A Practical Guidance
Emerging Insights from the Catalyzing City Resilience Solutions Program
This document is developed based on the lessons from the Catalyzing Cities Resilience Solution (CCRS) Program, an initiative by the Resilient Cities Network and supported by the Citi Foundation. The CCRS program aims to address the economic impact of the Covid-19 pandemic on urban economies by empowering Small and Medium-sized Enterprises. Since 2021, the program has been implemented in cities across Southeast-Asia. The program represents a significant step towards a resilient SMES and local economics. Through the joint efforts with the city government, SMEs, and other relevant stakeholders, we aim to make a positive impact on well-being of our community.
Underpinning the **Catalyzing City Resilience Solutions (CCRS) program** is the belief that cities are the incubators of change. SMEs provide 45% of employment in emerging economies and can bring new solutions to build resilience, recover locally from Covid-19, and help achieve Sustainable Development Goals (SDGs). An early lesson from the pandemic response was that cities with strong private sector relationships could rapidly capitalize on their support and mobilize action. During the pandemic, cities supported SMEs through economic stimulus/incentives. In the wake of the pandemic, cities must do more with less. There is a need to support local business development to advance a transformational recovery that promotes equity. City governments can also advance resilience co-benefits in project design and procurement by better engaging with SMEs and local communities.

The CCRS program is designed to achieve the following objectives:

1. Enable cities to build resilience co-benefits into project design and procurement by involving SMEs, thereby establishing an evidence base that leads to longer-term policy changes.
2. Demonstrate and assess the value added through a resilient approach to procurement.
3. Enhance cities’ capacity to improve the existing SME ecosystem and foster better engagement with different sectors.
4. Implement urban resilience solutions that offer multiple co-benefits.
5. Catalyze policy changes through global peer learning and dissemination of knowledge gained from practical project implementation.

To realize the above objectives and ensure alignment with the realities faced by cities and their SMEs, a set of guiding principles are followed in program implementation:

Collaborative approach is at core of this program, that recognizes the importance of building strong partnerships within the SME ecosystem. This ecosystem encompasses government entities, SMEs themselves, and other relevant parties. Through a process of co-creation, these stakeholders come together to collectively identify challenges and find innovative solutions. This collaborative approach is not limited to the initial problem-solving phase but extends to daily operations, fostering continuous improvement and enhancing livelihoods.

CCRS program has been a valuable learning opportunity for all its participants and has stimulated widening circles of discussion, awareness, and action. Those who have been involved in the project have learned many valuable lessons that could be useful in other cities where the local government or funder is thinking of undertaking a similar effort.
Enabling SMEs

SMEs are vital for local economies and the well-being of local communities, so it is vital for local governments to support them. SMEs require a conducive ecosystem to thrive. Local governments can help enable new business opportunities and help SMEs be more competitive by cutting red tape and helping them to navigate financing barriers. Some supports include providing tailored training support, helping to access the market, and providing the necessary space to innovate (i.e., incubation space).

In addition, with economic recovery post–Covid becoming an urgent priority overlapping with other challenges, the current approach needs to transition from firefighting toward more sustainable and longer-term support. Promoting collaboration between stakeholders in the city becomes more crucial.

Local governments’ initiatives and policies to support SMEs in the city can be clustered into three key areas:

1. **Area 1: Space for SMEs**

Local governments have mandates and authorities over land use and basic infrastructure in the city; they have been supporting SMEs through various policies. In many cases, small businesses rely on home-based activities without a proper space to work and store materials. Home is considered as both a working and living area. Lack of working space often hinders their production, leading to less income.

Via stakeholder engagement, it is critical for cities to involve SMEs in the process of understanding and considering their use of space as well as to build a sense of ownership of the space. This is key to build a social contract between cities and SMEs, to ensure the use and maintenance of space in the long term.

**Revitalizing Melaka riverfront for the street vendors**

Melaka identified SME needs and riverfront improvement opportunities as part of the Rapid Assessment. The community currently underutilizes a public space namely SDGs Park. With 37 SMEs located in surrounding area of the park, the government decided to provide a better space for SMEs by centralizing them in SDGs park, which will also activate the area and benefit the community in the neighborhood.

Listening to various stakeholders to gather their views and inputs is necessary to develop a better plan to address the challenge and accommodate their needs. With that in mind, the Melaka team conducted a series of public consultations during the co-design process, which also expected to improve the social interaction between the city, SMEs, and local communities.
Area 2: Capacity- and Networking-building

Several questions are consistently raised by those seeking to grow into the SME space: “How do we start a business?”; “How do we make a business plan?”; “How do we set goals?”

SMEs have limited access to knowledge and support, which makes them vulnerable. Providing technical assistance for businesses is critical to bridging equity and knowledge and unlocking access for SMEs to broader opportunities that allow them to grow.

The governments of Jakarta and Bangkok support SMEs in accessing various programs to build their capacity

These include capacity-building programs, access to seed funding, and many more. For example “Bangkok Brand Certification,” where businesses can unlock access to support and facilities.

