

URBACT Case Study of cities' responses to the crisis: ROTTERDAM



Rotterdam: A preventive approach to youth unemployment

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“If we do not invest in youth right now, we will have problems in the future”.

- Official, City of Rotterdam

Summary

This is a case study specifically on the preventive approach the city of Rotterdam is taking to youth unemployment. In 2009, as a response to the economic crisis, the Dutch government launched a Youth Unemployment Action Plan, with the aim of addressing long-term social and economic problems that can result from extended unemployment among youths. Each Dutch region has to translate the framework of long-term goals established nationally into concrete actions. As for municipalities, to access the funds made available by the national government, they must be able to present their own local youth action plan.

Youth unemployment in Rotterdam is amongst the highest in the Netherlands, and the specificity of Rotterdam lies in the growing number of poorly educated young people lacking basic qualifications. The focus of Rotterdam's youth action plan *“Just Keep Going!”* is on self-help, employment and education, as the city prioritises keeping young people in school, or returning them to school.

The approach is to build on existing policies and programmes, taking existing successful projects further and improving cooperation between employers, educational institutions, employment services, social services and the youths themselves. Likewise, the approach has involved building up cooperation with other municipalities and with the Rijnmond region.

While youth unemployment already existed in Rotterdam before the crisis, the crisis put the issue high on the national and local agendas for 2010 and 2011.

Relevance for other cities: the relevance for other cities lies in the fact that youth unemployment is a fundamental concern in all European cities, given that this group has been the hardest hit by the economic crisis throughout Europe, and Rotterdam's Plan addresses precisely this problem.

Context

Rotterdam is the second largest city in the Netherlands, with 580.000 inhabitants, and a global trade flow hub of the first order. Geographically Rotterdam is part of the so-called *Randstad area*, the economic centre of the Netherlands.

Crucially, Rotterdam has the largest port in Europe (third largest in the world), known as *Europoort* (gateway to Europe); this is the key economic driver of Rotterdam's economy. More than 400 million tons of goods from all over the world are annually imported, further processed and transported to an enormous European hinterland. As such, the city's economy is based largely on business services and trade. However, the city's status as a potent economic motor is contrasted by a local population with, vis-à-vis national Dutch averages, low levels of education and relatively high levels of unemployment.

That is, Rotterdam's **labour market** is characterised by:

- A labour force with large numbers of people with low levels of education
- A lower level of education within the immigrant labour force than found among the native working population.
- A lower proportion of highly educated persons than found in other major Dutch cities.
- An unemployment rate above the national average

Within this labour market context, **three clusters** are the focus of Rotterdam's economic policy for promoting employment and economic development¹:

- Port-industrial complex (with around 65,000 jobs)
- Medical and Care (with around 32,000 jobs)
- Creative sector (with around 12,500 jobs)

A Dutch municipality such as Rotterdam is responsible for a wide range of policy sectors, notably Economic development, Local planning, Education, Social affairs, Health care, Environment, Housing, Public transport and Roads.

The municipalities share many of their responsibilities with central government, though they function with relative independence. The central government establishes the general framework, rules and norms that local authorities must follow, monitors most policies' implementation and controls the funding for most policy sectors. The central government is responsible for macro-economic and social-distribution policies. Municipalities have little room for manoeuvre to collect local taxes. It is the central government that collects the bulk of taxes (income tax, taxes on property, taxes on goods and services, etc.) and redistributes tax revenues to local governments (OECD, 2007: 159-60)².

¹ City of Rotterdam Regional Steering Committee (2009), "The City of Rotterdam, The Netherlands: Self-Evaluation Report", *OECD Reviews of Higher Education in Regional and City Development*, IMHE, <http://www.oecd.org/edu/imhe/regionaldevelopment>

² OECD, 2007:159-60, in City of Rotterdam Regional Steering Committee (2009), "The City of Rotterdam, The Netherlands: Self-Evaluation Report", *OECD Reviews of Higher Education in Regional and City Development*, IMHE, <http://www.oecd.org/edu/imhe/regionaldevelopment>

How has the economic crisis affected youth in Rotterdam?

Nationally, the economic crisis has had a significant impact, with the Dutch economy shrinking 4% between the 4th quarter of 2008 and the 1st quarter of 2009. The 2008 budget surplus of nearly 1% of GDP turned into a deficit of 4.8% of GDP in 2009 and is projected to exceed 6% of GDP in 2010 – due to the reduced revenues and increased public expenses caused by the recession.

Nevertheless, the Netherlands' unemployment rates compare favourably to their European partners; 2009 4th quarter general rates were 3.9%, 7.6% for those aged 15-24, and 3.2% for those over 25³. In the EU27, unemployment rates stood at 8.9% in the 2nd quarter of 2009, with youth unemployment increasing sharply to reach 18.4 % in the 1st quarter of 2009, the highest rate registered in Spain (33.6%)⁴.

