



## Is it enough for programs to train youth if they can't get to the job? The challenge of transport costs in addressing youth employment<sup>1</sup>

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*In this Knowledge Brief, we highlight the challenge transport costs (TCs) present towards youth getting a job and some potential solutions to overcome this challenge. We also share an in-depth example of a solution at work with Harambee's experience in South Africa (SA). This Brief is part of the Solutions for Youth Employment<sup>2</sup> (S4YE) Knowledge Brief series that highlight the nuts and bolts of youth employment programs.*

### 1. The challenge of placing youth in jobs

Improving the performance of youth employment programs is of critical global importance. Growth in the labor force has outpaced job creation. It is estimated that in 2018 this disparity between the labor supply and demand will produce almost 3 million new unemployed people globally (ILO 2017) - and youth will be a significant portion of the newly unemployed. The most frequently used type of intervention to address youth employment are active labor market policies, which initially referred to labor market interventions by the government to help the unemployed find work, but that now describe a broader set of implementers (including non-profit and international organizations) and interventions (including skills training, entrepreneurship support, and job search assistance<sup>3</sup>). In Egypt alone there are over 180 youth employment projects that are broadly using various types of active labor market policies (Eichhorst and Rinne 2015). Meanwhile, the recent evidence on active labor market policies and youth employment programs has been not very encouraging. Taking stock of all impact evaluation-based evidence on skills training, labor subsidy, employment services, and entrepreneurship youth

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<sup>2</sup> S4YE is a multi-stakeholder coalition among public sector, private sector, and civil society actors that aims to provide leadership and resources for catalytic action to increase the number of young people engaged in productive work. For more information please go to <https://s4ye.org/>.

<sup>3</sup> This is not an exhaustive list of ALMPs. For a discussion of the different types of programs considered ALMPs and the services they offer see Kluve et al (2016).

employment programs, a recent systematic review found that only one third had positive impacts (Kluve et al 2016). Other reviews of the quantitative evidence for active labor market policies have found similarly disappointing results (McKenzie 2017, Crepon and Van den Berg 2016, Fox and Kaul 2017). This evidence points to the need to find more innovation in youth employment programs, and to go beyond traditional active labor market policies that focus on the supply side of the challenge. Instead what may be needed is a new generation of more integrated youth employment programs that better connect the supply side, working with youth, and the demand side, working with firms and/or farms (*S4YE Stock Take and Guidelines for Youth Employment Programs, Forthcoming*). The encouraging news is that many youth employment programs are innovating and finding ways to more effectively serve youth, as shown in S4YE's recent report on its Impact Portfolio<sup>4</sup> (Romero and Barbarasa 2017).

There is a need to continue improving the ability of youth employment programs to serve youth by drawing attention to (often) overlooked dimensions of the challenge. Youth employment programs usually serve disadvantaged populations with multiple constraints in reaching their labor market potential, and the **key is disentangling these constraints and addressing them comprehensively**. Not addressing binding constraints limits the effectiveness of other services offered to support youth, potentially causing a sub-optimal use or a “second best” use of resources. Consider this analogy: if the optimal pizza contains ham and pineapple, but there is no ham available, it’s likely that purchasing pineapples is not needed. The second-best may be a pepperoni pizza. In the context of youth employment, a well-developed technical training curriculum might not work effectively for young mothers who are lacking skills if their binding constraint is access to affordable childcare. TCs is another one of the multiple constraints that youth employment programs often ignore, but need to account for to effectively help place in jobs.

#### **Box 1. Defining transport costs**

By transport costs, we mean the costs to access adequate and quality means of commuting, not simply access to inexpensive transport. For young women, it means having a system that ensures their safety; for disabled, it means having the right equipment; for migrants, it might mean one that accounts for language and cultural barriers.

