

Global Compendium of Practices on Local Economic and Financial Recovery



Building Urban Economic Resilience during and after COVID-19



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3 March 2021



Acknowledgements

The Global Compendium of Practices was prepared by the UN-Habitat City Resilience Global Programme (CRGP) and UNCDF with the support of the UN Regional Economic Commissions (UNECE, UNECA, UNESCWA, UNESCAP, and UNECLAC) as part of the joint UN project on Building Urban Resilience during and after COVID-19.

This publication would not be possible without the contributions of the cities for the case studies in this Compendium, and without all those who participated in the Questionnaire on Local Economic and Financial Response and Recovery from COVID-19 and the Global Virtual Workshops on Knowledge, Practices and Methods held in August 2020.

We would like thank the following local governments for their valuable contributions:

Accra, Ghana	Harare, Zimbabwe	Sto. Domingo, Dominican Republic
Arua, Uganda	Hargeisa, Somaliland	Subang Jaya, Malaysia
Alexandria, Egypt	Hoi An, Vietnam	Suva, Fiji
Barcelona, Spain	Kharkiv, Ukraine	Teresina, Brazil
Beirut, Lebanon	Kuwait City, Kuwait	Tirana, Albania
Bishkek, Kyrgyzstan	Lima, Peru	Yaoundé, Cameroon
Guayaquil, Ecuador	Pune, India	Yakutsk, Russia

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Acronyms and Abbreviations

ABA	Alexandria Business Association
AIMF	Association Internationale des Maires Francophones / Association of Francophone Mayors
APG	Guayaquil Port Authority
BNDES	Brazilian Development Bank
CBE	Central Bank of Egypt
CCG	Guayaquil Chamber of Commerce
CCL	Lima Chamber of Commerce
CECORE	Centre de Coordinació de la Resposta Econòmica / Coordination Centre for the Economic Response, Barcelona
COE	Emergency Operations Committee, Guayaquil
COVID-19	2019 novel coronavirus disease
CRGP	UN-Habitat City Resilience Global Programme
CSO(s)	Civil Society Organization(s)
CZI	Confederation of Zimbabwe Industries'
EPRP	Emergency Preparedness and Response Plan
FAE-Mype	Fondo de Apoyo Empresarial a las Micro y Pequeñas Empresas / Business Support Fund for micro and small businesses, Lima
FNPF	Fiji National Provident Fund
GAD	Gobierno Autónomo Descentralizado / Decentralized Autonomous Government, Guayaquil
G2G	Government to Government
GBV	Gender-based violence
GDP	Gross Domestic Product
ICU	Intensive Care Unit
IESS	Ecuadorian Social Security Institute
IGF	Internally Generated Fund
ILO	International Labour Organization
IMF	International Monetary Fund
INEC	Instituto Nacional de Estadísticas y Censos / National Institute of Statistics and Censuses, Guayaquil
JSC	Joint-stock company
LAC	Latin America and the Caribbean

Acronyms and Abbreviations

MINSANTE	Ministère de la Santé Publique / Health Ministry of Cameroon
MEF	Ministerio de Economía y Finanzas / Ministry of Economy and Finance, Peru
NADMO	National Disaster Management Organization
NGO(s)	Non-Governmental Organization
NUA	New Urban Agenda
OPEC	Organization of the Petroleum Exporting Countries
PCR	Polymerase chain reaction
PPE	Personal Protective Equipment
SDG(s)	Sustainable Development Goal(s)
SMEs	Small and mid-size enterprises
SOP(s)	Standard Operating Procedure(s)
SCC	Suva City Council
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNECLAC	United Nations Economic Commission for Latin America and the Caribbean
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCWA	United Nations Economic and Social Commission for Western Asia
UN-Habitat	UN Human Settlements Programme
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WHO	World Health Organization
YCC	Yaoundé City Council

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Introduction



1. Introduction

1.1. Background

The COVID-19 pandemic has been affecting cities far beyond its commonly associated health impacts. Urban areas produce over 80% of global economic output, but with over 95% of COVID-19 cases located in these areas, much of the economic activities in cities have been placed at a standstill due to the measures needed to control the pandemic. This has resulted in severe urban economic and financial impacts such as massive loss of jobs and rising unemployment, dwindling local government revenues, and enormous losses in productivity and business activity. The crisis has set back the progress from the fight against poverty. An estimated 71 to 100 million people have been pushed below the extreme poverty line in 2020, and inequality has increased particularly in developing countries.

While the impacts of the COVID-19 pandemic have hit urban areas particularly hard, cities as engines of growth are still expected to play a leading role in the recovery from the crisis. The United Nations developed A UN framework for the immediate socio-economic response to COVID-19 ¹, which highlights the need to ‘empower local governments; scale community and city level resilience’ as core components in attaining better recovery that strives for the achievement of the sustainable development goals of UN’s 2030 Agenda. This ensures that no one is left behind in the process of recovery, and orients policymakers at all levels towards ‘the transition to a healthier, resource efficient green and circular economy, founded on sustainable consumption and production patterns anchored to sustainable value chains’. The UN Secretary-General’s Policy Brief on COVID-19 in an Urban World ² also highlights the importance of pursuing a resilient, inclusive and green economic recovery moving forward.

Taking off from these directives, the UN Regional Economic Commissions—United Nations Economic Commission for Europe (UNECE), United Nations Economic Commission for Africa (UNECA), United Nations Economic and Social Commission for Western Asia (UNESCWA), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and United Nations Economic Commission for Latin America and the Caribbean (UNECLAC)—together with the UN Human Settlements Programme (UN-Habitat) and the UN Capital Development Fund (UNCDF) are collaborating on a joint UN project on Building Urban Economic Resilience during and after COVID-19. This project promotes the “recovering better” principle of the UN framework by developing measures for planning and building resilient cities; advocating for an approach that is multi-hazard, multi-sectorial, and multi-stakeholder; promoting the green and circular economy; overcoming inequalities; and assisting the most vulnerable groups.

The project focuses on strengthening the capacities of local governments globally—starting with 16 partner cities—to design, implement, and monitor sustainable, resilient, and inclusive COVID-19 economic responses, recovery, and rebuilding plans. It aims to contribute to planning for more resilient cities and local governments that are better able to manage shocks such as COVID-19 and other broad-based socio-economic stresses likely to reoccur in a predominantly urban world. To achieve this, one essential step is to derive insights from actual experiences of cities and local governments spread across different regions, and to leverage these in order to achieve project objectives. The Global Compendium of Practices serves as a repository for the case studies and lessons from cities, grounded on the conceptual framework on urban economic resilience.

¹ The framework can be found in: www.unsdg.un.org/resources/un-framework-immediate-socio-economic-response-covid-19

² The policy brief can be found in: www.un.org/sites/un2.un.org/files/sg_policy_brief_covid_urban_world_july_2020.pdf

1.2. Conceptual Framework

The devastating effect of the COVID-19 pandemic, particularly in our urban areas, has made the need to strengthen the resilience of cities to all kinds of hazards extremely evident. The Sendai Framework on Disaster Risk Reduction has set a target for substantially increasing the number of local governments with disaster risk reduction strategies to lessen the city's exposure and vulnerability to hazards as well as to improve local capacities. These efforts must not be detached from, and should indeed strengthen, the achievement of the Sustainable Development Goals (SDGs) and the New Urban Agenda's (NUA) principles of leaving no one behind, ensuring sustainable and inclusive economies, and ensuring environmental sustainability.

Urban resilience, as defined by UN-Habitat City Resilience Global Programme (CRGP), is the 'measurable ability of any urban system, with its inhabitants, to maintain continuity through all shocks and stresses, while positively adapting and transforming toward sustainability'³. A resilient city evaluates, plans, and acts to prepare and respond to threats—natural and human-made, sudden and slow-onset, expected and unexpected—in order to protect and improve the lives of people, secure development gains, foster an investible environment, and drive positive change.

To guide the process of building resilience in cities, UN-Habitat developed **Urban Resilience Principles** as follows:

Urban Resilience Principles	
<p>Principle 1 Dynamic nature of urban resilience</p>	<p>Resilience is not a condition but a state that cannot be sustained unless the system evolves, transforms, and adapts to current and future circumstances and changes. Therefore, building resilience requires the implementation of context-specific and flexible plans and actions that can be adjusted to the dynamic nature of risk and resilience.</p>
<p>Principle 2 Systemic approach to cities</p>	<p>Recognising that cities are comprised of systems interconnected through complex networks and that changes in one part have the potential to propagate through the whole network, building resilience requires a broad and holistic approach that takes into account these interdependencies when the urban system is exposed to disturbances.</p>
<p>Principle 3 Promoting participation in planning and governance</p>	<p>A resilient system ensures the preservation of life, limitation of injury, and enhancement of the 'prosperity' of its inhabitants by promoting inclusiveness and fostering comprehensive and meaningful participation of all, particularly those in vulnerable situations, in planning and various governance processes. Such an approach can ensure sense of ownership, thus achieving successful implementation of plans and actions.</p>
<p>Principle 4 Multi-stakeholder engagement</p>	<p>A resilient system should ensure the continuity of governance, economy, commerce, and other functions and flows upon which its inhabitants rely. This necessitates promoting open communication and facilitating integrative collaborations between a broad array of stakeholders, ranging from public entities, private sector, civil society, and academia to all of the city's inhabitants.</p>
<p>Principle 5 Strive towards development goals</p>	<p>Resilience building should drive towards, safeguard, and sustain development goals. Approaches to resilience should ensure that efforts to reduce risk and alleviate certain vulnerabilities do not generate or increase others. It must guarantee that human rights are fulfilled, respected, and protected under any circumstances.</p>

³ Information on UN-Habitat City Resilience Global Programme's approach to urban resilience is available at the Urban Resilience Hub: www.urbanresiliencehub.org/what-is-urban-resilience

These principles reflect the call for local authorities to actively engage in building resilience with a people-centric and holistic approach, especially as the COVID-19 crisis has highlighted the interconnectedness of urban systems. This is evidenced by the pandemic's rapid cascading effects in multiple dimensions and impact upon all areas of the city from health and safety to socio-economic systems. As previously stated, the development trajectories of most cities have significantly slowed down, and in some cases, reversed due to the crisis and the measures currently placed to control it. These have also further exposed and exacerbated many pre-existing challenges.

With the COVID-19 pandemic remaining an ongoing global crisis with long term impact on cities, it is important to apply the definition and principles of urban resilience to the current situation in order to effectively support cities in addressing and recovering better from this crisis. Doing so requires careful understanding of how different systems are affected and how these can provide a foundation for resilience. One area that has been severely impacted by the crisis is the urban economy, which nevertheless remains a key area in assisting cities not only in their recovery from this crisis but also in promoting sustainable development.

In view of this and the project's urban economy focus, UNCDF developed a **Conceptual Framework for Urban Economic Resilience**⁴, which defines **urban economic resilience** as:

The capacity and related capabilities of urban communities to plan for, anticipate negative shocks, including long-term stresses, to their economies, reallocate and mobilize resources to withstand those shocks, recover from the shocks, and rebuild at least to pre-crisis levels, while placing their economies on the path to sustainable economic growth and simultaneously strengthening their capacity to deal with any future shocks.

This definition provides the breadth and flexibility to embrace the needs of industrialized and developing countries alike during and after any crisis, including the COVID-19 pandemic. It is also action-oriented, with an emphasis on the collaborative roles of businesses and local governments in responding to economic crises as well as the centrality of resource mobilisation and use, including reallocating from prior purposes, in such times. It also incorporates both the absorption and recovery capacities of a city in dealing with shocks.

Given this definition, a framework based on the following four dimensions was proposed for the building and management of urban economic resilience (**see Figure 1**).

1. Business environment;
2. Economic governance;
3. Labour market conditions; and
4. Financial environment.

The first two refer to systems and describe, respectively, conditions for business operations (both public and private), the structure of local economies, as well as rules and regulations that govern the activities of businesses. The remaining two refer to factor markets (labour and capital, respectively). Furthermore, recognizing the causal link between vulnerability and resilience, this concept distinguishes between causal or explanatory variables and indicator or dependent variables. The actual mobilisation and use of resources takes place in factor markets, but business and governance arrangements define "the rules of the game" and set the institutional parameter that shape these markets.

In particular, causal indicators of economic resilience would be closely related to the causes of vulnerability. For example, high industry concentration (or low diversity) implies higher vulnerability because it limits the ability to swiftly shift resources (labour or capital) across sectors of an economy in times of emergency. A more diversified local economy will certainly improve resilience, but this is a strategic challenge (which may not even be feasible because of locality characteristics). What would matter most in the short run is the existing institutional and financial arrangements that allow a local economy to quickly switch over to other economic activities as a survival mechanism, to different suppliers and customers, and to working capital to maintain a certain level of production.

⁴ Details on this framework can be found in the project document 'Guiding principles and practices for urban economic recovery and resilience'.

Dimensions of Resilience-Building for Urban Economies

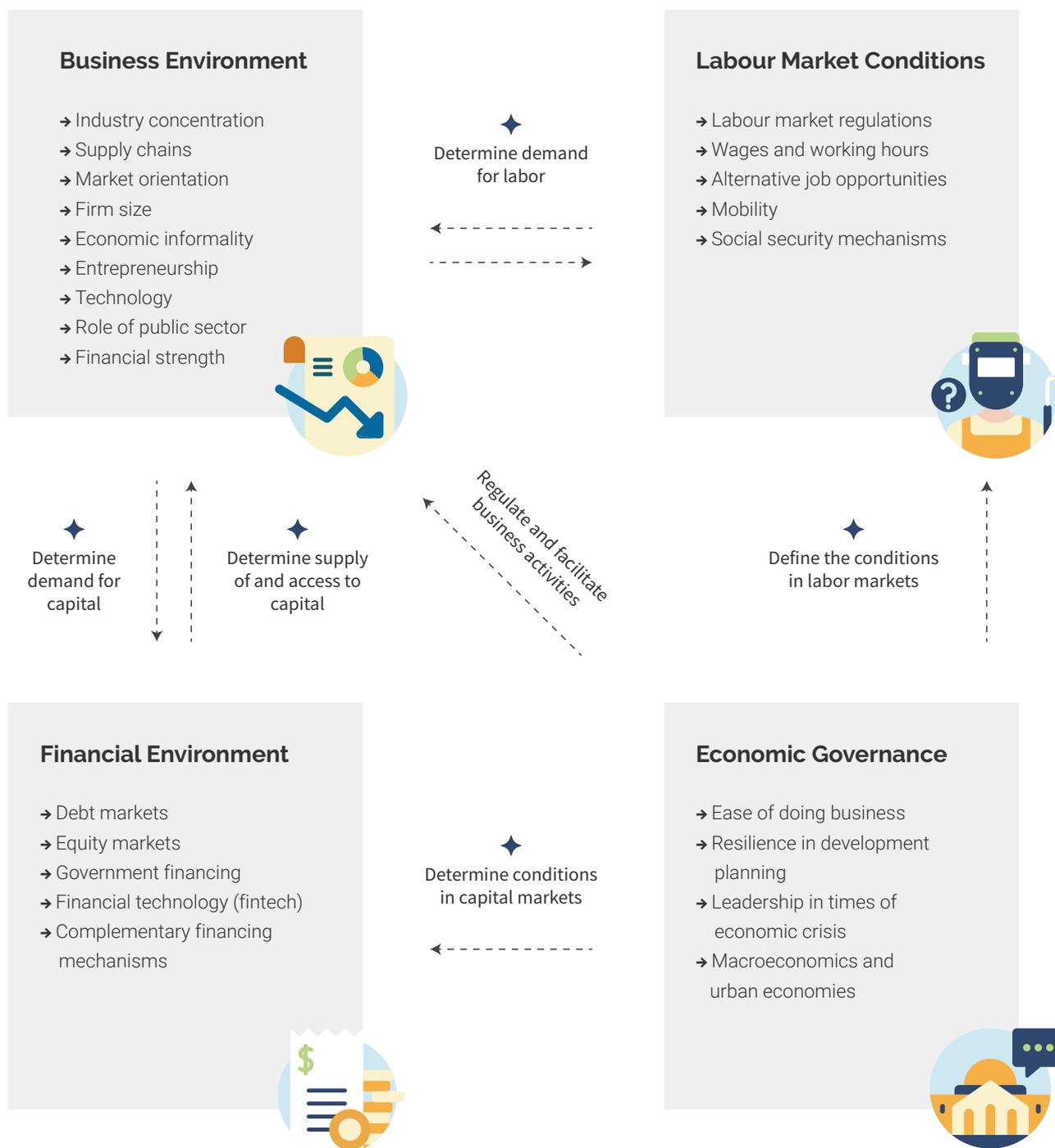


Figure 1: Dimensions of Resilience-Building for Urban Economies. Source: UNCDF Background Note (2020).

However, building resilience as part of a recovery and reconstruction strategy in the midst of a crisis, such as the current COVID-19 pandemic, versus building resilience in anticipation of potential shocks have different and peculiar characteristics that bear some emphasizing. Whereas the latter is an anticipatory exercise of strategies and resource mobilisation (or at least identification) to address what is likely to happen in the future, the former must necessarily draw upon lessons from the ongoing crisis to design effective and efficient policies and programmes for recovery and reconstruction beyond the crisis.

A set of **Guiding Principles** on how to build urban economic resilience, during and after COVID-19, was prepared with this in mind. The principles are divided into two categories: ‘general principles’ that must apply at all times (in terms of development planning or general policy making by local government), and ‘specific principles’ that apply to the COVID-19 crisis. The two categories are not mutually exclusive, however, and may be combined according to the institutional arrangements and development needs of particular local governments.

Guiding Principles

General Principles for Building Economic Resilience

Prioritization of resource allocation in development planning and management

Resources, whether in high-, medium-, or low-income countries, are always scarce relative to the needs of the population. There is, therefore, the imperative for policy makers to prioritize the use of scarce financial, human, and material resources during development planning exercises and the routine day-to-day management of local government affairs. COVID-19 experiences indicate that the cities that have fared much better than others are those that have been able to set their priorities right and to (re) allocate resources to the areas of most relevance for minimizing the negative economic impact of the pandemic. As cities transition from the response and early recovery phase, the principle of prioritization of resource allocation needs to be adapted to the requirements of building a resilient economy. This equally concerns public and private enterprises as the crisis offers a unique opportunity to review and restructure the key characteristics of the urban economic system and its dimensions described in the previous section.

Efficiency

Efficiency, the main ingredient for productivity improvements, is key to attaining socioeconomic transformation over the medium-to-long term and should be a major guiding principle in policy making and development planning, including the day-to-day management of government (local or national), and the operations of businesses and civil society organizations. Efficiency, however, should be practiced in combination with effectiveness—creating redundancies and backup systems where necessary to ensure that efficient solutions contribute to better resilience.

Combatting corruption and waste in the government

The UN framework for immediate socioeconomic response to COVID-19 notes the importance of “mitigating the risks of corruption and clientelism [during] large cash transfers...as the epidemic continues to unfold”. The IMF notes that “Corruption was a problem before the crisis, but the COVID-19 pandemic has heightened the importance of stronger governance”. Corruption by public officials undermines public confidence in government, discourages tax compliance, and may encourage active tax evasion by citizens who see no discernable link between their taxes and the public services they receive. Perception of corruption is also one of the decisive factors influencing the access of cities to financial resources.

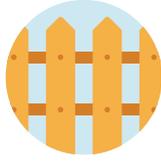
Specific Principles for Managing Covid-19 Response and Recovery

Learning lessons from the crisis

Throughout the world, the COVID-19 crisis has exposed, and in some cases, aggravated all kinds of inequalities that have long existed side by side and with growing prosperity in other segments of the larger population. This has provided useful lessons for extending immediate relief to populations in need, and for initiating processes for recovery, reconstruction, and regeneration towards more equitable and sustainable societies in the future. Vulnerabilities exposed by the crisis that require prominence in recovery and rebuilding efforts are income and wealth inequality, digital inequality, poor sanitation systems, poorly planned cities, weak databases, informality and vulnerability, and inadequate governance systems.

<p>Creating adequate city fiscal space for recovery and reconstruction</p>	<p>With most city economies severely weakened and businesses and households under profound financial strain from the crisis, local and national governments will bear varying shares of the burden of financing recovery and reconstruction, depending on the financial health of each city before the crisis as well as the existing national laws governing intergovernmental financial transfers. The cities are facing the challenge of 4R's (Figure 2). For example, for developing countries with incipient or no markets for municipal bonds or other forms of debt finance in order to finance resilient infrastructure (SDG 9), this is an opportunity to develop such markets over the medium-to-long term, along with better use of other alternatives, such as public-private partnerships. At the same time, the quest for own-source revenues that are more resilient and resistant to economic shocks should continue, as well as the efforts to improve local revenue management systems and eliminate inefficiencies in public expenditures. National and local governments should work towards improving their investment attractiveness and readiness without a damaging race to the bottom by municipalities in an attempt to outcompete each other.</p>
<p>Leaving No One behind</p>	<p>This is a central feature of the UN's 2030 Agenda, and should include serious efforts to identify groups that might be at risk of being harmed by or excluded from the recovery and reconstruction efforts. In the words of the UN's socioeconomic response framework, ensuring that no one is left behind should include an "analysis of the human rights and gender impacts to inform the design of policies that address these risks, protect development gains and reduce the risk of social violence in the coming months and beyond." In addition to this, particular attention should be paid to industries most likely to provide employment for vulnerable groups, while considering other industries, for example, those most likely to pay taxes and sustain the overall local economy.</p>
<p>Mainstreaming resilience into sustainable urbanisation</p>	<p>In addition to targeted interventions based on the peculiar needs of each locality, cities should also pursue "resilience-proofing" by ensuring, for example, that all local development plans include key ingredients such as emergency or contingency funds (that are managed and replenished periodically in line with law), emergency food reserves, emergency service delivery guidelines and procedures, and special emergency committees made up of the government, the private sector, as well as community leaders and civil society organizations.</p>
<p>Promoting sustainable urbanization</p>	<p>Every decision taken and initiated as part of the recovery and reconstruction effort must pass the test of sustainability by being assessed for its impact on the environment and marginalized and vulnerable groups in line with the 2030 Agenda as well as other global frameworks, such as Paris Climate Agreement, that aim to promote sustainable development in all its forms. Indeed, the crisis should be an opportunity for cities to revise and recalibrate their pre-crisis development plans in line with the SDGs and the new COVID-induced realities, such as the role of digital technology in the future and the need to address old problems with new and innovative solutions.</p>
<p>Entrepreneurial government</p>	<p>A government, either local or national, may be run like a business, even if not as a business with a profit motive, by drawing on the principles of agility, efficiency, and risk-sharing found in the private sectors (but without compromising sustainability and resilience as discussed above). Such a government will be required to help guide the investments needed towards not only short-term recovery efforts but also long-term transformation and sustainable development long after the COVID-19 crisis has been overcome. COVID-19 thus provides the opportunity to take a fresh look at the interplay between public and private roles in local economic development, and to re-structure them for greater synergy, complementarity, effectiveness, and efficiency. This means that the public sector will not only be reactive to crises, but also be proactive and co-create opportunities through partnerships with the private sector and the larger society. Furthermore, the public sector is expected to apply smart investment strategies to mitigate a situation when all risks are borne by the public sector and all rewards are privatised.</p>

4 R's of Urban Finance for Recovery



● Ring-Fence Revenues

Engage with the central government, development partners, and other partners to minimize the drop in municipal revenues from own sources and intergovernmental fiscal transfers.



● Reprioritize Budgets

Reallocate budgets to maximize funds for activities that contribute to inclusive, green, and resilient recovery.



● Reinforce Budget and Fiscal Autonomy

Engage with the central government and development partners to achieve a city's maximum discretion over its budget and ensure an adequate fiscal autonomy.



● Rebuild Fiscal Space Better

Diversify and unlock sources of finance (public and private) and apply new financing approaches and techniques for inclusive, green, and resilient recovery.

Figure 2: 4 R's of Urban Finance for Recovery.

1.3. Methodology and Process

In order to learn from cities, it is important to take stock of their experiences and to use these in order to further discussions on how to build urban economic resilience in the midst of a crisis such as COVID-19. The Global Compendium of Practices is a compilation of city case studies directly derived from information provided either directly by the local government or from specialists with leading knowledge about the city. It is not the compendium's purpose to collect good practices, considering the context-specificity of practices and the ongoing nature of the crisis. Instead, this compendium is intended to derive lessons learned in order to inform the development of strategies for the future of cities in crisis. Nevertheless, the practices presented below are the effective practices that have so far helped the cities to withstand the worst effects of the pandemic and start their recovery process.

UN-Habitat CRGP created a *Questionnaire on Local Economic and Financial Response and Recovery for COVID-19* that was used to survey these experiences and lessons from cities on their local economic and financial recovery measures in the face of the COVID-19 crisis. The design of the questionnaire is based on the conceptual framework on urban economic resilience discussed in the previous section. Specifically, it investigates the impacts of COVID-19 in the four dimensions proposed in the conceptual framework (labour market, business environment, financial environment, and economic governance), as well as the solutions local governments and other stakeholders have applied to plan for, reallocate, and mobilize resources for crisis response and to ensure an inclusive and sustainable recovery for cities in the mid- to long-term.

The survey also served as a primary resource for the Global Virtual Workshops⁵ held in August 2020, where the initial findings from the questionnaire were reported and the city cases following the questionnaire design were presented. The workshops acted as a venue for dialogue and knowledge exchange, providing the participants with city experiences and regional perspectives on the COVID-19 crisis. These discussions supported the further development of the conceptual framework and guiding principles, and also informed the case studies and conclusions of this compendium.

More cities participated in the survey after the workshop, which ran from the period of July to October 2020. The responses of the cities were used as direct content for the case studies of this compendium, following a template that had four main parts: a snapshot of the city and their challenges prior to COVID-19, brief description of COVID-19 in the city, the main economic and financial impacts, and the crisis response and recovery measures being implemented in the city. It also highlights, in each case study, specific practices that have worked best in the city. Each case study is validated by the city before inclusion in this compendium, and is considered the city's contribution to the compendium.

⁵ Details on the Global Virtual Workshops can be found in the Urban Resilience Hub:

www.urbanresiliencehub.org/global-virtual-workshop

1.4. Overview of Survey Results

As of October 2020, the survey has been completed by 29 cities, 76% of which identified as primary cities and with 60% of respondents directly from the local government. While cities varied in the severity of cases, none remained untouched by the economic impacts that was brought about by the mitigation measures and global nature of the pandemic. For most of the cities that responded to the questionnaire, the COVID-19 crisis presented a challenge of unprecedented dimensions they were not prepared to face.

Findings of the survey are highlighted below:

- As many as 55% of respondent cities did not have any emergency response plans in place before the COVID-19 crisis occurred.
- Delays in providing economic support to vulnerable populations, such as those in the informal sector, resulted in a breakdown in measures to restrict human movement to curb the spread of the virus as people desperately searched for means to survive by violating those measures.
- Many cities are revising their existing annual development plans in order to be able to cope with the crisis better.

Respondents' views of the role of the central government in addressing the crisis at the local level reinforce the view that a successful recovery will require close collaboration between local and central governments, especially in the early stages, where financial and other resources of local governments are severely constrained.

About 65% of respondents view the central government as playing a major role in addressing the financial aspects of the economic crisis faced by cities from COVID-19. This is the highest percentage for any of the listed categories, compared with the roles that they expect the central government to play in addressing other elements of urban economic resilience: 35% for labour markets, 31% for business environment, and 52% for economic governance arrangements (see Figure 3).

Central government support in the case of the financial sector, for example, may come from ministries of finance or treasury departments, in the form of increased inter-governmental financial and material transfers (where cities have suffered serious revenue shortfalls and certain key municipal services may be overwhelmed). Support may also come from central banks through monetary policies that encourage banks to increase, rather than reduce, credit to banks in the midst of the crisis and consider deferments of loan repayment by businesses.

Not surprisingly, as much as 59% of respondents viewed local governments as playing the leading role in providing direct assistance to communities and local businesses in the midst of the crisis, compared with 18% who viewed the central government as playing such a role. This may partly explain the nature and extent of decentralization in each country.

The survey also detailed indicative response and recovery measures at the city-level according to each urban economic resilience dimension, with a fifth area, institutional responsiveness, added to better reflect the activities of urban governments cutting across the four key dimensions. Based on the survey, many of these actions have been undertaken or are being planned. It is important to note that cities are at different stages of recovery, and some are still in crisis mode. This is affecting the perceptions towards recovery measures and actions. On the other hand, some cities have experienced more catastrophic effects from COVID-19. It is important to take existing vulnerabilities into account when understanding the road to recovery.

