

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>1</u> of <u>8</u> Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:
<p>I. Background</p> <p>Job Skills mismatch in the Philippines has long been an issue and is considered one of the biggest concerns, not just by the education and training sector, but of the economic sector as well, since the labor market has not been provided with a skilled workforce as required. The concept of skills mismatch is broad which includes under qualification, skill gaps, skill shortages and skill obsolescence. (source: ILO Article, April 2020). The same is also revealed by the recent study conducted by TESDA in partnership with the Asian Development Bank. The study entitled "Technical and Vocational Education and Training in the Philippines in the Age of industry 4.0" revealed that skills mismatch, ranging from 60% to 82%, is brought about by the failure of skills supply to keep up and adapt to the rapidly changing demand of the labor market. Policies geared toward matching the expected and actual post-training occupations of graduates have been hampered by inadequate labor market information systems and limited technical capacity, among other factors.</p> <p>The identification of skills required in the job market has been difficult due to a variety of factors such as rapidly changing technology, demography, and the economy. Furthermore, companies' awareness of changes in their respective industries is another critical component in determining the requirements. It is therefore important to scan and determine the labor market information, in order to establish informed decisions about the needed supply, and help prepare for the economy of tomorrow. The prevalent issue on skills mismatch is a result of the poor labor market information or mismatch between existing workforce competencies and the available jobs, which can be attributed to education and training not being able to provide the skills demanded in the labor market. Field of study mismatch is caused by saturation, where in one field there are too many graduates but with too little jobs, and also by skills transferability, which considers whether the skills acquired from one field are transferable in other fields of work.</p> <p>TESDA acknowledges this long standing issue, which is why the agency pursued the Area-Based and Demand Driven (ABDD) TVET policy reform. This is a direct translation of our strategic and purposive response of "agility and flexibility" addressing global competitiveness, while opening the door of opportunities for social inclusion. Since 2019, the agency is working on this reform as TESDA recognized the need to be demand driven.</p> <p>The FY 2022 General Appropriation Act (GAA) provided for the allocation of funding for the development of the Skills Demand Forecasting Model or Strategy. Specifically, it states that "The amount of Ten Million Pesos (P10,000,000) appropriated herein under the Promotion, Development, Implementation, Monitoring and Evaluation of Technical Education and Skills development Scholarships and Student Assistance Program shall be used to develop, with the technical assistance of the National Economic Development Authority (NEDA) and the Philippine Institute for Development Studies (PIDS), a Skills Demand Forecasting Model or Strategy to ensure demand-driven TVET programs offering,</p>		

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>2</u> of <u>8</u>
Date Issued: 10 August 2022		Number <u>053</u> series of 2022
Effectivity: As indicated	Supersedes:	

and for other policy development purposes."

II. Objectives

This guidelines intends to provide the details on the implementation of programs of TESDA in addressing the job-skills-mismatch. Specifically, this shall derived the following:

1. Creation of the Labor Market Information Division (LMI) that shall ensure the conduct of LMI-related activities and programs, such as skills needs anticipation, among othersto support the development of demand driven TVET programs;
2. Study and address factors that will influence the matching of acquired skills and the available and future job requirements of the industry, including the alignment to the national statistical standard code/s.

Further, this shall support the implementation of the activities funded under the Php 10,000,000.00 allocation from the 2022 General Appropriations Act (GAA) for the development of Forecasting Model or Strategy and conduct of activities that will provide information on the skills requirements that should be prioritized and conducted by TESDA.

III. Arrangements

- In line with the directive to develop a model/system to ensure that TESDA's programs are aligned and responsive to the needs of the industry, a Skills Anticipation framework was developed.
- TESDA shall develop a workplan which will contain the activities on the development of the LMI System framework and the continuous implementation of the existing programs of the agencies in the identification of the skills requirements.
- The following shall be undertaken and the corresponding outputs:

Program/Activity	Description	Estimated Timeline
1. Creation of the Division in-charge of the Labor Market Information	Establishment of a Division that shall implement the LMI related activities and programs.	March 2022
2. Conduct of Study on PH TVET Labor Market Information: Input to Addressing the Jobs-Skills Mismatch	This study provides recommendations on addressing skills-mis-match that shall serve as inputs in the establishment of the Labor Market Information	Oct 2022 – Apr 2023