Of particular note, **youth unemployment** in the Netherlands is the lowest in Europe, at 7.8% by the end of 2009 (Eurostat) – though still consistent with the rest of Europe in terms of going up with the crisis and in terms of which population segments are more vulnerable. Prior, youth unemployment had been steadily decreasing in 2007 and 2008, but, with the arrival of the economic crisis, it shot up by 48% in 2009. Presently, the growing concern is that young people will be unemployed for a longer period and that a 'lost generation' will surface, with lasting social and economic consequences⁵.

Narrowing the view into **Rotterdam**, a local specificity is that of high youth

³ OECD, <https://community.oecd.org/community/factblog/blog/2010/04/14/jobs-tough-times-for-the-young>

⁴ Hijman, R. *Sharp increase in unemployment in the EU*. EUROSTAT, Population and Social Conditions. Statistics in focus , 53/2009

⁵ Baseline study of the URBACT II InteGROW project, http://urbact.eu/fileadmin/Projects/InteGROW/outputs_media/URBACT_InteGROW_Baseline_Study.pdf

unemployment; it **increased by 18%** between March 2009 and March 2010 – as opposed to general unemployment rates, which increased by 3.1% in the same period. The lower skilled youths were particularly hard hit⁶, as were those on flexible contracts – these being the first to go when companies cut back.

Rotterdam's greater Rijnmond region, as compared to the rest of the country, has considerable proportions of poorly educated young people **lacking basic qualifications**, who are thus particularly vulnerable in terms of access to the labour market.

In terms of moving forward, Rotterdam has identified as its major employment challenge that of better **matching** labour **offer** with the needs of employers (i.e. demand), by means of increasing basic levels of qualifications and through retraining into promising sectors.

How has Rotterdam responded to youth unemployment?

Rotterdam is developing a Youth Action Plan, '**Just Keep Going!**', for 2011-2012, focused on the prevention of local youth unemployment. This plan must be understood within the broader framework of the national and regional youth action plans, whose general conceptual lines and goals are materialized by the municipality into concrete local actions.

In 2009, the central government launched a "**National Youth Action Plan**", with the following approach:

- Each region translates the longer-term results and goals, established nationally, into concrete activities. The regions are responsible for their output.
- Central government, through the Ministry of Social Affairs and

Employment, has a light directing role and a co-financing role.

- A budget of €250 million, from national government, has been earmarked for the years 2009, 2010 and 2011.

The plan consists of **5 programme lines**:

1. **Matching** offensive: better matching of the labour market demands to labour offer by more suitably developing qualifications and competences of young people and better using of figures and trends re. demands and offers.
2. Job **traineeships**: more jobs with an educational component to develop young people's qualifications.
3. Preventing **early school leaving** and encouraging early education.
4. Opportunities for **vulnerable** youngsters: developing services for vulnerable youngsters and making connections between youth care, education and the labour market.
5. **Regional covenants** (agreements):
 - 30 different labour market regions including all **municipalities** signed the covenant.
 - Each region developed a **regional action plan** within the framework of the national action plan.
 - Regional action plans were developed in **collaboration** with the different municipalities, provincial authority, schools, trade unions, youth care services, employers, the regional Centres of Expertise on vocational education, training and the labour market and local centres for Work and Income.

The benefits of this approach are felt to be that all relevant parties are on board, while a **regional network structure** is also developed and strengthened.

⁶ Snelinformatie Arbeidsmarkt Per 1 april 2010. Uitgave Rijnmond. UWV WERKbedrijf Arbeidsmarketing/informatie Zuidwest-Nederland.

In 2009 it became clear that in implementing the regional action plans the **municipalities** face certain shared challenges:

- It is hard to get grip on the group of vulnerable youngsters and to get an effective care system around them that prevent early school leaving and guide them to work.
- It is hard to reach and involve youngsters.
- It is hard to involve employers.
- The amount of early school leavers is still high.
- There is not enough attention given to stimulating entrepreneurship amongst youngsters on municipality level⁷.

Accordingly, these issues are currently high on the national and local agendas for 2010 and 2011.

Regionally, Rijnmond has thus produced its own youth action plan, with a budget of €6.5 million from the funds made available by the central government, by far the **highest budget** of any of the Dutch regions. The focus is particularly on those young people furthest from the labour market, in other terms, those most challenging for inclusion policies and most at risk of long-term exclusion and its consequences. Actions pursued thus include helping those young workers without basic qualifications to get them.