Relative contributions of local government, central government and private sector in the management (e.g. planning, reallocation and mobilisation) of relevant resources

Number of responses: 29

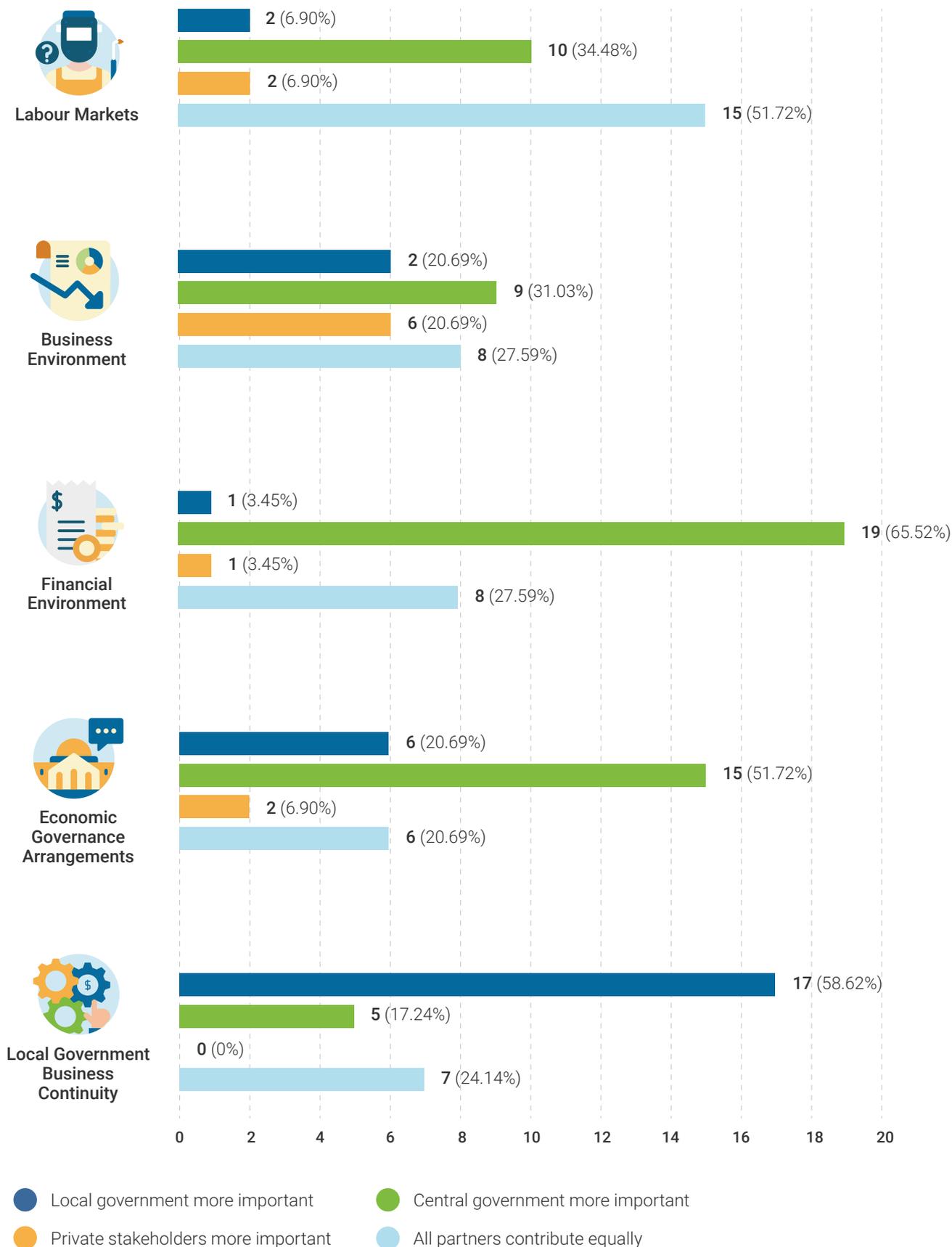
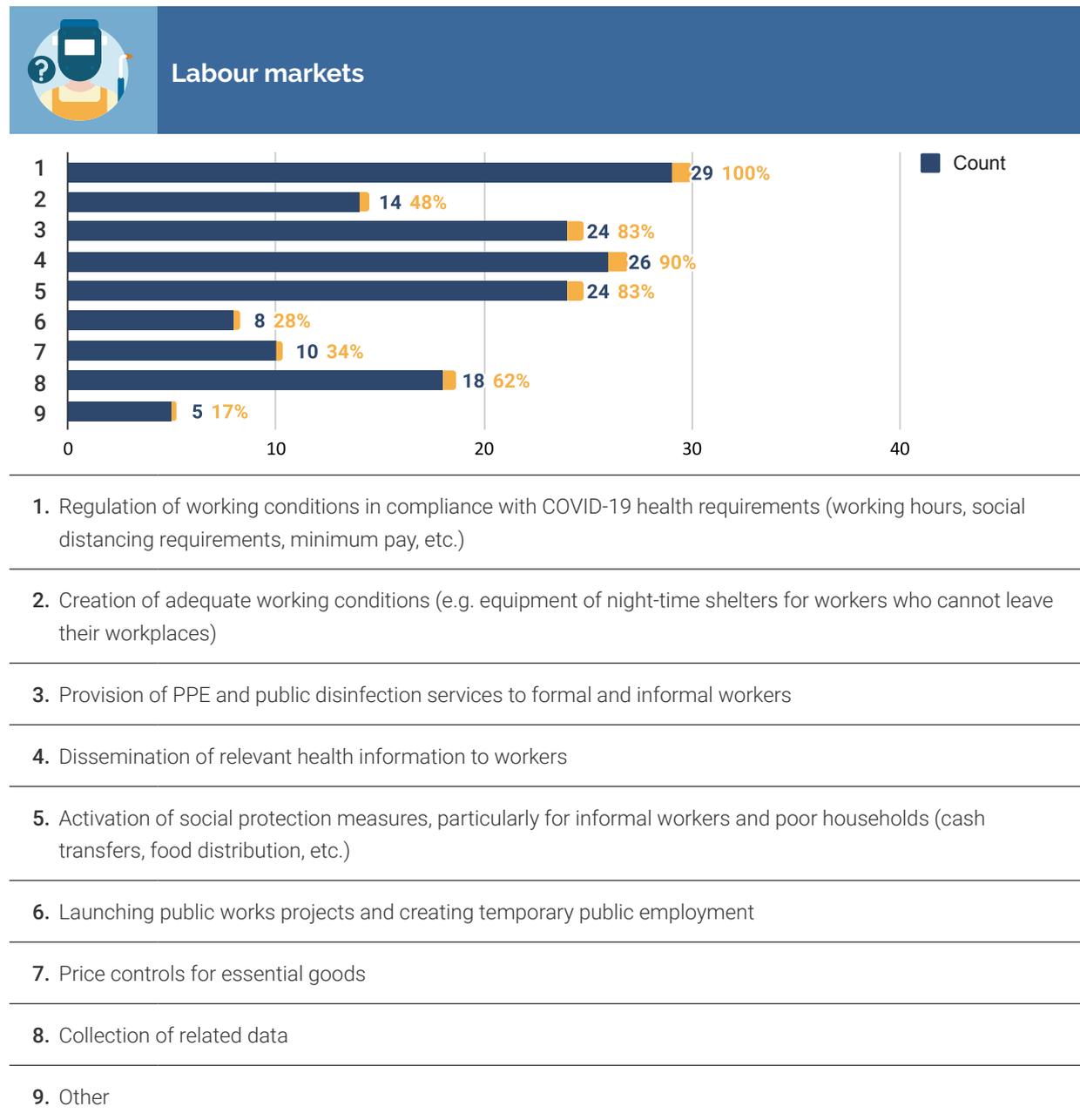


Figure 3: Relative contributions of local government, central government and private sector in the management (e.g. planning, reallocation and mobilisation) of relevant resources.

Indicative city-level response and recovery measures according to dimensions of urban economic resilience

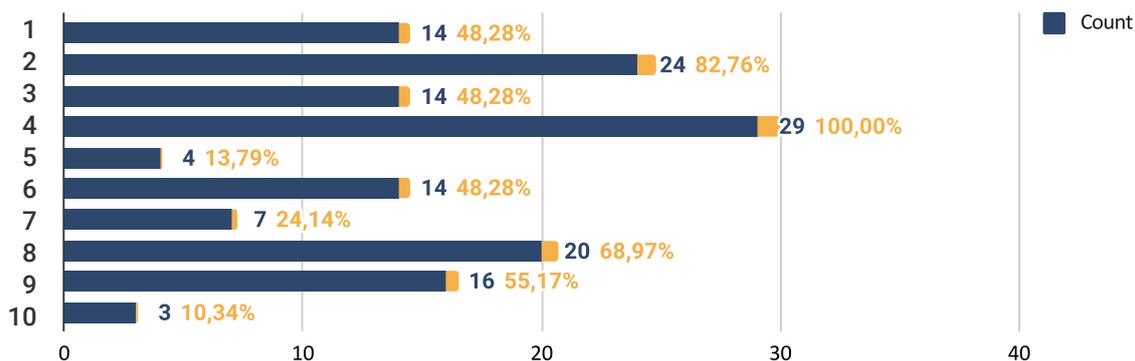
What measures has the city taken and/or is planning to manage the impacts of the COVID-19 crisis?



* Number of responses: 29



Business environment



1. Regulations to facilitate business registration and licensing

2. Relief measures for businesses (waving or deferring municipal taxes and charges, bans on business evictions from rented premises, etc.)

3. Advocacy with landowners or regulation of rents to ease burden on businesses

4. Maintenance and disinfection of public spaces and facilities used for formal and informal business activities (such as streets, public squares, municipal markets, etc.)

5. Provision of free or subsidized inputs to critical businesses (e.g. bread flour)

6. New public-private partnerships in critical economic sectors

7. Identification and arrangement of new supply chains in case of disruptions

8. Targeted support in the form of grants or technical assistance to support innovations for COVID-19 response and recovery

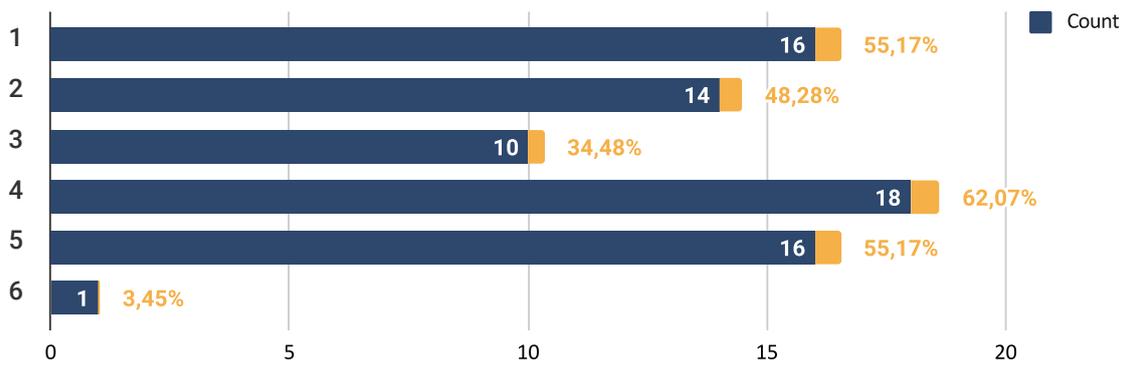
9. Collection of related data

10. Other

* Number of responses: 29



Financial environment



1. Establishment and/or expansion of public facilities (financial and technical assistance) to provide or facilitate access to cheap capital for businesses

2. Advocacy with financial institutions for continued provision of affordable investment and working capital and relaxation of conditions precedent (collateral requirements)

3. Support to non-deposit microfinance institutions (grants, guarantees, or technical assistance) for continued liquidity supply

4. Support and promotion of mobile money/digital financial transactions

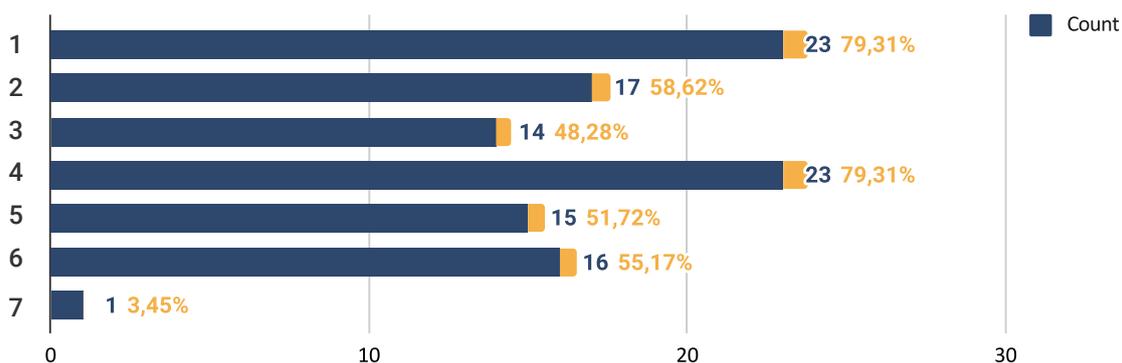
5. Collection of related data

6. Other

* Number of responses: 29



Economic governance

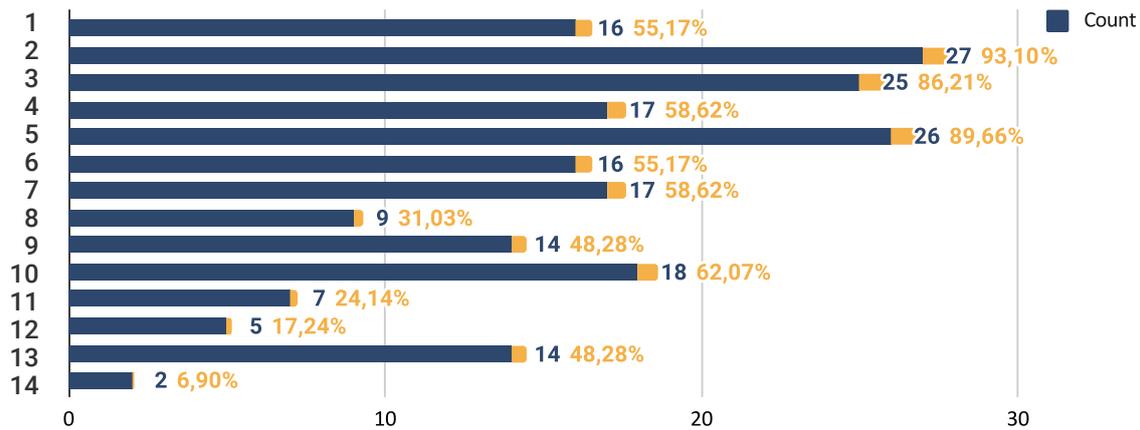


1. Establishment of institutional structures to manage the economic impacts and accelerate recovery (specialized committees, platforms and mechanisms for information sharing, awareness raising and dialoguing with citizens and local stakeholders)
2. Systems and mechanisms to provide information to the private sector on business opportunities, effective and innovative business solutions, linkages to supply markets and customers
3. Revision of the existing public financial regulations to finance emergency response measures (such as contingency funds, reserve accounts, etc.)
4. Adoption and/or revision of policies and regulations to strengthen the city's disaster response capacity and improve resilience in the medium and long term to ensure environmentally sustainable local development
5. Adoption and/or revision of city development plans (master plans) to improve resilience to external shocks
6. Collection of related data
7. Other

* Number of responses: 29



Local government business continuity, adequate fiscal space



1. Development of business continuity plans for provision of essential services

2. Provision of PPE and ensuring adequate health conditions for municipal staff delivering essential services

3. Restructuring of existing services to reduce health risks and minimize physical contact (including e-governance solutions)

4. New public private arrangements for delivery of essential public services

5. Reprioritization and reprogramming of existing municipal budgets to increase availability of finance in areas critical for COVID-19 response and recovery

6. Restructuring of the own source revenue arrangements to mobilize additional resources (through new sources or expanding some of the existing ones)

7. Advocating for additional central government transfers (conditional or discretionary)

8. New borrowing and/or restructuring the existing loans with creditors to create additional fiscal space

9. Creation of city donation funds to attract voluntary contributions from citizens, businesses and other organizations

10. Requesting funds directly from development partners and international donors

11. Launching a municipal financing facility (municipal development corporation, municipal investment fund, municipal development bank, etc.)

12. Launching a subnational pooled financing facility in partnership with other cities/local governments

13. Collection of related data

14. Other

* Number of responses: 29

Based on the survey, measures taken by majority of cities across the different dimensions primarily focus on managing the health-related aspect of the crisis, such as ensuring compliance to health regulations (100% of cities), dissemination of relevant health information (90%), maintenance and disinfection of public spaces (100%), restructuring of existing services to reduce health risks (86%), and provision of PPEs and healthy working conditions to municipal workers (93%) and to formal and informal workers (83%). Only 14% of the respondent cities were able to deliver free or subsidized inputs to critical businesses, while 69% delivered targeted support to local businesses in the form of grants or technical assistance (most in technical assistance rather than grants). It is more common for cities to provide relief measures to businesses through the deferment and waiving of municipal fees (82%). There is also comparatively less city-level responses implemented related to the financial environment, which could be explained by the central government's major role in this particular dimension. The ability of cities to apply some actions, particularly regulatory measures and direct financial support, has been determined primarily by existing decentralization arrangements and the degree of political, administrative, and fiscal devolution to cities in each country.

In responding to the COVID-19 crisis, many local governments appear to have revised their existing plans, reorienting them towards addressing the immediate and future needs of their economies. Most respondents agree that the measures their cities are implementing prioritize the attainment of the New Urban Agenda principles of leaving no one behind, ensuring sustainable and inclusive urban economies, and ensuring environmental sustainability; however, many cities have not yet developed mid- to long-term measures or strategies. These early response and recovery measures should be linked to the longer-term recovery, reconstruction, and resilience-building to “recover better” from the crisis and create more sustainable, inclusive, and resilient cities.

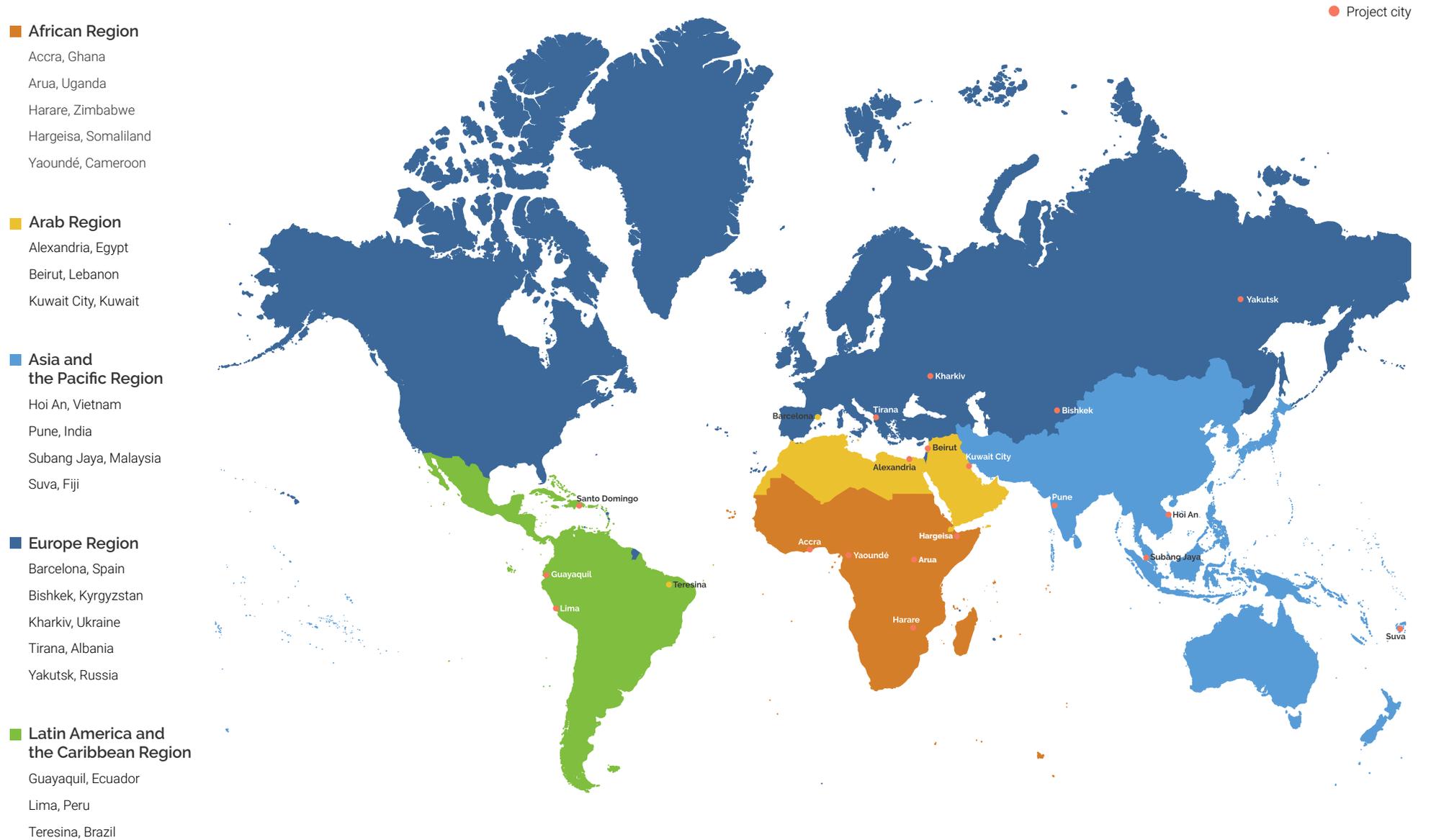
The following chapters of this compendium detail the different case studies derived from this survey. These case studies are grouped by region, with a regional primer provided by the respective UN Regional Economic Commissions preceding each section. To conclude this compendium, insights are drawn on how cities have responded so far, and how their responses reflect or confirm the conceptual framework and guiding principles. Together, they demonstrate how this framework translates into useful practices and effective approaches that can be drawn upon by cities around the world to support their efforts in recovering from the devastating effects of the COVID-19 crisis.

2

City Case Studies



2. City Case Studies

[← Main Menu](#)


African Region



2.1. African Region

Contribution by: UNECA

The first case of COVID-19 in Africa was reported in Algeria on 24 February 2020. As of mid-October 2020, a total of 1,228,435 cases and over 27,480 deaths were reported in the WHO Africa Region. Daily reported cases reached their peak in July. The distribution of cases throughout the region has been uneven, with 3 countries accounting for nearly 60% of cases (South Africa at 57%, Ethiopia at 7%, and Nigeria at 5%). Though the per capita cumulative case numbers in Africa are below those in other regions (Africa accounts for 3.4% of global COVID-19 cases and 2.6% of global COVID-19 deaths), the economic and social impacts of the pandemic have been felt throughout the continent.

Labour markets have seen significant impacts as a result of COVID-19. Working hours fell by around 5% across Africa, and many labour markets have suffered serious setbacks. The impacts have been most severe in the informal sector, which accounts for around 85% of all workers in Africa. Informally employed workers were more likely to lose their jobs, and women and young people experienced particularly severe effects as the decline in access to employment stressed family finances and compounded existing vulnerabilities. Unpaid household and care labour conducted primarily by women also increased due to lockdown measures and the economic slowdown.

Impacts to the business environment have been severe due to lockdowns; disruptions to local, regional, and global supply chains; and falling demand for goods and services. The pandemic caused many businesses across Africa to reduce their operational capacity. Sectors hit hardest by the impacts of COVID-19 include the manufacturing operations, travel/hospitality, and transportation. Limited access to cash flow, difficulty accessing new customers, and declines in revenue have affected businesses of all sizes.

COVID-19 has substantially impacted the financial environment, including reduction in GDP growth across Africa, contraction in economic activity, and reduced revenues for local governments. Local taxes and fee-based revenue collection has declined in the cities surveyed as local residents and businesses have faced financial challenges. Prices of local goods and services have also increased, further stressing local finances. The impacts of slowing GDP growth at the regional and national scales are also expected to increase stress on local budgets.

The pandemic has led to innovation in economic governance arrangements and to the rapid formation of partnerships with private institutions and the civil sector in order to administer and deliver support during the pandemic. In addition to participating in global forums and initiatives, local governments are forming local recovery committees to coordinate and plan for recovery. Local governments have been at the forefront of pandemic response efforts, and have played key roles in enacting and enforcing lockdown measures, distributing aid and PPE, communicating public health guidance to the public, and coordinating with other local, national, and international actors.

General Note on City Case Studies

The following case studies from the UNECA region were extracted or summarized from the responses of the selected cities to the **Questionnaire on Local Economic and Financial Response and Recovery for COVID-19**. Before publication of this compendium, all case studies were revised and validated by the representatives of the respective city. As the crisis is still ongoing, the information contained herein are only accurate until the date of submission or revision, which is indicated in each case study. The case studies are considered contributions of the cities to this compendium.



Status	Primary, Capital
Area	225.7 km ² (Accra); 3,245 km ² (Greater Accra area)
Number of inhabitants	2,000,000 (2010); Additional 2,000,000 in Greater Accra area

Pre-existing Challenges

Major recurring disasters before COVID-19 include flooding, Cholera outbreaks, and drought. The City of Accra also faces other challenges, including sanitation and environmental degradation, traffic, growing informal settlements, poverty, and unemployment. The unemployment rate of 7.2% is lower than the Greater Accra Region's average of 13.4%, which presents a threat to the social harmony and security of the city. Low-income communities, in particular, live in informal and overcrowded shelters with limited or no access to basic services. In addition, the city experiences periodic shocks and stresses, including fire outbreaks, ageing infrastructure, inefficient transportation system, high cost of living, and proliferation of informal settlements.



Case Study: Accra, Ghana

As of August 2020

Brief description of COVID-19 in the city

First reported case	12 March 2020
Confirmed	49,202
Deaths	320
✓ Data from 9 November 2020	

Ghana recorded its first case of COVID-19 on 12 March 2020 in the Greater Accra region. By 9 November 2020, the number of recorded cases in the country has increased to 49,202. The Greater Accra Region has recorded 26,202 cases (52.8% of Ghana's total). This suggests that the disease is largely an urban phenomenon with significant negative impact on the economies and social lives of people in these areas.

On 15 March, the Government restricted international travel, public gatherings, and closed schools and universities, and on the 21st, shut down borders. At the end of March, restrictions on the movement of persons within the Greater Accra Metropolitan Area as well as inter-city movement were introduced. The partial lockdown was lifted by the end of April but restrictions on public gatherings and other institutions remained, with Phase One of easing restrictions on 1 June, and Phase Two on 26 June.

Main economic and financial impacts

Initial assessment has shown that the key sectors hardest hit by the pandemic are hotel and hospitality industries, trade and industry, health, creative arts and media, transportation and logistics, education (especially private school operators), manufacturing, agriculture (especially the poultry industry), and financial services. The pandemic also revealed the weak capacity of domestic industries to meet local demand in the wake of disruptions in the global supply chain.



Labour Market

The pandemic has led to loss of jobs and livelihood for workers within the city's private sector. A Ghana Statistical Service national survey between 10 June and 25 June reports that 7 out of 10 respondents reported not to have worked in the past 7 days. Seventy-seven percent of all household respondents reported a significant decrease in their household income. Approximately 1.4% of the labour force lost their jobs through lay-offs and closure. Even though comprehensive data is currently not available to assess the impact of the pandemic on employment, loss of jobs and income, especially during the partial lockdown period, it is estimated to be high since the sector of the economy severely impacted is the informal sector, which constitutes 70% of the economy of Accra.



Business Environment

Significant uncertainty was recorded among businesses over sales and employment. According to a Ghana Statistical Service study of the formal sector involving 4311 firms, 35.7% of business establishments and 24.3% of household firms reported closing down during the partial lockdown, including 51.5% of firms in Greater Accra. The Covid-19 pandemic caused severe disruption of the global value chain with a cascading effect on the local supply chain. Most businesses experienced major cash flow challenges, and some reported difficulty in accessing credit due to the tightening of banks' lending conditions.



Financial Environment

Significant loss of Internally Generated Funds (IGF) has been recorded by the City Authority, leading to a budget shortfall of more than USD \$1.7 million. IGF fell short of target by 35%; District Assembly Common Fund Transfer fell short of target by 81%; and Projected Expenditure exceeded target by 39% during the first half of the year. At the national level, first quarter GDP contracted by 1.7% compared to the same period in 2019 as a result of the impact of the pandemic. Over the same period, total revenue and grant recorded a shortfall of 26%, while expenditure increased by 11% due to the new COVID-19 mitigating measures introduced by the government. This led to an increase in fiscal deficit from 3.1% during the same period in 2019 to 6.3%. Total revenue and grant is projected to decline by 20% by the end of 2020, resulting largely from a 57% shortfall in oil and gas revenue and a 47% shortfall in non-oil non-tax revenue. However, expenditure is projected to increase by 14% due to new COVID-19 related expenditures in health, education, and SMEs sectors.



Economic Governance

No changes have so far been observed in the discretionary powers of the city authority. However, innovative partnerships were developed with the central government, private sector, and CSOs to implement a number of interventions aimed at mitigating the impact of the virus on the economy and the society. During the lockdown period, the City Authority received support from various institutions and private organizations.

Crisis Response and Recovery Measures

On 11 March 2020, the Central Government proactively put together a USD100 million National Emergency Preparedness and Response Plan (EPRP) for COVID-19 to manage and contain the spread of the virus and to strengthen the national capacity for surveillance, diagnosis, and management.

The Local Government Authority is the primary responder to crises within its jurisdiction, and is tasked to provide leadership and coordinate all responses leading to the eventual containment of the crisis. The Metropolis worked closely with the Ghana Health Service, the National Disaster Management Organization (NADMO), and the Security Forces to arrange an effective crisis response to the pandemic.

Existing Crisis Management Structure/Plan

As part of the Accra Metropolis contribution to the national effort of disaster risk reduction, the city has developed and is implementing disaster risk management strategies within its medium-term development plan 2018-2021.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	-	✓
Financial environment	-	-	-	✓
Economic governance arrangements	-	-	-	✓
Institutional responsiveness*	-	-	-	✓

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

The core of the city's crisis management strategy had been to limit the impact of COVID-19 on the informal economy and the vulnerable residents in the Metropolis. The most prominent response at the city level was the formation of the Public Health Emergency Response Committee to seek budgetary support from the private sector to finance the city's health response. The local government also focused on its Disaster Management unit in collaboration with NADMO to coordinate the access and supply of relief items to the vulnerable population.

For the local government, the key challenge was resource constraint in fully funding the crisis management responses. It was also observed that, in some cases, the activities of some private sector stakeholders who organized on their own without coordinating with the city's response duplicated the effort and relief responses.

Mid- To Long-Term Recovery

The city is currently implementing a resilience strategy within the framework of its medium-term district development plan 2018-2021, both of which were carefully designed to ensure alignment of its goals and priority pillars to the Sustainable Development Goals and the African Union Agenda 2063. To ensure that the city is responsive to the challenges brought about by the COVID-19 pandemic, it is working with NDPC to revise its medium-term district development plan and associated resilience strategy within new COVID-19 compliance planning guidelines.

The focus of the city's medium to long-term economic recovery will still remain on attaining growth within the informal market, improving the skills and entrepreneurial capacities of the residents, and providing economic opportunities through partnerships to empower vulnerable groups to connect to the economic mainstream. The city will also continue to focus on its greening and beautification initiative as a key climate mitigating measure to bring some balance between the urban sprawl and maintenance of vegetation.

Supporting recovery of informal sector



The city has worked extremely hard to open up the informal markets in Accra, which was considered crucial since almost 70% of the residents work in the informal sector. Instituting measures to ensure that business is continued was critical in revitalizing the economy of the city. The City of Accra managed to achieve the successful recovery of the informal markets through a raft of policy interventions. They fumigated the markets and decongested them by moving some vendors to new locations to ensure social distancing. They facilitated the access of micro, small, and medium scale businesses to the six hundred million cedis (GH¢600 million) Central Government sponsored soft loans facility, which has a one-year moratorium and two-year repayment period critical for helping businesses to survive. The city also helped in bringing relief to the poor and vulnerable by providing and distributing cooked and raw food to vulnerable groups, as well as supply of water to informal settlements.

Central Bank of Ghana



The Central Bank of Ghana took steps to complement the efforts of the Central Government and City Authority to mitigate the negative impact of the outbreak on businesses by cutting interest rates and reserve requirements and decreasing banks' conservation buffers. They also tried to accelerate the adoption of digital payment systems, including the waiver of fees and charges on interbank transfers. This has led to an increase in electronic payments in Ghana by 81% during the first quarter of 2020, and to a significant increase in mobile money transactions.



Status	Secondary
Area	401,000 km ²
Number of inhabitants	361,400

Pre-existing Challenges

Prior to COVID-19, the city had a cholera outbreak in 2014, with 12 cases reported at the time and 1 death registered. Most of these cases were caused by the contamination of drinking water from the wastewater carried by the run-off water during rainy seasons. In addition, heavy run-off waters often destroy crops and houses, which greatly reduces agricultural production levels and housing quality. There have been rampant pockets of lightning strikes common in the rural areas of the city; however, the cases are barely reported within formal health systems and are instead handled as a community and cultural issue.



Source: State House Uganda.

Case Study: Arua City, Uganda

As of January 2021

Brief description of COVID-19 in the city

First reported case	25 April 2020
Confirmed	263
Recovered	256
Deaths	7

✓ Data from January 2021

Uganda declared a lockdown on 20 March, and by 13 July 2020, Arua city was partially lifted from lockdown. While the city did not register any death cases during this period, the number of confirmed cases in the district as of 26 July 2020 was 70.

