. B. No. 2587

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(In substitution of Senate Bill No. 363 taking into consideration
House Bill No. 7400)

Prepared and submitted jointly by the Committees on Higher, Technical and Vocational Education; Labor, Employment and Human Resources Development; Ways and Means; and Finance with Senators Villanueva, Escudero, Gatchalian, Villar (C.), and Tulfo as authors thereof

AN ACT
STRENGTHENING THE ENTERPRISE-BASED EDUCATION AND TRAINING
FRAMEWORK 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
2 Education and Training (EBET) Framework Act.”

3 **Sec. 2. Declaration of Policy.** – Article XIII, Section 3 of the 1987
4 Constitution provides that the State shall “promote full employment and equality of
5 employment opportunities for all.” Toward this end, it is hereby declared the policy of
6 the State to enhance the skills of the workforce with active participation of the private
7 sector, and to meet the evolving skills and competencies requirement of the rapidly
8 changing world of work.

9 For this purpose, the State shall strengthen, rationalize, and harmonize the
10 EBET framework in the country as an effective modality to address jobs-skill mismatch,
11 unemployment, underemployment, and other labor challenges, and to ensure an ever-
12 growing supply of globally competitive, educated, and highly skilled human resource

1 in accordance with the demands and standards of the labor market. In addition, the
2 State shall also develop and strengthen the entrepreneurial know-how of individuals,
3 recognizing that entrepreneurship is a key driver of job generation.

4 In order to achieve this, the EBET framework shall be available to individuals
5 who intend to develop and upgrade their skills in a technologically changing world in
6 preparation for potential employment, and to currently employed workers who intend
7 to upskill for career progression.

8 **Sec. 3. Statement of Objectives.** – This Act shall have the following
9 objectives:

- 10 a) To provide Filipino workers with opportunities to gain new skills and
11 competencies or upskill for career advancement, allowing them to secure
12 quality employment and/or obtain entrepreneurial know-how;
- 13 b) To meet the demands of the labor market for human resources that are
14 well-trained and adaptable to the ever-evolving skills and competencies
15 requirement of the rapidly changing world of work, with a view to
16 addressing jobs-skills mismatch and strengthening the development of
17 higher levels of competencies;
- 18 c) To engage the private sector as an indispensable partner in the
19 development of modules and competency standards in technical-vocational
20 education and training (TVET), and in carrying out EBET programs; and
- 21 d) To strengthen, rationalize, and harmonize programs, such as
22 apprenticeship, learnership, and the dual training system, under an EBET
23 framework, which shall be competency-based and industry-driven, and with
24 due regard to the rights and occupational safety and health of trainees,
25 through the active participation of employers, trainees, technical-vocational
26 institutions, and the government.

27 **Sec. 4. Definition of Terms.** – As used in this Act, the following terms shall be
28 defined as follows:

- 29 a) **“Competency Assessment”** refers to the process of gathering and
30 evaluating evidence to determine whether a person can perform to the
31 standards in the workplace based on the defined competency standards;

- 1 b) **“Competency Standards”** refers to a specification of the knowledge,
2 skills, attitudes, and values required for the effective performance of a job,
3 occupation, or trade;
- 4 c) **“Enterprise”** refers to any individual, partnership, corporation, or other
5 entity organized and existing under Philippine laws, excluding government
6 agencies and instrumentalities, government-owned and controlled
7 corporations, and local government units;
- 8 d) **“Enterprise-Based Education and Training Program” or “Program”**
9 refers to a technical-vocational education and training delivered in the
10 enterprise, which may be stand-alone or linked with a technical-vocational
11 institution. Theoretical instruction shall be a mandatory component of all
12 EBET Programs;
- 13 e) **“Qualification”** refers to a formal certification that a person has
14 successfully achieved specific learning outcomes relevant to the identified
15 academic, industry, or community requirements. A qualification confers
16 official recognition of value in the labor market and in further education and
17 training; and
- 18 f) **“Training Plan”** refers to a document which describes the expected
19 learning outcomes to be acquired within the Program based on set
20 competency standards, learning experiences a trainee must undergo, and
21 the methods and arrangement of competency assessment.

