

[Bruno Crepon](#), CREST

Direct and Indirect Effects of Subsidized Dual Apprenticeships

Abstract

Traditional apprenticeships based on private arrangements are widespread in developing countries. Public interventions have attempted to address failures in the apprenticeship markets to expand access or improve training quality. Subsidized dual apprenticeships have the potential to address financial constraints for youths and firms' inability to commit to provide general skill training. This paper analyzes the impact of subsidized dual apprenticeships combining on-the-job and theoretical training in Côte d'Ivoire. We set up an experiment that simultaneously randomized whether interested youths were assigned to a formal apprenticeship, and whether apprenticeship positions opened by firms were filled with formal apprentices. We document direct effects for youths and indirect effects for firms, such as whether they substitute between traditional and subsidized apprentices. In the short run, youths increase their human capital investments and we observe a net entry of apprentices into firms. Substitution effects are limited: the intervention creates 0.74 to 0.77 new position per subsidized apprentice. The subsidy offsets forgone labor earnings. Four years after the start of the experiment, treated youths perform more complex tasks and their earnings are higher by 15 percent. We conclude that subsidized dual apprenticeships expand access to training, upgrade skills and improve earnings for youths without crowding out traditional apprentices.