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**RULES AND REGULATIONS  
IMPLEMENTING  
THE TESDA ACT OF 1994**

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**REPUBLIC ACT NO. 7796**

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Pursuant to Section 36 of the TESDA ACT of 1994, the TESDA Board hereby promulgates the Implementing Rules and Regulations of the Act, as follows:

**RULE I  
POLICIES AND OBJECTIVES**

SECTION 1. Title. — These Rules shall be known and cited as the Rules and Regulations Implementing the TESDA Act of 1994.

SECTION 2. Declaration of Policy. — It is the declared policy of the State to provide relevant, accessible, high quality and efficient technical education and skills development in support of the development of high quality Filipino middle-level manpower responsive to and in accordance with Philippine development goals and priorities.

a) Private Sector Participation. — The State shall encourage the active participation of various concerned sectors, particularly private enterprises, being direct participants in and immediate beneficiaries of a trained and skilled work force, in providing technical education and skills development opportunities.

SECTION 3. Statement of Goals and Objectives. — The goals and objectives of TESDA Act of 1994 (hereinafter cited as Act) are as follows:

- a) International Competitiveness. — To promote and strengthen the quality of technical education and skills development programs to attain international competitiveness;
- b) Quality Middle-level Manpower. — To focus technical education and skills development on meeting the changing demands for quality middle-level manpower;
- c) Scientific and Technical Knowledge Base. — To encourage critical and creative thinking by disseminating the scientific and technical knowledge base of middle-level manpower development programs;
- d) Roles of Public and Private Institutions. — To recognize and encourage the complementary roles of public and private institutions in technical education and skills development and training systems; and
- e) Desirable Values. — To inculcate desirable values through the development of moral character, with emphasis on work ethic, self-discipline, self-reliance and nationalism.

**RULE II**  
**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT**  
**PLAN**

**SECTION 1.** Formulation of a Comprehensive Development Plan for Middle-Level Manpower. — The Technical Education and Skills Development Authority (TESDA) shall formulate a comprehensive development plan for middle-level manpower based on a national employment plan or policies for the optimum allocation, development and utilization of skilled workers for employment, entrepreneurship and technology development for economic and social growth, to be known as the National Technical Education and Skills Development Plan.

**SECTION 2.** President's Approval. — This plan after adoption by the TESDA Board, shall be updated periodically and submitted to the

President of the Philippines for approval. Thereafter, it shall be the plan for technical education and skills development for the entire country within the framework of the National Development Plan.

SECTION 3. Assistance of Private Sector and the Academe. — The TESDA Board shall direct the TESDA Secretariat to call on its member-agencies, the private sector and the academe to assist in the formulation of the plan.

SECTION 4. Reformed Industry-based Training Program. — The comprehensive plan shall provide for a reformed industry-based training program including apprenticeship, dual training system and other similar schemes intended to:

- a) provide maximum protection and welfare of the worker-trainee;
- b) improve the quality and relevance and social accountability of technical education and skills development;
- c) accelerate the employment-generation efforts of the government; and
- d) expand the range of opportunities for upward social mobility of the school going population beyond the traditional higher levels of formal education.

SECTION 5. Review and Endorsement of Agencies' Budgets. — All government and non-government agencies receiving financial and technical assistance from the government shall be required to formulate their respective annual agency technical education skills development plans in line with the national technical education and skills development plan. The budget to support such plans shall be subject to review and endorsement to the Department of Budget and Management by the TESDA.

SECTION 6. TESDA's Evaluation of Agencies' Programs. — The TESDA shall evaluate the efficiency and effectiveness of the agencies' skills development program and schemes to make them conform with

the quantitative and qualitative objectives of the national technical education and skills development plan.

SECTION 7. Submission of Reports to TESDA. — In such form as the TESDA may prescribe, the agencies mentioned in Section 5 hereof shall submit reports on how they have implemented their technical education and skills development plans annually to the TESDA or as often as it may require.

### **RULE III TESDA BOARD**

SECTION 1. Creation of the Technical Education and Skills Development Authority. — To implement the policy declared in the Act, a Technical Education and Skills Development Authority is created, (hereinafter referred to as the Authority or TESDA).

The Authority shall be composed of the TESDA Board as its governing body, and the TESDA Secretariat as its executive arm.

The TESDA shall replace and absorb the National Manpower and Youth Council (NMYC), the Bureau of Technical and Vocational Education (BTVE) and the personnel and functions pertaining to technical vocational education in the regional offices of the Department of Education, Culture and Sports (DECS), and the apprenticeship program of the Bureau of Local Employment of the Department of Labor and Employment.

