

# ► Policy Brief

February 2024

## Strengthening apprenticeships for transitions to formality<sup>1</sup>

### Key points

- ▶ In June 2023, the International Labour Conference adopted the [Quality Apprenticeships Recommendation \(R208\)](#), which stresses the pivotal role of quality apprenticeships in facilitating the transition from the informal to the formal economy.
- ▶ Apprenticeship systems are widespread in many informal economies, where they are often still perceived as the most effective and efficient way of passing on knowledge, know-how and even interpersonal skills to learners. It is a very practical form of training that takes place directly within an enterprise and is governed by informal rules, embedded in local culture and traditions.
- ▶ Key strategies for enhancing apprenticeships in the informal economy towards quality apprenticeships involve capitalizing on existing systems, promoting social dialogue, strengthening apprenticeship contracts, building the capacity of MSMEs and their associations, ensuring off-the-job learning opportunities, recognizing prior learning, and promoting equality, diversity, and social inclusion.
- ▶ Successful interventions require a step-by-step and inclusive approach, involving professional associations and community groups, among others. They often go hand in hand with improvements in MSME's productivity. Strengthening linkages of informal institutions with the national technical and vocational education and training (TVET) system is essential for sustained improvement.

### Apprenticeships in the informal economy

Employers' and workers' ability to seize the opportunities of the new world of work will depend on their capacity to adapt to newly created markets, tasks, and jobs. This is made possible through appropriate and timely skilling, reskilling, and upskilling<sup>2</sup>. While there is no one-size-fits-all approach, apprenticeships are a vital component of any

strategy designed to address the future world of work challenges. However, apprenticeships – in particular those in the informal economy – need to be modernised and transformed to respond to this paradigm shift.

In June 2023, ILO tripartite constituents adopted the Quality Apprenticeships Recommendation, 2023 (No. 208), that includes elements to both promote and regulate apprenticeships. Echoing the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204),

<sup>1</sup> This policy brief is an update of the ILO Policy brief on [Upgrading informal apprenticeship systems](#) from 2011 and draws on country experience in Africa and Asia.

<sup>2</sup> ILO. 2023. [The ILO strategy on skills and lifelong learning 2030](#) (Geneva).

it emphasises the essential role of quality apprenticeships in facilitating transitions from the informal to the formal economy.

Apprenticeships have historically been the most prevalent type of training in many urban and rural informal economies. They continue to be a major source of skills today, often largely outnumbering formal TVET<sup>3</sup>. Those systems are usually referred to as informal or traditional apprenticeship and are based on a training agreement between an apprentice (or their parent) and an in-company trainer/ master craftsman. In this agreement, which may be written or oral, the master craftsman commits to training the apprentice in all the skills relevant to his or her trade over a significant period of time, usually between one and four years, while the apprentice commits to contributing productively to the work of the business. Training is integrated into the production process and apprentices learn by working alongside the experienced craftsman/in-company trainer. These systems have also been characterised by decent work deficits including recruitment of under-aged trainees, occupational safety and health issues and excessive length of apprenticeship timeline without structured learning contents.

### ► Box 1: Apprenticeships in the informal economy versus informal learning

Apprenticeships in the informal economy involve long periods of learning with the clear aim of learning a trade, craft, or a specific job<sup>4</sup>. Informal learning, in contrast, may be unintentional from the learner's perspective: it is *"learning resulting from activities undertaken daily at work, in the family, or in leisure activities"*<sup>5</sup>.

Apprenticeship agreements in the informal economy are embedded in local culture and traditions rather than training policies or legislation, with the incentives to participate on both sides rooted in the society's norms and customs. These govern aspects of the arrangement including how an apprenticeship is financed, how long it lasts, how the quality of training is assured and what happens if the contract is breached. These rules are

enforced by social sanctions, reputation, or reciprocity. Under such arrangements, costs and benefits are shared. The costs for master craftsmen comprise the investment of time in training as well as, in many cases, allowances, in-kind remuneration (such as meals) or wages; the costs for apprentices comprise their labour and often fees as well. Master craftsmen benefit from inexpensive labour and any fees, while apprentices acquire marketable skills and an understanding of the world of work<sup>6</sup>.

