

1.1: SUPPORTING RURAL ECONOMIC RECOVERY & RESILIENCE AFTER COVID-19

**PREPARED FOR THE
CANADIAN
RURAL
REVITALIZATION
FOUNDATION**

RURAL INSIGHTS SERIES: COVID-19

THE INFORMATION INCLUDED HERE IS A SUMMARY OF CURRENT KNOWLEDGE ABOUT THE CORONAVIRUS DISEASE (COVID-19) AND ITS IMPLICATIONS IN RURAL CONTEXTS. THE STATE OF KNOWLEDGE WILL EVOLVE AS ADDITIONAL INVESTIGATION AND RESEARCH IS CONDUCTED, SO CONTINUOUS REVIEW OF REPUTABLE SOURCES AND WEBSITES IS ADVISED.

FOR MORE INFORMATION, PLEASE CONTACT THE CANADIAN RURAL REVITALIZATION FOUNDATION AT WWW.CRRF.CA



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PUBLISHED MAY 12, 2020, UPDATED JUNE 1, 2020
ISBN: 978-0-9948480-4-8

ACKNOWLEDGEMENTS:

This report was prepared by members of the Canadian Rural Revitalization Foundation in response to emerging issues related to the impact of the Coronavirus disease (COVID-19) pandemic in rural contexts.

The development and publication of this report was supported through funding from the Rural Policy Learning Commons (www.rplc-capr.ca).

DISCLAIMER:

The information included here is a summary of current knowledge about COVID-19 and its implications in rural contexts. The state of knowledge will evolve as additional investigation and research is conducted, so continuous review of reputable sources and websites is advised.

This report presents a high-level overview of areas of interest to key stakeholders and members of the Canadian Rural Revitalization Foundation and should be read as an exploration of challenges and opportunities that communities might consider as they consider their own unique circumstances.

Given the broad nature of the issues considered for this paper, individual communities and/or economic development professionals should take this paper as a preliminary starting point for their own investigations and planning processes. As such, this paper does not constitute specific recommendations for individual communities, and neither the authors nor the Canadian Rural Revitalization Foundation may not be held liable for any actions taken in response to this paper.

ABOUT THE CANADIAN RURAL REVITALIZATION FOUNDATION

The Canadian Rural Revitalization Foundation (www.crrf.ca) is a national charity that contributes to the revitalization and sustainability of rural Canada through collaborative research for rural leaders in the community, private sector, and in all levels of government. CRRF works to create credible insights and to improve our understanding of issues and opportunities that are of common interest to rural residents across Canada. Knowledge and better understanding are the fundamental pillars for the welfare of rural communities and environments.

You can follow CRRF online at the links below and join in the conversation on social media by using the hashtags #ruralcan, #COVID19Rural, and #RuralInsights.



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SUPPORTING RURAL RECOVERY & RESILIENCE AFTER COVID-19

KEY MESSAGES

- Results from our survey on the impacts of COVID-19 on rural Canada indicate that people are most concerned about how their communities will survive the current crisis and are unsure about the steps necessary to plan for recovery.
- Rural Canada will play a vital role in Canada's economic recovery by ensuring food security, retooling industries to support 'made-in-Canada' solutions, shortening supply chains, adapting to climate change, and promoting more sustainable forms of development.

LESSONS FROM PREVIOUS DOWNTURNS

1. Communities will experience the crisis differently
2. Industry support does not always equal community benefits
3. "Shovel-ready" may dig a deeper hole
4. Municipalities and regional governments will struggle with maintaining critical services and infrastructure

RECOMMENDATIONS FOR RURAL ECONOMIC RECOVERY

1. Include rural expertise in all response and recovery efforts
2. Apply a rural lens and create rural specific policy responses
3. Fund, request, and analyze rural specific data to address the rural data gap
4. Provide rural specific economic recovery and stimulus funding
 - a. Accelerate investments in broadband
 - b. Create a digital adoption program
 - c. Provide targeted support for rural non-profits and voluntary organizations
 - d. Create a rural recovery plan fund
 - e. Provide capacity support to turn "shovel-worthy" into "shovel-ready" projects
 - f. Consider alternative program delivery models & applications
 - g. Restructure revenue generation and sharing with municipalities
5. Mobilize rural and regional "boots-on-the-ground" strategically

ECONOMIC IMPACTS OF COVID-19 IN RURAL CANADA

We are facing unprecedented times. COVID-19 is challenging national, regional, and local policy makers to re-consider the very foundations of our social and economic systems. As COVID-19 continues to disrupt economies around the world, rural Canada has and will continue to be impacted in unique and challenging ways. There is, however, a significant gap in our understanding of how COVID-19 is impacting and will continue to impact rural economies.