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>3</u> of <u>8</u> Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:
	<p>Framework/Model as provided in the 2022 General Appropriations Act, which will serve as a mechanism in addressing the prevailing issue on skills mismatch.</p> <p>Coverage:</p> <ul style="list-style-type: none"> - validation of the harmonized TVET Skills Needs Anticipation Framework in consideration to Philippine context and its relation with other government initiatives; - review of the LMI indicators to be considered in the establishment of the LMI System - policy recommendations that shall serve as inputs in the development of the LMI System 	
3. Review and Development of Concept papers and programs on factors that influence the job skills mismatch		
3.1. Review of TR Qualification Coding vis-a-vis the Philippine Standard Code	One of the indicators used in analyzing skills mis-match is the use of Standard Classification Code (PSOC). While there is a coding mechanism in place for the Training Regulation or TVET programs, TESDA will conduct a review on the alignment of the TR coding vis-a-vis the PSOC. A Technical Working Group will be created to review and set the basis for the alignment.	July – Dec 2022
3.2. Conduct of consultation with the Philippine Statistics Office, BLE-PESO on the use of statistics data in the analysis (based on the ILO-SFP statistical requirement)	Based on the learnings obtained from the ILO-SFP, availability of the data is critical in determining the skills requirements. Some of the required data still needs to be collected in the Philippines and made available to ensure correct mapping using qualitative analysis. TESDA has to communicate this information, like the level of the required data using the Labor Force Survey, PESO data to determine the demand side.	August to - October 2022
3.3 Development of a Concept Paper on the alignment of the	From the results of various skills mapping initiatives, TESDA shall create a monitoring	August to November 2022

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>4</u> of 8 Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:
Jobs vis-a-vis the National Qualification Framework including the Philippine Credit Transfer System	system of the status of the implementation of the identified priority skills in terms of the development of the program, conduct of skills training and allocation of scholarship.	
4. Monitoring of the status of implementation of skills training programs all the identified priority skills requirements	From the results of various skills mapping initiatives, TESDA shall create a monitoring system of the status of the implementation of the identified priority skills in terms of the development of program, conduct of skills training and allocation of scholarship.	March – Dec 2022
5. Continuous Conduct of TESDA's LMI related initiatives	Labor market information includes all quantitative or qualitative data and analysis related to employment and the workforce. The goal of LMI is to help customers make informed plans, choices, and decisions for a variety of purposes, including business investment decision making, career planning and preparation, education and training offerings, job search opportunities, hiring, and public or private workforce investments. (Source: https://dcworks.dc.gov/sites/default/files/dc/sites/dcworks/publication/attachments/2014-06-27_-_Defining_Labor_Market_Information.pdf) The LMIR provides information on the current situation, specific skills requirement, TVET capacity and recommendations.	April - October 2022 (Agriculture) June - December 2022 (Manufacturing) July - December 2022 (Tourism)
5.1. Conduct of Workplace Skills and Satisfaction Survey for the following Sectors: 1. Agriculture 2. Manufacturing 3. Tourism	(Source: https://dcworks.dc.gov/sites/default/files/dc/sites/dcworks/publication/attachments/2014-06-27_-_Defining_Labor_Market_Information.pdf) The LMIR provides information on the current situation, specific skills requirement, TVET capacity and recommendations.	1. LMIR on Women - April 2022 2. LMIR on Circular Economy - July 2022 3. LMIR on Gig Economy - September 2022 4. LMIR on Agriculture : Coconut Industry - November 2022 5. LMIR on Migrant Workers - December 2022
5.2. Development of Labor Market Information on the following: 1. Women 2. Circular Economy 3. Gig Economy 4. Migrant Workers 5. Agriculture : Coconut Industry	TESDA has to continuously develop LMIR on the identified priority sectors in the NTESDP 2017-2022, emerging government directives of the President, among others. Likewise, TESDA has to develop TVET Briefs on emerging trends in the industry and education which will provide the agency information on emerging trends and its implication to TVET.	1. TVET Brief on Learning Losses - April 2022 2. TVET Brief on
5.3 Development of TVET Briefs on current industry trends, such as: 1. Learning Losses	TESDA has to continuously develop LMIR on the identified priority sectors in the NTESDP 2017-2022, emerging government directives of the President, among others. Likewise, TESDA has to develop TVET Briefs on emerging trends in the industry and education which will provide the agency information on emerging trends and its implication to TVET.	1. TVET Brief on Learning Losses - April 2022 2. TVET Brief on

