



Organising and Upgrading Skills Development in and for the Informal Economy through Dual VET

DC dVET Policy Brief
Guidance for Policymakers and Project
Managers

Why this Policy Brief? The informal economy accounts for more than 60% of the global labour force, with informal employment constituting the reality of work for over 80% of workers in low- and middle-income countries (Bonnet et al., 2019). For millions, **traditional apprenticeships** and **on-the-job learning in the informal sector** remain the primary pathways to acquiring skills and securing livelihoods. These systems are deeply rooted in local communities and are cost-effective, yet they remain largely **unstructured, uncertified, and weakly connected to lifelong learning and employment pathways**. As a result, workers (especially women and other marginalised groups) remain trapped in low-paying, insecure jobs, while enterprises struggle to innovate and grow – perpetuating vulnerability and poverty across generations.

This policy brief consolidates key insights from DC dVET’s work on informality and dual VET. It builds on an [input study](#), exchanges with a specialised community of interest, [four interactive online sessions](#), and practical experiences shared by partner organisations and stakeholders in countries such as Benin, Burkina Faso, Côte d’Ivoire, Ghana, Tanzania, India and Argentina. The overarching aim of this work is to develop a pragmatic approach to dual VET that strengthens informal skills development without over-formalising the systems on which millions rely. Dual VET offers a practical, high-leverage approach to upgrade informal training by preserving its **core strengths** (high volume, immediacy, authentic task exposure, and job-matching networks) while introducing **quality standards, recognised certification (e.g., trade tests, recognition of prior learning RPL), decent work conditions, and inclusive governance**.

The **theory of change** underpinning this approach is clear: structured learning combined with workplace practice, competency-based standards, and recognised certification raises skill levels, higher skills increase enterprise productivity and worker employability, incomes and opportunities improve while investment in skills becomes self-reinforcing. For this approach to deliver the outcomes it promises, it must be supported by a coherent set of **practical measures**:

- **Context-sensitive upgrading that strengthens, rather than replaces, traditional systems** – built on trust, local anchoring, capable trainers, and empowered associations – supported by **light but clear governance**: simple written agreements, transparent learning outcomes, modular curricula, co-enrolment options of learners in VET institutions, dual recognition for masters in both trade proficiency and coaching competence, and attention to OSH (occupational safety and health).
- Although recognition of prior learning (RPL) and apprenticeship upgrading involve real costs, they are far **more cost-effective** than expanding full state-based VET provision. Financing should be appropriately sequenced (transparent, targeted, anchored in existing structures) and tied to verified outcomes through earmarked levy allocations, vouchers, equipment grants, and results-based contracts with implementing organisations – with safeguards against deadweight and fraud.

Info-Box: Evidence on Dual VET in Informal Economies (Côte d’Ivoire)

A seven-year randomized controlled trial of a dual apprenticeship model – combining on-the-job training in small informal enterprises with complementary technical training – provides evidence on the effectiveness of dual VET in high-informality contexts.

Key findings (Crépon et al., 2026):

- + 14–20% increase in youth earnings two to five years after programme completion.
- Working poverty sharply reduced, including a 7.3 percentage-point drop in extreme working poverty.
- Productivity and skill levels improved, with youth performing more complex, non-routine tasks.
- Earnings gains driven by self-employment, not wage jobs, showing that skills upgrading can raise incomes even without formal job creation.

- **Equity** considerations are essential: gender-responsive measures (literacy support, childcare, safe transport, and flexible schedules), decentralised VET hubs with access to tools and equipment, and the systematic **inclusion of informal worker voices** in sector skills councils.
- Sustainability depends on **market orientation, reliable data, and robust evaluation**. Pilots should be accompanied by tracer studies and quasi-experimental designs, while national systems should integrate **traditional apprenticeship data**. Interventions must avoid over-subsidies, crowding-out effects, and market saturation.
- Ultimately, progress requires a **step-by-step approach: organise what already works, and invest where the returns** (in dignity, opportunity, shared prosperity) **are highest** (ILO Rec. 208).

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BACKGROUND AND DEFINITIONS

Informal employment refers to jobs without social protection or formal contracts, occurring in both informal and formal firms (ILO, 2023).

Informal economy encompasses legal market activities that are unrecorded by public authorities and would contribute to GDP and tax revenues if captured (Medina & Schneider, 2019). Within this economy, the **informal sector** specifically denotes unincorporated enterprises producing goods or services for sale or barter, typically micro and small businesses operating without formal registration (ILO, 1993). Alongside these, the **popular economy** represents the most precarious segment of informality, characterised by survival-oriented activities with little or no organisational structure, often involving the poorest and most vulnerable groups.

