



## CEDEFOP WORKSHOP ON FINANCING APPRENTICESHIPS IN THE EU

### BACKGROUND NOTE

---

Apprenticeships have been widely acknowledged as a powerful policy tool to respond to the current socioeconomic challenges that the European Union (EU) faces, and in particular high youth unemployment. As evidence suggests, combining school-based teaching with company-based training eases the transition from education to work. Apprenticeships provide the combination of technical, transversal and soft skills that employers are looking for.

Several EU policy strategic documents and initiatives advocate apprenticeships. The Bruges communiqué calls on Member States to develop apprenticeships and other similar schemes with a work-based learning component to improve the quality, efficiency and attractiveness of vocational education and training. The European Alliance for Apprenticeship brings together a wide range of stakeholders with the aim of strengthening the supply of apprenticeships and improving their quality and image, while apprenticeships are also a key element of the European Youth Guarantee initiative. The Riga conclusions policy document calls for promoting work-based learning with particular focus on apprenticeships. The Riga conclusions document also points out that 'due attention should be paid to transversal areas and principles which are crucial for achieving the deliverables and for modernising VET' which includes efficient funding.

More recently, the European Framework for Quality and Effective Apprenticeships has been brought forward as part of the 2016 New Skills Agenda for Europe, also contributing to the European Pillar of Social Rights. Among the 14 criteria set out to define quality and effective apprenticeships, the Framework refers to cost sharing arrangements between employers, apprentices and public authorities; and to financial and/or non-financial support that should be provided, particularly for small, medium-sized and micro-companies.

Considering the above, Cedefop collects, analyses and disseminates comprehensive information on apprenticeship schemes in EU Member States. In 2014-15, Cedefop carried out research on the governance and financing of apprenticeships in selected EU Member States. Through its ongoing study on 'Apprenticeships – a cross national overview' (CNO), Cedefop has mapped

system level apprenticeship schemes in EU28+ countries and carried out comparative analysis of those meeting specific criteria (see below). Moreover, Cedefop is working closely with individual countries that wish to develop quality apprenticeships, as part of its project on thematic country reviews on apprenticeships. The project on 'Apprenticeships for adults' will focus on apprenticeships as an effective way of retraining and upskilling adults to re-enter the labour market and/or boost their careers.

In November 2016, Cedefop launched the study on 'Financing apprenticeships / dual VET in the EU', which will be completed in the beginning of 2018. The objective of the study is to:

- (a) provide a comprehensive overview of financing arrangements for apprenticeships in the EU countries;
- (b) elaborate typology of financing arrangements for apprenticeships; map EU countries according to this typology;
- (c) analyse performance of the financing arrangements for apprenticeships; and
- (d) provide recommendations how to improve effectiveness of financing arrangements for apprenticeships.

In practice, the study focuses on apprenticeship schemes selected on the basis of findings of the CNO study. In this context, it includes schemes that:

- (a) comply with the overall Cedefop definition of 'apprenticeship': "Systematic, long-term training with alternating periods at the workplace and in an educational institution or training centre. The apprentice is contractually linked to the employer and receives remuneration (wage or allowance). The employer assumes responsibility for providing the trainee with training leading to a specific occupation" (Cedefop 2014); and
- (b) fully/partially comply with the operationalised version of the aforementioned definition as this version was developed for the CNO, i.e. fulfil at least 4 out of the following 6 criteria: long-term training, systematic alternation, formal qualification, formal contract between the apprentice and the employer, apprentice remuneration in the form of wage or allowance, responsibility of employers for providing training at the workplace.

The study provides information regarding cost categories (such as apprentice pay (wages/ allowances, social insurance contributions in greater detail, but also instructors wages, costs for material and equipment, apprentices travel and subsistence costs and examination fees), financing instruments (such

as training funds, tax incentives, grants for companies and individuals) and financing arrangements (the whole system of financing of an apprenticeship scheme).

The study elaborates on ‘main’ financing instruments whereby ‘main’ is defined in terms of amount of re-distribution of overall costs and/or number of apprentices and/or companies benefiting from the instruments.

Some overall observations regarding financing of apprenticeship schemes refer to the following:

- (a) Types of financing arrangements differ more than expected. Apprenticeship schemes from one and the same type may have different financing arrangements;
- (b) Although data was hard to get and difficult to compare, three main types and several subtypes of financing arrangements were identified. The main criterion for this classification was the overall redistribution of financing among the main actors involved in apprenticeships. Looking at a financing arrangement as a whole (rather than just employer engagement or cost-benefit) has turned out to be a fruitful approach as it provides more comprehensive picture on the interactions between the main actors involved in the receipt or delivery of apprenticeships;
- (c) Nevertheless, the approach has also blind spots, for example, more research is needed in relation to ways of financing of off-the-job training or change of financing arrangements as well as performance of types of financing. Thus, while broad typology of financing arrangements is possible, more specific information is needed for the precise elaboration of the subtypes;

In this context, the workshop on ‘Financing apprenticeships in the EU’ provides the platform for national and methodological experts from across Europe to get acquainted with and discuss the results of the study. The objective of the workshop is to:

- (a) validate and complement country-specific information;
- (b) discuss the methodological approach for elaborating the typology and assessing the performance of financing arrangements for apprenticeship/dual VET; and
- (c) reflect on the ways to improve effectiveness of the financing arrangements for apprenticeships/dual VET; collect ideas for further research and policy recommendations at national level and EU level.