22 **Sec. 5. Coverage.** – This Act shall be applicable to all EBET Programs, but
23 excluding the following:

- 24 a) Training programs administered by the Commission on Higher Education
25 (CHED), Department of Education (DepEd), and the Department of Labor
26 and Employment (DOLE): *Provided*, That a student enrolled in an
27 educational institution who is required to undertake an internship as part
28 of an academic requirement may participate in registered EBET Programs
29 to fulfill such requirement; *Provided, further*, That the Technical Education
30 and Skills Development Authority (TESDA) and CHED or DepEd shall issue
31 the necessary rules and regulations for this purpose; and

- 1 b) Training programs for regulated professions as provided by law: *Provided,*
2 That such training programs may be allowed to be registered as EBET
3 Programs; *Provided, further,* That the EBET Program shall be aligned with
4 the appropriate competencies that must be learned by the trainee;
5 *Provided, finally,* That TESDA, CHED, and the Professional Regulation
6 Commission (PRC) shall issue the necessary rules and regulations for this
7 purpose.

8 **Sec. 6. Common Entry Requirements for All EBET Programs.** – For
9 purposes of this Act, a trainee shall either be a new entrant to the labor force or an
10 employed worker who opts to undergo training through an EBET Program to acquire
11 new skills, upgrade skills, and/or obtain entrepreneurial know-how.

12 To participate in an EBET Program, a trainee shall:

- 13 a) Be at least fifteen (15) years old, subject to the provisions of Presidential
14 Decree No. 442 or the "Labor Code of the Philippines," as amended, and
15 the prohibition on the employment of minors and against worst forms of
16 child labor under Republic Act No. 7610 or the "Special Protection of
17 Children Against Abuse, Exploitation and Discrimination Act," as amended
18 by Republic Act No. 9231; and
19 b) Possess the appropriate aptitude and capacity to understand and follow
20 oral and written instructions.

21 Notwithstanding the foregoing, enterprises may set appropriate educational
22 requirements for an EBET trainee to qualify for a certain EBET Program.

23 An enterprise may also require additional qualifications that shall be applicable
24 to its employed workers who are intending to upskill for job promotion.

25 **Sec. 7. EBET Program Registration.** – All EBET Programs shall be registered
26 with TESDA prior to its implementation and before an enterprise enters into an EBET
27 Agreement, as provided under Section 9 of this Act.

28 For this purpose, TESDA shall issue the appropriate rules and regulations for
29 the registration of EBET Programs, which shall include, but not be limited to, the
30 submission of a Training Plan and proof of arrangement with a technical-vocational
31 institution, if any.

1 In the preparation of an EBET Program for registration, an enterprise shall have
2 the option to either design its Program in accordance with laws, rules, and regulations
3 or customize it in accordance with its specific needs and capacity, subject to the
4 requirements under this Act.

5 **Sec. 8. Duration of the EBET Program.** – The duration of an EBET Program
6 shall be based on the complexity of the competencies to be learned based on the
7 Training Plan, but in no case shall exceed three (3) years.

8 In setting the duration of an EBET Program, TESDA shall consider the
9 competency standards, training methodology, sequencing of modules, assessment
10 and/or certification arrangements, and other relevant factors.

11 **Sec. 9. Contents of EBET Agreement.** – An enterprise shall enter into an
12 EBET Agreement with a trainee prior to the start of the Program. The EBET Agreement
13 shall include, but not be limited to, the following:

- 14 a) Nature and purpose of training;
- 15 b) Curriculum and training design;
- 16 c) Hours of training per day and per week;
- 17 d) Period of training;
- 18 e) Training allowance, in accordance with applicable law;
- 19 f) Other benefits as may be provided by the enterprise;
- 20 g) Schedule of training allowance payments, if applicable;
- 21 h) Process of termination of EBET Agreement; and
- 22 i) General rights and obligations of both parties.

23 If an enterprise chooses to partner with a technical-vocational institution to
24 undertake the theoretical instruction as outlined in the Training Plan, the enterprise
25 shall have the responsibility of ensuring that the terms and conditions of its Agreement
26 with the technical-vocational institution is in accordance with the requirements and
27 rules and regulations of TESDA.

28 If the trainee is between fifteen (15) and eighteen (18) years old, the
29 Agreement shall be signed by the minor's parent or guardian: *Provided*, That the
30 Agreement shall conform to protections for minors as provided under Presidential
31 Decree No. 442, as amended, Republic Act No. 7610, as amended, and other relevant
32 laws, rules, and regulations.