SECTION 2. Composition of the TESDA Board. — The TESDA Board is composed of the following:

The Secretary of Labor and Employment	— Chairperson
Secretary of Education, Culture and Sports	— Co-Chairperson
Secretary of Trade and Industry	— Co-Chairperson
Secretary of Agriculture	— Member
Secretary of Internal and Local Government	— Member
Director General of the TESDA Secretariat	— Member

Private sector representatives appointed by the President:

- a) Two (2) representatives from the employer/industry organization, one of whom shall be a woman;
- b) Three (3) representatives from the labor sector, one of whom shall be a woman; and
- c) Two (2) representatives of national association of private technical/vocational education and training institutions, one of whom shall be a woman.

SECTION 3. Term of Office. — As soon as all the members of the private sector are appointed, they shall so organize themselves that the term of office of one-third (1/3) of their number shall expire every year. The members from the private sector appointed thereafter to fill vacancies caused by expiration of terms shall hold office for three (3) years.

SECTION 4. Change of Membership. — The President of the Philippines may revise the membership of the TESDA Board through an administrative order whenever the President deems it necessary for the effective performance of the Board's functions.

SECTION 5. Meetings, Emoluments. — The TESDA Board shall meet at least twice a year, or as frequently as may be deemed necessary by its Chairperson. In the absence of the Chairperson, a Co-Chairperson shall preside. In case any member of the Board representing the Government cannot attend the meeting, he or she shall be regularly represented by an Undersecretary or deputy-director general, as the case may be, to be designated by such member for the purpose.

The benefits, privileges and emoluments of the Board shall be consistent with existing laws and rules.

SECTION 6. Functions and Powers of the Board. —

- a) Functions. — The TESDA Board shall be primarily responsible for the formulation of continuing, coordinated and fully integrated technical education and skills

development policies, plans and programs taking into consideration the following:

- 1) the State policy declared in the Act of giving new direction and thrusts to efforts in developing the quality of Filipino human resources through technical education and skills development;
  - 2) the implementation of the above-mentioned policy requires the coordination and cooperation of policies, plans and programs of different concerned sectors of Philippine society;
  - 3) equal participation of representatives of industry groups, trade associations, employers, association of technical-vocational schools, workers and government shall be made the rule in order to ensure that urgent needs and recommendations are readily addressed; and
  - 4) improved linkages between industry, labor and government shall be given priority in the formulation of any national-level plan.
- b) Powers. — The TESDA Board shall have the following powers:
- 1) approve and promulgate, after due consultation with industry groups, trade associations, associations of technical-vocational schools, employers and workers the National Technical Education and Skills Development Plan for middle-level manpower and the policies, programs and guidelines as may be necessary for the effective implementation of the plan and of the Act;
  - 2) organize and constitute various standing committees, subsidiary groups, or technical working groups for efficient integration, coordination and monitoring technical education and skills development programs

at the national, regional, and local levels;

- 3) enter into, make, execute, perform and carry out domestic and foreign contracts subject to existing laws, rules and regulations;
- 4) restructure the entire sub-sector consisting of all institutions and programs involved in the promotion and development of middle-level manpower through upgrading, merger and phase-out following a user-led strategy;
- 5) approve trade skills standards and trade tests as established and conducted by private industries;
- 6) establish and administer a system of accreditation of both public and private institutions;
- 7) establish, develop and support trainors' training and/or programs;
- 8) lend support and encourage increasing utilization of the dual training system as provided for by Republic Act No. 7686;
- 9) exact reasonable fees and charges for such tests and training conducted and retain such earnings for the use of the TESDA, subject to guidelines promulgated by the TESDA Board;
- 10) allocate resources, based on the TESDA Secretariat's recommendation, for the programs and projects it shall undertake pursuant to an approved National Technical Education and Skills Development Plan;
- 11) determine and approve systematic funding schemes such as the Levy-and-Grant scheme for technical education and skills development purposes;

- 12) create, when deemed necessary, an Advisory Committee which shall provide expert and technical advice to the Board to be chosen from the academe and the private sector: Provided, that in case the Advisory Committee is, created, the Board is hereby authorized to set aside a portion of its appropriation for its operation;
- 13) create such offices as it may deem necessary to carry out objectives, policies and functions of the TESDA;
- 14) review and approve annual and other reports to the President on technical education and skills development;
- 15) manage and administer the TESDA Development Fund and formulate its implementing guidelines; and
- 16) perform such other duties and functions necessary to carry out the provisions of the Act.

#### **RULE IV TESDA SECRETARIAT**

**SECTION 1.** TESDA Secretariat. — The TESDA Secretariat, created under Section 10 of the Act, is composed of the Offices mentioned in this Rule.

