

In collaboration with



Live Learning Experience: *Beyond the immediate response to the outbreak of COVID-19*

Innovation, Proximity and Solidarity: Local Economic Development as Immediate Response

Briefing & Learning Note

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Launched jointly by United Cities and Local Governments (UCLG), Metropolis, and UN-Habitat on 25th March 2020, the **#BeyondTheOutbreak Live Learning Experience** (LLE) virtual sessions aim to bring together Local and Regional Governments (LRGs), their associations, and partner organizations to allow and promote meaningful exchange as they find themselves confronting the COVID-19 crisis while maintaining an orderly functioning of public services. Following an initial consultation held during the launching session, the tenth thematic LLE in this series, co-organized with the UCLG Committee on Local Economic and Social Development and held on 30 April 2020, was dedicated to **promote a collective reflection on local economic development and the regeneration of employment during and after the crisis.**

Local and regional governments efforts to promote inclusive and sustainable local economic development

The health crisis caused by the outbreak of the COVID-19 virus is having still unpredictable, but surely serious effects on the economy and employment at global level. The world is in a situation of paralysis, both in the supply and in the demand for services and products that a perverse circle produces in the whole economic activity, putting at risk the maintenance of employment and companies.

Although crisis management is primarily the responsibility of the states, the impact on employment and economic activity manifests itself at the local level, and for this reason, local governments seek mechanisms to alleviate, first, and then promote the generation of activity and economic, social and environmental growth.

The role of local and regional governments as a key innovative actor in stimulating the maintenance and reactivation of local economic development systems is essential in this context.

The instruments used by local economic development to manage policies aimed at social cohesion in the territories establish channels for participation in the design of territorial action plans. The responsibility and the compromise reached between the actors of the territory determine the effectiveness of the measures adopted. Likewise, the role of local and regional governments is key to linking and ensuring the coherence of locally implemented measures with national and global policies as part of multi-level governance frameworks.





Through this experience, UCLG and UN Habitat confirm the importance of the issue of economic development and employment on the local agenda, and the need for exchange between their local leaders, during the pandemic and in the recovery phase. In this sense, UCLG's Committee on Local Economic and Social Development provides a good platform for the exchange of practices, to increase advocacy at the international level, and to deepen research on sustainable, fair and inclusive Local Economic Development policies around the world. As part of this line, the activity developed within the organization of the **World Local Development Forums** process is of particular relevance.

United Cities and Local Governments (UCLG), ONU-Habitat, Metropolis and UCLG Committee on Local Economic and Social Development worked this session together with the United Nations Development Program (UNDP), the International Labor Organization (ILO), the United Regions Organization (ORU-FOGAR) and the Andalusian Fund of Municipalities for International Solidarity (FAMSI), in the framework of the global forum. The Forum is part of a continuous work process that aims to facilitate dialogue and promote exchanges on local economic development among a wide variety of stakeholders. It also aims to encourage concrete proposals for cooperation and promote joint actions that can help to land the 2030 Agenda for Sustainable Development at the local level.

The virulent expansion of this crisis and its lack of synchrony could prolong a scenario that impedes a global exit and whose impact is reflected in commercial, employment and human mobility activities. ILO global estimates, on 29 April 2020, indicate that working hours in the world will decrease by 10,5 % in the second quarter of 2020, which is equivalent to 305 million full time jobs. The final count of annual job losses in 2020 will depend fundamentally on the evolution of the pandemic and on the measures adopted to mitigate its impact.

Local and regional governments are central to the implementation of local policies for economic reactivation and employment promotion, in coordination with the rest of the public and private social agents and agents of knowledge management of the territory.

