



# Policy Brief

SENATE ECONOMIC PLANNING OFFICE

August 2024

PB-24-03

## Empowering Futures: Enhancing Enterprise-Based Training in the Philippines

### I. Introduction

*Job-skills mismatch significantly impacts the Filipino workforce, contributing to the country's dismal labor situation. Enterprise-based training (EBT) has emerged as a pivotal solution to enhance employability. However, to maximize its potential and address ongoing challenges, it is essential to revisit, strengthen, and harmonize EBT programs.*

Addressing youth unemployment remains a significant challenge in the Philippines. In 2023, the youth unemployment rate stood at 11.1 percent, equivalent to 735,800 young individuals. This is more than double the national unemployment rate of 4.2 percent that year. In addition, youth underemployment rate stood at 12 percent. Research shows that this is largely fueled by the mismatch between the skills possessed by individuals and the corresponding work opportunities available to them.

Many young Filipinos face delays and uncertainty in transitioning from school to work. On average, it takes four years for a high school graduate and two years for a college graduate to secure permanent wage jobs (ADB, 2019). These figures are concerning because early labor market experience can affect the trajectory of their careers (OECD, 2010). The longer job seekers remain unemployed, the higher the chance of skills erosion, which reduces employability. Initiatives that enhance skill development and facilitate a smooth transition from school to work are crucial in propelling aspiring individuals towards meaningful and sustainable careers. Enterprise-based trainings (EBT) have been widely recognized as an effective tool for this transition.

EBT programs are Technical and Vocational Education and Training (TVET) programs implemented within companies and firms. These programs aim to ensure the availability of qualified skilled workers based on industry requirements and emerging trends in the labor market. These programs were implemented to enable young people to develop job-specific and general skills to help improve youth employability and reduce job mismatch. However, in light of evolving industry demands, it has become imperative to strengthen, rationalize, and harmonize the EBT framework in the country to align it with contemporary demands and promote it as an effective mechanism in addressing jobs-skill mismatch, unemployment, and underemployment. The proposed measure is part of the Philippine Development Plan 2023-2028 legislative agenda and one of the priority measures of the Legislative-Executive Development Advisory Council (LEDAC) in the 19<sup>th</sup> Congress.

The primary aim of this paper is to (i) present the costs and benefits of EBT on enterprises, learners, and the economy; (ii) examine international work-based learning programs; (iii) analyze the EBT program implementation in the Philippines; and (iv) recommend key considerations in enhancing EBT.



The SEPO Policy Brief, a publication of the Senate Economic Planning Office, provides analysis and discussion on important socio-economic issues as inputs to the work of Senators and Senate Officials. The SEPO Policy Brief is also available at [www.senate.gov.ph](http://www.senate.gov.ph).

## II. Costs and Benefits of EBT or Work-Based Learning

Enterprise-based training (EBT) and work-based learning (WBL) are synonymous concepts often used interchangeably. While there is no single definition of WBL, it focuses on learning in a work context and through practical experience. In its broadest definition, it encompasses all forms of learning<sup>1</sup> in real work situations (ILO, 2022). Most common forms of WBL are apprenticeship, internship, Dual Training System (DTS) and on-the-job training, which will be discussed in detail in the fourth section of the paper.

Both the employers and trainees incur costs while also reaping benefits from participating in WBL programs. Understanding these costs and benefits is fundamental in promoting EBT as a viable pathway for skills development and employment.

**On Learners.** Participating in the program often entails costs for learners, including expenses for transportation, board and lodging, and meal allowances, and the opportunity cost of potential wages foregone during the training period. Nevertheless, EBT offers valuable opportunities for individuals to earn while learning. It equips them with essential knowledge, hands-on experience, and job-ready skills and competencies required to carry out a specific occupation. It allows for the development of manpower resource, where skills such as problem-solving and conflict management are effectively developed than in off-the-job situations like classrooms or simulated work environment (OECD, 2010; Brewer, 2013).

EBT can ease the path into employment for young people. It opens doors to being absorbed by the company allowing them to save time and money from the job search and training. A longitudinal analyses of teenage career readiness have shown that providing them with opportunities to learn through work is a promising strategy for easing youth's transition from education to the workforce (Covacevich et al., 2021). The Philippine Chamber of Commerce and Industry (PCCI) (2016) approximated that one in every three DTS trainees secured employment with the firm that provided their training.

Multiple studies likewise confirm that completing an apprenticeship substantially enhances overall labor market outcomes for young people. Even when the training firm does not absorb them, apprentices have higher chances of employability due to their acquired knowledge, skills, and experience. Swisscontact (2019) observed that employers have a preference for recruiting apprenticeship graduates. Similarly, ILO (2014) noted that young individuals who went through an apprenticeship program exhibited higher-than-average rates of employment.

EBT's benefits extend beyond young job seekers. It offers significant value to a wider range of workers, including those who are currently employed but desire new or upgraded technical skills for higher-paying opportunities or promotions. EBT can provide a flexible and cost-effective way to upskill without interrupting their current income, bridging the skill gap for career advancement.

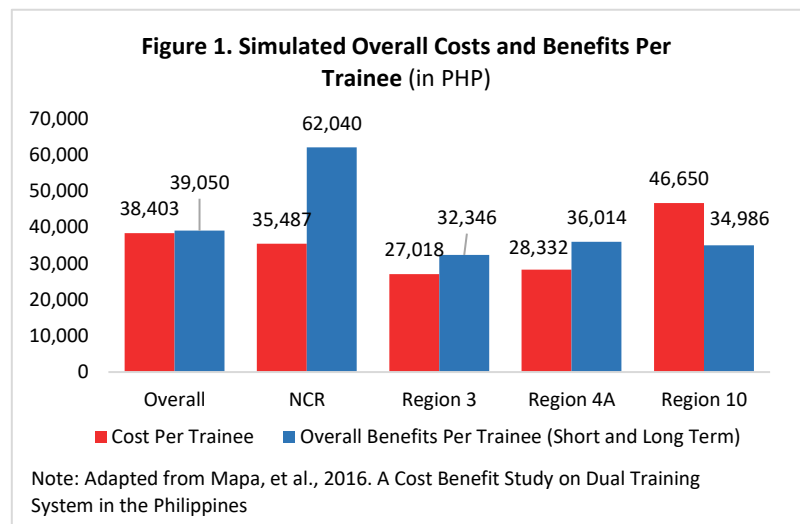
**On Enterprises.** The EBT program places a financial commitment on employers, and the decision to engage in EBT programs largely hinges on the cost-benefit ratio of such an investment. Costs may include wages/stipends, social contributions, insurance coverage, training materials, equipment, workspace, recruitment, administrative expenses, and mentor or trainer supervision.

