

Training Series

Building Urban Economic Resilience during and after COVID -19

Date: 15 February 2021

STAKEHOLDER ENGAGEMENT & VISIONING WORKSHOP FOR THE CITY OF TIRANA

Urban Economic Resilience Performance Diagnostic and
Planning Tool (DPT)

UN HABITAT
FOR A BETTER URBAN FUTURE



Shared Prosperity Dignified Life



UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific





- **Overview of the Urban Economic Resilience Performance Diagnostic and Planning Tool (DPT)**
- **Urban economic resilience performance diagnostic**
 - Approach, indicators, dimensions
 - Data analysis and interpretation
 - Performance scoring



Key objectives and users

Objectives

- (1) Help cities understand the strengths and weaknesses of their institutional and operating arrangements from the perspective of economic recovery and resilience building.
- (2) Assess the structure and functioning of city economies to get a clear understanding of the economic performance/standing of each city and how this defines vulnerability and resilience.
- (3) Define a process for the design and implementation of recovery plans/strategies to address the identified gaps, accelerate better recovery and improve longer -term resilience.
- (4) Promote the culture of resilience sensitivity in city planning and budgeting as well as in the management and operation of different components of the city economic and financial system.

Users



City governments (councils and administrations)



Private sector partners (real economy and finance, formal and informal)



Academia, think tanks and research institutions

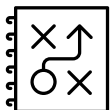


Civil society (professional associations, NGOs and CSOs)

Main uses



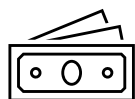
As a **baseline** for resilience performance of the different components of the city economic and financial systems.



As a **blueprint** for strategy development and action planning to build urban economic resilience.



As a **monitoring** tool to track the improvements in the performance of the different components of the city economic and financial systems.



As a **resource mobilisation** tool for cities to raise additional resources (technical assistance and finance from the central/ provincial governments and development partners).