The meeting was attended by the following local and regional representatives: **Njabulo Sithole**, Premier's Special Economic Advisor of the region of Gauteng, **Dave Smith**, Head of Sheffield City Region, **Carolina Durán**, Secretary of Economic Development from Bogota, **Onur Eryüce**, Counsellor to the Mayor of Izmir Metropolitan Municipality, **Darko Mrvaljevic**, Councillor of Danilovgrad, **Juan Espadas**, Mayor of Seville, **Victor Everhardt**, Deputy Mayor of Amsterdam, **Garth**





Frizell, Prince George Councillor and Vice-President of the Federation of Canadian Municipalities (FCM), Mohamed Sefiani, Mayor of Chefchaouen and Chair of the Forum on Intermediary Cities of UCLG, Laxmi Karkhadkar, Mayor of Panchgani, Josep Mayoral, Mayor of Granollers and Elvira Dolotkazina, Vice-Mayor of Nizhnekamsk.

Impact and challenges of the epidemic on local economy and employment in the face of the outbreak

How is the health and sanitary crisis affecting economic activity and employment in local territories? How to mitigate the loss of income of workers, self-employed workers and small companies so that this does not lead to the social exclusion of these people and groups? The Live Learning Experience on sustainable local economic development was opened by the UCLG Secretary General, **Emilia Saiz**, who highlighted the importance of Local Economic Development in the COVID era and the need to rethink the economic model based on local small business, of mutual support between cities and taking advantage of the potential of each of the territories, betting on diversified economic models. The Executive Director of UN-Habitat, **Maimunah Mohd Sharif**, recalled that local economic development is not only a matter of economy, but it also needs to focus on citizenship. She indicated as well that local economic development should be the commitment of all municipal leaders and the whole of the citizenship, in the face of the massive job losses and the great impact on the world economy that this crisis is causing.

In line with what was mentioned by the Executive Director of UN-Habitat, the Director of the ILO Employment Policy Department, **Sangheon Lee**, released the data on the third edition of the ILO observatory, which estimates a decrease in hours of work 10.5 percent lower than in the last quarter before the crisis, for the second quarter of 2020. According to the International Labor Organization, there are two fundamental factors that contribute to the upsurge with respect to the estimates at the beginning of the crisis: the extension in time and in range of the strict containment measures in many countries where they were already being implemented and the addition of other countries with stricter containment measures, including the mandatory closure of work centers. Sangheon Lee, also shared the four pillars of the ILO to confront the pandemic: provide and enable financial support for specific sectors, including the health sector, the extension of social protection for everyone, the application of measures to maintain employment and provide financial support to companies. In addition, he made emphasis on the need to protect workers in the workplace, expanding access to paid leave and use social dialogue through collective bargaining and industrial relations institutions and processes. As recalled by Emilia Saiz, social dialogue and coordination between the formal and informal





sectors to strengthen the provision of public services is becoming increasingly important.

Local and regional governments have a key role to play in promoting and coordinating the efforts of different actors to maintain or reactivate local economic development systems. This may allow connecting unique mitigation and compensation measures as part of more strategic and forward-looking integrated territorial responses and socio-economic recovery trajectories to "better rebuild" in a more inclusive and sustainable way.

Emilio Rabasco Jiménez, Program Director at the Andalusian Fund of Municipalities for International Solidarity (FAMSI) and Coordinator of the Technical Secretariat of the Committee on Local Economic and Social Development, identified the main challenges that could call into question the models of the local economies, calling the participants to highlight the incidence of the pandemic among their communities and the challenges that are being faced from the various territories represented in the session.

The voracity of the current crisis, as previously mentioned, strikes territories that were already suffering from a fragile situation of employment provision and accentuates the access needs to basic services of the most exposed communities. Such is the case of the Gauteng region (South Africa - the region is home to the cities of Johannesburg and the capital Pretoria/ Tshwane among others and is considered the economic engine of South Africa). The loss of employment as a result of COVID-19 is reflected in the entire southern African region, which receives remittances from the Gauteng region. The Special Economic Adviser to the Prime Minister of the Gauteng region, **Njabulo Sithole**, presented the region's economic and social stimulus responses, which include support for people during the post-closure period and assistance in accessing new markets. He also recalled that Johannesburg is one of the most unequal cities and that the pandemic exposes weak areas, such as urban residents who have nowhere to live. Therefore, he identified as a priority, the promotion of an aggressive infrastructure plan (in areas of informal settlements) to ensure food security and employment for its citizens, especially in this period.