Enterprises can reap substantial returns on their investment, which may include increased productivity, skill alignment with industry needs, grooming of potential employees, savings on

recruitment costs, and financial incentives (tax deductions, subsidies, or vouchers). These benefits are perceived to be key motivating factors for companies to partake in EBT.

EBT enables better matching of worker skill profiles and company-specific skill requirements. This ensures that trainees acquire the required skills and competencies that are directly relevant to the needs of the enterprise or industry. This improved skill-matching benefits both trainees, who gain relevant expertise, and companies, which can harness a more skilled and adaptable workforce.

Empirical evidence shows that in a well-functioning work-based training program, enterprises can recoup their investments by the end of the training period. The cost-benefit analysis conducted by Mapa et al. (2016) on the DTS revealed that overall benefits of the program outweigh the costs, with short-term benefits being most significant for large firms followed by medium-sized firms. Based on their simulations, the combined short- and long-term benefits in NCR,



Regions 3 and 4A are greater than the aggregate costs (see Figure 2). Furthermore, the combined short- and long-term benefits outweighed the overall training costs for firms in the manufacturing and hospitality sectors, particularly for large- and medium-sized firms. However, microenterprises incurred the highest average training costs. In contrast, in Region 10, the overall costs outweigh the combined short- and long-term benefits due to the high cost of training materials and the composition of the firms, most of which are micro-enterprises and small-sized companies.

PCCI's study further revealed a substantial productivity difference between enterprise-based trained workers and externally hired workers. The latter face an adjustment period and may not attain the productivity level of trainees who are already familiar with the company's work processes. This is affirmed by other studies citing that absorption of apprentices into the company enables cost savings in the recruitment and training, reduced risks of hiring unsuitable employees, and enhanced staff loyalty (Swisscontact, 2019).

**On the economy.** For the government, the cost of supporting EBT includes administrative expenses, financing of training, capability building programs, incentive mechanisms, monitoring and evaluation processes, promotional efforts, and regulatory compliance efforts. Governments bear these expenses under the belief that EBT can yield significant economic benefits. There is international consensus that high labor productivity is vital for economic growth. Investing in the skills of the working-age population and improving skills matching can enhance not only enterprise productivity but also the country's overall productivity and competitiveness.

Moreover, studies have found negative correlation between apprenticeship prevalence and youth unemployment rates (ILO, 2014). Apprenticeships can improve the alignment between the supply and demand of skills. By ensuring that skills and competencies are up to date and relevant to the demands of the labor market, apprenticeships can help improve the employment prospects of young people.

### III. Work-Based Learning in Various Countries

WBL equips workers with the knowledge, skills, and attitudes needed to adapt to evolving work environment. This not only reduces skills gaps and fosters a culture of lifelong learning but also elevates the overall skill level of the workforce. WBL further acts as a bridge for transitioning individuals into gainful employment. These advantages translate to increased productivity and competitiveness for businesses.

WBL programs have been adopted by several countries, each employing various key practices from which the Philippines can learn. To illustrate concrete examples of how WBL principles are implemented in practice across different countries, apprenticeship practices are highlighted below. Apprenticeship is considered an effective form of WBL, which involve structured on-the-job training under the guidance of experienced mentors.

**Incentives to employers.** Many countries employ a mix of incentives, including subsidies, vouchers, and tax benefits, to boost employer participation. For instance, Australia, Austria, and the Netherlands offer subsidies to encourage employers to engage in apprenticeships. These countries strategically allocate financial incentives to key industries such as aged care, childcare, nursing, and disability care, ensuring these sectors have access to the skilled workforce necessary to meet their increasing demands. In Brazil, medium and large firms that hire apprentices, benefit from tax breaks as part of the government's efforts to incentivize their involvement in the program.

**Support to trainees.** Many countries support trainees participating in WBL programs, including apprenticeships by providing financial assistance and addressing logistical challenges. Australia offers allowances to apprentices who face geographical challenges during their training, particularly when they have to reside far away from their parents or guardians. In Latin America, out-of-school trainees can receive government stipends or scholarships, covering expenses such as transportation, food and learning materials while employers shoulder training costs including wages, transportation, social security, and other training-related expenses.

**Strong industry involvement.** In Germany, Switzerland, and Austria, industries wield significant influence over training content and occupational standards. To ensure that training needs and requirements of labor market actors are effectively conveyed to policymakers, industry representatives are actively engaged in the development of competence requirements and assessment and development of curriculum content. They likewise hold statutory positions in the regulation and quality control of apprenticeships, as well as certification processes. WBL in Malaysia likewise emphasizes collaborative curriculum development with industry advisors. This collaborative approach guarantees learning outcomes are fully understood and accepted by industry, ultimately optimizing the WBL experience for students.

**Skills needs determination.** Countries like Australia have implemented dynamic programs like the National Skills Needs List, which analyzes labor market data, job vacancy trends, and stakeholder consultations to identify occupations facing skills shortages. This ensures the training system remains responsive to the changing labor market. Furthermore, several countries (e.g. Austria, Germany, Korea, Ireland, Switzerland, and the United States) have utilized national skills strategies to facilitate dialogue on skills needs across different sectors.