Currently, no lockdown measures are in place. Schools and universities are suspended in line with the national directives. Wearing masks, hand sanitizing, and temperature taking are mandatory in public places, community facilities, and shopping places (although not always properly enforced).

Main economic and financial impacts



Labour Market

Labour mobility has been affected due to travel restrictions both within and across the borders, which had drastic impact given that the city thrives on cross border trade with the Democratic Republic of Congo (DRC) and South Sudan. Loss of gainful employment has affected livelihoods, especially among the informal sector (e.g. bodabodas [motorcycle taxis], market vendors, artisans, farmers). Labour redundancy has led to high crime rates and a surge in forced marriages and teenage pregnancies (e.g. over 1000 schoolgirls got pregnant). Gender based violence increased as a result of the idle labour force and confinement during the lockdown.



Business Environment

Business incomes were drastically reduced due to lockdown measures; however, taxation was not waived despite the absence of sales. Some of the visible impacts on the business environment include rampant stock outs, expiry of products in warehouses, and decline in rent payment due to government directives to halt payment by tenants. There has also been a doubling in the cost of transport, which increased the cost of doing business; closures of business operations as they consumed little capital invested; and closure of some livestock markets, which deprived livestock traders of the livelihood that used to be their regular source of income. Illegal businesses, like prostitution on streets, reduced as the curfew was put in force. Many people started alternative sources of income for survival to supplement their small income (e.g. teachers, civil servants, among others).



Financial Environment

Commercial banks did not reduce the borrowing rates despite the reduction in the Central Bank benchmark rate. Remittances from abroad reduced. The rate of loan repayment also declined due to the government directive to halt loan payments to financial institutions. The number of new applicants for loans generally declined in all financial institutions. There was a reduction of banking activities as a good number of staff in the private sector lost their jobs, i.e. savings reduced among other factors.



Economic Governance

As much as the city has in place a Development Forum that is supposed to not only link the public to the council but also promote local economic development, their contribution to support measures during the COVID-19 pandemic period was minimal. The Government-established COVID-19 task force played the major role, with more focus on containing the pandemic and very minimally on business support and recovery. During this period, there was an increase in the number of industries producing COVID-19 response related products, such as sanitizers and face masks.

Crisis Response and Recovery Measures

While there was no emergency response plan prior to COVID-19, an ad-hoc committee was constituted to handle the disaster emergency. The city faced a number of challenges during the COVID-19 crisis, including transport availability challenges (in terms of fuel and fleet); inadequate personal protective equipment; and enforcing presidential directives among key government and non-government stakeholders and confusion due to the role ambiguity of the local task force caused by the involvement of the district and the city leadership, both technical and political.

The government, through the Ministry of Health, supported the district of Arua with UGX 65 million to meet COVID-19 response operational costs. Among the response measures taken by the city are the following:

1. Community sensitization and awareness raising on COVID-19
2. Resource mobilization action plan from city communities
3. Coordination of various stakeholders, both government and NGOs
4. Support on infection case management and quarantine facility support (equipment, supply of disinfectants, food supplies, etc.), which mainly came from partners to local government such as UN Agencies

The city granted a complete waiver of three months (March–May 2020) on rental units in the taxi park and the textile market. During this period, tenants were allowed not to pay monthly rent for the lockup shops.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	✓	-	-	-
Business environment	✓	-	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	✓	-	-	-
Institutional responsiveness*	-	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Mid- To Long-Term Recovery

Arua is focusing on value addition in the agricultural sector and postharvest handling for farmers. Their midterm recovery strategy includes community sensitization on urban agricultural farming, and farmers' capacity building on new farming methods for recovery. Taxes on agricultural farming/value addition revised downwards.

Business recovery are supported through (1) linking small and medium enterprises to funding opportunities and (2) business development support to SME's in Arua. City service delivery support activities include (1) support to improve revenue collection especially through automation; (2) support to cities provide PPEs for schools, health centres, central and divisional offices, etc.; (3) business continuity support through automation of systems and provision of ICT infrastructure with the accompanying technical capacity building support; and (4) support to update the City local economic and business recovery strategy. Disaster Management Plans are also prepared and budgeted.

Longer-term recovery is envisioned through the lobbying for financial and technical support for farmers by the production department, and the continuation of city service delivery support activities as elaborated in the midterm recovery strategy.

Aid from West Nile sub-region



Both cash and in-kind contributions from well-wishers and from men and women originating from the West Nile sub-region where Arua belongs provided food relief and other items in addition to cash to the most vulnerable members of the community (the elderly and the poor). The support to the city dwellers is estimated to a value of \$28,000.



Status	Primary, Capital
Area	960.6 km ²
Number of inhabitants	1.485 million (2012)

Pre-existing Challenges

The City of Harare continues to face a myriad of challenges adversely affecting the effective and efficient implementation of SDGs. These include rapid urbanisation, deindustrialisation, and rising informality, which have resulted in rising incidence of urban poverty, inadequate provision of services, growing incidence of informal settlements, and environmental degradation, among others. The existing infrastructure and services (education, health, water and sanitation, housing) have failed to keep pace with the rapid population increase and urbanisation. Climate change has exposed the country and the city to natural disasters with adverse effects on food security, health, and water and sanitation, among others. In 2018, the city experienced a cholera outbreak.



Source: Harare City Council.

Case Study: Harare, Zimbabwe

As of August 2020

Brief description of COVID-19 in the city

First reported case	21 March 2020
Confirmed	2,270
Recovered	1,778
Deaths	83

✓ Data from 19 August 2020

A 21-day lockdown came into effect on 30 March, which was extended by 2 more weeks to 3 May 2020 and then further to 17 May 2020 but under relaxed conditions. On 16 May, the lockdown was extended indefinitely with restrictions to be reviewed every 2 weeks. The lockdown imposed various restrictions, including suspending gatherings of more than 50 people, suspending prayers at churches and mosques, closing all schools, colleges and universities, and allowing only essential services to operate.

The City of Harare has recorded 2,270 confirmed cases (40% of national total) with 83 deaths (55% of national total) as of August 2020. Due to the limited testing and diagnostic capacity of the country, the official figures may understate the true number of infections. The country is particularly vulnerable to the pandemic due to a weak public health system, limited social protection coverage, and poor and inadequate water and sanitation.

Main economic and financial impacts

The COVID-19 pandemic has exposed serious structural challenges in the country and in cities. It has most importantly highlighted the need to make the economy and cities more sustainable, resilient, diverse, and innovative.



Labour Market

The labour markets have been adversely affected by the lockdown since most of the employment in the city is within the informal economy. With limited social safety nets, the livelihoods of many informally employed people have been under threat. The lockdown has also resulted in an increase in the burden of unpaid household and care labour, especially for those with children or elderly relatives at home. Women, who constitute a major part of informally employed, have borne a disproportionate burden from the impact of COVID-19 since their capacity to mitigate the adverse shocks from COVID-19 are generally lower than that of men.



Business Environment

Most companies have experienced significant declines in business volumes due to low aggregate demand, which has also been affected by chronically high inflation (currently estimated at a monthly inflation rate of 36% as per July 2020). During the 1st quarter, a top cement manufacturer in Harare projected that the lockdown will result in Q2 2020 volumes declining by 30% with the possibility of spillover risks impacting the second half of the year. The pandemic happened amidst an already declining capacity utilisation, as claimed by the Confederation of Zimbabwe Industries' (CZI) manufacturing survey, and resulted in higher unemployment, rising poverty levels, a shortage of goods and services, inflation, reduced aggregate demand, low export volumes, and increased shortages of foreign currency.



Financial Environment

The City of Harare suffered significant declines in revenues in real terms, which seriously affected the capacity of the city to provide services to the population. Apart from lower annual revenues and high expenditures, the city is expecting additional costs due to the water challenges that had occurred after running out of water treatment chemicals at an estimated cost of USD40 million—almost double the city's monthly collection.



Economic Governance

The Council has set up a COVID-19 taskforce and a rapid COVID-19 response team comprising of staff from across departments. There is a need to include other stakeholders in the COVID-19 governance structures. The major challenge in coordination, specifically at the national level, has been the exclusion of other key stakeholders such as the trade unions, informal economy associations, and resident associations in the COVID-19 taskforce.

Crisis Response and Recovery Measures

While the city has no existing crisis management plan, a COVID-19 taskforce and a rapid COVID-19 response team were established in the local level following the outbreak of the COVID-19 pandemic. The city started city-wide spraying of bus terminus, restaurants, pavements, and other public places; and with support from development partners, placed several mobile hand washing points within the city. The capacity of Harare's two infectious diseases hospitals has also been upgraded to handle an additional 300 COVID-19 patients with symptoms ranging from mild to critically ill, with the support of Chinese businesses operating in the country.

On 1 May 2020, the President of the Republic of Zimbabwe unveiled a ZWL\$18 billion (about USD 720 million) Economic Recovery and Stimulus Package aimed at reinvigorating the economy and providing relief to individuals, families, small businesses, and industries impacted by the economic slowdown caused by the COVID-19 pandemic and the response measures implemented by the government to control the health crisis. However, there is a claim that local authorities have not benefited from this. In the framework of special allocations to the most affected cities, Harare received ZWL\$10 million, which is intended to 'sufficiently capacitate' COVID-19 rapid response teams.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	✓	-
Business environment	-	-	✓	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	-	✓	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Supporting recovery of informal sector



The UNDP, UNICEF, Government of Zimbabwe, City of Harare, and Oxfam as the implementing partner, are working together to create safer and more modern market spaces, to improve COVID-19 awareness and public sanitation, and to support women who have suffered increased gender-based violence (GBV) during the lockdown.

The project seeks to meet the immediate and long-term needs of about 20,000 people in Glen View and Budiro through protecting livelihoods, hygiene promotion, and building resilience to future shocks. Work has already begun in rehabilitating 2 informal markets in Harare's Glen View and Budiro high density suburbs, including the installation of foot-operated hand washing facilities to minimise the risk of COVID-19 transmission.

Community engagement together with Oxfam



To promote community engagement, Oxfam partnered with the City of Harare to engage organised groups, such as the women's savings groups, to conduct community decontamination activities on a cash for work basis. Standard Operating Procedures (SOPs), developed in collaboration with the City of Harare, will ensure that infrastructure, such as sanitation facilities, becomes the norm beyond the current response to pandemic. About 1,320 vulnerable households with a population of 5,265 people have already been reached with information, education, and communication materials on COVID-19.



Status	Primary
Area	78 km ²
Number of inhabitants	1,200,000 (2019)



Source: Zoe Flood.

Case Study: Hargeisa, Somaliland

As January 2021

Brief description of COVID-19 in the city

First reported case	7 March 2020
Confirmed	1389 (National, mostly in Hargeisa)
Deaths	51 (National, mostly in Hargeisa)
Recovered	1,349

✓ Data from 21 January 2021

Somaliland confirmed the first coronavirus case on 7 March 2020, with all cases registered in Hargeisa. Only a small number of cases was confirmed in the beginning because only 11 tests were carried out due to the shortage of the diagnostic kits. There were no deaths reported at the beginning of the pandemic, but the public perception in Somaliland was that the virus was more widely present than the official figures indicated and was spreading.

The government of Hargeisa implemented a full lockdown from April 2020 until July 2020. The lockdown largely affected government offices, public and private schools, universities, and business located in those areas. The government also ordered the closure of mosques and religious schools (madras). However, the government rescinded its decision to close mosques due to the opposition from religious leaders. Likewise, there was a strong pressure for allowing the continued use of khat (a local stimulant to be consumed in social groups) by local people. However, the government, in consultation with the local khat importers, banned the khat coming from Ethiopia although the Ethiopian airline flights to Hargeisa continued.

Main economic and financial impacts



Labour Market

Somaliland has been suffering from the effects of the COVID-19 outbreak, both in health terms and in terms of financial stress due to the reduced economic activity. Local employment decreased by more than 50%. Disruptions in international supply chains, lockdowns in other countries, and the local lockdown have affected diverse sectors of the national economy. Poor people, who live hand to mouth, and small businesses have been particularly hurt. The lifting of the ban introduced by Saudi Arabia on livestock import (one of Somaliland's key import products) provides a crucial respite at this moment; however, it is not clear how long it will last. Somaliland has been the most stable area of the wider Somali region for many years, with food security and humanitarian concerns focused further south. However, these developments raise the prospect of increasing vulnerability in Somaliland.



Business Environment

The lockdown affected small and medium businesses, forcing more than 50% to shut down. Since the first wave of the pandemic emerged in the early months of 2020, the greatest challenges Somaliland has faced is the disruption of socio-economic lives, particularly in populous cities like Hargeisa. Small and medium enterprises (SMEs) in Somaliland are fragile and vulnerable, which has led to their collapse during the COVID-19 lockdown. As a result of COVID-19, small businesses lost access to markets, to finance, and to networks and skills, with female entrepreneurs often disproportionately affected. The most important sources of income are remittances and livestock export. Both sources have been hit due to the pandemic. The local livestock trade and demand in Somaliland is also likely to drop due to the financial hardships caused by COVID-19 and, prices may decrease significantly if exports (bringing Somaliland US\$ 200–300 annually) do not pick up.

Somaliland diaspora communities are well represented in many countries, such as the UK, North America, and Europe. There are indications that Somaliland can be disproportionately dependent on remittance in comparison to other Somali regions, although no accurate figure is available. The fall in the level of remittances has already been noticed, and it is a concern to local people in Hargeisa. The reasons include the reluctance of the senders to physically visit shops and outlets to transfer money from the above-mentioned countries as well as the difficulties money transfer operators face in collecting physical cash from agents in diaspora communities and in moving that cash to their headquarters in Dubai due to flight restrictions.



Financial Environment

The lockdown has affected the local financial market and the intergovernmental fiscal transfer as the national revenues fell by more than 10% in FY 2020. The city revenue dropped from March 2020 onwards, and the city has not recovered yet from this drop. Local revenues in 2020 decreased by 11% as compared to the previous year due to the lockdown and closure of businesses. Prior to the pandemic, the Hargeisa Local Government was looking for ways to improve its municipal finance and local revenue, but COVID-19 frustrated the efforts to increase own source revenues and expand tax collection. The city of Hargeisa is the largest source of internal revenues for Somaliland. Hargeisa is the centre of economic activity for the whole of Somaliland, it is a city that is rapidly urbanizing and increasing the tax base, and there have been various efforts over the past years to improve tax administration for the city.

Local discretionary transfers have decreased. The intergovernmental fiscal transfer that the city was receiving from the central government has decreased to a minimum. In FY 2020, the city received from the Ministry of Finance US\$ 1,128,674. This is a 53% decrease compared to the 2019 central government transfers.



Economic Governance

The city has a District Council made up of the District Executive Committee, Heads of Government departments, and Head of the District Armed Forces. The District Council is responsible for all local government affairs, including economic governance. It also has an elected Local Council responsible for leading administration and law-making across the district. The same economic governance arrangements have continued functioning through the COVID-19 crisis.

Crisis Response and Recovery Measures

The Local Government responded to the crisis by providing the community with basic materials, such as handwashing stations, masks, and gloves. Food was also distributed to vulnerable families affected by the lockdown. On the national level, the Ministry of Finance allocated 1 million Somali shillings to support local small and medium enterprises. The city also received 1 million Somali shillings from the Ministry of Finance as part of the government's support package to local governments. The city also received funding from the UN (UNICEF) to improve the epidemiologic preparedness and public awareness about COVID-19.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	-	✓
Financial environment	-	-	-	✓
Economic governance arrangements	✓	-	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

The city distributed preventive facilities and equipment to communities. It banned the operation of community gathering places, such as hotels and cafes, as well as youth meeting centres, such as playgrounds, and improved policing to ensure that the rules and regulations are implemented as per the plan. The City Department of Social Affairs mobilised the staff of the local government to improve hygiene and sanitation in the district, and they organised staff and purchased disinfectants and related equipment to improve the sanitation of markets and public institutions. The city prepared a modernised handwashing station that can be activated by a press of the foot instead of the hands. Likewise, the city organized several centres for prevention of COVID-19, and distributed food to the people affected economically by COVID-19.

While the city has initiated many response measures, in terms of longer-term recovery and rebuilding, it still needs external financial and technical support to assist it in preparing a future medium to long-term plan.



Status	Primary, Capital
Area	310 km ²
Number of inhabitants	Over 3,000,000 (8064.52 inhabitants/km ²)

Pre-existing Challenges

Floods are a recurrent phenomenon in Yaoundé City, and cause enormous material damages and health risks. Floods are caused by poor drainage in addition to the dumping of plastic and other waste materials in gutters, along the Mfoundé river, and in other small water bodies that run across the city. The Yaoundé City Council has always played a leading role in managing floods. Some of the measures taken in recent years to sustainably manage floods in the city include the provision of temporary shelters for displaced persons, construction and clearing of drainage channels, and construction and maintenance of water purification stations.

Another emergency that saw the prompt intervention of the Yaoundé City Council was the February 1998 Nsam fire disaster. The derailment and collision of two fuel oil tanker trains in Yaoundé caused a catastrophic fire that killed over 200 people. In response, the Yaoundé City Council provided immediate shelter to persons that lost their homes, and prepared coffins and buried corpses that were unidentifiable. It also provided some relief assistance to the aggrieved families.



Source: Yaoundé City Council.

Case Study: Yaoundé, Cameroon

As of August 2020

Brief description of COVID-19 in the city

First reported case	6 March 2020
Confirmed	22,421
Recovered	21,510
Deaths	433

✓ Data from 8 November 2020

On 17 March, the Head of State ordered border closure and social distancing measures. Schools and universities were closed, and there was a slowdown of construction works. The population was largely unaware of the threat posed by the pandemic, with some 9% of respondents of a survey conducted by the National Institute of Statistics declaring that they are not worried about the pandemic. By 8 November 2020, recorded confirmed cases at the national level reached 22,421 with 433 recorded deaths.

Main economic and financial impacts

The COVID-19 pandemic and subsequent lockdowns and business restriction measures adversely affected the economy and finances of the city of Yaoundé. As of September 2020, the overall budget execution rate for the Yaoundé City Council (YCC) stood at 30%. Municipal investments suffered the largest setbacks at 13% implementation, and as many activities were either suspended or reduced in scale. However, the necessity of municipal service continuity led to municipal authorities embracing innovation and employing technology-based solutions for meetings and other operations with both internal and external audiences.



Labour Market

According to the National Institute of Statistics, about 15% of the employed population lost their jobs in the COVID-19 crisis, while 23.4% of workers faced suspension of work. Unemployment increased due to the limiting of personnel to the very minimum in various structures and the adjustment of work schedules. The technical leave of teachers, bar owners, and athletes, as well as the suspension of other activities led to a drastic income loss for businesses and households.



Business Environment

There has been a significant disruption in economic activity, with an incidence on tax payment and on the financing of communal and state activities, due to the introduction of reduced opening hours for markets, bars and restaurants, and other establishments, as well as the closure of schools. A survey by the National Institute of Statistics on the impact of COVID-19 noted that a 74% reduction in activity. In the same survey, 87.9% of enterprises reported finding difficulty selling their products.



Financial Environment

According to the National Institute of Statistics, 65% of enterprises reported a drop in revenue/salaries. There has also been a noted decrease in national and municipal revenues, and an increase in the prices of basic commodities. The Yaoundé City Council reports that, as of July 2020, Yaoundé City revenue dropped by 25% in comparison to July 2019.



Economic Governance

There was a suspension in the collection of fees for marketplace rights and rents in the markets. In June and July 2020, it is estimated that some FCFA 240,000,000 were lost as a result of suspended, cancelled, or deferred payments.

Crisis Response and Recovery Measures

On 26 December 2019, the Yaoundé City Council created the Emergency Preparedness Monitoring Committee for a More Resilient City, bringing together, among others, representatives of the national government, NGOs, UNDP, the Red Cross, and the seven Communes of Yaoundé City. The Committee's initial mission was to provide an emergency preparedness platform against floods and fires.

With the sudden onset of COVID-19, the Committee urgently developed a special COVID-19 action plan for Yaoundé City, which received support of € 233,000 from the Association of Francophone Mayors (AIMF). Included in the action plan are the following:

- a governance component with the recruitment of a monitoring consultant;
- the installation of 20 water containers of large capacity of 5000l;
- the mobilisation of 300 volunteers for 30 days to strengthen awareness after training provided by the MINSANTE;
- the passage of sterilization teams in three main markets (Mokolo, Main and Mfoundi Markets) and two bus stations (Mimboman and Messa).
- This Action Plan ran from 15 May to 20 June 2020.

Existing Crisis Management Structure/Plan

The Emergency Preparedness Monitoring Committee for a More Resilient City was created by the Yaoundé City Council in December 2019, with the collaboration of the Association of Francophone Mayors (AIMF) and the Bill and Melinda Gates Foundation.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	✓	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	-	✓	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Mid- To Long-Term Recovery

A mid- to long-term action agenda for managing COVID-19 and other pandemics is currently being developed within the framework of the Emergency Preparedness Monitoring Committee for a More Resilient City, with the support of the Association Internationale des Maires Francophone (AIMF) and in collaboration with other stakeholders involved (national government, civil society organizations, private sector, etc.). As the budget preparation is currently underway, it is expected that more resources will be set aside to support the activities of the Committee for the fight against the COVID-19 pandemic.

Reallocating local funds to fight COVID-19



Through the COVID-19 Action Plan created within the framework of the Emergency Preparedness Monitoring Committee for a More Resilient City, there was a reallocation of resources (FCFA 85 578 368) to provide funds to tackle the crisis. Some funds were provided by AIMF (€233,000).

Most of the funds engaged for the fight against the COVID-19 pandemic were used for the payment of volunteers to educate the population. Some funds went to the transport of municipal staff and for the supervision of the activities of the Yaoundé City Council's COVID-19 response. Budget resources were also allocated to the joint activities of the Yaoundé city council, with external bodies such as the Central Government, and the Association Internationale des Maires Francophones (AIMF).

The purchase of COVID-19 related equipment also absorbed a good portion of the funds. Resources were also used for the fabrication and free distribution of face masks, as well as the installation of handwash points at key spots throughout the city, in collaboration with the Red Cross.

Arab Region



2.2. Arab Region

Contributed by: UNESCWA

The Arab region is one of the most urbanized regions in the world with numerous development challenges. It has been hit hard by the COVID-19 pandemic, with substantial related economic and social impacts. The key elements of economic resilience, including the labour market, business, and financial environments, have been notably affected in the region.

Due to the pandemic, the economy in the Arab region is expected to lose around \$420 billion of its real GDP in 2020, according to ESCWA's Policy Brief on COVID-19 Economic cost to the Arab Region. The decrease in oil prices worsened the situation as oil rich countries face limitations on their capacity to provide proper stimulus and recovery packages. The notable decline in the revenues from tourism, remittances, trade, and other economic activities limited the potential of the middle-income countries in offering stimulus packages. Therefore, in addition to the existing challenges of unsustainable level of debts and low tax revenue, the pandemic has negatively affected the financial environment of countries in the region and increased the difficulty of economic and social investments. Government fiscal policy should, among other measures, support businesses through tax exemptions, wage subsidies, and deferment of debt obligations. It should also provide support, including the provision of interest free loans, to small and medium-sized enterprises.

At the level of labour markets, the region has been witnessing a reduction in employment across all sectors mainly due to the measures taken to limit the spread of COVID-19. According to ILO/ESCWA Forthcoming 2020 Report, estimations show that the lost working hours in the Arab region were equivalent to 15 million jobs in the third quarter of 2020. These job losses are the highest in selected sectors such as hospitality and food services, manufacturing, retail, and business and administrative activities, where 18.2 million individuals are employed. Additionally, the youth unemployment rate in the Arab region is the highest in the world, and COVID-19 is deteriorating the situation. Young Arabs are risking plunging deeper into poverty, especially because 85% of young working-age Arabs are in the informal sector with limited or no access to basic services, social protection, and unemployment insurance in the region. The Arab region also hosts millions of refugees and displaced persons, many of which are young people. They suffer disproportionately both from the crisis and its aftermath for various reasons including restricted movement, lack of employment opportunities, or higher risk of exclusion in the society. This increases the vulnerabilities in Arab societies, institutions, and economies.

With the largest gender gap in human development in the world and the structural barriers related to unequal economic opportunities, women in the Arab region are likely to suffer more from significant consequences of the pandemic. Women's jobs, businesses, and incomes are more exposed to the economic fallout from the crisis than those of men due to their presence in the most hit sectors. Moreover, 61.8 % of active Arab women work in the informal sector, and projections indicate that the informal sector has been particularly hit by the COVID-19 pandemic.

Addressing these challenges and recovering from COVID-19 constitute a chance to lay institutional foundations for sustainable development through a whole-of-society approach. The pandemic highlighted trust in government as a major factor in effectively handling the impact of crisis. It also showed how building back better requires the empowerment and the active engagement of local government given their presence at the forefront of pandemic response efforts.

General Note on City Case Studies

The following case studies from the UNESCWA region were extracted or summarized from the responses of the selected cities to the **Questionnaire on Local Economic and Financial Response and Recovery for COVID-19**. Before publication of this compendium, all case studies were revised and validated by the representatives of the respective city. As the crisis is still ongoing, the information contained herein are only accurate until the date of submission or revision, which is indicated in each case study. The case studies are considered contributions of the cities to this compendium.



Status	Secondary
Area	2,679 km ²
Number of inhabitants	5,300,000

Pre-existing Challenges

After 2011, the economic situation in Egypt rapidly deteriorated. Few years after the start of the political transformation, economic fundamentals were extremely fragile with the budget deficit reaching almost 13% of GDP, economic growth declining to 2.9%, and inflation staying at double digits. The shortage in foreign currency was extreme to the extent that it forced the Central Bank of Egypt (CBE) to undertake radical measures. By the end of 2015, the macroeconomic stand called for a full-fledged stabilization and reform package. In November 2016, Egypt announced a home-grown reform programme that led to the approval of a three-year \$12 billion loan. Overall, during the last few decades, macroeconomic policies in Egypt have led to growth that has not been inclusive, especially in reducing poverty or creating decent work. The challenge is to turn towards a more inclusive growth path.



Case Study: Alexandria, Egypt

As of August 2020

Brief description of COVID-19 in the city

First reported case	13 March 2020
Confirmed	109,654
Recovered	100,540
Deaths	6,394

✓ Data from 8 November 2020

On the 2th of March, community stakeholders in the city of Alexandria coordinated to increase awareness on COVID-19 before the first reported case in the city. On the 10th of March, there was a general ban of public events, followed by the suspension of educational institutions (14 March) and international flights (16 March). By 17 March, a partial lockdown was implemented for all commercial establishments except for essential goods. This curfew continued until 24 June, after which worship places, cafes, restaurants, and other hospitality and commercial facilities were allowed to open provided their compliance with guidelines such as shortened hours, occupancy limits (25%), and sanitary and hygiene standards. As of August 2020, the government began easing selected lockdown measures.

Main economic and financial impacts

The Egyptian economy suffered from the internal political crisis and revolutionary uprising of 2011, but has started to recover as of the financial year 2016-17, with the growth forecast hitting 5.6% in 2019. However, according to the updated forecasts of the International Monetary Fund (IMF) from 14 April 2020, GDP growth is expected to fall to 2% in 2020 due to the outbreak of COVID-19, but to pick up to 2.8% in 2021, subject to post-pandemic global economic recovery. Alexandria, which hosts the country's main port that accounts for 55% of foreign trade and contributes to 40% of the country's industrial output, and has a significant tourism sector, is an important factor in the country's economic recovery.



Labour Market

Hundreds of jobs were lost with the lockdown of public beaches, cafes, and restaurants. These facilities usually employ workers on daily wages, and these workers stop receiving income in cases of closure. Artisanal workers and people working in the hotel and tourism sector are among those that are mainly affected. On the national level, an estimated 62% were negatively affected, and 26% lost their jobs.



Business Environment

Registration of new companies at the Investors' Service Center declined by nearly 56% from March 2020 to June 2020. This is directly related to the partial lock down, as the real impact of COVID-19 will be revealed gradually with the return of economic activities.



Financial Environment

The crisis negatively affected the revenues of the city with the complete lockdown of public beaches, cafeterias, and parking lots, as well as the lower revenues of toll stations due to reduced travel movement. It is estimated that the revenues of the city from public beaches plunged by 82%; while the revenues of the parking lots and toll stations declined by 64%; and the revenues of other properties leased by the city declined by at least 37%.



Economic Governance

The city's allocations from the central government were received as scheduled at the beginning of the fiscal year, which starts on 1 July and ends on 30 June. The city was able to change some of the budget allocations in order to respond effectively to the crisis, but it should be noted that many of the supplies and equipment needed for combating the virus was provided directly from the central government without financial transfers.

Crisis Response and Recovery Measures

The local government has been working actively since the announcement of the first COVID-19 case in Egypt in February 2020. The city developed a Crisis Management Plan for COVID-19 consisting of 4 pillars: (1) Training and increasing awareness of preventive measures to protect from the infection with the virus, (2) Launching Initiatives for fundraising and provision of medical supplies through donations from the Private Sector and NGOs, (3) Continuous Sanitization of all the city's districts for all local government buildings as well as public facilities, and (4) Institutionalizing the crisis management efforts through a committee chaired by the deputy governor.

The Crisis Management Committee is responsible for dealing with the COVID-19 crisis, and for planning and monitoring all activities related to responding and alleviating the negative impacts of the spread of the virus. The committee is chaired by the deputy governor, and includes healthcare veterans, healthcare senior executives at the governorate, an epidemics specialist, and an urban planning and GIS specialist. The committee sets the framework on how to combat the spread of the virus; follows up on the preventive plans that are implemented by all stakeholders; checks on the readiness of the hospitals to detect and discover new positive cases, especially with citizens returning from abroad; checks on the preparedness of the ambulance facilities with disinfection requirements; and monitors the numbers of positive cases, numbers of recovery cases, as well as the death rate. The committee is also responsible for setting the relevant plans for training doctors and nurses, and for sanitizing public spaces, facilities, and means of public transportation. The mandate includes supervising the implementation of awareness campaigns to inform citizens of the hazards of the virus and how to prevent infection.

All stakeholders, including the central government, the local government, NGOs, and the private sector, effectively coordinated and worked together in harmony to streamline all efforts, measures, and initiatives targeted to respond and mitigate the negative effects of the COVID-19 spread.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	✓	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

During the crisis, the city focused on two major interventions:

1. Ensuring uninterrupted infrastructure services to all public and private facilities. This required continuous follow-up and coordination with all entities responsible for these services (electricity, water and wastewater, gas) to maintain a high-quality level and prevent any disruptions.
2. Streamlining the flow of food supplies, medicine, fuel, and essential petrochemicals during the curfew and the lockdowns to avoid bottlenecks that may affect the supply chains of these crucial items.

Mid- to Long-Term Recovery

For its sustainable inclusive economic recovery, the city is continuing its infrastructure upgrade plans to stimulate the economy while providing a higher quality service to citizens.