1 If the trainee is currently employed by the enterprise implementing the EBET
2 Program, the Agreement shall ensure that the trainee is given the same treatment as
3 that of comparable employees working at the enterprise, including security of tenure
4 and non-diminution of benefits. Nothing in this Act shall be construed to diminish
5 existing benefits under present laws, the employment agreement between the parties,
6 company policies, and collective bargaining agreements.

7 **Sec. 10. Grievance Mechanism.** – There shall be an EBET Committee
8 established in every enterprise implementing an EBET Program, composed of
9 representatives from the employees and management. For unionized enterprises, the
10 employees' representative shall come from the existing labor unions. For non-
11 unionized enterprise, the employees' representative shall be elected by the employees
12 of the enterprise, or from the members of the Labor-Management Council, if any.

13 The EBET Committee shall have the responsibility of settling differences upon
14 the filing of a complaint by an aggrieved party.

15 Notwithstanding the preceding paragraph, TESDA may take cognizance of
16 complaints pertaining to any violation of the EBET Agreement or pertaining to the
17 registration of the EBET Program. The National Labor Relations Commission (NLRC)
18 and the National Conciliation and Mediation Board (NCMB) shall continue to have
19 jurisdiction over complaints properly falling within their jurisdiction.

20 **Sec. 11. Mandatory Implementation of the EBET Program.** –

- 21 a) When national security or particular requirements of economic
22 development so demand, the President of the Philippines may require
23 compulsory EBET in certain sectors where shortage of trained human
24 resource is deemed critical; and
25 b) Where foreign nationals with valid employment permits are employed, the
26 enterprise shall be encouraged to set up appropriate EBET Programs as a
27 tool for technology transfer.

28 **Sec. 12. Donations to Technical-Vocational Institutions.** – Enterprises
29 implementing EBET Programs shall be granted the following incentives:

- 30 a) Donations, contributions, bequests, subsidies, or financial aid actually paid
31 or made to a technical-vocational institution implementing theoretical

1 instructions for EBET Programs within the taxable year shall be fully
2 deductible from the gross income of the donor; and

- 3 b) Donations, contributions, bequests, subsidies, or financial aid actually paid
4 or made to a technical-vocational institution implementing theoretical
5 instructions for EBET Programs shall be exempt from donor's tax.

6 For this purpose, technical-vocational institutions shall not be required to obtain
7 accreditation, notwithstanding any law to the contrary.

8 Donations, contributions, bequests, subsidies, or financial aid made under this
9 Section shall be exempt from taxes and duties: *Provided*, That the importation of these
10 items shall be subject to the following qualifications:

- 11 a) That the articles to be imported shall be certified by the appropriate
12 authority; and
13 b) That the articles to be imported shall be actually, directly, and exclusively
14 used in connection with the conduct of the registered EBET Program. Any
15 unauthorized use shall subject the technical-vocational institution to
16 payment of taxes and duties thereon.

17 The Department of Finance (DOF), Bureau of Internal Revenue (BIR), Bureau
18 of Customs (BOC), and TESDA, in consultation with relevant stakeholders, shall
19 formulate the necessary rules and regulations to implement the provisions of this
20 Section, which shall include streamlined processes to encourage broader participation
21 of enterprises.

22 **Sec. 13. Deductible Training Expense.** – Notwithstanding any law to the
23 contrary, an enterprise implementing an EBET Program shall be qualified to avail of
24 an additional deduction from taxable income equivalent to seventy-five percent (75%)
25 of the training expenses incurred: *Provided*, That such expenses shall not exceed five
26 percent (5%) of their total direct labor expenses, or shall not exceed Twenty-Five
27 Million Pesos (Php25,000,000.00) a year, whichever is lower. The enterprise shall
28 secure the proper certification from TESDA for this purpose.

29 The DOF, TESDA, and BIR, in consultation with relevant stakeholders, shall
30 formulate the necessary rules and regulations to implement the provisions of this
31 Section, which shall include streamlined processes to encourage broader participation
32 of enterprises.

1 **Sec. 14. Employment Status of EBET Trainees.** – An EBET trainee shall
2 not be considered an employee of the enterprise for the duration of the EBET Program.