**Remuneration.** In some countries, apprenticeship remuneration is a proportion of the minimum wage, which is also contingent upon the age, skill level, and progress within the apprenticeship. Wages progressively increase as apprentices advance through the program. In India, apprentices receive compensation ranging from 70 to 90 percent of the minimum wage, which is determined by their skill

level and year in the program. Similarly, apprentices receive payments ranging from 25 to 78 percent of the minimum wage in France and 30 to 80 percent in Norway, depending on their year in the program. In Bangladesh, the compensation is determined through consultation with the employer and the Bureau of Manpower Employment and Training, taking into account the work level. The rates should not be less than 25 percent of a typical employee's salary in the relevant trade.

**Duration.** Training programs in various countries, like Germany, Singapore, and Sri Lanka, can extend beyond a year, ranging up to four or five years depending on the specific program.

**Promotion.** Several countries showcase successful strategies for promoting WBL through apprenticeship initiatives. The US leverages ApprenticeshipUSA, a central online hub connecting over 150,000 employers with job seekers in 1,000+ occupations. It uses success stories and toolkits to highlight benefits for employers, workers, and the workforce as a whole. Similarly, Australia's Apprenticeships Ambassadors Program utilizes media and public relations to promote apprenticeship to students, parents, and businesses. This program expands reach with a website, physical events, and an interactive map to connect with ambassadors, while also offering accessible online content.

#### IV. EBT Program Implementation in the Philippines

TVET offers practical skills and knowledge for various careers through different delivery modes: community-based training (CBT),<sup>2</sup> institution-based training (IBT),<sup>3</sup> enterprise-based training (EBT),<sup>4</sup> and monitored training.<sup>5</sup> Among these modes of delivery, EBT is considered the most responsive to industry needs as it tends to be practical, exhibits close linkages with enterprise requirements, and provides means for continuous learning and adaptation to new technologies (ADB, 2021). It has also been touted as the solution to job-skill mismatch because of its demand-driven nature, meaning that EBT programs are designed in direct response to the specific needs and requirements of employers and industries.

Several studies (Lanzona, 2008; di Gropello et al., 2010; and Orbeta and Abrigo, 2011) argue that EBT should be the preferred training delivery of Technical Education and Skills Development Authority (TESDA) as its primary advantage lies in its ability to enhance the likelihood of trainees in securing employment. According to the 2021 Study on the Employment of

**Table 1. Employment Rate of TESDA Graduates by Delivery Mode**

Delivery Mode	Survey Round					AVE
	2017	2018	2019	2020	2021	
Institution-based	73.2	69.6	83.7	69.5	76.7	74.5
Community-based	70.0	66.2	85.8	71.7	82.5	75.2
Enterprise-based	71.5	73.3	67.2	74.2	78.5	72.9

Source: TESDA SETG

TVET Graduates (SETG), EBT graduates achieved a strong employment rate of 78.51%. However, between 2017 and 2021, their average employment rate was only 72.9%, lagging behind CBT and IBT graduates.

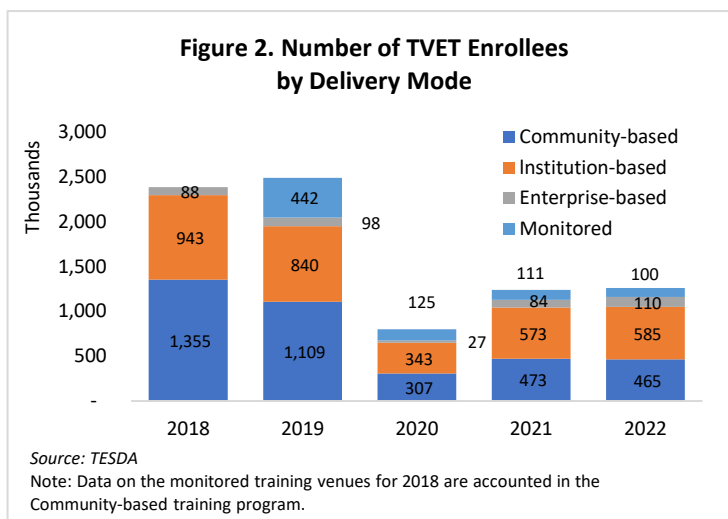
<sup>2</sup> CBT refers to TVET programs intended to address the specific needs of the community. Training programs may be delivered in an informal or formal setting in the community.

<sup>3</sup> IBT refers to TESDA-registered programs delivered in the institution or through the different flexible learning modalities by the following: TESDA Technology Institutions (TTIs), Private TVIs, Higher Education Institutions (HEIs), Public TVIs such as State Universities and Colleges (SUCs), Local Colleges and Universities (LUCs) and Training centers established by the Local Government Unit (LGU).

<sup>4</sup> EBT refers to TVET programs delivered in the enterprise which maybe in-plant, stand-alone, or may be linked with a training provider. These programs are offered to an industry group or to enterprises employees and individuals.

<sup>5</sup> Monitored training is a recently added category, which includes skills training programs conducted by other national government agencies.

The National Technical Education and Skills Development Plan of 2018–2022 aimed to increase EBT share of enrolment from 4% in 2016 to 40% by 2022. Despite the emphasis on EBT, it only accounted for a meager 8.7 percent (110,237) of enrollees as enterprise-based trainings did not entice enough industry players to participate. This may be due to (a) issues on the provisions of the law, such as the difficulty in availing of tax exemptions and duration of training, etc., and (b) the economic decline, affecting numerous industries, including those participating in the program.



EBT encompasses various programs, with Learnership programs, Dual Training System, and Apprenticeships being the main modalities.<sup>6</sup> Learnership focuses on training in semi-skilled industries without the need for supplemental theoretical instruction. DTS combines practical and theoretical training, which takes place alternately in two venues: the school or training center and the company or workshop. Apprenticeships are distinguished by their focus on developing high-level technical skills. The structured blend of theoretical and practical training equips apprentices with the expertise needed in specialized fields, such as aircraft and automobile mechanics.