In April 2020, the Canadian Rural Revitalization Foundation (CRRF) launched a survey to learn more about the impacts of COVID-19 on rural Canadians. Our results indicate that people are most concerned about how their communities will survive the current crisis and are unsure about the steps necessary to plan for recovery. Keeping rural communities safe, ensuring rural healthcare systems can cope with the unique threat posed by the virus, and the impacts of widespread shutdowns on small businesses now and in the future were raised as critical concerns. These concerns, as well as interruptions in access to markets across the agri-food system and concerns about rural needs being considered in funding frameworks point to the need for investment in local capacity through rural-specific interventions.

Initial research suggests COVID-19 has introduced a number of challenges for rural Canada including:

- the ability to continue production or service provision while adhering to social distancing regulations,
- the availability of workers due to travel restrictions, illness, and competing demands on workers (i.e.: childcare and family care),
- access to markets for products and services, including the availability of transportation links,
- limited access to financial capital to support businesses, and
- decreasing demand for products and services in the marketplace.

The initial economic impact assessments emerging from industry associations further demonstrates the severity of the situation:

- 40% of all businesses in Canada reported laying off staff in March 2020¹
- Farm operators are encountering difficulty in engaging foreign labour to support agricultural production, impacting nearly 40,000 foreign workers.
- Estimated loss of 778,000 jobs in the tourism industry, hotel occupancy rate reported at less than 10%²
- 93% of non-profit and voluntary organizations reported disruptions to providing services to individuals and communities.³

Complementing the personal stories collected through CRRFs survey, Statistics Canada and the Canadian Chamber of Commerce recently released data from a survey of more

than 12,500 businesses from across Canada, which shows many of the sectors that contribute strongly to rural economies have seen dramatic job losses including accommodation and food services (which are vital to tourism), healthcare and social assistance, retail trade, construction, and mining⁴. These workforce reductions also come with significant gender-based implications, as the sectors hardest hit (accommodation and food services; health care and social assistance; arts, entertainment and recreation; and educational services) tend to be where a higher proportion of women are employed.⁵

While urban economies face similar challenges, these challenges impact communities differently due to context. The rural Canada context is unique due to factors such as smaller populations (which means a limited work force and a smaller tax base), larger distances to markets, seasonality of economic activities, reliance on a smaller number of industries, and limited broadband internet connections.

Rural Canada⁶ is home to over 18% of the national population and it plays a critical role in the national economy – contributing approximately 23% of the national gross domestic product. Rural Canada is a significant site for our food production, resource extraction, energy generation, manufacturing, and environmental stewardship. As a result, rural Canada will play a vital role in Canada’s economic recovery by ensuring food security, retooling industries to support ‘made-in-Canada’ solutions, shortening supply chains, adapting to climate change, and promoting more sustainable forms of development. Supporting rural economies throughout the duration of this crisis and into recovery will require innovative approaches for 21st century rural development.⁷

It is important to emphasize that the safety of people (e.g. workers, consumers, business owners), safe childcare and safe elder care are all essential for reopening economies and economic recovery. What follows are the critical lessons from previous economic shocks and recommendations for how all levels of government can work together to support rural recovery and resilience in response to COVID-19.

LESSONS FROM PREVIOUS DOWNTURNS

Rural communities across Canada are well accustomed to the boom and bust patterns associated with our resource-based economies. They are also used to responding to change and leveraging local and regional assets to meet new challenges and new economic, social, and environmental realities. This experience and readiness to deal with change represents a considerable strength as we collectively mobilize to deal with the impacts of COVID-19. Each economic downturn is unique – meaning we can’t simply replicate responses without adapting to context. However, previous economic recessions provide important lessons and, more importantly, direct on-the-ground experience for dealing with the current crisis.

1. COMMUNITIES WILL EXPERIENCE THE CRISIS DIFFERENTLY

Rural communities across Canada will all experience the crisis differently, presenting a considerable challenge to large policy and funding responses. Degree of remoteness, economic mix, and level of community capacity will demand a level of sensitivity to policy and program responses. For example, some resource-dependent communities may experience particularly severe economic impacts, while others might find new opportunities for growth (e.g. pulp for PPE). This places a high-level of consideration for using regional delivery for program and stimulus support in order to better capture and accommodate these differences. However, lessons from the 2008-09 recession tell us that senior governments struggle with a lack of “boots-on-the-ground” to fully comprehend impacts and variability, which impedes the success of recovery efforts.