**SECTION 2.** Functions and Responsibilities of the TESDA Secretariat. — The Secretariat shall have the following functions and responsibilities:

- a) to establish and maintain a planning process and formulate a national technical education and skills development plan in consultation with the member agencies and other concerned entities of the TESDA at various levels;
- b) to provide analytical inputs to policy and decision-making of the TESDA on allocation of resources and on institutional roles and responsibilities as shall be embodied in the



agencies annual technical education and skills development plans, in accordance with the manpower plan for middle-level skilled workers as approved by the TESDA Board;

- c) to recommend measures and implement the same upon approval by the TESDA Board, for the effective and efficient implementation of the national technical education and skills development plan;
- d) to propose to the TESDA Board the specific allocation of resources for the programs and projects it shall undertake pursuant to the approved national technical education and skills development plan;
- e) to submit to the TESDA Board periodic reports on the progress and accomplishment of work programs and on the implementation of plans and policies for technical education and skills development;
- f) to prepare for approval by the TESDA Board an annual report to the President on technical education and skills development;
- g) to implement and administer the apprenticeship program;
- h) to prepare and implement, upon approval by the TESDA Board programs for the training of trainers, supervisors, planners and managers;
- i) to enter into agreements to implement plans and programs approved by the TESDA Board and perform activities as shall implement the declared policy of the Act;
- j) to propose to the TESDA Board the policies and guidelines for the organization and constitution of the regional and local Technical Education and Skills Development Committees, industry boards and technical working groups, as may be deemed necessary, and after their approval, to implement such policies and guidelines: Provided, that the Director-General shall determine the composition of these

bodies subject to the guidelines adopted by the TESDA Board for the purpose;

- k) to review and endorse to the Department of Budget and Management in accordance with the guidelines approved by the TESDA Board the annual agency technical education and skills development plans of all government and non-government agencies receiving financial technical assistance from the government;
- l) upon proper delegation of authority from the TESDA Board, the TESDA Secretariat, thru the Director-General, shall also:
  - 1) review and recommend action to concerned authorities proposed technical assistance programs and grants-in-aid programs for the technical education and skills development, or both, including those which may be entered into between the Government of the Philippines and other nations, including international and foreign organizations both here and abroad.
  - 2) develop and administer appropriate incentive schemes to government and private industries and institutions to provide high quality technical education and skills development opportunities.
  - 3) set policies for technical education and skills development programs for regional and local-level implementation.
  - 4) direct and approve institutional arrangements with industry boards and such other bodies or associations for the direct participation of employers and workers in technical education and skills development including trade skills standardization and testing, apprenticeship and dual training system.
  - 5) hire the services of qualified consultants and private organizations for research work and publication in the field of technical education and skills development and

also avail itself of the services of other agencies of the Government as may be required.

- m) to perform such other functions and duties as may be assigned by the TESDA Board.

## **DIRECTOR-GENERAL**

**SECTION 3.** Director-General. — The TESDA Secretariat shall be headed by a Director-General, who shall likewise be a member of the TESDA Board. The Director-General shall enjoy the benefits, privileges and emoluments equivalent to the rank of Undersecretary. As Chief Executive Officer of the TESDA Secretariat the Director-General shall exercise general supervision and control over its technical and administrative personnel.

**SECTION 4.** Deputy Directors-General. — The Director-General shall be assisted by two (2) Deputy Directors-General, one to be responsible for Vocational and Technical Education and Training and one to be responsible for Policies and Planning. The Deputy Director-General shall enjoy the benefits, privileges and emoluments equivalent to the rank of Assistant Secretary.

**SECTION 5.** Chief of Services for Administration. — The Director-General shall also be assisted by a Chief of Services for Administration who shall be a Career Civil Service Official.

**SECTION 6.** Appointment of TESDA Officials and Personnel. — The President shall appoint the Director-General and the two Deputy Directors-General, upon recommendation of the TESDA Board. The President shall also appoint the heads of the regional offices. The Chief of Services for Administration shall be appointed by the TESDA board. The Director-General shall appoint an Executive-Director for each of the Offices under the two Deputy-Directors who shall have the rank and emoluments of Director IV. The Director-General shall also appoint such personnel as may be necessary to carry out the objectives, policies and functions of the TESDA subject to Civil Service laws, rules and regulations.

SECTION 7. Compliance with the Salaries Standardization Law. — The composition and emoluments of the officials and employees of the TESDA shall be in accordance with the salary standardization law and other applicable laws under the national compensation and classification plan.