Interventions by the City Chamber of Commerce



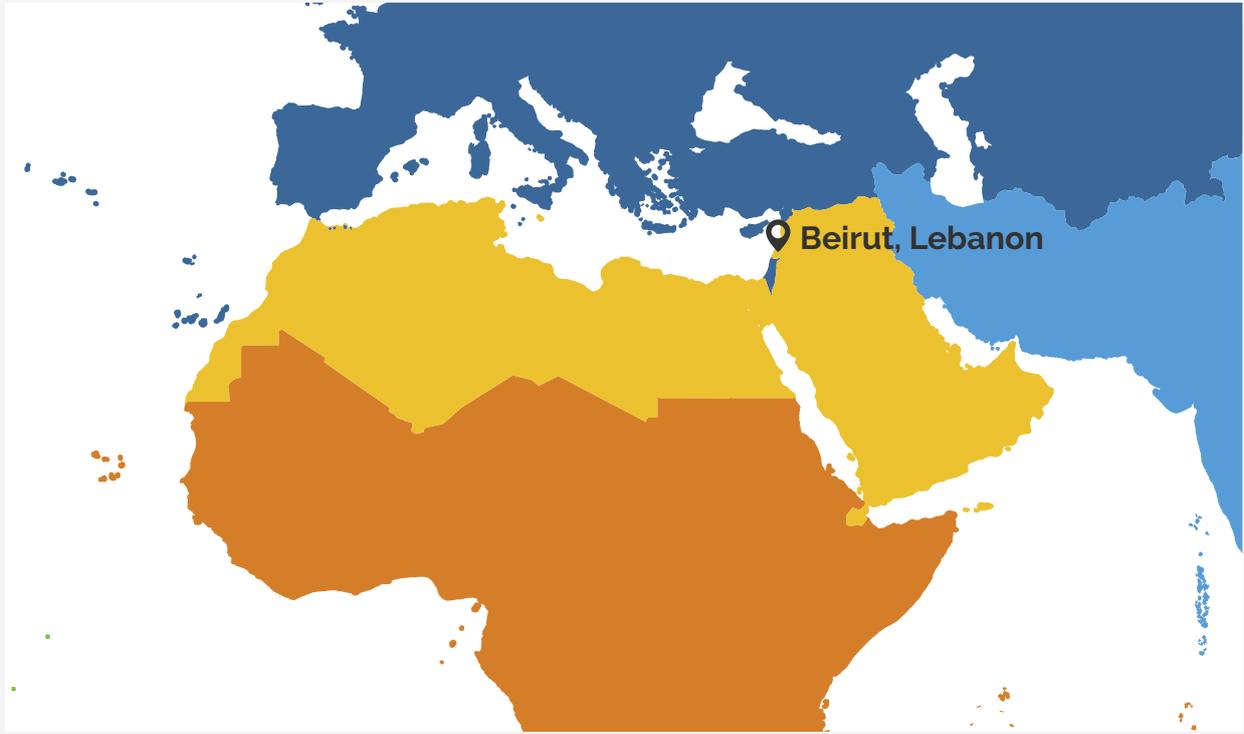
The city chamber of commerce conducted a study to assess the impacts of the COVID-19 crisis on the business environment in the city to provide policy makers at the local level with relevant evidence for policy formulation. The chamber also played an important role in lobbying at the CBE to facilitate the implementation of the measures announced by the CBE to defer interest payment for 6 months. This is because many of the companies had issues that hindered their ability to benefit from the decision due to the bureaucracy of the branches of the commercial banks at Alexandria, which allowed a broader base of companies to benefit from the decision.

Furthermore, the chamber provided non-interest-bearing loans (5000 LE) to owners of coffee shops, who had the most affected businesses due to their complete closure. The loans were intended to support operations after the end of lockdown. The loan maturity is for one year and is eligible for extension.

ABA support to affected sectors



Alexandria Business Association (ABA) responded immediately to the crisis with a program to provide food supplies to the most affected households and neediest families in the city, and through supporting the health sector by contributing PPEs and equipment. ABA is also the city's largest microfinance lender, and responded by facilitating and streamlining their terms and procedures. ABA decided to continue their issuance of fresh loans with a modified due-diligence, and renew financing facilities for existing clients, while reducing financing costs, administration fees, commissions, and online transaction fees. Furthermore, ABA decided to undertake an assessment for severely affected cases, and offer deferrals on payments up to 50%, as well as pardon of deferral fees for non-performing clients.



Status	Primary, Capital
Area	19.8 km ² (capital city), 67 km ² (Metropolitan area)
Number of inhabitants	361,000 (2020), metropolitan area 2,424,425 (2020)

Pre-existing Challenges

The Lebanese economy has been on a downward spiral since 2017. In October 2019, Lebanon started experiencing challenges related to heightened political instability and public demonstrations. The demonstrations that occurred in the City of Beirut continued until January 2020, and resulted in the closures of businesses, public institutions, and roads, subsiding only upon the election of the new government and the COVID-19 lockdown measures. Unemployment and high rates of informal labour were already a serious problem pre-crisis. The country suffers from high public debt, current account deficit, and funding needs.



Case Study: Beirut, Lebanon

As of October 2020

Brief description of COVID-19 in the city

First reported case	21 February 2020
Confirmed	77,778
Recovered	39,123
Deaths	610

✓ Data from 30 October 2020

The effects of the COVID-19 pandemic started in Lebanon in February 2020, as travel and shipping from/to East Asia and southern Europe became restricted. By 29 February, following the country's fourth COVID-19 case, schools and universities shut down. Lockdown in Lebanon was imposed in March 2020, starting with public institutions, but it was extended within weeks to all establishments and public spaces. National borders and airports were closed from March to June 2020, severely disrupting the import of raw materials and basic goods, and the inflow of foreign currency. By July 2020, most institutions have re-opened.

On 4 August 2020, a large amount of ammonium nitrate stored at the port of the city of Beirut exploded. As of 25 August, the number of people killed by the Beirut Port explosion reached more than 220, with more than 6,500 injured and 300,000 people homeless. The explosion occurred as Lebanon faces multiple crises, including an ongoing financial crisis (which had already increased the country's poverty rate) and the COVID-19 pandemic, both of which have been further exacerbated by the blast. COVID-19 cases have doubled since the explosion, as reported by the International Medical Corps. As of 30 October, there were 77,778 confirmed cases of COVID-19, with 39,123 recoveries, 248 critical cases, 8,424 cases receiving treatments, and 610 deaths. Recovery and fatality rates reached 50.3% and 0.8%, respectively.

Main economic and financial impacts

The COVID-19 crisis comes at the heels of the grave economic and political crises that have hit Lebanon at the end of 2019. It is challenging to estimate the direct marginal economic impact of COVID-19 since, even before the epidemic hit the country, there were already massive business closures because of the economic crisis that exploded in September 2019. According to a study on poverty released on 19 August by the UN Economic and Social Commission for Western Asia (ESCWA), more than 55% of the country's population is now trapped in poverty, and struggling to secure basic necessities. Extreme poverty has increased from 8% in 2019 to 23% in 2020. The poverty rate and vulnerability rates are expected to increase even more in the coming year due to rising inflation and the impact of the Beirut Port explosion on incomes, food availability, and prices.



Labour Market

The Ministry of Social Affairs estimates that the impact of COVID-19 on top of the economic crisis will lead to a fall in GDP to -15%, an increase in poverty to over 50%, and a rise in unemployment to over 50%. The situation is so dire that it will lead likely to a new social explosion, especially in the poorest areas of the country. The internal lockdown lasted for approximately 2.5 months, directly affecting people's immediate consumption and capacity for income generation, as well as their longer-term consumption and income through multiplier effects.



Business Environment

An assessment conducted by the International Labour Organization (ILO), covering a sample of 363 small-scale enterprises from a range of sectors, showed that around half the enterprises in the sample had stopped operations temporarily due to the COVID-19 pandemic and lockdown measures, with only 9 % operating as normal and 40 % operating with reduced working hours or a reduced number of workers. It also highlighted the reduction in demand and sales, restriction on foreign currency and cash flow. Political and social instability were cited as some of the biggest obstacles facing enterprises in the coming months.



Financial Environment

During the lockdown, the market exchange rate witnessed a sharp rise. While the economic crisis had mainly hit the tradable sectors, the COVID-19 crisis extended the shock to non-tradables due to the collapse in tourism, catering, and transport. The budget deficit is now expected to rise to 15%, leading to a rise in inflation. The projections show that the GDP per capita in PPP USD fell by 1.2% in 2019 and by 12.8% in 2020, before rebounding to 2.3 % in 2021. These growth estimates drive the poverty headcount ratio estimated under the lower poverty line of \$8.5 per day to 12.7% in 2020, which is more than a 50 % rise above the 2019 baseline poverty headcount ratio of 8%.



Economic Governance

The government adopted a five-phase plan to gradually ease the general mobilisation in a manner that takes into consideration potential risks within the categories of different economic activities. The Central Bank of Lebanon issued some regulations to ease the financial burden of the banks, employers, and employees from March to May 2020 as a result of the interruption of activity due to the COVID-19.

Crisis Response and Recovery Measures

While the Municipality did not have a clear execution plan or a crisis management approach in advance of COVID-19 crisis, it formed a special committee to manage this crisis with representation from different departments a few days after the outbreak of the pandemic. Each council member became responsible for one of Beirut's nine clusters with staff from the municipality, and was tasked to coordinate with scouting and health associations, civil society, and civil activists. The local government also financially supported the identification of the most vulnerable societies in the city, and provided financial assistance for the businesses and families that were most affected by this crisis.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	-	✓	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	-	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

From the national level, the Parliament approved the allocation of 1200 billion Lebanese pounds from the 2020 budget for Social Safety Nets, noting that the criteria for aid distribution will be set through decrees. The government further established a national solidarity fund that would accept in-kind and monetary donations. Ministries took different measures to combat the crisis from the financial perspective. The ministry of finance extended all deadlines related to the payment of taxes and fees, and approved the disbursement of 450 billion Lebanese pounds of dues to private hospitals. The ministry of social affairs, in collaboration with the ministries of industry, agriculture, defence, interior, labour, finance, economy, and information, started the implementation of a plan to distribute cash assistance to families hit economically and financially as a result of COVID-19. This plan is implemented in coordination with municipalities, mayors, social affairs centres, and the army.

Given that the municipality of Beirut does not have a local disaster management strategy, there were no clear mechanisms on how to coordinate with other local stakeholders such as the private sector and civil society. Overlaps in jurisdiction and proper coordination mechanisms between different ministries and municipalities has led to delayed responses, such as the distribution of food coupons to 20,000 families in Beirut.

While COVID-19 response activities and support to municipalities are ongoing, it is clear that there is an urgent need for coordinated, systematic, and efficient approaches to be adopted by different stakeholders, aid agencies, subnational and local governments, to ensure that the most vulnerable municipalities and communities receive the support they need. Immediate recommendations based on the key findings of UN-Habitat Lebanon Union of Municipalities' COVID-19 Rapid Assessment include quick solutions ensuring sufficient supply and access to clean water and sanitation for vulnerable host and refugee populations, promotion and implementation of COVID-19-related income-generating projects to provide temporary jobs to vulnerable population groups, and urban farming projects in the most vulnerable communities to reduce monthly food expenses. Area-based multispectral and multidimensional interventions and projects at the Unions of Municipalities' level should be jointly developed for immediate implementation. These include COVID-19 health-related interventions such as the refurbishment of isolation centres and improvement of water and sanitation conditions, as well as including livelihood components in addition to local skills development.

While no substantial transfers of funds from the central government to municipalities are expected in the short run, support in the form of direct assistance through the provision of IPC materials and supplies, along with capacity building, could empower and build the capacities of various entities. These include calling on the municipalities and local volunteers to adequately implement the COVID-19 directives set by the Ministry of Interior and Municipalities and the Ministry of Public Health, and to ensure that precautionary measures are well adopted and respected by the community at all levels.

Contributions of civil society organisations



Many civil society organizations responded to the COVID-19 crisis and its impact by supporting poor and marginalized groups. For example, Ajjalouna, a local charity, distributed hygiene products and masks; and another charity, Beit al Baraka, introduced an initiative called 'free supermarket' where the elderly can shop for their essential products.

UN-Habitat Lebanon Unions of Municipalities' COVID-19 Rapid Assessment



A rapid assessment of the COVID-19 response of the union of municipalities was undertaken by the UN-Habitat Lebanon. It focused on immediate and medium-term needs, but also noted and identified several long-term needs to enhance the resilience of predominantly poor urban neighbourhoods in order to protect themselves and respond to future similar emergencies. These include interventions focusing on urban basic services, including Water, Sanitation, and Hygiene (WASH) needs as identified by local authorities, and affordable housing and shelter approached from a national policy development perspective and complemented at the local level—a concept and practice largely unfamiliar in Lebanon.



Status	Primary, Capital
Area	200 km ²
Number of inhabitants	3,114,553

Pre-existing Challenges

The overall economic growth in Kuwait has recently slowed down due to subdued oil prices and to decreased oil production. Despite the large oil reserves of Kuwait, the decline in oil prices and the global shift to cleaner energy put at risk the economic and fiscal sustainability of the country over the long term. The slower global growth caused by COVID-19 is expected to be absorbed by fiscal and financial buffers at the expense of sustainable development. This highlights the importance of fiscal and structural reforms implementation laying the foundation for a sustainable growth model.



Case Study: Kuwait City, Kuwait

As of October 2020

Brief description of COVID-19 in the city

First reported case	24 February 2020
Confirmed	124,666
Recovered	115,475
Deaths	767

✓ Data from 30 October 2020

On 11 March 2020, the government started the lockdown measures by suspending work at all governmental entities, schools, universities, and private sectors except for critical services. On March 15, the government suspended all commercial airlines and border travel with partial curfew starting March 22. On 10 May, the country was placed under full curfew for 20 days, ending on May 30 based on the assessment of the Ministry of Health.

By the end of May, Kuwait had started a new stage with a gradual return to normal life. The government announced a major reopening plan composed of five stages/phases with each stage/phase lasting for 3 weeks and varying depending on the assessment made by the Ministry of Health. In theory, all activities were supposed to resume in phase five, which was expected to end on October 4, with both the government and private sectors returning to normal. As of the 30th of October, there were 124,666 confirmed cases of COVID-19, with 115,475 recoveries, 104 critical cases, 8,424 cases receiving treatments and 767 deaths. Recovery and fatality rates were 92.6% and 0.6% respectively.

Main economic and financial impacts

Kuwait has a relatively open economy dominated by the government sector and the state-owned oil industry that represent more than 50% of its GDP. Petroleum accounts for nearly 95% of its export revenues and 80% of its government income. Kuwait has a large public sector that employs nationals at a rate of 74%, in comparison with only 4% of Kuwaitis in the private sector.



Labour Market

The COVID-19 pandemic contributed to a further dualization of the Kuwaiti labour markets, given that risks have never been equal across types of employment (public vs. private sectors). In addition, the government has been under pressure to reduce the percentage of the expatriate population, creating uncertainty within the wider business community about the likelihood of a huge number of expatriate workers leaving the country in the near future. Most of the vulnerable employment opportunities are in the private sector, which has slowed down significantly during the lockdown, leading to unemployment essentially amongst the expats who faced reduction in salary and loss of jobs. The Kuwaiti labour in the public and semi-public sectors did not suffer from unemployment or reduction in salary.



Business Environment

As it relies largely on oil revenues, and given that oil prices have been hit harder during this crisis due to a combination of falling demand and higher supply when OPEC did not reach a consensus on production cuts in March 2020, the Kuwait business environment was negatively affected by the crisis. Overall, it has been a challenging period for the private sector in Kuwait. Based on a Business Impact Survey conducted in April 2020 by an independent communications consultancy firm in Kuwait, on a sample size of 498,, it is estimated that nearly 45% of private businesses shut down during the crisis and 25% of businesses are on the verge of collapsing with a drop in revenue exceeding 80%.



Financial Environment

The fiscal implications of the crisis have been severe. The government allocated funds (\$1.6 billion or 1.5 percent of GDP) to support efforts in fighting the spread of COVID-19 and formed a committee to implement stimulus measures to combat the negative repercussions of COVID-19 on economic activity. The 2020 budget was prepared initially based on USD 55 per barrel scenario. The sharp drop in oil prices affected the fiscal deficit. The government spending is expected to increase even further amid plans to boost credit, and business stimulus plans. As such, the plunge in oil prices and higher government spending are expected to widen the fiscal deficit in 2020. It is expected that the General Government Gross Debt (in % of GDP) will rise to 17.4 % in 2020 and to 25% in 2021 (compared to 14.7% in 2018) based on the October 2020 IMF World Economic Outlook Database.



Economic Governance

Overall, the Kuwaiti government has reacted relatively quickly to address the crisis and scored relatively high in the Oxford University "Government Response Stringency Index" compared to the rest of the region. Fiscal measures were implemented such as increased budgets for ministries and government departments to address COVID-19 impacts, provision of monetary and liquidity stimulants, moratorium up to 6 months for bank loans, and discounted and reduced rates from the Central Bank of Kuwait. The latter has been working with commercial banks to grant continuous access to financial services, including online banking, payment, settlement, access to disinfected banknotes and others.

Crisis Response and Recovery Measures

In Kuwait, several structured strategies and knowledge-driven decisions were taken to provide urban areas with the help needed to respond to the crisis. The Cabinet of Ministers was responsible for decision-making and regularly monitoring the situation, and a weekly ministerial press conference modality was introduced. All key decisions were made at the Central Government level, with all other actors implementing the decisions of the Cabinet. In addition to the Municipality, private sector, and civil society organizations have all provided and put their capabilities at the disposal of the government throughout this crisis.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	-	✓	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	-	✓	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

The Kuwait Municipality played a significant role in the management of the crisis. In support of the guidance of the Central Government and the Ministry of Health, the municipality enforced a strict policy of health safety within commercial stores. These efforts have been significant to support precautionary measures enforced by the country's health authorities to avoid the spread of COVID-19. The Municipality has also maintained the crucial responsibility of cleaning and sanitizing streets and buildings throughout the crisis. The government ensured the availability of food, water, electricity and all essential needs for the citizens, Kuwaiti, and expats.

The government had launched on March 31st, 2020 the Higher Steering Committee for Economic Stimulus headed by the Governor of the Central Bank of Kuwait, with the purpose of designing a stimulus plan for the local economy.

Contributions of civil society organisations: Red Crescent Society



The Kuwait Red Crescent Society gathered donations from different private sector companies and distributed them to registered families in need. This was important as many families lost their job or had their salaries affected due to the crisis. Also, civil charity organizations/societies had a major role in distributing food for poor expat families and individuals during the lockdown in different areas of areas in Kuwait.

Economic recovery response by local government



The "temporary fund" was established to receive financial contributions from private donors in support of the efforts related to the outbreak, especially in the most affected parts of the city. Also, the Kuwait government has disbursed about 240.5 million dinars to support Kuwaiti citizens employed in the private sector as part of efforts to soften the impact of the coronavirus pandemic.

Asia and the Pacific Region



2.3. Asia and the Pacific Region

Contributed by: UNESCAP

High spatial densities, unplanned urban growth, and expanding informal economies, along with uneven access to affordable housing and basic amenities, present as major challenges to Asia-Pacific's sustainable urban development trajectory. Compounded by the unprecedented impacts of COVID-19, some of the socioeconomic gains achieved in recent decades across the region may be lost as the full magnitude of such losses are yet to be realized. Densely populated cities in Asia-Pacific with large proportions of informal settlements have become hotspots of COVID-19 outbreaks. More than 2.3 billion people reside in cities in this region—comprising 54% of the world's urban population. With over 46 million migrants, 29% of whom reside in slums that lack in basic sanitation facilities, safe water supply, and other amenities, COVID-19 threatens to widen and reinforce the existing inequality gap in cities.

As cities begin COVID-19 recovery planning, there is increasing demand for support to implement green recoveries. According to UNESCAP's analysis, the Asia-Pacific region is, in fact, not on track to achieve the SDGs by 2030, with regression noted in several goals. Disruptions from the pandemic could further limit progress. Inadequate housing, WASH infrastructure, and public transport have hindered public health measures and have deprived some urban dwellers' access to daily necessities (such as food) during the pandemic, leaving many marginalized groups more susceptible to COVID-19. Furthermore, the digital divide and slow technological advancements in this region prove to be challenges towards the transition into smarter administration and governance.

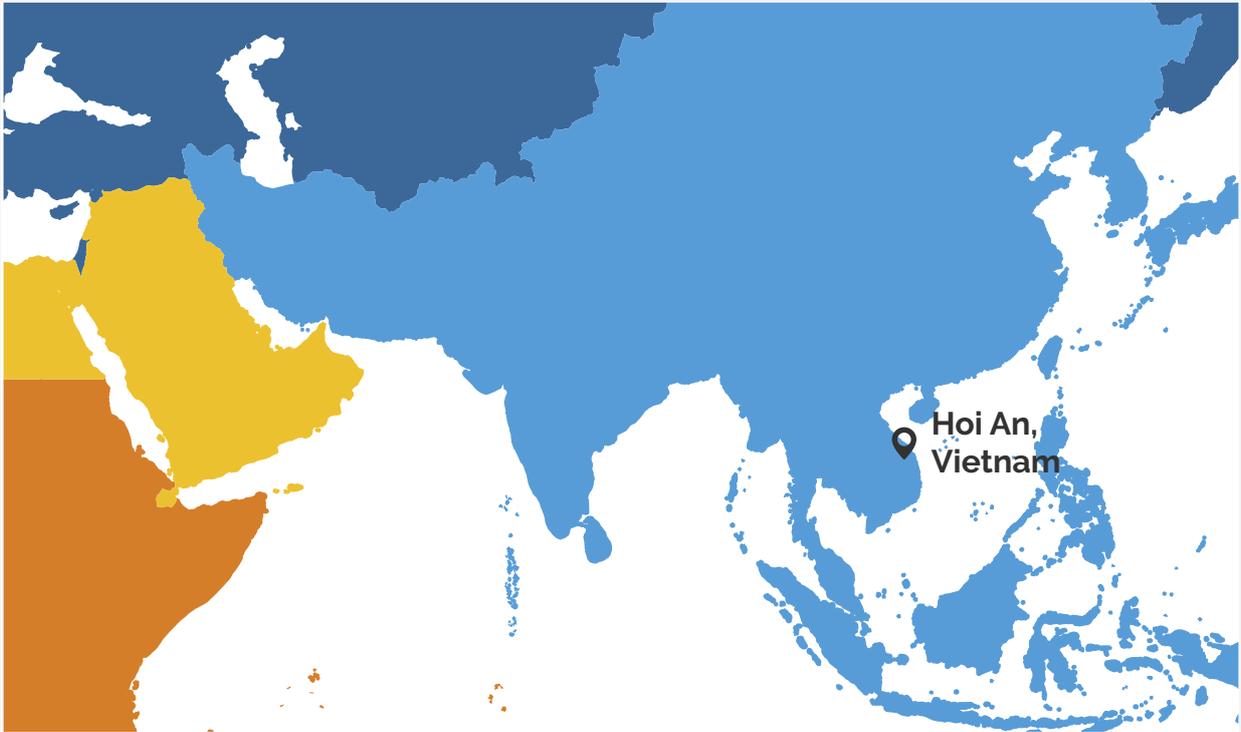
Nevertheless, the pandemic has brought some positive changes to the region. Due to the social distancing measures and lockdown, cities have sought out alternative means to maintain service delivery and administrative processes. These have encouraged the prevalence of e-commerce by SMEs, transition into remote work modalities, and digitization of city administration processes. Furthermore, disruptions to trade have resulted in increased local consumptions of goods and services that boost local economic resilience.

At the national level, existing stimulus packages for COVID-19 recovery seems to be mixed on their alignment with 'green recovery'. While some examples of green stimulus were launched, their impact on greening the economy remains unclear. Nonetheless, it is acknowledged by many cities in this region that green recovery is vital, and many intend to take this opportunity to continue working towards this goal. Furthermore, countries such as Singapore and South Korea have benefited from robust and digital data systems and platforms for effective COVID-19 prevention and management, displaying how stronger digital infrastructure is essential for building resilience and a green society. Measures to reactivate food systems and support local production and distribution have been introduced. Some countries have started to take advantage of COVID-19 pandemic to achieve its green indicators (China) and invest in green technologies (Malaysia).

Given that the recovery planning requires a holistic approach beyond adopting the 'New Normal', two regional policy frameworks provide guidance: *the Socio-Economic Response to COVID-19: ESCAP Framework* which articulates experience and expertise supporting Member States in recovery planning, and the *Future of Asian and Pacific Cities Report* by UNESCAP and UN-Habitat, a regional consensus on policy pathways to sustainable cities. These enable taking the build back better approach and fast-tracking towards the SDGs.

General Note on City Case Studies

The following case studies from the UNESCAP region were extracted or summarized from the responses of the selected cities to the **Questionnaire on Local Economic and Financial Response and Recovery for COVID-19**. Before publication of this compendium, all case studies were revised and validated by the representatives of the respective city. As the crisis is still ongoing, the information contained herein are only accurate until the date of submission or revision, which is indicated in each case study. The case studies are considered contributions of the cities to this compendium.



Status	Secondary
Area	60 km ²
Number of inhabitants	152,160 (2018)

Pre-existing Challenges

Not only does Hoi An have a tropical climate and is located close to the sea, but it is also situated in a low-lying area close to the mouth of the Thu Bon River. Thus, floods often occur from heavy rain and storms that cause runoff from nearby mountains—compounded by climate change induced rising sea levels. This results in the flooding of the old town in Hoi An as well as landslides at the seaside during monsoon seasons, leading to structural damage to the ancient town.

Furthermore, many heritage buildings and structures in Hoi An have deteriorated over the years due to inadequate conservation measures. Hence, Hoi An is posed with the major challenge of maintaining their heritage structures during economic conditions when maintenance funding could become scarce.



Source: Hoi An City Council.

Case Study: Hoi An, Vietnam

As of December 2020

Brief description of COVID-19 in the city

First reported case	10 March 2020 (23 January 2020)
Confirmed	35 (National: 1,413) (20 December 2020)
Recovered	34 (National: 1,269) (20 December 2020)
Deaths	1, not directly due to COVID-19 (National: 35)

✓ Data from January 2020

The COVID-19 pandemic caused by SARS-CoV-2 virus led to the first confirmed case in Vietnam on 23 January 2020. Hoi An implemented social distancing and quarantining soon after, and there were no cases or community outbreaks during this initial stage. As of 3 August 2020, at stage 5, Vietnam recorded 621 cases, with 373 discharged from hospital and 6 deaths.

Hoi An reported its first confirmed case on 10 March 2020, and up to date, 34 cases have recovered. The government has locked down two residential areas, quarantined people who tested positive and their close contacts, shut down all unnecessary services, and implemented social distancing across the city between 30 July and 28 August 2020. To date, the epidemic has been well controlled and managed in Hoi An. Vietnam accumulated 1,413 confirmed cases, with 1,269 recoveries and 35 deaths (as of 20 December 2020).

Main economic and financial impacts

Hoi An is one of the most famous tourist destinations in Vietnam, and it is home to two UNESCO World Heritage Sites, including Hoi An Ancient Town (culture heritage) and The Cu Lao Cham - Hoi An World Biosphere Reserve. The tourism, service, and trade sector is the main source of income for the city. For many years, the tourism economy of Hoi An had played a dominant role in powering many of its commercial activities, including trade, hospitality services, local handicraft production, and others. Therefore, disruptions to the tourism sector as a result of travel bans associated with the COVID-19 pandemic has led to the downturn and stalling of these economic activities, resulting in significant economic losses to the city.

As the pandemic is still ongoing, the impacts have not yet been fully realised or reported, but some general observations can be summarised as follows:



Labour Market

Because employees working in the tourism, service, and trade sector account for about 55% of Hoi An's economy (approximately 28% from handicraft production and 17% from agriculture and fishery), the city's labour market has been seriously impacted.

There is no figure reported yet, but most people in the city lost jobs due to lockdown and travel bans, especially those working in the hospitality sector. Many daily wage earners had no source of income, and the lockdown that persisted for months has depleted their savings, affecting their purchasing power and ability to afford daily necessities. Some domestic workers have also lost their jobs, as some employers have asked staff to work from home, meaning that some households no longer required domestic help.



Business Environment

During the pandemic, the downturn of the tourism sector meant that all related economic activities have been negatively affected. Some residential areas remained in lockdown, with many people living in quarantine and socially distanced. Almost all non-essential services and businesses were forced to remain closed.

After the epidemic was under control, tourism in Hoi An saw signs of reactivation, but the number of tourists remained low and domestic in nature. In the first 9 months of 2020, the production value of the whole city was only nearly 50% compared to the same period in the previous year, and only reached 32.27% of the original projection for 2020.



Financial Environment

The city's total budget revenue in 2020 decreased compared to the same period in 2019, and reached only 45% of its 2020 projection.

Due to the temporary shut-down of businesses, people lost jobs, which further added to their financial burden. Job seeking also became difficult, and many faced challenges in paying taxes on time, which became a knock-on impact to the city's tax revenue. Financial transactions and activities were only moderately active compared to the previous years.



Economic Governance

The local government has made economic and governance arrangements to manage the city's budget revenue/expenditure sources, and to implement cost saving solutions.

The local government has also re-evaluated civic projects that had been budgeted for this year, determining whether these must be implemented this year as well as the feasibility of deferring their implementation where appropriate. Consequently, the city's budget has been diverted to funding for disease control/prevention purposes and financial supports for local communities during the pandemic. The public funds allocation has also been prioritised to be used on public health, medical supplies, COVID-19 care hospitals, and isolation centres.

Crisis Response and Recovery Measures

The local government's viewpoint is to focus on effective disease prevention and management to safeguard the health of people, together with combating economic decline and maintaining social stability.

The issuance of the resilience plan and the disaster management plan by Hoi An's local government follows the provincial and national plans. Hoi An city's Pandemic Prevention Committee has been established in January 2020, prior to the city's outbreak, and still remains active so that direct orders from the provincial and national committees on disease response can be executed timely to control outbreaks in Hoi An.

Responses include conducting surveys to declare containment zones, even down to the ward level, which made rapid response possible at a very localized scale. Micro containment zones were prepared alongside temporary shelters for returning migrants, whose health was cared for prior to their return to the local community. A comprehensive healthcare scheme, including COVID-19 tests, free distribution of masks, and free COVID-19 treatment, was offered to residents. Food was also provided to those in quarantine during residential areas lockdown. Income support for the vulnerable was also offered during the pandemic, and this extends beyond the end of the pandemic.

Mass media also made remarkable efforts to inform the progression of the COVID-19 outbreak, and to promote preventative measures. Citizens, community organisations, and businesses coordinated with the local government to effectively curb the further spreading of the pandemic. Voluntary organizations mobilized funds to supply food and personal protective equipment to support hospitals, as well as those in quarantine and residential areas that were in lockdown.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	✓	-
Financial environment	✓	-	-	-
Economic governance arrangements	-	-	✓	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Local budget reallocation



The local government has cut down on expenses that spend on foreign missions' trips, and has reduced expenses for administrative system to save budgets. These budgets have instead been allocated to prioritise disease control/prevention purposes and financial support for local communities during the pandemic (as of 22 September 2020, 16,729 people availed of the financial support which totalled to about USD 948,000).

Inspection and control of the markets have been maintained to ensure a continuous supply of food and other essential supplies for those residing in the city during lockdown.