2. INDUSTRY SUPPORT DOES NOT ALWAYS EQUAL COMMUNITY BENEFITS

Previous experience informs us that governments often provide targeted support (e.g. sector-specific emergency funds or stimulus funds) to specific industries during a downturn to protect jobs and investments. However, this support does not always translate into direct benefits for workers and communities. In addition, deregulation in an attempt to reduce cost burdens on industry may inadvertently punish innovative businesses and externalize additional costs onto rural communities and regions in terms of environmental impacts and limitations placed on future economic diversification.

3. “SHOVEL-READY” MAY DIG A BIGGER HOLE

Quick “shovel-ready” projects may inadvertently waste opportunities for critical investments in 21st century rural infrastructure. Previous experience has shown us that quick investments usually bind communities and regions to dated – and costly – long-term infrastructure. Communities also have different levels of capacity to meet “shovel-ready” project timelines. Many communities and regions are well-prepared with good community and economic development plans. However, previous experience has underscored how many lack the capacity and resources to complete feasibility studies or prepare plans in advance of funding opportunities. Additional challenges associated with, specifically, rapid small-business programs have included not recognizing that, a) some business closures may not be directly associated with the downturn (representing a lost opportunity for succession, or subsidizing a faltering business); and, b) investment programs may create intra-community/regional competition that forces-out existing, viable businesses.

4. MUNICIPALITIES AND REGIONAL GOVERNMENTS WILL STRUGGLE WITH MAINTAINING CRITICAL SERVICES AND INFRASTRUCTURE

Lessons from previous downturns highlight the need for efforts that maintain services that are essential for quality of life in communities – because if these services close, people leave, and the impacts on the local economy will be deeper. Related to this is the need to maintain qualified and experienced municipal and regional government service staff who often experience job losses due to budget cuts and austerity measures. Programs to support and maintain human resource capacity, during and after a crisis response, is essential.

RECOMMENDATIONS FOR RURAL ECONOMIC RECOVERY

Adopting place-based approaches will be critical for supporting rural recovery and resilience because ‘place’ is where local assets are situated, services are delivered, governance occurs, and identities are formed. Policy, planning, and investment interventions must also integrate immediate, medium, and long-term plans for supporting relief, recovery, and resilience efforts. This should take the form of investment and policy frameworks that provide targeted and immediate social and economic relief measures, as well as long-range strategies that respond to changing rural realities through key areas such as broadband, climate resilience, green energy, new governance arrangements, and diversified economic development strategies. More specifically, senior governments should:

1. INCLUDE RURAL EXPERTISE IN ALL RESPONSE AND RECOVERY EFFORTS

Senior governments should include rural expertise in planning all response and recovery efforts, including Economic Recovery Taskforce initiatives. Senior governments should also encourage and utilize intergovernmental sharing of rural expertise and resources – including between all levels of government and across governments.

2. APPLY A RURAL LENS AND CREATE RURAL SPECIFIC POLICY RESPONSES

Senior governments should apply a rural lens when developing or adapting policies, programs, legislation and/or other government practices related to COVID-19 to ensure that rural voices are captured and accounted for. In particular, governments should focus on considering the following:

- How will people living in rural communities be able to access this initiative?
- How does this initiative consider the fiscal realities of rural communities?
- How does this initiative consider access to broadband in rural communities?
- How does this initiative consider geography and remoteness?

- Has the local capacity to deliver this initiative been considered?
- Have all options for delivery been considered (e.g. the potential for co-delivery)?
- How does this initiative address the needs of all people living in rural communities (e.g. seniors, Indigenous people, women, immigrants, and youth)?
- How have rural communities been consulted?⁸

3. FUND, REQUEST, AND ANALYZE RURAL SPECIFIC DATA TO ADDRESS THE RURAL DATA GAP

Senior governments should fund, collect and analyze data on rural Canada to ensure evidence-based policy development, program design, and evaluation related to COVID19. This could be achieved by:

- Ensuring all data collected by departments and agencies (i.e. Statistics Canada; provincial statistics agencies; economic development departments; rural, regional and northern Ministries or Departments and offices) includes rural specific data for analysis,
- Creating rural-specific data analysis and reporting (i.e. the previous Rural and Small Town Bulletin Analysis series published by Statistics Canada);
- Creating funding calls or commissioned rural-specific research on COVID-19 in partnership with post-secondary education institutions;
- Partnerships with national and provincial rural organizations (i.e. CRRF); and
- Investing in capacity to analyze and integrate rural data from government, business organizations, and communities into policy development and program design.