Practices in informal apprenticeship vary according to local context. In some East African countries, apprentices are trained in specific skills for a shorter period of time rather than in all skills relevant for an occupation over a longer period, and often pay a fee. In some West African countries, more structured systems of informal apprenticeship culminate in graduation ceremonies involving other members of the community. While informal apprenticeship systems also exist in Asian countries and in South and Central America, this policy brief draws mainly on experience from African and South Asian countries, where most work has focused to date.



Image credits: PROSPECTS ILO

<sup>3</sup> Filmer, D. and Fox, L. 2014. *Youth employment in Sub-Saharan Africa* (Washington DC, World Bank).

<sup>4</sup> ILO. 2020. *Research brief: Lifelong learning in the informal economy*.

<sup>5</sup> ILO. 2006. *Glossary of Key Terms on Learning and Training for Work*.

<sup>6</sup> Adams, A.V.; Johansson de Silva, S.; Razmara, S. 2013. *Improving skills development in the informal sector: Strategies for sub-Saharan Africa* (Washington, DC, World Bank).

## Why focus on apprenticeship systems in the informal economy?

### Reason 1: Improved quality of apprenticeships in the informal economy facilitates transitions from the informal to the formal economy

When apprenticeships are strengthened, apprentices benefit from clarified status, rights, and obligations, especially when integrated into social protection systems. The enhancement of their skills, complemented by formal qualifications, contributes to their visibility and recognition within formal labour markets. As a result, those graduating from an improved system are better equipped to secure decent employment, and the entrepreneurial among them are better qualified to start up competitive businesses and expand their activities into new markets.

### Reason 2: Apprenticeships in the informal economy are widespread and constitute a proven system for providing relevant skills

Apprenticeship systems are widespread in many informal economies as they constitute a socially accepted practice for transmitting skills from one generation to the next. At their workplaces, apprentices not only learn relevant technical and vocational skills but are also introduced to a business culture and a business network. Familiarity with these environments increases their chances of employment once the apprenticeship is complete.

While administrative records do not capture informal apprenticeships, labour force surveys in several countries with large informal economies do. Methodologies in capturing the number of current and former apprentices vary slightly. Still, available data shows that countries with an apprenticeship tradition have shares of apprentices comparable to those of apprenticeship countries in Europe.<sup>7</sup>

### Reason 3: Strengthening apprenticeships is a cost-effective way to improve young people's employability

Improving apprenticeships – ultimately to achieve quality apprenticeships – offers an economical way to train young people in developing countries, and therefore expand the skills base of national economies. This is because training through apprenticeship is integrated into the production process, and tools and machines are already available. The training investment is shared between master craftsman and apprentice and allows for flexibility, providing access to training even for poor young people. A study in Burkina Faso concluded that policies focused on strengthening the capacities of master craftsmen and supporting their investment in production and training equipment prove more cost-effective and efficient than constructing and equipping TVET centres<sup>8</sup>.

### Reason 4: Decent work deficits in informal apprenticeship need to be addressed

Often, apprenticeships in the informal economy do not respect the principles of decent work due to various factors<sup>9</sup>:

- apprentices often work long hours with little or no right to time off;
- many apprentices receive very low or no allowances or wages;
- many apprentices have no social protection if they suffer illness or occupational injury;
- strong gender imbalances and stereotypes persist in apprenticeship trades, increasing the potential risk of violence and harassment.

Sometimes informal apprenticeship can even become exploitative. For example:

- some master craftsmen breach training agreements in failing to impart their skills adequately, thus keeping apprentices dependent on them for too long;

<sup>7</sup> ILO. 2023. [Statistical brief: Apprentices in countries with large informal economies](#). (Geneva)

<sup>8</sup> Walther and Savadogo. 2010. Les coûts de formation et d'insertion professionnelles : Les conclusions d'une enquête terrain au Burkina Faso. AFD (Paris)

<sup>9</sup> Hofmann, C., Zelenka, M., Savadogo, B., Akinyi Okolo, W. 2022. [How to strengthen informal apprenticeship systems for a better future of work? Lessons learned from comparative analysis of country cases](#), ILO Working Paper, (Geneva, ILO).