Learning modalities in and for the informal economy:

- **Informal learning** occurs in daily life without structured curricula or institutional oversight. It is unintentional from the learner’s perspective and often acquired through family, community, or workplace experiences (“learning by doing”).
- **Non-formal learning** is institutionalised, intentional, and planned by an education or training provider, serving as an alternative or complement to formal education within lifelong learning processes. It may follow structured programmes and lead to recognised qualifications, though not always integrated into national education systems.
- **Formal learning** takes place in recognised institutions such as schools and universities, follows prescribed curricula, and leads to officially certified qualifications within national frameworks.

Within informal economies, two dominant forms of skills development prevail:

- **Traditional apprenticeships**, which are socially embedded arrangements where learners acquire trade-specific skills under the guidance of a master craftsman. While intentional, these apprenticeships lack standardised curricula, formal contracts, and recognised certification.
- **On-the-job learning**, which occurs through practical work experience without structured training objectives or assessment, often in sectors such as agriculture, retail, and small-scale services.

These modalities are cost-effective and widely accessible, particularly for vulnerable groups, but they often perpetuate a **cycle of low skills, low productivity, and low income** due to their limited recognition and weak linkages to lifelong learning opportunities.

Dual VET integrates **structured theory** (off-the-job) with **workplace practice**, standardises competencies, and relies on public–private collaboration in provision and governance (see [DC dVET Policy Brief on Terminology](#)).

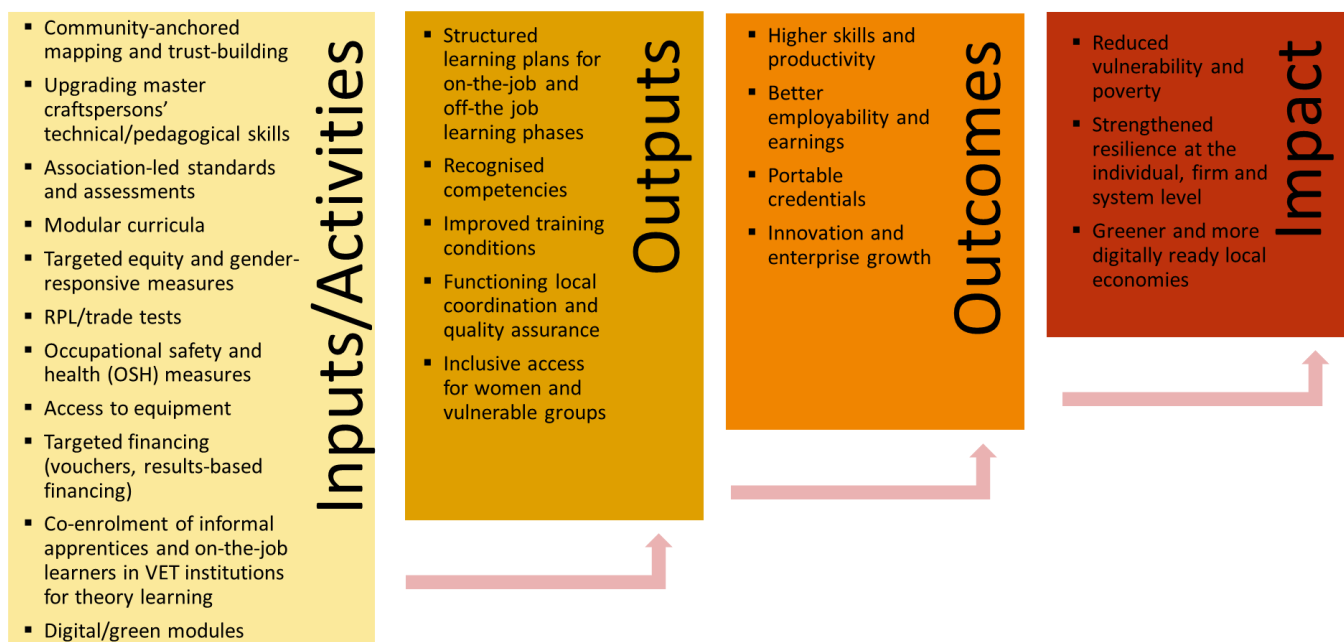
RPL (Recognition of Prior Learning) formally validates skills acquired outside the classroom, enabling skill recognition and permeability between informal/non-formal learning and formal VET pathways.