## **2. The role of transport costs**

Recent research has shown that **transport costs are a common binding constraint for youth employment**. In roundtable discussions in the Dominican Republic, El Salvador, and Colombia, participants emphasized that transport costs were driving the dropout rates of their program’s beneficiaries (J-Pal 2017). Research in developing and high income countries also confirms this finding. In Ethiopia, job-seeker’s mobility constraints were addressed by providing job seekers living outside the city a subsidy they collected at the city center for 4 to 5 months. The subsidy significantly affected exit from self-employment, which was prevalent in the control group (Abebe et al 2016). In the US, Phillips (2014) tested the effect of TCs on job search by providing small subsidies, in the form of farecards, worth up to \$50 in Washington, DC. He found subsidies generated large short-run increases in search intensity, and that they translated to shorter unemployment durations. In the UK, Johnson, Ercolani, and Mackie (2017) found systematic variation in the level of employment at the local level related to quality of public transport quality and shorter transport times based on econometric analysis of spatial, census, and department of transportation data. Furthermore, the literature on gender makes it clear that young women bear a substantial burden from TCs. The World Bank’s recent gender strategy report (World

<sup>4</sup> The Impact Portfolio is a group of 19 promising and innovative projects formed by S4YE that serves as a learning community and laboratory.

Bank 2015) lists limited mobility as one of the main constraints to women's labor force participation and highlights that women have unique travel needs related to their household, economic, and social roles. The report points out that women have shorter, more frequent, and more complex trips, and are especially constrained by the level of security of transport. Hence the burden of transport costs (and its safety) is often heavier for women. While women show higher willingness to use public transport than men, ironically transport projects often ignore women's needs and are designed based on the interests of large commercial users or providers, which tend to be men. Lastly, TCs can manifest as a poverty trap. If youth cannot attend training or get to the job, they may not secure a source of income. Conversely, if youth do not have a source of income, TCs can be prohibitive for attending training or keeping a job.

There are three main areas where transport costs serve as an obstacle for youth: (1) attending training programs, (2) conducting job search, (3) getting to the job. Supporting youth in getting to the program, when relevant, is often addressed by stipends as part of a program's support service package<sup>5</sup>. The role of transport costs on job search is gaining more attention (as discussed above) because the disadvantaged often reside in areas furthest away from jobs. Getting to the job may have the most severe consequences because solutions need to be sustainable (i.e. long term) and because such constraints are hardest to observe. This is because job retention problems related to difficulties in getting to work tend surface after a program initially places youth in the job. To compound the issue, youth tend to become hard to track after they exit a program. A concrete example of this is Youth for the Future's experience in Jordan that suggested TCs were the reason beneficiaries were staying at the job for less than 6 months (See Box 2).

### **3. Solutions for addressing the TC challenge**

An important step towards finding solutions is diagnosing the problem. A diagnosis can

#### **Box 2. Transport costs as a challenge in Jordan: Youth for the Future's experience**

The Youth for the Future (Y4F) program observed that transport costs were a challenge because of which many beneficiaries that could secure a job keep it only for less than 6 months. Youth for the Future (Y4F), a program implemented by International Youth Foundation (IYF) in partnership with the United States Agency for International Development (USAID) and the Government of Jordan, supported youth at-risk in Jordan through vocational and life skills training, mentoring, career guidance, internships, and job placement assistance with an employability emphasis. The initiative reached more than 14,500 youth, with 70% of the beneficiaries who received the full package going on to start a job, internship, or continue their education. Y4F conducted a study based on descriptive and quantitative analysis from surveying beneficiaries, their parents, and employers, as well as focus group discussions and interviews with public sector and civil society partners. The study areas were carefully selected to account for many factors including level of economic activity, use of various public transport, and economic sector diversity. The study findings illustrated the severity of the problem:

- 40% of surveyed youth used more than 2 modes to get to work
- 23% of monthly salary was being spent on transport
- 77% of employers thought transport costs were too high for workers
- 2.5 hours commuting on average (including 30 minutes to transit point)
- 70% of parents thought transport was an obstacle for reaching work
- 40% of public transport users were harassed, on average, for three of the study areas

<sup>5</sup> For example, of the 87 programs analyzed in the Klueve et al 2016 systematic review, 55 of them provided support to their participants either monetarily, in-kind, or through a salary (Source: authors)

be done through studies using quantitative<sup>6</sup> or qualitative methods, or using simpler methods like reviewing monitoring data. Key variables that need to be considered are geography, availability of transport, location of jobs, measuring costs and time taken to use various modes of transport, gauging the safety of transport (especially important for women), and infrastructure where beneficiaries reside. Identifying the significance of the problem makes a stronger argument both for funding and for partnerships with the government and employers. If transport costs are clearly a substantial problem from the beginning, programs may look beyond information directly measuring the scope of the problem, and think ahead to the information needed to motivate potential collaborators, as well as begin testing the feasibility of solutions. For example, Y4F (Box 2) asked those surveyed for suggested solutions.