Dave Smith, Head of Sheffield City Region, in United Kingdom industrial heartland, also wanted to underline business maintenance as the main challenge. Emphasizing the disparities between regions in the United Kingdom and also between different population groups, such as women and young people who could be more affected by unemployment, he recalled the experience of the previous financial crisis. In the Sheffield region, which was entering the crisis still affected by the deepest and longest lasting social impact in certain areas, the inequality gap and the difference in opportunities were aggravated. Smith highlighted the priority need for collaborative





leadership between national and local governments for a coordinated recovery that minimizes the risk of a breakdown in cohesion.

The example of Bogotá provided the Executive Director of UN-Habitat with an answer: most of the jobs in essential services, which in turn are in the informal economy, are performed by women, and there is a risk of widening the gender gap given this link to the informal economy. Work in the informal economy means that women lack social benefits and employment guarantees, leaving them at greater risk in crisis contexts. This challenge was shared by Bogotá, whose Secretary of Economic Development, **Carolina Durán**, referred to the added difficulty of making policies for this high percentage of the population that is invisible and presented the strategy for mitigating the impact of COVID-19 in her city.

Another challenge highlighted by the participants was referred to the gender gap and its link with the informal economy. As mentioned by the Executive Director of UN-Habitat, the majority of jobs in essential services, which in turn are in the informal economy, are performed by women. Working in the informal economy means that women lack social benefits and employment guarantees, leaving them at greater risk in crisis contexts. This was one of the challenges shared by Bogotá. The Municipality's Secretary of Economic Development, Carolina Durán, made reference to the added difficulty of making policies for this high percentage of invisible population and presented the strategy for mitigating the impact of COVID-19 in her city.

Especially through the "Bogotá Solidaria en Casa" programme, which includes cash transfers for the most vulnerable people, as well as the reactivation of the economic system to guarantee employment in the current and subsequent periods.

It is crucial to reflect on possible responses, both immediate and medium-term, based on the exchange of knowledge and experience. Ensuring basic services for people who are unemployed or in precarious employment, reopening debates such as basic income at the national level, involving people as protagonists in their communities, encouraging the activity of self-employed workers and promoting more diversified, resilient and sustainable economic and production models. Many cities have seen in the pandemic the need to rethink production and consumption models.

Regarding the social and solidarity economy, **Lawrence Kwark**, Secretary General of the GSEF (Global Forum for Solidarity Economy) shared the case of the Seoul Metropolitan Government, which has implemented measures to minimize the impact of COVID-19 on the local economy and to effectively support SMEs to overcome the economic impact of the COVID-19 pandemic. He highlighted the distribution of an Emergency Fund for SMEs in the most affected sectors and the issuance of a "Seoul Neighbourhood Mobile Voucher" at a 20% discount rate, in addition to boosting demand in the local economy. In addition, a significant amount of the annual budget





will be allocated to fulfilling contracts earlier and faster procurement processes. Resources will be transferred to the private sector for the revitalization of the local economy.