**Table 2. Comparison of Enterprise-Based Training Modalities**

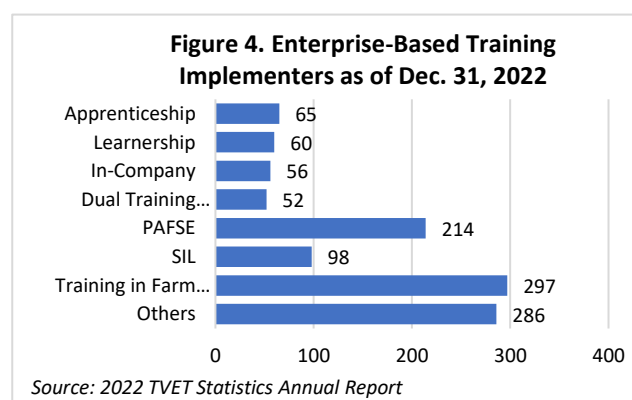
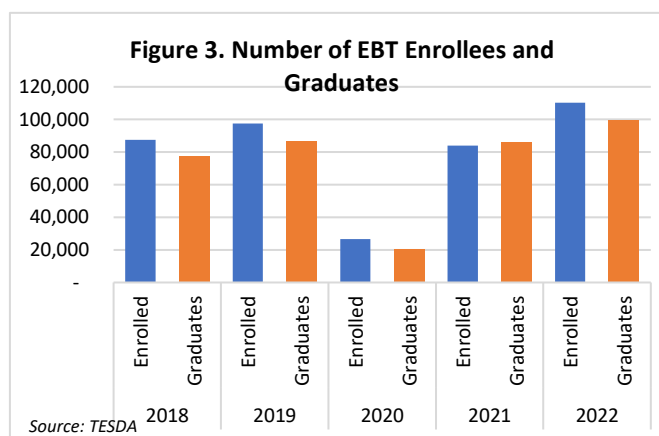
	<b>Learnership</b>	<b>Dual Training System</b>	<b>Apprenticeship</b>
<b>Legal Basis</b>	Labor Code; RA 7796 (TESDA Act); TESDA Circular 120, s. 2020	RA 7686 (Dual Training Act); TESDA Circular 31, s. 2012	Labor Code; RA 7796 (TESDA Act); TESDA Circular 120, s. 2020
<b>Oversight Agency</b>	TESDA	TESDA	TESDA
<b>Skills Imparted to Trainees</b>	Semi-skilled and in non-apprenticeable occupations (e.g., hairdressing, beauty care services)	General technical and vocational occupations (e.g. food and beverage services, electronics technology)	Highly technical occupations (e.g., automotive servicing, chemical process operations)
<b>Age of Trainee</b>	Minimum of 15 years old	Minimum of 15 years old	Minimum of 15 years old
<b>Training Duration</b>	Maximum of three months	Depends on agreement of the parties and approved by TESDA	Three to six months
<b>With Written Agreement?</b>	Yes	Yes	Yes
<b>Wages</b>	Not less than 75% of the minimum wage	Not less than 75% of the minimum wage	Not less than 75% of the minimum wage
<b>Incentive to Participating Enterprise</b>	Additional deduction from taxable income of ½ of the value of labor training expenses incurred, provided that such deduction shall not exceed 10% of the direct labor wage and that	(a) Tax deduction of 50% of the actual system expenses paid to the Accredited DTS Educational Institution for the establishment trainees. However, such expenses shall not exceed 5% of their total direct labor expenses	Additional deduction from taxable income of ½ of the value of labor training expenses incurred, provided that such deduction shall not exceed 10% of the direct labor wage and that apprentices

6



	<p>apprentices will be paid the minimum wage</p>	<p>but in no case to exceed PHP 25,000,000 a year;          (b) Donation, contribution, bequest, subsidy, or financial aid actually paid or made for the operation of the system within the taxable year shall also be deductible for income tax purposes in an amount not in excess of 3% of the taxable business income of the establishment computed without benefit of the deduction;          (c) Exemption from donor's tax, provided, however, that not more than 30% of said gifts shall be used by the System for administration purposes pursuant to Section 94(a) of the National Internal Revenue Council (NIRC), as amended.</p>	<p>will be paid the minimum wage</p>
--	--	---	--------------------------------------

In 2020, the number of EBT enrollees and graduates dipped significantly due to the COVID-19 pandemic. Nonetheless, the disruptions appear to be temporary as there was a moderate increase in 2021 and 2022. In 2022, EBT saw a total of 110,237 enrollees, 55.9 percent of which are female. However, concerns remain about EBT's accessibility. Region X has the highest share of EBT enrollment (12.9%), followed by Region III (10%), and Region IV-A (8.4%) while BARMM (0.5%) has the lowest share in total enrollment for 2022. The distribution of EBT implementers reflects this concentration. Of 1,128 EBT implementers, as of December 31, 2022, 26.3 percent belongs to training in farm school/enterprises and 19 percent in Program on accelerating farm school establishment (PAFSE). Apprenticeship implementers, which constitute 5.8 percent of the total are mostly concentrated in highly industrialized regions such as Region IV-A and Region III. These figures highlight the need for targeted strategies to expand EBT opportunities across all regions and prepare the workforce for the demands of Industry 4.0<sup>7</sup>.



<sup>7</sup> Industry 4.0 or the Fourth Industrial Revolution refer to the current era of connectivity, advanced analytics, automation, and advanced-manufacturing technology that has been transforming global business for years.

## V. Issues and Challenges

Despite its potential, EBT faces a multitude of issues and challenges that can hinder its effectiveness. This section will delve into these challenges, exploring the factors that can limit the success of EBT programs.

