

Republic of the Philippines  
DEPARTMENT OF LABOR AND EMPLOYMENT  
Manila

35<sup>th</sup> TESDA Board Meeting  
20 June 2002, Thursday 7:30 a.m.  
TESDA Board Room, 7/F Admin. Building  
Taguig, Metro Manila

RESOLUTION NO. 2002- 18

APPROVING THE TESDA DEVELOPMENT FUND (TDF)  
OPERATIONAL GUIDELINES

**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.

**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 2394 PH);

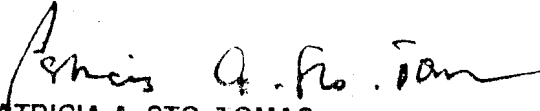
**WHEREAS**, the study identifies three general grant programs, namely: upgrading of capability of private and public TVET institutions, upgrading of skills in selected industries and describing the basic strategy in funding allocation and specifying the areas with the greatest employment potentials;


**WHEREAS**, the TESDA Board has approved the TESDA Development Fund (TDF) Policy Framework through Resolution No. 2002-11 during the 34th TESDA Board Meeting and has directed the TESDA Secretariat to take appropriate steps to immediately operationalize the TDF;

**NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board approves the TESDA Development Fund Operational Guidelines herein attached and shall form as an integral part of this Resolution.

Adopted this 20<sup>th</sup> day of June 2002.

Attested By:

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

  
AVA HEIDI V. DELA TORRE  
Acting Board Secretary VI

# TESDA DEVELOPMENT FUND OPERATIONAL GUIDELINES

## 1. LEGAL BASIS

1.1 The TESDA Board, through Resolution No. 2002 -11 (Annex I) , approved the TESDA Development Fund (TDF) Policy Framework during the 34<sup>th</sup> TESDA Board Meeting last February 21, 2002.

1.2 In the same Resolution, the TESDA Board likewise directed the Secretariat "to take appropriate steps to immediately operationalize the TDF"

1.3 Paragraph 7 – Implementing Guidelines of the TDF Policy Framework, further states that "From time to time, a set of implementing guidelines shall be promulgated to operationalize and manage the TDF.

## 2. PURPOSE OF THE FUND

2.1 As articulated in the TDF Policy Framework, the TDF shall be used to fund the following:

- a) upgrading of public and private TVET institutions
- b) upgrading and acquisition of skills in selected industries
- c) Solutions to identified skills deficiencies
- d) TVET researches in priority areas.

## 3. SOURCES OF FUNDS

3.1 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) a annual contribution from the ~~Overseas~~ Workers Welfare Administration Fund
  - c) donations, grants, endowments and other bequest or gifts and
  - d) Income, other than those generated by the Authority .This includes all income being collected by the exaction of fees and charges as stipulated in section 8, No. 9 of R.A. 7796, hereunder quoted:
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" exact reasonable fees and charges for such tests and training conducted and retain such earnings for its own use, subject to guidelines promulgated by the Authority".

3.2 Other specific sources of funds which the Secretariat may look into shall include the following:

- a) the equivalent of 15% of all net earnings or whatever excess income from Income Generating Projects (IGPs) of the Secretariat including international contracts;
- b) President's Social Fund through PAGCOR and PCSO;
- c) discretionary funds of foreign corporations with foundations
- d) private donors/corporations wherein donations may be subject to certain tax deductions or tax incentives.
- e) Real estate tax of Local Government Units (LGUs)

3.3 Fund generation, however shall not be limited to the above as the Secretariat shall study other schemes and options e.g. debt swap arrangements; NGO -type mechanisms, etc.