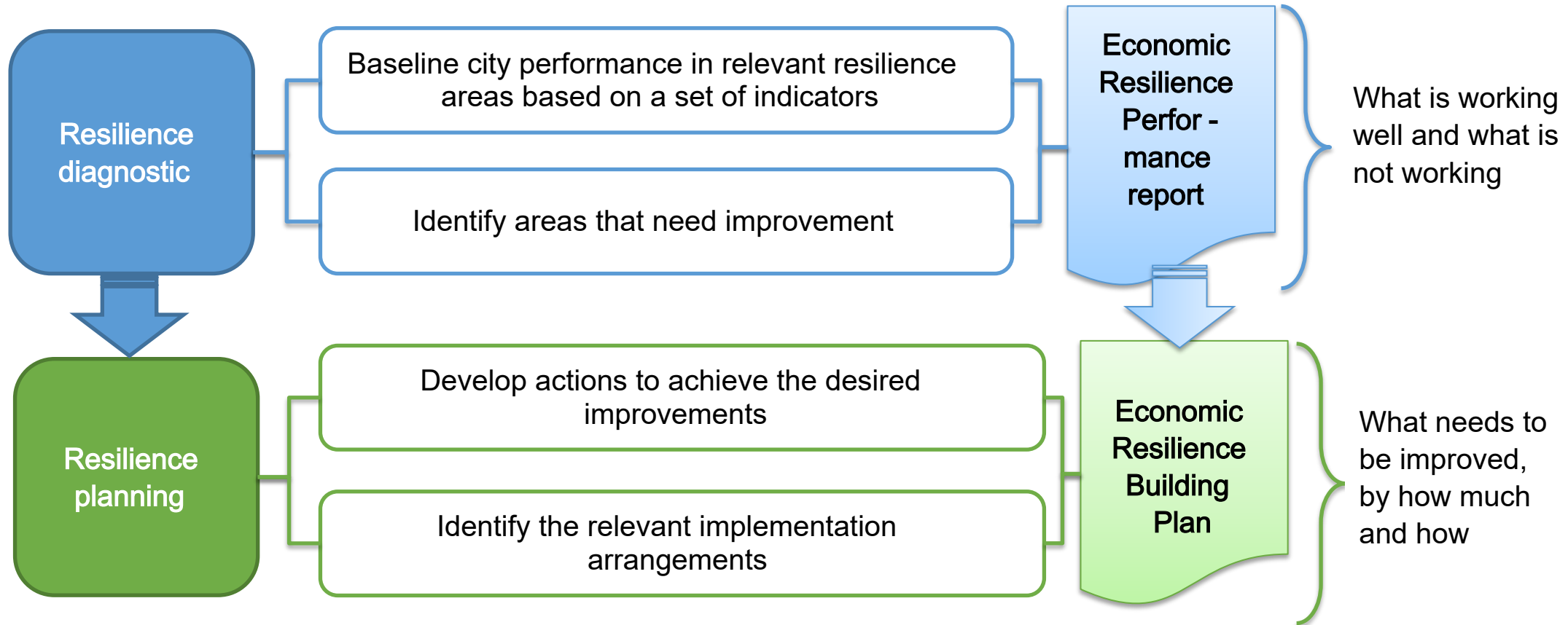


As an **advocacy** tool with the central/ provincial governments for legal and regulatory reforms.

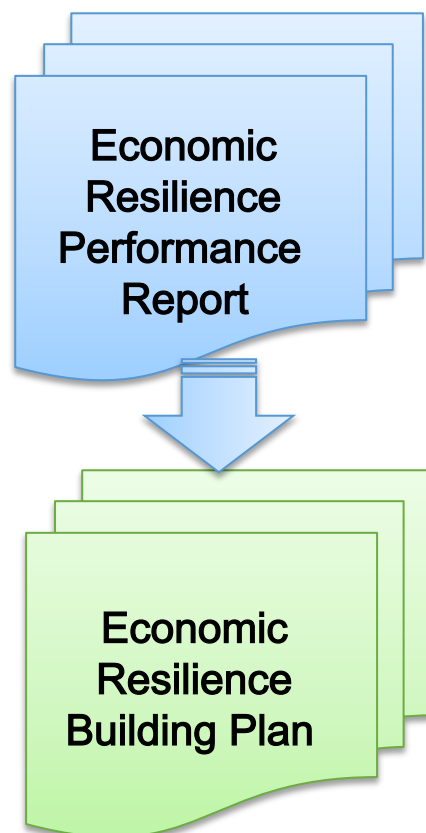


As a tool for **public awareness** raising and mobilization.