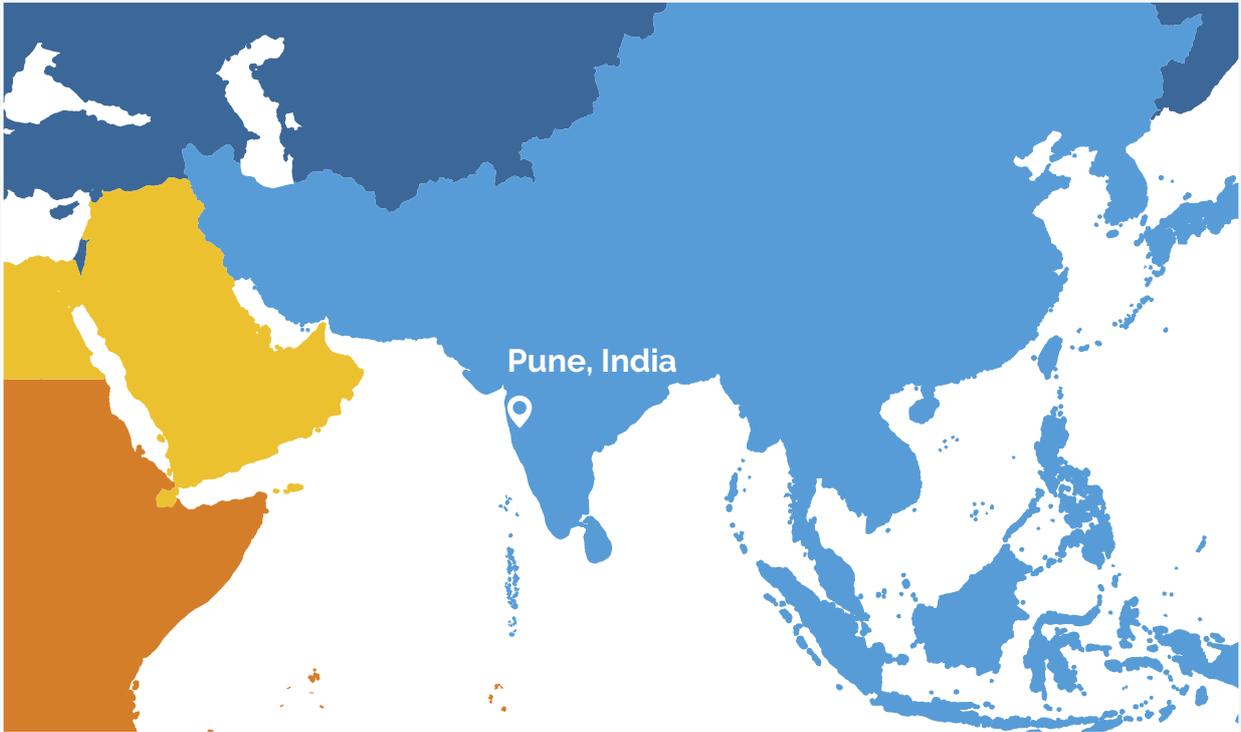
Implementation of local projects



Implementation of basic construction works, especially transitional projects and other infrastructural projects, have been sped up to aid in the local recovery of economic activities. The local government has decided to mobilise all of the current public investment budget (about VND 300 billion) to implemented key projects such as the Cam Nam bridge, Cam Kim bridge, and parking lots to improve infrastructure and prepare for the recovery of the tourism sector, whilst creating jobs for those who have lost employment.

The government also made efforts to mobilize people to revive traditional industries, such as handicraft production for export and seafood exporting. Particular focus has been placed on agricultural production in order to maintain a reliable food supply for the city, where imports and exports of food had been disrupted by the pandemic.

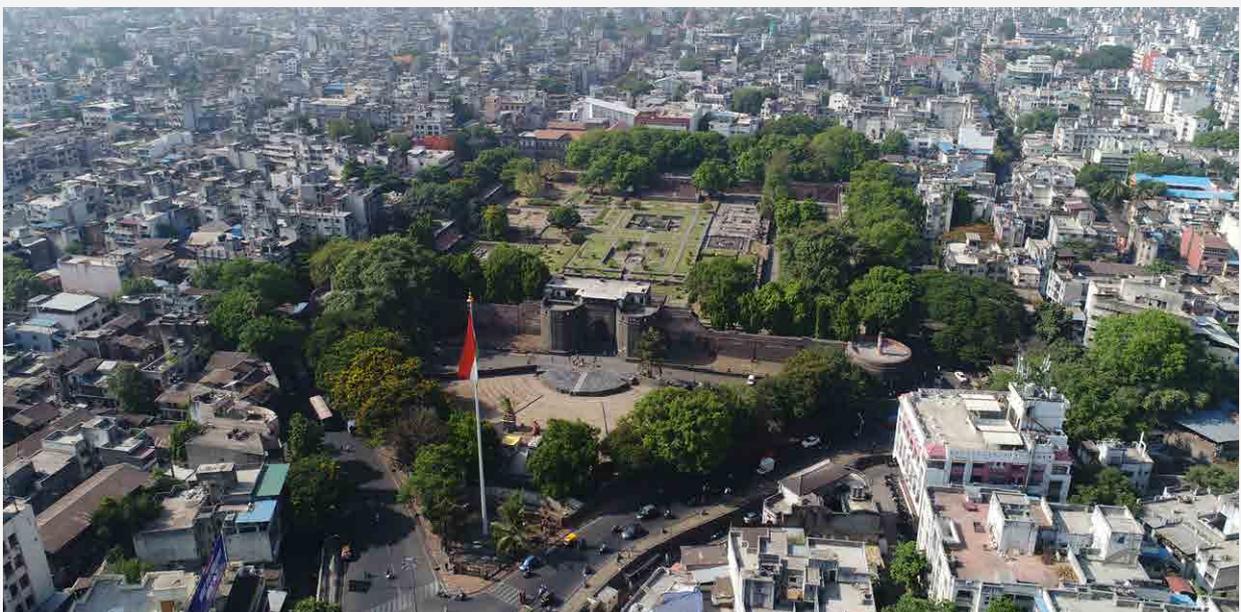
The government also encouraged the restarting of cultural tourist activities in Hoi An as the pandemic has become under control, focusing on attracting domestic visitors until international travel is fully restored.



Status	Secondary
Area	331.3 km ²
Number of inhabitants	3 115 000 (2011)

Pre-existing Challenges

Among the challenges faced by the city are high percentage of population (more than 40%) living in slums and informal settlements with inadequate access to basic services, high and increasing population density and subsequent increase in demand for housing, and inadequate mobility and public transportation. The work participation rate is considered low, especially among women. There are also significant issues regarding air and water pollution and inefficient solid waste management. Apart from that, the city experiences annual flooding episodes of the Mutha river, and during extreme rainfall events, is prone to flash floods. Possibilities of disease outbreak have also existed in advance of COVID-19 crises, with Pune having one of the highest recorded rates of the Swine Flu.



Source: Pune Municipal Corporation.

Case Study: Pune, India

As of October 2020

Brief description of COVID-19 in the city

First reported case	9 March 2020
Confirmed	169,979
Recovered	160,145
Deaths	4464

✓ Data from 30 November 2020

The first confirmed case of coronavirus in the state of Maharashtra was reported on 9 March 2020 in the city of Pune, where a couple returning from Dubai tested positive. The nationwide lockdown followed in 4 stages, starting with the 1st stage from 25 March 2020 to 14 April 2020 (21 days), and followed by 3 extensions between 15 April 2020 and 31 May 2020. The de-confinement process so far consisted of 5 stages, starting from Phase 1 from 1 June 2020 to 30 June 2020, and followed by the subsequent phases in the following months.

Main economic and financial impacts



Labour Market

The crisis had significant impact particularly on informal sector workers. There was also an exodus of migrant workers going back to their home states, which resulted in a shortage of labour. Due to the lockdowns, many daily wage earners had no source of income, and continued months of lockdown have depleted their savings, with little left for consumer spending. Domestic workers have also lost some of their jobs, as formal sector employers have asked staff to work from home. A rapid assessment survey conducted by Habitat for Humanity's Terwilliger Center for Innovation in Shelter showed that at least 71% of all respondents received no wages after the lockdown, and over 63% claimed to have no source of livelihood at their places of origin.



Business Environment

As of October, production levels and employment have been slowly recovering, with reported production levels reaching 55% in September 2020. However, around 55% of companies expect to take between 3 to 9 months to go back to pre-COVID production levels. The real estate body Confederation of Real Estate Developers' Associations of India (CREDAI) has also reported that over 60% migrant labourers have returned, while the Maharashtra Metro Rail Corporation Ltd (Maha-Metro) claims that 90% workers have resumed work.



Financial Environment

At the level of the Pune Municipal Corporation (PMC), there is a significant cut in budgets for public spending and capital expenditure. As of December 2020, about half of the property taxpayers have not yet paid their property tax. The PMC has set a revenue collection target of INR 2,300 crore in the current financial year, but could collect just over INR 900 crore from regular tax.



Economic Governance

A small advisory committee has been set up within PMC with the Municipal Commissioner, Additional Municipal Commissioners, and the Heads of Departments. This committee has made decisions regarding the civic projects that had been budgeted for this year, and whether these could be taken up later or if these must be taken up this year. Currently, it has been decided that only works for maintenance of infrastructure will be accomplished. No new projects will be taken up this year as public funds are to be prioritised for public health, medical supplies, COVID care hospital, and isolation centres.

Crisis Response and Recovery Measures

The PMC was responsible for preparing micro containment zones and for executing the Mahatma Jyotiba Phule Jan Arogya Yojana healthcare scheme. The local government was empowered to do the surveys and declare containment zones, even at the ward level, which made rapid response possible at the very localized scale. The local government was also empowered to give extensions for payment of municipal taxes and charges.

Overall, the city faced challenges in interpreting central government orders; distributing rations, relief materials, and PPE kits; and preparing temporary shelters for returning migrants due to the unprecedented scale of the crisis.

These were addressed by improving communication platforms, and by setting up a command and control centre that functioned around the clock. A task force with civil society was also set up under the Divisional Commissioner. The government also coordinated with citizens, community organisations, and businesses, through Corporate Social Responsibility (CSR) activities, in order to reach different segments of society.

Existing Crisis Management Structure/Plan

The city of Pune has existing Resilience Plan and Disaster Management Plan, as well as a Disaster Management and Epidemic Act which exists at the country level, state and district collector levels.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	✓	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

SVANidhi: Supporting street vendors



The PMC has proactively implemented the central government's scheme for street vendors (SVANidhi). Until the first week of December 2020, about INR 50 million was sanctioned to more than 3500 street vendors in the city. Under this scheme, every street vendor who applies will get a working capital loan of INR 10,000 without any collateral. Also, an interest subsidy of 7% will be credited every quarter to the beneficiary's account.

Changes in municipal taxes



Under an amnesty scheme for those who have defaulted on tax payments, the PMC has announced that tax payers, whose property tax dues are less than INR 50 lakh—then on the fine amount only (which is 2% per month)—get 80% discount. Concurrently, in order to improve revenue collection, the PMC has cancelled previously granted property tax discounts for projects implementing environment-friendly measures (vermicomposting, solar energy, and rainwater harvesting) if the projects are not kept operational.



Status	Secondary
Area	16,180 Hectares
Number of inhabitants	950,000 (2019)

Pre-existing Challenges

Subang Jaya is a city in Selangor, Malaysia, and is located 20 km away from Kuala Lumpur city centre. Challenges that the city faces even prior to COVID-19 include economic gaps among communities and locations, unity, health and safety concerns, and increasing governance cost. There is also a need to improve community awareness on regulation and responsibility as well as on civil education.



Source: Subang Jaya City Council.

Case Study: Subang Jaya, Malaysia

As of August 2020

Brief description of COVID-19 in the city

First reported case	26 February 2020 (Malaysia's 25 th case)
Confirmed	437
Recovered	369
Deaths	4

✓ Data from 26 November 2020

In response to the COVID-19 pandemic, on 18 March 2020, the 2020 Movement Control Order (MCO) was implemented as a preventive measure by the federal government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. The order included the following restrictions: general prohibition of mass movements and gatherings across the country, including religious, sports, social, and cultural activities; sanctions covering all Malaysians travelling abroad, and for those returning, requirement to undergo a health check and a 14-day quarantine (or self-quarantine); restrictions on the entry of all tourists and foreign visitors into the country; closure of all kindergartens, government, and private schools; closure of all public and private higher education institutions and skills training institutes nationwide; and closure of all government and private premises except for those involved in essential services.

On 7 June, the Prime Minister announced that the Conditional Movement Control Order would end on 9 June, with the country entering into the Recovery Movement Control Order (RMCO) phase between 10 June and 31 August. Interstate travel would be allowed from 10 June under the RMCO except in areas remaining under the Enhanced Movement Control Order (EMCO).

Main economic and financial impacts

According to the World Bank and the Organisation for Economic Co-operation and Development (OECD), the COVID-19 pandemic has been projected to result in a 2.4% contraction, or in the worst-case scenario, a negative GDP growth. The International Labour Organisation (ILO) has predicted that 25 million workers worldwide may lose their jobs. Malaysia, which is a small country dependent on other nations such as the United States and China, is also expected to feel the pinch.



Labour Market

According to a report by the Malaysian Institute of Economic Research, Malaysia's GDP growth will contract by 2.61% in 2020. The Bank Negara Malaysia (BNM) said in a recent statement that Malaysia's economic growth will be in the -2.0% to +0.5% range. It also estimated that 951,000 people will lose their jobs.



Business Environment

The first wave of the COVID-19 outbreak has directly hit certain industries, such as hotels and transport companies. After the outbreak entered the second wave and the MCO was imposed, more individuals and businesses have been impacted. Supply chains were disrupted because almost the entire sector has stopped working. Some production firms have also stopped operations, and worse still, have laid-off workers as they are unable to bear the costs. The Malaysian Global Innovation and Creativity Centre predicted that about 40% of small- and medium-sized enterprises will have to wind up their operations if the COVID-19 chain of infection persists for three to six months.



Financial Environment

The government delivered stimulus packages during the early stages of the lockdown (PRE 2020 worth RM 20 billion and PRIHATIN worth RM 250 billion) that aimed to protect the welfare of the people, support businesses, and strengthen the economy; however, the stimulus packages also caused the nation's fiscal position to worsen. To add to that, the global economic crisis has caused oil prices to tumble down to US\$ 25–US\$ 30 a barrel. In comparison, oil prices were around US\$ 60 a barrel when the Budget 2019 was tabled. When government revenue from oil drops, an increase in deficits is caused. The estimated difference in revenue for the current year is projected to decrease by 30% from RM 305 million to RM 213 million, which shows a reduction in revenue of RM 90 million.



Economic Governance

The 'new normal' in 2020 will demand a new and more flexible approach to weather the storm of the pandemic. Through the assistance of the financial via economic stimulus package by the federal government, the support that had been given includes income subsidy to the lower income group and moratorium on loans repayment. Subsidization by the State Government includes income subsidy and subsidy to petty traders. In terms of monetary policy, BNM has cut the Overnight Policy Rate or OPR by 25 basis points to 2.5%, and has reduced the statutory reserve requirement ratio or SRR by 100 basis points to 2%. These cuts will reduce loan costs, improve liquidity, and stimulate economic activities. Apart from that, the restructuring and rescheduling of the six-month moratorium will ensure that the capital and financial market returns to stability. It will also help individuals and businesses facing financial problems and liquidity constraints.

It is difficult to predict when the economy will fully recover as long as COVID-19 positive cases continue to rise, and no vaccines are discovered to treat the disease. Nevertheless, the government's fiscal and monetary policies complement one another, and will help to revive the economy by increasing aggregate demand such as public and private consumption and investment. This will help stimulate economic growth through the multiplier effect and reduce the hike in the unemployment rate.

Crisis Response and Recovery Measures

Under the purview of the Federal and State Government, the local authority assists and adheres to the National Security Council guidelines and coordinate between all levels of governments (e.g. Petaling District Security Committee under the supervision of The District Officer, Police, Army, Health Department, Welfare Department, etc.). The Subang Jaya City Council, Majlis Bandaraya Subang Jaya (MBSJ), has also executed the MBSJ business continuity plan to ensure citizen's safety and subsistence during the pandemic.

Since the start of COVID-19 crisis, Subang Jaya has set up an Operational Room for COVID-19, whose main tasks are to collect and display data of daily and cumulative COVID-19 cases worldwide, and more specifically, data of cases in Malaysia, State of Selangor, Petaling District, and within the Subang Jaya City Council. The schedule of daily activities for Subang Jaya's staff are also prepared here. There has been good collaboration not only within the various departments in City Council but also with other external departments such as the Fire and Rescue Department. City Council Staff has also assisted the Petaling Health Office in contact tracing positive COVID-19 cases during the early phase of COVID-19 pandemic.

The functions of Subang Jaya City Council during MCO include monitoring public places and ensuring that essential services are conducted safely by regulating operating hours and implementing social distancing through the enforcement team. This includes ensuring that garbage collection and general area cleaning continue to function, that all infrastructure are in good working condition, that markets and bus stops are disinfected, and that operators disinfect their premises. They also distribute food and disinfecting solutions to the poor; register e-hailers, food handlers, and dispatchers; and provide emergency assistance (e.g. fallen trees and flash floods). MBSJ supports in contact tracing; assists the Health Department in PPE making; and ensures that all the latest information are disseminated to the public via social media.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	-	✓
Financial environment	-	-	-	✓
Economic governance arrangements	-	-	-	✓
Institutional responsiveness*	-	-	-	✓

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

While Subang Jaya is prioritizing its response management, it has also proactively developed a Financial Back-Up Plan as one of its Disaster Risk Management strategies:

1. Maintain 4-months expenses for reserve
2. Practice good financial habits such as reducing overtime costs and administrative costs up to 20%, shifting to in-house trainings and courses, cutting meeting expenses, laying-off underperforming staff, imposing a paperless policy, and implementing innovations that create less cost and increase productivity.
3. Trust fund – ISF, Development Charge, Developer contributions
4. Contingency budget – RM 1.5 M

This would involve sustaining cash flow by finding new income sources and reducing administration costs. They harness technological solutions by implementing a customer-friendly approach such as sending notifications via email, increasing awareness on online transactions, and creating mobile apps for checking and payment platform. They also leverage existing assets to create new business opportunities such as transforming a library into a short term workspace for rental and imposing direct debit payment.

Vertical collaboration to assist local businesses and residents



MBSJ provides assistance to traders and residents through vertical collaboration for budget 2021, focused on recovery measures for the grass root level. It assists in the delivery of the economic stimulus package from the Federal Government; the subsidization of incomes, including those of petty traders, by the Selangor State Government; and providing support for local businesses, such as through the Post-Covid19 Development Fund and Initiatives on Small Local Entrepreneur : e-BAZAR – Selangor State Government cooperation with GRAB. MBSJ has also implemented an initiative to support affected groups by awarding temporary hawker permits in their administration area and providing safe locations for business activities.

Local revenue administration through digital technology



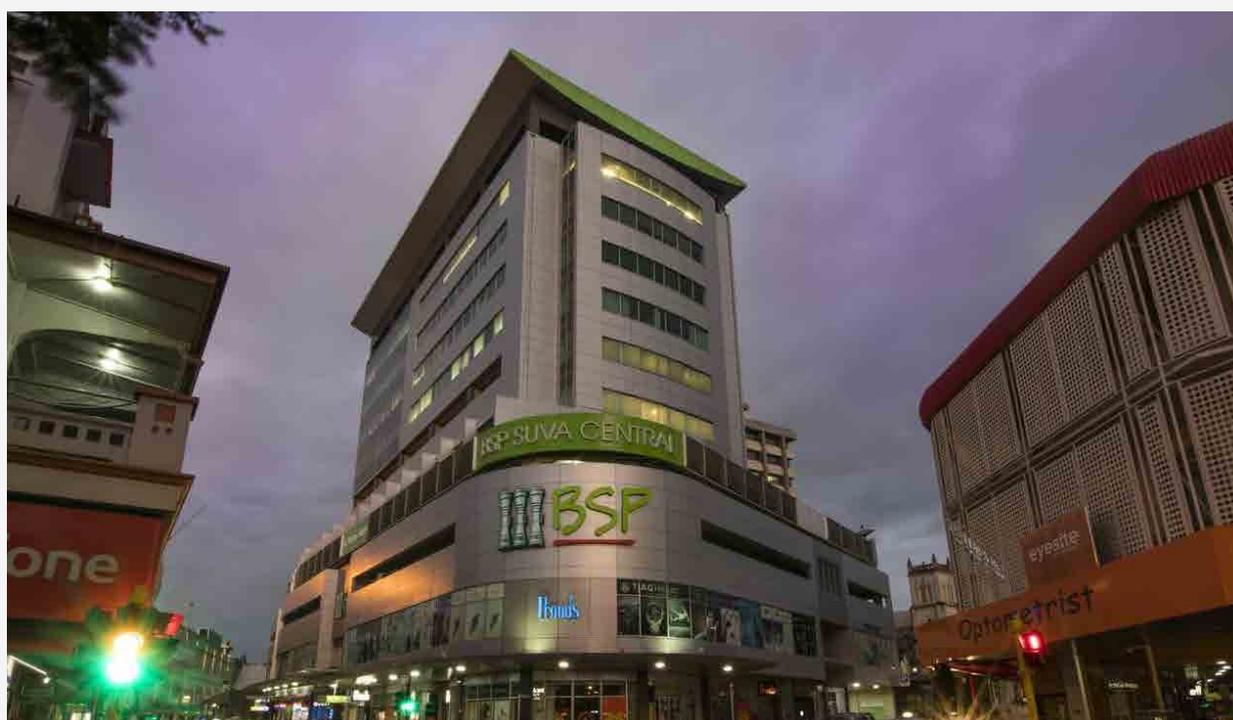
MBSJ launched a programme to enhance local revenues by improving revenue administration and generating cash flow. This includes measures such as raising awareness on online transactions and diversifying payment channels; exhibiting a friendly approach to customers by sending notification via email or telephone; introducing an instalment plan with zero interest for assessed taxes; and promoting online transactions for business license application and other services.



Status	Primary, Capital
Area	2,048 km ²
Number of inhabitants	93,970 (2017)

Pre-existing Challenges

Suva seasonally faces minor cyclones, which often damages key infrastructure such as water, electricity, and bridges, all of which affect the movement of people and business operations. The safety and security of women are a particular concern, especially at evacuation centres during the cyclone season. Furthermore, urban migration from people seeking better opportunities in the capital places pressure on housing and other public services of the city.



Source: Suva City Council.

Case Study: Suva, Fiji

As of November 2020

Brief description of COVID-19 in the city

First reported case	9 March 2020
Confirmed	34
Recovered	31
Deaths	2

✓ Data from 6 November 2020

In February, the government of Fiji toughened border security and implemented travel bans to major countries. Cruise ships were also banned from berthing anywhere in Fiji, and international events were prohibited. By midnight of 20 March, all schools and non-essential businesses in Lautoka, where the first cases were found, were closed; however, banks, supermarkets, pharmacies, and essential businesses remained open. Fiji Airways suspended all international flights, and all shipping services were ceased after confirmation of the 5th case in Lautoka. The government established 8 fever clinics around the country.

On 27 March, the Prime Minister announced a nationwide curfew from 10 pm to 5 pm that would take effect on 30 March. On 2 April, Fiji confirmed 2 cases from Suva, which prompted Suva to go into a lockdown effective 3 April. The government also renewed the national curfew hours that began at 8 pm and ended at 5 am. Schools were to remain closed until 15 June. The extension of the quarantine period was raised to 28 days both for anyone who was newly quarantined and to those who were currently awaiting their initial 14-day period. By 5 June, all the affected people with COVID-19 had recovered.

On 21 June, Fiji announced new nationwide curfew hours from 11.00 pm to 4.00 am, which came into effect on 22 June. Social gathering, including weddings, funerals, cafes, restaurants, and worship, were increased from 20 to 100 people. Gyms, fitness centres, cinemas, and swimming pools were reopened on 22 June; however, nightclubs remained closed. Schools were reopened for year 12 and 13 students on June 30, and universities also reopened for face-to-face classes. As of 6 November 2020, Suva has reported 34 confirmed cases, with 31 recoveries and 2 deaths.

Main economic and financial impacts

Due to COVID-19 pandemic, the Reserve Bank of Fiji forecasted that the domestic economy would fall into a recession after almost a decade of economic growth.



Labour Market

The International Labour organization estimated that 115,000 Fijian workers have been affected by the COVID-19 pandemic. Unemployment was reported in travel industry, retail shops, factories, and resorts. The construction industry also saw a downturn since raw materials were running out.



Business Environment

Most businesses were affected by the pandemic and had closed down their shops. Major closure was in the western division, which highly depends on tourism. Closed businesses include retail shops, resorts, and clubs. Procurement for other businesses was a challenge as most shops were closed and stocks were not in hand, which affected the performance of companies.



Financial Environment

Due to businesses closing down, people were out of jobs, which in return affected their financial wellbeing. People were now opting for other means of earning money, and loans have been deferred by financial institutions. Fiji National Provident Fund (FNPF) reduced its company and employee contribution.



Economic Governance

The Reserve bank of Fiji reduced its overnight policy rate to 0.25 % from 0.50 %. Local authorities allowed municipalities to use their budgetary surpluses specifically with COVID-19.

Crisis Response and Recovery Measures

While the Suva City Council (SCC) has not set its focus on establishing a crisis management plan specific for COVID-19 pandemic, they have a general understanding of how to respond to disasters such as a cyclones and tsunamis, among others.

During the crisis, Suva used digital tools to ensure confinement and social distancing, while also enabling the continuity of certain services and economic activity virtually. Suva also saw improvement in public transport safety, accessibility, social distancing measures, and public healthcare information. At the Suva main public transport station, safety kits such as hand sanitizers were provided, and law enforcement agencies were mobilized to ensure that members of the public comply with the precautionary measures put in place by the Ministry of Health.

The SCC has been collaborating with a range of actors, including the central and regional governments, urban stakeholders, and citizens in order to implement short-term and long-term responses to multiple dimensions of COVID-19 crisis. Dialogue with the local government was crucial for Suva to effectively respond to the emergencies in the early stages of the pandemic. SCC ensured the provision of essential services to the Suva residents, and was allowed to use its budgetary surpluses specifically to address COVID-19.

There was also government support provided to SMEs. Policy adjustments, such as the suspension of seasonal ban on the harvest sale and consumption of coral trout and grouper, had been also implemented to fight economic hardship during the COVID-19 pandemic. The government has relaxed some regulations on starting a business to encourage locals to open up businesses that could sustain them during the pandemic. At the local level, the Council has given a concession monthly rate to handicraft operators that normally depend on tourism as their major source of income.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	-	✓	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	-	✓	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Most responses are directly from the central government, as SCC itself is affected by COVID-19 due to revenue loss, and thus unable to put up initiatives to support recovery measures at this stage. However, moving forward, they are looking forward to partnering with private sectors for recovery.

SCC realises that policies to rebuild both in the short- and long-term entail strengthening health services, and putting in place very targeted stimulus measures to help reignite growth. This includes efforts to maintain the private sector and to get money directly to people so that there would be a quicker return to business creation after this pandemic has passed. Countries would need to wind down public support and target broader development challenges.

Expanding the use of digital technology



Suva used digital technologies to enable the continuity of certain services and economic activity virtually even during the lockdown period, as well as to support social distancing measures. New apps were introduced for online purchase and payment. Restaurant operators were also encouraged to provide mobile service where they can do home delivery to customers. Communication providers such as Vodafone and Digicel were quick to provide cheap communication and internet package deals to expand connectivity.

Central government financial support



To support those affected by the crisis, the Fiji National Provident Fund (FNPF) lowered its company contribution and employee contribution. In addition, the government granted waivers, allowances, and reduction in tax administration, income tax, VAT, customs act, and stamp duty. Furthermore, the government agreed to pay 21 days COVID-19 leave to low-income Fijians who have tested positive for coronavirus, and to reimburse salaries to employers who cannot pay their employees (applied to workers earning less than \$30,000 per annum).

Europe Region



2.4. Europe Region

Including selected countries in Central Asia, Western Asia, and North America

Contributed by: UNECE

The United Nations Economic Commission for Europe (UNECE) region spans a vast area that includes all countries in Europe, as well as countries in North America (Canada and United States of America), Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), and Western Asia (Israel). The COVID-19 pandemic has significantly affected the region. As of 18 October 2020, the UNECE region has a total of 16,033,250 reported cases and 481,700 deaths, with the most impacted areas being the USA, the Russian Federation, and EU15 countries.

The UNECE region is the wealthiest region of the world. However, it also includes countries at the middle- or lower middle-income levels of economic development, including those emerging from the dissolution of the Soviet Union. Therefore, there are considerable sub-regional differences in how the COVID-19 pandemic affected countries. Furthermore, while the UNECE's 56 countries account for 17% of the world population, the region hosts 31% of people aged 65 or older in the world. This adds a major vulnerability to UNECE countries as older people are at a higher risk of severe health problems when contracting the disease. This makes it critical for governments to take measures to mitigate the spread of the COVID-19 pandemic.

The first cases of COVID-19 were reported in North America and Western Europe around the end of January 2020, and by late February, the number of COVID-19 cases had dramatically increased and covered almost the entire region. Lockdown restrictions were imposed by national governments in March 2020, particularly in areas with a high number of cases such as Italy, Spain, France, parts of the USA, and Canada. As a result, countries were able to prevent the spread of the disease before the summer tourism season. However, a second wave of cases appears to be on the rise this autumn.

These lockdown measures caused the loss of millions of jobs across the UNECE region, amplifying existing inequalities as people had different capacities to carry on their work from home. The pandemic has severely impacted small businesses, retail services, and the tourism sector. As a result of the economic recession resulting from lockdown measures, there is a risk that low- and middle-income populations will suffer from unemployment and loss of income, and further exacerbate the lack of affordable and adequate housing challenge common in the region. Similar to the events following the 2008 financial crisis, many risk not being able to pay back mortgages and could lose their homes.

In response, many national and supranational governments in the UNECE region developed rescue packages to mitigate the negative effects of COVID-19 on national economies. Governments invested significantly into recovery plans and emergency social support in order to expand social safety net programmes and reduce economic repercussions on those who suffered financial hardship. In less well-off countries, mainly located in South-Eastern Europe and Central Asia, other relief measures were used by local governments to support local businesses and prevent insolvencies, such as tax exemptions. Many local governments across the region also acted independently to mitigate the spread of the disease through the distribution of PPE and through last-resort social measures, such as using government buildings as homeless shelters.

General Note on City Case Studies

The following case studies from the UNECE region were extracted or summarized from the responses of the selected cities to the **Questionnaire on Local Economic and Financial Response and Recovery for COVID-19**. Before publication of this compendium, all case studies were revised and validated by the representatives of the respective city. As the crisis is still ongoing, the information contained herein are only accurate until the date of submission or revision, which is indicated in each case study. The case studies are considered contributions of the cities to this compendium.



Status	Secondary
Area	101.9 km ²
Number of inhabitants	1,620,809 (2018)

Pre-existing Challenges

The city experiences frequent episodes of flash floods and coastal flooding, as well as heat waves and heat island effects, droughts, and forest fires during the hot season. Terrorism is also one of the potential hazards for the city. Before the pandemic outbreak, the city was already facing growing social inequalities powered by low rental housing affordability and growing energy poverty among its population.