SECTION 8. Continuous Assessment and Study. — The TESDA Secretariat shall conduct continuous assessment and study of the nature, behavior and the use of the country's stock of human resources and study areas directly or indirectly related to technical education and skills development. This, it shall do by:

- a) engaging directly in studies, researches and surveys; and
- b) engaging the services of duly recognized and competent individuals, groups of individuals, schools, universities or research institutions, through contracts, grants or any appropriate arrangement.

Documents, materials or whatever output or results obtained from the activities above shall form part of the property of the TESDA.

SECTION 9. Automatic Review; Recommendations to the President and Congress. — Every five (5) years, after the effectivity of the Act, an independent review panel composed of three (3) persons appointed by the President shall review the performance of the TESDA and shall make recommendations based on its findings to the President and to both Houses of Congress.

### **OFFICES OF THE TESDA SECRETARIAT**

SECTION 10. The Planning Office (PO). — The PO shall:

- a) design and establish planning processes and methodologies which will particularly enhance the efficiency of resource allocation decisions within the technical education and skills development sector;
- b) lead in the preparation and periodic updating of a national plan for technical education and skills development which

shall become the basis for resource allocation decisions within the sector;

- c) conduct researches, studies and develop information systems for effective and efficient planning and policy making within the sector;
- d) develop and implement programs and projects aimed at building up planning capabilities of various institutions within the sector; and
- e) perform such other powers and functions as may be authorized.

SECTION 11. Skills Standards and Certification Office (SSCO). — The SSCO shall:

- a) develop and establish a national system of skills standardization, testing and certification in the country;
- b) design, innovate and adopt processes and methodologies whereby industry groups and workers' guild take on progressively the responsibility of setting skills standards for identified occupational areas, and the local government units actively participate in promoting, skills standards, testing and certification;
- c) establish and implement a system of accrediting private enterprises, workers' associations and guilds and public institutions to serve as skills testing venues;
- d) conduct research and development on various occupational areas in order to recommend policies, rules and regulations for effective and efficient skills standardization, testing and certification system in the country; and
- e) perform such other duties and functions as may be authorized.

SECTION 12. National Institute for Technical Vocational Education and Training (NITVET). – The NITVET shall:

- a) serve as the research and development arm of the government in the field of technical-vocational education and training;
- b) develop curricula and program standards for various technical-vocational education and training areas;
- c) develop and implement an integrated program for continuing development of trainers, teachers and instructors within the technical education and skills development sector;
- d) develop programs and projects which will build up institutional capabilities within the sector; and
- e) perform such other powers and functions as may be authorized.

SECTION 13. Office of Formal Technical Vocational Education and Training (OFTVET). – The OFTVET shall:

- a) provide policies, measures and guidelines for effective and efficient administration of formal technical-vocational, education and training programs implemented by various institutions in the country;
- b) establish and maintain a system for accrediting, coordinating, integrating, monitoring and evaluating the different formal technical-vocational education and training programs *vis-a-vis* the approved national technical education and skills development plan;
- c) establish and maintain a network of institutions engaged in institutionalized technical-vocational education and training, particularly with local government units; and
- d) perform such other powers and functions as may be authorized.

**SECTION 14.** Office of the Non-Formal Technical-Vocational Education and Training (ONFTVET). — The ONFTVET shall:

- a) provide direction, policies and guidelines for effective implementation of non-formal community-based technical-vocational education and training;
- b) accredit, coordinate, monitor and evaluate various non-formal technical-vocational education and training programs implemented by various institutions, particularly by local government units;
- c) establish and maintain a network of institutions including local government units, non-government organizations implementing non-formal community-based technical-vocational education and training; and
- d) perform such other powers and functions as may be authorized.

**SECTION 15.** Office of Apprenticeship (OA). — The OA shall:

- a) provide direction, policies and guidelines on the implementation of the apprenticeship system;
- b) accredit, coordinate, monitor and evaluate all apprenticeship schemes and programs implemented by various institutions and enterprises;
- c) establish a network of institutions and enterprises conducting apprenticeship schemes and programs; and
- d) perform such other powers and functions as may be authorized.

### **REGIONAL AND PROVINCIAL TESDA OFFICES**

**SECTION 16.** Regional TESDA Offices. — The TESDA shall establish regional offices headed by Regional Directors with the rank

and emoluments of Director IV. The offices shall be under the direct control of the Director-General and shall:

- a) serve as Secretariat to Regional TESDA Committees;
- b) supervise, coordinate and integrate, thru its Provincial TESDA Offices, all technical education skills development programs, projects and related activities in their respective jurisdiction;
- c) develop and recommend TESDA programs for regional and local level a implementation within the policies set by the TESDA; and
- d) perform other duties and functions as may be authorized.

