

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Manila

34TH TESDA BOARD MEETING
February 21, 2002, Thursday, 8:30 a.m.
TESDA Board Room, 7/f TESDA Admin. Building
East Service Road, Taguig, Metro Manila

RESOLUTION NO. 2002- 11

APPROVING THE TESDA DEVELOPMENT FUND (TDF) POLICY FRAMEWORK

WHEREAS, Section 2 of Republic Act No. 7796, otherwise known as the Technical Education and Skills Development Authority (TESDA) Act of 1994, hereby declares that it is the 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;

WHEREAS, in pursuit of this state objective, the TESDA Development Fund is being established;

WHEREAS, Section 31 of the Republic Act No. 7796, in conjunction with Section 2 of the Implementing Rules and Regulations, states that "the TESDA Development Fund is hereby established, to be managed/administered by the Authority, the income from which shall be utilized exclusively in awarding of grants and providing assistance to training institutions, industries, local government units for upgrading their capabilities and to develop and implement training and training related activities. The contribution to the fund shall be the following:

- 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 study on financing in conjunction with letter (D) of Section 34 page 16 on Transitory Provisions (*It states that within one year after the organization of the Authority, the Board shall commission an expert group on funding schemes for the TESDA Development Fund, as provided in Section 31, the results of which shall be used as the basis for appropriate action by the Board.*)
- c) donations , grants, endowments , and other bequests or gifts; and
- ~~d) any other income generated by the Authority.~~

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

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- 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 also in conjunction with Section 3 Administrator and Fund Manager page 38 and Section 4. Expert Group on Funding Scheme page 39 of the Implementing Rules and Regulations.

WHEREAS, a study entitled "A Plan for the Establishment and Operationalization of the TESDA Development Fund was completed in 1998 under the Second Vocational Training Project (VTP II WB-IDA 2394PH);

WHEREAS, the study also identifies three general grant programs, namely: upgrading of capability of private and public TVET institutions, upgrading of skills in selected industries and describing the basic strategy in funding allocation and specifying the areas with the greatest employment potentials. It spells out the broad guidelines on the allocation of funds to the various geographic areas in the country. One of its major recommendations is the creation of an Investment Committee which would be assigned the task of looking after the fund, recommending investment policies, and of reporting to the Board on the same matter;


NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Board approves the TESDA Development Fund Policy Framework and directs the TESDA Secretariat to take appropriate steps to immediately operationalize the TDF; and

BE IT RESOLVED, further, that Secretariat have to undertake intensive promotion and advocacy on generating funds for the TESDA Development Fund from various concerned sectors.

Adopted this 21st day of February 2002.


MA. ADORINDA DE JESUS-FORRO
Board Secretary VI

Attested By:


PATRICIA A. STO. TOMAS
Secretary, Department of Labor and Employment
Chair, TESDA Board

TESDA DEVELOPMENT FUND POLICY FRAMEWORK

1. TESDA DEVELOPMENT FUND: NATURE AND LEGAL BASIS

- 1.1 RA 7796 created TESDA as a direct response to the state policies of providing relevant, accessible, high quality and efficient technical education and skills development (TESD) and to encourage active participation of various concerned sectors, particularly private enterprises in providing TESD.
- 1.2 In pursuit of these state objectives, one of the vital means established was the TESDA Development Fund (TDF). Section 31 of RA 7796 provides that "A TESDA Development Fund is hereby established to be managed/administered by the Authority, the income from which shall be utilized exclusively in awarding grants and providing assistance to training institutions, industries, local government units for upgrading their capabilities and to develop and implement training-related activities.

2. SOURCES OF FUNDS

- 2.1 Section 31 of RA 7796 further states that the contribution to the fund shall be the following:
 - a) a one-time lump sum appropriation from the National Government;
 - b) an annual contribution from the Overseas Workers Welfare Administration Fund;
 - c) donations, grants, endowments and other bequests or gifts; and
 - d) any other income generated by the Authority. This includes all income being collected by the agency from other sources except the income generated from the exaction of fees and charges as stipulated in Section 8, No. 9 of R.A. 7796, hereunder quoted:

"exact reasonable fees and charges for such tests and trainings conducted and retain such earnings for its own use, subject to guidelines promulgated by the Authority"

3. FUND USE LIMITATIONS

- 3.1 The TESDA Board, being the administrator of the fund, must observe the following limitations:
 - a) unless otherwise stipulated by the private donor, only earnings of private contributions shall be used;
 - b) no part of the fund, including earnings, thereof, shall be used to underwrite expenses for administration; and
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- c) the income from which shall be utilized exclusively in awarding of grants, and providing assistance to training institutions, industries, local government units for upgrading their capabilities and to develop and implement training and training-related activities.

4. PURPOSE OF THE FUND

4.1 The needs for funds are so great that it is important that the limited funds should be deployed so as to ensure maximum real impact. The basic strategy in TDF allocation is to support training programs that will help match, through training, job opportunities and the unemployed or under-skilled. In operational terms, the TDF shall be used to fund the following:

a) Upgrading of Public and Private TVET Institutions

The upgrading of TVET institutions will focus on the following aspects:

- ◆ Upgrading of technical equipment, including software, to achieve minimum equipment standards for the training programs of the institution;
- ◆ Upgrading of the management of TVET institutions;
- ◆ Upgrading of teaching capability;
- ◆ Enhancing the capability of TVET institutions in the dual training system; and
- ◆ The provision of training supplies and other operating needs so as to maximize the utilization of training resources.

b) Upgrading and Acquisition of Skills in Selected Industries

The TESDA Board identified the need for developing skills in priority sectors. Focus shall be given on these priority sectors.

Upgrading of skills, however, shall not be limited to the national priorities identified. Other regional priorities may be considered especially where the national priorities are not yet fully developed in certain regions. Likewise, it shall be given for skills in upgraded technology.

Training for home-based workers as well as production supervisory ~~personnel, including~~ managers of training programs of companies and industry associations shall also be supported.

c) Solution to Identified Skills Deficiency

Grants will also be given to strengthen basic skills, through pre-employment grants and scholarship, trainings to ease dislocations caused by Philippines' accession to GATT/WTO as part of the safety net program and by returning overseas contract workers. In addition, there is a need to establish and support-training programs intended for women in skills that

are non-traditional including sub-contracting and entrepreneurship and other disadvantaged sectors.

d) TVET Researches in Priority Areas

Research grants will be given to interested public and private institutions and individuals based on the priorities and guidelines provided in the National TVET Research Agenda.

5. MECHANICS OF TDF IMPLEMENTATION

- 5.1 Assistance to be provided through the TDF shall be implemented mainly through grants. The approval of grants shall be based on a set of criteria to be included in the implementing guidelines to be formulated and subject to existing government accounting and auditing rules and regulations.

6. FUND MANAGEMENT

- 6.1 Section 31 of RA 7796 further stipulates that 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. It shall likewise appoint one or more reputable government-accredited investment institution/s as fund manager/s, subject to guidelines promulgated by the Board.

7. IMPLEMENTING GUIDELINES

- 7.1 From time to time, a set of implementing guidelines shall be promulgated to operationalize and manage the TDF.
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