3 EBET graduates shall be given preference in the hiring of workers by the
4 enterprise that implemented the EBET Program and shall be exempted from
5 probationary employment therein when hired for a position requiring the competencies
6 and qualifications which they shall have obtained in the EBET Program.

7 EBET trainees may also be hired by the enterprise even before the completion
8 of the EBET Program, which shall result in the automatic termination of the EBET
9 Agreement between them: *Provided*, That such trainees shall likewise be exempt from
10 probationary employment.

11 For the avoidance of doubt, this Section shall not apply to trainees who are
12 already regularly employed by the enterprise, who shall continue to enjoy their status
13 as such.

14 **Sec. 15. System of Equivalency.** – TESDA, in consultation with CHED and
15 other relevant government agencies, shall ensure that EBET graduates shall be
16 awarded equivalent unit credits in the formal system of education that can be used in
17 pursuing tertiary degree courses, subject to the integrated policies and guidelines of
18 equivalency and credit transfer by TESDA and CHED, in consultation with relevant
19 stakeholders.

20 **Sec. 16. Insurance Coverage and Occupational Safety and Health**
21 **Standards.** – An enterprise implementing an EBET Program which belongs to a
22 medium or high-risk industry, as determined by the DOLE, shall provide their trainees,
23 free of charge, the appropriate life and/or accident insurance policy.

24 Standards of occupational safety and health under Republic Act No. 11058 or
25 “An Act Strengthening Compliance with Occupational Safety and Health Standards and
26 Providing Penalties for Violations Thereof” shall likewise be observed in all EBET
27 Programs.

28 **Sec. 17. Limitation on the Number of Trainees.** – In determining the
29 allowable number of EBET trainees in each enterprise, TESDA shall consider the
30 capacity of the enterprise in implementing the EBET Program based on the Training
31 Plan.

1 **Sec. 18. Roles of TESDA and DOLE.** – TESDA shall be the primary agency
2 responsible for the implementation of this Act. It shall set the policies and guidelines
3 for the implementation of the EBET framework and shall be responsible for quality
4 assurance and evaluation of registered EBET Programs.

5 The TESDA and industry boards shall undertake the identification and
6 prioritization of qualifications and the development and/or updating of competency
7 standards, assessment tools, and curricula to ensure broader participation of all
8 stakeholders in the implementation of EBET Programs.

9 Pending the establishment of an industry board in a specific sector, TESDA shall
10 undertake the development and/or updating of competency standards, assessment
11 tools, and curricula.

12 The DOLE shall ensure the compliance of enterprises with Republic Act No.
13 11058 and general labor standards, where applicable.

14 **Sec. 19. Implementing Rules and Regulations.** – Within ninety (90) days
15 from the effectivity of this Act, TESDA shall, upon consultation with the DOLE, National
16 Tripartite Industrial Peace Council (NTIPC), DOF, BIR, and other relevant
17 stakeholders, issue the implementing rules and regulations for the effective
18 implementation of this Act.

19 **Sec. 20. Reportorial Requirement.** – Four (4) years after the effectivity of
20 this Act and every four (4) years thereafter, the TESDA shall conduct a review of the
21 implementation and accomplishments of this Act, including the employability,
22 retention rates, and income levels of trainees post-training, and submit a report to the
23 President of the Philippines and to the Congress not later than June 30 following the
24 year of review. The report shall also include recommendations to address gaps in the
25 law and/or the implementation of this Act.

26 **Sec. 21. Suppletory Application.** – This Act shall have suppletory application
27 to laws governing specific EBET Programs, including the dual training system under
28 Republic Act No. 7686, otherwise known as the “Dual Training System Act of 1994.”

29 **Sec. 22. Separability Clause.** – If any provision of this Act is held invalid or
30 unconstitutional, the same shall not affect the validity and effectivity of the other
31 provisions hereof.

1 **Sec. 23. Repealing Clause.** – Sections 9 and 18 of Republic Act No. 7686 are
2 hereby repealed.

3 All provisions of Presidential Decree No. 442, as amended, that are inconsistent
4 with this Act are hereby repealed or modified accordingly.

5 All laws, decrees, orders, rules, and regulations or parts thereof inconsistent
6 with this Act are hereby repealed or modified accordingly.

7 **Sec. 24. Effectivity.** – This Act shall take effect after fifteen (15) days
8 following its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,