Moving into digital space is an opportunity for SMEs to scale via digital platforms; Bangkok has deployed technology volunteers by the district to help SMEs with this digital transition, and Jakarta has started building “JakPreneur,” a collaboration platform provided by the city for small businesses to share information and knowledge, to communicate and collaborate, and to access the market. There is room for cities to bring other actors to support SMEs in improving their digital literacy. (CCRS CitiesXChange Report, 2022)

Area 3: Finance and Procurement

During Covid-19, local governments provided various types of subsidies and/or tax/fee waivers. SMEs depend on local government support for funding, tax regulation, and several other incentives. While financial support – especially capital – is still critical for SMEs, the city needs to shift into longer-term support that enables SMEs to grow towards a resilient and independent business.

Financial support program for SMEs

Semarang has had a credit program for SMEs since 2017, in which the city takes much of the financial risk. The city guarantees and will return the money to the bank without penalty to the SMEs if their businesses fail. Similarly, Can Tho has a credit program for SMEs. The city also provides guarantees; however, in contrast with Semarang, the city will not support taking on the risk if the SMEs face difficulties repaying their debt. Instead, the city helps SMEs negotiate to extend the loan period with the bank. (CCRS CitiesXChange Report, 2022)

In addition, there is also room for a city to provide technical assistance to SMEs, especially to build their creditworthiness, allowing the SME to unlock their access to financial facilities.
Incorporating Resilience into CCRS components

1 Step 1: Define the Challenge – Get the City’s Commitment to Meet it

Each city needs to align the CCRS program with their City Resilience Strategy, which guides the city to survive, adapt, and thrive in facing shocks and stresses as well as setting a vision, goals, and a list of actions the city can take. To start, each city is to identify their overlapping resilience challenges and a critical SMEs sector. They need to elaborate the challenges from various perspectives and to identify critical stakeholders related to the issue. This will later on help set the foundation in strengthening an ecosystem of stakeholders for an innovation process to support SMEs’ growth and improve the local economy.

Learn about relevant stakeholders and their relationships to be able to strategize the communication plan and facilitate the program implementation. It is useful to clearly define the roles and responsibilities for various stakeholders during program implementation to encourage their active engagement. One of the important stakeholders to identify is champions during the program implementation. By having the champion, we build the local capacity to continue beyond the program period. Furthermore, it is critical to build trust among the stakeholders.

Effective communication is critical to the success of the program, as it helps avoid misunderstandings and gets buy-in. Various levels of communication can be planned out, for SMEs, for the city departments, and for the other stakeholders.

Example: The Prompt for Challenge and Opportunities Statement

Please identify resilience challenge(s) and a critical SME sector that may help you to address the City’s urban resilience challenges or find solutions to these challenges. Please also indicate how the SME sector has been impacted by the Covid-19 pandemic or what kind of challenges the SME sector faces (briefly in approximately 100 to 250 words)

i.e (tourism sector and the need to recover, informal waste pickers and higher risk due to Covid-19, food business and disrupted supply/distribution chains)

Furthermore, assessing the level of commitment from institutional stakeholders is critical. Integration of a wide range of actors is essential for deploying effective solutions to support SMEs and achieve maximum resilience dividends in the local economy. The format of city commitments to the program may vary but may include, for example:

- To assign dedicated city staff who will participate actively in the program (capacity building activities, peer-to-peer learning, leading problem-framing activities, organizing local workshop(s), running an innovative procurement process, working with the local private sector and SMEs to seek solutions, and sharing the experience with global cities);
- To identify, actively engage, and collaborate with the program partners and selected stakeholders and welcome opportunities for exchanging experiences with other program cities;
• To support the documentation of learnings and knowledge created during this engagement for sharing with the broader R-Cities network;
• To consider possibilities for implementation of projects identified and developed under the program to the extent possible after the program comes to an end.

In addition, having the right partner in the city to help with the program implementation is key. Without them, the program can struggle to take off. A selection criteria for the local/implementing partner needs to be determined. We would strongly recommend it include (i) the expertise of the local team to align with the program, (ii) familiarity and understanding of the local SME context, (iii) understanding of local procurement processes and financial accountability, and (iv) the ability to capture the knowledge and lessons learned from the program. On the other hand, some activities might require multiple forms of expertise which might not exist in one partner. A coalition of expertise/partners can be made to allow us to have all the expertise needed for the program.

2 Step 2: Rapid Assessment – Understanding the SME Ecosystem

The Rapid Assessment stage aims to support the city in assessing a critical SME sector and its impact on the local economy, interconnected resilience challenges, and the urban system. The stage is used to assess the SMEs’ state and identify the gaps and opportunities to be addressed for the subsequent Accelerator stage.

“Urban Resilience is the capacity of a city’s systems, business, institutions, communities, and individuals to survive, adapt, and grow, no matter what chronic and stresses and acute shocks they experience.”