SECTION 17. Provincial TESDA Offices. — The TESDA shall also establish Provincial Offices headed by Skill Development Officers with the rank and emoluments of a Director III. These offices shall be under the direct control of the Director-General and shall:

- a) serve as Secretariat to Provincial TESDA Committees;
- b) provide technical assistance particularly to local government units for effective supervision, coordination, integration and monitoring of technical-vocational education and training programs within their localities; and
- c) review and recommend TESDA programs for implementation within their localities; and
- d) perform such other duties and functions as may authorized.

SECTION 18. Additional Offices. — The TESDA Secretariat may be further composed by such offices as may be deemed necessary by the TESDA Board.



## **RULE V TESDA COMMITTEES**

**SECTION 1.** Technical Education and Skills Development Committees. — The TESDA shall establish Technical Education and Skills Development Committees at the regional and local levels to coordinate and monitor the delivery of all technical education and skills development activities of the public and private sectors. The TESDA Board is authorized to set aside a portion of the appropriation of the TESDA for the operation of the TESDA Committees.

**SECTION 2.** TESDA Committees' Relations to Local Development Councils. — The TESDA Committees shall establish linkages with the appropriate regional and local development councils in order that they may likewise serve as the Technical Education and Skills Development Committees of the said development councils.

**SECTION 3.** Composition of TESDA Committees. — The composition of the Technical Education and Skills Development Committees shall be determined by the Director-General subject to the guidelines promulgated by the TESDA Board.

## **RULE VI PROGRAMS AND ACTIVITIES**

**SECTION 1.** Programs and Activities in Technical Education and Skills Development. —The TESDA shall accredit, coordinate, integrate, monitor and evaluate all the different formal and non-formal technical-vocational education and training programs pursuant to the goals and objectives of the Act.

Encouraging the active participation of the private sector, including industry groups, trade associations, employers and workers, and particularly private enterprises, the TESDA shall promote and strengthen the quality of these technical education and skills development programs:

- a) middle-level manpower development programs;

- b) vocational, administrative or training programs for the purpose of acquiring and developing job-related skills;
- c) programs and projects which will build up institutional capabilities within the sector;
- d) technical education and skills development programs at national, regional and local levels;
- e) formal technical-vocational education and training programs implemented by various institutions in the country;
- f) non-formal community based technical-vocational education and training programs;
- g) training programs and schemes focused on skills training for entrepreneur development and technology development, cost-effective training in occupational trades and related fields of employment and value development as an integral component of all skills training programs;
- h) training programs and schemes that include teacher's trainers' training and for the continuing development of trainers, teachers and instructors within the technical education and skills development sector; and
- i) programs for the training of supervisors, planners and managers.

**SECTION 2. User-Led or Market-Driven Strategy.** — Adopting a user-led or market-driven strategy, the TESDA shall promote strengthened linkages between educational/training institutions and industry to ensure that appropriate skills' and knowledge are provided by the educational system.

**SECTION 3. Apprenticeship and Learnership Programs.** — Using the abovementioned strategy, in accordance with existing laws, rules and regulations, the TESDA shall implement and administer reformed industry-based apprenticeship and learnership programs

which have been transferred from the Department of Labor and Employment to the TESDA by the Act.

SECTION 4. Dual Training System. — Also using the strategy mentioned in Section 2 hereof, the TESDA shall implement Republic Act No. 7686 otherwise known as the “Dual Training System Act of 1994” and lend support and encourage increasing utilization of the dual training system as provided for in the aforementioned Act.

SECTION 5. Administration of Training Programs. — The TESDA shall design and administer training programs and schemes that will develop the capabilities of public and private institutions to provide quality and cost effective technical education and skills development and related opportunities.

SECTION 6. Establishment and Administration of National Trade Skills Standards. — There shall be national occupational skills standards to be established by TESDA-accredited industry committees. The TESDA shall develop and implement a certification and accreditation program in which private groups and trade associations are accredited to conduct approved trade test, and the local government units to promote such trade testing activities in their respective areas in accordance with the guidelines to be set by the TESDA.

The Secretary of Labor and Employment shall determine the occupational trades for mandatory certification.

All certificates relating to the national trade skills testing and certification system shall be issued by the TESDA through its Secretariat.

SECTION 7. Industry Boards. — The TESDA shall establish effective and efficient institutional arrangements with industry boards and such other bodies or associations to provide direct participation of employers and workers in the design and implementation of skills development schemes, trade skills standardization and certification and such other functions in the fulfillment of the TESDA’s objectives.