Structure and products



Structure and products



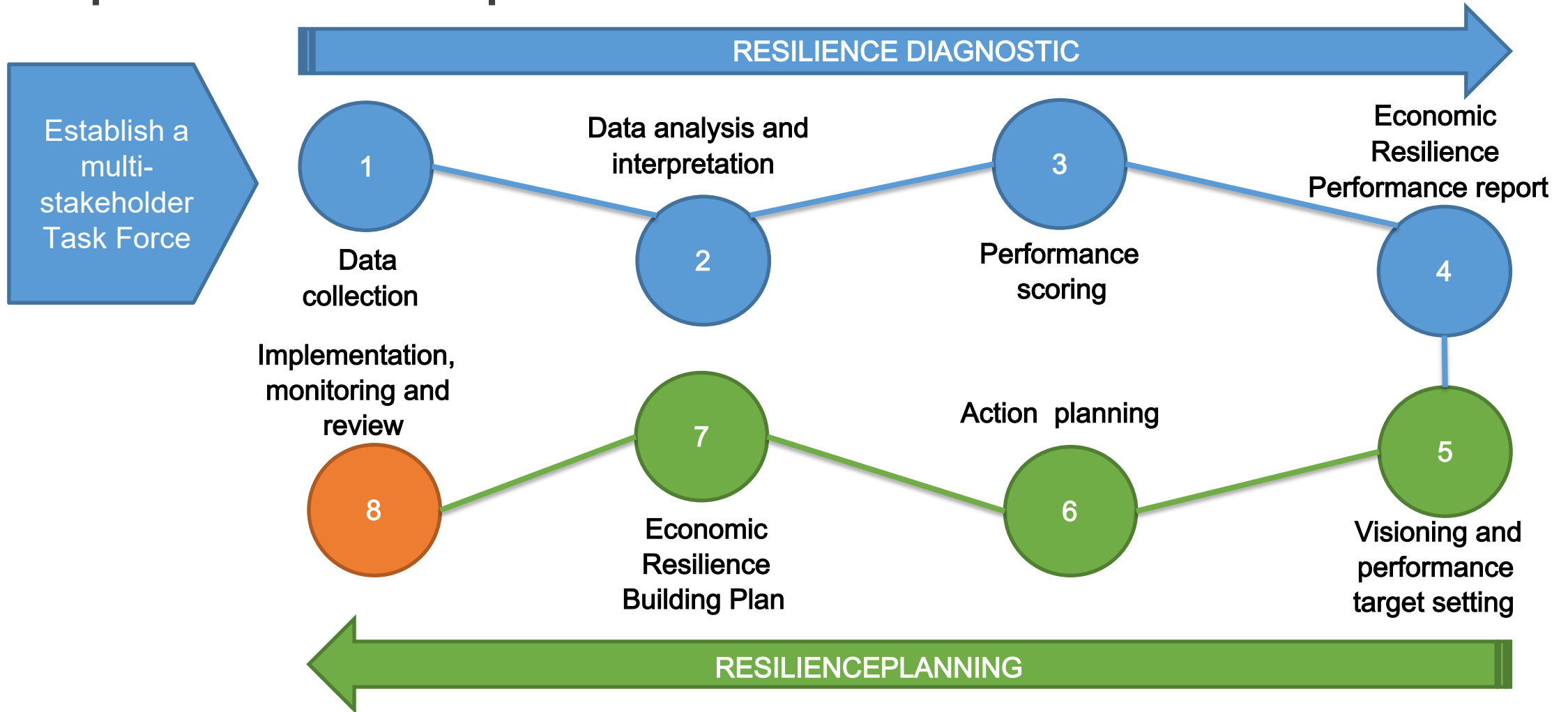
A **performance assessment** that

- documents the resilience of different components of urban economy against a clear scoring system based on performance of highly resilient cities;
- identifies weaknesses and strengths of the urban economy from the resilience perspective;
- provides recommendations on what can/should be done to improve the resilience of the urban economy.

A **medium -term action plan** (standalone document or an annex to the city economic recovery/resilience building plan or strategy) that

- sets a vision and the performance improvement targets for resilience indicators in alignment with the other relevant strategies and plans;
- determines the actions leading to the desired improvements;
- specifies responsibilities, required resources & timelines for implementation of the planned activities.

Implementation steps



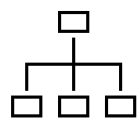
Implementation approach

Phase/task	Approach	Methods
PHASE 1. DIAGNOSTIC		
1.1 Collection of data	Desk review and field research	<ul style="list-style-type: none"> • Review of administrative data and other existing research • Quick surveys where relevant and feasible • Expert panels • Key informant interviews • Focus groups
1.2 Interpretation of data and performance scoring	One or more workshops or a series of engagements with individual experts	<ul style="list-style-type: none"> • Online or face-to-face Delphi process on urban economic diagnostic
PHASE 2. PLANNING		
2.1 Visioning and performance target setting	Workshop	<ul style="list-style-type: none"> • Any appropriate combination of participatory tools, including group discussions, brainstorming sessions, etc.
2.2 Designing improvement actions	Combination of a workshop and expert panels and focus groups	<ul style="list-style-type: none"> • Problem tree analysis
2.3 Identifying resources	Expert panels	<ul style="list-style-type: none"> • Appropriate costing methodologies