Another important step is to identify stakeholders, such as employers or local government, who may be affected by high transport costs, and their willingness to cooperate (or partner). Businesses benefit from less turnover, having more productive employees, having access to a broader pool of candidates, and loss of investments they make in employees such as training (related to turn over). The government benefits can include finding a policy option they overlooked that fits into their development strategy (especially if the program has done the legwork in analyzing the problem), implementing high visibility projects/policies, raising income of the population and therefore increasing tax revenue, and lowering social expenditures<sup>7</sup>. Having well-formed expectations regarding the willingness to collaborate is also important. This can include the personality and preferences of leadership of organizations, resources they have available, and the overarching transitory political, social, and economic context (government budget cuts, political election cycles, business environment and macroeconomic stability/recessions).

Once the severity of the problem and collaboration potential of stakeholders is understood, the project team needs to focus on identifying solutions. Below is an illustrative list of types of solutions. Table 1 summarizes the three areas where transport costs problems arise (attending the program, conducting job search, and getting to the job) and the possible solutions.

**Table 1. Solutions and what they address**

Solutions	Getting to program	Searching for jobs	Getting to work
Partnering with the government or employers to provide transport to job.			✓
Making up for distance with going online		✓	
Training on importance of getting to the job, transportation	✓	✓	✓
Working with government on transportation policy	✓	✓	✓
Recruitment		✓	

<sup>6</sup> There are more rigorous measures of measuring transport cost problems. For example, Bocarejo and Oviedo (2012) use sophisticated economic analysis in Colombia to compare the effect of expanding the geographic coverage of bus service with a cross subsidy fare system.

<sup>7</sup> More indirect benefits can be linked to having a population with higher income such as youth becoming less involved in gang violence.

Directly providing transportation service	✓	✓	✓
Facilitating coordination among employers			✓
Facilitating peer to peer support	✓	✓	✓
Transport stipends/vouchers/subsidies	✓	✓	✓
Outside the box solutions	✓	✓	✓

**Working with government on transportation policy:** This is an umbrella term for many possible solutions and includes expanding the provision of job transport services such as adding new routes, adjusting schedules, and suggesting a new stop along the way of an existing route, among others. Community Transport Association (CTA 2002) highlighted Youth Connections in Minnesota, a comprehensive youth employment program, that successfully used public transit partnerships to expand public transport services by adding new bus routes.

**Recruitment:** When distance is a major barrier for a youth target population which is geographically concentrated, bringing the job search to them through recruiting can mitigate prohibitive TCs. In a pilot experiment in India, Jensen (2012) provided recruiting for business process outsourcing (BPO) to villages outside of Delhi and found that it was successful in increasing the employment of young women.

**Directly providing transportation service:** In-kind transportation services can be effective solutions for both scaled-up and local programs. Purchasing vehicles, hiring a company to provide transport, and other options are possible for getting beneficiaries to trainings when a persuasive argument can be made to funders. Moreover, programs can be resourceful by partnering with local organizations, governments, or private sector to use vehicles while they are not in use. Positive Achievement for Learning Success (PALS), a 21st Century Learning Center Program in Louisiana, was successful in this by partnering with the local public schoolboard to use school buses during off hours (CTA 2002). Such employer-provided transportation vehicles are even more critical for women who often hesitate to access training programs or job opportunities that require using a potentially unsafe mode of transport for fear of sexual harassment on the way to work.