**SECTION 8. Skills Development Centers.** — The TESDA shall strengthen the network of national, regional and local skills training centers for the purpose of promoting skills development.

This network shall include skills training centers in vocational and technical schools, technical institutions, polytechnic colleges, and all other duly accredited public and private dual system educational institutions. The technical education and skills development centers shall be administered and operated under such rules and regulations as may be established by the TESDA in accordance with the National Technical Education and Skills Development Plan.

**SECTION 9. Coordination of All Skills Training Schemes.** — In order to integrate the national skills development efforts, all technical education and skills training schemes as provided for in the Act shall be coordinated with the TESDA particularly those having to do with the setting of trade skills standards. For this purpose, existing technical education and skills training programs in the Government and in the private sector, specifically those wholly or partly financed with government funds, shall be reported to the TESDA which shall assess and evaluate such programs to ensure their efficiency and effectiveness.

**SECTION 10. Skills Development Opportunities.** — The TESDA shall design and implement an effective and efficient delivery system for quality technical education and skills development opportunities particularly in disadvantaged sectors, with new tools of wealth creation and with the capability to take on higher value-added gainful activities and to share equitably in productivity gains.

**SECTION 11. Devolution of TESDA's Training Function to Local Government.** — In establishing the delivery system provided for in the preceding Section, the TESDA shall formulate, implement and finance a specific plan to develop the capability of local government units to assume ultimately the responsibility for effectively providing community-based technical education and skills development opportunities. Provided, however, that there shall be formulated and implemented an effective and timely retraining of TESDA personnel that would be affected by the devolution to ensure their being

retained if the concerned local government units would not be able to absorb them.

## **RULE VII TECHNICAL AND VOCATIONAL SCHOOLS AND TRAINING CENTERS**

**SECTION 1.** Public Technical and Vocational Schools. — The public technical and vocational schools whose budgets are included in the TESDA budget per the annual General Appropriation Act, including those funded by local government, shall be under the supervision of the TESDA. The pertinent DECS Orders and Memoranda shall continue apply to said schools until they are modified or revoked by the TESDA Board.

**SECTION 2.** Private Technical and Vocational and Schools. — The private technical and vocational schools shall be subject to reasonable supervision by the TESDA, in accordance with the 1992 Manual of Regulations for Private Schools, particularly its Article IV. Supervision and Regulation of Private Schools and Article V. Accreditation, until the aforementioned regulations are modified or revoked by the TESDA Board.

**SECTION 3.** Training Centers. — In its supervision of the vision of the public and private training centers, the TESDA shall ensure that appropriate skills and knowledge are provided to industry by these training centers.

## **RULE VIII PROMOTION, ASSISTANCE, SCHOLARSHIP GRANTS AND INCENTIVES**

**SECTION 1.** Skills Olympics. — To promote quality skills development in the country and with the view of participating in international skills competitions, the TESDA, with the active participation of private industries, shall organize and conduct annual National Skills Olympics. The TESDA, through its secretariat, shall promulgate the necessary rules and guidelines for the effective and efficient conduct of Annual National Skills Olympics and for the country's participation in international skills olympics.

**SECTION 2.** Assistance to Employers and Organizations. — The TESDA shall assist any employer or organization engaged in skills training schemes designed to attain its objectives under rules and regulations which the TESDA shall establish for this purpose.

**SECTION 3.** Scholarship Grants. — The TESDA shall adopt a system of allocation and funding of scholarship grants which shall be responsive to the technical education and skills development needs of the different regions in the country.

**SECTION 4.** Incentives Schemes. — The TESDA shall develop and administer appropriate incentive schemes to encourage government and private industries and institutions to provide high-quality technical education and skills development opportunities.

**RULE IX**  
**FINANCING FOR TECHNICAL EDUCATION**  
**AND SKILLS DEVELOPMENT**

**SECTION 1.** TESDA Budget. — The amount necessary to finance the initial implementation of the Act shall be charged against the existing appropriations of the NMYC and the BTVE. Thereafter, such funds as may be necessary for the continued implementation of the Act shall be included in the annual General Appropriations Act.

**SECTION 2.** The TESDA Development Fund. — A TESDA Development Fund is established, to be managed, administered by the TESDA, the income from which shall be utilized exclusively in awarding of grants and providing assistance to schools, training institutions, industries, local government units for upgrading their capabilities, and to develop and implement technical education and skills development programs. The Fund shall be set up through:

- a) a one-time lump sum appropriation from the National Government;
- b) an annual contribution from the Overseas Workers Welfare Administration Fund, the amount of which should be part of the study on financing provided for in Section 4 of this Rule;

- c) donations, grants, endowments, and other bequests or gifts;  
and
- d) any other income generated by the TESDA.