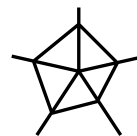


- Overview of the Urban Economic Resilience Performance Diagnostic and Planning Tool (DPT)
- **Urban economic resilience performance diagnostic**
 - Approach, indicators, dimensions
 - Data analysis and interpretation
 - Performance scoring
- Breakout Session 2: Diagnostics validation (Conceptboard)

Approach to the diagnostic



Based on a **conceptual framework** of urban economic resilience consisting of 5 components



Uses a **performance assessment** approach, not an index



Combines **quantitative and qualitative** measures to cover different aspect of economic resilience



Flexible and adjustable to the local circumstances and data availability

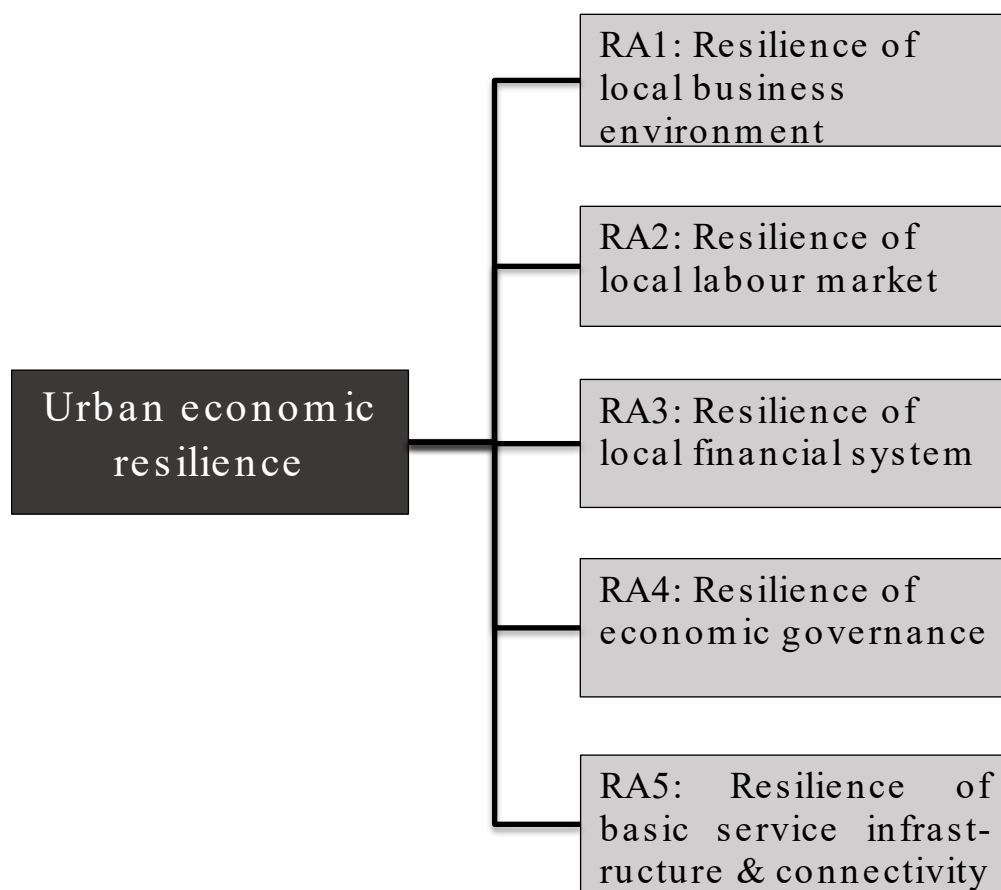


Inclusive and participatory to incorporate different stakeholders at the city level and **consensual** via a broad-based consensus about the city performance