- sometimes apprenticeship in the informal economy simply masks child labour.

## Reason 5: Quality apprenticeships can dynamize local economies

Quality apprenticeships help to perpetuate and consolidate productive and innovative micro and small enterprises. Enterprises of this kind, especially those that can diversify their products and services, are in a better position to respond to current and future changes in economic conditions and demand, and are therefore more likely to grow and create jobs<sup>10</sup>. Moreover, while transitions to formality are intricate and multifaceted processes, enterprises find it easier to formalize when they experience heightened productivity and increased income, and if they are recognized as apprenticeship providers.

Cooperation between businesses that offer apprenticeships improves knowledge transfer and adoption of new technologies, including greener work practices. Increasing industry involvement in apprenticeship can improve the transition from school to work for young people and generate employment in local communities.

## Key directions to strengthen apprenticeships for transitions to formality

The objective of strengthening apprenticeships and support transitions to formality is to address their weaknesses and improve their potential to help young people obtain decent work.

The following key messages build upon the measures set out in the Quality Apprenticeships Recommendation, 2023 (No. 208), by providing guidance for their implementation in the context of countries with large informal economies.

### 1. Capitalize on the existing system in a step-by-step approach

Well-designed approaches aim to overcome weaknesses in the system step by step. Upgrading an informally organized system requires time, pilot testing, close

monitoring, and evaluation that allows for lessons learned to be fed back into policy and reflected in the adjustment of approaches<sup>11</sup>. Trust needs to be built up between trainers and learners in the informal economy on the one hand, and those working in the formal training system on the other. Judicious timing of the various stages of intervention, and selection of the best combination of elements, are of critical importance.

Fostering improvements from within the existing system is the preferred option. If professional, industry or community associations exist, they need to play the primary role in quality improvements. Supporting employers and workers organisations that normally work in the formal economy to expand their activities to the informal economy is another important approach.

Any outside intervention in informal apprenticeship systems needs to be based on a sound understanding of local practices and of the incentives to participation for both in-company trainers and apprentices. Interventions need to take account of how apprenticeships in the informal economy work in practice, what linkages with formal training systems exist, and how these activities can be integrated within wider value chains. Understanding the roles of different formal and informal institutions is crucial, as well as their expectations and the web of incentives required to re-orient their focus and behaviours.



Image credits: PROSPECTS ILO

<sup>10</sup> Avenyo, Elvis Korku. 2021. *Learning and Product Innovation: Performance in Informal Enterprises – Evidence from Urban Ghana*, Munich Personal Research Papers in Economics (MPRA) Paper No. 108839, Johannesburg: University of Johannesburg.

<sup>11</sup> ILO. 2011. *Upgrading informal apprenticeship. A resource guide for Africa* (Geneva)



## 2. Address key decent work deficits

Apprenticeship systems in the informal economy are characterized by informal rules, which regulate working relations and apprenticeship conditions. Some continue to be essential for the effective functioning of the system but others, however, may not align with international labour standards or ILO's Decent Work Agenda and should be modified or replaced. Chiefly, measures to implement Fundamental Principles and Rights at Work to apprentices should be considered first, that include:

1. ensuring learners can create or join the workers organisation of their choice that can represent their interests in collective bargaining; It is important to promote workers' organisations involvement in informal apprenticeships.
2. raising the age of young people entering apprenticeship in accordance with the minimum age specified in the [ILO Minimum Age Convention, 1973 \(No. 138\)](#)<sup>12</sup>, and setting it at 18 years for hazardous work;
3. ensuring that recruitment is free from discrimination and that the needs of learners are taken into account,
4. ensuring that learners are not subjected to forced labour;
5. ensuring that learners are briefed on occupational safety and health risks and hazards. This includes the right of learners to extract themselves from tasks and occupations they deem dangerous.