**Facilitating coordination among employers:** Incentivizing employers to coordinate and offer unified job transport services is another. They include partnering with employers to purchase transport passes in bulk or engaging groups of employers in local government policy to advocate for lower cost and more accessible transport. For example, the Land Transportation Franchising and Regulatory Board, a government institution in Philippines, coordinated sources from the private sector by signing an agreement in 2014 with organizations representing the information technology and BPO industries to ensure security measures are in place for the transport of their workers (Rappler.com, 2014).

**Facilitating peer to peer support to encourage carpooling:** This can be implemented by encouraging car pools - for example, incubating carpooling scheme within partner companies. When a program can identify multiple beneficiaries originating in the same location and headed to the same area for work, they can coordinate sharing taxis which may be cheaper than other public transport (especially if safety or time are a concern). Currently, with the availability of mobile technology, there are many smart phone applications, such as Uber, Lyft, Waze, and Scoop (among others), that make this a low-cost option<sup>8</sup>.

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<sup>8</sup> See Quinn (2017) for a discussion of how mobile applications are making carpooling schemes easier.

**Transport stipends/vouchers/subsidies:** Supporting youth through providing stipends, vouchers, or subsidies needs to be considered in context. While this is a traditional approach, as mentioned above, it may be difficult to predict the amounts job searches require. For getting to the job, the solution is not sustainable although it can play a role when first starting one, while youth save enough to fund themselves. This was a solution suggested by recipients in Y4F (Box 2) in Jordan: to provide transport vouchers (either from the government or transport companies). In US, The Home Builder's Institute, which does vocation training in the home industry, organized and shared travel expenses if more than one beneficiary at the same job site was identified (CTA 2002).

**Partnering with the government or employers to directly provide transportation:** The key to this type of solution is finding persuasive arguments to show how the government or employers can benefit. Some interesting examples implemented by Harambee Youth Employment Accelerator in South Africa are discussed below. In the US, Serve Alaska Youth Corps (SAGA) set up a contract with the city in which program beneficiary cleaned bus stops in exchange for bus passes (CTA 2002).

**Overcoming distance by going online:** In situations where job opportunities are geographically spread out, online solutions can be appropriate if access to wifi and/or computers with internet access are locally publicly available free resources (such as in libraries or schools). Training to effectively communicate through the internet in sending CVs, sending emails, finding resources available, and understanding where to look for jobs in a company's website, for example, can save time and money.

**Training on importance of transportation costs in searching for jobs and getting to the job:** This solution is a 'low lying fruit'. Actions as simple as devoting an hour of soft-skills training to transport challenges to show, for example, the percent of one's income transportation can. The study by Abebe et al (2016) had two interventions, one a subsidy to city center and the other a job-application workshop. Their results suggested that the effect of distance on job opportunities can also be significantly mitigated by improving search efficacy through the workshops – almost as much as by providing the subsidies.

**Outside the box innovative solutions:** While the list above is an illustrative menu of suggestions, the solutions that work will be determined by the context, and thinking outside the box may be necessary. Harambee's experience, described below, is an example. The study of transport costs for Ethiopian youth (Abebe et al. 2016) offered a subsidy to job seekers to cover the cost of traveling to the city center– in the form of a cash transfer that was conditional on visiting a disbursement point also located in the city center in Addis Ababa. This guaranteed the subsidy was being used to travel to where the jobs were while minimizing the cost monitoring the participants.

#### 4. Diagnosing and addressing the transport cost challenge in South Africa: Harambee's experience

Established in 2011, Harambee Youth Employment Accelerator works in South Africa (SA) providing unemployed, poor and disadvantaged youth with talent and potential, but at risk of long-term unemployment, the opportunity to match themselves to economic opportunities. It recruits unemployed youth and provides them with interventions to improve their employability as well as link them to both formal and informal jobs and work experiences. It is a public-private-social sector partnership between employers, government and social investors. Over six years, Harambee has supported over 380,000 young people in their search for employment and linked them to over 45,000 jobs.