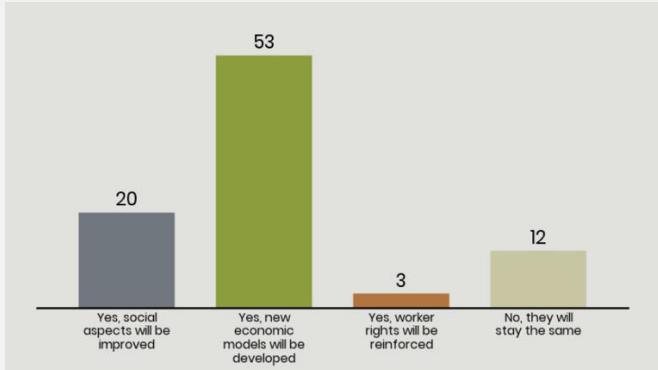
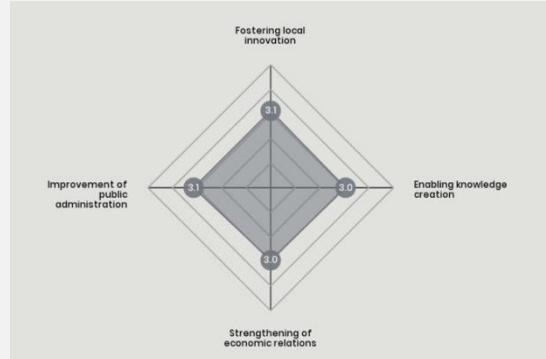
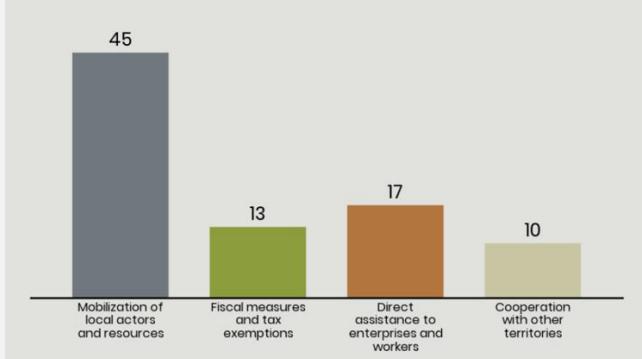
Danilovgrad Municipality has also implemented tax relief measures, reducing taxes for many companies through supplementary financial support and tailor-made local interventions. **Darko Mrvaljevic**, Councillor from the Municipality, underlined the solidarity between the public and private sectors, a voluntary cut in the salaries of local staff, the provision of Red Cross medicines and the financial transfer to vulnerable populations as well as other innovative immediate measures at the local level.

Onur Eryüce, Counsellor to the Mayor of the Izmir Metropolitan Municipality, Turkey, shared the visions that constitute the organized response of his local government, including support for entrepreneurship and innovation, agriculture through cooperatives and municipal corporations which are intended to increase economic activities in their cities and with other cities in the world. He also pointed out the importance of shortening the supply chain and the development of innovation and digitization to make more efficient an agriculture to ensure the city's self-sufficiency and food security in the future.

In summary, the section on policy practices showed that local economic development faces the great challenge of responding to the dependence on undiversified economic models in our times. Models that, in turn, show great dependence on the informal sector, with precarious working conditions for many workers, a large increase in poverty in the cities and a strong link to the fragile state of employment provision.

The following live consultation with almost 200 participants contributed to the reflection on the fundamental issues that will change as a result of the current crisis and gave triggered a dialogue between elected officials in a second space, shedding light on:





- The mobilization of resources and local actors was highlighted by the attendees as the measure implemented by the local and regional governments with greater success over fiscal measures, assistance to small and medium-sized companies and cooperation with other territories (see image 1: successful measures).
- Regarding the main benefits of collaboration between local and regional governments, the participants gave similar value to promoting social innovation, facilitating the creation of knowledge in the territory, strengthening economic relations and improving companies themselves. public (see image 2: benefits of cooperation).
- Asked about the possible change in the priorities of local economic development in the face of the COVID-19 outbreak, the majority of those consulted determined that new economic models are likely to be developed, on those that indicated the improvement of social aspects, the reinforcement





of labor rights. of workers and those who thought that there would be no changes in this regard (see image 3: changes in LED priorities).

In short, the consultation exercise revealed as common points that "the protection those who suffer most, the protection of jobs and the importance of solidarity and international support are essential to respond to the outbreak and beyond ", Emilia Saiz, Secretary General of UCLG.

The strengthening of LRG in the implementation of policies to stimulate economic activity and employment

Giving continuity to this consultation, local and regional representatives shared initiatives implemented in the various territories, promoting sustainable local economic development as a tool for progress beyond the context of crisis.