Immediate rural research needs and information gaps related to COVID-19 include, the impacts, responses, and recovery efforts needed for:

- | | |
|--|---|
| • Women; | • Mobile work, including remote |
| • Indigenous peoples; | mineral extractions sites, healthcare, |
| • Seniors; | and construction. |
| • Youth; | • Tourism; |
| • The agri-food sector, including food | • Small-businesses and entrepreneurs; |
| production, processing, distribution, | • The non-profit and voluntary sectors; |
| labour shortages, and seasonal | and |
| workers; | • Mental health and healthcare |

4. PROVIDE RURAL SPECIFIC ECONOMIC RECOVERY AND STIMULUS FUNDING

Senior governments have made essential investments to help rural communities adjust to the impacts of COVID-19. As we move into the recovery phase, economic stimulus funds need to focus on investments in 21st century rural development e.g. social infrastructure, regional collaboration, connectivity, building capacity, and climate resilience. We also need to build on assets that already exist in communities (e.g. businesses, infrastructure,

social, community, natural assets) and support a diverse range of existing rural and regional organizations, including community non-profits and volunteer organizations, that provide assistance, information, and coordination for development. More specifically, senior governments should:

- **Accelerate investments in broadband** to close the digital divide impacting rural communities across the country. Senior governments should use a layered approach that includes more funding for infrastructure investments, expanding eligibility for funding programs to include regional collaborations and alternative service models, re-evaluating the current regulatory framework, and supporting ongoing research and evaluation of broadband extension and adoption programs. Governments should also address capacity issues that prevent rural communities from participating in new and/or existing programs.
- **Create a digital adoption program** to get small rural businesses, community organizations, (e.g. non-profits and volunteer organizations) and municipalities online. Many of these rural organizations lack the digital literacy and/or capacity to get their products or services online. Support could be provided directly to businesses, community organizations, or economic development practitioners (e.g. Ontario Digital Mainstreet).
- **Provide targeted support for rural non-profit and voluntary organizations** (such as women's shelters, mental health, and elder care) to assist with crisis response and recovery efforts. The stresses on rural people emerging from COVID19 are significant and these organizations provide critical services. Many rural communities already struggle with social service capacity and rural non-profits and voluntary organizations play a vital role in filling service gaps and facilitating an integrated approach to rural development and recovery. These organizations are often inadvertently excluded from programs due to a lack of paid staff, smaller geographic areas, or smaller clientele-base for their services.
- **Create a rural recovery plan fund** to assist rural development practitioners develop recovery plans for their communities. Rural development practitioners are experiencing lay-offs and redeployment due to budgetary needs and capacity issues. Senior governments should provide immediate funding to help rural communities build capacity and plan for recovery in their communities. This could include economic recovery taskforce planning, round table support to bring all actors to a single information sharing and planning table, and programs that contribute a percentage of salary for economic development officers, particularly for smaller communities.
- **Create a rural development recovery initiative** for rural communities to convene, share, test and/or evaluate innovative approaches to addressing rural development

issues and rural recovery (e.g. a rural manufacturing retooling program or rural business digital transformation). Funding could support bottom-up local or regional round tables with broad representation from all levels of government and researchers. Past examples include the Federal Rural Secretariat's Pilot Projects Initiative and the Models for Rural Development Initiative. This program could also expand on existing pilot initiatives (e.g. Green Infrastructure).

- **Provide capacity support to turn “shovel-worthy” into “shovel-ready” projects.** Many rural communities are not “shovel-ready” due to limited capacity versus the absence of good projects that require investment. Senior governments must ensure that recovery programs accommodate different community capacity levels by providing capacity-building support to turn “shovel-worthy” projects into “shovel-ready” projects. This could include funding for staff support, feasibility studies, engineering studies, and other technical reports.
- **Consider alternative program delivery models & applications** to ensure all rural communities can participate in response and recovery programs. Often rural communities lack the capacity to complete applications and respond to quick application deadlines. New government programs should allow for multi-community collaboration on applications, provide more time for small communities to prepare applications, and ensure expenses related to collaboration and capacity building are eligible for funding.
- **Restructure revenue generation and sharing with municipalities** to increase fiscal sustainability in rural communities. This could include a share of tax-dollar revenue but also other innovative options, including entrepreneurial activities of local and regional governments, community/impact benefit agreements with industry and major projects, the creation/expansion of regional trusts, and expanded social procurement opportunities to localize investment spending and engage the social service sector to reach and include vulnerable communities.

