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Apprenticeships:

incentives for employers and learners

Apprenticeships: incentives for employers and learners

Short papers from the Cedefop community of apprenticeship experts

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The **European Centre for the Development of Vocational Training** (Cedefop) is the European Union's reference centre for vocational education and training, skills and qualifications. We provide information, research, analyses and evidence on vocational education and training, skills and qualifications for policy-making in the EU Member States. Cedefop was originally established in 1975 by Council Regulation (EEC) No 337/75. This decision was repealed in 2019 by Regulation (EU) 2019/128 establishing Cedefop as a European Union Agency with a renewed mandate.

Europe 123, Thessaloniki (Pylaia), Greece
Postal address: Cedefop service post, 570 01 Thermi, Greece
Tel. +30 2310490111, Fax +30 2310490020
Email: info@cedefop.europa.eu
www.cedefop.europa.eu

Foreword

As Europe navigates rapid change – from emerging technologies and demographic shifts to evolving labour market demands and the green and digital transitions – apprenticeships are proving to be a powerful lever for equipping people with relevant skills and qualifications while fostering inclusion, innovation and adaptability to external trends.

Although significant political attention has been paid to apprenticeships at the EU level, as evidenced by the introduction of the European framework for quality and effective apprenticeships in 2018, there is significant variation in the organisation and implementation of apprenticeship schemes across Europe. When it comes to incentives to increase participation, this variation encompasses employer-centred, state-funded approaches (the predominant form), coexisting incentives for employers and learners that are often funded by several complementary sources and a renewed emphasis on non-financial incentives.

Featuring contributions from members of the Cedefop community of apprenticeship experts, this publication demonstrates the different approaches that European countries take when introducing incentives to increase participation in apprenticeships, offering insights into how such variation often reflects the overall governance of vocational education and training, public funding limitations or changing policy priorities. While many of the instruments presented in this publication meet their goals, others fall short or are difficult to maintain. Therefore, the contributions also discuss the outcomes, suitability and sustainability of these financial and non-financial instruments at the national level, according to policy evaluations or stakeholder views.

We believe this publication will contribute to policy learning and better-informed policy decisions based on sound, sustainable, cost-sharing approaches. It also paves the way for further Cedefop work on the outcomes and effectiveness of apprenticeship schemes in Europe. Cedefop would like to thank the experts who contributed for their valuable input and the entire community of apprenticeship experts for all of its voluntary work.

Jürgen Siebel
Executive Director, Cedefop

Antonio Ranieri
Head of Department for VET and skills

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The publication is a collection of papers on the use of incentives to increase participation in apprenticeships, authored by members of the Cedefop community of apprenticeship experts. Cedefop would like to thank the community members who contributed.

The publication was prepared and edited by Vlasis Korovilos, Cedefop expert.

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Executive summary

Introduction

For over 15 years, Cedefop has been exploring how apprenticeships are conceived, designed, organised and implemented across Europe. Its comparative study of apprenticeship schemes in European countries (2016) identified and analysed the different purposes and functions of apprenticeship schemes and highlighted the fundamental differences that account for the differences in understanding of the concept of apprenticeship and the evolving purposes and functions of apprenticeship schemes. Following the introduction of the European framework for quality and effective apprenticeships, Cedefop analysed how apprenticeship schemes compare using a selection of the framework criteria (2021), revealing areas of strength and convergence among EU Member States but also variations and gaps in the way the criteria are met in practice.

When it comes to incentives for apprenticeships, Cedefop's study on financing apprenticeships (2020) demonstrated the wide variety of ways in which apprenticeships are financed and developed a typology of financing arrangements. The Cedefop European database on apprenticeship schemes ([1]) includes sections on financial incentives for employers and apprentices, together with a list of the framework conditions that qualify as different forms of non-financial incentive.

With apprenticeships standing at the crossroads of education and the labour market, the differences in how European countries perceive apprenticeships and their purpose understandably reflect their specific national contexts, in terms of labour market characteristics, education system architecture, social dialogue culture, and stakeholder dynamics and the roles of social partners in formal governance. In relation to incentives and financing, Cedefop's 2020 study showed that two predominant models emerge from such underlying conditions. In the first model, financing apprenticeships is a shared responsibility of the State and employers, and there is frequent collection and disbursement of money to training companies through national or sectoral training funds. In the second model, the financial support for training that companies or learners receive mostly derives from and is channelled through State budgets and/or EU funding.

Beyond financial incentives, Cedefop's thematic country reviews on apprenticeships in nine Member States revealed that companies already participating in apprenticeships often value other benefits and non-financial incentives over grants or subsidies. They prioritise their ability to shape future employees to their culture or access a better-trained workforce. They also value a supportive overall framework in terms of procedures, regulations, collaboration with vocational education and training (VET) schools and preparation of in-company trainers on what they need to train people in and how. In addition to the financial gains they receive, apprentices also value guidance before and during their apprenticeship and support from schoolteachers and in-company trainers. Despite this evidence, not all European countries put the same emphasis on non-financial incentives and overall support to participating companies and learners as they do on financial incentives.

In this publication, members of the Cedefop community of apprenticeship experts shed light on selected incentives that are in place in their respective countries. This publication is not a full account of all instruments that are in place; instead Community members were free to focus on one or more significant incentives, taking into account the national context. Financial incentives are presented more often than non-financial ones, and grants or tax benefits for employers are shown to be more common than support for learners. By sharing this information and their reflections on the suitability, effectiveness

([1]) The database offers detailed, structured, comparable information on the design and organisation of apprenticeship schemes in the Member States, Iceland, Norway, Switzerland and the United Kingdom.

and sustainability of the selected instruments, community members will help an international audience better understand how the incentives are designed, introduced and received by their target group, be it employers or apprentices.

The publication will be followed by a separate analytical work produced by Cedefop experts, which will discuss in greater depth the commonalities and variations in the approaches followed, strengths of and gaps in the incentives studied and points for policymakers to consider and act on. The overall aim is to help establish or reinforce fair and equitable cost-sharing approaches, through which contributions from different sources and stakeholders safeguard the sustainability of apprenticeship financing and strengthen the engagement of key stakeholders in apprenticeship design and implementation.

Methodology

In accordance with its operational practices, the Cedefop community of apprenticeship experts chose to work on incentives as its key contribution for 2024. It was decided from the outset that this exercise (a) did not represent a mapping of all incentives and was not intended to produce a full account of what is in place but was rather an analytical exercise; (b) would allow each expert to select which were the most relevant incentive or incentives to be covered in the exercise, according to the current policy discourse and priorities in their country; and (c) would allow the focus to be on incentives for employers or learners (or both), regardless of if these incentives were financial or non-financial. On this basis, Cedefop produced guidelines and community members drafted their contributions.

Eleven contributions were collected between September 2024 and February 2025. Each contribution first offers an introduction to how the apprenticeship schemes in question are designed and organised and presents the selected financial or non-financial incentives. Then it discusses their take-up and potential links to enrolment or other outcomes if information is available, before reflecting on the suitability, sufficiency and sustainability of the instruments based on policy evaluations, stakeholder views or the personal expertise of the authors. Finally, each contribution concludes with some key lessons learned and/or suggestions for how the selected incentives could be improved or better complement other instruments. Cedefop reviewed each contribution, offered comments to the authors and incorporated their responses into the final publication.

The publication brings together contributions on selected incentives from Austria, Bulgaria, Croatia, France, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland and Spain. More information on the full set of incentives and financing instruments is available in Cedefop's databases on apprenticeship schemes and on financing apprenticeships. Further analytical work will follow in a separate publication.

Initial observations

Although this publication does not intend to take an analytical approach to the topic (as noted above, further analytical work will follow), some initial observations can be shared.

Incentives for employers are more common than those for learners

First, even though the incentives covered by the national experts do not provide a full account of the instruments currently in place in their respective countries, most incentives are devised to attract companies to apprenticeship schemes, while incentives for learners are less frequently used. Some of the experts suggest that remuneration is usually considered a major incentive that should be enough to attract learners to apprenticeships. Therefore, little attention is paid to other types of support, usually linked to travel to and from the place of work. However, in a landscape in which the boundaries between education and training options are becoming blurred – and especially as the profile of the apprenticeship population evolves through the inclusion of more adults and/or people with a European qualifications framework (EQF) level 4 qualification – the assumption that wages alone will suffice to achieve the desired enrolment figures needs to be reassessed.

Grants and subsidies are the dominant incentives for employers

When looking at incentives for companies, there is a clear predominance of grants and subsidies over other types of financial incentives (tax incentives) or non-financial support. These incentives may draw on various funding sources, like State budgets, EU funds or national or sectoral training funds. In many cases, employers are used to receiving support in this way and argue for its continuation. However, many papers in this collection also clearly demonstrate that, for companies that already participate in apprenticeships, grants and subsidies are not the major factor influencing their decision to keep training apprentices; they see more clearly and value more highly other benefits and incentives, especially non-financial ones. This strong message, coupled with concerns in many countries about the sustainability of certain EU-funded grants, suggests the need for a deeper discussion on how to reduce the (over-) reliance on grants and devise more sustainable and equitable cost-sharing models.

Most countries deploy a combination of instruments

Although this publication does not intend to present a full account of the incentives in place in any country, the contributions do point to the coexistence of different instruments in the countries discussed. More often than not, two or three different incentives for companies complement a smaller number of instruments (one or two) intended to attract apprentices, putting in place an expanded set of provisions with the intention of increasing participation from both sides. In about half of the countries studied, policy documents do not prioritise one group over the other but pursue a two-fold objective, that of making apprenticeships more attractive to both learners and employers. In the other half, countries may have a clearer priority, for example attracting more employers (Spain, Latvia) or more learners (France, Norway). In any case, while the coexistence of different instruments might appear to be a sign of a fairer allocation of responsibilities, it does not always guarantee an equitable distribution; there are cases where two or three different incentives all derive from the same (state or EU) budget. Further work may be needed to establish fair cost-sharing approaches and if the set of tools in place is indeed considered sufficient by the intended recipients or if certain additional incentives might work better.

Horizontal incentives are more common than targeted ones

Horizontal incentives are far more common than targeted ones, and, in some countries, they are the only financial incentives that exist. By ‘horizontal incentives’, we mean that, for example, the same grant is available for any company participating in apprenticeships, irrespective of sector, size, region or group of learners trained. In some cases, they are combined with targeted instruments, for example to attract companies from sectors in high demand, to support employers in specific regions (facing labour market challenges) or to encourage companies to take on apprentices from specific demographics. Likewise, for learners, when there is additional support that tops up their wage (e.g. an allowance), this is often a set amount given to all apprentices and less often specific support for learners who may have greater need of it, such as those from vulnerable groups. Cedefop’s database on apprenticeship schemes also reveals that in most countries the wage an apprentice receives remains the same throughout their apprenticeship, although there are notable cases where it varies by the apprentice’s age or by year within a programme. Although the predominance of horizontal approaches makes incentives easier to manage and allocate, it may also weaken the effectiveness of the incentives during participation in an apprenticeship programme: something that succeeds in drawing a company or a learner to an apprenticeship might not be equally successful in encouraging them to complete the programme. Therefore, there is a need to think of efficient, manageable ways to offer tailored incentives to specific groups (learners or employers) or in different years/stages of an apprenticeship.

Non-financial incentives and understanding the real value of apprenticeships matter in the long run
Many of the papers included in this publication raise concerns about the (over)reliance of several EU apprenticeship schemes on grants and subsidies. The first issue raised is sustainability and continuity, especially in cases where it is mostly EU funds that are being used. The next is whether these schemes are suitable for companies that already have experience with apprenticeships and do not need to be convinced of their real benefits.

The value of apprenticeships is not always evident to companies that have no exposure to this form of training, and financial incentives may work well to overcome their initial reservations and lack of knowledge. However, many of the papers reveal that, for companies already participating in apprenticeships, the overall regulatory framework, the support they get from schools or sustainable financial incentives like tax exemptions matter more. Various studies, evaluations and stakeholder views referred to in this publication make the point that employers remain in apprenticeship schemes because they value the opportunity to shape future employees to their organisational needs and culture, to develop a qualified workforce from which they can draw in the future or to share the cost of training and recruitment with VET schools.

CHAPTER 1.

Apprenticeship incentives in Austria

By Kurt Schmid [2]

1.1. Introduction

There is a long tradition of apprenticeships in Austria. Currently about 80% of each age cohort undertakes initial vocational education and training (IVET) after compulsory education and about half of those are in a dual VET/apprenticeship scheme (the other half are in school-based VET). Apprenticeships are offered at International Standard Classification of Education (ISCED) level 3 (national qualifications framework (NQF) level 4) and usually last three years. There are about 200 different apprenticeship professions (following the occupational concept). About 80% of learning takes place in the company, and the other 20% in vocational schools. Apprentices are employed (there is a special apprenticeship contract which is a combination of an employment and training contract) and receive pay (collectively bargained sectoral apprenticeship wages; their wage usually is about 1/3 of a skilled worker's wage in their first year of training, rising up to about 2/3 in their third year). Apprentices are typically young; most of them start training at the age of 15. It is a highly demand-driven system, governed by social partners (the institution representing employers, Austria's Chamber of Commerce (Wirschaftskammer Österreich, WKO), is additionally commissioned to perform many administrative and supportive tasks), and matching takes place in the 'apprenticeship market', that is, directly between applicants looking for and companies offering training places.

Apprenticeship training is based on shared financing: training companies finance company training, the public finances part-time VET schools and apprentices earn wages below the minimum wage of skilled workers. Most of the social security contributions employers must pay for their apprentices are waived. Additionally, apprenticeships (and, to a lesser degree, apprentices themselves) are financially supported. Most financial support/incentives in Austria are directed at training companies.

1.2. Incentives for apprenticeship training in Austria

No explicit goals, targets or indicators are defined in relation to Austria's apprenticeship incentives. Yet, assessing the approaches, instruments and criteria in place reveals that the aim of Austria's approach is basically twofold: to motivate companies to participate in apprenticeship training and to improve training quality, while also focusing on creating incentives for target groups (such as weak learners and learners from minority groups). A broad variety of instruments exists at the federal, regional/provincial and sectorial levels, both for companies and apprentices.

(2) Senior researcher, ibw Austria and member of the Cedefop community of apprenticeship experts for Austria.

Box 1.1. **Austria's subsidisation approach in brief**

- Most financial support/incentives target training companies. Variety of 'small' incentives for apprentices and target groups also exist.
- There is a compulsory levy-based training fund.
- The fund includes a combination of a basic subsidisation schemes (that are regressive over training years) and additional criteria-based subsidisations (the partial reimbursement of extra costs for training). Waiving of most of social contributions for apprentices is also in place.
- Sector-based training funds are rare, diverse in nature and usually voluntary.

NB: Most of this chapter is from Schmid K. (2019). Companies Engaging in Dual VET: Do Financial Incentives Matter? Approaches in Austria, Germany, Liechtenstein and Switzerland Options, Pros and Cons for Reform Processes. ibw-report.

Source: Author.

1.2.1. Financial support at the federal level

1.2.1.1. *Direct subsidies for training companies*

Since 2016, every training company is entitled to a direct public subsidy for each apprentice they take on. This basic subsidisation is linked to the apprenticeship wage and is regressive over their years of training. More concretely, training companies receive three months of apprenticeship wages in an apprentice's first year of training, two during the second year and one in the third (and fourth) year. The basic rationale behind this is to compensate training companies for the low productivity of apprentices in their early years of training.

Additionally, training companies may receive criteria-based subsidies from the Austrian Insolvency Remuneration Fund (Insolvenz-Entgelt-Fonds, IEF) in the form of grants ([3]). These incentives are intended to:

(a) foster quality, through coaching, building training alliances, providing extra preparation for the final apprenticeship examination (FAE) or ensuring trainers have opportunities for further training and qualifications;

(b) address specific target groups and/or occupations in order to employ apprentices from inter-company training centres, ensure equal access for girls, provide training for inclusion/integration programmes, etc. ([4]).

Box 1.2. **Criteria-based IEF subsidies for training companies**

Training associations. Training associations and additional training beyond the occupational profile are partially funded, with the funding covering 75% of the course costs, up to a total of EUR 3 000. In addition, 75% of the cost of preparatory courses for the FAE can be funded, up to a total amount of EUR 500. The funded training period must be counted towards working hours. Reimbursement of the costs for boarding school or accommodation costs is in accordance with Section 9, Paragraph 5 of the Vocational training act (Berufsausbildungsgesetz, BAG). Since 1 January 2018, all authorised teachers must bear the costs incurred by their apprentices in an apprentice house or boarding school while they attend vocational school.

Coaching and advice for teaching companies. WKO supports and advises companies in dealing with challenges related to their participation in apprenticeship training.

Additional funding for good FAE grades. The funding is EUR 200 per FAE passed with a good mark and EUR 250 per FAE passed with distinction.

([3]) Companies must apply for these criteria-based subsidies at local apprenticeship offices. They must provide proof of their expenses and will be reimbursed up to a certain amount. For more information, see the Wirtschaftskammer Österreich web page Förderungen für Lehrbetriebe: Förderarten im Überblick [Funding for training companies: overview of funding types].

([4]) All incentives are listed and described at the web page Support and grant assistance for apprentices on the Austrian public administration platform.

Internships abroad. A training company is reimbursed for the gross income an apprentice has earned for any period in which they completed a language course and/or job-related internship abroad (and were therefore not present at the company). In addition, the language course itself is also funded, and the apprentice also receives a bonus.
Apprenticeships for adults. Apprenticeships for people over 18 years of age can be funded if they are paid at least the wage of an assistant. In these cases, the basic funding available, according to the BAG, is not calculated based on the apprentice's income, but rather based on the wages given to assistants.
Measures for apprentices with learning difficulties. Funding is provided for tutoring courses, preparation courses for examinations/re-examinations at vocational school and time off work when repeating a vocational school class. The funding covers 100% of the costs of tutoring, up to a total amount of EUR 3 000 per apprentice, or 100% of the apprentice's collectively agreed salary in the case of time being taken off work.
Additional VET school attendance. Exemption from work and boarding school costs are supported when repeating a vocational school class due to a change of apprenticeship, the crediting of apprenticeship time or a reduction in the length of an apprenticeship.
Further training for trainers/instructors. Up to 75% of the cost of further training for trainers is covered by funding, up to a total of EUR 2 000 per year.
International competitions. Only participants who have completed their apprenticeship or who are still apprentices are eligible for funding. The funding is based on the actual basic wage/salary of the participating person without any special payments or allowances.
Bonus for taking on apprentices. There is a one-off bonus of EUR 1 000 for companies that have taken on apprentices from an inter-company training institution, which will remain in effect for apprentices who are taken on by 31 December 2025.

Source: Adapted from the WKO web page Förderungen für Lehrbetriebe: Förderarten im Überblick [Funding for training companies: Overview of funding types].

Since 2023, both types of incentives have been financed by public money ([5]). The administration of these incentives occurs at regional apprenticeship offices.

Training companies may also receive financial support (grants) from the Austrian public employment service (PES), namely Arbeitsmarktservice (AMS). The PES aims to support:
(a) girls in apprenticeships with a low proportion of women;
(b) young people (apprentices) who are disadvantaged in the labour market (young people with disabilities, social problems or school deficits and those who have dropped out of apprenticeships);
(c) participants in vocational training in accordance with Section 8b of the BAG (formerly 'Integrative Vocational Training');
(d) over 18s whose difficulty with employment is due to a lack of skills or dropping out of school, which an apprenticeship may solve.

1.2.1.2. *Indirect subsidies for training companies*

Additionally, training companies receive indirect financial subsidies in the form of:
(a) waivers for non-labour costs; employers do not have to make social security contributions for apprentices to cover health, unemployment and accident insurance;
(b) tax deductions; training expenditures lead to a reduction in companies' taxable profit.

1.2.1.3. *Grants for apprentices*

In Austria, apprentices may also receive subsidies. These are financed using funds from the labour market policy budget, namely the PES ([6]), from the Austrian IEF (which is controlled by Austria's regional

([5]) Before 2023, financing was handled by the IEF. Traditionally, this fund pays outstanding wages in the event of company insolvency. Therefore, it is financed entirely by companies themselves (0.35% of lump-sum wages; until 2023, 0.2% of this was earmarked for the direct subsidisation of training companies). In essence, it functioned as a compulsory training fund that redistributed the money levied from all companies to those that train apprentices.
([6]) For details, see the AMS web page Förderung der Lehrausbildung [Promotion of apprenticeship training].

apprenticeship offices ([7]); financial incentives for an apprentice are forwarded to their training company) or from public finances.

The following funding opportunities for apprenticeship seekers and apprentices exist at the federal level.