## 3. Improve productivity and capacity of MSMEs and their associations

For employers to engage, interventions need to yield benefits in terms of improved productivity, quality of service, opening to new markets, reputational gains, and income. Master craftspersons, often employers themselves, need up-to-date technical and entrepreneurial competencies, and didactic skills to ensure they train apprentices adequately. These courses should be short and affordable in order to encourage participation.

Incentives such as certificates may also be required to motivate them to take part.

The technical training to be offered should be based on a clear understanding of the training needs of the small businesses, of their potential for productivity and competitiveness improvements, and of new markets they can access with improved skills. In Jordan, for instance, as part of an ILO intervention, trainers in small mechanical workshops were able to take on electric cars as a result of their training.

Disseminating information and good practices about different ways to cooperate and achieve economies of scale is also crucial. Group trainings can be the opportunity to build up networks and collaboration among small businesses for instance to have greater leverage within a value chain. They can also be an opportunity to forge links with larger enterprises that can offer improved access to modern technology and materials.

It is important to strengthen the capacity of professional associations, crafts and industry chambers, and other organizations of workers and employers representing the interests of in-company trainers and apprentices so that they have the capability to implement change themselves. Interventions that benefit in-company trainers directly, such as skills upgrading courses, or accident insurance schemes for micro and small businesses, provide incentives for long-term involvement in the upgraded system, and so may need to precede interventions to standardize training content or set maximum training periods.



Image credits: ILO

<sup>12</sup> The minimum age shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years. A Member state whose economy and educational facilities are insufficiently developed may, after consultation with the organisations of employers and workers concerned, where such exist, initially specify a minimum age of 14 years.

► **Box 2: Digital skills in informal apprenticeships**

Digital solutions can promote the growth of informal businesses by enabling market integration and enhanced access to new knowledge and skills for all workers – including those with limited access to educational or skills development opportunities. Countries like Senegal, Nigeria, Ghana, and Kenya are piloting strategies that leverage these innovations to improve access to new knowledge and skills in apprenticeships in the informal economy.

However, the use of new technologies by small business owners is limited, not only by cost factors, but also by their appreciation of the benefits of introducing them into their operations. Interventions should look to build on digital technologies already well-established in the informal economy in order to strengthen the capacities of MSMEs. Mobile technologies, for example, have a track record of maximizing informal and non-formal learning opportunities and can facilitate wide access to training modules wherever needed.<sup>1314</sup>

## 4. Strengthen apprenticeship agreements

Apprenticeship systems are not fully effective if apprentices leave the workshop without finishing their apprenticeships, if master craftspersons keep apprentices for very long periods without imparting all their skills, or if the conditions of apprenticeship agreements are not sufficiently transparent. Since agreements are often oral, improvement here includes ensuring that they are written and concluded in front of reliable witnesses.

Various options are available in establishing a socially recognized dispute resolution mechanism around the agreement. Workers' organizations or parents' associations can act as advocates for apprentices, in particular where parents or guardians arrange the apprenticeship with the master craftsperson. If apprentices are older and choose in-company trainers independently, other mechanisms are needed. In these circumstances the conflict resolution role may be undertaken by professional associations, community groups, or trade unions.

These same actors should also play a central role in interventions designed to respect, promote, and realize the fundamental principles and rights at work in relation to apprenticeships and guarantee the protection of apprentices.

► **Box 3: What apprenticeship agreements should contain as per R208**

Agreements should<sup>15</sup>:

- Clearly define the parties' respective roles, rights and obligations;
- Specify where the apprenticeship takes place;
- Not contain any provision that operates to restrict the apprentice's opportunities for labour market mobility after the apprenticeship;
- Contain provisions relating to the apprenticeship duration, remuneration or other financial compensation and its frequency, hours of work, rest time, breaks, holidays and leave, occupational safety and health, social security, dispute resolution mechanisms and the termination of the apprenticeship agreement;
- Identify the competencies, certifications or qualifications to be attained and any additional education support to be provided;
- Be registered under conditions established by the competent authority;
- Be signed at the beginning of the apprenticeship;
- Where the apprentice is a minor, be signed on the apprentice's behalf by a parent, guardian or legal representative, as required by national laws and regulations.