5. MOBILIZE RURAL AND REGIONAL “BOOTS-ON-THE-GROUND” STRATEGICALLY

All senior governments across Canada have individuals and resources “on-the-ground” in rural regions, both within government and beyond government (e.g. regional staff for various government ministries and departments; community futures organizations; and regional development agencies and offices). Senior governments should involve these rural and regional “boots-on-the-ground” in strategic policy design and program delivery to enhance economic recovery efforts.

ENDNOTES

¹ Staffing actions taken by businesses during the COVID-19 pandemic, by business characteristics, accessible from: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310023101>

² Canada's Travel & Tourism Industry Requires Immediate Government Action And Support, accessible from https://myemail.constantcontact.com/Canada-s-Travel---Tourism-Industry-Requires-Immediate-Government-Action-and-Support.html?soid=1103726288554&aid=Gqk_xEQw3Xo

³ Ontario Nonprofit Network – Impact of COVID-19 Flash Survey Report, accessible from https://theonnc.ca/wp-content/uploads/2020/04/ONNs-COVID-19-Flash-Survey-Report-April-6-2020-1_compressed.pdf

⁴ Percentages are calculated out of the total number of businesses in each sector who reported laying off at least 1 employee. Data sourced from Statistics Canada datasets 33-10-0231-01 and 33-10-0232-01, accessible from <https://www150.statcan.gc.ca/n1/daily-quotidien/200429/t001a-eng.htm>

⁵ See National Bureau of Economic Research's Working Paper, "The Impact of COVID-19 on Gender Equality", accessible from <https://www.nber.org/papers/w26947> and Armine Yalnizyan's (Atkinson Fellow on the Future of Workers) commentary, "COVID-19's impact: not recession, but a completely different economic", accessible from <https://www.thestar.com/opinion/contributors/2020/04/09/covid-19s-impact-not-recession-but-a-completely-different-economics.html>

⁶ Our use of "Rural Canada" here is intended to broadly represent small, island, Indigenous, northern, and remote communities. It is important to note that each of these specific contexts will have specific needs while also sharing many similar challenges. This paper utilizes the [Rural and Small Town Canada](#) definition. approximately 31% of Canadians live in non-metro communities (population of less than 100,000). We recognize that First Nations, Metis, and Inuit communities will face unique challenges and recommend readers interested in exploring these issues seek out Indigenous-specific resources, such as those shared by the Council for the Advancement of Native Development Officers (CANDO), accessible from <http://www.edo.ca/news/covid-19-resources>.

⁷ For example, the 'Feminist Economic Recovery Plan for Covid-19' proposed by the Hawai'i State Commission on the Status of Women (<https://humanservices.hawaii.gov/wp-content/uploads/2020/04/4.13.20-Final-Cover-D2-Feminist-Economic-Recovery-D1.pdf>) which takes a complex gender-based lens to re-imagining economic systems.

⁸ Based on the ROMA. 2015. "The Rural and Northern Lens & A Voice for Rural and Northern Ontario." Prepared by the Rural Ontario Municipal Association. For other examples of using a rural lens see Rural Secretariat. 2001. "What do YOU see when you look through the Rural Lens? Guide to Using the Rural Lens." Ottawa: Minister of Public Works and Government Services Canada; Government of Newfoundland and Labrador. 2019. Rural Lens. Public Engagement and Planning Division. Available at: <https://www.gov.nl.ca/pep/rural-lens/>

RURAL INSIGHTS SERIES: COVID-19

The information included above represents a summary of current knowledge about COVID-19 and its implications for economic resilience and recovery in rural contexts. The state of knowledge will evolve as additional investigation and research is conducted. Continuous review of reputable sources and websites is advised.

CRRF is producing a series of insight reports on key issues impacting rural communities as they face the challenges of managing the pandemic and look to future recovery. CRRF will be publishing reports through the *Rural Insights Series: COVID-19* on a rolling basis throughout 2020. Topics to be covered by these reports include (but are not limited to):

- Agriculture
- Rural Health
- Well-Being & Mental Health
- Employment & the Labour Force
- Local Economic Development
- Immigration
- Digital Divide
- Gender-Based Implications
- Localism & Supply Chains
- Islands
- Tourism
- Fisheries
- Mining
- Manufacturing
- Drinking Water
- Infrastructure Investment

Please visit www.crrf.ca regularly to access the *Rural Insights Series: COVID-19* as well as updates to emerging research and additional resources on the implications of COVID-19 for rural Canada.