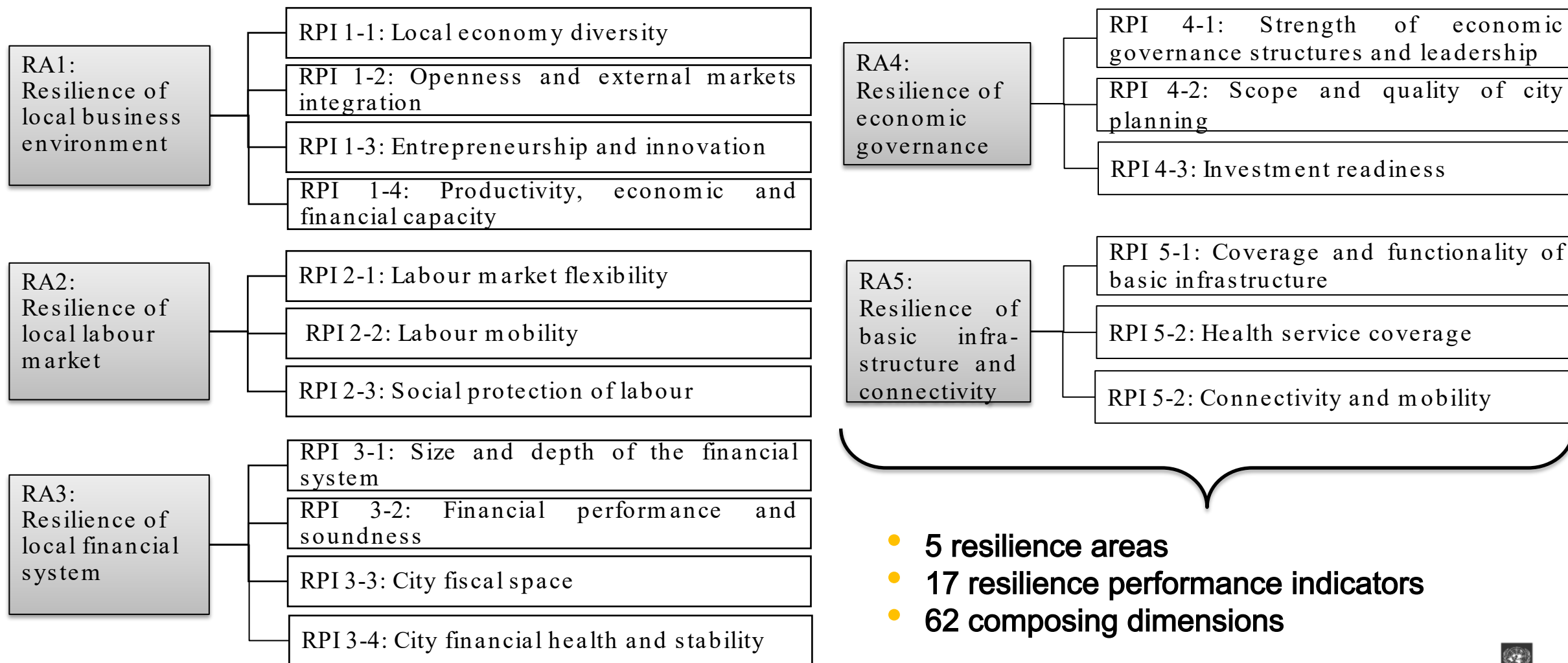
Aspirational at the city level

Overview of the diagnostic tool



- Analysis of the capacity of local businesses (including the public sector) to sustain growth and respond to demographic, technological and market conditions
- Analysis of the capacity of the local labour market to adjust to changes in economic activities and reallocate labour while minimizing unemployment
- Analysis of the capacity of the local financial system to maintain adequate and continuous supply of finance to economic activities with appropriate instruments
- Analysis of the capacity of local economic governance to plan, allocate and mobilize resources and coordinate public and private economic activities
- Analysis of the capacity of basic infrastructure and connectivity systems to enable and facilitate continued operation of the other four components of urban economy under stressful conditions

Structure of the diagnostic tool



- 5 resilience areas
- 17 resilience performance indicators
- 62 composing dimensions

What is measured and how (1)