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WHY ORGANISE RATHER THAN FORMALISE

Pushing formalisation too quickly can backfire: it often brings new obligations – such as taxes or compliance requirements – that may discourage MSMEs (micro-, small- and medium-sized enterprises) from taking on apprentices. This policy brief therefore argues for a more pragmatic short-term approach: upgrading and organising traditional apprenticeships and on-the-job learning in ways that **keep transaction costs low, respect existing master–apprentice relationships, and maintain simple, “fit-for-purpose” governance**. The idea is to add only the **theory that is truly needed** and to create avenues for advancement through **RPL and modular certification** (Akoojee & Werquin, 2026; ILO Rec. 208).

The **Theory of Change** translates into:



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GUIDING PRINCIPLES & IMPLEMENTATION MEASURES

This section outlines the core design principles and accompanying implementation measures that together provide a flexible framework for upgrading skills development in informal settings through dual VET, translating the theory of change into context-sensitive, actionable guidance for policymakers and project managers.

1. Build on what exists, don’t replace it

Efforts to upgrade skills development in informal economies must begin by recognising the depth and social anchoring of existing training systems in the informal sector. Traditional apprenticeships and on-the-job learning already play a central role in labour-market entry, social mobility, and enterprise survival (ILO Rec. 208; Werquin, 2021).

- Strengthen – not substitute – informal learning arrangements by enhancing the quality of what masters already teach, preserving authentic task exposure and strong community networks.
- Respect the embedded relationships between masters, families, craft associations, and communities.

2. Keep approaches light-touch and fit for purpose

Upgrading must not introduce burdens that informal enterprises cannot meet. Small craft workshops typically operate with limited administrative capacity, fluctuating work rhythms, and scarce resources.

- Upgrade master craftspeople' technical, pedagogical, coaching, and business skills (see e.g., [FoRCE Benin](#); [Fasovelo/Velafrica Burkina Faso](#)).
- Use simple written agreements, transparent task expectations, and manageable monitoring tools to clarify roles without formalising excessively.
- Apply realistic OSH (occupational health and safety) standards and adapt them to spatial and equipment constraints typical of informal micro-workshops rather than transposing formal-sector norms (see [ILO standards on OSH](#)).

3. Ensure strong local ownership and trust

Sustainable upgrading requires deep engagement with those who shape training daily: master craftpersons, informal worker groups, craft associations, cooperatives, and in some contexts, community leaders (ILO Rec. 204; OECD & ILO, 2019).

- Prioritise early trust-building phases that create shared understanding and allow sceptical actors to see value before committing.
- Use participatory co-design of curricula, assessment criteria, and governance mechanisms — this ensures relevance and builds legitimacy.
- Integrate informal worker organisations into relevant decision-making bodies so that reforms are informed by their realities and anchored effectively at the local level (see e.g., [UTEPA Argentina](#), [HMCG SSC India](#)).
- Make use of data generated through association-led tracer studies to strengthen credibility and inform continuous improvement (see e.g., [role of tracer studies in YES Tanzania](#)).

4. Focus on learning quality and recognition

Improving learning in traditional apprenticeships requires a balance: adding structure while protecting flexibility (ILO Rec. 208; ILO, 2012).

- Develop simple, modular curricula and clear learning paths that reflect workplace realities rather than introduce rigid school-like formats (see e.g., [DACUM in Benin](#)).
- Strengthen competency-based approaches that mirror how skills are acquired in informal workshops — through practice, repetition, and progressive mastery.
- Provide credible, recognised pathways for certification so that skills gained in the informal economy open mobility and opportunity. This includes RPL, modular certificates, and end-point assessments (see e.g., [Nepal NVQS](#); [Benin CQP/CQM](#); [HMCG SSC India](#)).
- Make learning visible through documentation tools that are easy to manage and valued by both apprentices and masters.
- Embed digital literacy, repair/maintenance, data skills, and green competencies relevant to local sectors.

5. Make the business sector a central actor

The private sector, particularly craft and business associations, is indispensable in upgrading learning in and for the informal economy because they can provide collective structures and act as regulators and coordinators (see ILO Rec. 204; OECD & ILO, 2019; see also the [DC dVET guide on the role of organised business sector in informal settings](#))

- Strengthen associations capacities to regulate and coordinate training agreements, supporting matching, mediating disputes, and overseeing quality (see e.g., [role of craft associations in Benin](#))
- Empower associations and sector bodies to shape curricula, define learning outcomes, and co-lead assessments, ensuring training reflects labour-market needs and enterprise realities.
- Support enterprise-led quality assurance grounded in real production processes, such as decentralised training hubs (see e.g., [Fasovelo/Velafrica Burkina Faso](#))

6. Ensure equity and inclusion throughout the system

Traditional apprenticeships often reinforce existing inequalities because selection operates through personal networks, traditional gender roles, and hidden fees (ILO, 2023; [ILO fundamental principles and rights at work](#))

- Reduce structural barriers for women and marginalised youth by providing safe transport, childcare, flexible hours, literacy support, and gender-responsive pedagogy (see e.g., [SEWA India](#); [Mafita Project in Nigeria](#)).