SECTION 3. Administrator and Fund Manager. — The TESDA Board shall be the administrator of the Fund, and as such, shall formulate the necessary implementing guidelines for the management of the Fund, subject to the following: a) unless otherwise stipulated by the private donor, only earnings of private contributions shall be used; and b) no part of the seed capital of the Fund, including earnings, thereof, shall be used to underwrite expenses for administration.

The Board shall appoint a reputable government-accredited investment institution as Fund manager, subject to guidelines promulgated by the Board.

SECTION 4. Expert Group on Funding Scheme. — Within one (1) year after the organization of the TESDA, the TESDA Board shall commission an expert group on funding schemes for the TESDA Development Fund, the results of which shall be used as the basis for appropriate action by the Board.

SECTION 5. Levy and Grant Scheme. — The TESDA may determine and approve systematic funding schemes for technical education and skills development purposes such as a levy and grant scheme whereby there shall be legal contributions from participating employers who would be beneficiaries of the employee training programs (often as a percentage of the payroll) which contributions are subsequently turned over or rebated to enterprise offering such program.

SECTION 6. Fees and Charges. — The TESDA may exact reasonable fees and charges for such tests and training it may conduct and retain such earnings for its own use, subject to guidelines promulgated by the TESDA Board.

SECTION 7. Instructional Improvement Fund. — The instructional improvement fund in public technical-vocational schools and institutions shall be used for the expansion, upgrading or maintenance of school facilities, particularly machinery, equipment and other learning resources.

## **RULE X DEFINITION OF TERMS**

SECTION 1. Definition of Terms under the Act. —

“Apprentice” is a person undergoing training for an approved apprenticeable occupation during an established period assured by an apprenticeship agreement

“Apprenticeship” is training within employment with compulsory related theoretical instructions involving a contract between an apprentice and an employer on an approved apprenticeable occupation.

“Apprenticeship Agreement” is a contract wherein a prospective employer binds him to train the apprentice who in turn accepts the terms of training for a recognized apprenticeable occupation, emphasizing the rights, duties and responsibilities of each party.

“Apprenticeable Occupation” is an occupation officially endorsed by a tripartite body and approved for apprenticeship by the Authority.

“Dual System/Training” refers to a delivery system of quality technical and vocational education which requires training to be carried out alternately in two venues: In school and in the production plant. In-school training provides the trainee the theoretical foundation, basic training, guidance and human formation, while in-plant training develops his skills and proficiency in actual work conditions as it continues to inculcate personal discipline and work values.



“Learners” refer to person hired as trainees in semi-skilled and other industrial occupations which are non-apprenticeable. Learnership programs must be approved by the Authority;

“Levy-and-Grant System” refers to a legal contribution (often a percentage of the payroll) from participating employers who would be beneficiaries of a vocational or technical education or training program which is subsequently turned over or rebated to enterprises offering employee training programs;

“Middle-Level Manpower” refers to those:

- a) who have acquired practical skills and knowledge through formal or non-formal education and training equivalent to at least a secondary education but preferably a post-secondary education with a corresponding degree or diploma; or
- b) skilled workers who have become highly competent in their trade or craft as attested by industry;

“Private Enterprise” refers to an economic system under which property of all kinds can be privately owned and in which individuals, alone or in association with another, can embark on a business activity. This includes industrial, agricultural, agro-industrial or service establishments engaged in the production, manufacturing, processing, repacking, assembly, or production of goods.

“Skill” means the acquired and developed ability to carry out a task of job;

“Skills development” means the process through which learners and workers are systematically provided with learning opportunities to acquire or upgrade, or both, their ability, knowledge and behavior pattern required as qualifications for a job or range of jobs in a given occupational area.

“Technical Education” refers to the education process designed at post-secondary and lower tertiary levels, officially recognized

as non-degree programs aimed at preparing technicians, para-professionals and other categories of middle-level workers by providing them with a broad range of general education, theoretical, scientific and technological studies, and related job skills training.

“Trade” means any group of interrelated jobs or any occupation which is traditionally or officially recognized as craft or artisan in nature requiring specific qualifications that can be acquired through work experience and/or training.

“Trainees” are participants in a vocational, administrative or technical training program for the purpose of acquiring and developing job-related skills;

“Trainers” are persons who direct the practice of skills towards immediate improvement in some task.

“Trainers’ Trainers” are persons who provide training to trainers aimed at developing the latter’s capacities for imparting attitudes, knowledge, skills and behavior patterns required for specific jobs, tasks, occupations or group of related occupations.

