

BRIDGE project description

Building the Right Investments Investments for Delivering at Growing

Project summary

BRIDGE addresses the urgent urban challenge of better aligning young people's educational choices with future labour market needs. Rapid transformation of many sectors of the Rotterdam economy has already started to change the skills that are required from the workforce. The associated unprecedented new economic opportunities and challenges will drastically change labour market needs, qualification and skill gaps are expected to grow in deprived areas. They often make career-related choices that lack realistic career perspective. This is especially the case for young people from migrant backgrounds and for those who grow up in poverty. The result is a situation that is pervasive in modern job markets in which although the work is there, many people from deprived area who enter the labour market cannot realistically compete. The green digital economy, that is the cornerstone of the emerging third industrial revolution, is expected to disrupt the workings of virtually every industry. BRIDGE aims to fundamentally change this self-reinforcing negative spiral by organising employer commitment, in the form of Career Start guarantees, to young people before the pupil enters secondary vocational training and needs to make the most crucial of subject and career choices. Scaling and mainstreaming of BRIDGE is ensured by integrating impact investment instruments in the project.

What are the main challenge(s) to be addressed?

BRIDGE addresses the urgent urban challenge of better aligning young people's educational choices with current and future labour market needs through a place-based approach with significant private sector commitment. This will contribute to sustainable urban development of the target area and will support the regional transition to the Next Economy. Employers in major growth sectors that are part of the Strategy of Smart Specialisation for the Western Netherlands already face difficulty finding the right talent. At the same time, the city has high unemployment levels, especially among young people. Evidence shows mismatches between people's skills and qualifications and employer needs. They are a reflection of the misalignment between people's educational choices and labour market needs and are pervasive in modern job markets. Studies show the qualifications and skill gaps are expected to grow significantly. In the region, the first signs of transformation across many economic sectors due to digitalization and circularity have already been identified. This transformation to the 'Next Economy' is changing the way we work and altering the skills that are required from the workforce. In the target area of South Rotterdam (200.000 inhabitants) has major disadvantages across key socioeconomic indicators compared to the rest of Rotterdam and the country. Unemployment is at 21%, 32% of the children grow up in poverty and 39% of children have parents with no/low formal education. First and second generation migrants make up 74% of the population in the focus areas of South Rotterdam. In this context, young people make career choices that lack a realistic labour market perspective. The result is a persistent situation in which although the work is there, many of the 2.000 young people from South Rotterdam annually entering the labour market cannot realistically compete. Neither in the current, nor in the EU vision of a green digital economy.

What is the proposed solution?

The proposed innovative urban action ensures that by 2020, 50% of secondary vocational training students in South Rotterdam, will have chosen a career in one of the major growth sectors. This ambitious goal will be achieved through close cooperation between employers, schools, national and local government. Pupils will follow a programme centered on the opportunities relating to the Green Digital Economy major growth sectors. Bringing together all 68 primary schools, 20 secondary schools and 3 vocational schools in South Rotterdam, all pupils and their parents will take part in the programme. This career and talent orientation programme will start in primary school (age 9) and end when students enter the labour market. The crucial element in the programme is the Career Start

Guarantee. Employers will offer 600 pupils per year a Career Start guarantee (420 for technology sectors and 180 for healthcare) at the moment they enter secondary vocational education and need to make the most crucial subject and career choices. Provided that the pupil chooses the training that the labour market needs, an employer will commit in advance to that individual with a guaranteed career start after graduation. Impact investment instruments (public subsidy based impact investing, social return on investment and social impact bonds) are an integral part of the project, supporting scaling and mainstreaming of the programme. Additionally, it will be demonstrated how the proposed project relates to Integrated Territorial Investments (ITI) under ESIF. Tackling the urban challenge of labour market mismatch is well addressed by the proposed innovative action. The project target group is large enough to have a measurable impact. The proposed action is based upon a thorough understanding of the urban challenge and the integration with funding instruments ensures that the required long term approach is realistic.

What is the Innovativeness of the proposed solution?

Many policies and programmes build upon the growing evidence (e.g. Glaeser) that the most successful cities are those which maximise the potential of the human capital available to them. The importance of new-style economic policies is well documented (e.g. URBACT New Urban Economies report). On the local level, however, cities are hampered by mismatches in multilevel governance structures (Ramsden). Rotterdam's policies and initiatives stand apart from most other cities through engagement in innovation, in a national context of increased financial and policy devolution. Its subsequent interest in integrating policies and services have resulted in an organisational commitment to improving outcomes over outputs. To this end, Rotterdam's employment policies and instruments are demand-led, acknowledging the key role of the business sector and the need for more preventive over solely corrective measures. New and innovative to the approach are (1) that key stakeholders in South Rotterdam have agreed on a long-term approach (2032), connecting all stages from primary school through to the labour market. (2) From age 9 to 20+, public and private partners will jointly ensure that young people from the deprived area of South Rotterdam set out in life with a promising outlook. (3) The commitment of all schools as well as the major employers in the growth sectors, (4) providing Career Start Guarantees at the moment a major career choice has to be made instead of after graduation, (5) realistic future opportunities and the importance of skill development are introduced at an early age with specific focus on further integration of migrants and refugees (a majority of the target group). A novelty is (6) that this action is an integral part of regional triple helix-supported analyses on the socio-economic effects of the third industrial revolution for the region. This includes public/private supported analyses on the 21st century skills that will be of importance for the future workplace. Pupils in South Rotterdam will be offered dedicated training in acquiring and developing these skills. (7) BRIDGE is revolutionary because it integrates impact investment instruments that support scaling and mainstreaming, thus improving forecasting by incentivising increased private stakeholder investment in the outcome of matching labour potential with labour demand. The Social Return Fund is untested. In short: through public procurement, providers of goods and services are required to ensure a social return on investment valued at 5% of budget. In this action, providers will be allowed to meet the obligation with provision of Career Start Guarantees or with an equivalent deposit in a SROI-fund that will be used to fund elements in the programme. Rotterdam is at the forefront of the development of Social Impact Bonds and this instrument will be implemented in this programme for early preventive actions with regards to youth employment and labour market mismatch.

Describing the Integrated Approach

Rotterdam policies, whether social, environmental or economic, are based on co-creation and co-production, where citizens, businesses, knowledge and education institutes, are directly involved with city professionals in (re) designing policies, services and projects. Rotterdam is known for its achievements in creating vibrant and dynamic social innovation ecosystems at the street, neighbourhood and city level. Thereby providing the ideal ecosystem for delivering BRIDGE. The stakeholder composition set out in the covenant of the National Programme for South Rotterdam reflects the need for multi-actor, multi-level integrated response. It recognises that no single agency can achieve the economic potential and liveability of this deprived area. This is a multi-faceted approach centred

around the value of social programming in creating economic perspective. It has three distinct but attributing pillars: education, work, and housing. It aims to increase educational performance of young residents, increase employment levels, and improve physical infrastructure by renovating the housing stock to improve social cohesion. This intensive, integrated, communal and long-lasting approach will create an area that can be the economic engine for the Rotterdam Regions. BRIDGE involves citizen participation and is an example of multi-level governance, where national government, local authorities, NGO's, schools and industry adhere to one strategy and jointly collaborate on relevant outcomes.