Source: Barcelona, Spain. Pixabay.

Case Study: Barcelona, Spain

As of July 2020

Brief description of COVID-19 in the city

First reported case	9 March 2020
Confirmed	27,166
Deaths	4,305

✓ Data from 31 July 2020

The Municipal Basic Sanitary Hazard was activated in the state of pre-alert on 9 March 2020, which was then elevated to emergency phase on 17 March 2020—3 days after the nation-wide declaration of State of Alarm. The latter, which was declared on 14 March 2020 and lifted on 21 June 2020, set the overarching legal framework for limitations to mobility and economic activity in the country during the crisis. It marked the de facto transfer of all crisis response and crisis management competencies to the central government of Spain under the overall lead of the National Coordination Centre for Health Alerts and Emergencies, a Public Health Ministry's body. In an attempt to downscale the central government's guidelines to Barcelona context, a Mayoral Decree was issued on 15 March 2020, identifying both a list of essential services whose continuity of functions had to be guaranteed during lockdown, and an array of social and economic assistance measures targeting the most vulnerable population groups in the city.

On 28 April 2020, a National Plan for Transition to the New Normal was presented by the Spanish Government, outlining three phases at a minimum of 2 weeks each to gradually re-open up the country's economy and lift limitations to mobility. Barcelona was the last city in Spain to enter New Normality on 19 June 2020. The transition from one phase to another, and eventually to the New Normality, was associated with a gradual recovery of regional competencies in crisis management, as well as with the increased role and participation of the Local Government.

The relatively low number of confirmed COVID-19 cases in the city compared to the number of deaths reflects the fact that, at the beginning of the pandemic, massive testing was not yet widely available; and therefore, the death rate gradually diminished as these have become more common.

Main economic and financial impacts

The city's economy is highly dependent on tourism, which accounts roughly for 12% of Barcelona's GDP and 9% of its employment capacity. This generates major economic prosperity but also dependence and economic monoculturalisation of specific neighbourhoods.



Labour Market

According to the Municipal COVID-19 tracker, one of the main economic and financial impacts of this crisis is the high number of the unemployed, which has been rapidly increasing since March 2020 (92.735 people in June 2020 vs. 65.832 people in June 2019), as well as the drastic decreased of the number of monthly labour contracts with respect to 2019 (39.695 new contracts signed in 2020 vs. 105.609 contracts June last year). Another indicator of the impact of COVID-19 could be the number of temporary occupations, which affects 211.093 workers in the city. The majority of the unemployed are in the hotel and restaurant sector with 52.207 registered, followed by trade with 35.370, and arts and entertainment with 15,783.



Business Environment

The city's gross domestic product has fallen by 4 points in just two months, and is expected to fall by 10 points before the end of the year. According to a study conducted by Deloitte, the number of salaried companies in the city has fallen by more than 10% in the last year. The formation of commercial companies in the city fell by 39.8% in the first 5 months of the year. Business performance in the Metropolitan Area is negative in all sectors for the second consecutive quarter, with more than 30% of Catalan companies surveyed expecting a drop of more than 10% in their production/ turnover in 2020.



Financial Environment

The City Council plans to close this year with a €300 million decrease in municipal revenues, as a result of a shrinkage in tax returns, increase in public spending required by the coronavirus crisis (mainly on health and social services), and losses suffered by municipal companies, some of which have been seriously affected.



Economic Governance

Negotiations are currently ongoing between the Catalan Association of Municipalities and the Central Government of Spain regarding the possibility of increasing the share of local budget surplus, accrued over the last years, that can be discretionarily spent by municipalities. Within this context, the Barcelona City Council, along with other local governments from wider Catalunya and Spain, is requesting more leeway on spending this surplus, mainly in response to the crisis' socio-economic impacts and to reactivate the local economy.

Crisis Response and Recovery Measures

Besides the constitution of several working groups for sectorial monitoring, regular follow-up on the crisis was guaranteed by the Municipal Technical Committee for Civil Protection through the Coordination and Follow-up Committee, chaired by the Mayor. After the State of Alarm was lifted, the Local Government has been involved in tailoring the national and regional guidelines for prevention and response to the local urban reality of Barcelona, while guaranteeing the continuity of basic services and infrastructure, and the delivery of social assistance to the most vulnerable groups.

The Regional Authority for Public Health and the Barcelona City Council have been coordinating their efforts with the city's tourism sector, as well as with private owners of tourist flats, to create additional space for preventive quarantine and isolation of people with mild COVID-19 symptoms. The initiative showcased a good degree of the coordination of multi-stakeholders in crisis response, leveraging on private sector capacity. These spaces complemented the emergency pavilion created at Fira Barcelona to provide shelter to homeless people.

Key economic and financial-related measures included, among many others:

- Rent holidays for households living in social housing
- Financial Aid for self-employed workers
- Package of measures for the digital transformation of shops
- Postponement of payment deadlines to help SMEs
- Programme of financial subsidies to help SMEs and the self-employed pay their water bills and the metropolitan waste disposal tax
- Launch of a Public-Private Fund to invest in strategic projects

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	✓	-	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	✓	-	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Although good levels of multi-level dialogue and coordination were reported throughout the entire crisis cycle, it required great effort for the municipal team to downscale national and regional guidelines to the local level. The overall evaluation of the local crisis management process is a positive one in terms of activation time and coordination mechanisms, both internally and with other levels of administration and third sector entities involved.

Mid- to Long-Term Recovery

Although a recent worsening of epidemiological figures in the Barcelona Metropolitan Area still maintains the city's focus on crisis management and response phase, strategic thinking around a more sustainable and resilient recovery has been evolving in parallel. Since the very beginning of the crisis, several working groups had been established within the Municipality in order to foster discussion around how the symmetric shock produced by COVID-19 on urban systems and services could be turned into a long-term opportunity for urban renewal.

The city recognises that the local businesses and economic activities juncture can be a key opportunity in producing a more sustainable model of tourism and in pushing for more economic diversification outside the highly touristic areas. Enhancing digitalization and added value economic sectors, such as those related to health and social care, education, energy, and sustainable mobility, have been seen as a key driver for future policies of the city. The crisis has also been seen as an unprecedented chance to boost the city's environmental agenda, building on the multi-stakeholders' commitment of the Climate Plan (2018) and the Climate Emergency Declaration (2020).

All these measures reaffirmed the need to prioritize the implementation of the 2030 Agenda as a roadmap for building a more sustainable city with a more resilient and green economy, while ensuring stronger social inclusion and environmental sustainability. Such reflections have been unfolding both sectorially—within different municipal areas—and with a multi-constituency scope, involving different stakeholders and actors. The Barcelona Pact—agreed upon at the earlier stages of the crisis—probably best epitomises this aim, bringing together a diverse array of constituencies committed to enhancing a more resilient and sustainable urban model for the city.

Center for economic response



A new Coordination Centre for the Economic Response (CECORE) was created in April 2020, with the main goals of monitoring the economic situation, providing forecasts to adapt decisions, defining action, coordinating with all social and economic stakeholders, and establishing alliances with other administrations. Along with the creation of this coordination body, key economic measures implemented by the city include: new tax measures to anticipate the economic crisis in the city after COVID-19; a new 25 million euros fund to address the needs of businesses, SMEs, and the self-employed workers; and delay of the tourist tax until the end of the year or next year, easing the tax pressure on one of the sectors worst affected by the COVID-19 crisis. The new tax measures come in addition to changes to the calendar for tax payments, which has already been approved to ease the economic strain on SMEs and the self-employed.

Public space strategies



In order to avert the risk of infections in closed and crowded environments, while also mitigating the economic impact of the crisis on the sector, the municipality has been offering bars and restaurants the opportunity to increase their outdoor capacity, occupying more public space wherever the latter's setting allows for it. Owners could file their request until 31 July 2020, requesting up to a 50% increase in outdoor table capacity. The measure comes with no additional cost and is expected to be provisionally in place until the end of the year.

The municipality also increased the surface of streets and public spaces allocated to cycling lanes and pedestrians, providing a sustainable alternative to public transport during and after the pandemic, without necessarily giving back space to private motorized vehicles in the meantime.

The Barcelona Pact has the following 10 objectives:

1. Reactivate and strengthen the productive and commercial sector
2. Push for a more resilient and innovative local economy based on diversification and digital transformation
3. Boost community action, strengthening social services as well as their articulation in the city's social and associative fabric
4. Invest on housing as a social, economic, and environmental response to crisis
5. Strengthen the city's public health sector
6. Move towards a new urban model based on proximity, sustainable mobility, reduction of emissions, re-naturalization
7. Guarantee equal opportunities and access to education, strengthening the city's social capital and positioning Barcelona as a scientific research hub
8. Enhance access to culture as a driver of both social cohesion and international relevance, and guarantee universal access to sport as a driver of health and social relations
9. Re-activate the city as a tourist destination, both locally and internationally, while promoting a more sustainable and decentralised model
10. Consolidate Barcelona's international positioning in the multilateral networks of cities

The Barcelona Resilience Strategy, which is currently under revision to reflect the new priorities set by the crisis, will present an opportunity to make sense of these processes, turning the strategic thinking and reflections developed over the past months into short-, medium-, and long-term actions.



Status	Primary, Capital
Area	169 km ²
Number of inhabitants	1,053,900 (2020)

Pre-existing Challenges

On the eve of the crisis, the population faced an increase in the price of items in the basic food basket. The health sector has been heavily underfunded for decades, with its human and material assets depleted. In Bishkek, most of the housing estates are inhabited by vulnerable segments of the population who rely greatly on a daily wage. There is also a lack of digital services provided by the state.



Source: Bishkek City Council.

Case Study: Bishkek, Kyrgyzstan

As of November 2020

Brief description of COVID-19 in the city

First reported case	18 March 2020
Confirmed	20,504 cases: 9,909 (COVID-19) and 10,707 (pneumonia)
Deaths	661

✓ Data from 3 November 2020

Lockdown specifics

By order of the Mayor's Office of Bishkek city, from 22 March 2020, an emergency regime was introduced, and the functioning of control bodies, forces, and civil protection was transferred to emergency mode. In order to ensure the state of emergency in the territory of Bishkek, a curfew was introduced from 25 March 2020 from 8 pm to 7 am. From 11 May 2020, a lockdown was introduced for the period until a special order.

In general, the situation in Bishkek was relatively calm, and the number of confirmed cases/death rate was low during the lockdown period. However, soon after its lifting (second part of June–July), the city experienced a spike in the number of confirmed and lethal cases, which overloaded the healthcare system. From October to November, the number of COVID-19 cases spiked but resulted in less deaths compared to the previous period. As of November 2020, many activities (entertainment, sport, cultural, and scientific events) still remain restricted.

Main economic and financial impacts

With the introduction of the emergency situation and the state of emergency related to the COVID-19 pandemic, including the suspension of economic activity, the main macroeconomic indicators of Bishkek City have decreased due to the reduced contribution to the GDP of two sectors of the economy: those providing services and industry. These factors have a significant impact on the economic indicators of the capital, which, in turn, is reflected in the flow of tax and non-tax revenues to the local budget of Bishkek.



Labour Market

As a result of the closure of enterprises in various sectors, many people were left without work for an indefinite period of time, and there were cases of layoffs. The most affected industry, which employs a major part of the population, is the services sector where those employed in retail, transport, tourism, and other services are left out of work. For the first quarter of 2020, the number of officially registered unemployed in the city of Bishkek was 5,539 people, which reflected an increase of 96.5% over the same period in 2019. The official unemployment rate is 1.1% in Bishkek, and 3.1% in the Kyrgyz Republic. During the crisis, 22,440 Kyrgyzstanis returned from Russia, the majority of whom were labour immigrants.



Business Environment

From March to August 2020, the city saw a noticeable decrease in business activity. In connection to restrictions of certain activities in the city, many enterprises were closed in stages. Some supply chains were interrupted due to border closures, lack of aviation services, and installation of checkpoints around the city. During the State of Emergency, the city of Bishkek temporarily suspended activities of about 88.8% of business entities, with 69.48% of employees sent to remote work and/or on leave without pay. Retail turnover went down by 14.5% from January to June 2020, compared to the same period last year. The private sector is in great need of liquidity, and revenues have plummeted across many industries. At the same time, enterprises in the field of medical services and the wholesale and retail sales of medicines showed positive changes.



Financial Environment

Bishkek's budget suffered substantially from lower tax collections, which were down by 63% compared to the plan (January–June 2020), and has been replaced mostly by foreign aid. According to operational data for January–June 2020, the revenues of the local budget of Bishkek city amounted to KGS 3,532.3 million with the plan of KGS 4,349.1 million or 81.2%. Compared to the same period in 2019, the growth rate of actual receipts amounted to 87.7% (January–June 2019, KGS 4,029.8 million), which showed a decrease by KGS 635.9 million.



Economic Governance

In order to minimize the negative consequences of external factors associated with COVID-19, and to ensure economic stability in the city of Bishkek, the City Headquarters (Shtab) was established. The Mayor's Office of Bishkek finance expenses within the limits of actually received income, while setting a priority order for protected items (wages, contributions to the Social Fund, medicines, food, scholarships, targeted social assistance) and compulsory payments (utility costs, etc.). Funding for other types of expenses has been temporarily suspended. Furthermore, the Mayor's Office of Bishkek intends to revise the budget for the current year, including optimizing costs, i.e. limitation of all possible expenses, except for protected expenses and mandatory payments. The Investment Council of the Mayor's Office of Bishkek City, which consists of a number of business associations, entrepreneurs, and experts in Bishkek, was also created.

Crisis Response and Recovery Measures

By order of the Mayor's Office of Bishkek, on 16 March 2020, the City Committee (Shtab) on Minimizing Negative Impact from External Factors COVID-19 and Achieving Economic Stability in Bishkek City was created, and a related action plan was approved. In addition, by the decree of the Mayor's Office of Bishkek, from 22 March 2020, a commission for Civil Protection of the city of Bishkek was formed to be responsible for the organization and implementation of civil protection measures. On 11 May 2020, the Civil Emergency Anti-Epidemic Commission under the Mayor's Office of Bishkek was also created.

On 25 March 2020, the Mayor of Bishkek was appointed deputy commandant of the city. During the state of emergency period, the city commandant's office issued orders on measures to ensure food safety in the territory of Bishkek, on the movement of essential goods and workers, on setting up checkpoints in the city, on providing financial assistance to vulnerable citizens, on the transportation of employees of enterprises or organizations, and on the permission to move vehicles and people employed in springfield and agricultural work, among others.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	-	✓
Financial environment	-	-	-	✓
Economic governance arrangements	-	-	-	✓
Institutional responsiveness*	-	-	-	✓

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

During the peak of the COVID-19 crisis, local civil society (volunteers supported by contributions of the business community and citizens) played an important role in providing essential help (care, counseling, supply of medicines, and equipment) to those who could not access the healthcare system. Local hotels and restaurants were some of the major contributors, and young people without prior medical background served as volunteers due to the shortage of medical staff. A civil society organisation also developed an electronic portal on healthcare monitoring.

During the crisis, the Government of the Kyrgyz Republic proposed measures to support the SME sector in the form of concessional loans.

A resolution of the Bishkek city Kenesh was adopted to amend the approved budget of the city of Bishkek for 2020, where the budget revenues and expenditures are optimized by about KGS 300.0 million. The Mayor's Office of Bishkek also developed a draft of an Action Plan for 2020 to restore economic activity and support the activities of business entities, focusing on economics, budgeting, and job creation.

Mid- to Long-Term Recovery

At present, the Mayor's Office of Bishkek, taking into account the economic situation of the city, is developing a program of socio-economic development for 2021-2023. This is a document that contains the goals, objectives, and measures for the social and economic development of the city, defining the main directions and priorities of fiscal policy for the coming period. The program will contain the actual performance from the previous two years, the expected estimate for the current year, and forecasts for the next three years.

Voluntary donations to a special account of the city of Bishkek



To fight the spread of coronavirus infection and its consequences in the city, the Bishkek city administration announced the collection of voluntary donations to a special account of the city of Bishkek. For a rational and effective distribution of funds received by the special account of the Mayor's Office, a working commission was created with the participation of vice-mayors of the city of Bishkek, deputies of the Bishkek city Kenesh, representatives of the business community, and non-profit and non-governmental public organizations. As of 1 August 2020, the special account of the Mayor's Office received KGS 11,458.2 million in the form of voluntary donations from individuals and legal entities. In total, an amount of KGS 9,608.2 million was allocated from a special account for the provision of targeted social assistance to vulnerable groups of the population and for measures to prevent the further spread of COVID-19.

Promoting entrepreneurship through financial support



In order to support and develop entrepreneurship, the Mayor's Office of Bishkek City, together with JSC RSK Bank and JSC Guarantee Fund, held a meeting to familiarize the entrepreneurs and representatives of business associations of Bishkek City with the state Program 'Financing of Entrepreneurship Entities', approved by the Decree of the Government of the Kyrgyz Republic dated 9 June 2020. The program is designed for financial support through concessional lending to SMEs affected by the COVID-19 pandemic.



Status	Secondary
Area	350 km ²
Number of inhabitants	1,439,900 (2020)

Pre-existing Challenges

Before the COVID-19 crisis, Kharkiv was already facing a number of challenges such as decreasing foreign investments and built environment pressure due to the significant number of dilapidated housing and worn out energy-intensive equipment. The city's ecosystems are also under threat due to the lack of solid waste processing enterprises. Social issues, such as the limited capacity of local budget to fund healthcare or the insufficient number of places in preschool education institutions, are significant concerns as well.



Source: Kharkiv City Council.

Case Study: Kharkiv, Ukraine

As of October 2020

Brief description of COVID-19 in the city

First reported case	6 April 2020
Confirmed	22,047
Recovered	5,916
Deaths	452

✓ Data from 19 October 2020

Lockdown specifics

On 6 April 2020, the first case of COVID-19 was detected in the city. At that time, a number of preventive measures had already been taken, with strict lockdown measures applied to almost all areas of city life since 17 March, including the suspension of metro operation and the regulation of operations of other transport modes. From early May, the lockdown measures have gradually been eased, and from 25 May, the operation of all urban passenger transport modes restored to normal.

As of 10 August, Kharkiv has become one of the epicentres with high growth of daily COVID-19 cases, and it has been placed in the red quarantine zone. As of 19 October 2020, 22,047 cases of COVID-19 have been registered in Kharkiv since the beginning of the epidemic. In the Kharkiv region, 29,118 cases of COVID-19 have been confirmed in the laboratories during the observation period, and as many as 22,750 people have been under medical supervision. 5,916 patients have recovered, whereas 452 died.

On 16 October, a decision was taken to introduce anti-epidemic measures set for the 'red' level of epidemic danger. In particular, the operations of cultural, institutional, and entertainment facilities have been suspended; the working hours of food retailers, and shopping and entertainment centres have been reduced; and gyms and fitness centres have been allowed to only open in strict compliance with anti-epidemic norms. Currently, distance learning has been provided for students of higher education institutions. On the other hand, kindergartens, grocery stores, and markets continue to operate as usual. There are no plans to cease the operations of public passenger transport.

Main economic and financial impacts

The economic and financial situation in the city currently remains relatively stable. While there is a decrease in total budget revenues (by 14.3% compared to the same period last year), there is an increase in the city's own revenues by 3.8%, which allows for the allocation of additional resources to combat the consequences of COVID-19.



Labour Market

One of the highest levels of unemployment in the country was registered in Kharkiv due to its reliance on both industrial and service workers. About 20,000 people registered as unemployed, almost a double increase from last year's numbers. Registrations came mainly from HoReCa (Hotels, Restaurants, and Catering) sector workers, including management levels and technical workers. After the easing of lockdown measures in May 2020, the number of registrations decreased, and enterprises are gradually restoring operations.



Business Environment

As a result of the lockdown measures, a number of industrial enterprises practically stopped their operations. Official statistics on the volume of industrial products sold already indicate a decrease of 6.7% in growth rates compared to the previous year. In the heavy industry sector, which employs a large part of city population, some factories like Turboatom and Eletrotyazhmash were able to reschedule the working hours outside of peak hours and to transfer some employees to part-time work. Others had to suspend their operations completely, such as a Tractor Plant that was forced to suspend its operations when more than 1,100 of its employees were unable to get to work with the closure of the metro. Among the most affected are small and medium businesses, as well as the self-employed. These sectors were left without income or sent on unpaid leave, as was the case for the several thousand people working in the Barabashovo market.



Financial Environment

Compared to the same period last year, revenues to the city budget for January–September 2020 decreased by UAH 1708 million (14.3% down), while own revenues increased by UAH 312.8 million (3.8% up) and transfers decreased by UAH 2,020.8 million (2.2 times). The amount of personal income tax amounted to UAH 4,538.4 million, an increase of UAH 122.5 million or 2.8% compared to last year. In addition, revenues from the harmonised tax (UAH 1,689.4 million) and excise tax to be credited to local budgets (UAH 463.3 million) increased 1.1 times. Tax on real estate other than land (UAH 199.4 million) increased by 2.7%, and payments for land (UAH 1,109.3 million) increased by 2.3%.



Economic Governance

To date, there has been no change in discretionary power for local financial decisions in the city.

Crisis Response and Recovery Measures

The City Council started working on preventing the spread of COVID-19 in advance. On 3 March, after the detection of the first case of COVID-19 in Ukraine, a special Commission to prevent the spread of COVID-19 was created during a meeting of the Commission on Technogenic and Environmental Safety and Emergencies of the Kharkiv City Council.

From the beginning of the pandemic, the Kharkiv City Council worked in close contact with private sector representatives who immediately began to provide assistance to health care institutions by donating highly demanded personal protective medical equipment. The Kharkiv City Council decided to increase healthcare spending in the amount of UAH 20.5 million for the purchase of medicines, disinfectants, personal protective equipment, and medical equipment (artificial lung ventilation devices with high-flow oxygenation), among others. It also created 18 mobile teams, which made 5,500 visits during the lockdown and took 9,000 samples of biomaterial for research. More than 220,000 food packages were distributed to lonely pensioners and low-income citizens.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	-	✓
Financial environment	-	-	-	✓
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

From the budget of the city of Kharkiv, a subvention of UAH 2 million was allocated to the regional budget to pay co-payments to health workers who work with COVID-19 patients. Another UAH 76.2 million was allocated from the reserve fund of the Kharkiv city budget to prevent the spread of acute respiratory infections caused by COVID-19 in the city by purchasing lung ventilation devices, ambulance vehicles, bio-protective suits, respirators, and necessary medicine. The city is also developing a future national center of virology on the basis of 'Kharkov Tractor Plant Ecopolis' Business Park, and the first batch of equipment has been already purchased for the Expert Laboratory and Diagnostic Center for Infectious Diseases and Sanitary Protection.

Mid- to Long-Term Recovery

Despite the decline in business activity in the first half of 2020, the Kharkiv City Council did not suspend the implementation of any of the city target programs aimed at developing the economy, social sphere, and urban infrastructure. Furthermore, the city has already developed a draft of the Kharkiv City Development Strategy. The working group for the development of the strategy has approved the draft document, which identifies three strategic goals:

- **A comfortable, smart, and green city:** In particular, it envisages the implementation of a number of projects to plan an efficient transport network, create conditions for sports activities, evenly provide areas with greenery, introduce new technologies for utilization and processing of solid waste, improve environmental quality standards, ensure digitalisation of the city, etc.
- **A global city of knowledge-based industries:** This means interaction with educational institutions, science, culture, and tourism; promoting the growth of knowledge-intensive activities; improving the quality of the investment climate of the city; supporting small and medium-scale businesses; introducing and supporting smart specialisations; and much more.
- **A city of high social standards and social harmony:** It envisages the development of a smart digital space and management systems with equal access to the resources of the city; the development of civil dialogue; and the development of an effective system of social communication, with increased participation of residents in urban management processes, all of which improve the quality of public services and more.

Financial support through loan programs



In order to stimulate the development of small and medium-sized businesses, on behalf of the mayor and together with the banking sector, a program of compensation for loans to small- and medium-sized businesses is being developed. This should reduce the debt burden of enterprises, and support and stimulate their development. The program assumes repayment of part of the interest on the bank loan from the city budget.

The City Council is also working on incorporating the program for the construction (acquisition) of affordable housing into the city's target social program. It will allow residents to obtain interest-free loans for up to 5 years, which will be compensated from the budget of the city of Kharkiv to Kharkiv residents. This program is expected to intensify the activities of banking institutions in the city, and will also contribute to the development of housing construction.

City Development Strategy for 2020 - 2030



Kharkiv is currently developing a City Development Strategy for 2020–2030, which is to replace the one approved in 2016 and to complement the already approved Development Strategy of the Kharkiv Region until 2027. The document will take into account various directions of development, including measures to overcome the COVID-19 crisis., and contains a number of measures aimed at preventing the negative consequences that the city will face in the economic and financial spheres.



Status	Primary, Capital and largest city
Area	1,110 km ²
Number of inhabitants	895,160 (2019)

Pre-existing Challenges

Shortly before COVID-19 crisis, Tirana was shaken by 2 major earthquakes in September and November 2019 with 5.6 and 6.4 magnitudes, respectively. These earthquakes damaged more than 2,000 dwellings and led to 51 deaths in Tirana and neighbouring cities.



Source: Tirana City Council.

Case Study: Tirana, Albania

As of November 2020

Brief description of COVID-19 in the city

First reported case	9 March 2020
Confirmed	11,719
Recovered	5,790
Deaths	247

✓ Data from 5 November 2020

Lockdown specifics

A state of natural disaster was announced on 24 March and ended on 23 June 2020. Preliminary testing for COVID-19 in Albania started in Tirana as early as 5 February 2020, and a complete diagnosis with the PCR technique was first available on 15 February. The first two COVID-19 positive patients in the city were confirmed on 9 March, and they were also the first confirmed patients in Albania. On the same day, by ministerial order, education institutions, public and private activities, including public transportation, and massive gatherings were suspended, initially until 3 April, and later on, for an indefinite period until a second order. On 11 May, education institutions and selected public and private activities were reopened with restrictions. Universities continued their courses online, while high school students completed their final exams following a protocol. Public transportation in the city remained closed.

From the first case in March until 5 November, there have been 11,719 overall identified cases in the county of Tirana, with 247 deaths and 5,790 people cured. Compared to the rest of the country, about 48% of the identified COVID-19 cases are present in this county.

Main economic and financial impacts

The Tirana region accounts for about 40.4% of the country's GDP, which makes it the main economic engine of Albania. Approximately a third of the Albanian population lives in Tirana, and a third of businesses operate in the capital. The main economic sectors of the city, employing the majority of its population are (in decreasing order) the trade and construction sectors, the public services sector, the tourism sector, and public administration. The COVID-19 pandemic situation has impacted the city's economy considerably with the main immediate effects felt by the trade, tourism, and services sectors. The impact can be easily observed through the revenue collection performance of the city, where except the real estate sector (building permits), every other financial indicator in Tirana has underperformed.



Labour Market

According to the Albanian National Institute of Statistics (INSTAT), in the first quarter of 2020, the total unemployment rate at the national level increased by 0.2% in comparison to the last quarter of 2019. The greatest increase is among women (0.9%), as well as among the age group 30 to 64 years old (0.8%). The total employment rate at the national level decreased by 1.3%, specifically in agriculture (2.8%), industry (0.9%), and service sector (0.3%). Given that Tirana hosts one third of the country's population, and is the most urbanized area of the country, the decrease in the rate of employment in the industry and service sector may be representative of the city.



Business Environment

Businesses were affected by the decrease of demand for products, which led to a loss of incomes and revenues, simultaneously bringing the problem of liquidity. According to data from the National Business Centre, in April until May 2020, a total of 221 business activities were unregistered in the city of Tirana, which constitutes around 54% of the total businesses unregistered in the country during the same period. At the national level, statistical observations from the Bank of Albania of the first quarter of 2020 conclude that the economic sensitivity of business, in particular of the service sector, had decreased drastically by 50.2 points, reaching a historically low level. The level of capacities employed from businesses during the first quarter also reached historically low levels, ranging from 56% to 64%, particularly for the construction and industrial sector.



Financial Environment

According to official local government data, during the first quarter of 2020, the collected own revenues of the municipality of Tirana had decreased by 14% in comparison to the same quarter of year 2019. The major part of this decrease came from local taxes and local fees. Among the most important decrease in local tax revenues is the tax on infrastructure impact, with around 21.4%, while the small business income tax has exceptionally registered an increase in comparison to the same quarter of year 2019. Based on expert projections on the Municipality of Tirana, revenues in the next 5 semesters scenarios vary from -51 million Euros in the negative scenario to +17 million Euros in the positive scenario.



Economic Governance

The government allocated a total of ALL 45 billion (1.2% of total GDP) through two support packages for the population and the private sector affected by COVID-19. ALL 19.65 million was made available for the immediate needs of the most disadvantaged part of the population. USD 10 million was made available as a reserve fund to the Council of Ministers for any emergencies. The Albanian law 45/2019 'On social protection', Article 65, determines that the condition of a minimal local government budget for civil protection in case of emergencies is at 4%, and is to be financed from the central government conditional transfer. This arrangement is already in place; however, it remains isolated due to the lack of institutional governance and national strategic planning for crisis management.

Crisis Response and Recovery Measures

The Municipality of Tirana does not have an emergency preparedness for disaster response plan, nor any strategic document approaching crisis management. The COVID-19 pandemic crisis was managed solely from the central government. Municipalities in general have historically lacked the financial, human, and technical resources to draft or implement such a plan. With the lack of a plan, the role of the Municipality of Tirana was mostly limited to engaging volunteer groups to carry out activities as defined by the relevant Council of Minister's Decision on March 2020. This included delivering food and non-food supplies at home to vulnerable groups, payments, purchase of medicines, and COVID-19 prevention measures, among others. The Municipality also had a role in monitoring the application of the citizens' movement restriction. It managed to continue the delivery of the most basic public services, with the exception of public transportation, which was closed by ministerial order during the lockdown period, and remained closed for about one more month after the reopening.

In relation to the financial resources, the annual budget at the start of the crisis was already approved by the Municipal Council and the Ministry of Finance and Economy. Under this restriction, the Municipal Council approved the deployment of the usual emergency fund, as well as a reallocation of the budget to support emergency expenditures, such as food and non-food supplies and the disinfection of market places. In addition, the local government took some initiatives to soften the economic crisis by revising the fiscal package in terms of tax exemptions, tax reduction, and tax

payment postponement, respecting the policies of the central government. The central government supported salaries and firm liquidity with USD 100 million through the instrument of a sovereign guarantee. The government supported the businesses that had stopped working due to COVID-19 with a benefit of USD 14 000, which is used to pay their employees with the minimum wage of ALL 26.000.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	-	✓	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	-	✓	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

The greatest challenge in the coordination between the central and the local government was the unpreparedness of the local government in the event of an emergency crisis and its complete dependency for local measures on guidelines from the central government. According to the study of Co-Plan and the Association of Local Autonomy, guidelines were not provided to the local government until the beginning of March, when the first cases of COVID-19 were confirmed in Tirana. Afterwards, continuous communication was established mainly with the Ministry of Health and Social Protection, National Agency on Civil Protection, Prefecture, Health Inspectorate, Association of Local Autonomy, and the State Police. There was little or no role seen from other actors, including private stakeholders and the civil society, in the crisis management.