(a) Funding opportunities financed by the PES are listed below.
   (i) A preparation allowance for apprenticeship seekers. Under certain (financial) circumstances, the PES offers a subsidy (for travel, accommodation and meals) for interviews for apprenticeships that are held a long distance from the apprenticeship seeker's home.
   (ii) A long-distance allowance for apprenticeship seekers and apprentices. This allowance can be applied for at the PES if the apprenticeship is not delivered in the area where the apprentice primarily resides.
   (iii) Training and continuing-education subsidies. These cover living expenses, as well as course and ancillary course costs.
(b) Funding opportunities financed by the Austrian IEF are listed below.
   (i) Lehre fördern. In addition to various company subsidies, apprentices themselves are also reimbursed for the costs incurred during preparatory courses for their final apprenticeship examination. The subsidies can be applied for at the apprenticeship office of the relevant chamber of commerce.
   (ii) Coaching for apprentices. If apprentices are experiencing difficulties in their training, at vocational school, or in their private lives, they can receive support and guidance from professional coaches free of charge.
   (iii) Free resits of the final apprenticeship examination. Apprentices can apply to sit their final apprenticeship examination for a second or third time free of charge.
(c) Funding opportunities financed by public money are listed below.
   (i) Family allowance. Apprentices are entitled to a family allowance for children who are minors (if all other eligibility requirements are met). Apprentices are also entitled to a family allowance for adult children under 24 years of age if they are in professional training, such as a recognised apprenticeship.
   (ii) Free travel and travel allowances. The free travel allowance for apprentices is provided for daily travel between home and their place of training. If public transport is not available for this purpose, or if it is not reasonable to use it (e.g. if they cannot get to their apprenticeship on time using public transport), a journey allowance can be applied for, provided that the journey to work is at least 2 km. This minimum distance does not apply to apprentices with disabilities if the apprentice is dependent on transport to get to their apprenticeship.
   (iii) Subsidising apprentices' work placements abroad. Work placements in the EU are organised and subsidised for apprentices. The International Young Workers' Exchange (Internationaler Fachkräfteaustausch, IFA) can help organise placements and offer support and advice.

1.2.2. Sector/region-specific training funds

In some sectors and/or regions additional training funds exist, some of which are listed below.

(a) In the construction sector, a third type of training venue, inter-company learning centres (BAUAkademien), is financed using the money gathered from compulsory levies for all companies in the sector since 1982.
(b) As a criteria-based subsidy for training companies in the construction industry, additional training weeks may be financed.
(c) In western Austria (Bundesland Vorarlberg), a voluntary training fund exists in the electronics and

([7]) In each of the nine Austrian provinces there is one apprenticeship office. It is located at the site of the regional economic chamber (part of the WKO) but operates on behalf of the Federal Ministry of Labour and Economy. Its main tasks are accrediting training companies, organising instructor training, organising final apprenticeship exams, administering training contracts, administering financial incentives for training companies and providing information and support to (training) companies interested in apprenticeships. Apprenticeship offices are supported by WKO Inhouse GmbH (which is part of the WKO) with respect to the financial administration of subsidies (as well as coaching).

metal industry. All participating companies voluntarily pay in a levy of 0.24% of the total wages they pay. Training companies receive a one-time bonus for each of their apprentices who positively succeeds in a skills competition.

1.2.3. Financial support at the provincial level

In addition to nationwide instruments, financial incentives are also offered at the provincial level (Austria has nine provinces). These incentives are usually earmarked for apprentices and apprenticeship seekers and financed by a regional/provincial public budget or the Chamber of Labour. Targeted are those not in employment, education or training (NEET), apprentices from low-income groups, weak/disadvantaged learners and gifted learners, with the aim of fostering regional mobility ([8]).

1.3. Assessing the impact of financial incentives and subsidies

There are no figures or reports evaluating the subsidies or financial incentives available for apprenticeship training. However, regular biennial reports exist for IEF-financed and PES-funded subsidies. The last available figures for these subsidies list the IEF as having about EUR 200 million (about 80% of all support from the IEF goes to the subsidisation of training companies) and the PES as having EUR 50 million (Dornmayr & Löffler, 2022). The financial incentives available at the provincial level and from the Chamber of Labour are not reported in a manner that allows for their comparison.

Empirical information exists on the utilisation of incentives and shows that it differs by region, sector and company size. Basically, only limited research-based evaluations of the effect of these subsidies exists. The most recent of these are from 2016 (Dornmayr et al., 2016; Schlögl et al., 2016) for IEF-funded incentives and 2017 for PES-funded incentives (Dornmayr et al., 2017). There are indicators that both have positive effects.

The AMS subsidisation scheme for in-company training places (*Lehrstellenförderung*) is an effective and efficient instrument for supporting young people who are at a disadvantage and placing them in an apprenticeship. The long-term (labour market policy) success of this scheme is also due to the fact that having completed an apprenticeship training programme is very important for a learners' professional career and that the costs of this AMS subsidisation scheme per funded person only amount to a fraction of the costs associated with a supra-company apprenticeship post (Dornmayr et al. 2017).

Training companies have also stated that financial incentives are very important (basic subsidisation especially, but criteria-based incentives for instructors and for preparing final apprenticeship exams) (e.g. Schlögl & Mayerl, 2016, p. 104). However, due to limited empirical data on individuals, as well as the methodological challenge of identifying causal effects, these results are not conclusive. In 2022, temporary financial support for training companies in the context of the COVID-19 pandemic also led to positive effects.

Due to the limited results from these evaluations, it is hard to assess whether the whole incentive system, as well as its individual elements, serves its purpose, especially with respect to the different aims attached to each incentive. Their efficiency and effectiveness are obscured by the probability of distortions / unintended outcomes (especially deadweight loss).

It can be stated that Austria's financial incentives may influence how training companies weigh the cost–benefit of offering training. However, for the vast majority of companies, this will not be the decisive factor, as the share of gross costs taken up by apprenticeship schemes does not exceed 10%.

([8]) See Funding opportunities for apprenticeship seekers and apprentices at the federal level on the Austrian public administration platform.

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CHAPTER 2.

Apprenticeship incentives in Bulgaria

By Petya Evtimova ([9])

2.1. Introduction

The 'work-based learning' (WBL) apprenticeship scheme ([10]) started in Bulgaria in 2015 as part of a pilot project. In the following years, further legislation was created and adopted which led to rapidly increasing interest from companies and students.

Table 2.1. **Number of students in the work-based learning scheme by year (cumulative enrolment figures)**

School year	Number of students in work-based learning
2016/2017	353
2017/2018	1 752
2018/2019	3 884
2019/2020	6 339
2020/2021	8 659
2021/2022	10 450
2022/2023	11 705
2023/2024	11 513

Source: Ministry of Education and Science (2024).

In terms of percentages, however, the share of students in work-based learning compared to the overall number of VET students is still quite low.

Table 2.2. **Share of VET students who follow the work-based learning scheme**

School year	Percentage of students in WBL within VET
2020/2021	6.4%
2021/2022	6.9%
2022/2023	7.2%

Source: Ministry of Education and Science (2023).

([9]) Chairperson of the Board, Modern Education Foundation, Bulgaria, and member of the Cedefop community of apprenticeship experts for Bulgaria.
([10]) See the Cedefop European database on apprenticeship schemes for background information on the scheme.

For the 2023/2024 school year, enrolment in work-based professions was provided for only 50 out of 145 professions involved in VET.

These low percentages do not meet the expectations of the relevant bodies and authorities, especially those of companies, branch associations and nationally representative employers' organisations. Because of this, several incentives aiming to both increase the interest of learners in WBL and foster the participation of companies in WBL have been introduced. In October 2023, the Ministry of Education and Science presented a Strategic Vision for the development of dual VET in Bulgaria 2030, in which a 10% annual rise in the number of students in WBL has been set as an objective.

2.2. Incentives for apprenticeships in Bulgaria

As mentioned above, the prevalence of WBL in Bulgaria has not increased with the desired speed, which has led to the implementation of several horizontal direct and indirect incentives aiming to attract more students and companies to the system.

2.2.1. **Grants for students**

Students are enrolled in five-year WBL programmes. In the first three years, their tuition is school-based, while in the last two years they learn while working in a real work environment, in companies (2 days per week in 11th grade and 3 days per week in 12th grade). In 2016, special grants were introduced for the first three years of study (8–10th grade) to attract more students to the new WBL system. In the last two years of study (11th and 12th grade), students receive a salary from their employer which has a minimum fixed in Article 230 of the Labour Code. Moreover, over the whole 5 years of work-based learning (8–12th grade), students can also receive a special grant for high academic achievements.

2.2.2. **Incentives for companies**

2.2.2.1. *Social and health insurance for apprentices is covered by the State budget instead of employers*

As of 2018, as an incentive for the employers involved in WBL, health insurance for apprentices is now covered by the State budget instead of the employers. This was made possible with an amendment in Article 40, paragraph 3, point 1 of the Health Insurance Act of 2018.

Another similar incentive was introduced with an amendment of the Social Security Code, which came into force on 1 April 2024. It states that the social insurance employers should pay for apprentices will also be covered by the State budget.

2.2.2.2. *Financial support for training company instructors*

Part of the salaries of the mentors in companies participating in WBL is covered by a large-scale EU-funded project, Support for the dual system 2020–2023, to compensate the company for the time they spend training learners.

Training for company instructors is organised and financially covered by the project, a cost that otherwise would have been borne by employers.

2.3. Observations

The topic of adequate incentives for students and companies has been put forward for discussion ever since the very beginning of WBL in Bulgaria in 2015 with the project 'Swiss support for the introduction of dual-track principles in the Bulgarian VET system', widely known as the Domino project. At first, financial support was only provided for students and their families to encourage them to enrol in WBL programmes, as WBL was a new and unknown system. Indeed, the number of students who enrolled in the first years of the WBL system rapidly increased, which proved that the measure was successful.

A survey among stakeholders (11) carried out within the same project (Gallup International Balkan, 2019) showed that among the most relevant enablers of companies' participation in the WBL scheme (the dual system of training) was their interest in training young people in the technical skills needed for their business. However, many employers expressed a hope that they would be somehow supported by the State in this endeavour. The financial support they wanted would help them create extra work placements for apprentices and/or motivate the instructors who work with them. Indeed, with the project 'Support for the dual system 2020–2023', mentioned in the previous section, the Ministry of Education and Science did just that, partially covering the salaries of instructors and organising trainings for them. This measure was warmly welcomed by businesses.

However, companies expected more than financial support from the state. During the 2017 and 2019 national conferences on dual VET, organised jointly by the Ministry of Education and Science and the Domino project team, employers asked for non-financial incentives such as better and more detailed legislation, easier procedures to initiate a labour contract for the apprentice (permissions are issued by the Labour Inspectorate), and better access to information about the requirements companies have to meet to take on apprentices.

As an example of good practice in creating non-financial incentives for companies, in 2019, an official public ceremony was held to award and publicly recognise the best companies working with apprentices in different industrial branches. The ceremony was organised by the Ministry of Education and Science and the Ministry of Economy and was greatly appreciated by the business world and seen as an example of the State and society recognising their work.

All these non-financial measures were considered by the business world to be valuable support for companies offering placements in the dual system of training. This showed that, while companies welcome the state's financial support, technical and methodological support is more important to them, as well as the recognition of their work and shared responsibility in the training process.

However, the COVID-19 pandemic then struck and it became even harder for companies to dedicate funds and time to apprentices. Despite these difficulties, a questionnaire survey carried out by the Ministry of Education and Science in May 2020 in 38 VET schools and 25 companies regarding their participation in WBL during the COVID-19 crisis showed that only 4% of companies reported cancelling their company–school partnership agreements due to the COVID-19 pandemic. Two companies reported that they intended to do so in the following months. Almost one fourth of the companies (23%) said that they would either close or reduce apprenticeship placements due to the COVID-19 pandemic. The main reasons given were general uncertainty and the reduction in or pause of economic activities (12).

These results strongly underlined the need for incentives for companies engaged in WBL, especially in times of crisis. As a consequence, the Ministry of Economy created an SME strategy for 2021–2027 with a special chapter entitled '4.4 Support for the participation of SMEs in the dual system of training.' The chapter provides four measures to encourage the wider participation of small and medium-sized enterprises (SMEs) in WBL based on already-existing surveys, discussions and good practices:

(a) create a database of employers that meet the requirements for participating in WBL in order to promote and support the dual system of training in Bulgaria;
(b) support SMEs involved in WBL in applying for funding from different national and EU programmes and projects;
(c) establish an annual prize for SMEs active in WBL;
(d) establish a special brand for the dual system of training in Bulgaria to distinguish employers that participate in WBL.

(11) This was a questionnaire survey carried out by the Ministry of Education and Science in May 2020 in 38 VET schools and 25 companies regarding their participation in WBL (specifically the 'dual system of training') during the COVID-19 crisis.
(12) Information provided by the Ministry of Education and Science.

Unfortunately, only one of the measures has been fulfilled so far – the creation of a database of employers that meet the requirements to be involved in WBL. Employers are not obliged to enlist, meaning the number of employers in the database is very small. This is also due to the lack of an information campaign informing companies of this opportunity. The Ministry of Economy has been split into two ministries since the strategy was laid out, and no specific steps have been taken to complete the other three measures so far by either of the two new ministries due to a lack of coordination and resolve. These two new economic ministries need to make an effort to work closely with each other and with branch and employer associations both to fulfil the measures laid out in the strategy and to better coordinate their WBL policies and activities with those of the Ministry of Education and Science.

2.4. Conclusions

The WBL (apprenticeship) scheme in Bulgaria is still young and no research or analyses exist that measure the results of the incentives introduced to promote it.

Information from VET schools shows that student grants are capable of attracting more students to WBL programmes, as students' interest in applying has risen significantly.

However, it is still too early to assess the effects of the financial incentives introduced for training companies.

All existing incentives for students and companies have been applied horizontally; however, in my opinion, additional sector-specific financial and non-financial incentives based on economic analyses and surveys may be more appropriate and effective.

For example, every two years the Council of Ministers adopts a List of Protected Professions for VET and a list of professions for which there is a shortage in the labour market. These two lists could be used to create targeted support for apprentices.

In addition to direct financial incentives for specific economic sectors, other types of incentives could include a tax deduction for training costs (like those in Austria and Germany) or preferential treatment in public procurement procedures (like in Switzerland). Other possible incentives could be in-kind public investments like the building up of structures and tools for training companies (Schmid, 2019). However, the government should be very careful when deciding on financial incentives and the criteria companies must fulfil to get them, as once imposed financial incentives are very difficult to withdraw. This is extremely important to underline as many of these incentives are covered by the budgets of EU-funded projects.

Non-financial incentives should continue to play an important role as they add to companies' recognition and reputation. The general lack of methodological and practical support for employers in Bulgaria should also be addressed in a sustainable manner.

2.5. References

Gallup International Balkan. (2019). *Survey about the Knowledge, Attitudes and Practices Among Bulgarian Companies and Schools Regarding the Dual Vocational Education and Training*.

Schmid, K. (2019). *Companies Engaging in Dual VET: Do Financial Incentives Matter? Approaches in Austria, Germany, Liechtenstein and Switzerland Options, Pros and Cons for Reform Processes*. *Ibw – report for DC dVET.*

CHAPTER 3.

Apprenticeship incentives in Croatia

By Mirela Franović [13]

3.1. Introduction

IVET for associated trades and crafts occupations in Croatia is implemented through an apprenticeship scheme that replaced the dual model of education (in effect from 1995) in 2003 and is considered its modernised version. The scheme, called the unified model of education (*Jedinstveni model obrazovanja*, JMO), is the only apprenticeship scheme in Croatia. It consists of three-year IVET programmes for trades and crafts that bring learners to the labour market with qualifications at EQF level 4 (i.e. level 4.1 in the Croatian qualification framework, CROQF) (Cedefop, 2019).

The regulative framework in place, which consists of the Trades and Crafts Act of 2013 (*Zakon o obrtu*) and its bylaws, establishes the concept of shared financing between the State and local governments on one side, and companies on the other.

The companies licensed for the provision of apprenticeship training under the JMO bear the costs of the training carried out on company premises. These include the remuneration given to apprentices per hour spent in the company, wages for in-company mentors and the costs of the materials and equipment used in the training. According to the legislative framework surrounding apprenticeship agreements, employers must remunerate JMO apprentices monthly. The rate is calculated as a percentage of the average net salary within the economy in the previous calendar year and it varies depending on the year of apprenticeship. It is 10% of the average net salary in an apprentice's first year, 20% in their second year and 25% in their third year (Republic of Croatia. Ministry of Economy and Sustainable Development, 2020a). In addition, some companies pay for apprentices' lunches and/or travel (Cedefop, 2019). To be allowed to provide apprenticeship training, companies must obtain a licence (accreditation). The costs include the licensing procedure itself, and they can also include a member of staff taking a master craftsman exam or a pedagogical skills exam to be able to meet the licensing requirements.

3.2. Incentives for training companies

The national documents in which priorities for education and training have been set are the national plan for the development of the education system for the period to 2027 (Republic of Croatia. Ministry of Science and Education, 2023); one of the actions they identify is providing support for the reinforcement of WBL.

There are two types of financial incentives used by the State to encourage companies to engage in apprenticeship training.

3.2.1. **Tax deductions**

Since 2007–2008, companies that provide apprenticeship training are eligible for tax deductions [14]. The tax deduction rates depend on the number of apprentices that are being trained in a particular company.

([13]) Adviser, Department for Education, Croatian Chamber of Trades and Crafts, and member of the Cedefop community of apprenticeship experts for Croatia.

([14]) *čl. 6. Zakona o državnoj potpori za obrazovanje i izobrazbu* [Art. 6 of the Law on State Support for Education and Training] – Government of the Republic of Croatia.

A company training one to three apprentices may reduce its income tax base or self-employment income by 5%. If a company trains more than three apprentices, its tax deduction can be increased by one percentage point for each additional apprentice, up to 15% of its tax base or self-employment income. The tax deduction regulation is of a general nature, as it is not related to specific sectors or occupations. There are no systematic data available on the use of the tax relief for apprenticeship training purposes under the Act on State Aid for Education and Training.

3.2.2. **Grants from the Ministry of Economy**

The second type of financial incentive includes grants, which companies may receive from projects funded by the European Social Fund (ESF) and run by the Ministry of Economy, the ministry responsible for apprenticeship training in Croatia.

(a) Grants available under the project 'Apprenticeships for craft occupations' may be used to partly cover the costs of apprentices' remuneration, wages for in-company mentors and the costs of the materials and equipment used during training (Republic of Croatia. Ministry of Economy, n.d.; Cedefop, 2019). According to its public announcement, this project aims not only to encourage companies to engage in apprenticeship training but also to raise the quality of apprenticeship training (Republic of Croatia. Ministry of Economy, n.d.). The financial incentives for apprenticeship training were found to be important in the Cedefop study on apprenticeship training in Croatia, where some improvements were also proposed, such as a national funding scheme (Cedefop, 2019). Previously funded using the national budget, the grants provided under the project 'Apprenticeships for craft occupations' have been funded by the ESF since 2016, with public calls for grant applications generally published once each academic year. However, due to a break in the programming cycle and other priorities, these grants were not available in the school years 2020/2021, 2022/2023 and 2023/2024. In the last public call for grant applications, which was published in the summer of 2023 for the school year 2021/2022, funds from the ESF 2014–2020 operational programme Efficient Human Resources were used.

    These grants cover on-the-job components of the apprenticeship, specifically (a) up to 80% of an apprentice's remuneration, which is fixed by the legislative framework, as previously mentioned, and pays for the number of hours spent with the company in the school year in question and (b) up to 30% of the costs the company incurred during apprenticeship training in terms of equipment, machines, small items of inventory and supplies. Additionally, the grants partly cover the mentor's wages, which are determined according to the mentor's hourly rate and the number of hours spent training apprentices. The grants available under the project 'Apprenticeships for craft occupations' are of a general nature, as they are not related to specific sectors or occupations (Republic of Croatia. Ministry of Economy, n.d.).

    In its 2021–2027 programming cycle, the ESF has allocated EUR 60 million to apprenticeship projects in Croatia, which is estimated to be able to cover grants for 990 companies (Republic of Croatia. Ministry of Regional Development and European Union Funds, 2020). However, no projects have been launched yet.

(b) Companies wishing to start providing apprenticeship training can benefit from another project from the same Ministry while in the process of obtaining their licence to provide apprenticeships. The grants available within the project in question, 'Lifelong education for crafts', are funded using the State budget. These grants are intended to promote trades and crafts education programmes that produce high-quality and motivated personnel with the aim of strengthening competitiveness and encouraging the productivity, growth and development of trade and craft companies. The grants may cover up to 80% of the costs of taking a master craftsman exam, a preparation course for the master craftsman exam or an exam on basic knowledge about teaching students and 100% of the costs of a licence to provide apprenticeships (Republic of Croatia. Ministry of Economy, n.d.). The programme has run for many years now, except for in 2021, when it was not available due to the funds being redirected to help regions impacted by the two large earthquakes that happened in Croatia in 2020 and to provide support for companies during the COVID-19 pandemic lockdowns. The last public call for grant applications was published in June 2024.