Indicator	Dimensions
RPI 1-1: Local economy diversity	City product diversity; informality; public economy strength; COVID -19 impact concentration
RPI 1-2: Openness and external markets integration	Local industrial/employment quotient; local economy openness (export/import)
RPI 1-3: Entrepreneurship and innovation	New business creation; business digitization rate; digital access; quality of investment -ready environment
RPI 1-4: Productivity, economic and financial capacity	Business productivity; business access to electricity; access to affordable finance; COVID-19 business failure rate
RPI 2-1: Labour market flexibility	Employment diversity; population/employment ratio; COVID -19 induced unemployment
RPI 2-2: Labour mobility	Occupational labour mobility; geographic labour mobility (commuter rate); average proportion of a household's budget spent on rental housing
RPI 2-3: Social protection of labour	Unemployment rate; share of unemployed in receipt of unemployed benefits; informal employment rate; share of city budget for social protection
RPI 3-1: Size and depth of the financial system	Financial institutions per 100,000 residents; proportion of the population with a bank account; percentage of adult population with a registered Digital Finance account; market share of financial institutions offering affordable finance

What is measured and how (2)

Indicator	Dimensions
RPI 3-2: Financial performance and soundness	Interest rate spreads; non -performing loans; sectoral distribution of loans; COVID -19 induced NPL rates
RPI 3-3: City fiscal space	City revenue diversity; share of income inelastic revenues; financial flexibility; fiscal flexibility
RPI 3-4: City financial health and stability	City share of the local financial market; city credit rating; city audit performance; COVID -19 impact on the city financial health and stability
RPI 4-1: Strength of economic governance structures and leadership	Inclusiveness of economic governance; public participation; access to local public information
RPI 4-2: Scope and quality of city planning	Comprehensiveness of planning systems; integration of crisis management provisions in planning and budgeting; vulnerability assessment methodology; extent of access and application of digital technologies
RPI 4-3: Investment readiness	Strategic planning and resilience proofing of investment projects; access to public land; quality of investment -enabling environment; intensity of regulation/administrative burden
RPI 5-1: Coverage and functionality of basic public services and infrastructure	Public open space per 1,000 inhabitants; continuity of electricity supply; access to water and sanitation, access to solid waste management services
RPI 5-2: Connectivity and mobility	Continuity of telephone and Internet operations; average commuting travel time, city walkability and bikeability

Data collection

Data sources

Official statistics

- Data produced by the National Statistical Offices and other members of the national statistical systems based on the Fundamental Principles of Official Statistics

Other sources of data

- Administrative data produced by the municipality, regional or the central government
- Statistics and research by international organizations (e.g. United Nations Statistics Division, European Union institutions, Organisation for Economic Co-operation and Development, Regional Economic Commissions, foundations)
- Research by non-governmental organizations, the academia and others
- Field research (quick survey, expert panels and others)

Collection process

1. Set up a multi-stakeholder municipal data collection team and appoint the municipal focal point for data collection (may be merged with an existing data collection team if already in place).
2. Identify availability of official data (including administrative records) at the city level.
3. Estimate the gaps and identify the availability of data at the city level from other sources (NGOs, academia, professional associations, etc.)
4. Estimate the gaps and identify appropriate data at the regional or national level that can be used instead of city-level data and contact the relevant provincial or national institutions.
5. Estimate the gaps and identify appropriate data from international organizations.
6. Estimate the gaps and the need for and feasibility of additional field research (e.g. quick surveys).

Data analysis and interpretation

1. Data disaggregation

As much as possible, an effort should be made to collect and analyse, particularly for the population groups that may be particularly vulnerable to economic shocks induced by future events similar to COVID-19, especially women who have been disproportionately affected by the crisis. The more the data are disaggregated by gender and other vulnerable groups (e.g., migrants and refugees, homeless, slum dwellers, etc.), the more relevant the resulting analysis becomes and the more targeted recovery and resilience building measures can be designed .