- 1. Limited industry involvement.** The limited involvement of the industry in the design and implementation of responsive competency standards and training programs raises the risk of the program not being adequately aligned with the real-world needs of industries. While industry boards exist, the NTESDP 2018-2022 identified lack of cooperation in key areas like labor market information and assessment certification. This impedes TESDA's ability to tailor EBT programs to industry needs and incorporate the latest trends, technologies, and skill requirements. Industry insights on job demands and skill gaps are vital for TESDA to tailor EBT programs, while collaborating on assessment tools and criteria ensures certifications accurately reflect industry expectations.
- 2. Inconsistent and complex EBT guidelines** create a significant hurdle for companies, discouraging potential participation and hindering program adoption. Moreover, EBT training modalities lack clear categorization. Some are defined by law (apprenticeship, dual training system, learnership), while others rely on TESDA circulars (dualized training program, supervised industry learning, PAFSE). This inconsistency adds another layer of confusion.
- 3. Lack of attractive incentives.** Existing incentive programs might not be sufficiently attractive or well-structured to motivate companies to invest in EBT. A prime example is the DTS law which offers tax deductions for training expenses (see Table 2 for the comparative matrix of training modalities). However, EDCOM II<sup>8</sup> found that no company has availed of these tax breaks since 1996. Enterprises consulted expressed confusion on how to avail of EBT incentives, citing lack of clear guidelines and a tedious application process. Orbeta and Esguerra (2016) similarly suggest potential "incentive incompatibility" issues within EBT.
- 4. Challenges in Promoting EBT.** Another critical issue is the lack of effective promotion and marketing for these incentives. While there are efforts by TESDA to strengthen industry collaboration and intensify EBT promotional activities such as the "EBT to the Max" campaign, a recent PIDS study (Generalao et al., 2024) revealed that most TVET stakeholders, including businesses and industry associations, are still largely unaware of EBT incentives, both financial and non-financial.
- 5. Restrictive benefit system.** The Labor Code provides that enterprises may avail of additional tax deductions, provided they satisfy all the requirements. Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law adds another condition, requiring EBT trainees to be enrolled in public senior high school, public higher education institutions, or public Technical Vocational Institutions (TVIs). The law, however, does not include trainees enrolled in private educational institutions which creates an uneven playing field.
- 6. Shortage of qualified manpower.** EDCOM II (2024) consultations revealed limitations in enterprise manpower, with businesses citing both supervisor workload and a lack of qualified personnel to guide trainees. This shortage is further exacerbated by competition from public

---

<sup>8</sup> EDCOM II discussion held at UP BGC on February 21, 2024



technical training institutes and senior high schools with technical-vocational-livelihood (TVL) tracks, competing for talent and attracting instructors away from EBT programs. The K to 12 program transition has also contributed to the scarcity. EDCOM II (2024) identified a need for over 11,000 additional assessors, highlighting a critical gap that hinders not only EBT delivery but also skills recognition for TVET graduates.

- 7. Lengthy TR Development Process.** During EDCOM II (2023) consultations, stakeholders called for faster program registration and the removal of redundant government processes in the formulation, validation, approval, and updating of TRs. The slow approval process, taking two to three years, contributes to low program uptake and results in outdated TR that do not meet industry needs. This delay is due to the infrequent meetings of the approving bodies: the Standards Setting and Systems Development Committee (SSSDC) meets four times a month, while the TESDA board, which has the final say, meets only once or twice a year.
- 8. Training Duration.** EBT training modalities employ varying training duration (e.g. Learnership – maximum of 3 months; DTS - depends on agreement of the parties and approved by TESDA; Apprenticeship – 3-6 months). Restrictions on training duration could constrain the potential benefits that can be derived from the training program (ADB, 2017). Various studies have shown that the productivity of apprentice increases over time, and the likelihood of recouping the training costs increases the longer apprentices stay in training. Based on empirical evidence, combined short-term and long-term benefits are higher when the training duration is more than 3 months. Similarly, firms with less than 3 months of training have the lowest average benefits as percentage of costs (ADB, 2019).
- 9. Unregistered Programs.** A significant portion of EBT graduates (11.1% according to PIDS, 2024) complete programs that are not registered with TESDA's Unified TVET Program Registration and Accreditation System (UTPRAS) (PIDS, 2024). These unregistered programs lack official recognition hence the credentials gained are ineligible for TESDA certification, authentication, or verification.

The abovementioned numerous challenges collectively reduce program relevance, decrease participation rates, and limit the impact of EBT on workforce development. Addressing these issues through stronger industry collaboration, streamlined processes, and improved incentives is essential to unlock the full potential of EBT programs.

## **VI. Analysis of the Proposed Enterprise-Based Education and Training (EBET) Framework Act and Some Recommendations**

Senate Bill No. (SBN) 2587 under Committee Report no. 213 was filed by Senators Joel Villanueva, Francis Escudero, Win Gatchalian, Cynthia Villar, Raffy Tulfo, and Manuel Lapid in substitution of SBN 363 and taking into consideration House Bill No. (HBN) 7400 with the aim of strengthening EBT in the Philippines.

The proposed measure intends to address job-skills mismatch by bridging jobseekers to potential employers through enterprise-based education and training (EBET). It seeks to promote skills acquisition and youth employment, developing skilled human resources to help meet labor market demands. The bill emphasizes enhancing private sector participation as an indispensable partner in this effort. Additionally, it aims to rationalize and harmonize the various EBT modalities under one framework, ultimately promoting the growth of training opportunities in the country.