#### **4. MECHANICS OF TDF IMPLEMENTATION**

4.1 Assistance to be provided through the TDF shall be implemented mainly through grants. The approval of grants shall be based on the following policy guidelines:

##### **4.1.1 Policy Guidelines**

###### **a) Publication of approved grants programs**

As a matter of policy, all approved grant programs shall be announced to encourage as many grant applications as possible. An awareness campaign shall be conducted to encourage LGUs and other potential service providers to develop proposals for grants under the program. This shall include:

- Annual call for proposals – TESDA shall announce the availability of grants to all LGUs and accredited TVETs in the country
- Announcement through media (print and broadcast)
- Posting announcements in conspicuous places

## b) Tendering of Bids

A notice will be published once a week for three consecutive weeks in at least two newspaper of general circulation inviting all TESDA – accredited training service providers to submit proposals for the research proposals approved.

The grant shall be awarded to the bidder who has satisfied the minimum technical, financial, organizational and legal requirements and has submitted the lowest research cost and favorable terms consistent with TESDA's research standards

## c) Assistance from TESDA

The TESDA staff shall assist research grant applicants in formulating programs and projects specifically in training needs analysis formulation/design of research plans programs and materials and organization of research programs.

## d) Evaluation of Proposals

All proposals shall be evaluated by a panel of experts using a set of criteria to be approved by the TESDA Board. The following criteria shall be used for grants programs under TVET Institution Upgrading.

- Absorptive capacity, leadership and track record and available support facilities from industry and the community
- Nature of the research project, particularly in the design intended and the number and quality of trainers involved.

e) Tie-up to skills Priorities

As a matter of policy, all grants shall be tied to skills priorities.

**4.1.2 Assessment, Approval and Monitoring of Grants**

***For institutional grantees***

1. Proponent prepares proposal
2. TESDA Regional and Provincial Offices (ROs/POs) review and evaluate proposal
3. TESDC recommends/endorse proposal
4. TESDA Central Office (CO) – Planning Office conducts national review and makes recommendations
5. TDF Administrator consolidates budget proposals
6. TESDA Secretariat gives final approval to the proposals
7. Proponent implements project
8. TESDA RO/PO conduct monitoring and evaluation of project
9. TESDA CO informs proponent that funding is ready
10. TDF Administrator prepares authorization vouchers and disburses

***For grantees under the voucher system***

1. Proponent prepares proposal
  2. TESDA ROs/POs review and evaluate application
  3. TESDC recommends/endorse proposal
  4. TDF Administrator consolidates budget proposals for final approval of the TB
  5. Proponent deposits voucher in the bank
  6. TESDA RO/PO conduct monitoring and evaluation of training
  7. TDF Administrator authorizes payment
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8. TDF Manager (bank) releases money to proponent

#### 4.1.3 Grants Monitoring and Evaluation

##### *TESDA RO/PO*

1. The TESDA RO/PO shall conduct preliminary monitoring and evaluation of the project which shall be regularly conducted during the life cycle of the training program. This shall include actual visits to the venue of the training and evaluating the performance of the trainees at the job site
2. The RO shall prepare a Report of Inspection which shall detail how the training program is being implemented in accordance with TESDA training standards.

##### *TESDA CO*

1. TESDA CO shall review the report of the RO
2. It will conduct a second and final monitoring and evaluation with the use of a control mechanism that provides basic information on the status of the training program
3. Release of funds shall be withheld as a result of non-satisfactory implementation and penalties for failure to satisfy the undertaking shall be imposed.

The release of funds in cases of grantees such as training institutions shall comply with the requirements of COA Circular No. 96-003 prescribing accounting and auditing guidelines on the release of fund assistance to Non-Governmental Organizations/People's Organization (NGOs/POs) However, payments will be made by TESDA to recipients using the voucher system for training grantees.

## **5. Fund Management and Organization**

### **5.1 Fund Administrator**

**5.1.1.** The TESDA Board shall be the administrator of the fund and shall 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 seed capital of the fund including earnings thereof, shall be used to underwrite expenses for administration; and
- c. the income from which shall be utilized exclusively in awarding of grants, and providing assistance to training institutions, industries, local government units (LGUs) for upgrading their capabilities and to develop and implement training-related activities

**5.2.1** It shall formulate the necessary implementing guidelines for the management of the fund

**5.1.3** It shall appoint a reputable government accredited investment institution as fund manager subject to its guidelines

**5.1.4** It shall create an investments committee which will look after the fund.

### **5.2 Investment Committee**

**5.2.1** An Investments Committee shall be created by the TB and will consists the membership of which shall be determined by the Board.