The current law on local self-governance in Albania entitles local government units with a significant role in terms of the strategic planning of recovery measures for civil protection in case of emergency; however, the inadequacy of local financial resources constitutes one of the major causes in the limited fulfilment of this function. Its exercise is not currently charged to citizens by fee; therefore, the local government cannot generate its own revenues, while transfers from the central government are very limited. Inadequacy of local financial resources principally limits the building of local human capacities for strategic planning for civil protection. For the local government to fulfil a more significant role in crisis management, it is critical that the central government consolidates the institutional framework and provides national plans on which local plans may be elaborated. This would open the way to building cross-sectorial multi-level governance, including economic, financial, and technical governance.

Mid- to Long-Term Recovery

The Municipality of Tirana is currently working towards the development of a Crisis and Resilience Management Plan that also includes Pandemic and Earthquake response, where one of the main objectives is green recovery. It is also working on readapting the Sustainable Development Strategy 2018-2022 with post COVID-19 measures.

Furthermore, the municipality is also developing ambitious urban interventions, such as an Orbital Forest, comprising a virtual wall of 2 million trees around the city to contain the urban sprawl, improve microclimate, and air quality and biodiversity; and the Tirana RiverSide project, a major post-COVID regeneration intervention, consisting of a 29-hectare green neighbourhood. Another major transformation is foreseen for the Kombinati neighbourhood, which was severely affected by the earthquake and is a flood prone area. This new strategic pole of the city, soon to be called KombinART, will become a cultural artistic pole that will be reconstructed as a resilient, sustainable, and smart city neighbourhood.

Financial support to SMEs and households



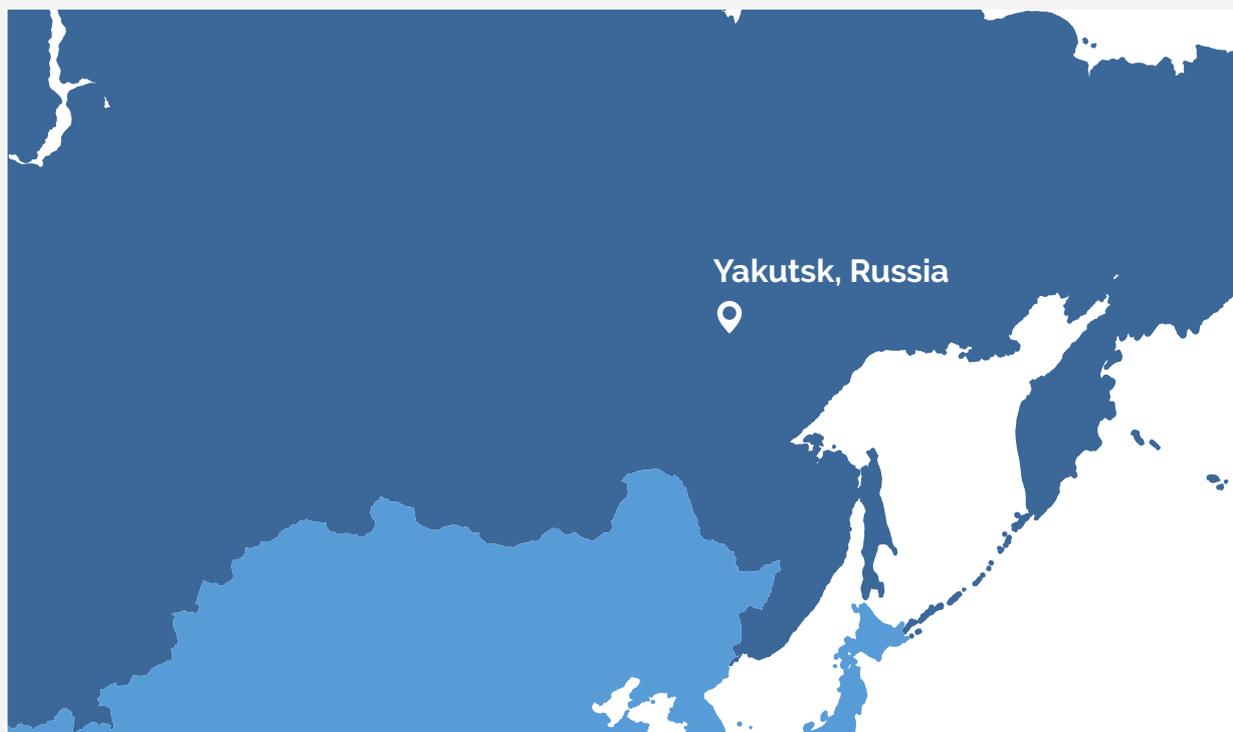
The most significant intervention from the Municipality of Tirana is the adoption of a supportive fiscal package from March until August 2020, which has managed to relieve the situation for thousands of citizens (businesses and households) to some extent. The package includes postponing the application deadline for social housing programmes, postponing the payment of selected taxes for businesses from April to August, reducing the payment of selected taxes for businesses for a 2 month period, exemption of businesses from the payment of selected tariffs for March and April, and exemption of public transportation operators from the payment of selected tariffs from March until December.

The Government of Albania supported small and medium businesses with the payment of their employees through a national minimum wage salary, erasure of credit payment arrears of active debtors, and exemption from profit tax for small businesses with a very low annual turnover. Concerning households, the most significant interventions are through financial support for those who are unemployed due to the COVID-19 pandemic, including unemployment benefits, and through televised education courses for primary and secondary school.

Public space interventions



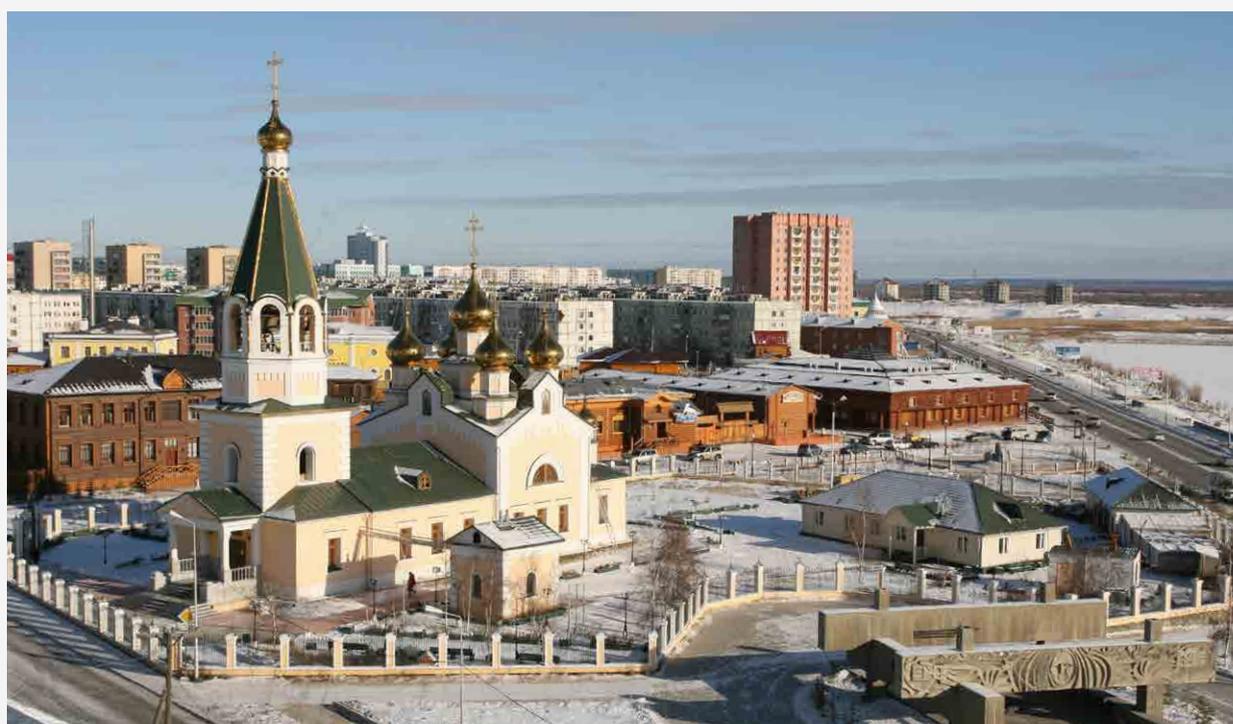
Ongoing resilience measures taken by the municipality immediately after the first cases of COVID-19 comprise of the enlargement of sidewalks, especially in central and more crowded parts of the city, and the pavement of pop up bike lanes (over 4 km of new bike lanes as of April), improving the cycling infrastructure network and aiding citizens in public transport avoidance. The municipality is continuing to work to the increase public spaces, such as green and play parks in residency blocks for children and families in order to cope with the pandemic restrictions and distances and to avoid crowded spaces.



Status	Secondary, Capital of the Sakha Republic
Area	3,604 km ² (City district), 174,1 km ² (City)
Number of inhabitants	328,493 (2019)

Pre-existing Challenges

Apart from extreme climate conditions and geographical remoteness, Yakutsk also faces risks such as spring flooding from the Lena river, forest fires, land subsidence from permafrost thawing exacerbated by climate change, environmental degradation, and occasional failures in infrastructure services. In December 2019, the city was hit by a measles outbreak.



Source: City Administration of Yakutsk.

Case Study: Yakutsk, Russia

As of November 2020

Brief description of COVID-19 in the city

First reported case	18 March 2020
Confirmed	1,318
Recovered	512
Deaths	8

✓ Data from November 2020

Lockdown specifics

In order to prevent the spread of COVID-19 in Yakutsk city district, a high alert mode was introduced beginning 17 March 2020. As of 1 June 2020, the lockdown was still effective, and commercial activity remained suspended for most businesses, except for food and several non-food trade enterprises, the list of which was approved by the City Administration of Yakutsk. The public transport on urban and suburban routes resumed its operations, and disinfection measures were enhanced in accordance with the methodological recommendations of Rospotrebnadzor.

Main economic and financial impacts



Labour Market

Compared to 2019, unemployment is estimated to have increased by 1000% based on information from the Job Center of the Republic of Sakha. Small and medium-sized businesses, specifically food service and retail sectors, have been the most affected.



Business Environment

According to regional statistics, compared to the same period last year, there is a reduction of 8% in the number of organizations and enterprises, while the number of unprofitable enterprises increased by 20.8%. 18% of catering establishments were reported to have closed, unable to withstand the difficulties in connection with COVID-19. There is also a decrease in retail turnover by 6.6% and catering turnover by 26.8%.



Financial Environment

In 2020, despite the COVID-19 pandemic, revenues of the city have actually grown by 2.3% compared to the previous year, reaching a total of RUB 8,196.8 million. The growth was mainly attributed to an increase in personal income tax revenues by 6.2% in connection with the implementation of a pilot project on direct payments of benefits launched in 2020 by the Social Insurance Fund of the Russian Federation. The city also has taken measures to support local SMEs in the light of COVID-19 crisis, allocating about RUB 520 million to 10,944 small and medium-sized businesses, and about RUB 60 million to 3,282 individuals.



Economic Governance

The District Administration of the city of Yakutsk has carried out systematic work to support residents and ensure the sustainable development of the city's economy in key areas, such as providing support for the population and for sectors of the economy that are at risk, as well as ensuring a balanced budget for the city district. The city had to optimise its other budget expenditures to accommodate for the RUB 264 million that were used in financing COVID-19 related spending. Yakutsk has also received about RUB 73 million from the state budget of the Republic of Sakha (Yakutsk) to compensate part of these costs.

Crisis Response and Recovery Measures

After agreeing upon a preliminary plan of action, the District Administration had taken immediate response measures. These focused primarily on supporting and regulating the labour market, ensuring the timely payment of wages, and providing adequate fiscal space and uninterrupted provision of key public services, among others.

Financing from the local budget has been organized and carried out for the maintenance of 3 temporary observation centres for 540 places. Also, as part of the implementation of measures to prevent the spread of COVID-19, transport support has been provided for the transportation of medical workers and citizens to the observation centres since April 2020. In addition, due to the lack of technical capabilities for distance learning from a significant part of the city's schoolchildren, the District Administration of the city of Yakutsk has purchased more than 500 electronic tablets for organizing the education of children from low-income families for a total amount of over RUB 6.4 million. More than 19,000 schoolchildren from low-income families and children with disabilities during distance learning in Yakutsk have been provided with reduced-price meals at home in the form of 'dry rations'.

Among some of the response measures introduced in the city specifically to support SMEs are the following:

- 10% reduction of the tax rate for the unified tax on imputed income
- 25% land tax payment exemption for SMEs
- Deferral of lease payments to SMEs that are leaseholders of municipal property
- Reduction of the size of rental payments for municipal property to actually incurred costs for utility bills, taxes, and other mandatory payments for SMEs engaged in trade and public catering and the provision of services
- Exemption of SMEs from payment for the placement of non-stationary shopping facilities
- Deferred payments under contracts for the installation and operation of advertising structures on the territory of the urban district

In addition, a number of support measures were adopted for borrowers of the Microcredit Company Development Fund of the Urban District 'City of Yakutsk':

- Deferral of payment of interest on loans and repayment of the principal debt
- Restructuring of the payment schedule due to the delay in repayment of the principal debt for a period of up to 6 months
- Reduction of the interest rate on loans
- Provision of interest-free loans for entrepreneurs engaged in passenger transportation

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	-	✓
Financial environment	-	-	-	✓
Economic governance arrangements	-	-	-	✓
Institutional responsiveness*	-	✓	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Mid- to Long-Term Recovery

A draft Decree of the Head of the Republic of Sakha (Yakutia), 'On the Action Plan to ensure the support of employment and incomes, economic growth and long-term structural changes in the Republic of Sakha (Yakutia)', was developed and formed in accordance with the National Action Plan. The action plan includes the implementation of nationwide measures to restore the economy. For Yakutsk, several major measures are envisaged, such as the creation of a data processing centre, creation of new places in educational institutions, construction of a road bridge across the Lena River, design of the object 'Biotechnological Center of Research and Development in Yakutsk', creation of a laboratory for artificial intelligence in the city of Yakutsk, and preparation of projects for the integrated housing development within the framework of large-scale investment projects, among others. In addition, the Action Plan provides for the implementation of support measures for various sectors of the economy, including support to small and medium-sized businesses and the agro-industrial complex, as well as the digitalization of current processes. Currently the District Administration of the city of Yakutsk is working on developing an Action Plan that is aligned with the Action Plan of the Republic of Sakha (Yakutia) to ensure economic recovery and to guarantee employment and income in Yakutsk.

Financial support for SMEs



In order to support businesses, a number of measures have been taken by the local government, including reduction of the size of rent payments for municipal non-residential premises to the actually incurred costs for utility bills, taxes, and other mandatory payments; exemption from fees for the placement of non-stationary shopping facilities; and deferred payments granted under contracts for the installation and operation of advertising structures. For borrowers of the Microcredit Company Development Fund of the City of Yakutsk, support include the deferral of interest payments for up to 3 months, deferral of repayment of the principal loan at the end of the loan term, interest-free loans for small and medium-sized businesses engaged in passenger transportation, and reduction of the interest rate on loans from 7.0% to 4.67% for 3 months. Enterprises for the 2020 tax period and individual entrepreneurs for the 2019 tax period have been exempted from paying land tax in the amount of 25%.

Latin America and the Caribbean Region



2.5. Latin America and the Caribbean Region

Contributed by: UNECLAC

Latin America and the Caribbean is considered the world's most urbanized region, with over 80% of its population living in urban areas and 17% concentrated in six megacities with populations of over 10 million each. As the COVID-19 impact unravels globally with dire consequences across all spectrums of development, cities have not only been the main hotspots for the transmission of the virus, but are also particularly challenging settings within which to respond effectively to the pandemic. The urban nature of this pandemic poses a great threat to the region, where urban growth has originated in most cities spontaneously and in the absence of long-term planning. This has resulted in high levels of spatial and social inequality. It is estimated that over 100 million people, approximately 21% of Latin Americans residing in urban areas, live in informal settlements, where the lack of provision of basic services, waste collection, adequate housing, integrated mobility systems, and access to health and education facilities deepen the vulnerabilities of these communities and make them more susceptible to shocks such as those presented by the COVID-19 pandemic.

The COVID-19 virus was confirmed to have reached the LAC region on 26 February 2020 when Brazil confirmed a case in São Paulo. By mid-April, all countries and territories in the region had recorded at least one case. Daily case numbers surged from May onwards. On 22 May, citing especially the rapid increase of infections in Brazil, the World Health Organisation declared South America as the epicentre of the coronavirus pandemic, accounting for more than a quarter of cases globally. With a wide variation across countries, the two most populous nations, Brazil and Mexico, have seen the highest number of deaths, with Brazil registering the third highest death toll in the world, after the US and India. It is important to consider that, due to a partial lack of testing and medical facilities in the region, it is believed that the outbreak may be far larger than the official numbers show.

In order to combat the spread of COVID-19, most LAC countries have adopted strong measures to limit movements across and within countries. A drop in the regional GDP of 9.1% is expected, accompanied by significant increases in the poverty rate, which will reach 37.3%; an increase in the unemployment rate, which is expected to be around 13.5%; and a considerable worsening of inequality. Under this scenario, governments have taken a series of measures to unburden and assist their population with the devastating consequences brought on by the pandemic. Rental property actions, tenant eviction bans, and housing subsidies have been set in place to guarantee housing and limit the increasing financial pressure on households in the region. Through basic services and utilities actions, several countries have ensured continuity in the supply. Mortgage financing actions and property tax breaks and exemptions have been also set in place to alleviate the economic burden on households.

By October, Latin America and the Caribbean marked 10 million cases, and with more than 360,000 deaths, the region is the worst hit in terms of fatalities. However, a recent slowdown in new COVID-19 infections and deaths is leading some countries such as Chile, Costa Rica, and Paraguay to continue taking steps to reopen. The health crisis has strongly accentuated existing vulnerabilities, and due to growing levels of poverty and large percentages of the population relying on informal employment, governments have faced strong pressures to ease lockdown measures.

General Note on City Case Studies

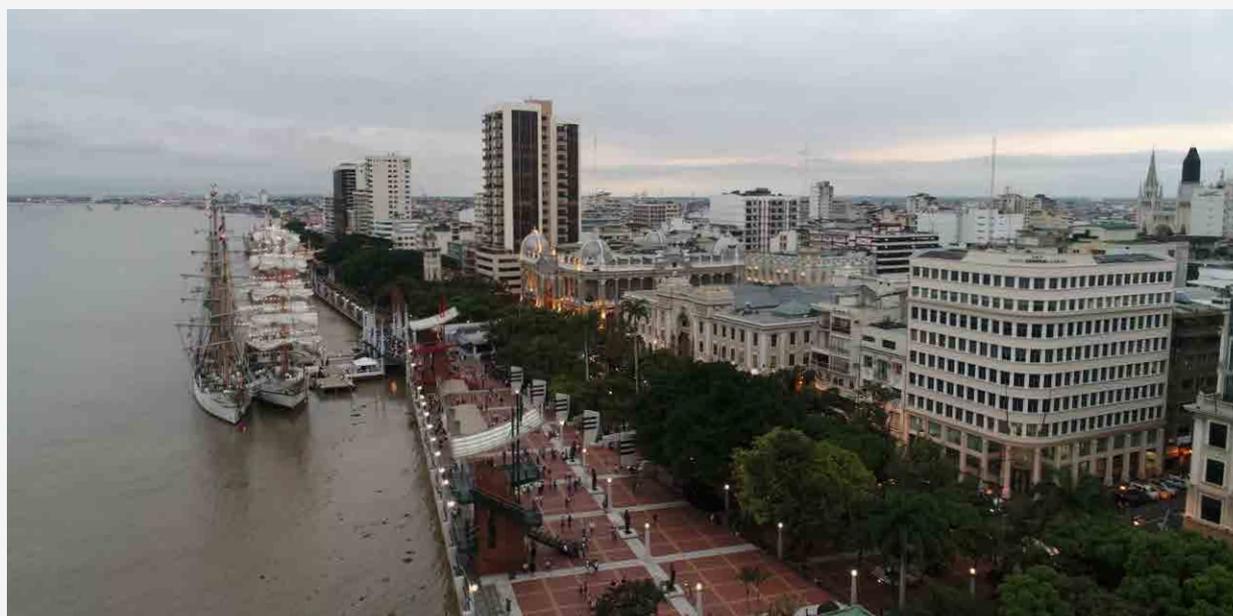
The following case studies from the UNECLAC region were extracted or summarized from the responses of the selected cities to the **Questionnaire on Local Economic and Financial Response and Recovery for COVID-19**. Before publication of this compendium, all case studies were revised and validated by the representatives of the respective city. As the crisis is still ongoing, the information contained herein are only accurate until the date of submission or revision, which is indicated in each case study. The case studies are considered contributions of the cities to this compendium.



Status	Secondary
Area	344,5 km ²
Number of inhabitants	2,700,000 (2019)

Pre-existing Challenges

The city was affected by an earthquake in 2016, and is currently facing high rates of poverty, underemployment, and lack of some basic services. In 2019, Guayaquil registered a poverty rate of 11.2%, and the last official data from the INEC Living Conditions Survey of 2014 estimated that 16.6% of the population dwelled in overcrowded conditions. In 2019, the city also presented an employment rate of 52.6%, an underemployment rate of 18.9%, and an unemployment rate of 3.1%. In the same year, within the consolidated legalized area and under the jurisdiction of the Municipal GAD, drinking water coverage was 100%, whilst sewer network coverage was 94%. Guayaquil is also considered one of the cities most susceptible to the rise in sea level caused by climate change.



Source: Guayaquil City Council.

Case Study: Guayaquil, Ecuador

As of August 2020

Brief description of COVID-19 in the city

First reported case	12 February 2020
Confirmed	11,849
Deaths	1,652

✓ Data from 28 July 2020

Through Executive Decree 1017, the Province of Guayas is considered the epicentre of the crisis, and on 6 March, the lockdown was introduced. By 18 March, the province of Guayas was declared a special security zone, and a reduced curfew was established. By the end of May, Guayaquil begins its reactivation process by going from 'red' to 'yellow' at the epidemiological traffic light.

Main economic and financial impacts

Guayaquil is known for being the economic capital of Ecuador, and the city's port is one of the most important on the eastern Pacific coast. 46.7% of the canton's economic activities correspond to wholesale and retail trade, with manufacturing industries at 26.2%, and financial and insurance activities at 4.1% of economic activities.



Labour Market

According to the latest figures of the Ecuadorian Social Security Institute (IESS), more than 30,000 formal jobs were lost in Guayaquil between March and May 2020. Some companies have used the Force Majeure clause provided by the Labour Code to lay off employees in order to withstand the current crisis. Small and medium companies have been severely impacted with high number of job layoffs due to a lack of liquidity. According to the Ministry of Labor's estimates, as of 26 March, only a small percentage of total population was able to use teleworking modality, with 60,277 people in the private sector and around 246,536 in the public sector using this type of work, out of a total of around 7.8 million people.



Business Environment

The Guayaquil Port Authority (APG) assured that the import and export activities in the public port are to be carried out normally despite COVID-19. On a national level, during the 40 days of inactivity, Ecuador's productive sector had lost USD 10 billion, with the most affected sectors including the construction sector (-7.5% in April), followed by commerce (-2.6%), services (-2.3%), and industry (-1.5%). Many companies could not stand the crisis—based on the financial statements, it was estimated that a company could last, on average, up to 37 days, depending on the sector. Only 25% of companies can last up to 70 days. The companies that can endure longer without sales are those that carry out real estate activities (61 days), and those that carry out financial and insurance tasks (47 days). While those that can endure less time without income are accommodation and food services (31 days), and administrative services activities and agriculture (32 days).



Financial Environment

The Guayaquil Chamber of Commerce (CCG) has proposed to pause taxes such as Income Tax, and introduce labour reforms that would allow hiring by hours and projects. On a national level, income tax payments for the months of April, May, and June were postponed for 6 months. In general, the Government of Ecuador finds itself in a difficult situation regarding the possibility of generating massive fiscal support given its restrictions. In this case, it is very difficult to envision aid to small businesses, or to the informal population over a longer period, beyond the announcement of the USD 60 aid for 400,000 households.



Economic Governance

At the beginning of the pandemic, the collection of loan payments was suspended for 60 days. Until July 2020, the banks granted financial relief of USD 10 billion (30% of the portfolio) to 2.1 million clients who did not pay their loans on time, especially at the most difficult moment of the pandemic. The National Government adopted a series of measures, among which were the consent of external bondholders to postpone the payment of interest until August; the prohibition of hiring public servants; the reduction of the salary of senior officials by 50% (including those of the president and vice president); and, most importantly, the sending of two bills to the National Assembly on April 16, the Organic Law of Humanitarian Support, and the Law of Ordinance of Public Finances.

Crisis Response and Recovery Measures

On 20 March 2020, a Special Emergency Committee for Coronavirus in Guayaquil was created, composed of members from civil society, healthcare workers, farmers, professionals, and businessmen, who have directed and executed decisive strategies to reverse the crisis. The Technical Board of Guayaquil, composed of 60 professionals from different areas, designed a plan that determined the areas of the city most affected by the pandemic as well as potential spread areas.

Among some of the measures taken in response to COVID-19 crisis were distributing 373,196 food and hygiene kits to vulnerable groups of population; establishing mobile 'Covid Units' clinics in eight strategic points of the city; continuous maintenance of basic services; repowering chlorine levels in the water supply and disinfection of public spaces; introduction of the telemedicine app; and distribution of rapid tests to various communities of the city. A hospital was also set up in the city's Convention Center, with 152 beds and 184 health professionals; another in the former Enrique Sotomayor maternity ward, which has 152 beds and a nursing unit for mild and moderate patients; and eight other small municipal hospitals for infected patients.

Existing Crisis Management Structure/Plan

Over the past 8 years, the local government worked on institutionalizing several instruments for crisis management, such as action protocols, Technical and Emergency Operation Committees, Situation Room, and Emergency Operations Committee (COE), among others. The Action Plan for Disaster Risk Reduction in Guayaquil (2018) identified viral diseases as risks to the city, but did not present a specific action plan in the event of a pandemic.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	✓	-
Business environment	-	-	✓	-
Financial environment	-	-	✓	-
Economic governance arrangements	✓	-	-	-
Institutional responsiveness*	-	-	-	✓

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

As a local economic response, Guayaquil has made the use of its land more flexible by introducing a new ordinance that simplifies the procedures to stimulate commercial activities in residential areas. It also plans on providing loans at preferential rates for the reactivation of small and medium businesses, and it has introduced measures to support the streamlining of technological platforms for home deliveries. The municipality also reformed the ordinance that regulates the occupation of sidewalks with tables and chairs, both in public and private spaces, in order to reactivate the commercial premises where it will enable approximately 100 businesses in the sectors of Urdesa, Miraflores, Sauces, and Samanes of the city. It will benefit the owners of the premises since the fee will not be charged for the occupation of the public road, as long as they comply with requirements.

Mid- to Long-Term Recovery

In the mid- to long-term perspective, the Municipality of Guayaquil, in agreement with the private sector, is launching a Housing Plan focused on the middle class, which will be built in stages in 5 years at a count of 5,000 units each, starting with a private investment for 200 available homes located in the Chongón sector, Vía a la Costa.

Improving technological platforms



The ‘Save the Trade’ initiative seeks to maintain the activity of small and medium-sized enterprises (SMEs) in the country, by selling their products online. The campaign is a non-profit initiative of the Guayaquil Chamber of Commerce and the National Federation of Chambers of Commerce to facilitate the meeting between buyers and sellers.

In addition, the Mayor’s Office of Guayaquil and ÉPICO, a municipal public company for the management of Innovation and Competitiveness of Guayaquil, in alliance with MERCADO 593, launched a platform for entrepreneurs and the catering businesses of Greater Guayaquil. It is a virtual store that serves as an alternative for marketing their products online in a direct and simple manner and without maintenance or registration costs.

Increasing collaboration towards economic recovery and innovation



The ‘Guayaquil Se Levanta’ initiative is a collaborative community created to serve local consumption and provide solutions that accelerate the economic reactivation of the city, taking into account the main changes in the market and consumers.

Another example is the Epicenter Program, which encourages the development of activities related to business innovation, through training and mentoring for the adoption of sustainable business models. The Epicenter promotes the competitive and economic development of the city and the country.



Status	Primary, Capital
Area	2,672 km ²
Number of inhabitants	9,600,000 (2020)

Pre-existing Challenges

Hosting about 30% of the population of Peru, the city of Lima grew and urbanized spontaneously, which determined its inherent vulnerability. Some of the structural challenges the city faces are poverty and inequalities, lack of social cohesion among its inhabitants, precarious and incipient groups of population, weak institutions, and institutional disregard for the risks the city might face. The latter is partly related to building in areas of the city that should not be inhabited—not only in those areas traditionally considered unsafe, associated with the poorest places in the city, but also those where the wealthiest segments of population live (Malecón de la Costa Verde and its adjacent area). Apart from this, the city is also facing diminishing public space due to a tendency for public space privatization as a result of a real estate boom, predominance of personal transport modes, and saturated drainage and sanitation networks.



Source: Lima City Council.

Case Study: Lima, Peru

As of August 2020

Brief description of COVID-19 in the city

First reported case	6 March 2020 (National)
Confirmed	177,617 (Metropolitan Lima)
Deaths	5,497 (Metropolitan Lima)

✓ Data from 3 August 2020

Lockdown specifics: The national lockdown continued for 107 days from 15 March to 30 June 2020. After the national lockdown ended, it was still maintained in 7 provinces of the country. From 1 July, public transport resumed its operations, and a gradual restart of commercial activities began. From 15 July, interprovincial transport and airports restarted their activities. However, despite the gradual reopening, the healthcare system experienced a collapse on 21 July. As of 3 August, according to the Ministry of Health, the number of confirmed cases on Peru reached 433,100.

Main economic and financial impacts

The tourism sector of Peru contributes 3.9% of GDP, with internal tourism potentially representing another 5%. The economy is also highly reliant on private investment, which accounts for 80% of the country's total investment and around 20% of the national GDP. Micro and small companies play a central role in the development of the national economy, and according to official data, constitute more than 99% of business units in Peru, create around 85% of total jobs and generate approximately 40% of GDP.



Labour Market

Around 70% of the employed population in Peru works in the informal sector. The economy is also characterised by low levels of bancarization, with only about 38% of Peruvian adults having a bank account, making digital payments largely impossible. Many of the formal sectors are highly feminized, while in the informal sector, it is estimated that 7 out of 10 Peruvian women generate income every day.



Business Environment

Before the start of the pandemic, the decreasing rate of the country's economic performance was already worrying, with an annual GDP growth of just 2.16% in 2019. With the exception of agricultural activity, all productive sectors recorded sharp falls: fishing (-33.7%), mining and hydrocarbons (-21.3%), manufacturing (-25.7%), construction (-41, 4%), commerce (-27.4%), and services (-10.4%). The Institute of Economics and Business Development of the Lima Chamber of Commerce estimates that the GDP would fall 3.7% for this year due to contraction of private domestic demand. Micro and small companies (mypes) in this new scenario are the most affected. In the first quarter of 2020, private investment fell by -16.8%, and private consumption by -1.7%. Exports and imports fell by -13.6 and -6.4%, respectively. In the first five months of 2020, the national economy registered a fall of -17.3%, compared to the same period of 2019.