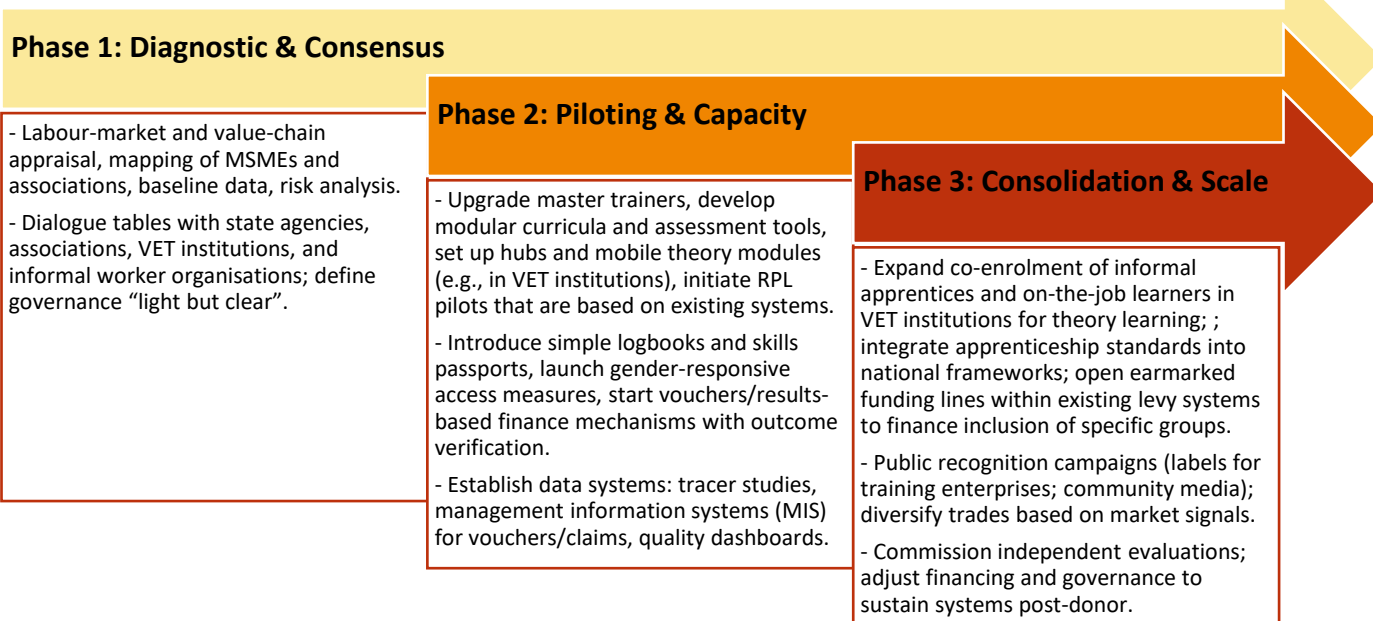
- Promote transparent matching processes so apprentices are selected based on aptitude and interest rather than social connections.
- Encourage early outreach to girls and disadvantaged groups through community-based mobilisation and role-model campaigns.
- Ensure learning environments and curricula accommodate diverse learners, including persons with disabilities, migrants, and rural youth.

7. Support sustainability with market orientation and resilient financing

A dual VET approach in informal settings is only sustainable if it is anchored in real labour-market demand and if incentives are balanced (Arvil et al., 2019; Hofmann et al., 2022; Akoojee & Werquin, 2026).