The plan has been developed amidst a panorama of growing youth unemployment in the region, and an emerging expectation that the country is headed towards years of higher unemployment, despite the effects of an aging workforce, whereby retiring workers will need to be replaced.

As well as attempting to find and create opportunities for the rapidly growing group of unemployed youth, the plan for 2010 is also aimed at strengthening **regional cooperation** between municipalities and their partners. The plan was built on inputs from the municipalities and their services and a labour market analysis. The plan places emphasis on the **qualitative**, such as identifying gaps in the current provision of services, strengthening cooperation and improving existing services to better **match** young people with jobs, to better diagnose

individual needs and to provide better **guidance** as to training and job opportunities to pursue, with a view to directing people into the more promising job sectors – with ongoing monitoring of results and feedback fed into continual revision of actions.

Locally, Rotterdam is presently developing its own Youth Action Plan, '**Just Keep Going!**', spanning 2011-2012 and tackling youth (between 18 and 27) unemployment in the city. The action plan, in progress, stems from a particular scenario: Rotterdam is an especially young city, with a larger proportion of youths making up its population than would be the case in the rest of the Netherlands – and youths have been the hardest hit by the crisis. The authorities have in fact designed the Plan with the supposition that youth unemployment responds faster to changes in the economy – young people being caught in an economic downturn more quickly than older people, but also being the first into work with an upturn. The Rotterdam Youth Action Plan for 2011-2012 will focus on **three principle axes**:

1. Support for youths to stay in **school**, return to school and guidance in selecting among educational options, as well as developing and facilitating access to valuable **internships** and **apprenticeship** programmes.
2. Increasing job opportunities through better **matching of jobseekers to employer's** needs and targeting in particular the more difficult to get into work population segments with specially focused actions and services.
3. Developing actions combining work, learning and care services and/or very tightly focused actions targeting **vulnerable youths** with multiple or very specific issues (debt, street life, teen parenthood, drugs, etc.)

The actions of the plan are also part of the response of the city of Rotterdam to the economic crisis called "**Rotterdam offers perspective**"⁸, which consists of a package

⁷ Baseline study of the URBACT II InteGROW project, http://urbact.eu/fileadmin/Projects/InteGROW/outputs_media/URBACT_InteGROW_Baseline_Study.pdf

⁸ "*Rotterdam biedt perspectief*", Gemeente Rotterdam, <http://www.kei-centrum.nl/websites/kei/files/KEI2003/documentatie/Rot>

of measures to reduce the impact of the crisis, with an important part of the budget dedicated to construction projects to keep and create employment in the building sector. One of the six measures of the plan is targeted at youth and aims at encouraging young people to stay in school longer and to monitor what they do after leaving education (see Table 1).

As throughout most of Europe, youths in Rotterdam were more often working on temporary contracts, which made them particularly vulnerable to lay offs. Those just now graduating are doing so straight into the middle of the crisis and its ravages, thus finding themselves in a tight job market. Moreover, over **two-thirds**⁹ of Rotterdam's youths registered in the social services do not even have any basic qualifications and are thus exposed to even greater risk. Such it is then, that at present 11% of the total customers of Social Affairs and Employment services are indeed young people (17-27 years).

The actions of the plan are not a rupture with the past; rather, they build on already existing services, programmes and antecedents, such as:

- The experiences of the regional youth action plan in 2009
- The youth at risk programme 2007-10
- The city's experience in combating early school leaving (figures for 2008-2009 show a decrease in the number of new early school leavers by 19.8% in the Rijnmond region, compared to 2005-2006¹⁰).
- The experience of the Youth Desk.
- The priorities set out in Rijnmond's 2010 regional Youth Action Plan

The plan seeks to mitigate the effects of the recession while structurally reinforcing the local labour market in the long-term. In practice, this means getting youths (back) to school or to work in a sector with current or

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⁹ Baseline study of the URBACT II InteGROW project, http://urbact.eu/fileadmin/Projects/InteGROW/outputs/media/URBACT_InteGROW_Baseline_Study.pdf

¹⁰ Ga gewoon door! Rotterdamse aanpak van de jeugdwerkloosheid 2010 – 2011

future growth potential.

The approach is to work within existing policies and programmes, improving cooperation between different organizations and taking existing successful projects further. Additionally, the municipality tries to work closely with all concerned partners in the city, building on a range of shared interests linked to employment and education:

- **Employers**, as providers of jobs, internships and apprenticeships.
- **DAAD** – a sort of joint venture between Rotterdam's administration and its employers, which prospects among the lower skilled and/or more excluded of the local unemployed to find those who can do jobs employers need filled¹¹ – mediates between the youth service and employers.
- **Educational institutions** are needed for teaching, training and validating experience certificates.
- **Colo**, a knowledge centre association, which develops vocational education for over 40 sectors and designs internships.
- The **UWV** (Dutch Employment Service) and **Social Affairs and Employment Service** who are responsible for returning unemployed young people to training and work.
- **Young people** involved in policy: The Rotterdam Youth Council and the EDBR's (Economic Development Board Rotterdam) youth section participate in this programme offering inputs.