In Harambee's context, inequality is spatially driven with economically excluded populations living in the outskirts of cities without affordable and accessible public transport into the center. The spatial mismatch is entrenched by SA's long history of unequal access to economic centers. Under apartheid, 'separate development' policy mandated different racial groups to be responsible for their own development which led to outlying areas, where the majority black populations reside, being poorly linked to economic hubs. Additionally, legislation entrenched white ownership of facilities and forced removals of black people from areas in proximity to economic centers. At the end of apartheid, transport policy was discussed separately from housing. The result was that housing policy focused on home ownership for low income earners, which meant building in cheaper, outlying areas. Thus, the policy did not consider the spatial mismatch and what that meant for transport. In this context, it was clear from observations on the ground that TCs were hurting the employment outcomes of Harambee beneficiaries.

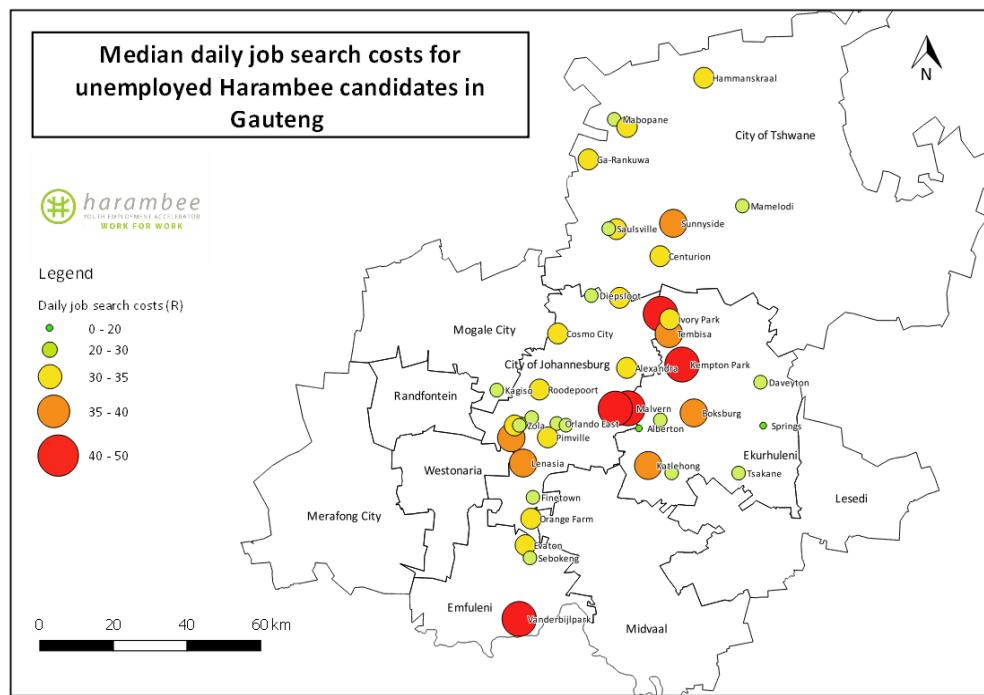
In response, Harambee conducted in depth research to understand the size of the problem and found evidence that the problem was critical. From February to June 2017, Harambee used its Employment Journey (EJ) survey<sup>9</sup> to collect information such as transport times, costs, and modes, as well as demographic and geographic data, with 8,452 respondents, 30% of which were employed. They tracked them over time measuring distance from opportunities, and costs both for job search and getting to the job. They focused on the Gauteng province (SA's economic center) which (i) suffers extremely high inequality, (ii) has sub-regional variation in unemployment and household income, (iii) has expensive transport and public transport access has historically been poor, with walking being the predominant travel form.

Harambee found that almost half of unemployed youth who had given up on searching for jobs cited TCs as a major obstacle. Almost all unemployed in the sample reported that they incurred regular TCs for jobs searches. Their median TC was \$26 (USD)- to put in perspective this is roughly 22% of a pension grant and 92% of a child support grant (for many disadvantaged households where social grants are the sole income source for the entire household, this represents significant costs). Employed youth, on the other hand, spent a median of 21% of wages on transport. The EJ showed that median TCs increased with wages, but not proportionately, the lowest paying jobs paying the highest proportion in TCs. Approximately half of the employed group appeared to be spending unsustainable proportions of their wages on transport; they reported their status as 'not coping with transport costs' when asked in the survey.