## 5. Facilitate access to off-the-job learning

Apprentices tend to lack theoretical knowledge about materials, measurement or functioning of certain processes related to their trade. Moreover, good quality skills development should combine vocational and technical skills with core skills such as cognitive skills, creativity, and basic skills in numeracy and literacy. New mechanisms should be devised to ensure that apprentices have access to off-the-job learning and may complement

<sup>13</sup> NORRAG. 2023. [The Education-Training-Work Continuums: Pathways to Socio-Professional Inclusion for Youth and Adults](#) (Geneva).

<sup>14</sup> Krichewsky-Wegener, L., Brück, L. 2023. [Learning and Working with Smartphones in the Informal Sector](#). GIZ.

<sup>15</sup> ILO Recommendation [R208: Quality Apprenticeships Recommendation](#) (111<sup>th</sup> Conference Session Geneva 5 June 2023) [18]

their on-the-job learning in other enterprises or through intermediaries, where appropriate.

Several countries, including Bangladesh, Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger, and Togo, have introduced dual apprenticeship schemes in order to incorporate elements of theory, reflection and modern technologies into informal apprenticeship. In these schemes, apprentices spend part of their training (15–40 per cent) in a training centre or vocational school and in-company trainers receive skills upgrading courses. Classroom-based instruction is delivered by training providers within the formal training system, or by private or non-profit non-formal training centres. Financing is commonly provided by national training funds stemming from levies paid by large enterprises, or by international donors. These approaches have proven to be expensive and logistically challenging to implement. Apprentices could also benefit from short courses before, during and after their period of apprenticeship.

More specifically, a brief pre-apprenticeship training can raise awareness about their rights and duties, and about occupational safety and health; a short course in the middle of the apprenticeship can provide basics in the theory of their trade; and a training course at the end of the apprenticeship could include an introduction to entrepreneurship skills and guidance on how to find employment or get finance to set up their own business. Rotation systems that allow apprentices to move to different workshops during their apprenticeships can also help them to develop a broader skills base.<sup>16</sup>

To be most effective, a dual apprenticeship system needs to achieve the right match between the two sites of learning (the workshop and the training centre) so that each part of the apprenticeship enriches the other. Field trainers who visit workshops and business sites can help bridge the divide between the two. A challenge is the frequent lack of capacity, in both formal and non-formal training centres, to provide complementary training for large numbers of informal apprentices. To address this problem in Benin, the government provided incentives for the creation of new private training centres, many of them owned by individual in-company trainers. Some dual systems introduced in the effort to upgrade informal apprenticeships may reach only higher-end segments of

the informal economy, for example if they require a certain level of education on the part of apprentices or financial contributions by businesses.



Image credits: ILO

## 6. Recognize prior learning and competences

To make the skills of apprentices and in-company trainers more visible and improve their access to decent work opportunities or the formal training system, it is essential to adopt a process to recognize relevant prior learning, including when acquired in the informal economy, and encourage the provision of bridging courses.

In some countries, professional associations have introduced skills tests upon completion of apprenticeship to set quality standards within a trade<sup>17</sup>. In other countries, training content within each trade is harmonized by setting skill standards that apply to all informal apprenticeships in that trade, like in Togo or Senegal. Such standards should be designed jointly by professional associations, government representatives and representatives of the formal training system, and based on a sound analysis of labour market needs.

Once set, standards can be converted into logbooks or checklists of competence, to be first used for self-assessment by the apprentice and then validated by the in-company trainer, to monitor how training progresses. The

<sup>16</sup> ILO Recommendation [R208: Quality Apprenticeships Recommendation](#) (111<sup>th</sup> Conference Session Geneva 5 June 2023) [27]

<sup>17</sup> Branka, J. 2016. [Strengthening Skills Recognition Systems: Recommendations for key stakeholders](#) (Geneva, ILO).

logbooks should be verified by a designated expert from a reliable institution who visits the workplace regularly, for example a representative of a government agency, a training centre, a professional association, or an NGO. Combined with assessments and certification at the end of apprenticeship by a credible organization, skill standards and logbooks can enhance the recognition of skills and thus improve young people's chances of finding a job on completion of their apprenticeships. Some apprentices may prefer to continue their journey with the same enterprise upon finishing their apprenticeship, which not only encourages their personal career development but also plays a vital role in disseminating standards and building skills within a specific sector and trade.