The following highlights key areas for consideration on the proposed EBET Framework Act:

1. **Harmonized EBT Programs.** Creating a more standardized approach to EBT programs would not only streamline training delivery but also reduce confusion among stakeholders. This underscores the need for a thorough review of the DTS and Apprenticeship laws. However, it's important to acknowledge the unique needs of different industries and technologies. A more balanced approach might involve creating core EBT program structures while allowing for customization based on specific industry requirements. This is necessary in ensuring it remains responsive to the evolving demands of technology, industries, and the world of work.
2. **Theoretical Instruction.** The proposal to include mandatory theoretical instruction in all EBT programs has merit. A strong theoretical foundation can enhance practical skills by providing a deeper understanding of the underlying concepts (the "why" behind the "how"). However, overemphasis on theory could lead to less time dedicated to practical skill development, which is critical for many EBT programs, such as Learnership which focuses on training in semi-skilled industries without the need for supplemental theoretical instruction. Conducting thorough needs assessments for each EBT program can help determine the appropriate balance between theoretical and practical components.
3. **Coverage Provision** clearly outlines which programs are exempt from the Act, preventing confusion for program providers and participants. The possibility of including training programs for regulated professions under the EBET framework expands the scope and reach of the program. However, there is a need to clearly define the process for determining and enforcing the alignment of EBT programs with competencies required for regulated professions. This could involve joint competency frameworks<sup>9</sup> or standardized assessments<sup>10</sup>. Additionally, there is a need to conduct a thorough mapping of existing training programs under different agencies to identify potential overlaps and ensure EBT programs complement, rather than duplicate, existing structures.
4. **EBT Program Registration.** Mandatory program registration with TESDA ensures EBT programs meet minimum quality standards and adhere to a competency-based system. However, the EDCOM II report (2024) highlights the need to streamline this process. Stakeholders suggest TESDA simplify and digitize registration to reduce paperwork and eliminate redundant steps, possibly using online platforms for submissions and reviews. Current penalties for unregistered programs under the Education Act of 1982 which include fines ranging from PhP2,000-10,000 or imprisonment for up to two years should also be reviewed. This is to determine if they are sufficient deterrents or if there is a need to increase fines or consider business license suspensions for repeat offenders. Additionally, creating a publicly accessible database of registered programs would allow easy verification of program legitimacy for companies and trainees.
5. **Duration of EBT Program.** The bill links program duration directly to the complexity of competencies, which shall not exceed three years, ensuring sufficient time for learning. This ensures programs are tailored to the specific learning needs of different industries and occupations and prevents excessively long programs that might not be needed for competency development. However, clear guidelines for classifying skill complexity are needed to avoid subjective interpretations and to provide guidance in setting appropriate program durations. To address the opportunity cost (loss of potential wages) associated with long programs, a

---

<sup>9</sup> A joint competency framework is a collaboratively developed document outlining the specific skills, knowledge, and behaviors (competencies) required for success in a particular occupation or industry.

<sup>10</sup> Standardized assessments are designed to consistently measure an individual's competency against a pre-defined framework.

competency-based allowance structure may be explored. This system would link compensation to both program duration and the trainee's acquired skills, offering higher remuneration for extended EBT programs with advanced skill development.

6. **Grievance Mechanism.** The establishment of an EBET Committee, comprising of representatives from the employees and management, offers a valuable platform for resolving grievances within enterprises. To maximize its effectiveness, training on EBT programs, labor laws, regulations, and dispute resolution is essential for committee members. Beyond resolving disputes, the committee can play a vital role in overseeing program implementation within the enterprise, fostering collaboration, and balancing trainee and enterprise interests. However, in cases of unresolved disputes, an escalation mechanism to the TESDA Secretariat can ensure access to higher-level expertise and impartiality in complex cases. Establishing clear and accessible guidelines for filing complaints and the resolution process is essential. This process should be transparent, outlining timelines for response and resolution to hold all parties accountable.
7. **Mandatory Implementation.** The bill provides authority to the president to impose compulsory EBT in certain sectors in response to national security needs or to meet specific economic development needs. This can help address skills gaps and ensure a qualified workforce. However, implementing EBT programs involves administrative tasks and requires resources for training development, program administration, and trainer compensation. This can impose a financial and administrative burden on some companies. Therefore, options for financial or administrative support to companies implementing mandatory EBT should be explored. Moreover, emphasis should be placed on ensuring EBT programs are effective in equipping trainees with relevant skills. Ensuring EBT programs effectively equip trainees with relevant skills requires a mechanism for assessing their effectiveness, as mandatory implementation alone may lead to subpar training designed merely to meet compliance requirements.

Encouraging EBT programs in enterprises with foreign workers has the potential to facilitate knowledge and technology transfer and upskilling the local workforce. However, addressing language barriers is vital. The development of EBT programs with appropriate language support is encouraged for effective knowledge transfer.

8. **Donations to TVI.** The bill offers tax breaks for donations, encouraging enterprises to support TVIs implementing EBT and enhancing training infrastructure and quality. Monitoring of TVIs and their use of donated funds and equipment would be useful in evaluating the achievement of the bill's desired outcomes. The measure also exempts TVIs from the usual accreditation requirement, which could potentially attract a wider range of institutions and expedite program implementation. However, this exemption raises concerns about maintaining quality training standards. Accreditation ensures TVIs meet established training standards. Exempting them from this process could lead to inconsistencies in program delivery across different institutions, potentially impacting the overall effectiveness of EBT programs. While encouraging broader participation in EBT programs is a positive step, maintaining a focus on quality training is essential. A potential solution could involve a temporary accreditation waiver for TVIs specifically involved in EBT programs. This would allow for faster program initiation but establish a clear pathway and timeframe for achieving full accreditation within a reasonable period.
9. **Deductible Training Expense.** The proposed policy offers a deduction from taxable income equivalent to 75% of the training expenses incurred through EBT programs, aiming to incentivize

companies to invest in them. While the higher deduction rate (compared to existing programs (see Table 2.)) could make EBT programs more attractive, its effectiveness hinges on addressing past challenges. Lessons can be learned from existing programs like the DTS law, which saw limited uptake. Understanding the reasons behind this is crucial. Companies may find that existing incentives do not meet their specific needs or that the process of accessing them is overly complicated. Collaboration between TESDA and Bureau of Internal Revenue (BIR) is essential to streamline the process for claiming the tax deductions. Providing clear accessible guidelines and raising awareness through information campaigns can minimize confusion and encourage broader participation.