3.3. Analysis of the use of financial incentives

According to a Ministry official, both incentives provided by the Ministry of Economy are used by companies and companies are satisfied with them. The Ministry conducts analyses of the profile of entrepreneurs from different sectors that make use of these incentives (i.e. the occupations in which students are educated, the profile of entrepreneurs involved by region, trends in the number of entrepreneurs included in grants, trends in the number of students included in grants, and so on). The results of these analyses are not publicly available.

In contrast, a Cedefop study from 2019 revealed that many company owners were not aware of these incentives or did not use them for various reasons, one of them being that the application procedures are complicated (Cedefop, 2019). The study itself had some positive effects on the incentives.

For example, based on the opinions of company owners included in the study, grants for the equipment, machines, small items of inventory and supplies used in apprenticeship training were made available in 2019, and the number of grants available was increased, as Cedefop had previously recommended (Cedefop, 2019). Additionally, the Croatian Chamber of Trades and Crafts and regional chambers of trades and crafts have increased their promotion of and access to available funding in the years following the study.

There have been no studies that have revealed a connection between the number of companies engaging in apprenticeship training and the use of incentives for apprenticeship training. The number of companies licensed to take on apprentices has decreased in the last five years (Croatian Chamber of Trades and Crafts, 2023), from 10 442 in 2019 to 8 320 in 2023 (Croatian Chamber of Trades and Crafts, 2023). This decrease may have resulted from the introduction of a licence validity period of seven years and the obligation to renew all older licences ([15]), which entered into force at the end of 2020 (Republic of Croatia. Ministry of Economy and Sustainable Development, 2020b). It is also important to mention that some companies, although licensed, do not engage in apprenticeship training.

Further, the online database e-naukovanje, which is maintained by the Ministry of Economy, cannot be used to determine the exact number of signed apprenticeship agreements that are active, as a certain number of them are not registered until the end of apprenticeship training. Similarly, the number of students enrolled does not provide much information about the number of companies actively engaged in apprenticeship training, as students studying occupations for which there is a lack of companies licensed to train them can be trained in school workshops.

To be able to determine the value of the incentives for companies providing apprenticeship training, consideration should be given to conducting more specific analyses related to companies' engagement in the scheme, such as the number of students taken on by specific companies that have received grants, the change in that number over the years, the number of mentors in those companies, the number of occupations for which those companies are providing training, and so on. Consideration should also be given to conducting a short survey on companies' views of the current arrangements for financial and non-financial incentives, since the last and the only study on the subject, conducted by Cedefop, is from 2017–2018, with results published in 2019 (Cedefop, 2019). The Cedefop study gave some recommendations for the improvement of financial and non-financial incentives. The budget available for financial incentives was increased in 2019 in line with the given recommendations. Additionally, ac-

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([15]) The renewal process is continuous from the ministry's perspective, as every year a new batch of licences expire. Many companies do not renew their licences due to staff changes or the need to fulfil new requirements (such as having completed an exam on pedagogical knowledge); there are some who chose not to renew their licence as they are not satisfied with the incentives available.

cording to chamber officials, the Croatian Chamber of Trades and Crafts and the regional chamber of trades and crafts have put more effort into informing licensed companies of the administrative support available and providing them with access to it, which was also recommended by Cedefop. There is no information on the introduction of the recommended non-financial incentives, such as methodological support from schools, but the Croatian Chamber of Trades and Crafts has developed e-modules for future and existing in-company mentors to provide them with support in their mentoring work as part of an Erasmus+ project aiming at improving cooperation to improve the quality of VET (e-mentor, 2025). Based on the limited data available on financial and non-financial incentives for mentoring companies in Croatia, it can be concluded that the recommendations from the Cedefop study are still relevant for Croatian VET (Cedefop, 2019). It is recommended that specific analyses be conducted to enable evidence-based decisions to be made during the development of future incentives.

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CHAPTER 4.

Apprenticeship incentives in France

By Romain Pigeaud ([16])

4.1. Introduction

The apprenticeship scheme covered in this chapter is the 'apprenticeship contract,' a special type of individual employment contract signed between an apprentice and an employer. Through this contract, employers commit to remunerating the apprentice and providing effective training and tutoring for the duration of the contract. Employers are also responsible for ensuring the apprentice participates in the training provided by apprenticeship training centres (*centres de formation d'apprentis, CFAs). Apprentices, in turn, commit to working and attending a CFA for the entire duration of the contract.*

A person can sign an apprenticeship contract when they are at least 16 years old and no more than 29 years old. Young people who are 15 may also start an apprenticeship if they have completed lower secondary education. Additionally, certain individuals can sign an apprenticeship contract after the age of 29 (disabled people, company founders, apprentices aiming for an additional qualification, etc.). An apprentice's salary is determined by their age and their progression through their apprenticeship programme, as there are annual salary increases until the end of the contract.

The development of apprenticeships is a government priority. There are three key objectives, which complement each other but are nevertheless slightly different:

(a) increase the total number of apprentices, aiming for one million apprentices by 2027 ([17]);
(b) expand the number of apprentices pursuing diplomas at or below the baccalaureate level ([18]);
(c) improve access to apprenticeships for less-qualified young people and minors ([19]).

There are several incentives used to attract apprentices, including tax exemptions for apprentice salaries up to the annual amount of the minimum wage, financial assistance for driving licences and grants to cover travel costs. The combination of being paid, trained and provided with work experience, as well as receiving financial support, is a major incentive for apprentices. Since apprentices benefit from a favourable environment, young people have more opportunities to join.

Companies also benefit from financial support, such as the EUR 6 000 incentive for hiring apprentices that is provided by the state, which is examined in detail in the following sections. In addition to this subsidy, apprenticeship contracts are fully or partially exempted from social security charges, and specific subsidies are granted to employers for recruiting apprentices with disabilities.

There are non-financial incentives working toward the same goal, such as the liberalisation of the creation of CFAs and a system for certifying the quality of CFAs. Additionally, simplified procedures for registering and terminating apprenticeship contracts were introduced by the 2018 law on choosing one's professional future.

The EUR 6 000 incentive is a key component of apprenticeship growth, and this paper will focus on how it meets policy objectives.

([16]) Expert in law and training policies, Centre-Inffo, France, and member of the Cedefop community of apprenticeship experts for France.
([17]) See Les priorités du Gouvernement pour une France plus indépendante et plus juste on the French government's website.
([18]) See Objectif plein emploi. Dossier de presse, septembre 2022.; and 'Les priorités du Gouvernement pour une France plus indépendante et plus juste' on the French government's website.
([19]) See the French government press release Renouvellement du soutien du Gouvernement à l'alternance pour 2023.

4.2. EUR 6 000 incentive for companies

Companies that signed a contract with an apprentice until 31 December 2024 were eligible for the EUR 6 000 incentive during the first year of the contract ([20]). Companies with 250 or more employees must also meet a certain threshold in terms of the percentage of their workforce that is training apprentices. This incentive is financed by the French State ([21]) and managed by the Services and Payment Agency (Agence de services et paiement, ASP). The incentive is potentially available to all companies, regardless of their number of employees, and granted at all levels of training, regardless of the apprentice's age. Payment is simplified using databases ([22]).

Companies benefitting from the incentive can also log on to a portal to check their payment notices. The payment is made monthly, as soon as the apprentice's remuneration is reported to a database. In 2022, the funding given through the EUR 6 000 incentive amounted to EUR 4.36 billion ([23]). This financial support enables companies to significantly reduce or even eliminate the wage costs associated with hiring apprentices, costs which range from EUR 350 to EUR 733 per month. In some cases, the EUR 6 000 covers 100% of the apprentice's salary ([24]).

Initially, this incentive, introduced in 2018, was only available to employers of apprentices at or below the baccalaureate level and for companies with fewer than 250 employees ([25]). Then, when the COVID-19 crisis occurred, the purpose of the financial incentive shifted, expanding to include all enterprises and all levels of diplomas to prevent young people from becoming victims of the pandemic ([26]). In January 2023, the value of the incentive received for hiring minors and adults as apprentices was equalised, ensuring access to apprenticeships for young people ([27]).

Since 2023, further changes have been made to the potential duration of payments and the amount granted by the incentive, and an option to extend the incentive to other types of apprenticeship involving WBL, such as the '*contrat de professionnalisation*', has been added. New regulations apply to contracts signed from February 2025 (see footnote 20).

4.3. The explosion in apprenticeships has been good for employment rates

The apprenticeship system has seen a significant increase in enrolments since the COVID-19 crisis (Figure 4.1). The number of new apprenticeship contracts signed rose from 494 000 in 2018 to 720 000 in 2021. In the private sector, entries to apprenticeships have more than doubled compared to 2018. A total of 850 000 apprenticeship contracts started in 2023 in the private and public sectors (an increase of 2% compared to 2022). In total, 1 020 000 apprenticeship contracts were in progress on 31 Decem-

([20]) As of February 2025, the amount has been reduced to EUR 5 000 per apprentice for companies with fewer than 250 employees and to EUR 2 000 per apprentice for companies with 250 or more employees. Exceptionally, the bonus of EUR 6 000 for the recruitment of apprentices with disabilities remains. https://entreprendre.service-public.fr/actualites/A17983?lang=en

([21]) Annex to the Finance Bill for 2024 – Vocational training.

([22]) For further information, see Practical guide for employers and training organisations, Ministry of Labour, May 2024.

([23]) See Court of Auditors. (2023). *Recentrer le soutien public à la formation professionnelle et à l'apprentissage* [Recentring public support for vocational training and apprenticeship]. *Note Thématiques,* p. 14.

([24]) Inspectorate-General for Finances and Inspectorate-General for Social Affairs. (2024). *Revue des dépenses publiques d'apprentissage et de formation professionnelle.* [Review of public spending on apprenticeships and vocational training]. 2024, pp. 4 and 73.

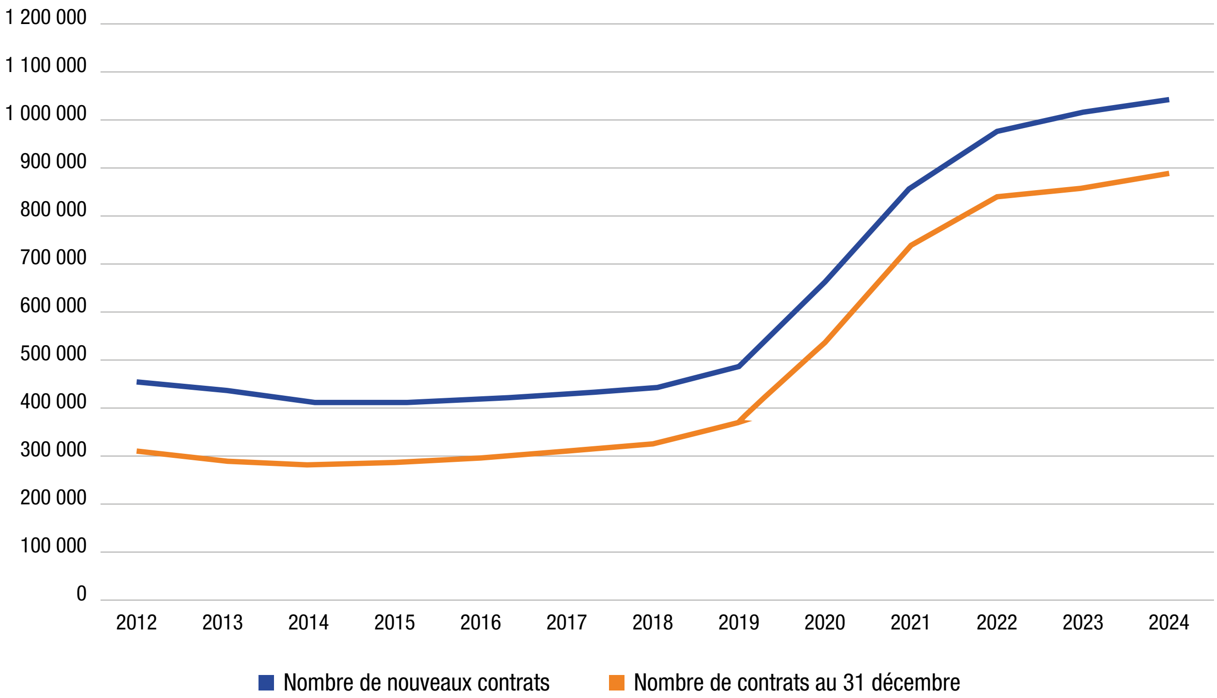
([25]) *Loi No 2018-771 du 5 septembre 2018 pour la liberté de choisir son avenir professionnel*, Article 27.

([26]) *Décret n° 2020-1085 du 24 août 2020 relatif à l'aide aux employeurs d'apprentis prévue à l'article 76 de la loi n° 2020-935 du 30 juillet 2020 de finances rectificative pour 2020.*

([27]) Prime Minister Jean Castex. (2021). Mission locale pour l'emploi des jeunes, Speech, November 2021.

ber 2024([28]). This spectacular increase in entries from mid 2020 onwards suggests that the EUR 6 000 incentive, introduced in 2018 ([29]), has strongly encouraged the hiring of apprentices and thus increased the rate at which young people participate in the labour force.

Figure 4.1. **Number of apprentice contracts started between 2012 and 2023**



Source: DARES. (2025). Séries longues: Le contrat d'apprentissage.

As the number of apprenticeship contracts has risen, unemployment in France has also decreased ([30]). Additionally, unemployment among 15- to 24-year-olds dropped to approximately 17% from 24% in 2017 ([31]).

According to Unédic, the national inter-professional union for employment in industry and commerce, the EUR 6 000 incentive, its success and the resulting change in the profile of apprentices (which now features a larger number of higher education graduates) may have changed the way the labour market operates. The scheme has made a significant contribution to employment growth ([32]).

There might be a temptation to believe that financial incentives alone have been sufficient to improve apprenticeships, and that only these incentives enable such development. However, this would overlook two key factors. Without the 2018 reform, the number of apprentices would have remained limited by the quotas set by the Regions. Moreover, apprentices require companies willing to offer them employment contracts. These contracts are dependent on labour market needs and economic activity.

4.3.1. **The number of apprenticeships in higher education has increased significantly**

The remarkable expansion of apprenticeship training has rapidly extended into higher education. One

([28]) DARES. (2025). *Le contrat d'apprentissage.* [Employment contract].
([29]) Court of Auditors. (2023). *Recentrer le soutien public à la formation professionnelle et à l'apprentissage*. [Recentring public support for vocational training and apprenticeshi']. Note Thématiques.
([30]) France travaill. (2025). *Chômage et demandeurs d'emploi*. Demandeurs d'emploi inscrits à France Travail par Catégorie - France métropolitaine - du 1er trimestre 1996 au 2e trimestre 2024 - Données CVS-CJO.
([31]) According to the French National Institute for Statistics and Economic Studies.
([32]) Unédic. (2022). *L'essor de l'apprentissage et ses effets sur l'emploi et l'assurance chômage.* [Increase in apprenticeship and its effects on employment and unemployment insurance].

positive aspect of this is that the EUR 6 000 incentive has enabled young people to access higher education.

By encouraging the completion of apprenticeship contracts, the EUR 6 000 incentive has led to an increase in apprenticeships at higher levels of training.

There has been an increase in the number of new apprenticeship contracts from 2017 to 2022 (from approximately 305 000 to 837 000), with a distinction made between contracts for levels above the baccalaureate and those for levels equal to or below the baccalaureate; the former number increased by almost fivefold during this period.

According to figures from the Evaluation, Forecasting and Performance Department (Direction de l'évaluation, de la prospective et de la performance*,* DEPP), the number of apprentices in higher education rose by 10.3% in 2023 and by 20.1% in 2022, after an increase of 48.3% in 2021. In secondary education, the increase was significantly lower, at 2.2% in 2023 after 6.5% in 2022 and 15.7% in 2021 ([33]).

4.3.2. The current increase in apprenticeships at post-baccalaureate levels is a response to new societal challenges

Further, apprenticeships are a lever for developing higher education, which they help to democratise, professionalise and finance. All this at a time when more and more young people are pursuing higher education.

Between 2018 and 2019, enrolment in higher education rose by 46 600 (+ 1.7%). The increase in apprentices in higher education (+ 24 000) made up more than half of this number. Apprenticeship is now seen as a means of access to higher education for young people who sometimes would not have been able to finance their studies without the remuneration paid as part of an apprenticeship contract ([34]). According to a survey, if they had not been selected for a higher education apprenticeship, 30% of apprentices in higher education would not have continued their studies (the rest would have continued their training outside the apprenticeship scheme) ([35]).

4.3.3. Apprenticeships have a smaller effect on learners' integration into employment when apprentices are in higher education

The increase in the number of apprentices has not prevented the EUR 6 000 incentive from being criticised. Additionally, for young people, the higher their level of education, the better the beginning of their career. It may therefore seem less useful to encourage and financially support the recruitment of apprentices at higher levels of education. The positive effect of apprenticeships in terms of learners' integration into employment is much more limited when apprentices are in higher education rather than in secondary education. The reduction in the risk of unemployment, measured in points, appears to be much more obvious for young people leaving secondary education ([36]).

4.3.4. High cost to public finances

From the point of view of employers of apprentices, recruitment bonuses may have led to unintended benefits. At the same time, public support for apprenticeships in higher education appears disproportionate to its effects on integrating apprentices into employment, which are certainly positive but decrease quantitatively with the level of qualification obtained. According to a recent report by the Inspectorate-General for Finances, modulating the level of aid given according to the apprentice's qualification

([33]) See *L'apprentissage au 31 décembre 2022; L'apprentissage au 31 décembre 2023; Contrats d'apprentissage 2025.*
([34]) See Court of Auditors. (2022). *La formation en alternance.* Court of Auditors website, 23 June 2022
([35]) See Conference of University Presidents. (2021). *Statement on the survey* issued in June 2021.
([36]) See Merlin, F. & Wierup, E.-L. (2022). *Sortants du supérieur: le niveau de diplôme: ne résume pas les trajectoires d'insertion.* [Higher education graduates: Degree level does not sum up integration trajectories]. Bulletin de Recherches Emploi Formation du Céreq, 426.
Lopez, A., & Sulzer, E. (2016). *Integrating apprentices into the world of work: A benefit worth examining.* Bulletin de Recherches Emploi Formation du Céreq, 346.

levels and the size of the company would make public spending more efficient ([37]).

This is a recurring criticism of apprenticeship funding. In 2022, the Court of Auditors stated that public funding should primarily benefit young people and low-skilled workers by financing training that would raise their level of qualification. According to the Court of Auditors, the choice was made to continue providing a high level of aid across a very broad field of apprenticeships in an economic context characterised by recruitment tensions. In the end, it has been more a matter of providing aid to companies than aid to young people for their integration into the workforce ([38]).

Muriel Pénicaud, the former Minister of Labour, Health and Solidarity behind the 2018 reform, has acknowledged the need to make choices with this incentive. She believes that it is better to provide targeted financial aid by reducing or stopping bonuses for large companies. She also called on companies to do more to integrate young disabled people into apprenticeships: '8% of young people have a disability, but only 2% of apprentices are disabled' ([39]).

During the parliamentary debate on the draft finance law for 2024, the EUR 6 000 subsidy was the subject of numerous amendments that sought to modify the conditions for obtaining the incentive. The arguments put forward were often in line with the recommendations from the Court of Auditors, such as the fact that apprentices preparing for a vocational aptitude certificate or a higher technician's certificate enter employment more easily than other baccalaureate holders who are not apprentices.

The cost of the incentive was also criticised. According to the various amendments ([40]), the total cost of the EUR 6 000 incentive to apprentices in higher education is EUR 1.6 billion. Total public spending on apprenticeships increased by 300% between 2018 and 2022, from EUR 5.5 billion to almost EUR 17 billion. The aim was to focus incentives on the apprentices and businesses that need them – young, vulnerable and low-skilled apprentices and the smallest enterprises – to save on public spending and bring the vocational training and apprenticeship system into financial balance.

So, it is not the EUR 6 000 incentive that is being criticised, nor apprenticeship as such, but its cost to public finances, the fact that the incentive is available for all companies and at all levels of training and the fact that the incentive does not target certain companies or the first levels of a qualification.

In response to these amendments, which were not adopted, Olivier Dussopt, the French Minister for Labour, Employment and Integration, argued: 'The parameters of the apprentice recruitment incentive sometimes raise questions... the Government is not in favour of changing them.... We don't want to break the dynamic of apprenticeship, nor send out a countersignal that would be detrimental to the development of apprenticeship' ([41]).