#### **5.2.2 Functions**

**5.2.2.1** The Investment Committee shall look after the fund and report to the TB

**5.2.2.2** It shall recommend to the TB sound, feasible and realistic investment policies

that would optimize investment income on a continuing basis

5.2.2.3 It shall monitor the performance of the fund managers and meet them periodically to review performance and effectiveness of existing investments policy

### 5.3 The Fund Managers

5.3.1 One or more Fund Managers would be selected from among institutions accredited with the government in accordance with the provision of the law. They will be selected based on the following criteria

- Track record
- Quality of staff
- Quality and satisfaction of existing clients
- Size of fees and charges

5.3.2 The Fund Managers will be responsible for proposing investment grade common shares to the Investment Committee for final approval by the TB.

5.3.3 They shall remit cash to TESDA in accordance with the approved budget with adjustments made depending on actual cash needs of approved loans.

5.4 A TDF Management Unit (TMU) will be organized by the ~~TESDA~~ Secretariat and shall be responsible for the administrative operations of the fund. This will be composed of the following:

5.4.1 Fund Administrator who will function as Secretary to the Investment Committee of the TB He will:



- Be responsible for the day-to-day administrative supervision of the TMU
- Provide timely reports on a regular basis
- Review MOAs with grantees and financial commitments
- Sign vouchers, checks and other financial documents within the limit of his authority
- Coordinate with the Fund Manager on implementation of approved investments policies and strategies

#### 5.4.2 Executive Assistant

- Provides administrative support to the Fund Administrator
- Organizes and coordinates the day-to-day activities of the Fund Administrator
- Documents all deliberations/meetings of the TMU and maintains complete records

5.4.3 Accountant: responsible for the proper accounting of all fund transactions

5.4.4 Disbursing Officer: responsible for the disbursement of properly authorized expenditures

5.4.5 Investment Analyst: undertakes investment studies and analyses on particular securities at the direction of the Fund Administrator

5.4.6 Program officers: directly in-charge of on-going programs of the fund

## 6. FUND RELEASE REQUIREMENTS

- 6.1 Fund releases shall be in accordance with COA Circular No. 94-013 dated December 13, 1997 specifying the rules and regulations in the grant, utilization and liquidation of funds transferred to implementing organizations.

## 7. POST AUDIT AND OTHER REQUIREMENTS

- 7.1 All grants are covered by appropriate Memorandum of Agreement (MOA) or contracts as may be deemed appropriate. The MOA becomes the Auditor's basis for post-audit

- a) ~~Grants~~ to tech-voc institutions, regional and provincial offices are post-audited by the COA resident auditors copy furnished the TESDA Central Office resident auditor upon submission of the original documents.
- b) Details of post-audit requirements for funds transfer covered under the MOA are given in separate COA issuances.
- c) Post audit suspensions and disallowances are to be settled by the grantees as part of their accountabilities relative to the fund use.

## 8. MONITORING, REPORTING, AND EVALUATION OF TDF UTILIZATION

8.1 The Director of the Finance Branch is responsible for the submission of a Quarterly Fund Utilization Report to the TESDA Board. This report shall include:

- a) Fund Balances
- b) ~~Fund Disbursements~~ according to projects
- c) Fund Earnings and Interests
- d) Status of Projects' Fund Utilization

**8.2** Semestral report to include:

a) Financial Statements such as the Balance Sheet, Statement of Cash Flow, and Bank Reconciliation.

**8.3** Annual Reports to include financial statements.

**8.4** The Finance Director may include other relevant information with his/her report.