Some countries have introduced end-of-apprenticeship qualifications that are recognized within the formal training system, like in Benin or Togo<sup>18</sup>. Others have built bridges between end-of-apprenticeship assessments in the informal economy and formal TVET qualifications.

Another approach introduced as part of reforms to national TVET systems has been to establish formal certification systems to assess skills according to competence, regardless of where these skills have been acquired. This is known as Recognition of Prior Learning (RPL) and provides an alternative route to formal TVET qualifications for workers who developed their skills in the informal economy, including apprentices<sup>19</sup>. In Tanzania, for example, apprentices are encouraged to take RPL exams after graduating from apprenticeships in the informal economy. For master craftspersons/in-company trainers, there are several reasons to take part in RPL assessment and certification<sup>20</sup>:

- Changing market regulations, which may require master craftspersons to certify their skills.
- Access to new markets. A certificate indicating the occupational or skills level of its holder may be a pre-requisite for certain contracts.
- Better wages with a proven professional profile. If its members are certified, professional associations can advocate for decent work conditions in an industry.

- Safeguarding the trade and protecting the market, for example against newcomers who may provide lower quality services for cheaper prices.
- Enhancing their reputation, as training enterprises may be labelled as such.

Approaches to implement RPL should maintain and enhance the involvement and ownership of professional associations in the national assessment schemes to ensure they focus on skills demanded in the market, and schemes are promoted among their members.

## 7. Promote equality, diversity and social inclusion

Informal apprenticeship depends on master craftspersons selecting apprentices to be trained in their workshops. It is therefore important to raise their awareness on equality, diversity, and social inclusion, taking special account of the situation and needs of persons belonging to one or more vulnerable groups or groups in situations of vulnerability.

Women tend to be disadvantaged by the preponderance of male-dominated trades among those offering apprenticeships in the informal economy, as well as by prevailing gender stereotypes rooted in traditional socio-cultural norms. Other disadvantaged groups, such as young people from migrant backgrounds or with disabilities, also face difficulties in accessing apprenticeships since they might face prejudices, logistical issues, or other barriers to entry and participation. In some countries, apprentices may encounter financial barriers if they are required to pay training fees or contribute through in-kind contributions.

Efforts to establish fair and equal access to informal apprenticeship require stereotypes of both male and female master craftspersons to be addressed so that recruitment practices are based on talent, behaviour, and competence and not on the gender of the applicant. Discrimination can also be eroded by stimulating demand for apprenticeship among young women and members of other disadvantaged groups. This may be done, for example, by providing career guidance and vocational counselling to help them identify a suitable trade or

<sup>18</sup> Hofmann, C., Zelenka, M., Savadogo, B., Akinyi Okolo, W. 2022. [How to strengthen informal apprenticeship systems for a better future of work? Lessons learned from comparative analysis of country cases](#), ILO Working Paper, (Geneva, ILO).

<sup>19</sup> Werquin, Patrick. 2021. [Guidance note on informal apprenticeship: Organising without formalising](#), VET Toolbox. Brussels and Luxembourg: Belgium Development Agency and Luxembourg Development Cooperation Agency.

<sup>20</sup> ILO. 2015. [Assessing skills in the informal economy – A resource guide for small industry and community organizations](#). (Geneva)



enterprise, overcome stereotypes linked to certain occupations, and raise awareness about apprenticeships as viable career paths. This service may be provided through public employment services, community organizations, professional associations, NGOs, or already in school. Creating role models can also encourage disadvantaged groups to participate in informal apprenticeship, for example by publicising stories of successful female apprenticeship graduates, entrepreneurs with disabilities etc.