4.4. Conclusions

The speed and scale of the increase in apprenticeships in recent years has been spectacular, and it has been accompanied by an unprecedented surge in the number of apprentices. The immediate effects of this increase have been quite favourable, especially the fall in youth unemployment. However, it remains to be seen whether and to what extent these trends are sustainable.

The increase in the number of apprentices shows that some of the objectives of the EUR 6 000 incentive have been achieved. However, it has been noted that this increase has been mostly at post-bac-

([37]) See Inspectorate-General for Finances and Inspectorate-General for Social Affairs. (2024). *Revue des dépenses publiques d'apprentissage et de formation professionnelle.* [Review of public spending on apprenticeships and VET].

([38]) Court of Auditors. (2023). *Recentrer le soutien public à la formation professionnelle et à l'apprentissage* [Recentring public support for vocational training and apprenticeship].

([39]) Centre Inffo. (2024). *Muriel Pénicaud appelle à raboter l'aide à l'embauche des apprentis pour les grandes entreprises*. [Muriel Pénicaud calls for cutting back hiring subsidies for apprentices in large companies].

([40]) see Amendments 2023-2024; Amendment 1680; Apprenticeships: Senate reduces aid to large companies; Amendement n°II-CF2907; Amendement N° AC597C.

([41]) Déclaration de M. Olivier Dussopt, ministre du travail, du plein emploi et de l'insertion sur le projet de loi de finances (PLF) pour 2024 consacré à la mission travail et emploi, à l'Assemblée nationale le 31 octobre 2023.

calaureate levels, raising concerns about the financial cost of providing this incentive.

Given the size of the EUR 6 000 incentive and the manner in which it is funded, the question now arises as to the scale of public support for this incentive.

The cost of apprenticeships has been heavily criticised. Further, according to numerous reports, public support for apprenticeships in higher education appears to be disproportionate to their added value in terms of aiding learners' transition into employment, which decreases with the level of qualification achieved.

Will a change to the incentive help to maintain the success of apprenticeships while reducing the cost to public finances? Regarding the EUR 6 000 incentive, and its 2018 reform, it is worth remembering something one economist said about the scheme: it is likely that our understanding of its effects remains approximate ([42]).

([42]) Caisse des Dépôts. (2023). *Pourquoi l'apprentissage favorise l'emploi des jeunes?*

CHAPTER 5.

Apprenticeship incentives in Italy

By Sandra D'Agostino [43]

5.1. Introduction

This chapter provides an overview of the 'professionalising apprenticeship' (*apprendistato professionalizzante*), which is one of the apprenticeship schemes regulated by the current legal framework [44] in Italy. This apprenticeship scheme is the one most widely used by businesses, and it is very well known because of its similarity to the older scheme that had been used since the 1950s.

The professionalising apprenticeship is supported by a rich array of financial and non-financial incentives, which are a significant expenditure within the State budget. In recent years, the need to tackle severe labour market imbalances has paved the way for the introduction of additional financial incentives for the professionalising apprenticeship, generally linked to the implementation of active programmes such as the youth guarantee programme.

This chapter describes existing financial incentives and depicts their effectiveness, relying on findings from sectoral and national reports and national reports. It also points out the lack of a strategy for evaluating the net impact of these measures, both in terms of new job creation and in terms of labour market outcomes for former apprentices throughout their career.

5.1.1. Apprenticeships in Italy and the professionalising scheme

In Italy, apprenticeships are employment contracts with training and employment purposes. First created in 1955, the legal framework has been revised often, with the aim of promoting youth participation and improving its attractiveness to companies. Currently, apprenticeships are regulated by Legislative Decree No 81/2015 (Articles 41–47) and seen as open-ended employment contracts [45], in which apprentices enjoy all the protections skilled employees do. Because of the training purposes stated in the contract, apprentices' remuneration is a percentage of a skilled worker's wage and increases over time, as stated by collective agreements.

The legal framework in force regulates three apprenticeship schemes. Two of them are aimed at those pursuing diplomas and other formal qualifications awarded at the end of full-time educational programmes through a dual path that alternates between off-the-job learning provided by schools and universities and the development of skills in the workplace. Because of these features, these schemes are included in the Cedefop European database on apprenticeship schemes [46]. Introduced by the 2003 reform and inspired by other European countries' models, these apprenticeship schemes are struggling to attract learners and to find a place in industry. According to the 12th monitoring report (INAPP et al., 2024), they made up only 2.7% of the total number of apprentices in Italy in 2022, despite continuous efforts to promote their spread.

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(43) Senior researcher, National Institute for the Analysis of Public Policies (INAPP), Italy, and member of the Cedefop community of apprenticeship experts for Italy.

(44) The professionalising apprenticeship is not included in the Cedefop database because it does not result in the attainment of a formal vocational qualification.

(45) They are considered open-ended because of the specific rules surrounding their conclusion: companies must communicate a dismissal before the expected end of the apprenticeship, otherwise there is an obligation to hire the former apprentice on a permanent basis.

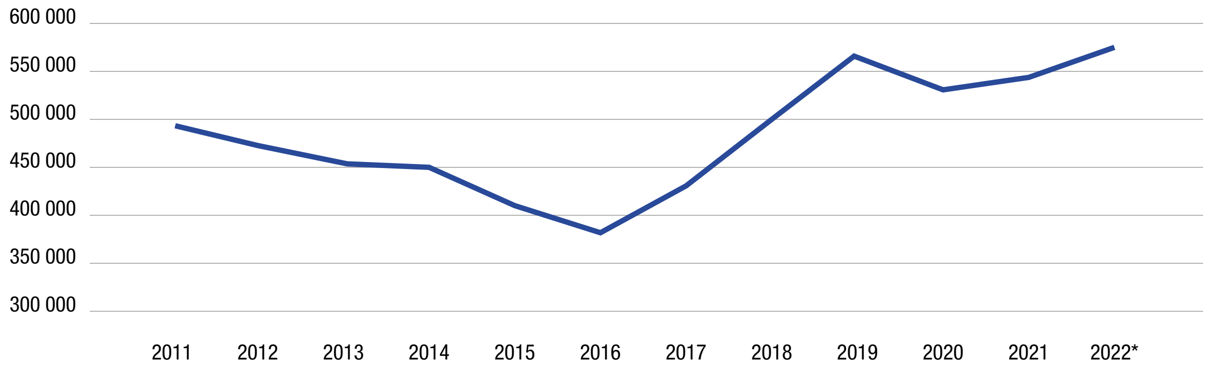
(46) The apprenticeship for vocational qualifications and diplomas, upper secondary education diplomas and high technical specialisation certificates (type 1) and the higher education and research apprenticeship (type 3).

The so-called 'professionalising apprenticeship' that is examined below is the most widespread scheme in Italy, and it involves young people aged between 18 and 29 years old. It is the scheme traditionally used by companies in all sectors, and its purpose is to help a person obtain a professional qualification as regulated by collective labour agreements. Learning takes place mostly in the workplace and is delivered informally, for at least 80 hours per year, with the support of a company tutor; as a complement, there are 120 hours of off-the-job training available for the development of transversal competences, which are organised at the regional level. This apprenticeship is increasingly used in stakeholders' proposals and in legislation to enable older workers to re-enter the labour market. Currently, companies can only hire certain categories of unemployed workers through a professionalising apprenticeship, regardless of usual age requirements in this apprenticeship type.

The first regulation of apprenticeships in the 1950s aimed to allow young people forced to leave education for economic reasons to combine remunerated work with a learning path which could provide them with some basic knowledge and skills. This phase of apprenticeships ended after a couple of decades and, when youth unemployment began to increase and become a debated policy issue, the use of apprenticeships for promoting the integration of this group in the labour market prevailed, with the progressive loosening of training obligations for companies.

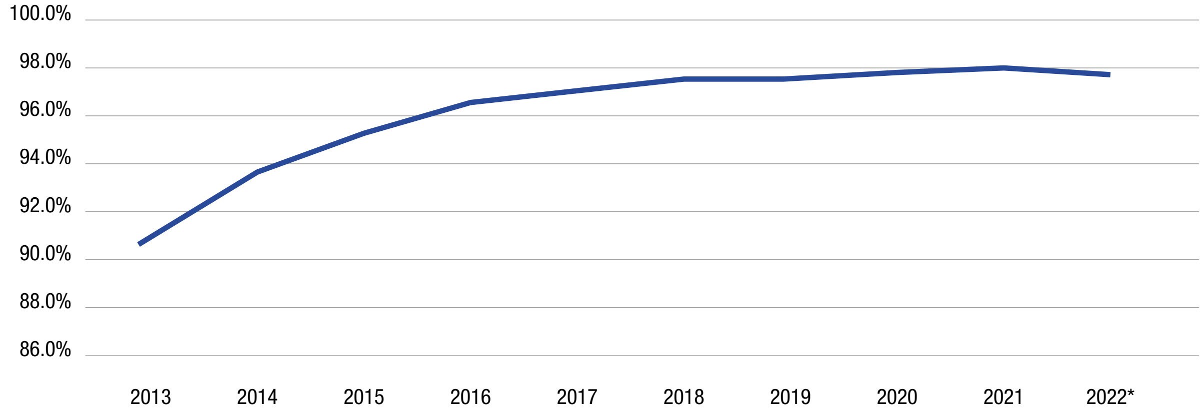
Today, the professionalising apprenticeship is still widely used by companies. In 2022 an average of 556 000 young people were in a professionalising apprenticeship, which is a full recovery to its pre-COVID-19 participation level (Table 5.1). This scheme accounts for approximately 97% of all apprentices, with this percentage having increased over the decade (Table 5.2). These results are even more relevant in the context of the ongoing demographic change in Italy, which has seen a reduction of approximately 580 000 people in the 18–29 age group over the same period (2011–2022), which is equal to a variation of – 6.5 percentage points (elaborations on Eurostat data).

Table 5.1. **Absolute values of the overall participation in professionalising apprenticeships, 2011–2022**



Source: National Institute for the Analysis of Public Policies (INAPP) annual monitoring report, several editions.

Table 5.2. **Percentage of apprentices working under a professionalising apprenticeship, 2013–2022**



Source: INAPP annual monitoring report, several editions.

Given the aim of the professionalising apprenticeship is to reduce youth unemployment, policymakers have always attempted to increase its attractiveness to companies. Therefore, the companies which offer this apprenticeship have traditionally received significant financial and non-financial incentives to do so, the level of which has been adjusted over the years based on the labour market.

5.2. Financial incentives for companies to adopt the professionalising apprenticeship

The main financial incentive for companies taking on an apprentice is a tax reduction ([47]). These companies pay a fixed rate of 11.31% of the apprentice's remuneration toward their social security and other compulsory contributions while the 'standard' rate for employees generally exceeds 30%, with variations across economic sectors. The reduction is extended for a further 12 months after graduation for companies hiring their former apprentice with an open-ended contract. To support small businesses, companies with nine or fewer workers enjoy a further tax reduction for the first two years of the apprenticeship programme and pay only 1.5% and 3% per year, respectively.

This financial incentive means that the State covers the difference in the social security contributions made on behalf of apprentices, which therefore results in significant expenditure borne by the public budget. In 2023, the State contribution stood at almost EUR 3 billion, making this the largest tax reduction for social security among any one group (INPS, 2024, p. 57).

As Italy has been recording levels of youth unemployment well above the European average in the last few decades, the ordinary financial incentive schemes have often been supplemented by other measures that aim to support young people entering into the workforce. Focusing this analysis on the last 15 years reveals that there have been many interventions from the Ministry of Labour and the Italian National Agency for Active Labour Policies (ANPAL), especially ones linked to the implementation of the youth guarantee programme. At first, companies hiring young people who had enrolled in the programme through a professionalising apprenticeship were granted an 'employment bonus' ([48]) of a variable amount ([49]), which ranged from EUR 1 500 to 6 000.

In 2018 and 2019, the employment bonus was replaced by an incentive called *Occupazione NEET*,

([47]) The apprentice's tax rate is reduced to 5.84% of their remuneration as well, while the minimum for other employees is 9.19%.
([48]) Through Directorial Decree 11/2015, the Ministry of Labour extended the employment bonus to professionalising apprenticeships.
([49]) The bonus was allocated depending on the profiling class attributed to the young person, that is, an index of the degree of difficulty in finding employment according to an individual's characteristics.

which was financed using EUR 100 million from the national operational programme Youth Employment Initiative (PON IOG). This financial incentive covered all the residual social security contributions paid by companies ([50]), up to a maximum of EUR 8 060 per year, until the exhaustion of the allocated financial resources. The *Occupazione NEET* incentive was re-introduced for a time in 2023 ([51]), with a budget of EUR 85 million, in connection with participation in the PON IOG or the workers' employability guarantee programme ([52]).

All measures mentioned were implemented at the national level ([53]), while further interventions targeted southern regions ([54]), where the labour market is more difficult to navigate. Between 2017 and 2020, various annual financial incentives have been regulated through the national operational programme Active Employment Policy Systems (PON SPAO) – *Occupazione Sud*, then *Occupazione Mezzogiorno* and finally *Occupazione Sviluppo Sud* – all of which aimed to support companies hiring unemployed people who were participating in active labour policy measures and had declared their immediate availability for work. These initiatives led to a significantly larger volume of financial resources being allocated to companies (up to EUR 500 million per year), resulting in all requests from companies being accepted and funded.

In addition to financial incentives, the professionalising apprenticeship is also associated with some non-financial incentives surrounding the enforcement of certain rules that depend on a company's size. For example, apprentices are not included in the calculation of whether a company meets the compulsory minimum for the percentage of people with disabilities among its staff, nor are they eligible for some of the workers' protections in place in the event of unlawful dismissal ([55]).

5.3. From incentives to results: some evidence

Financial incentives for companies are a cost the State budget must cover; one that is greater the bigger the relief granted to companies, the larger the group that can request it and the longer the duration of the tax benefit (Ricci, & Scicchitano, 2022). By granting financial incentives, the State pursues its own policy objectives – such as combating youth unemployment – and expects to recover its investment from future revenues. It achieves this through a higher employment level and, therefore, an increase in the number of people who pay taxes (Tinagli, 2017), which creates a sort of intertemporal budget equilibrium. The incentive is effective if produces the desired effect: higher net levels of employment.

Only a few studies that used counterfactual techniques have been conducted to verify the impact of the described interventions in Italy. However, a broad range of data is made available in the annual apprenticeship monitoring reports.

The allocation of significant financial resources to support the spread of the professionalising apprenticeship ensures that a suitable number of young people are enrolled in the scheme. After the pandemic, the recovery led to an increase in participation in the scheme: in 2022, at the national level, 16.9% of all employed young people aged between 16 and 29 years old were apprentices (INAPP et al., 2024). In the southern regions of Italy, this was lower, standing at 12.3% (INAPP et al., 2024).

The uneven spatial distribution of apprentices, with more seen in the northern regions, is a well-established trend that is ascribable both to the distribution of companies across the country and the availability of other initiatives for supporting youth work in the southern regions that benefit from even

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([50]) Excluding premiums and payments owed to the Italian Workers' Compensation Authority, INAIL.
([51]) From 1 June 2023 to 31 December 2023.
([52]) Funded under the national recovery and resilience plan, the workers' employability guarantee programme is an ongoing active labour market policy that supports people searching for a job through the provision of a range of personalised services, from guidance to training courses.
([53]) With the sole exception of the Autonomous Province of Bolzano, which did not participate in the youth guarantee programme.
([54]) Directorial Decree of the Ministry of Labour and Social Policies No 367 of 16 November 2016, as amended by Directorial Decree No 18719 of 15 December 2016.
([55]) Article 18 of Law No 300/1970, which is increasingly limited in its applicability.

larger financial incentives (56).

The priority of combating youth unemployment has somehow diverted attention away from the learning aspect of the professionalising apprenticeship; it is often used by companies more for the associated economic benefits than for training the needed skilled workers. Proof of this comes from data on the length of apprenticeship paths given in the 12th monitoring report (INAPP et al., 2024) and listed below.

(a) When focusing on the apprenticeship terminations recorded in 2022, the majority (61.3%) occurred within a year from the apprentice's date of recruitment, well before the expected end of their learning path and mostly due to apprentice resignations.

(b) Analysing the cohort of young people who entered the professionalising apprenticeship scheme in 2017 reveals that 29.1% of apprentices remained in the scheme for no more than six months and 34.4% remained for longer than six months but less than two years. Overall, the average time spent in the scheme was 19.2 months, despite the fact that the expected length of an apprenticeship is three years. Notably, the older the apprentice, the longer they remained in the scheme, although this varied among economic sectors. In the hotel and restaurant sector, 47.3% apprentices remained in the scheme for no more than six months, while in the metalworking sector apprentices stayed with the scheme for an average of 24.2 months, which was the second highest average length of employment.

The data confirm the presence of a well-known phenomenon in the Italian professionalising apprenticeship called 'volatility', which refers to the very short time young people spend in the scheme. This is not compatible with the achievement of significant learning and qualification goals. As terminations usually depend on apprentices' resignations, young people are clearly using apprenticeships to gain a little professional experience and secure a better job with higher remuneration, at least in the regions enjoying a thriving economy. This apprenticeship scheme is more often used as a long trial period, with significant tax relief and incentives, than as an effective option for training the skilled workers needed at the company and sector levels (Colombo, 2023). However, in 2022 there were 114 554 apprentices who remained with the same company after the end of their apprenticeship under a different employment contract (INAPP et al., 2024).

An exercise that goes some way towards verifying the effectiveness of apprenticeships for individuals is a longitudinal analysis of the employment outcomes of the cohort of apprentices who entered the scheme in 2005 and whose working situation was reassessed at the end of 2022 (INAPP et al., 2024). Seventeen years later, 78.8% of former apprentices were still working and almost half (49.6%) were employed with an open-ended contract. In total, 4.5% were still with the same company they started in as apprentices).

Between 2015 and 2019, over 219 000 participants in the youth guarantee programme found a place in a company with an employment relationship supported by the additional financial incentives introduced at the national level. Of these, 52.2% were young people enrolled in the professionalising apprenticeship scheme (ANPAL, & Toti 2021). Follow-up evaluations of the duration of these contracts after 12, 24 and 36 months showed that those enrolled in the professionalising apprenticeship scheme stayed in their contracts for longer (ANPAL, & Toti, 2021).

Moving to studies that have evaluated Italian apprenticeships, the first is Cappellari et al. (2012), who analysed the impact of the 2003 reform of the legal framework (57) and concluded that it had been successful. The reform reduced costs related to apprenticeships to encourage companies to substitute external temporary staff with apprentices. According to the authors, even though the capital–labour ratio remained unaffected, the reform increased productivity, perhaps through one of the mechanisms suggested in the study, such as the increase in the average worker's commitment through the hiring of

(56) The annual budget law sets out measures covering and tax incentives for companies, addressing specific areas and/or economic sectors, and includes measures aimed at supporting youth employment, especially in the southern regions, that generally do not involve the PES.

(57) The 2003 reform (Legislative Decree 276/2003, better known as the 'Biagi reform') was the act that introduced the three apprenticeship schemes currently in place.

more motivated workers (i.e. apprentices with prospects of training and wage growth) to replace external staff who might have been less motivated.

More recently, Brunetti and Ricci (2021) analysed the impact of the financial incentives granted from 1 January 2017 up to 31 December 2017 to companies taking on young people enrolled in the youth guarantee programme. They calculated that the impact of the incentive for youth employment was just over one percentage point above that of hiring additional under 30s in the short term, and this was mostly due to the firms operating in the central/northern regions. The overall impact of the youth guarantee programme has been relatively weak, prompting some doubts about its efficiency from a public finance perspective. This impact also supports the hypothesis that an active policy may lead to a widening of regional gaps in the Italian labour market (Brunetti & Ricci, 2021).

5.4. Conclusions: the need to establish an evaluation culture

Italy has been investing in the professionalising apprenticeship for a long time, supporting the youth in their transition to work and combating youth unemployment. The financial resources it has used to do so have not yet received adequate attention from scholars for an evaluation of the impact they have had on employment and individual work paths.

In the absence of such evaluations, it cannot be said whether financial incentives for apprenticeships distort the market, which they may do through a waste of resources, the substitution of workers who do not receive similar advantages, or displacement, all of which have indirect effects on workers, businesses and sectors beyond the scope of the incentive (Sartori, 2024). The annual monitoring report on apprenticeships by INPS and INAPP is a significant source of information, offering plenty of data and analyses; however, it does not evaluate the net impact and effectiveness of incentives with respect to the different needs of businesses and sectors. Unfortunately, in the Italian system, evaluations of policies and incentives are very rare, and employment incentives are no exception (Sartori, 2024).

Some attempts made in the past to reduce the size of the financial incentives linked to professionalising apprenticeships have met with strong opposition from organisations representing both employers and workers.