Financial Environment

At the beginning of the crisis (March 2020), the balance of the public debt of the non-financial public sector stood at 26.2% of GDP, while its fiscal deficit stood at -1.1%. However, a deterioration in both indicators of public finances is predicted due to the issuance of bonds for up to USD 4 billion, of which USD 3 billion have already been placed, as authorised by the Ministry of Economy and Finance on 1 May 2020. In addition, in the first half of the year, the current revenues of the General Government fell 20.4%; in the same period, its non-financial expenses advanced 1.3%, mainly due to concepts such as salaries (+4.2%) and transfers (+43%), which includes the bonds granted to households estimated at S/4749 millions. The Peruvian securities market has been strongly affected by the crisis. The General Stock Market Index of the Lima Stock Exchange accumulated a fall of 32.3% thus far this year.



Economic Governance

In June, two milestones were marked in the country's public investment: (1) local governments were endowed with huge resources (around S/3.9 billion) to finance the maintenance of the local and national road network, and (2) their functions as managers of important infrastructure works were transferred to the British government after the Executive Branch signed an agreement from Government to Government (around S/7000 million) for technical assistance in the execution of infrastructure works in the north of the country. In addition, during fiscal year 2020, regional governments are authorized to make budget modifications, in order to finance the hiring of personnel for the prevention, control, diagnosis, and treatment of COVID-19.

Crisis Response and Recovery Measures

Peru has allocated up to 12% of its GDP to help people who lost their jobs and companies that lost income due to closure measures. The Executive Branch authorized a transfer of S/311,011,313 to local governments to finance essential operating expenses, due to the lower revenue collection they have been registering. Measures for S/120,080 million (15.8% of GDP) have been approved, with resources for four key areas: emergency funds (S/3,263 million), support for families (S/23,971 million), support for companies (S/12,608 million), and support to the economy (S/80,238 million). However, there have also been issues in terms of the proper use of these funds, and the lack of collaboration with business unions or other institutions that make up civil society in order to support the vulnerable population and alleviate health and economic damage.

The government together with the Ministry of Economy and Finance (MEF) created economic measures to support SMEs through the programs of Reactiva Peru, which aims to guarantee the financing of the replacement of the working capital funds of companies that face payments and short-term obligations with their workers and suppliers; and the Business Support Fund for micro and small businesses (FAE-Mype), which aims to promote the financing of the SMEs through loans for working capital, as well as to restructure and refinance their debts. The Superintendency of Banking, Insurance and AFP (SBS) made the treatment of the provisions that apply to the loans granted in these programs more flexible. District governments such as Victoria promoted the proximity of financial entities by installing modules of financial entities such as Reactiva Peru and FAE-Mype close to the commercial emporium of Gamarra.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	-	✓	-	-
Financial environment	-	✓	-	-
Economic governance arrangements	-	✓	-	-
Institutional responsiveness*	-	-	-	✓

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Crisis management plans at sub-national levels are still underdeveloped, and are mostly governed by the initiatives that the central government dictates. Lima's City Council response measures have centred primarily on supporting the markets and informal vendors, as one of potential primary spaces for contagion, since majority of the population frequently relies on them for stocking up due to the reported lack of refrigerators in the homes of almost 40% of the population of Peru. The measures included relocating street vendors to safer spaces and formalizing their activities, where possible; ensuring that vendors at the city markets are complying with biosafety protocols and providing them with necessary equipment; technical support and design of craftsmen products; and supporting mobile markets and running various digital support platforms for the entrepreneurs and micro and small businesses. The local government is also directing its work to bring humanitarian aid to precarious sectors through the approval of economic bonds for the vulnerable population, flexibility in the payment of basic household services, and support for the economic reactivation of different lines of business.

Mid- to Long-Term Recovery

In the longer term, the Ministry of Economics and Finance is working on 2 instruments in order to achieve economic reactivation:

1. the executive boards (coordination between the private and public sectors)
2. the formation of the public investment monitoring team.

The country is focusing on infrastructure as a mechanism to reactivate domestic demand. In this sense, the institutionalization of the G2G contractual modality is an efficient mechanism for the construction of mega projects to the extent that it limits the addenda, reduces the execution period, and helps prevent corruption.

In order to contribute to the recovery, the Lima Chamber of Commerce (CCL) has made improvement proposals for economic reactivation, identifying the bottlenecks that affect its more than 15,000 associates. A positive aspect about this proposal is that it has identified the bureaucratic difficulties that need to be addressed according to the reactivation phases and by union activities.

Supporting markets and informal vendors



The Formalízate Lima programme of the local government has helped more than 300 street vendors to formalize their activity and get a formal selling point. The relocation of street vendors to Lima's zonal parks and later to galleries through a formalization process has benefited more than 2,500 street vendors. The initiative Lima Gastronómica for the selling take-away food generated more than 37,000 sales. The municipality also worked to ensure that city markets meet the necessary protocols for biosafety.

Promoting digital platforms



The Lima Chamber of Commerce (CCL) has launched two versions of Cyber Day, which allowed companies to increase their virtual sales. Another measure is the communication link that has been established with different companies to allow them to access financing programs with guarantees of the state.

The City of Lima also launched several digital platforms to help local businesses, such as a Web Portal for local businesses, a virtual educational platform to advise and mentor entrepreneurs in the light of COVID-19, a personal virtual business advisor service, and an online business incubator. The city increased flexibility in receiving permit for commercial activities online. Digital platforms for buying and selling have also been implemented.

Start Peru program



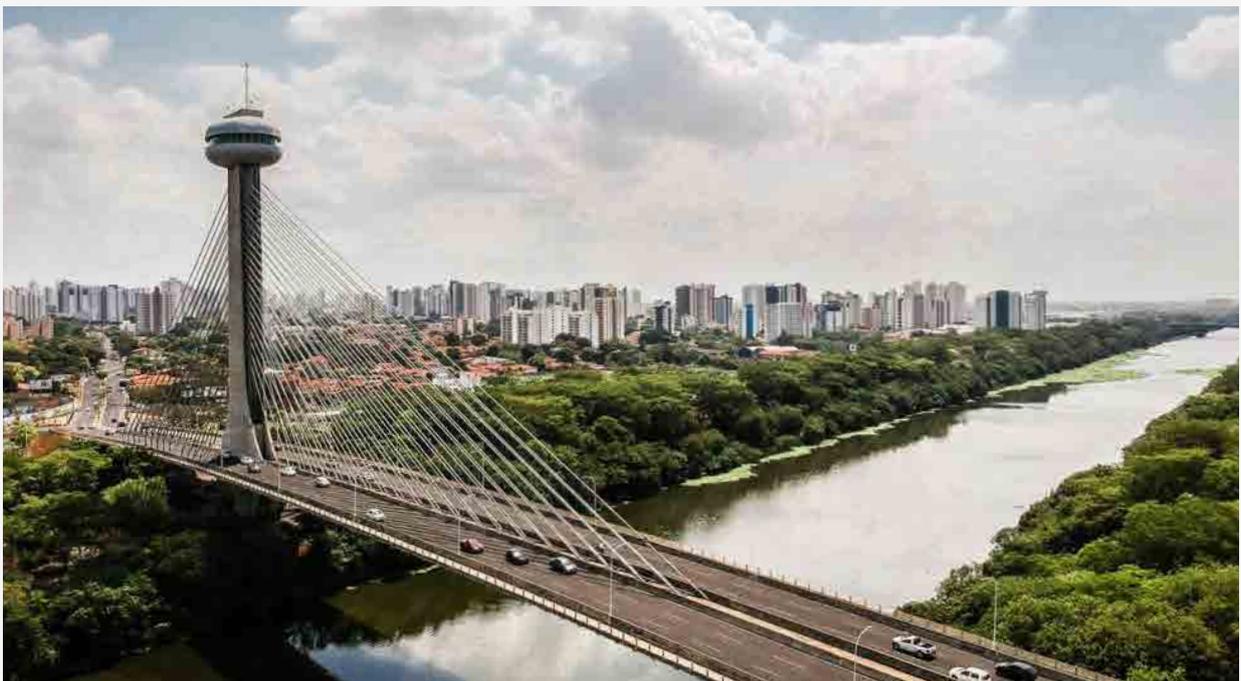
The Start Peru program has been launched as a temporary employment program that serves as a high-impact measure for the current economic crisis. This will create more than 1 million temporary jobs for the second half of the year with an execution that includes S/6,463 million in public investment projects.



Status	Secondary
Area	1,755 km ²
Number of inhabitants	868,075 (City), 1,232,196 (Metropolitan area)

Pre-existing Challenges

The main challenges faced by Teresina include those related to the mismanagement of urban metabolism, in particular, unsustainable urban mobility, and issues related to the water cycle (fluvial floods, flash floods, and water related diseases). Other challenges are related to reducing inequalities, reducing the situation of informal land tenure and employment, and policies related to crime and security. Before COVID-19, the city was also already facing rising unemployment and the threat of declining municipal revenue due to the national economic and financial crisis.



Source: Teresina City Council.

Case Study: Teresina, Brazil

As of November 2020

Brief description of COVID-19 in the city

First reported case	17 March 2020
Confirmed	42,032
Recovered	16,508 (hospital discharges)
Deaths	1,156

✓ Data from 26 November 2020

The Municipality of Teresina declared a public health emergency on 17 March 2020, and a State of Calamity on March 20 March, with a suspension of all non-essential activities, limitations in the functioning of public transport, and the suspension of all in-person customer services in public agencies. On 3 July, the plan for resuming activities in 4 phases was published, following the guidelines of the Sectoral Index for Controlled Distance.

Main economic and financial impacts

Teresina is located in a relatively poor area, in the 2nd poorest state of Brazil. The city has a GDP of USD 3.5 billion (BRL-USD Nov-2020 exchange rate). Despite these, it is considered a regional reference for health and educational services.



Labour Market

In the period from January to May, there was a loss of 7,896 formal workers, an increase of 4,672 in absolute values from the same period last year. The most affected sectors were: Services (-2,877), Commerce (-2,187), and Civil Construction (-2,137). Unemployment rate in the 2nd Quarter/2020 was 13.3%.



Business Environment

In comparison with the same period from the year before (Jan-Sep), it is estimated that, in 2020, services activities declined by -13.2% in the State of Piauí, with a -8.1% fall in revenues. In the retail sector, the accumulated figures for this year in Piauí (from Jan-Sep) shows 0% variation, considering mixed trends in different sectors. Fuels, garments and clothing, books, office materials such as school and stationary, computing consumables, personal consumption, vehicles and parts, and construction materials are in decline. On the other hand, groceries, hypermarkets, supermarkets, food and beverage products, household appliances, furniture, perfumes, cosmetics, and pharmaceuticals experienced growth in activity and revenues, balancing the equation.



Financial Environment

Municipal Own Revenues fell by about 22% in April, and 14% in May. In total, during 1st semester, the Municipality had a revenue fall of about 40% regarding the taxes and fees collected by the Municipality according to the Brazilian Federative pact (most regarding taxes over economic activities such as retail and services, and real estate property taxes). Impacts were also felt in the distribution of revenues by the national government towards the municipalities. The main fund (FPM - Municipality Participation Fund) decreased by 7.9% in real terms (discounting for inflation), corresponding to a loss of about BLR 23.1 million. Also, credit operations negotiated by the Municipality were suspended, as the BNDES credit operation of BRL 29.1 million to be invested in public security actions. Even with national emergency funds transfers, total revenues are expected to decrease by 6% this year.



Economic Governance

In addressing the COVID-19 impacts, Teresina Ativa programme (COVID-19 Economic Recovery) is under development. It aims to create a policy for the recovery of the city's economy that is impacted by Coronavirus pandemic through Institutional articulation to support local companies, the provision of support to companies in identifying credit solutions, support in the development of new products, services and administrative strategies, and the building of new partnerships among public, private and civil society sectors to promote research and technological innovation.

Crisis Response and Recovery Measures

On 12 April, the municipality instituted the COVID-19 Crisis Steering Committee, which coordinated multisectoral policies on improving health services, identifying prevention measures to mitigate COVID-19 spread, increasing the offer of ICU beds. The committee also coordinated the dialogue among different sectors of society in the production of information and decision-making on the reopening of activities.

The Local Government defined the regulations for limiting economic activities, and the flows and normatives for essential operations to mitigate COVID-19 spread. All registered vulnerable families received food baskets from the Municipality and Emergency Income from the National Government. The municipality also worked with local businesses and cooperatives to reconvert activities and supply the city with necessary health and sanitation goods, and bore the costs of investments to equip health facilities in order to cope with COVID-19 and flu-like syndromes cases, delivering more ICU beads and building 3 new provisional hospitals.

The municipality led the construction of 3 field hospitals, and sanitation infrastructure in informal settlements. It also had a leading role in preventive campaigns for the population, and in the intensification of health surveillance policies. The municipality conducts a weekly serological survey by sampling in all neighbourhoods to monitor the progress of the disease in non-symptomatic cases.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	✓	-	-
Business environment	-	-	✓	-
Financial environment	-	✓	-	-
Economic governance arrangements	✓	-	-	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

The economy has managed to survive with the injection of income through the national Emergency Aid, which covers 38.8% of the city's population, and is due to end in September 2020. In total, almost half billion BRL were directed to Teresina's citizens from April to July.

The Municipality of Teresina has implemented a plan for the gradual and planned reopening of economic activities in 4 phases, with specific protocols for the different sectors of activity, and with mandatory testing of employees by the private sector for activities with a higher risk of contagion. These measures have proven to be satisfactory, since the rate of contagion has been decreasing since the reopening of economic activities.

Mid- to Long-Term Recovery

In this phase of recovery, the Municipality of Teresina together with the organized civil society will provide institutional and technical support so that the various economic sectors of the city, negatively impacted by the pandemic, can find ways to recover through the Teresina Ativa program.

The program aims to promote:

- Institutional articulation to support local companies
- Support for companies in identifying credit solutions
- Support in the development of new products, services and administrative strategies
- Development of partnerships to support research and technological innovation

Programme to evaluate performance of public spending



The local government of Teresina conducted a comprehensive programme to evaluate the performance of public spending as a response to the 2015–2018 Brazilian Crisis which pushed about 60% of cities to deficit. Now the programme redirects its efforts to the reprioritization and reprogramming of existing municipal budgets in order to increase the availability of finance in areas critical for COVID-19 response and recovery, and the restructuring of the own source revenue arrangements to mobilize additional resources (through new sources or expanding some of the existing ones).

Municipality support to local businesses



The Local Government allocated BRL 1 million to Banco Popular de Teresina (Teresina People's Bank) to finance microcredit for micro and small businesses. The Municipality also suspended the payment period for taxes and fees.

3

Conclusion: Key Lessons from Cities



3. Conclusion: Key Lessons from Cities

The survey, workshop, and subsequent case studies detailing experiences of cities during the COVID-19 crisis have helped identify lessons in the form of useful practices. The list of practices is non-exhaustive and is not grounded in any specific theoretical approach. Rather, it is an empirical attempt to identify the most common practices that have proven to be useful in mitigating the negative effects of the pandemic, as well as the lessons to be learned from these practices to help accelerate the economic recovery of cities with considerable resilience. For the sake of consistency, the practices are grouped below according to the four dimensions of urban economic resilience. It should be kept in mind, though, that these practices often belong to more than one dimension.



Economic Governance

Community engagement and collaborative governance have proven to be one practice that all cities have employed, regardless of the strength of national democratic institutions. Cities have introduced various interaction mechanisms, such as e-platforms and dedicated websites, hotlines, social media, and the like to keep citizens informed and address their issues in an expeditious manner. Where access to digital technologies is less common, city governments introduced (often in cooperation with the central government and relevant mobile network operators [MNOs]) mobile phone notification systems. Where that was not possible, cities formed mobile teams to reach out to communities, particularly in less developed areas, to improve their awareness about the pandemic and better address their needs. Many cities have moved beyond merely informing their citizens by actively involving them in crisis management structures known variously as COVID-19 task forces, crisis response teams, emergency management committees, and similar names. Furthermore, community engagement and support were critical for determining the extent of restriction measures and their impact on city economies. Launching a full-scale recovery process will require strong engagement with local communities, and the business community in particular, through various means and mechanisms to ensure the mobilisation and effective allocation of all resources by local governments.

Strong leadership and coordination. Many cities set up in short order dedicated crisis management structures or restructured their existing governance bodies (known variously as Economic Councils, Municipal Development Forums, etc.) to confront the challenge of COVID-19. Such rapid mobilisation and coordination of resources enabled cities to minimize the negative economic impact of COVID-19 and increase the potential for accelerated recovery, which is an essential characteristic of urban resilience, and is a concrete embodiment of the principle of entrepreneurial government. Some cities could not respond quickly to the crisis with such mobilisation and coordination, resulting in the wasteful use of resources. Furthermore, strong leadership and coordination implies envisioning economic recovery from the early stages of the COVID-19 response.

Territorial approach. Many cities organized their response around a territorial approach, which involves the application of an integrated package of response and recovery measures based on the needs of specific areas and districts in the city. This approach has proven to be particularly relevant in the case of informal settlements where one measure (for example, humanitarian support) is ineffective without others (improvement in sanitation or decongesting public spaces, for example).

In addition to improving the allocative and productive efficiencies of public resources, the territorial approach closely reflects the principle of 'Leave No One Behind' by extending vital services and critical upgrades to the most disadvantaged and poorest areas of the city. The implications of this approach for long-term recovery and resilience are obvious: the identification of geographic pockets of vulnerability helps to increase overall urban resilience and contribute to accelerated and sustainable recovery.



Financial environment

Smart public financial management. COVID-19 has resulted in a sharp decline of municipal revenues (partly due to the mitigating fiscal measures to support economic activity). On average, cities have experienced a drop of about 20% against the first half 2020 revenue projections. Moreover, in many countries, intergovernmental fiscal transfers to local governments were also reduced, sometimes by as much as 60%. Whereas a number of national governments allocated emergency funds to local governments to deal with the health aspects of the pandemic, funding for services delivery and economic recovery has been negatively affected. At the same time, local governments have come under pressure to increase public expenditure to mitigate the worst consequences of the crisis and to ensure continued delivery of essential public goods and services while also increasing support to vulnerable populations, such as informal sector workers, residents of informal settlements, migrants and refugees, among others.

Hence, no city has been able to navigate the COVID-19 crisis without reprioritizing and reprogramming their budget. Reprioritization has most affected capital investment programmes although many cities have also tightened their belts by cutting administrative expenses (such as travel, training, maintenance, and some staff benefits) and carving out some fiscal space. Cities recognize that the COVID-19 crisis has offered an opportunity to rethink public budgets, particularly administrative expenses, and improve the productive efficiency of public money in line with the principles discussed earlier. As cities move through recovery, it is important that the same spirit, together with the approaches and practices identified during the COVID-19 pandemic, can be applied in the future.

Whereas capital investment programmes have seen budget cuts because of rescheduling or outright resizing, this approach has not been universal across all capital investment projects. In fact, cities that fared better in their COVID-19 response tried to ring-fence as much as possible budgets for projects that would ensure immediate public employment to substitute for the diminished level of overall economic activity while also delivering long-term economic benefits.

Inasmuch as the fiscal space of cities has been adversely affected by a drop in own-source revenues, some cities have seen this as an opportunity to rethink their revenue administration systems and approaches in two aspects: (1) revision of the sources of revenues in an attempt to concentrate on more resilient taxes and fees, and (2) improvement of revenue administration systems to reduce transaction costs and increase collection efficiencies.

Diversification of revenues. Some cities that had budget surpluses in previous years and had emergency funds tapped into such funds for their immediate relief and recovery efforts. However, in other countries, cities are not allowed to have reserve accounts or other type of non-financial reserves (e.g. food reserves), and treasury virement rules require that all unspent revenues be remitted to the consolidated budget of the central government at the end of the fiscal year. Emergency reserves are an important element of urban economic resilience, and creating enabling regulations for this purpose is essential, particularly as any medium-to-long-term recovery will have to factor in the possibility of a second or third wave of the pandemic or some other outbreak. Where cities own a bank (or some other financial vehicle), they were able to leverage these financial resources to save public budgets for other interventions.

Thus, in a situation when only a few cities had access to internal reserves and funding from the central government was slow or non-existent, many of them resorted to raising external finance from two primary sources: (1) philanthropic finance in the form of donations from citizens, private businesses, and civil society organizations; and (2) official development assistance, usually in the form of grants from bilateral or multilateral institutions. In addition, some cities resorted to borrowing from subnational pooled financing vehicles where such existed, and some cities succeeded in attracting donations from multilateral or bilateral institutions. Twin city arrangements were other sources of additional financial and nonfinancial support, particularly for cities in the global south; pooled financing vehicles where cities are stakeholders have proven to be a valuable source of affordable finance in this situation.

That COVID-19 has increased fiscal pressure on all cities is beyond any doubt. But this pressure can be significantly offset by a combination of smart public financial management policies, diversification of revenue sources, and use of economic stimulus measures to support local businesses.

Use of digital tools and big data. The review of city practices in the previous paragraphs has already indicated the growing trend of relying more and more on digital tools and big data not only for designing better evidence-based policies and solutions but also for reducing transaction costs, increasing production efficiencies, and improving the inclusiveness and outreach of their solutions by providing better access to vulnerable populations. The current crisis has proven to be a great booster for the expansion and accelerated adoption of digital solutions in various areas. Significantly, digital solutions have been applied in conjunction with better data management and a large range and type of data used by cities. In addition to relying on a variety of digital solutions to offer support during the crisis, cities have also used big data to observe population density and mobility patterns to prevent congestion. Another area is the application of digital solutions for delivery of public services (management of public markets, delivery of essentials to vulnerable populations, and issuance of permits and certificates) and for revenue administration in cities.

Cooperation between cities and the private sector (digital companies, mobile network operators, and other technology companies) has proven to be effective in introducing and rolling out new digital solutions. The crisis has demonstrated that, in many cases, there is a credible business case for delivering digital services even to locations and populations that were not previously considered accessible or promising markets. Cities, when approaching this challenge creatively and proactively, have been instrumental in opening up new market opportunities for the private sector and in reducing the digital divide, which remains the single biggest obstacle to the application of digital solutions at scale, particularly in the global south.



Business environment

Continuity of public services. Cities around the world deliver a broad range of economic and non-economic services, which are fundamental to any urban economy. Depending on the range and scope of their services, cities may be significant economic actors by themselves, dampening economic shocks by providing stable employment and public works in a countercyclical fashion. Public utilities are critical for achieving higher productivity and growth of private firms, not to mention their importance in mitigating health hazards like COVID-19. If anything, COVID-19 has increased the need for public services. New health facilities were needed to deal with increasing caseloads of COVID-19. The need for cleaning and disinfection services in public facilities and spaces used to conduct business has multiplied. The amount of social support to vulnerable populations as well as financial and nonfinancial support to businesses affected by the crisis has skyrocketed. In addition, the capacity of some facilities had to be reduced, such as the number of vendors in formal and informal markets or number of passengers in public buses, to comply with the health measures.

Cities had to restructure and rebuild their services to make them fit for the COVID-19 challenge. The financial aspect of creating the fiscal space for the delivery of public services has been discussed before. But to ensure service continuity, cities also needed policy interventions and organizational measures. Many cities introduced policies to guarantee continuous supply and ban disconnection from public utilities, such as water, electricity, and waste collection. Another example is retrofitting public spaces and public properties (including those disused and abandoned) to allow for continued formal and informal economic activities in a manner consistent with COVID-19 protocols. Having the expertise and wherewithal to quickly adapt and expand public services is critical for urban economic resilience as they underpin all social and economic activities. COVID-19 has demonstrated that cities need to have ready-made and easily implementable solutions that can be deployed quickly to ensure continuity of essential public services.

Enabling the informal sector and livelihoods. Most cities, regardless of the share of the informal sector, made special efforts to support the sector not only through direct social assistance but also by creating enabling conditions for

its continued functioning. Of course, for many cities, particularly in the global south, there was no choice due to the high reliance of the population in the informal sector, which in some cities in the developing South may account for 90% of the total employment. Hence, most cities had to design and implement solutions to enable the continued functioning of the informal sector. Not only did it sustain a certain level of economic activity on both the demand and supply sides, but it also prevented informal workers from slipping further into poverty.

Broadly speaking, such solutions may be placed in three categories. The first one is making places of informal business safe for operation. The second group of solutions involves free distribution of PPEs (masks and gloves) and disinfectants to informal sector workers who have to go out every day and work for a living. Third, many cities introduced policy measures that have facilitated the operation of informal businesses directly or indirectly. Thus, relief measures from various municipal taxes and fees have positively affected the ability of informal sector workers to continue their operations. A common example is waiving of municipal market taxes for informal vendors, or deferring the rent paid by hawkers who operate in council-owned food courts, food kiosks, and stalls. But the other measures, such as bans on evictions from municipal and even privately-owned properties, were very important for informal micro and small enterprises operating from such locations. Equally instrumental was a ban on disconnection from public utilities (water and electricity).

As the informal sector remains the lifeline of many city economies, longer-term recovery and resilience building must involve formalization policies and measures to increase productivity through better business practices, access to affordable credit, and programs to enhance skills and improve essential municipal services, such as infrastructure, utilities, and sanitation.



Labour market conditions

Inclusive redistribution policies and effective safety nets. This practice is linked to the principle of ‘leaving no one behind’ discussed previously. Across the board, COVID-19 has resulted in reduced economic activities. Many people became jobless overnight or saw their wages and incomes fall substantially. People outside public sector employment, particularly those employed by small and medium enterprises, as well as those in precarious employment and informal work, found themselves in a particularly difficult situation. In addition, the crisis intensified the vulnerability of the usual vulnerable groups (homeless people, persons with disabilities, women, senior citizens, the chronically ill, migrants and refugees, street children, and others).

All cities therefore activated (or introduced) schemes for the distribution of financial and nonfinancial support to their citizens in need (often in cooperation with central governments), which included food subsidies, stamps, and free rations to poor families; free temporary shelters for street children, homeless people, and migrants; cash transfers and re-skilling for people who lost their jobs; and other similar measures. Whereas such redistributive policies have an inherent value in terms of social justice, they also have an instrumental value for keeping an able and healthy labour force. Without such policies (and related mechanisms), the damage inflicted on the labour force by the crisis could be immense, significantly reducing cities’ chances for quick and resilient economic recovery. The COVID-19 crisis has highlighted the importance of effective and robust redistribution mechanisms and safety nets for urban economic resilience and recovery.

Ways Forward

The COVID-19 pandemic has posed an unprecedented economic challenge for cities around the world. Although the cities have been affected by the pandemic to various degrees and in different ways depending on the structural features of their economies, exposure to global markets, fiscal and financial health, and so on, practically all of them have experienced a decline in economic output, a drop in employment, a shrinking fiscal space, and growing pressure on public finances.

However, the results of the first phase of the project, and in particular, the survey of global practices, confirm that more resilient cities have been able to better mitigate the negative impacts of the pandemic and prepare for recovery. Some key characteristics of resilient cities include:

- **Effective, inclusive, and participatory governance.** This has allowed them to quickly develop and implement relief and recovery plans, while at the same time, mobilising additional financial and nonfinancial resources from other sources.
- **Partnerships with central and regional governments.** Resilient cities have been able to leverage their existing relations with central and regional governments to complement their own resources for relief and recovery.
- **Reliable service delivery** capacity to quickly adapt and reconfigure service delivery modalities, creating redundancies and backup options when necessary to ensure continuous service provision.
- **Resilient quality infrastructure.** Where the infrastructure provision is sufficient and quality of it is high, services were deployed more quickly and in a fair manner, compared to cities where access to essential services (e.g. WASH, waste management, public transport, and particularly relevant now, internet and mobile services) are limited.
- **Robust public financial management system** characterized by budget reserve provisions, access to diversified sources of revenues and external capital (commercial and concessional), and smart reprioritization of public expenditure programmes. Some cities have been able to identify new sources of revenues, improve collection efficiency, and offset the blow to their revenues.
- **Close engagement with the private sector, formal and informal.** Resilient urban governments are demonstrating their understanding of the challenges faced by the private sector and their capacity to address these challenges in an expeditious manner. Resilience also requires the capacity to lead the private sector by creating stimulus and conditions for its engagement in priority economic sectors.
- **Leaving no one behind' approach** is another characteristic of resilient urban governments, consisting of systematic efforts to reach out and extend services to all population groups, including the vulnerable and the disadvantaged. Many cities have integrated this in a territorial approach that envisages the provision of a package of support measures aligned with the needs of specific areas, such as informal settlements.
- **Foresight and perspective planning.** Resilient cities had the foresight to look beyond immediate relief and medium-term recovery and reconstruction and to plan for the long-term (i.e. perspective planning). These cities set up dedicated task forces engaged in the development of not only recovery plans, including financial and economic dimensions, but also strategies for doing better than they were before the crisis and preparing for sustainable development over the long term. In some cities, implementation of such plans started during the early response stage with some preparatory activities.

However, the survey results as well as our numerous interactions with city governments bear evidence of an obvious gap between the potential of cities and the stark reality within which they operate. A city's capacity to deliver a timely and effective response and to build its resilience is contingent on the existing legal and regulatory frameworks as well as the willingness of central governments to offer adequate space for operational, budget, and fiscal autonomy of cities. The characteristics of resilient cities discussed above translate into tangible action when cities have necessary regulatory and fiscal instruments as well as financial and nonfinancial assets under their management. In many countries, urban governments remain subservient to central governments and their discretionary space is significantly circumscribed.

Too often during the COVID-19 pandemic, city governments have been denied the tools and opportunities to craft their own response, serving instead as just a conduit for the execution of decisions (sometimes belated) by central governments. This has particularly affected the city capacity in two areas: the financial environment and the business environment. There is a scarcity of examples when cities effectively intervened, reflecting the hard reality of city operation in many countries: mustering sizeable resources to support local business activities and maintain the consumer demand is beyond the reach of most cities. Meanwhile, when urban governments have been substantively involved and provided with adequate means, the COVID-19 impact in terms of infection spread, number of cases, and the overall socio-economic impact has been less in comparison. This points to the need of an activist policy agenda to equip cities with adequate capacities, capabilities, and resources, and to secure the requisite space for cities to live up to their potential of creating a resilient urban economy resistant to complex large-scale economic shocks.

Experiences of cities during the COVID-19 pandemic in 2020 is a vivid testimony of the importance of urban resilience. Their activities focused on four key dimensions of urban economies to support an adequate business environment, preserve functioning labour markets, create adequate financial conditions, and put in place effective economic governance arrangements. Where such measures have been applied in a consistent and holistic manner, in partnership with all other stakeholders, the results have been better and the damage to local economies minimized. When moving beyond to recovery and reconstruction—with the long term in mind—cities should strengthen and further develop these characteristics, incorporating resilience considerations in all their activities and properly reflecting these considerations in annual, medium-, and long-term planning and budgeting.

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