“User-Led” or “Market Driven Strategy” refers to a strategy which promotes strengthened linkages between educational/training institutions and industry to ensure that appropriate skills and knowledge are provided by the educational system. Market-Driven Strategy relies principally on market forces to determine supply/demand ratios including the pricing of training and education.

## **RULE XI**

### **TRANSITORY AND FINAL PROVISIONS**

**SECTION 1.** Private Sector Representatives. — Within two (2) months after the approval of the Act, the President shall, in consultation with the Secretary of Labor and Employment and the Secretary of Education, Culture and Sports, appoint the private sector representatives of the TESDA Board.

SECTION 2. Appointment of the Director-General. — Within three (3) months after the appointment of the private sector representatives, the President shall, upon the recommendation of the Board, appoint the Director-General.

SECTION 3. Organizational Structure and Staffing Pattern. — Within four (4) months after the appointment of the Director-General, the Board shall convene to determine the organizational structure and staffing pattern of the TESDA.

SECTION 4. Personnel of Absorbed Agencies. — The personnel of the existing National Manpower and Youth Council (NMYC) of the Department of Labor and Employment and the Bureau of Technical and Vocational Education (BTVE) of the Department of Education, Culture and Sports, shall, in a holdover capacity continue to perform their respective duties and responsibilities and receive their corresponding salaries and benefits until such time when the organizational structure and staffing pattern of the TESDA shall have been approved by the Board: Provided, That the preparation and approval of the said new organizational structure and staffing pattern shall, as far as practicable, respect and ensure the security of tenure and seniority rights of affected government employees, as clarified in Sections 5, 6, and 7 of this Rule.

SECTION 5. Hold-over Capacity in Respective Duties and Responsibilities. — A position is composed of a set of duties and responsibilities. Thus even if the title of said position is changed or the salary therefor is upgraded, the absorbed personnel who is performing the duties and responsibilities shall continue to hold such position and receive the appropriate upgraded salary of said retitled position, in a hold-over capacity.

SECTION 6. Respecting and Insuring Security of Tenure. — As long as the duties and responsibilities of his position are needed by the TESDA, the absorbed personnel concerned shall not be forced to resign and be dismissed without just cause and without due process. If new and higher positions are created, the absorbed personnel who meets the qualification standards of the new position shall be given preference in the filling up of said position.

SECTION 7. Respecting Seniority Rights. — In filling up new positions, there shall be an open competition among the absorbed personnel taking into consideration their qualifications, performance and eligibility. If the absorbed personnel has to be retired under the provision of the next succeeding section, it is understood that his other previous service in the government shall be included or considered in the computation of his retirement benefits.

SECTION 8. Separation or Retirement Benefits. — Those personnel whose positions are not included in the new staffing pattern approved by the TESDA Board or who are not reappointed or who choose to be separated as a result of the reorganization shall be paid their separation or retirement benefits under existing laws.

SECTION 9. Consultation with Commission on Higher Education and the Appropriate Department for Basic Education. — Upon the consultation of the TESDA Board, the TESDA may work out with the Commission on Higher Education and the appropriate Department for Basic Education a system of cooperation and program management with respect to educational institutions offering basic tertiary and post secondary programs paying special attention to delineation of programs, functions, responsibilities, personnel and facilities.

SECTION 10. Existing Policies and Projects in Force until Revoked. — All policies and projects of the agencies replaced and absorbed by the TESDA involving technical education and skills development programs shall remain in force unless or until modified or revoked by these Rules or by the TESDA.

SECTION 11. Permits and Certificates. — All permits, certificates of recognition, and other certificates issued by the agencies replaced and absorbed by the TESDA prior to these Rules affecting technical education and skills development shall continue to be in force and in effect. However, further action on such permits and certificates shall henceforth be undertaken by the TESDA.

SECTION 12. Separability Clause. — If any provision of these Rules is held invalid or unconstitutional, any other provision not so affected shall continue to be valid and effective.

SECTION 13. Repealing Clause. — Any law, presidential decree, executive order, letter of instruction, and its rules and regulations, or any part thereof, which is inconsistent with any of the provisions of the Act and these Rules is hereby repealed or amended accordingly.

SECTION 14. Effectivity Clause. — These Rules shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

SECTION 15. Issuances on Policies and Guidelines After Effectivity of the Rules. — The TESDA Board shall, after due consultations as required by Section 5, paragraph 1 of the Act, promulgate from time to time issuances on policies and guidelines for the effective implementation of these Rules and Regulations.

***DONE in Manila, Republic of the Philippines this 18<sup>th</sup> day of January 1995.***