It is clear to both social partners and policymakers that the financial incentives for the professionalising apprenticeship create a crowding-out effect that impacts other apprenticeship schemes, which, despite recent efforts, have failed to increase participation. Attempts have been made in recent years to introduce additional incentives for those apprenticeships with a higher intensity of learning, exceeding the level of those allocated to the professionalising contract; however, these measures have so far failed to balance the additional training burden for companies with economic advantages that are sufficiently greater than those arising from the professionalising apprenticeship.

Indeed, although it has fallen in recent years, the level of the unemployment rate among young people aged 15 to 29 still places Italy at the bottom of the European ranking – only Greece, Spain and Serbia do worse – and the rate is well above the EU-27 average (16.7% in 2023, compared with 11.2%). For this reason, in agreement with social partners, the most recent policies continue to make professionalising apprenticeships attractive to companies through the introduction of additional financial incentives while simultaneously promoting their spread by expanding the target group to include adult workers who have lost their jobs ([58]).

([58]) Law 203 of 13 December 2024 makes it possible to hire those who have completed a previous apprenticeship to obtain a qualification or diploma under a professionalising contract, but the maximum duration of the two apprenticeships cannot exceed the limit identified by the national collective bargaining agreement. Since 1 January 2022, it has been possible to hire, without age limits, workers who benefit from the extraordinary wage integration treatment under a professionalising apprenticeship, in addition to those who benefit from mobility allowances or unemployment benefits.

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CHAPTER 6.

Apprenticeship incentives in Latvia

By Ilze Buligina ([59])

6.1. Introduction

In Latvia, apprenticeship was introduced as part of formal VET in 2013 with a pilot programme, with in a legal framework then established in 2015 and 2016 (through amendments to the VET Law (Saeima of the Republic of Latvia, 1999) and new Cabinet of Ministers regulations (Cabinet of Ministers of the Republic of Latvia, 2016b,c,d, July 15, respectively). Apprenticeships in VET were introduced as a response to EU VET policy initiatives. However, for technical reasons the term 'work-based learning' (WBL) was used for this scheme instead of the term 'apprenticeship'. The underlying reason for this was the longstanding existence of apprenticeships in the crafts sector. The crafts apprenticeship scheme is separate from the VET system and regulated by different legislation (Saeima of the Republic of Latvia, 2008).

The 2016 Regulation of the Cabinet of Ministers 484 (hereinafter Regulation 484) established the overarching legal framework for VET apprenticeships (referred to as the 'work-based learning – WBL' scheme). Two other Cabinet of Ministers regulations are relevant to this scheme – one concerning (temporary) support measures for stakeholders involved in the implementation of WBL (Regulation 483) (Cabinet of Ministers of the Republic of Latvia, 2016b, July 15) and one concerning the establishment of sector expert councils (SECs) as tripartite bodies with the aim of, among other things, promoting WBL (Cabinet of Ministers of the Republic of Latvia, 2016d July 15) ([60]).

It should be noted that Regulation 483 created incentives for the stakeholders involved in WBL ([61]) that were based on substantial funding from an ESF-financed project of the specific objective 8.5.1. (hereinafter the ESF 851 project) and implemented on a national level by the Employers' Confederation of Latvia. The project finished on 31 December 2023. As a result, the financial incentives included in the project were discontinued too. At the same time, it is important to note that the project's main objective was to raise the overall level of awareness of WBL among students, VET institutions and especially employers to ensure the subsequent mainstreaming and sustainability of the WBL pathway. The financial incentives were envisaged to be temporary and last only for the duration of the project to involve and familiarise more employers throughout Latvia with the WBL approach.

The results of the implementation of the ESF 851 project show that its objectives have only partially been reached. Awareness of WBL has increased considerably (Section 2). However, without direct financial incentives (as of the end of 2023), the interest of employers in implementing WBL has dropped significantly.

For this reason, the present paper will discuss potential future developments that promote systemic approaches to WBL where the focus is not on immediate financial benefit to the employer. Instead, approaches need to be sought for getting more employers on board that value WBL as a tool that benefits them by preparing a competitive labour force for the sectors they represent.

Consequently, future policy measures and initiatives for the development of WBL will be related to improved coordination and information mechanisms, as well as an increased sectorial 'sense of own-

([59]) Senior expert, Department of VET and Adult Education, Ministry of Education and Science, Latvia, and member of the Cedefop community of apprenticeship experts for Latvia.

([60]) Cabinet Regulation 485, adopted 15 July 2016, 'Procedures for establishment, operation and coordination of activities of sectoral expert councils'.

([61]) The main incentives were envisaged to be for employers.

ership' in human capital development processes through apprenticeships/WBL. These future measures will be described in greater detail in the remaining parts of this paper, with these initiatives linked to incentives for various stakeholders wherever possible.

6.2. The current situation and incentives in place

Even though the ESF 851 project finished on 31 December 2023, the analysis of its results and the lessons learned serve as an important source of information for further improvements. This has stimulated discussion on the need to re-think and revise the approaches applied so far.

The results achieved by the finished awareness-raising ESF 851 project are as follows and should be considered against the ca 27 600 VET students in Latvia:

(a) companies involved: 4 150;
(b) VET institutions involved: 40;
(c) students involved: 4 804.

Moreover, 80.45% of the students were in employment six months after finishing the WBL programme.

Initially the most popular programmes featuring WBL were in the service sector. However, due to ministry policy, a gradual shift in popularity to engineering, manufacturing and construction programmes took place.

According to the analysis of the Employers' Confederation of Latvia, many of the companies that formerly took on WBL students are no longer interested in doing so. This is partly because of their objective situation – because of their small size and limited staff, small companies do not have the human and financial resources to deal with apprentices – and partly due to the discontinuation of direct financial support.

In the 2021–2027 programming period, there are no projects similar to the ESF 851 project. Limited funds were made available by the government to support WBL, and the decision was taken to concentrate the allocated resources and use them for systemic improvements. Direct financial support to help employers participate in the WBL scheme is no longer being considered, and this is not only due to the restricted availability of resources. The main reason is the need to develop sustainable approaches to the implementation of WBL, especially in relation to employers' commitment to and awareness of the benefits of WBL for their sector and the availability of a quality workforce for it. Since the lessons learned from the ESF 851 project's implementation do not show that direct financial incentives have a role in the development of sustainable long-term commitments to WBL, other incentives need to be identified and implemented. Therefore, the present paper will deal with Latvia's current policy priorities in this crossroads situation.

Despite the lack of an instrument like Regulation 483, the overarching regulation on WBL, Regulation 484, remains in place and provides certain incentives for the stakeholders involved.

(a) For employers, Regulation 484 stipulates that remuneration for the student can be paid in one of two ways – as a salary (which is subject to labour law regulations and a full set of taxes) or a stipend. This provision can be considered an incentive for employers, since up to EUR 280 of the stipend is exempt from employers' income tax ([62]). This was a compromise between governmental representatives and the Employers' Confederation of Latvia. The amount that the employer pays is equal to what the apprentice receives; no taxes are applied (subtracted).
(b) There are several incentives for students built into the regulation. The students receive remuneration, health insurance and civil insurance, and work clothing (personal protective equipment).
(c) Regarding VET institutions, few incentives in Regulation 484 are established for them. However, this is built into the quality assurance scheme for the performance evaluation of specific VET institutions as a stimulus for them to implement WBL VET programmes.

([62]) This is stipulated by the amendments to the law on citizens' income tax that were introduced in 2016.

6.3. Discussion

The current policy response is a set of several initiatives. Within the framework of the ESF project 'Development of the system of professional qualifications for ensuring the quality of education' (hereinafter project 4.2.2.9), which is active for the 2021–2027 planning period, proposals are being developed for the improvement of the WBL (apprenticeship) model that exists under Regulation 484. Proposals have been brought forward by the Ministry of Education, the National Centre for Education (which was re-organised in January 2025 and has become part of the State Education Development Agency), VET providers and employer representatives. The aim is to develop a sustainable and systemic coordination mechanism for improving the labour market relevance of VET content through long-term cooperation between VET institutions and sectors. Their strengthened coordination will potentially contribute to the better identification of the skills needed in the labour market and their introduction into educational content, ensuring sustainability and digital and green economy approaches.

New developments are being planned based on the National Centre for Education's analysis of the lessons learned so far from the implementation of the existing WBL model. The advantages and disadvantages this analysis has identified in the operation of the existing WBL learning model are presented in Box 6.1.

Box 6.1. **Advantages and disadvantages of the WBL model**

Advantages

- There is a regulatory basis for the implementation of WBL training (including definitions of the obligations, tasks and responsibilities of the parties involved).
- The WBL learning model complies with European guidelines.
- There is a flexible approach to joining the VET programme (individual study plans).
- The learner is provided with opportunities to learn skills in a work environment (25% of the total curriculum).
- The learner is provided with the opportunity to develop soft skills in a real work environment (communication skills, ability to work in a team, etc.).
- The industry/company has the opportunity to prepare potential employees.
- The learner develops a feeling of belonging to the industry/company.
- The implementation of WBL training strengthens VET institutions' cooperation with industry/companies.

Disadvantages

- There is still insufficient motivation for companies to engage in WBL.
- The mechanisms for ensuring the sustainability of the WBL learning model are incomplete.
- WBL training is planned for in the short term (training contracts are for one semester).
- There are difficulties in coordinating the learner's individual study plan with the specific requirements of the company (including seasonality).
- The WBL approach is not used systemically in adult training (including in the reintegration of disadvantaged persons and the unemployed into the workforce).
- There is no uniform understanding of the principles of and criteria for financing WBL education.
- There is an incomplete understanding in companies of the methodical work and supervision required for the implementation of WBL.
- Measures for the promotion of WBL are incomplete and not sufficiently targeted in the information they relay.

Source: Author.

While improving the WBL learning model together, all parties involved in project 4.2.2.9 will also discuss the elimination of the identified shortcomings. The current policy approach, which has ESF support, aims to use mostly non-financial incentives. This is partly due to the restricted availability of resources but is also conceptual, as the overall aim of WBL policy developments is to encourage ownership for the development of human capital. As the lack of trained labour force continues to grow, employers now need to compete for specialists in their field. This has become an objective incentive for employers to engage in WBL processes.

Based on the lessons learned during the implementation of WBL over the past decade, additional policy measures are being promoted by the Ministry, and these are laid out in the subsections below.

6.3.1. Consider new and more flexible approaches, especially for the post-secondary and adult target groups

Several employers and education organisations have identified that emphasis needs to be put on continuing VET (CVET) and upskilling adults in addition to WBL in IVET. A political decision was made to test new, more flexible approaches to WBL, especially for the post-secondary and adult population (including for EQF level 5 qualifications).

A new project will be implemented in collaboration with the Swiss government. In addition to the existing school-based WBL approaches to IVET in Latvia, the Swiss-government-supported project will test shorter and more flexible dual-type approaches to WBL for upskilling and fast integration into the labour market.

6.3.2. Promote enhanced sectorial responsibility for the development of human capital

It has been identified that the capacity of the SECs needs to be strengthened to promote their sense of sectorial responsibility for the development of human capital, including through VET/WBL. This will allow them to attract more students to each sector using personalised and individualised approaches. The German Ministry of Education and Research will support this process.

WBL needs to be the responsibility of the different sectors of industry. For this reason, a joint project with the German Ministry of Education and Research intends to support the SECs in identifying criteria for evaluating the suitability of companies for WBL. Another issue they will work on is supporting the SECs in creating forecasts of the need for specialists and skills in particular sectors of the labour market at the local and regional levels. This requires additional skills and input, since local needs may differ from national-level forecasts significantly.

The new project is intended to be a non-financial incentive for sectors to develop their capacity for shaping human capital to meet sector requirements. This will allow employers to see WBL as a less bureaucratic process and encourage them to involve more students in WBL.

Another recently completed aim of this project was the introduction of electronic documentation for student records, which was accomplished with support from the National Centre for Education, the national body responsible for curriculum development.

6.3.3. Use data-informed policy more effectively for improved career guidance and more effective approaches to WBL

Graduate tracking is a powerful instrument that helps implement policies related to the development of human capital. A system for tracking VET graduates has been introduced in Latvia, and data from the academic year 2020/2021 are now available for analysis.

Moreover, this graduate tracking tool is available for VET specialists (for internal use) and the public (the external part of the tool). This encourages data exchange and ensures credible information is provided on the need for and potential employability of the labour force in a particular sector, as well as employment dynamics in that sector. This tool may prove to be helpful in planning learners' career development and be useful for career support staff in VET institutions. The available data also support improved school–company collaborations and can be used to reconsider the quality and labour market relevance of VET programmes.

6.4. Conclusions

The available data suggest that sustainable approaches require the existence of a clear awareness of the options offered and their compliance with the actual needs of employers on a by-company basis. Financial incentives do not guarantee success and sustainability per se, as a commitment is necessary.

Direct incentives do not seem to be sufficiently effective or sustainable, as shown by the analysis performed by the National Centre for Education. Broader systemic incentives that encourage employers to commit to WBL are most effective but are time- and resource-consuming. However, they are still preferred over sporadic incentives such as direct financial incentives.

At the same time, recent developments in the labour market – the growing shortage of a labour force, especially a skilled one – have encouraged employers to look into various alternatives. Instead of focusing on attracting a workforce from third countries, many employers are looking into employing senior-year VET students through WBL. This is an objective situation that serves as an impetus and incentive.

In Latvia, the initiatives promoting WBL are still largely controlled by organisations overseeing education, with SECs having a mostly administrative role. This needs to be changed through more sectorial responsibility. Discussions are under way on how to use support from the German-government-supported project to strengthen the capacity of SECs in three sectors before subsequently applying this approach to other SECs.

The exchange of information and peer learning on how to incentivise the stakeholders involved need to be used more broadly to improve national development.

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CHAPTER 7.

Apprenticeship incentives in Lithuania

By Simonas Gaušas ([63])

7.1. Introduction

Apprenticeship in Lithuania is offered under the scheme titled 'VET in a form of apprenticeship' ([64]). The apprenticeship scheme was introduced in 2008 through an amendment to the VET Law. It originated from school-based VET but expanded its work-based element. Amendments to the VET Law (2017), the Labour Code (2017) and the procedure for the organisation of VET in the form of apprenticeship (2019) further improved the scheme.

An apprenticeship may last for as long as one module or a full programme. Any formal or non-formal VET (or CVET) programme can be offered in the form of an apprenticeship. This leads to a situation in which there are different 'shades' of the same scheme: there is a school channel, where a pupil enters an apprenticeship programme via VET school; a labour market channel, where someone who is unemployed upskills or reskills with support from the PES; ad hoc arrangements, where companies (or their employee(s)) make an agreement with VET schools to establish apprenticeship places, etc. This leads to doubts, which have also been raised by experts from the Organisation for Economic Co-operation and Development (OECD) ([65]), as to whether apprenticeships of different lengths, in different forms and from different channels can be of equal weight.

The VET Law requires that an apprentice should have at least a lower secondary education. Qualifications provided under Lithuania's VET scheme range from level 1 to level 5, which are associated with ISCED 2011 levels 3 and 4 (in particular, 352, 354 and 454).

Data from the register of pupils reveal that the number of students in apprenticeship programmes is steadily increasing: it is at 3 521 in 2024 (15.63% of the total number of students) after 3 356 in 2023 (18.81%), 2 556 in 2022 (13.43%) and 2 365 in 2021 (10.79%) (Pameistrystė.lt., 2024). This positive dynamic may be due to the current financial support available from Recovery and Resilience Facility (RRF) funds (Section 2) and the fact that the statistics include any length, form and channel of apprenticeship, as discussed above (e.g. a large share of apprentices are adults who are sent on relatively short training programmes by the PES). At its minimum, an apprenticeship could have as little as 5% work-based learning in its programme (OECD, 2025).

In-company training should not make up less than 70% of the total duration of an apprenticeship employment contract. Alternation of learning venues is common practice. There are cases where every week includes both venues, school and the workplace, and cases where two months are spent at VET school followed by eight months in the workplace.

An apprenticeship employment contract is agreed upon by a company and a learner. Alternatively, a VET contract can be used, which is agreed upon by three parties: a learner, a school and a company.

All apprentices receive a wage, the size of which is subject to agreement between an apprentice and their employer. The Labour Code stipulates that it should not be less than the official minimum monthly wage (EUR 924 in 2024 and EUR 1 038 in 2025). Additionally, during theoretical training, an apprentice may also receive a training allowance (*stypendium*) (e.g. the PES pays EUR 3.18 per hour spent on

([63]) Partner and research manager, Visionary Analytics, Lithuania, and member of the Cedefop community of apprenticeship experts for Lithuania.
([64]) This information is partly based on the Cedefop European database on apprenticeship schemes.
([65]) Through an ongoing OECD project to improve the quality of higher education and VET systems in Lithuania.

theoretical training in their contract) (Užimtumo tarnyba, n.d.).

The current policy priorities for apprenticeships are reflected in the operational plan of the Lithuanian government's programme. The activities of one of its projects, titled 'VET system that matches labour market needs', include 'create and implement measures that increase number of apprentices in priority areas and those that provide incentives for companies (including SMEs) to organise VET in the form of apprenticeship and workplace-based learning'. The project, lasting from 2021 (Q4) to 2024 (Q4), was coordinated by the Ministry of Education, Sport and Science (MoESS).

This policy priority essentially addresses both target groups: it aims to increase the number of apprentices by incentivising companies. The national progress plan for 2021–2030 sets the target for the share of apprentices within the total number of students acquiring a qualification each year – the aim is to increase this share from 3% in 2019 to 15% in 2030. No specific targets are set for employer participation in apprenticeships.

The focus of this paper is not a specific target group, but rather the overall progress in and approaches to the systemic development of the apprenticeship system in Lithuania.

7.2. What are the incentives in place?

7.2.1. Financial incentives for companies and apprentices

Currently, there are a number of ongoing key initiatives for apprenticeships, including those listed below.

(a) The project Apprenticeship – New opportunity for me! was initiated by MoESS and is managed by the European Social Fund Agency (ESFA). It will run from January 2023 to April 2026. It aims to create 3 866 apprenticeships in SMEs and large companies with the EUR 19.1 million of RRF funding allocated to it, thereby increasing the attractiveness and skills matching of VET programmes. So far there have been three rounds of applications, with approximately EUR 13 million earmarked for SMEs and EUR 5 million for large companies. The actual use of the available funds over the first two rounds of applications (the third is ongoing) is as follows: there is EUR 2.96 million available for SMEs, while EUR 2.62 million has been used (88% of the available amount; this may increase as six projects are still ongoing); there is EUR 1.6 million available for large companies, while EUR 1.3 million has been used (82% of the available amount). Although a bit lower for large companies, the overall use of funds from this project is remarkably larger than that of earlier projects. The major reason for this is the simplified administration of the project (which operates on a fixed-costs principle), which encourages more companies to make use of the available funds.

(b) Since July 2017, following amendments to the law on employment, the PES, operating under the Ministry of Social Security and Labour (MoSSL), has implemented the measure 'Employment based on apprenticeship contract', which is funded by the RRF. Following amendments made in July 2022, the PES mediates between schools, employers and people to search for the best solution for each apprenticeship contract. Support varies depending on the size of the company: it can cover 50% of an apprentice's monthly salary for large companies or 70% for SMEs. The PES also covers 20% of the trainer's monthly wage. In 2022, PES support was used by 218 companies and 499 people. The maximum amount of support available varies depending on the form of the apprenticeship (formal, informal, VET or adult learning) and also depending on the programme (more support is available for high-priority qualifications).

(c) An important area is the training of trainers/teachers. The training of trainers is not regulated, and no qualification requirements have been set (Vaitkute 2022). However, some one-off train-the-trainer initiatives exist. For example, VET teachers were offered several rounds of training on the organisation of apprenticeships in 2017–2021, which provided an opportunity to spread information on the changes to legal acts and to build upon their knowledge on the organisation and implementation of apprenticeships. The 2020–2022 European structural and investment funds (ESIF) project STEP-UP Supporting Tutor's Educational and Professional Upgrade developed and tested a new pedagogical model for the preparation, training and support of trainers in companies. Further, during September 2023 and April 2026, the ESFA will carry out an RRF project called Qualification improvement – higher VET quality, which has a budget of EUR 3.5 million, that aims to provide approximately 200 company trainers with pedagogical and andragogical competence (completed) and for approximately 800 VET teachers with technological competence (to be completed).

(d) In the ESIF 2014–2020 funding period, the Ministry of Economy and Innovations (MoEI) provided subsidies to companies for training, including apprenticeships. However, this support is no longer provided in the ESIF 2021–2027 funding period.

(e) Apprentices in formal VET receive *stypendiums (training allowances)* from the state. The in-company training part of an apprenticeship is usually financed by employers. However, VET institutions may also use State funding to cover (part of) a trainers' remuneration, commuting expenses, etc.

7.2.2. **Non-financial incentives**

Some of the non-financial incentives currently available for apprenticeships are listed below.