The Mayor of Seville, **Juan Espadas**, explained the suitability of carrying out measures adapted to each sector and territory. And how local governments now have the responsibility to commit to relocation to reduce unemployment and the closure of companies in the short term, work on creating jobs closer to consumers and reducing the ecological footprint in the future, with Agenda 2030 as a framework. He also pointed out the need to consider changing models, revaluing the informal economy understood as a new process of social innovation and networking between public and private actors.

Local governments are potentially excellent mediators for the projection of their development and employment through international action and cooperation with other territories, promoting more sustainable and collaborative formulas. **The social and solidarity economy, the circular economy, the support to micro and SME's, stand out as the best ways to generate decent employment in a framework of sustainability.** And in this sense, the Global Agenda is a very valid roadmap to this purpose, as detailed in the [UCLG Decalogue for the COVID-19 aftermath](#), to frame the transformation measures implemented.

Amsterdam is a good example of a city in search of the best possible reconstruction. In the Dutch capital, they are considering using the doughnut model in order to achieve a fully circular economy in the city by 2050. In this space for dialogue between elected representatives, **Victor Everhardt**, Deputy Mayor of Amsterdam, presented the concrete solutions being developed in his city. Through incentives that facilitate the relationship between employees and employers, innovation in new businesses, energy resources and the reconversion of jobs. He also illustrated the





idea of the "1.5-metre society", predicting what the new normality will look like after the emergency and reaffirmed the need to strengthen the role of cooperation and mutual aid.

Also, from Canada, **Garth Frizell**, Councillor from Prince George's and Vice President of the Federation of Canadian Municipalities (FCM), which coordinates the LED Committee together with FAMSI, spoke about how the FCM is supporting municipal workers, through online training courses, and looking for ways to support local governments in preparing courses and projects and contributing to local economic development programs. In addition to the interesting role of an initiative that brings together a group of 9 development agencies connected to the city and in coordination with the university for the establishment of an entrepreneurship centre. Support for small and medium enterprises is also a key priority for the FCM.

Other territories as distant as Chefchaouen and Panchgani (Morocco and India), coincided in pointing to the question of the excessive specialization of certain economic models. Both cities, as in many others, are highly dependent on the tourism sector and need better integration of the informal economy and alliances at different levels for a diversified, fair, dynamic and sustainable recovery. "We have to reconsider the plan and the priorities have to change, we have to reinforce the actions of ecological transformation for the dynamization of the local economy", **Mohamed Sefiani**, Mayor of Chefchaouen and President of the Forum of Intermediate Cities of UCLG. The Mayor of Panchgani, **Laxmi Karkhadkar**, highlighted the support to local cooperatives and workers in the face of the rise of multinational companies, which are very important employers in India and in her city.

Other measures that focused on employment generation were presented by **Josep Mayoral**, Mayor of Granollers, and **Elvira Dolotkazina**, Deputy Mayor of Nizhnekamsk. The former addressed a double programme for the recovery of the city, with a short-term economic "shock plan" to mitigate the worst effects, supporting the most affected sectors, promoting digital transformation and a commitment to the circular economy and culture. He also presented a long-term "city pact" between all stakeholders in order to rebuild the city's identity in which he claimed the city as a social and political space with identity. The Russian Deputy Mayor referred to her government's efforts to save jobs, including a centre for entrepreneurship development to assist small and medium enterprises during the outbreak, and the provision of personal protective equipment to local businesses.





Conclusions and lessons learned so far: sustainable local economic development during the crisis and beyond

1. Loss of jobs and livelihoods: the need to care particularly for the most vulnerable

Micro and small enterprises, agricultural workers, actors in the informal economy who constitute 60 per cent of the world's workforce, refugees and migrants are particularly facing the perverse consequences of this crisis. **A massive impact on the lives of urban communities and marginalized populations is expected**, especially in poor and densely populated informal urban areas and in slums where more than a billion people live.

This has a huge impact on inequality between and within countries, widening differences in access to services, employment and income opportunities and widening the boundaries and depth of multidimensional exclusion and marginalization.