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>5</u> of <u>8</u> Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:
2. Strategically respond to upskilling and reskilling requirements 3. Skills Intelligence 4. Learning Poverty		Strategically respond to upskilling and reskilling requirements - July 2022 3. TVET Brief on Skills Intelligence - September 2022 4. TVET Brief on Learning Poverty - December 2022
6. Conduct of Handholding on the development of the Skills Map and Identification of the Area-Based Skills Requirements to the 17 Regional Offices and 82 Provincial Offices	<p>In one of the OECD discussions, assessing (local) skills needs instead of focusing only on generic labor demand measuring is a good idea as the world of work is changing.</p> <p>The area-based and demand-driven TVET serves as a pathway to prepare for future jobs and training needs in the area by allowing immediate program development and delivery through the development of competency standards and curricula, rather than full blown training regulations. This process, when adopted, can reduce the process cycle time. The programs that will be identified will support the regions/provinces in areas where they have the competitive advantage.</p> <p>In line with this initiative that will provide specific skills requirements of the areas from the regional, provincial and municipal level, TESDA to conduct the hand holding activities of the ROPOTIs, which includes the development of the area-based skills map, conduct of consultations, establishment of the IB/IAs, development of area-based competency standards, curriculum, trainers development and development of assessment tools.</p>	May - Dec 2022
<p>Further, a detailed workplan shall be developed to provide the details in the implementation of the identified program.</p>		

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>6</u> of <u>8</u> Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:

IV. Roles and Functions

- The Planning Office-Labor Market Information Division shall take the lead in the operationalization of all the identified programs and activities in addressing the skills mis-match.
- For the area-based demand driven TVET, the COROPOs shall assume their responsibilities based on the covered processes as provided in the TESDA Circular 42, s. 2021 : Implementing Guidelines on the Area-Based and Demand-Driven TVET, TESDA Circular No. 001 s. 20221, SNA Manual and ABDD Work Instruction.
- The Financial Management Services shall ensure the funding allocation, as provided in the GAA.

V. Budgetary Requirements

- The 2022 General Appropriations Act includes a special provision on the Skills Demand Forecasting Model or Strategy amounting to Ten Million Pesos (**₱ 10,000,000**), appropriated under the Promotion, Development, Implementation and Evaluation of Technical Education and Skills Development Scholarships and Student Assistance Programs. The amount shall be used for the following expenses:

Program/Activity	Estimated Amount
1. Creation of the Division in-charge of the Labor Market Information	
2. Conduct of Study on PH TVET Labor Market Information: Input to Addressing the Jobs-Skills Mismatch	5,300,000.00
3. Review and Development of Concept papers and programs on factors that influence the job skills mismatch	
3.1. Review of TR Qualification Coding vis-a-vis the Philippine Standard Code	
3.2. Conduct of consultation with the Philippine Statistics Office, BLE-PESO on the use of statistics data in the analysis (based on the ILO-SFP statistical requirement)	
3.3 Development of a Concept Paper on the alignment of the Jobs vis-a-vis the National Qualification Framework including the Philippine Credit Transfer System	



TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>7</u> of <u>8</u> Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:

4. Monitoring of the status of implementation of skills training programs all the identified priority skills requirements	
5. Continuous Conduct of TESDA's LMI related initiatives	
5.1. Conduct of Workplace Skills and Satisfaction Survey for the following Sectors: 1. Agriculture 2. Manufacturing 3. Tourism	3,000,000.00
5.2. Development of Labor Market Information on the following: 1. Women 2. Circular Economy 3. Gig Economy 4. Migrant Workers 5. Agriculture : Coconut Industry	100,000.00
5.3 Development of TVET Briefs on current industry trends, such as: 1. Learning Losses 2. Strategically respond to upskilling and reskilling requirements 3. Skills Intelligence 4. Learning Poverty	
6. Conduct of Handholding on the development of the Skills Map and Identification of the Area-Based Skills Requirements to the 17 Regional Offices and 82 Provincial Offices	1,600,000.00
TOTAL	Php 10,000,000.00

- The expenses shall include but no limited to the following:
 1. Engagement of third-party institutions for the conduct of the study
 2. Engagement of consultant
 3. Hiring of the Job Orders
 4. Communication expenses
 5. Supplies and Materials
 6. Food for meetings
 7. Travel expenses
 8. Support to regional operations of the program

TESDA CIRCULAR

Subject: Implementing Guidelines on the Utilization of the Php 10,000,000.00 Budget Allocation for the Development of the Skills Demand Forecasting Model/Strategy		Page <u>8</u> of <u>8</u> Number <u>053</u> series of 2022
Date Issued: 10 August 2022	Effectivity: As indicated	Supersedes:
VI. Monitoring <ul style="list-style-type: none">The Planning Office shall monitor the completion of the physical target identified in the guidelines, while the Financial Management Services shall monitor the allocation and utilization of the budget. <p>This Circular shall take effect immediately.</p> <div style="text-align: right;">  DANILO P. CRUZ Director General</div>		