Additionally, it is imperative to address the challenge imposed by the CREATE law by extending the tax benefit to enterprises utilizing trainees from accredited private education institutions. This would incentivize a wider range of enterprises to participate in EBT programs and leverage the expertise of the entire education and training sector.

10. **Exemption from Probationary Employment.** The measure proposes giving preference to trainees for open positions within the company and waiving the probationary period. This rewards successful trainees with a clear path to permanent employment.
11. **Insurance Coverage.** The proposed measure mandates insurance coverage and adherence to Occupational Safety and Health (OSH) standards for EBT trainees in medium and high-risk industries. This provides some level of protection for trainees in potentially hazardous environments. However, to ensure a baseline level of protection for all trainees and incentivize participation, coverage could be extended to all EBT programs, regardless of industry risk designation, offering greater assurance for potential trainees.
12. **Limiting trainee numbers.** The proposed provision establishes that TESDA will determine the allowable number of EBT trainees per enterprise based on the enterprise's capacity. Limiting trainees based on the enterprises capacity (e.g. facilities, trainers) allows for adequate supervision and support, leading to effective skills development. Furthermore, it prevents exploitation by deterring companies from using EBT programs as a source of cheap labor to circumvent minimum wage laws. This policy aims to protect trainees by ensuring they receive proper training instead of simply filling workforce gaps.
13. **Training Regulations.** Stakeholders have identified lengthy TR development as a critical barrier to the effectiveness and adoption of EBT programs. To address this, streamlining the TR approval process is essential. A clear timeframe for TR approval should be established in the proposed measure to ensure a more efficient process. Additionally, alternative workflows that eliminate bureaucratic hurdles and bottlenecks can be explored. One potential solution is to enhance industry involvement. Industries could be empowered to design TRs that directly address their evolving needs. Additionally, a system for recognition and accreditation of industry-developed TRs and competency standards could be implemented (EDCOM II, 2023). Furthermore, TESDA should explore the possibility of digitizing the TR development and approval process for greater efficiency. Finally, a mechanism for regular review and update of TRs is desirable to ensure they reflect current industry demands and advancements like Industry 4.0 technologies.

14. **Protection against harassment and abuse.** Through consultations with stakeholders conducted by EDCOM,<sup>11</sup> it came to light that some apprentices have faced sexual harassment and other forms of abuse. It is imperative to incorporate mechanisms designed to ensure the safety and well-being of EBT trainees by having clear and explicit policies and procedures for handling harassment and abuse cases. Hence, the inclusion of provisions related to harassment and abuse prevention, reporting, and penalties is recommended to ensure a safe and respectful working environment for all parties involved. Ensuring that labor standards are upheld within EBT programs is essential for the well-being and rights of trainees.
15. **Instructor and assessor certification.** The shortage of qualified EBT instructors and assessors not only hinders the effectiveness of EBT programs but also the recognition of skills acquired. Enhancing the instructor certification process ensures they possess needed qualifications and knowledge to deliver industry-relevant skills.
16. **EBT Promotion.** To boost awareness about EBT programs, its benefits, and incentives offered, TESDA should intensify its marketing and information dissemination strategies. This can be achieved by increasing investment in a multi-channel campaign utilizing various media platforms, including digital, to reach a wider audience of stakeholders.
17. **Monitoring and Evaluation.** The bill lacks a critical component: a monitoring and evaluation provision. To ensure the effectiveness, quality, and compliance with established standards, it is imperative to include a provision for regular program monitoring and evaluation. This provision enables the systematic assessment of the program, utilizing the findings to make necessary adjustments, provide insights for policy intervention, and enhance program quality and effectiveness.

## Conclusion

EBT provides a valuable solution to address the pressing issue of youth unemployment, fueled by the mismatch between skills and industry demands. An enabling policy environment plays a pivotal role in determining the acceptance and success of EBT. The proposed EBET Framework Act offers a comprehensive framework for strengthening and expanding EBT in the country. The proposed framework intends to rationalize EBT training modalities, streamline administrative processes for efficiency and effectiveness, and generate a more responsive and impactful EBT.

Looking at international best practices, several countries provide valuable lessons in implementing effective work-based learning programs. For instance, Germany, Switzerland, and Austria emphasize strong industry involvement in training content and occupational standards, ensuring alignment with market needs. Australia and Brazil offer financial incentives like subsidies and tax breaks to boost employer participation. These successful models underscore the importance of industry collaboration, financial incentives, and comprehensive support systems in creating effective EBT programs. Several countries attribute specific labor market outcomes to WBL programs such as reduced skills gaps and increase skill levels, enhanced employability of trainees, and increased business productivity and competitiveness. The proposed EBET framework for the Philippines must integrate these best practices to address local challenges effectively.

---

<sup>11</sup> Shared by EDCOM Chief Legal Officer Atty. Joseph Noel Estrada during the Committee on Labor, Employment and Human Resources Development hearing on the Apprenticeship Program on 26 July 2023

When harmonizing EBT modalities, it is essential to consider both the demand and supply sides of the equation. On the demand side, the active involvement and commitment of industry is fundamental. They are not only required to meet formal requirements such as the conclusion of written agreements and fulfilment of payment obligations but also play an indispensable role in providing quality training and creating a conducive work environment for effective learning. Their interest and engagement hinge on several factors, including the knowledge and awareness of the program, its costs and benefits, streamlined administrative processes, incentive mechanisms, their needs for trained workforce, and the availability of suitable candidates, among others. Identifying industry skill needs through research and dialogue with stakeholders is essential for tailoring EBT programs to meet evolving workforce demands.

On the supply side, the decision of the youth to enter EBT depends largely on the availability of information about EBT opportunities and the benefits they can gain from them, as well as the labor market prospects in different trades and occupations. Hence, it is imperative to increase awareness on the EBT programs and ensure that trainees' rights and welfare are protected. By effectively addressing these considerations, the Philippines can leverage EBT programs to cultivate a future-ready workforce equipped with the skills and knowledge to thrive in the global economy.