Beyond the effects at the individual and household levels, those **effects are particularly disruptive to local communities**, exerting pressure on social capital and cohesion just at a time when they represent a critical asset for building resilience and effective response capacity.

2. Truly "transformative" approaches are key to achieving better reconstruction

There is a need to move towards revitalization and boost the resilience of local economies through recovery processes that are inclusive and sustainable. This requires a combination - and to some extent a paradigm shift - of macroeconomic policies and individual measures to support business and income sustainability, with a set of integrated strategies, policies and measures that are designed and implemented at the territorial level. In other words, it is essential to **regenerate and preserve the conditions of local systems in order to unlock and direct local resources and capacities towards sustainable recovery paths**.

Local and regional governments, now at the forefront of business support and regularization, have an undisputed role to play in driving the recovery of local economic development systems, through immediate mitigation and compensation measures, and in fostering more strategic and forward-looking socio-economic recovery trajectories.





3. The Economic Model can change

The moment of recovery creates an **opportunity to apply a diversity of alternative economic models and practices**, such as the green and circular economy, as well as social and technological innovation solutions to allow the stabilization of the supply chain; the adaptation/reorientation and relocation of production. Solutions based on the nature of the **transition to a healthier and more resource-efficient economy, sustainable consumption and production** patterns anchored in local value chains and, again, support for youth, women and social partners in entrepreneurship and social innovation.

4. Resilient local and urban communities must be at the centre of recovery efforts

This should be done by involving a diversity of local stakeholders in the development and implementation of integrated, **community-led strategies and solutions** that can be part of a coherent policy and programmatic response within multi-level governance frameworks. Social dialogue, democratic and civic participation, strengthening local institutions and legal frameworks are also key to building trust as a basis for social cohesion and a renewed social contract to address the consequences of the crisis. In this process, **support from public services and public investments** (from local, national and international sources), as well as **social dialogue** that allows for the joint definition of solutions and their implementation, will be key.

5. The World Forum for Local Economic Development process acquires renewed potential

The joint participation of UCLG and FAMSI, together with UNDP, ILO and ORU FOGAR in this forum is a long-term process based on a unique network of partnerships that traverses stakeholder mandates and levels of governance and **links global policy dialogue with partnership-based actions at local level**.

In the current circumstances, this framework offers the opportunity to give greater impetus and extract new value from this project, building on past reflections that have contributed to positioning and shifting the boundaries of **Local Economic Development as a recognized key approach to localizing Agenda 2030**; and at the same time **reorienting a global dialogue process to address the current challenges in the response to the crisis**. It also foresees new ways (such as virtual platforms) to catalyze exchange, synergies and cooperation within a rapidly evolving scenario.





The event participants agreed in stressing the uncertainty about the impact of COVID-19 on the local economy and the novelty of the path ahead, as pointed in their intervention at the closing of the event by **Pierre Martinot-Lagarde**, ILO Advisor, and **Andrea Agostinucci**, UNDP Local Economic Development Advisor, "The impact of this crisis is unparalleled, poverty is on the rise, jobs are at risk and businesses are in difficult situations".

Resources

The presentations made by the cities during this Live Learning Experience are available [here](#).

The [Cities for Global Health Platform](#), facilitated by Metropolis, is an active repository for the initiatives of other local and regional governments' initiatives to address the COVID-19 crisis. For more information, see the related resources shared below:

- ILO Monitor: [COVID-19 and the world of work. Third edition](#)
- [Key messages on LED from Local Governments](#)
- UCLG "[Decalogue for the post COVID-19 era](#)"
- [Tourism and its impact on cultural life in cities](#), the UCLG Culture Committee report, 2019
- [Seoul Metropolitan Government's Measures](#)
- [V World Forum of Local Economic Development](#)
- Measures adopted by [Gatineau Municipality](#)
- Preston's case: [strategic use of local and sustainable public procurement to foster local economic development](#)
- [Seville City Council measures against COVID-19](#)
- [Bogota District Development Plan](#)
- [UITP Policy Report](#)