(a) In 2020, a national apprenticeship portal, www.pameistryste.lt, was launched to provide targeted information to companies, VET institutions and apprentices. It is funded by the Qualifications and Vocational Education and Training Development Centre (QVETDC).

(b) The national promotion event Apprentice of the Year was started back in 2022. This includes video promotions and articles in local media to promote apprenticeship among the youth.

(c) Since the 2024/2025 school year, the MoESS has set a quota (in absolute numbers) for the number of apprentices each VET school director should seek to enrol. This is one of three to five annual tasks each VET school director is asked to complete. If the quota is not achieved, the director has no opportunity to renew his/her tenure at the VET school.

(d) The MoESS also intends to fund skills mastery – it has set aside funding for selected apprentices to participate in EuroSkills competitions that will cover the next few years.

Apprenticeships in Lithuania have also been promoted by a couple of relevant memorandums, which are listed below.

(a) The 2019 memorandum between the MoESS and employer associations on apprenticeship development in Lithuania emphasised the need to continuously ensure there are financial benefits for all parties. It prioritised people who already have a VET or higher education qualification and adults (over 18s) over minors. This is because of adults' higher motivation, transversal competences and understanding of how to operate at work (Vaitkute, 2022).

(b) In 2021, political parties signed the national agreement on education policy for 2021–2030. Among other issues, it stated that more than half of all VET programmes should be organised in a practical form, which may be an apprenticeship, work-based learning or practical training at a VET school.

7.3. Discussion

This section elaborates on the three main elements that need to be improved in Lithuania: a general lack of systemic incentives to boost the quality of apprenticeships; the absence of an 'owner' of the apprenticeship system; and efforts to attract new apprentices to the system [66].

First, the grants currently available for companies allocated through the ESFA project 'Apprentice-

[66] Interview with representative from the Lifelong Learning Department, Ministry of Education, Sport and Science (MoESS), 2024, November 7.
Interview with representative A of the Qualifications and Vocational Education and Training Development Centre (QVETDC), 2024, October 18.
Interview with representative B of the Qualifications and Vocational Education and Training Development Centre (QVETDC), 2024, October 18.
Interview with representative A of the European Social Fund Agency, 2025, May 6.

ship – new opportunity for me!' fully reflect the policy priority of increasing the number of apprentices by incentivising companies. Both MoESS and QVETDC representatives have agreed that there is a direct link between the number of apprentices in the country and the financial support available – the number of apprentices only rises when financial support is available.

However, this financial incentive is neither effective nor sustainable. There is a lack of systemic incentives for boosting apprenticeship in Lithuania. All financial incentives rely on separate projects funded by different ESIF instruments. These projects are managed by different entities, have different objectives and logic and therefore lack continuity and consistency. An analysis of the situation back in 2022 (Vaitkute, 2022) confirmed that many employers would welcome more sustainable tax incentives, as project-based funding lacks sustainability.

At the national level, far less attention is paid to soft benefits such as the quality of existing apprenticeship arrangements (which are currently regulated based on general provisions for VET quality) and the development of the culture surrounding apprenticeships (e.g. switching employers' mindset from seeing apprenticeships as a source of cheap labour to seeing apprenticeships as an important element of their company's corporate social responsibility toward their sector and the Lithuanian economy). In fact, employers who already provide apprenticeships note that financial support is a secondary motivating factor. They see apprenticeships as an investment in their future labour force and stress the availability of non-financial support, such as improved cooperation with VET institutions and effective communication about apprenticeships (Vaitkute, 2022). Thus, targeted non-financial incentives (e.g. uniform and case-specific guidance to ensure a better quality of apprenticeships) should be further boosted by the government.

The most recent OECD report also concluded that Lithuania lacks a clear quality assurance framework for apprenticeships (OECD, 2025). It also argued that the quality assurance of WBL is also ill-defined. According to the authors of the report, it is therefore challenging to form a clear picture of the quality of learning across the VET system.

Secondly, it is not fully clear who the 'owner' of the apprenticeship system is. At the moment, the apprenticeship system has been developed by the MoESS using a top-down approach. However, the MoESS usually views the apprenticeship system as a low priority within its political agenda (VET-related topics rarely appear in the programmes of ruling parties, and apprenticeships even less so) and it lacks the capacity to develop the system effectively. Further, the QVETDC, which has all required competences to effectively improve the apprenticeship system in Lithuania, is left out of relevant decision-making, while the funds for apprenticeship development are in the hands of several ministries (i.e. MoESS, MoEI and MoSSL). At the moment, the ESFA has become the main institution for implementing projects related to apprenticeships partly, because of its highly transparent and precise processes and partly because of a lack of trust in the ability of the QVETDC to manage large investments (MoESS interview). However, the ESFA has no specific experience with apprenticeships and without QVETDC support this creates a lack of centralised, content-related assistance for improving apprenticeships. Giving the system a single owner would lead to better guidance and support for both VET schools and employers. Currently, the planning and implementation of apprenticeships is de facto decentralised and handled by training providers and employers themselves.

Thirdly, to date, the development of apprenticeship policies focuses on training providers and companies, while (potential) apprentices receive rather little attention. New incentives such as yearly promotion events like the 'Apprentice of the Year' are a positive step. However, more systemic efforts to attract larger numbers of young apprentices to the system are needed.

The current situation is not ideal. First, employers prioritise mature (18+) apprentices over minors. In practice, at upper secondary level (EQF level 4) students engage in apprenticeships only in their final year, when the curriculum is less intense (Vaitkute, 2022), as in the first two years they focus on the general education curriculum – the *matura.* However, even in this case, apprentices are not always seen as suitable by employers due to their rather low specific competences, lower motivation and perceived behavioural problems that often originate from the difficult socioeconomic context in which they have grown up. The lack of good candidates creates a bottleneck for expanding apprenticeships at the IVET level. Ideally, the system needs a larger influx of mature and talented candidates and braver employers that will take on younger apprentices.

Second, VET is still an attractive option in the eyes of students in secondary education and their parents. For example, a recent longitudinal study (Merkys et al., 2022) has examined the flow of approximately 200 000 students over the *2015*–2021 period. It concluded that the VET sector is still considered an unfavourable educational trajectory. According to the study, despite huge investments in VET infrastructure, the sector still attracts a very small share of lower secondary and upper secondary graduates and is generally considered a marginal level of education that is also marked by social stigma. This view was also confirmed in an earlier survey carried out in 2019 (STRATA, 2020). The survey revealed that 12th graders most often associate VET with practice, experience and work, while for 10th graders VET had only negative associations such as low grades, low salary, low qualifications and uncertain labour market prospects. The only strength of the VET system identified by students was the interesting learning process. Meanwhile, respondents identified a few weaknesses, including a lack of relevant training programmes, difficulty of obtaining a high grade, an undeveloped learning environment and infrastructure, doubts about finding a well-paid job and employers' views of VET graduates. Such results signal that students in secondary education and their parents may lack information about VET (especially vocational orientation services) or that the information they receive does not fully reflect the realities of the VET system.

Finally, apprenticeships are still insufficiently promoted by employers. For example, a survey of 1 013 Lithuanian company representatives carried out in 2018 showed that 77% of respondents did not collaborate with a VET school. The share of companies with up to 10 employees that were not cooperating with any VET school was 84%, the share of those with 11–50 employees was 73%, and the share of those with 50+ employees was only 38%. A more recent (2020) QVETDC study on the interest of manufacturing companies in apprenticeships showed that 68% of respondents in 2019–2020 were not involved in apprenticeships, while every other uninvolved employer had not even heard of this form of training (MoESS 2022). The reasons given for a lack of involvement included a lack of information, the administrative burden, a lack of trainers and challenges in cooperating with VET institutions. Quality promotion and information services could reduce the number of employers not partaking in apprenticeships. The role of the QVETDC and sectoral associations is very much underexploited.

7.4. Conclusions and recommendations

A higher number of apprentices are being created due to the use of the currently available RRF funding and the active role of the PES in upskilling workers and reskilling people who are currently unemployed. Non-financial incentives have been started recently and are small in scale. However, systemic incentives are lacking. There is an urgent need for the MoESS to develop financial and non-financial incentives that continuously support this system and especially increase the quality of apprenticeships and further develop the culture around apprenticeships (e.g. making apprenticeships an important element of a company's corporate social responsibility). The quality of apprenticeships has also been emphasised as a point for improvement in a recent OECD report that recommended, among other things, (a) the development of a quality assurance framework for apprenticeships, (b) the introduction of audits on apprenticeship data (which the QVETDC could undertake) and the inclusion of quality assurance for WBL through regular assessments, and (c) the improvement of support and training for in-company trainers (OECD, 2025).

It is not fully clear who is the 'owner' of the apprenticeship system. Money is concentrated within an organisation that has no expertise in apprenticeships (ESFA), while the centre with expertise (QVETDC) lacks the capacity and trust from the central government needed to boost the apprenticeship system. To improve the system, the QVETDC should be involved in all major financial and non-financial incentives (e.g. it should be the organisation guiding applicants on content-related matters in RRF projects and assessing the quality of apprenticeships). It should have sufficient resources to promote apprenticeships, raise their quality and develop the system. However, only the MoESS can make this institutional shift a reality.

Students receive less attention during the development of the apprenticeship system compared to VET providers or employers. The government needs to develop systemic strategy for promoting apprenticeships (and overall VET), the largest part of which should aim to increase the movement of youth into apprenticeships. VET schools and employers are important channels for promoting apprenticeships. For example, VET teachers (and probably VET schools) could be financially incentivised to make apprenticeships more popular (MoESS, 2022). VET schools could take on the active role of mediators, directing employers to relevant information and further help. Meanwhile, the potential of sectoral employer associations to advocate for apprenticeships and adopt a consulting role is currently underexploited (Vaitkute, 2022) and could be a perfect channel for the promotion of apprenticeships.

However, employers and VET institutions are not the only ones who could promote apprenticeships. The government should reach out to students in secondary education and their parents to address their negative views towards VET in general and apprenticeships in particular. It could more strongly encourage secondary schools to provide vocational guidance to their students. To ensure effective vocational guidance and the promotion of apprenticeships at the sectoral level, there is a need for more tailored measures that consider the specific needs and dynamics of different occupations and sectors. For example, the government could carry out sector-focused research, create sector-specific initiatives to boost apprenticeships using that research, and assess their impact.

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CHAPTER 8.

Apprenticeship incentives in the Netherlands

By Robert van Wezel (67)

8.1. Introduction

This chapter analyses the incentives for companies in the Netherlands to provide apprenticeships. It specifically focuses on the subsidy scheme for practice-based learning available for apprenticeships within government-funded VET programmes on levels 1–4 of the work-based pathway (*beroepsbegeleidende leerweg*, BBL).

8.1.1. Characteristics of apprenticeship in the Netherlands

The Act on Vocational Education and Training clearly defines the requirements for apprenticeships in the BBL. According to Article 7.2.7, BBL programmes are educational programmes that lead to a professional qualification. A programme must comprise at least 850 hours of education per year, of which at least 200 hours must be school-based instruction and at least 610 hours must be a work placement (apprenticeship). In practice, this means that apprentices usually spend one day per week in an education institution and four days per week at a company (Cedefop, 2023).

In 2022, 28% of students following a government-funded VET programme were apprentices (136 000 out of approximately 500 000). This number rose slightly to 29% for the 2023/2024 school year, but this was partly because the total number of VET students decreased. Out of 480 000 VET students, 140 000 were apprentices (Ministry of Education, Culture and Science, 2024).

Practical training takes place at a company or organisation with an accreditation pursuant to Article 1.5.3. The Foundation for Cooperation on Vocational Education, Training and the Labour Market (SBB) has been appointed by the Dutch Ministry of Education, Culture and Science to determine the requirements for accreditation and to accredit companies and organisations that provide practical professional training. The SBB also publishes an overview of the financial aid potentially available to accredited training companies that offer work placement opportunities, such as apprenticeships.

8.1.2. Current policy priorities for apprenticeships

On 14 February 2023, the Minister of Education, Culture and Science and stakeholders from the VET sector signed the 2023–2027 agenda for VET, ‘Working together on talent’. The agenda lays out broad ambitions for VET in the coming years, with the following priorities:

(a) promoting equal opportunities,
(b) improving the connection between education and the labour market,
(c) supporting education for the future: quality, research and innovation.

One objective that has been formulated as part of the second priority is to start an ‘apprenticeship offensive’, in which the VET sector contributes to the retraining of workers and jobseekers with the aim of increasing the total number of VET apprenticeships to 35%. This objective is partly based on a motion

(67) Former senior policy adviser, Foundation for Cooperation on Vocational Education, Training and the Labour Market (SBB), the Netherlands, and former member of the Cedefop community of apprenticeship experts for the Netherlands.

adopted by the House of Representatives.

Broadly speaking, three actions have been set out for achieving this objective:

(a) the Dutch employers' federation, VNO-NCW, and the Royal Association MKB-Nederland should bring the advantages of apprenticeships, which combine working and learning, to the attention of young people and adults in sectors that have no tradition of apprenticeships (such as the ICT sector);
(b) the SBB should draw attention to the training of workers and jobseekers through apprenticeships using their regional mobility teams (with a focus on apprenticeships, VET certificates and practical statements);
(c) schools should increase the number of apprenticeship programmes they offer, especially for housing, healthcare, education, climate and energy, safety, childcare and digitalisation (where socially relevant); ensure that these programmes build on what lateral entrants already know and are able to do; and make sure that the apprenticeship programmes they offer are well known within their region.

8.2. What are the incentives in place?

In the Netherlands, there are many forms of subsidies and other incentives used to encourage companies to offer and students to choose an apprenticeship, and often these take the form of collective labour agreements that use training funds. The most important subsidy scheme by far is the practice-based learning subsidy scheme. In addition, the Netherlands also has subsidies in place for apprenticeship programmes centred around the climate and energy transition and for the 'third learning pathway' (VET that is not funded by the government).

8.2.1. Practice-based learning subsidy scheme

The practice-based learning subsidy is a temporary scheme that was initially intended for secondary VET only. Since the 2018/2019 academic year, higher education apprenticeships in the health, behavioural and societal sectors have also been eligible for this subsidy. As far as secondary VET is concerned, since the 2017/2018 academic year, companies have been able to apply for the subsidy if they offer an apprenticeship to pupils in their final year of secondary special education or practical education or to pupils who follow a basic vocational pathway in pre-VET.

The practice-based learning subsidy scheme compensates employers for the cost of supporting apprentices, who, in turn, are better prepared for the job market. Not every study programme, form of education or learning path is eligible for this subsidy scheme. The conditions for eligibility differ per education category, and only apprenticeships are eligible. Other forms of work placements for students on a school-based pathway (BOL), third learning pathway, a recognition of previously acquired competencies pathway (EVC) or a specific tailor-made pathway are not eligible for this subsidy.

The Ministry of Education, Culture and Science has provided an annual budget for the subsidy up until 2028. This budget is discussed regularly on a political level and is reassessed every few years (as is happening now for 2024–2029). A characteristic feature of this subsidy is that companies must apply for it themselves.

For each apprenticeship offered, a company can receive a maximum of EUR 2 700 in subsidies. If the subsidy's budget for that year is exceeded, the budget will be equally divided between all applications. It is therefore possible that a company receives less than the amount they expected.

The subsidy a company receives also depends on the number of weeks in which the student receives training during the academic year. Subsidies only apply to the weeks in which actual guidance takes place in their work-based training. To be eligible for the maximum amount, companies must supervise the apprentice for at least 40 weeks. The employer applies for the subsidy at the end of the academic year, after the supervision has occurred.

8.3. Do the incentives in place reflect the current policy priorities?

The subsidy scheme for practice-based learning was introduced on 1 January 2014. A 2018 evaluation concluded that employers greatly appreciated the subsidy scheme as it affected the number of apprenticeships they could offer, but it was not their main reason for offering apprenticeships. The subsidy scheme is particularly important for helping companies with limited scope bear the costs associated with offering an apprenticeship. Their scope for doing so fluctuates because of economic cycles (Regioplan, 2018).

In 2019, a study by SEO showed that all parties benefit financially from the existence of BBL training: employers, BBL students and the government. 'There is every reason to continue to partly finance and subsidise the BBL training from the government. The benefits of the BBL training for the government far outweigh the costs.' (SEO, 2019).

To determine whether the subsidy scheme was of comparable importance and had the same effect in the period from 2019 to 2022, a second evaluation study was carried out by the Expertise Centre for Vocational Education (ECBO) and Regioplan. Based on their evaluation report and a letter to parliament from the Minister for Education, Culture and Science (presented in 2023), the subsidy scheme was evaluated by the House of Representatives and it was decided in 2024 that the scheme would be extended until 2028 (Regioplan & ECBO, 2023).

The evaluations focused on the implementation, effectiveness, efficiency and legality of the subsidy scheme for practice-based learning.

8.3.1. Implementation

During 2019–2022, the number of subsidy applications for apprenticeships across all target groups (secondary education, VET, higher professional education and university education) increased. Only in 2020–2021 was there a slight decrease in applications to secondary and vocational education apprenticeships, possibly due to a shortage of apprenticeships because of COVID-19. According to the study, the growth observed across all categories of education is partly because awareness of the subsidy scheme has grown and because employers are more interested in offering apprenticeships due to staff shortages in several sectors. By far the largest share of subsidy applications were made for VET students and, in some years, demand was higher than the available budget. As a result, the amount a company could receive was lower than previously expected. A relatively large number of applications were made for apprenticeships in the healthcare and technology sectors. Most applications were made by small companies (with 3–25 employees).

8.3.2. Effectiveness and legality

The subsidy scheme aims to encourage employers to offer apprenticeships. In line with the 2018 evaluation, it appears that the subsidy scheme is of varying importance to employers in terms of their motivation to offer apprenticeships. The subsidy was a strong motivating factor to offer apprenticeships for only about one fourth of interviewed employers. The biggest motivator was the possibility of bringing students into their organisation, followed by contributing to student development.

Experiences with the implementation of the subsidy scheme have been positive. The satisfaction of employers is relatively high (7.9 out of 10). The vast majority of employers are positive about receiving the subsidy; they see the application process as user-friendly and also indicate that they would like to see the subsidy scheme continued in a similar way in the coming years.

According to the study, the subsidy scheme is implemented effectively and efficiently, with relatively low implementation costs (about 1% of the policy budget). The study concludes that the subsidy scheme reaches the intended target groups. There are few unforeseen effects or unintended uses of the subsidy scheme. Further, the legality of the scheme is guaranteed by checks on whether the applicant meets the subsidy requirements and whether the apprentice has attended training and received guidance/supervision.

8.3.3. What seems to be missing?

Researchers have made a couple of recommendations concerning communication around the subsidy scheme.

(a) Companies could be (better) informed of the amount they can expect to receive as a subsidy and the duration, conditions and purpose of the scheme.
(b) Consider altering the groups targeted by the subsidy scheme. For example, from a policy perspective, it could be beneficial to offer extra encouragement to apprenticeships in specific sectors and learning pathways or to certain groups of apprentices (e.g. young people in vulnerable positions).
(c) Consider altering certain subsidy requirements. For example, it could be advantageous for training companies to receive a subsidy for the guidance offered in hours instead of in weeks. This would be more in line with the reality of apprenticeships, where the number of hours of supervision per week can vary. However, the researchers warn that this could lead to a greater administrative burden for employers and an increase in implementation costs for the Netherlands Enterprise Agency.
(d) Investigate whether it is possible to connect this subsidy scheme to the subsidy scheme in place for practice-based learning in the third learning pathway.

8.3.4. Expanding the target group

The subsidy scheme for practice-based learning in the third learning pathway was established during the COVID-19 crisis and was aimed at people at risk of losing their jobs and jobseekers. Training through practical learning can contribute to the third learning pathway by improving the labour market position of (vulnerable) workers and simultaneously tackling shortages in (social) sectors and supporting lifelong development. For these reasons, there is motivation to broaden the target group to include people who are in paid work and jobseekers and introduce a subsidy ceiling of EUR 4 million.

8.4. Conclusions

In its report *Evaluation report on the practical learning subsidy scheme 2019–2022*, the ECBO concludes that the subsidy scheme for practice-based learning is greatly appreciated by the various parties involved and is of great importance in meeting the demand for trained personnel.

An additional study was scheduled by employer organisations for the autumn of 2024 on the ratio of the subsidy allowance to the actual costs of training apprentices. The results will inform their discussions with the government, which may lead to a request to increase the amount granted by the subsidy.

The objective of the apprenticeship offensive from the 2023–2027 agenda for VET is to increase the share of all VET students in the BBL to 35%. The current percentage is 29% on average but varies per sector. If this target for increasing in absolute numbers is extended to the subsidy scheme for practice-based learning, the subsidy allowance available for each apprenticeship will decrease accordingly. In addition, the target group has been expanded several times under the same budget. This could negatively affect the willingness of companies to guide students toward the BBL.