- Base decisions on labour-market intelligence produced through association networks and local economic analysis (e.g., integrate traditional apprenticeship metrics into national systems; [YES Tanzania](#))
- Avoid distortions created by oversubsidising training places; use incentives carefully so they reward verified outcomes rather than participation alone; introduce subsidies only before minimum quality-assurance conditions (e.g., training standards, assessor capacity and coordination mechanisms via associations) exist.
- Encourage co-funding by associations, cooperatives, governmental and municipal actors, and private firms to foster long-term ownership.
- Hybrid financing: Combine core supply-side funding (quality assurance, system infrastructure, see e.g., [Côte d'Ivoire's PEJEDEC programme](#)) with demand-side incentives (vouchers, stipends, transport, equipment support, see e.g., [Ghana's GTVP Voucher Programme](#)).
- Adopt financing tools that are predictable, transparent (e.g., by publishing a "national menu of eligible financing items" with unit costs by trade and for formal and informal pathways), and manageable for small firms: vouchers, results-based grants, simple subsidy schemes, and levy-based training funds where feasible. Combine incentives with social protection system to reach the most vulnerable.
- Public procurement processes and large buyers can reinforce quality and create incentives by prioritising enterprises with certified apprentices or master craftspersons, creating a market reward for skills development and skill certification.

Possible implementation roadmap for upgrading traditional apprenticeships



While dual VET approaches offer strong potential, several risks must be anticipated and managed:

Risk	Description	Mitigation Measures
Market saturation and misalignment	Training large numbers in a single trade without labour-market analysis can lead to oversupply and unemployment.	<ul style="list-style-type: none"> ▪ Conduct regular labour-market assessments and value-chain analyses ▪ Diversify supported trades ▪ Align training with national job-creation strategies and local demand signals
Administrative burden and fraud	Complex contracting and incentive systems can overwhelm MSMEs and open opportunities for misuse of funds.	<ul style="list-style-type: none"> ▪ Keep governance <i>light but clear</i> (simplified contracts, digital logbooks, QR-coded sign-offs) ▪ Implement third-party audits ▪ Link disbursements to verified outcomes (completion, assessment scores, employment benchmarks)
Prestige and retention challenges	Apprenticeships may lack recognition, reducing youth interest and increasing dropout rates.	<ul style="list-style-type: none"> ▪ Public recognition campaigns (labels for training enterprises, radio, community events) ▪ Strengthen career guidance ▪ Ensure certification and RPL pathways to enhance status and mobility
Digital divide & cost barriers for green technologies	Digital and green transitions may exclude vulnerable groups and MSMEs lacking infrastructure or resources.	<ul style="list-style-type: none"> ▪ Invest in connectivity, shared equipment, and technology hubs ▪ Offer targeted equipment grants ▪ Integrate low-cost mobile learning and blended delivery models
Sustainability post-donor funding	Many initiatives collapse once external funding ends.	<ul style="list-style-type: none"> ▪ Involve local partners from the outset ▪ Avoid over-subsidising ▪ Design co-funding mechanisms (levy schemes, government contributions) ▪ Enable associations to generate revenue through services and accreditation
Social protection and decent work risks	Apprentices and masters remain exposed to risks such as child labour, unsafe conditions, and lack of social security.	<ul style="list-style-type: none"> ▪ Enforce minimum OSH standards ▪ Promote written training contracts ▪ Support community-based protection schemes (e.g., through associations) ▪ Integrate ILO fundamental principles and rights at work

A robust monitoring and evaluation framework is essential to ensure accountability, measure impact, and inform scale-up:

Core indicators

- Quality and outcomes:** Apprenticeship completion rates; retention rates of learners in training company; RPL pass rates; assessment scores; OSH compliance; master trainer certification.
- Labour market impact:** Job placement rates; earnings progression; enterprise productivity proxies (e.g., output, client base).
- Cost effectiveness:** Cost per candidate for RPL vs. cost of formal training equivalents, unit cost per assessment and per certified candidate, cost saving from reduced dropouts or shorter training cycles due to RPL
- Access and inclusion:** Number and proportion of women, rural youth, and vulnerable groups enrolled and completing training.
- System strengthening:** Number of associations providing accreditation; functioning hubs; integration of traditional apprenticeship data into national Employment / Labour Market Information Systems (LMIS).
- Sustainability:** Co-funding ratios; association revenue streams; retention of trained masters post-project.

Methods and tools

- Tracer studies:** Conduct at 3, 12, and 24 months post-training to track employment and income outcomes.
- Rigorous evaluations:** Apply quasi-experimental or experimental designs where feasible to assess causal impact and cost-effectiveness.
- Qualitative studies:** Explore trainer's/master craftperson's training quality, gender dynamics, and learner experiences through interviews and focus groups.
- Digital monitoring systems:** Use management information systems for voucher claims, QR-coded logbooks, and dashboards for real-time progress tracking.

Learning and adaptation

- Share findings** through policy dialogues, BarCamps, and practitioner networks.
- Use evidence** to refine curricula, financing models, and inclusion strategies.
- Document success factors** and challenges to inform replication and scale-up.

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Gender-specific terms and formulations apply in principle to both genders.