**Figure 1. Geographic distribution of transport costs**

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<sup>9</sup> The EJ is sent six times to every person assessed by Harambee — every four months after assessment (over two years). It seeks to understand a number of variables associated with employment status.



Source: Employment Journey (EJ) survey.

In the face of this debilitating problem Harambee implemented a range of solutions. Even from initial intake, when candidates go to take assessments, they receive phone calls a couple of days prior asking them to appropriately make provision for transport money for travel to the assessment center. For youth who are invited to participate in a more detailed program of preparation for job opportunities, each participant receives a transport stipend of around \$4.60 per day. The stipend is deposited on a weekly basis into a bank account Harambee sets up for them, which has the added benefit of teaching them about budgeting. Harambee has engrained the issue of transport costs into their curriculum. In job search Harambee **advocates effective work-seeker habits** and in teaching how to use the limited financial resources youth have available to maximize their outcomes, **highlighting transport costs**.

Based on the research (and implementation experience), getting to the job and keeping it has been the most important factor and Harambee has tackled it in many ways. Two of the solutions include the “**One taxi ride away from job rule**” and working with employers to reduce the costs of their hires. When Harambee places candidates with employers, they account for the geography of where candidates are living vis-à-vis where the job is by ‘sourcing’ candidates for opportunities based on their proximity – this is the ‘one taxi ride away from the job’ rule. In practice, Harambee broadly understands that the measure is the amount spent on taxi fare rather than distance, and that in general in SA ‘one taxi ride’ is \$4.50. The rule is applied rigorously for lower complexity/pay jobs (e.g. retail/hospitality jobs) but is more lenient for higher paying jobs, where there is more money available for transport

**Harambee has worked with employers in various ways.** There are dedicated account managers who secure entry-level opportunities to fill with Harambee candidates by working closely with employers from the outset to understand their environments and contemporaneously advocate for catering for transport, indicating that the sourcing and processes are based on location. They also work with employers (and beneficiaries) post-placement to identify any issues, with an eye out for retention-related problems; including those that relate to transport. An important part of working with employers is explaining the scope of the TC problem. Recognizing that the first month of employment is critical in that if youth have never had an income, they are not going to have a ‘reserve’ to fund their transport costs until they get that first pay check. Part of the narrative is that giving someone a job is not necessarily a step out of poverty if they are inadvertently forcing new hires to go to moneylenders whose interest rates (around 48%) only

serve to create another poverty barrier, which is often the case. Harambee also **uses their data** to show employers the important relationship between retention and percentage transport costs and the risk it represents.

Overall employers who hire candidates from Harambee have taken this to heart and tried to find solutions. Some employers have responded by **providing (i.e. hiring) transport** home to candidates who work evenings, and have instructed the drivers to ensure candidates are inside before leaving. Another employer provides transport for its entry-level staff after hours and has gone as far as **moving its location to areas closer to where staff lived**. The motivation, aside from reducing the costs to improve retention, was to get the first bite of the talent pool relative competitors. Another calculated transport costs for its staff, and then introduced a three-tier **transport stipend** for their staff based on where they lived that addressed the needs of 98% of their non-management staff. In yet a fourth instance, an employer **adjusted their payment schedule** to make the first month's pay weekly rather than monthly to enable first-time workers to have sufficient funds to pay for their transport during that month.

The solutions to counter high TCs keep evolving and Harambee is at the forefront. One of the main efforts is going into revising the 'one taxi ride away from job rule' with the understanding that in the end not every opportunity is the same and that TCs are only one among several factors that shape one's match to an opportunity. A technology investment is being made to improve the 'one taxi ride away from job rule' by developing the ability to drop a pin of the location where a young person is. This will help understand what their location means for transport and how much weight to give TCs. This sort of technology requires more granular and rich data than is available, and to accomplish this Harambee is working with a variety of stakeholders including local Government Communication and Information System facilities, a taxi association, and a technology solutions provider.

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