Beyond achieving social inclusion in access to informal apprenticeships, it is also crucial to uphold values of equality and diversity throughout the apprenticeship programme to avoid dropout. These considerations may extend to the workplace environment and culture, accessibility requirements, the workstation of the apprentices and available tools to complete their tasks. In addition, learning programmes need to match the needs of a diverse workforce, and learning modalities need to be adapted accordingly. For people with disabilities, this could entail appropriate training provisions in accessible formats as well as assistive devices, accessible workspace design and routes towards training spaces. For women, apprentices measures could include flexible training hours, strict MSME policies against violence and harassment, and support services to safeguard them against societal pressures or domestic violence. For apprentices in rural areas, transportation could be supported by the MSME throughout the apprenticeship period.

## 8. Promote and regulate apprenticeships through social dialogue

Strengthening representation of apprentices and host companies in social dialogue at national policy level and sector level is essential to the development and implementation of regulations and policies that will affect them. There are countries in which professional associations at local level organize individuals and businesses from the same trade and get involved in local policy processes. They can be affiliated to either workers or employers' organizations, as in Ghana, Burkina Faso, or Kenya. In some countries, crafts associations have developed national umbrella organizations that increasingly raise their voice in national policymaking.

Examples of successful reform of apprenticeship systems in the informal economy in West and East Africa have emerged in situations where 1) governing authorities had developed a positive view of development capacities in the informal economy, and 2) craftspersons' and small business associations had increased awareness about their responsibility for members' skills development.



Image credits: PROSPECTS ILO

► **Box 4: Financing mechanisms**

Apprenticeship systems in the informal economy remain essentially self-financed. Whether they aim to stimulate supply and demand, improve quality, support access to apprenticeships for vulnerable youth, help graduates into self-employment, and support transitions to formality, upgrading interventions may require additional sources of funding. While funding solutions vary by country, they typically combine a variety of sources.

Financial services, provided by microfinance institutions or community-based saving groups, can benefit businesses by supporting increased investment, including in training-related equipment and material, improving productivity, and thus, increasing production and the use of labour. For apprentices, microfinance services can include educational loans, saving products or non-financial services such as financial education.

Some countries, such as Chad and Niger for example, have started to include informal apprenticeship in national policymaking and allocate money for training in the informal economy through national training funds<sup>21</sup>. These funds are generally fed by payroll taxes on large enterprises from the formal economy and may also be supported by donor funds or additionally supported through government funds.

Some multilateral donors, bilateral donors, or NGOs are also involved in efforts to strengthen apprenticeships in the informal economy. It is crucial that their funding is used to steer actions, with long-term timeframes, to encourage participation by all stakeholders, but with a clear plan for gradual withdrawal and coverage by national sources.

## Summary: Towards quality apprenticeship systems

Apprenticeship systems are widespread in many countries with large informal economies. Master craftspersons conclude an agreement with an apprentice to train them in their workshop in the skills of their trade for a significant period of time. Apprentices learn while they work and contribute to the businesses' operations.

Although operating in the informal economy, apprenticeships are not unorganized: social rules and local traditions provide a conducive framework for training to take place. Addressing weaknesses in the system while maximizing its potential is key to advance towards quality apprenticeships and facilitate transitions to formality, benefitting youth, small businesses, and fostering more versatile and productive economies.

Upgrading interventions are more likely to be successful if they:

- build on a thorough, local and trade-specific assessment of why and how apprenticeship systems in the informal economy work;
- capitalize on existing practices in a step-by-step approach;
- address key decent work deficits;
- improve productivity and capacity of MSMEs and their associations;
- involve workers' organizations, parents' associations, youth groups and other community groups;
- strengthen apprenticeship agreements;
- improve training quality by providing new skills to both master craftspersons and apprentices, including through access to off-the-job learning;
- enhance recognition of acquired skills and competences;
- address gender imbalances and promote equality, diversity and social inclusion;
- are properly monitored and evaluated;
- are funded with long-term timeframes and a clear plan for gradual coverage by national sources;
- promote and regulate apprenticeships through social dialogue.

<sup>21</sup> RAFFPRO (Réseau Africain des Institutions et Fonds de Formation Professionnelle). 2021. [Synthèse du 3<sup>ème</sup> atelier régional de partage du RAFFPRO : Les modes alternatifs de financement de la formation technique et professionnelle.](#)

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