One recommendation is to link the subsidy ceiling to economic cycles, so that in times of economic boom, where there are many vacancies and internships, there is more budget available than in times of economic recession.

The effectiveness of practical training is a sensitive subject in the Netherlands. There are proposals to use the subsidy scheme to influence which study programmes students choose.

Lastly, companies would appreciate more certainty about the expected size and duration of the subsidy.

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CHAPTER 9.

Apprenticeship incentives in Norway

By Margareth Haukås ([68])

9.1. Introduction

There is a long history of VET in Norway. Its development over the last 200 years can be broken down into different steps (Nyen & Hagen Tønder, 2014), starting with the liberalisation of crafts and moving to increased government regulation and a tripartite model of cooperation for VET.

This history has led to today's apprenticeship scheme, where training in a company is regulated by the Education Act. County municipalities are responsible for upper secondary education and training (EQF level 4). At this level, VET is carried out both in school and in public or private enterprises. The most common apprenticeship model is the two-plus-two model. This model includes two years of training in school, where students also participate in practical training in workshops and businesses, followed by two years of a formalised apprenticeship (training and productive work) in enterprises. The first year of school consists of an introduction to the students' vocational area. During the second year of school, VET students choose specialisations and courses are more trade-specific, but core subjects are also included.

Upper secondary VET ends with a practical–theoretical trade or journeyperson's examination (*Fag- eller svenneprøve*) that leads to an EQF level 4 qualification: a trade certificate (*Fagbrev*) for industrial and service trades or a journeyperson's certificate (*Svennebrev*) for traditional crafts. There are ten different VET programme areas, and these lead to more than 180 different craft certificates.

Enterprises must be approved by the county municipality before taking on apprentices. Apprentices are recruited through employment advertisements or by enterprises reporting a need for an apprentice to the county municipality. An apprenticeship contract is obligatory, and the company must agree to provide the apprentice with the necessary training for a craft- or journeyperson's certificate.

The apprentice is entitled to 50% of a skilled worker's salary. For most enterprises, this salary is determined through collective agreement, often according to the following model:

(a) first half year of training: 30% of the starting salary for the craft,
(b) second half year of training: 40% of the starting salary for the craft,
(c) third half year of training: 50% of the starting salary for the craft,
(d) fourth half year of training: 80% of the starting salary for the craft.

The enterprises receive funding that covers part of the apprentice's wage costs. The size of the grant is set by the Ministry of Education and is annually adjusted to be approximately the same as it costs to teach a student in a VET school for one year.

Norway will be short of approximately 90 000 skilled workers by 2035. This will change the shortage of apprenticeship placements into an increased shortage of apprentices in some programmes and professions. The current policy for apprenticeships is to encourage more people to choose VET, sign apprenticeship contracts and complete the training. In 2022, 9.7% of young people (15–29-year-olds) were not in education, training or work (Statistics Norway). In the world of work, it has become increasingly difficult to get by without upper secondary education, whether that is general education or VET. The

([68]) Senior adviser, Norwegian Directorate for Higher Education and Skills, Norway, and member of the Cedefop community of apprenticeship experts for Norway.

requirements and skills needed are changing rapidly, especially when it comes to digitalisation, AI and automation. The goal is to get nine out of ten pupils to complete upper secondary education by 2030, and several processes have been put in place to reach this target. The following sections will focus on incentives and measures aimed at companies and apprentices.

9.2. Incentives

Increasing the number of apprenticeship placements and improving the completion rate of apprenticeships are high on the political agenda in Norway. Different incentives and measures related to communication, awareness raising, plans, grants, contracts and expanded rights have been or are being implemented. Below are short descriptions of the incentives and their objectives.

9.2.1. Information page to attract new enterprises to apprenticeships

An information page on how to recruit new companies to apprenticeship schemes is publicly available – the page contains quality-assured information and supporting documents on how to contact enterprises offering apprenticeships and how to follow up, as well as tips and templates.

9.2.2. Strategy to increase the number of apprentices in the public sector or via public contracts

The government has created several measures to increase the number of apprenticeships available, one of which is a strategy for the public sector. One measure in the strategy is the apprenticeship clause. In industries where there is a particular need for apprentices, companies are required to employ apprentices in order to win public contracts (calls for tender and procurement). Another measure the government has established is a national campaign to attract enterprises to offer apprenticeships. The campaign has been conducted three years in a row, from 2020 to 2022. An award for the best public enterprise for apprentices has also been introduced. The prize is awarded annually to a public enterprise that has excelled in its work with apprentices. The prize is a means of raising awareness of apprentice-friendly enterprises and apprenticeships. It is also a requirement for public enterprises to employ at least one apprentice.

9.2.3. Grant for enterprises with apprentices

By taking on apprentices, enterprises ensure they can recruit competent employees in the future. The most common way new employees are recruited is through apprenticeships. During an apprenticeship, the apprentice's professional and personal competence is revealed, and their adaptation to the company ensures that they are well qualified to continue working there. Enterprises that sign apprenticeship contracts or training contracts receive a grant from the government. The grant is intended to compensate the company for the responsibility of training the apprentice according to the national curriculum and to encourage more enterprises to take on apprentices. The size of the apprenticeship grant is determined by the Ministry of Education and Research and is adjusted annually. In 2024, the grant was NOK 175 882 (approximately EUR 14 500) per apprentice for the total duration of the apprenticeship (two years), which is equal to one year of full-time training.

9.2.4. Grant for county municipalities awarding and organising apprenticeships

The aim of this grant is to increase the number of students entering apprenticeships. County municipalities receive the grant and decide how to spend it in order to increase the number of students entering apprenticeships. The target groups are students who, in their first year of upper secondary education (*videregående skole1,* VG1), are already at risk of not getting an apprenticeship and students in their third year (*videregående skole3,* VG3) who need an apprenticeship. The budget for the scheme in 2022 was NOK 370 million (approximately EUR 235 million). The scheme was continued in 2023 with a budget of NOK 468 million (approximately EUR 410 million).

9.2.5. Social contracts for apprenticeship placements

The Norwegian Association of Local and Regional Authorities, the government and social partners are cooperating to increase the number of apprenticeship placements in Norway. The cooperation is formalised in the social contract for VET. This contract forms the basis of their systematic and targeted cooperation. The current contract (2022–2026) focuses on, among other measures, better alignment of programmes with labour market needs ('dimensioning' in the national context). The first social contract was signed in 2012.

9.2.6. Revision of subject curricula

New curricula were introduced in 2020, with the goal of making both students and apprentices better equipped for a rapidly changing society and world of work. The curricula were renewed to increase competence and facilitate comprehensive and practical learning.

9.2.7. The right to upper secondary education by law

Applicants with the right to upper secondary education according to paragraph 3–1 of the Education Act have the right to admission to one of three chosen education programmes. This right is to ensure young people receive an education that matches their interests and motivation.

9.2.8. Completion reform (White Paper 21, 2020–2021, *Fullføringsreformen*)

This reform was agreed upon by the government and looks at all aspects of upper secondary education and how the content of upper secondary education will change. The goal is to have nine out of ten pupils completing their education and entering the labour market by 2030. One of many measures established to achieve this is the introduction of a right to complete upper secondary education with a qualification. This measure is accompanied by the goal of increasing the number of apprenticeship placements available, the right to a second craft certificate and the right to change education programme.

9.3. Discussion

In this section we will investigate the results of the different schemes described in the previous section.

9.3.1. Information page on applying to potential new apprenticeships within enterprises

The activity on this website is limited. The page has been opened 206 times in the last 12 months and the highest activity recorded was in 2015–2016.

9.3.2. Grant for county municipalities awarding and organising apprenticeships

The grant was introduced in 2022 and continued in 2023 with a budget of NOK 468 million (approximately EUR 41 million). The aim of the grant is to increase the number of students entering apprenticeships. The county municipalities expect to see the effects of measures and projects they have set up in autumn 2023 and spring 2024. Several point out that the measures must be given time to work before their results may be measured. Nevertheless, six county municipalities report the increased matching of students and companies, resulting in an increased number of signed apprenticeship contracts ([69]).

9.3.3. Grant for enterprises with apprentices

In 2017, the fund for apprenticeship grants for enterprises was NOK 2.8 billion (approximately EUR

([69]) This information is from an unpublished document produced by the Directorate for Education and Training.

240). A report from the Directorate for Education and Training shows that there has been an increase in this funding, but it is difficult to isolate the effect of grants from other factors. Financial incentives may undermine the foundation of apprenticeship schemes, as companies should be motived by their responsibility to society and responsibility for the development of professional competence. Statistics show that the increase in the size of the apprenticeship grant over four years led to only a small increase in the number of new contracts. Therefore, the report sees no clear connection between increasing the size of grants and a rise in the number of new contracts. At the same time, according to WorldSkills Norway (2022), a total of 95% of enterprises are positive about apprenticeship schemes and the majority employ an apprentice who has obtained their craft- or journeyperson's certificate.

9.3.4. Strategy to increase the number of apprentices in the public sector or via public contracts

The number of apprenticeships has increased, but it is uncertain whether the reason for this is the apprenticeship clause. Since the clause was introduced in 2017, several public contracts have included the use of apprentices as a requirement. A new evaluation nevertheless shows that this is only followed up on to a small extent. The clause is also unclear on when the use of apprentices is required (Oslo Economics, 2020).

The campaign to recruit more enterprises to apprenticeship schemes began both online and offline in 2022. More than 172 companies contacted the event organiser directly, while many others contacted their county municipalities. The digital part of the campaign received more than 4 million views and more than 19 000 likes.

The award for the best public enterprise has been awarded annually since 2016.

All measures have resulted in an increase in the number of apprenticeships across the public and private sectors, from 44 000 in 2018 to 50 000 in 2022 (Statistics Norway, 2023).

9.3.5. Social contracts for apprenticeship placements

The first social contract was signed in 2012. According to numbers from the Directorate for Education and Training, the number of new apprenticeship contracts has increased continuously since the period of the first contract (2011–2015), except for a decrease in 2020. The decrease in 2020 is explained by the challenges companies faced during the COVID-19 pandemic. The number of new contracts signed in 2022–2023 is higher than that before the pandemic (Directorate for Education and Training, 2024). Due to these good results, the social contract for VET has been renewed each time it expires; the current contract ends in 2026.

9.3.6. The right to upper secondary education by law

A report from the Directorate for Education and Training (2019) shows that county municipalities, which are responsible for upper secondary education, emphasise the students' wishes for matching programmes to labour market needs (dimensioning). This results in a mismatch between gaps in the workforce and students with the relevant competencies. The report shows that the problem will not necessary be solved through improved matching between school places and available apprenticeships. Even if apprenticeships are available, they are not always matched with apprentices due to the lack of a required qualification or the apprentice not being ready for the world of work. In these cases, the apprenticeships go unoccupied or the company recruits unskilled workers.

9.3.7. Revision of subject curricula

The revision of subject curricula is continuously being evaluated. According to the first evaluation of the new system (conducted in 2022), the Directorate for Education and Training relies mostly on the advice given by vocational councils when it comes to finding suitable candidates for the curriculum groups that renew curricula. Hundreds of representatives from the world of work have been involved in the renewal process to ensure that subjects are relevant to the world of work. The Directorate for Education and Training has been responsible for the templates used for curricula and the vocational councils have been responsible for the vocational content of the curricula for upper secondary education (VG3). Although the revision is at an early stage, students have been interviewed. From future apprentices' point of view, COVID-19 had more of an influence than revised subject curricula.

According to the second evaluation (conducted in 2023), all sectors consider the renewal to be a success, especially the possibility of specialising at an early stage. It also appears that the position of vocational education will continue to be strengthened after the revision of subject curricula. In the school year 2025/2026, 54% of students from lower secondary education started a vocational education programme, which is an increase from 46% in 2020 (see Directorate for Education and Training, 2023). One main goal of the revisions is to achieve a curriculum that is highly relevant to the world of work. Different vocational subjects had different starting points before the revision of curricula, and it remains to be seen if this goal will be achieved. Some enterprises have experienced a slight decrease in the recruitment of apprentices. At the same time, they are positive that there will be a long-term increase in specialisation in upper secondary education.

The last evaluation will investigate apprenticeship training. This report is forthcoming.

An analysis conducted by the Directorate for Education and Training shows that most of the new vocational programmes introduced in 2020 have developed according to expectations. Developing and changing the structure of upper secondary education requires close cooperation between the Vocational Education and Training Council, national professional councils and the Norwegian Directorate for Education and Training. As part of this dialogue, the reports from professional councils have become very important. These reports will be completed in the spring of 2025 and will provide an overview of the trends and changes in various industries and sectors that have an impact on upper secondary vocational education.

9.3.8. **Completion reform**

Measures from the completion reform have been implemented in the Education Act, which was adopted in 2023 and entered into force on 1 August 2024. The act expands pupils' and adults' rights to upper secondary education and addresses the right to complete upper secondary education with a qualification, the right to change education programme and the possibility of obtaining a second craft- or journeyperson's certificate. This creates better opportunities for lifelong learning and continuing vocational education. It remains to be seen whether the measures have had the desired effect and whether nine out of ten pupils complete their upper secondary education in 2030.

9.4. Financing models – cost sharing

In 2021, Fafo, an independent social science research foundation, investigated the strengths and weaknesses of different financing models. Fafo investigated the possibility of introducing a collective payment scheme for companies. The scheme would ensure collective responsibility for the apprenticeship scheme through companies paying into a fund, either at the national level, as in Denmark, or at the industry level, as in Germany and the Netherlands.

According to the report (Nyen, & Hagen Tønder, 2021, the introduction of this scheme could lead to an increased number of apprenticeships. A collective payment scheme could raise awareness and/or lead to an expectation effect for enterprises. If all companies were obliged to contribute, more would probably become aware of the opportunities granted by the apprenticeship scheme. At the same time, companies would expect to get something in return for their contribution. A collective payment scheme could also have a financial effect if the size of the overall subsidy increases. A possible negative effect of an increase in the size of the grant available to companies providing apprenticeships is that companies might be motivated to take on apprentices without having the conditions to provide good training. These negative effects can be counteracted through arrangements for the approval of companies to take on apprentices and sanctions against companies that do not meet the requirements established through tripartite cooperation within VET.

9.5. Conclusions

Reports and evaluations show that many of the measures established are working. The number of measures also shows that VET is high on the political agenda. The increased funding and support allocated to apprenticeship programmes highlight the government's contribution to VET.

A large percentage of enterprises support the apprenticeship scheme, and most of the companies approved to do so sign contracts with apprentices. This demonstrates the acceptance and perceived value of apprenticeships among companies.

The strategy to increase the number of apprentices in the public sector has been a success, with the number of apprentices rising from 44 000 in 2018 to 50 000 in 2022.

The continuous renewal of the social contract for apprenticeship placements, coupled with a steady increase in new apprenticeship contracts, demonstrates the effectiveness of this approach.

The revision of subject curricula, which involves input from vocational councils, has been positively received, with an increase in students enrolling in vocational education programmes.

The measures carried out as part of the completion reform, which aims to enhance the right to complete upper secondary education and enable lifelong learning, mark a step towards improving vocational education and increasing the number of people who complete education with a qualification.

There are still areas that require improvement. It is necessary to intensify efforts to increase the number of apprenticeships by strengthening local and regional work. By engaging local communities and regional players more effectively, we can identify and exploit new opportunities for apprenticeships.

Better dimensioning (matching of vocational programmes in schools to labour market needs) of the training offered in different counties is essential. Quality career guidance at an early stage is crucial for informing future students of the options available in the world of work and to ensure that students choose and receive information about the sorts of education that lead to actual apprenticeship opportunities and the chance of a job in the future.

To combat the shortage of apprentices in certain industries, more work must be done to help apprenticeship companies with recruitment. This could include targeted recruitment campaigns and closer cooperation with industry organisations.

Increased efforts could be made to disseminate information to apprenticeship applicants earlier. Early contact between students and companies could improve the chances of more students entering relevant apprenticeships.

Better experience sharing and relationship building between schools, training offices, the world of work, county municipalities and other central actors is necessary. This could be done through the establishment of networks, the organisation of conferences and the use of other collaboration arenas.

These are all areas that the current social contract for VET is paying attention to and they are crucial to ensure that more students get apprenticeships and that the training they receive is relevant and of high quality. Through targeted measures and collaboration, we can overcome the existing challenges and ensure a better future for both apprentices and companies.

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CHAPTER 10.

Apprenticeship incentives in Poland

By Andrzej Stępnikowski ([70])

10.1. Introduction

In Poland, apprenticeship is considered to be a form of practical vocational education (*praktyczna nauka zawodu*) that is based on a contract of apprenticeship between an employer and a learner. In combination with theoretical training, the contract is fulfilled by delivering the skills and competencies described in the relevant curricula (i.e. by an apprentice acquiring the vocational skills required to work in a given profession and, since activities take place in the workplace, applying and deepening their knowledge and skills in real working conditions). In the case of upper secondary education, apprenticeships are organised in the context of the juvenile employment framework (the vocational preparation of juvenile workers (*przygotowanie zawodowe młodocianych pracowników*)). Apprentices are referred to as 'juvenile workers' and must be at least 15 years old and no older than 18 years old at their enrolment. At upper secondary level, this framework is available mostly through three-year-long programmes offered by first-level branch (sectoral) schools (*szkoła branżowa pierwszego stopnia*). Full apprenticeship programmes last for three years (the vocational preparation of juvenile workers – *przygotowanie zawodowe młodocianych pracowników*).

The number of hours of practical vocational education required depends on the occupation and is specified in the core curriculum for vocational education (regulation of the Ministry of Education). It is further defined in the curriculum framework (regulation of the Ministry of Education). The regulation of 16 May 2019 on practical vocational education defines the minimum and maximum percentages of education that must occur at the employer's premises. In the case of apprentices, the share of their workplace component depends on the agreement made by the employer and the school: the minimum is 970 hours over three years, or approximately 60% of the total hours in the programme.

Approximately 70–80% of employers participating in the vocational preparation scheme are members of craft guilds. There are about 40 private craft schools governed by craft organisations, with ca 10 000 students in total. In general, there are approximately 75 000 apprentices of various crafts attending public and private schools for theory classes.

The range of knowledge and skills acquired by students during practical activities, including apprenticeships, as well as the number of hours spent on these activities, is determined by the curriculum for a given profession (which is approved for use in a school by the school principal).

After a recent amendment of the education law, there are new possibilities for school directors to shape learning programmes, including access to additional vocational skills.

Apprentices in Poland are 15–18-year-old pupils that have signed a learning–working contract. About 5% of them learn theory outside of schools (in a company or at practical training centres). Each year there are fewer and fewer apprentices – at present, there are about 30% fewer juvenile workers in Poland than at the beginning of 2010. This decrease is still strong despite the actions and campaigns undertaken by governments over the last 10 years (i.e. 'VET school is the positive choice school' and 'making VET more attractive'). The success of such campaigns has been limited, as their specific set of solutions (different levels of public subsidies, handing off organisational issues and obligations to IVET school directors,

([70]) Senior researcher, Centre for Vocational Education Research and Development, Łukasiewicz-Research Network, Institute for Sustainable Technologies, Poland, and member of the Cedefop community of apprenticeship experts for Poland.

etc.) have only helped increase the number of students in technical schools (school-based VET), while the number of juvenile workers (apprentices) is still decreasing. There are new regulatory obligations and documents that employers and VET instructors (including craft masters) are required to have, which is the primary factor that drives companies away from engaging in apprenticeships.

10.2. Financial incentives

Nevertheless, some of the actions undertaken might have a positive impact on the attractiveness of apprenticeships. Starting from 1 March 2024, the reimbursement given to companies (*refundacja wynagrodzeń młodocianych pracowników*) for salaries paid to juvenile workers has risen and is a percentage of their national average monthly salary as measured in the previous quarter:

(a) at least 8% (approximately EUR 135) in the first year of the apprenticeship (the first class of IVET school);
(b) at least 9% (approximately EUR 160) in the second year of the apprenticeship (the second class of IVET school);
(c) at least 10% (approximately EUR 185) in the third year of the apprenticeship (the third class of IVET school).

For comparison, the reimbursement of company wages in the case of vocational training (which is similar to an apprenticeship but shorter and results in a certification from the Chambers that covers a certain set of skills rather than a recognised qualification) is at least 7% (approximately EUR 120).

It is worth mentioning that for over two decades the reimbursement of apprentice salaries was set at 4–6% of the average monthly salary. On 1 September 2018, this rose to 5–7% and since 2024 it has risen to 8–10%.

With greater reimbursement given to employers, there are greater chances of increasing their participation in apprenticeships. This reimbursement is paid to employers from the 'Labour Fund', which collects contributions from employers (ca EUR 12–15 per employee). Labour Fund support is spent on incentivising those without jobs to find work, as well as on social transfers like allowances for those without jobs and jobseekers (inactive workers). The Labour Fund is run by the government and its expenditures are decided in consultation with the Social Dialogue Council and the Main Employment Council (Naczelna Rada Zatrudnienia) ([71]).