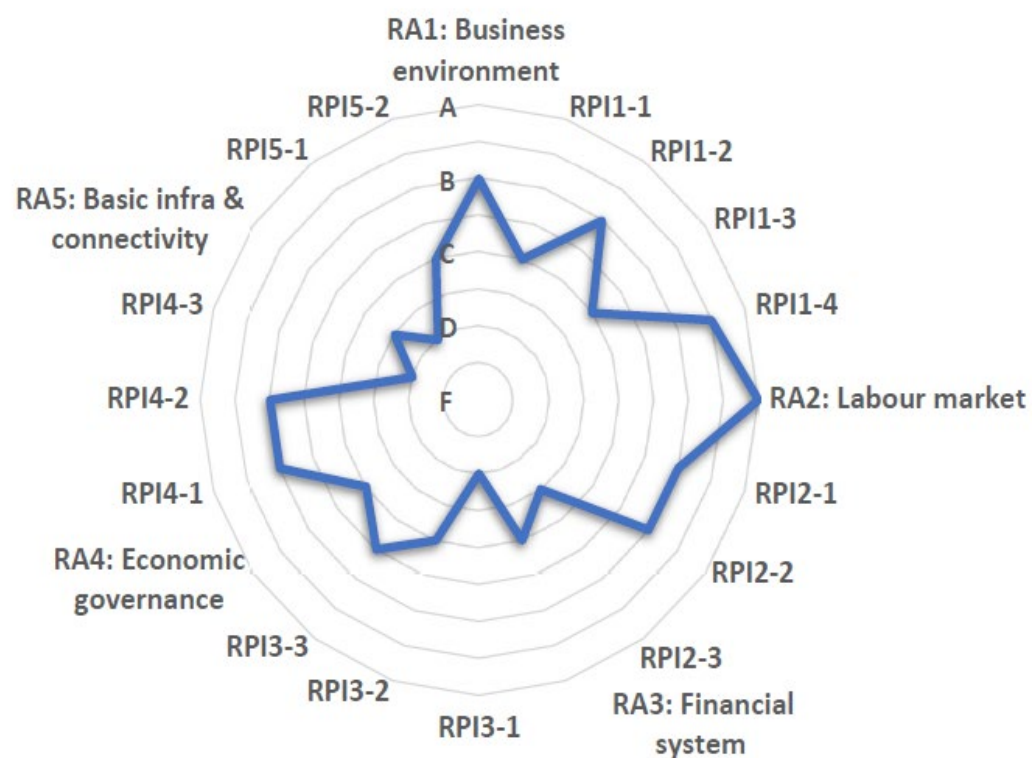
2. Underlying data analysis

The indicators allow interpretation of the data at the aggregate level but the underlying data matter as much as the indicators themselves . Due to their nature, indicators may return the same value for different underlying data. The data allow a level of granularity, which cannot be achieved with indicators only . Consult the underlying data to interpret the indicators and move to the next step, which is planning .