Guiding principles of Youth Action Plan development

Rotterdam is developing its youth action plan according to a series of principles:

- Funds are used with a focus on **continuity** with existing programmes and services and **continuation** after 2011; actions that are shown to work will be

¹¹ Baseline study of the URBACT II My Generation project http://urbact.eu/fileadmin/Projects/My_Generation/document_s_media/MG_Rotterdam_baseline_study_September_29th_2008.doc

entrenched.

- Actions of the different programmes are usually carried out with a defined idea of what the **following step(s)** for the client will be, with service providers seeing their role in relay between previous and subsequent steps. i.e. they are not isolated palliative actions followed by 'now what?'.
- Programmes are usually structured with a sustained **following up** after the client goes through a given programme, with a sort of tapered relationship with support staff to help ensure against relapse into old behaviour patterns if difficulty is encountered.
- Many of the different programmes work with variations of counselling though **mentoring** or **coach**-type approaches – particularly with more developed one-to-one approaches for difficult cases.
- The programme focuses heavily on the **bottom tier** of youths already farthest from the labour market – two thirds of the young unemployed in Rotterdam have in fact no qualifications.
- **Segmenting of programmes:** lots of different actions for youths in different types of situations.
- More and more schools and educational services are being made available with **flexible intake dates**, meaning youths trying to get back to their studies are not forced to lose more time waiting till inscription times come around again.
- Rotterdam has been relatively successful at getting meaningful involvement of the **private sector** in the programmes. Also, the anti-crisis approach with business goes beyond mitigation, to encouraging and helping local businesses to put themselves into a position of competitive advantage for the **post-recessionary** business environment.

on the website of the City of Rotterdam
www.rotterdam.nl.

The Youth Action Plan '**Just Keep Going!**' is expected to be available by the end of 2010

What aspects of Rotterdam's approach to youth unemployment could be useful for other cities?

A consideration of the Rotterdam experience offers an opportunity to examine a case marked by the following characteristics and circumstances:

- A focus on **prevention**; the approach is proactive in addressing foreseeable problems – e.g. hysteresis or 'lost generation'-type long-term social and economic problems stemming from extended unemployment during people's young and formative years.
- Building policy around an applied view of the **long-term**: Rotterdam's anti-crisis strategy is structured around thinking now about the post-crisis scenario, and preparing for it, now.
- Prioritisation of **youth employment**, based on an understanding of how European youths have proven to be the group most acutely vulnerable to the crisis – particularly those youths with low qualifications and skill levels, and those already at risk of exclusion before the crisis – and of the long-term risks of a 'lost generation', repeating the experiences of past economic crises.
- Valuing **education**: aside from generally understanding the implications for educational policy of the need for modern competitive economies to draw upon a skilled and able workforce, Rotterdam's approach to helping youths arises from a belief in the benefit to youths themselves of being in school, and thus prioritises keeping them in school, or finding ways to get them back in.

- A situation of obvious interest for having the **lowest youth unemployment rates** in Europe, as well as low general unemployment rates.
- **Using the crisis** to give an impetus to put youth unemployment, an already existing problem that needed to be addressed forcefully, high on national and local political agenda.
- A dynamic of policy **continuity**, wherein initiatives consistently build upon what already exists (programmes, approaches) that works.
- A switch to an increasingly **qualitative** focus, which pursues continual improvement of quality, conceptualisation and effectiveness of delivery, coordination and execution of existing services.
- A plan that consciously served to reinforce effective **cooperation** among different municipalities and with their partners.

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http://urbact.eu/fileadmin/Projects/My_Generation/documents_media/MG_Rotterdam_baseline_study_September_29th_2008.doc

Table 1: Measures of the “Rotterdam Offers Perspective” plan

Measures
1. Active Intervention for work to quickly get people back to work with other companies or in other sectors.
2. Offensive training and education programme
3. Boost Rotterdam’s Economy
4. Support for construction production
5. Acceleration of investment in infrastructure and municipal property
6. Prevention of poverty and debt problems

The full version of the ‘*Rotterdam offers Perspective*’ plan (*Rotterdam biedt perspectie*) can be downloaded in Dutch from:

<http://www.kei-centrum.nl/websites/kei/files/KEI2003/documentatie/Rotterdam%20biedt%20perspectief.pdf>

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URBACT is a European exchange and learning programme promoting sustainable urban development.

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