## References

- Asian Development Bank. 2019. *Facilitating Youth School-to-Work Transition Program*. Asian Development Bank.
- Asian Development Bank. 2017. *Labor Market Programs in the Philippines*. Asian Development Bank. <https://www.adb.org/sites/default/files/linked-documents/49117-002-sd-04.pdf>.
- Asian Development Bank. 2021. *Technical and Vocational Education and Training in the Philippines in the Age of Industry 4.0*. Asian Development Bank.
- Covacevich, C., A. Mann, C. Santos, and J. Champaud. 2021. *Indicators of Teenage Career Readiness: An Analysis of Longitudinal Data from Eight Countries*. OECD Education Working Papers No. 258, Paris: OECD Publishing.
- Di Gropello, E., H. Tan, and P. Tandon. 2010. "Skills for the Labor Market in the Philippines." *The World Bank*.
- Epetia, Ma. Christina, and Cassidy Villena. 2023. *Responding to the changing needs of the labor market: Overview of the country's TVET*. EDCOM2. <https://edcom2.gov.ph/media/2023/06/Pids-Policy-Note-2023-10-TVET.pdf>.
- Generalao, Ian Nicole, Pauline Joy Lorenzo, Chrislyn Joanna Enate, Frances Camille Dumalaog, John Joseph Ocbina, Kimberly Librero, and Aniceto Orbeta. 2024. *An Assessment of the Enterprise-Based Training Modality in the Philippines: Barriers, Incentives, and Policy Gaps*. PIDS.
- International Labour Organization. 2019. *Apprenticeships in Asia and the Pacific: Findings from the Regional Training Workshop on Quality Apprenticeships for Asia and the Pacific*. International Labour Organization.
- International Labour Organization. 2022. *Unlocking apprenticeship potential in small and medium enterprises*. Switzerland: International Labour Organization.
- Lanzona, L. 2008. "Technical, Vocational Educational and Training in the Philippines Background paper for the World Bank Skills Study."
- Mapa, D., Almeda, J., and Albis, M.L. 2016. *A Cost Benefit Study on Dual Training System in the Philippines*. Philippine Chamber of Commerce and Industry. [https://www.bibb.de/dokumente/pdf/PCCI\\_costbenefit-10172016\\_print.pdf](https://www.bibb.de/dokumente/pdf/PCCI_costbenefit-10172016_print.pdf).
- OECD and International Labour Organization. 2017. *Engaging Employers in Apprenticeship Opportunities*. OECD-ILO. doi:<https://doi.org/10.1787/9789264266681-en>.
- OECD. 2023. "Developing relevant skills over the life course in Southeast Asia." In *OECD Skills Strategy Southeast Asia: Skills for a Post-COVID Recovery and Growth*. OECD. doi:<https://doi.org/10.1787/923bfd03-en>.
- OECD. 2010. *Learning for Jobs*. Paris: OECD Publishing. <http://dx.doi.org/10.1787/9789264087460-en>.
- OECD. 2017. *OECD Skills Strategy Policy Note: Mexico*. OECD.
- Orbeta, Aniceto C., and John Paul P. Corpus. 2021. *Profile of training and skilling programs in the Philippines*. PIDS Discussion Paper Series, No. 2021-14, Quezon City: Philippine Institute for Development Studies.

- Orbeta, Aniceto Jr., and Michael Abrigo . 2013. "An Assessment of TESDA Scholarship Programs." *PIDS RPS 2013-01*.
- Orbeta, Aniceto, and Emmanuel Esguerra. 2016. *The national system of technical vocational education and training in the Philippines: Review and reform ideas*. Quezon City: Philippine Institute for Development Studies (PIDS).
- Organization, International Labour. 2022. *Work-Based Learning (WBL) in TVET): An implementation manual for practitioners in Lebanon and Arab Countries*. International Labour Organization.
- Philippine Chamber of Commerce and Industry. 2016. *Policy Brief - Dual Training System (DTS) in the Philippines: Challenges and Opportunities*. Philippine Chamber of Commerce and Industry.
- Second Congressional Commission on Education. 2024. *Miseducation : The Failed System of Philippine Education, Edcom II Year one report*. Second Congressional Commission on Education.
- Swisscontact. 2019. *Apprenticeship Training in Asia*. Myanmar: wisscontact | Swiss Foundation for Technical Cooperation.  
[https://www.swisscontact.org/\\_Resources/Persistent/d/5/5/c/d55cb5ce0c1528a632ccd20dd1148737a37d3e7a/Swisscontact%20Report%20Apprentice%20Training%20in%20Asia.pdf](https://www.swisscontact.org/_Resources/Persistent/d/5/5/c/d55cb5ce0c1528a632ccd20dd1148737a37d3e7a/Swisscontact%20Report%20Apprentice%20Training%20in%20Asia.pdf).
- Technical Education and Skills Development Authority. 2018. *National Technical Education and Skills Development Plan 2018-2022*. Technical Education and Skills Development Authority.
- Villanueva, J., F. Escudero , W. Gatchalian, C. Villar, R. Tulfo , and M. Lapid . 2021. "Senate Bill 2587 - Enterprise-Based Education and Training Framework Act." *Senate of the Philippines*.
- World Bank. 2017. *Developing Socioemotional Skills*. World Bank.

This Policy Brief was principally prepared by Jennifer C. Lapay with inputs from the Social Development Sector head Maria Victoria M. Evangelista under the supervision of the SEPO Directors and the overall guidance of its Director General. The views and opinions expressed herein are those of SEPO and do not necessarily reflect those of the Senate, of its leadership, or of its individual members. For comments and suggestions, please e-mail us at [sepo@senate.gov.ph](mailto:sepo@senate.gov.ph).