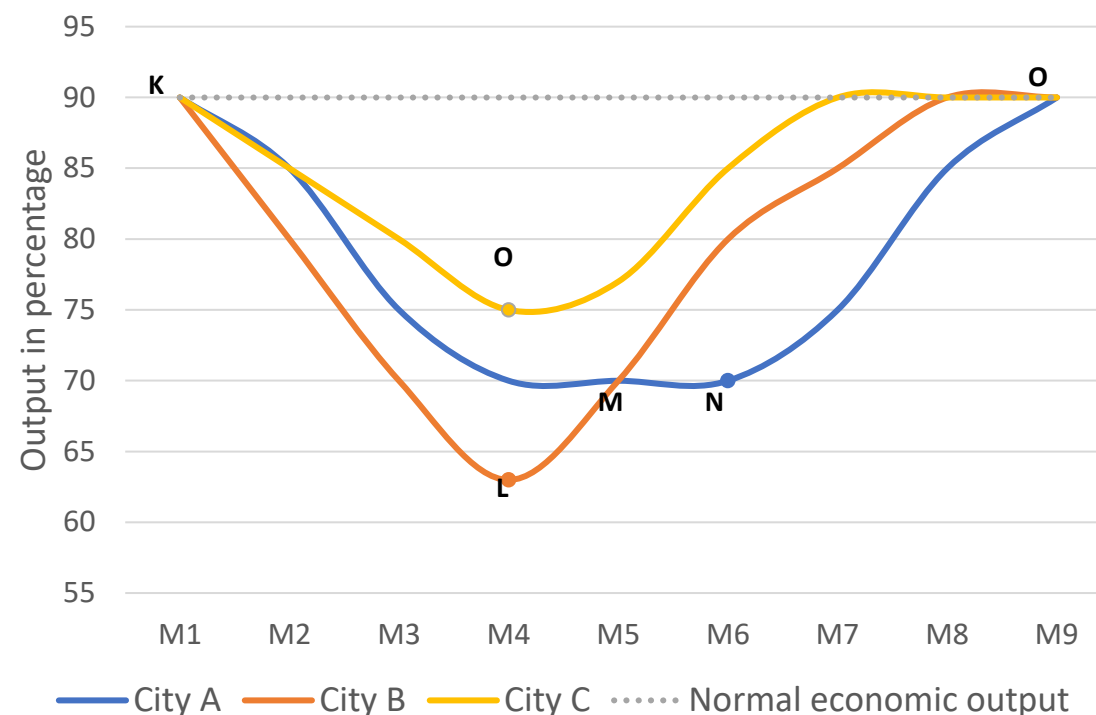
3. Context - specific analysis

Interpretation of the indicators may also be not so straightforward . A more open economy may show more resilience in some cases but be less resilient in some other situations (for example, when global and regional supply chains are disrupted) . There is also another dimension of resilience to consider: resilience involves both shock absorption and recovery . Hence, the indicators should be interpreted in the context of specific shocks and the impact they produce on urban economies .

Performance approach



Shock and recovery model



Performance scoring

- A** performance associated with a very strong capacity to ensure economic and financial resilience that ensures minimum impact while also allowing for a quick recovery. This is the level of capacity possessed by the cities that have been consistently demonstrating a high level of resilience to economic shocks.
- B** sound performance associated with a healthy capacity but a rung below the best performing cities. Such a capacity guarantees a low to moderate impact and a relatively quick recovery.
- C** an average performance when the city's capacity to mitigate the crisis suffices to achieve low to moderate levels of impact and a somewhat longer recovery period.
- D** a weak performance associated with a capacity that falls way below the best performers. At this level of capacity, a city experiences strong impact and has a long recovery period.
- F** essentially, lack of own resilience capacity such that without very substantial support from the central government a city would experience a very strong shock (possibly an economic collapse) and a long recovery period.

Example of performance scoring matrix (RPI 3 -4)

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>F</i>
City share of the local financial market	<i>City's share of the local financial market is high (10% or more)</i>	<i>City's share of the local financial market is relatively high (7-10%)</i>	<i>City's share of the local financial market is average (3-6%)</i>	<i>City's share of the local financial market is below 3%</i>	<i>City's doesn't have a share of the local financial market</i>
City credit rating	<i>Very high credit rating (AAA-AA)</i>	<i>High credit rating (A-BBB)</i>	<i>Average credit rating (BB-B)</i>	<i>Low credit rating (C)</i>	<i>Default (D)</i>
City audit performance	<i>Unqualified audit opinion over the last three years</i>	<i>Unqualified audit opinion for at least 2 years out of the last three and no adverse opinion</i>	<i>Unqualified audit opinion for one year out of the last three and no adverse opinion</i>	<i>Qualified opinions for all three years or one adverse opinion</i>	<i>More than one adverse opinions</i>
COVID-19 impact on the city financial health and stability	<i>City revenues increased or insignificantly reduced (up to 5%)</i>	<i>City revenues somewhat decreased (by 6-15%)</i>	<i>City revenues decreased (by 16-30%)</i>	<i>City revenues significantly decreased (by 36-50%)</i>	<i>City revenues decreased very significantly above 50%</i>

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<https://urbanresiliencehub.org/urban-resilience-covid-19/>

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Thank you!