Another incentive (a financial bonus) for employers is also sourced from the Labour Fund. Since the beginning of the 2000s, a financial bonus of approximately EUR 2 000 per apprentice (*dofinansowanie kosztów kształcenia młodocianych pracowników*) is paid directly to an employer if their apprentice successfully completes their apprenticeship programme and passes their journeyman exam (or receives a qualification in the industry before the regional examination board). This helps employers recuperate the costs of professional exams, as they are required to pay for the graduating apprentice's first attempt. In 2023 the bonus increased by 14%, the first increase since 2000. For professions in greater demand (as announced each year by the Ministry of Education following research conducted by the Institute for Educational Research, with support from experts chosen from social partners) this financial bonus can be increased further – up to EUR 2 700 per apprentice (versus EUR 2 400 before 2023).

([71]) In Poland there are five employer representatives (Lewiatan, Związek Rzemiosła Polskiego (ZRP), Business Centre Club (BCC), Pracodawcy Rzeczypospolitej Polskiej(Pracodawcy RP), Związek Przedsiębiorców i Pracodawców (ZPP) and three trade unions (Solidarnosc, Forum Związków Zawodowych (FZZ), Ogólnopolskie Porozumienie Związków Zawodowych (OPZZ) involved in these consultations.

10.3. Non-financial incentives for apprentices

Learners who graduate from an apprenticeship also have the opportunity to complete (through validation) another similar qualification that is part of the NQF in addition to their main apprenticeship qualification (for no additional cost).

There are more and more signs that apprenticeship is a professional development path with better opportunities for a stable career and income. The new narrative in the media shows that professional 'blue collar' workers (plumbers, car mechanics or CNC operators) have faster entry to the labour market and better salaries than people with higher education degrees (especially in comparison to social sciences graduates, for example).

Although the attractiveness of these jobs is growing, year by year there are still smaller numbers of people graduating from IVET schools (including apprentices), so professionals are still needed in the labour market. A challenge that limits enrolment is the ever-fewer number of VET instructors in companies (including craft masters) willing to take on apprentices and train them.

10.4. Challenges

The first challenge for employer participation in these schemes is related to the growing level of bureaucracy connected to apprenticeships. For example, changes to the law since 2019 have created new obstacles for employers that want to train an apprentice, as they are required to get written report from a school director on the conditions required for practical vocational training – and secure this before even beginning the recruitment process. Each employer interested in providing an apprenticeship needs to prepare and attach 7 or 8 documents (annexes) to the apprenticeship agreement (recently another one was added on the standards for the protection of minors: 'standard *ochrony małoletnich*').

Another challenge for the apprenticeship system in Poland is the allocation of public subsidies which are oriented towards helping schools set up school workshops, improve their premises and cover expenses. Public schools are preferred over schools run by craft associations, and there are larger subsidies available for school-based VET (technical schools) than for IVET schools running apprenticeships. According to the model that was implemented in 2016, the (weighed) subsidy paid to schools is 2–2.5 times lower for vocational branch schools carrying out apprenticeships than for schools that train students at the school full time. This is one the reasons why school directors may not be so eager to promote apprenticeships and may prefer school-based VET options.

In the case of smaller geographical areas, it is also not an incentive for IVET school directors to set up and offer multi-professional classes (which is common for apprenticeships, especially in the crafts). In such regions, there is rarely the need in the local labour market for large numbers of graduates with a certain apprenticeship qualification. A formula exists in which a class is created as a multi-professional unit of several specialties. Although this solution works well in terms of adjusting vocational education to the needs of the local labour market, it is a challenge for schools in terms of organisation.

As a result of these two challenges (the differences in financial support and the difficulty in organising multi-professional classes), VET school directors often prefer to run school-based VET, where practical training is taught in school workshops, over apprenticeships and, moreover, to limit training to the most popular professions (hairdressers, car mechanics, carpenters and confectioners, as well as electricians) to create one-profession classes.

10.5. Conclusions

Since 2019, some positive changes to these incentives have been observed (growing financial support in terms of the remuneration of salaries paid to apprentices and financial bonuses for employers); however, not everything has moved in a direction that would make apprenticeship far more attractive. The attractiveness of IVET schools (still commonly called '*zawodówki*') and the apprenticeship system is still a fundamental problem in Poland. Of course, the recent increases in the size of incentives should be monitored constantly and compared with economic trends and impacts. Not only that, but to stop the degradation of the importance of vocational training, which is unfavourable for the economy and society, it is necessary to modify certain legal provisions and strengthen economic instruments, including subsidies, which will undoubtedly encourage the bodies governing schools and school principals to continue to offer the possibility of education in multi-vocational classes. This is particularly important as there is an observed increase in the interest of students and their parents in vocational education, for which they have been waiting for many years.

CHAPTER 11.

Apprenticeship incentives in Spain

By Guillem Salvans (72)

11.1. Introduction

Spain undertook a reform of its VET system in 2022 through a new national law (Spanish Government, 2022), which introduced significant changes. In terms of the relationship between companies and VET schools within the VET system, the law granted a 'dual character' to all IVET (73) and parts of CVET. Schools and companies are jointly responsible for training students within this new framework. In practice, this principle means that there are two implementation pathways, general VET and intensive VET, which can be differentiated by the three following characteristics:

(a) the duration of in-company training: general VET is shorter than intensive VET (74), but in both cases in-company training is compulsory for all students,
(b) the percentage of the learning outcomes to be achieved in companies (75),
(c) an obligation to provide a labour contract to students, which has only been established for intensive VET, although it was established with a transitional period that ends in 2028 (76).

Intensive VET can be considered an apprenticeship if we look at the European framework for quality and effective apprenticeships criteria.

The dual nature of all IVET and parts of CVET has profound consequences that will unfold in the coming years and that represent a major challenge in the transformation of Spanish VET. Some of the challenges are related to the mindset of companies, VET schools and VET stakeholders; companies need to understand that they are active agents in VET programmes. Secondly, VET schools need to understand that their actions affect not only students but also companies. These will require long-term mindset changes, which will be difficult to achieve, but Spain has already started to move in this direction and there are very good examples to back up this change.

The law facilitates the adoption of this dual characterisation of VET by, among other things:

(a) increasing the minimum training time spent in companies both in general VET and intensive VET;
(b) regulating the existence of an in-company training plan for each student;
(c) changing the relevance of the learning outcomes achieved in-company, which are now part of specific modules, so that companies and VET schools share learning outcomes within several modules in the training plan;
(d) requiring in-company training in each of the two years of the programme (e.g. the standard duration of IVET is 2 years, and the legal framework establishes that there must be in-company training in both years);
(e) enabling the joint selection of students by companies and VET schools;
(f) increasing the ability of VET schools and regions to adapt VET programmes locally in a number of ways;

(72) Senior project manager, Fundación Bertelsmann, Spain, and member of the Cedefop community of apprenticeship experts for Spain.
(73) This contribution considers IVET to be the middle and upper levels of Spanish VET.
(74) General VET is 25–35% of the total duration of regular VET (or 20% that of basic VET programmes). Intensive VET 35–50% of the total duration of regular VET.
(75) In general VET, 10–20% of the learning outcomes are to be achieved in a company, while in intensive VET 30% are.
(76) During the transitional period, companies can provide a labour contract or a grant, both of which are paid for by companies. From January 2029, only the labour contract will be allowed (see Cedefop, 2023).

(g) reinforcing the roles of the company tutor and the VET school tutor as key figures in delivering apprentice training;
(h) specifying the roles of intermediate bodies in the VET system (chambers of commerce, business associations, municipalities, foundations, etc.);
(i) allowing the rotation of students between (small) companies to achieve concrete learning outcomes;
(j) in intensive VET, linking the student to the company through a labour contract.

This chapter examines whether these changes constitute an incentive for companies to participate in VET. It discusses some of these issues in a non-exhaustive way, focusing on flexibility in the programmes, the role of intermediate bodies, the student selection process, the development of training plans in companies and the attractiveness of the apprenticeship pathway.

11.2. Programme flexibility: a major incentive that needs to be explained to companies

The adoption of a flexible framework is a major attraction for companies, especially at the sectoral level. As some flexible measures are new in Spain (such as the possibility of including optional modules in VET schools), it will take a few years for companies to become aware of them and to become familiar with them. Schools and all parties involved in the VET system have a lot of work to do in this respect. However, based on insights gathered from ongoing dialogue with companies and their representatives over the past decade, flexibility is consistently identified as a top priority. This suggests that a flexible approach may be appropriate and well-aligned with industry needs.

The new regulation is clearly committed to the adoption of a flexible framework that is attractive to businesses, which will include the following measures, among others:
(a) Beyond the national core curriculum, regional authorities can modify the content of different programmes, for example by modifying the distribution or duration of different modules over the years of the course;
(b) Training can be adapted to the local economic environment; this flexibility allows for the introduction of training that is part of the NQF and/or training that is not in the NQF;
(c) The length of the programme can be extended (usually due to an extension of the time spent on in-company training).

In short, the flexibility offered by the new regulation can be seen as a strong incentive for companies. However, regional authorities and VET schools play a crucial role in promoting these measures, particularly through disseminating them effectively during their initial implementation.

11.3. Intermediate bodies are critical for developing the dual characteristics of VET (and improving the quality of programmes)

A clear benefit for companies is the role of that intermediate bodies play, which the new legislation reinforces. These bodies have developed in the last decade, especially in the apprenticeship pathway ([77]). The work they do in disseminating and recruiting companies for programmes, advising companies, conveying the sectoral content that should be included in VET programmes to regulators, grouping small businesses for shared projects and so on constitutes an incentive for companies. In this frame-

([77]) For specific examples, see Fundación Bertelsmann publication Buenas prácticas: Proyecto para la mejora de la Calidad *[Good Practices: Project for Quality Improvement].*

work, companies feel (and are) better assisted in their participation in the VET system. Spain already has first-rate examples of organisations and government bodies carrying out these roles (for example, the work carried out by the Chamber of Commerce of Mallorca, the territorial business associations of La Rioja and the Basque Country, the City Council of Malaga or the foundation that Barcelona City Council has created to promote VET, which is called the Barcelona FP Foundation). It is also important to note that these roles are often carried out by large companies, at least during the initial promotion of sectoral projects. Additionally, the work that the Spanish Chamber of Commerce is carrying out to support apprenticeships, which many local chambers adhere to, makes it another excellent example of an intermediate body.

The roles of intermediate bodies are not overly institutionalised in Spain; it is at the regional or local level that one entity or another carries out this type of task. This process, which is in itself very interesting and which the law wants to reinforce, is, however, 'incipient' in Spain and there are still dozens of intermediate bodies that could be linked to vocational training, especially at the local level. It would be very appropriate, in the coming years, for these organisations (chambers of commerce, sectoral business associations, clusters) to become better involved in the VET system, both in general and intensive VET, by building on existing successful examples.

Increasing the involvement of intermediate bodies in the VET system in Spain not only benefits companies but is also one of the most strategic changes that could take place in the coming years. This is because we know that the more an organisation is involved in the VET system, the higher quality the VET programme will become, especially the apprenticeship pathway.

In short, Spain would need to promote this process with some kind of support from public funds, which could be provided for just a couple of years. This would encourage intermediate bodies to become involved in VET, especially at the local and sectoral levels.

11.4. Student recruitment: a shared process

The selection of students becoming a process shared between a school and a company is a further incentive for employers. The new regulation makes explicit reference to it. From now on, companies must be involved in student recruitment for both general and intensive VET.

Spain has a particularly school-based vocational training system, and the leadership of these programmes therefore lies within the education sector. As such, companies have not been heavily involved in the selection of students. However, in the last decade, and especially in apprenticeships (for which students receive a remuneration in most regions), companies have become (more) involved in the recruitment process. At present, a shared selection process is more common in intensive VET than general VET. Normally, the school creates a preliminary list of candidates based on its knowledge of the students and the company, and the company ends up choosing the student. Therefore, at least for intensive VET, the new regulation has recognised the situation that was already partially in place. However, it is important to consolidate the use of this shared process in general and intensive VET, especially now that the length of time spent in the company has been increased.

11.5. Achieving learning outcomes in companies: making the task possible for (small) companies

11.5.1. The situation before the 2022 legal reform

Before 2022, all students in Spain were required to undertake a compulsory in-company placement, which was 'one module in the training programme' (*Formación en Centros de Trabajo*). In the internship pathway, this was a requirement for students to complete the programme. The apprenticeship pathway involved a longer period spent at the company and the achievement of more learning outcomes there.

In the internship pathway, companies could easily meet these learning outcomes because students could practice their skills across a wide range of the companies' production processes. In-company training usually took place at the end of the programme, when the student already had received most of their training. This was most common, and the situation for around 95% of IVET students. In apprenticeships, the commitment the companies made was much larger, but apprenticeships were about 5% of the total number of IVET students.

11.5.2. The situation after the 2022 legal reform

With the current regulation, the module that covered the in-company placement disappeared from both general and intensive VET. Instead, parts of different modules are related to the in-company placement (each with its own specific learning outcomes). This distribution of the training load between companies and VET schools is established by means of the training plan that each student is obliged to have.

This important change is consistent with the idea of giving responsibility to both companies and VET schools. If companies share responsibility for the training of students, it seems appropriate that they share in the training conducted in the different modules from the earliest stages of the course. Once again, the question is now how will companies take this change, is it an incentive or a barrier to their participation in the VET system?

Firstly, companies can only train students in what they know. Therefore, it seems that the smaller the company, the more difficulties it may have in following the new curriculum requirements. Companies will tend to not want to participate in VET if they are required to make a complex curricular commitment. This matter was predicted by the government; the new regulation supports the grouping of SMEs to train students on a rotational basis (Spanish Government, 2022. Article 59), so that there is joint responsibility for students reaching the expected learning outcomes. Rotational VET projects already exist in Spanish VET (mainly in apprenticeships) but seem difficult to scale up. In short, for smaller companies, the demand for specific learning outcomes in different modules is a challenge that will have to be explained, managed and assisted with.

Secondly, companies may have difficulties in understanding the language of VET schools and the technicalities that shape the deployment of training plans. Companies can make explicit what can be learned in their work environment, which they are very familiar with, but they need a lot of support in translating this into learning outcomes (and in assessing them). Therefore, involving companies in these technicalities is complex.

In sum, this change does not automatically facilitate the participation of companies in the new legal framework. However, this essential change ensures that the 'dual nature' VET sought by the regulators of the framework will be upheld. As a consequence, VET schools will have to make it easy for companies, assist them and help them understand the new legal framework. The work of teachers in VET schools will be essential in this area. If Spain succeeds in transforming in-company training into a more planned and coordinated placement (similar to what was happening during apprenticeships before the legal reform), the progress will be remarkable. Finally, this topic is sufficiently important that its deployment should be evaluated.

11.6. Is the apprenticeship pathway attractive to companies?

In this chapter, we have described the difference between the two VET pathways in Spain. These differences are the time spent in the company, the learning outcomes obtained while in the company, the use of a labour contract to link students to companies and the remuneration paid to the student (there is no remuneration in general VET and a salary in intensive VET).

The labour contract used in intensive VET (apprenticeships) is the regular Spanish training contract. It enables partial reimbursement of social security contributions for apprentices, partial compensation for the time spent by the company tutor to train apprentices, and incentives for the company to hire apprentices after their training period. Apprentices receive a salary (at least the minimum wage) only for the time spent at the company (for the main aspects of the contract, see Servicio Público de Empleo Estatal (SEPE), 2023).

The question we should ask ourselves is whether the new regulation is an incentive for the adoption of apprenticeships or not; that is, whether this framework will make apprenticeships a modality chosen by companies. Given that we are still in the transitional period of adopting this regulation, we do not know what will happen in the future. However, some guesses can be made.

In the last decade, the expansion of apprenticeships in Spain has been very limited in quantitative terms (less than 5% of students choose apprenticeships) and has been concentrated in higher VET (which can be accessed from the age of 18). Despite this, it has become a modality of excellence in which some of the most innovative and unique programmes have been observed. The experience of the apprenticeship system gained from 2012 to 2022 has shaped this idea of a 'dual nature' for IVET and parts of CVET in Spain.

In this regard, when deciding whether they want to participate in apprenticeships or not, companies will look to strike a balance between the student spending more time in the company and the curricular commitment and payment of a salary to the apprentice. These considerations alone lead us to think that intensive VET will see very limited use in this new legal framework, as is already happening de facto in many Spanish regions, especially the less industrialised ones.

However, there are more elements to add to the debate when it comes to the motivation and engagement of companies. The first is how companies attract talent companies and motivate students. Receiving a salary while acquiring skills in a company is highly incentivising for students. The companies for which collaboration with the VET system in Spain is very strategic (companies which, for example, want to attract talent to professions and regions where it is scarce, a situation that is far from unusual in Spain) are more likely to be involved in the apprenticeship (intensive VET) pathway in order to attract talent and entice students with a labour contract.

Having said this, it is necessary to look at the meaning of this pathway. Apprenticeships should be seen as the pathway for students wanting to gain quick access to the labour market. This is very important, because companies are often frustrated when they cannot hire a student because he/she wants to continue his/her training once the training period is over.

Fortunately, the Spanish VET system is very flexible and offers many options for further training. Given that, VET schools could make first filter between students who have enrolled in VET programmes and are planning to continue their training and students who wish to work immediately. In general, the first group of students would follow the general VET pathway and the second one the apprenticeship pathway. As a result, schools would have a strong argument for convincing companies to use apprenticeships, which is the immediate incorporation of qualified staff into their company after the end of the training period. This strategy would not be possible to use for all programmes and situations (for instance, there may be a lack of companies willing to provide contracts or a lack of students willing to work after their training period), but as a general guideline it could add value to apprenticeships.

Finally, it seems that the intensive pathway could be used to structure career plans in companies as the first of a series of structured and planned stages through which a young apprentice will pass. Companies in sectors and regions where talent is in short supply need to think about this. Nevertheless, this approach seems perfectly suitable for medium and large companies but seems more difficult for very small or small companies to carry out. In the latter case, the regulators of the new legislation could consider some kind of subsidy of the wage cost that an apprenticeship represents for these companies, at least for a few years, in order to incentivise small companies to take the first steps.

Beyond this potential incentive, very small and small enterprises will only hire students if the management of their contracts is simple and accessible. Therefore, once again, very small and small enterprises need support from schools and intermediate bodies.

11.7. Concluding remarks

This chapter described whether some key aspects of the new Spanish VET regulation are real incentives for companies. Beyond specific incentives, the VET framework itself must be attractive to enterprises. If it is not, companies will simply not participate. The incentives must be offered within a framework of quality programmes and quality in-company training.

Spain has a long tradition of encouraging cooperation between companies and VET schools within the VET system. For example, since the 1990s all students have had a mandatory in-company training period. The relationship between companies and educational institutions is therefore very strong, but Spain is creating a new framework that will take some years to consolidate. The use of curricular flexibility, the incentives to strengthen intermediate bodies and the reinforcement of student selection as a shared process between companies and schools seem to be attractive to companies. The curricular requirements companies must fulfil could be a challenge, especially if there is no support from VET schools and intermediate bodies.

The deployment and implementation of this entire legal framework will be the responsibility of regional authorities, given the distribution of competences in managing education in Spain. Therefore, regional regulators will have to encourage companies to participate in IVET.

The value of intensive VET will be revealed through its relationship to general VET. For example, intensive VET could be the pathway for those who seek quick incorporation into the labour market. Calculating the cost–benefit balance of apprenticeships within this new legal framework, as is done in other European countries, could provide companies with arguments for hiring apprentices. Temporarily subsidising part of these contracts for smaller companies would also be a strategy that allows smaller companies to ‘test’ their participation in this type of scheme.

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Apprenticeships:

incentives for employers and learners

This publication, based on contributions from members of the Cedefop community of apprenticeship experts, sheds light on how selected incentives for learners and employers participating in apprenticeships across Europe are designed, introduced and received by their target groups. The evidence presented, which is complemented by reflections on the suitability, effectiveness and sustainability of the selected instruments, will help policymakers to introduce better targeted and more effective incentives that benefit learners, employers and societies.
The variation in the organisation and implementation of apprenticeship schemes across Europe is also reflected in the different incentives that exist to increase learner and employer participation, which include financial and non-financial, horizon-tal and targeted incentives. While many instru-ments meet their goals, others fall short or are difficult to maintain.

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CEDEFOP
European Centre for the Development of Vocational Training

Europe 123, Thessaloniki (Pylea), GREECE
Postal address: Cedefop service post, 570 01 Thermi, GREECE
Tel. +30 2310490111, Fax +30 2310490020, Email: info@cedefop.europa.eu

visit our portal www.cedefop.europa.eu

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