– Resilient Cities Network

Understanding the SME ecosystem might include identifying key stakeholders and engagement with them to meet shared goals. Additionally, following the program principles and the urban resilience definition, each city must approach the project with a holistic and systemic lens. In the case of SMEs, this means assessing the state of the SME ecosystem, its inefficiencies and the opportunities to usefully intervene. This also helps prevent the project from jumping into pre-baked solutions, which can be tempting but lack the precision and efficacy of bespoke solutions.

The R-Cities provide several tools below that can help the cities to conduct the Rapid Assessment. However, while it is impossible to apply the exact same approach from one city to another, adjustment is required considering the local context. Otherwise, it is difficult to achieve stakeholder buy-in.
## Value Chain Mapping

The value chain mapping tool below provides a holistic view of their SME operations and activities and stakeholders involved. The tool helps the city to analyze the potential challenges and opportunities for improvement.

<table>
<thead>
<tr>
<th>Input</th>
<th>Process</th>
<th>Output</th>
<th>Distribution</th>
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</thead>
<tbody>
<tr>
<td>Current state</td>
<td></td>
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<tr>
<td>Products/services</td>
<td>What is the product/services of the SME?</td>
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<td>What are the necessary processes to get to the products?</td>
<td>What are the key products?</td>
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### Actors
- Who are the key players in each stage?
- Local government support/program
  - Does local government provide support?
- Other support
  - What is the existing support from other parties (private sector, NGO, financial organizations, etc.) in each stage?
- Resilience challenges
  - Are there any associated shocks and stresses?
  - How are the activities/products impacting the locality

### Future
- Resilience opportunities
  - What if things were not this way?
  - Is it equity centered, risk aware, system enabled, and climate focused?

### Additional observations and summary notes
**Problem Framing**

This tool provides a structured approach to defining and clarifying the key aspects of a challenge. It helps individuals or teams gain a comprehensive understanding of the problem they are trying to solve before they proceed with identifying potential solutions.

**Opportunity Statement:**

There is an opportunity... (to improve collaboration between city departments and SMEs to help them to thrive and foster economic development)

**Barriers:** (example)

- No structured communication
- Lack of access to/sharing data and information
- Inefficient use of funds through lack of coordination

<table>
<thead>
<tr>
<th>Challenge One:</th>
<th>Challenge Two:</th>
<th>Challenge Three:</th>
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<tr>
<td>Resource:</td>
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**Vision Statements and Roadmap**

3-5 sentences that describe the background/context of the challenge(s) and what success would look like if the challenge(s) were addressed.

The vision statement can be further developed, resulting action plan that will outline short, medium, and long-term strategies. Formulating a 5-year roadmap that provides a clear and long-term vision, ensuring a direction for SMEs growth and impact. Having the roadmap helps the city, SMEs, and other stakeholders to define the next step they have to undertake beyond the pilot stage.

<table>
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<th>Vision</th>
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<td>Short</td>
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3 Step 3: Accelerator – Co-creation for Innovative Solutions

The Accelerator stage aims to follow up on the opportunities identified during the Rapid Assessment stage to move them into solution development to strengthen urban systems and contribute to SMEs’ growth and economic improvement. Assessing the opportunities should be based on their impact and 7 Resilience Qualities that are introduced by the R-Cities to measure the characteristics of a resilient system.

![Figure 2: 7 Resilience Qualities](image)

This stage empowers critical SMEs in the city, encourages collaboration between SMEs and builds trusted relationships with the local government while sourcing innovative solutions; the latter include the formulation of the roadmap of SME empowerment that continues building resilience. At the end of this phase, a pilot should be identified from the roadmap developed in the previous stage, to be tested for the next stage.

In line with the program principles, the Accelerator stage should be grounded in the identified resilience challenges and consider a systems approach building on the value chain mapping. This stage also needs to promote a collaborative approach through a co-creation process, including community-building and capacity-building activities. The collaborative approach between SMEs and related stakeholders refers to a joint problem-solving approach. Discussions are intended to prompt participants to share their understanding of a problem and develop a consensus on addressing it.

It is suggested to mark this stage with a meeting between the city government, SMEs, and the implementing partner to agree on the pilot activity plan jointly.

**Key-takeaways from CCRS lessons for selecting pilot**

There is a tendency to solve this issue with technology; for example, by building an online platform (specifically a website). However, it is not always the best solution for the SMEs. Some of those in the SME sector are elderly or do not have internet access. Therefore, it is necessary to identify a suitable platform that will be easy to use with a high impact.
Step 4: Transformative Pilot Implementation

City needs to secure seed funding for pilot activities, which can be allocated from city budget or other sources, i.e. private sectors.

The program’s ongoing collaborative approach, initiated from the beginning of the program, must be maintained through the involvement of selected program partners, including local NGOs, private consultants, or research institutes. Their role is crucial in providing essential logistical support and capturing local knowledge, tailored to the unique needs of each participating city.

Supported by the program partner, the city must document and supervise the pilot implementation, including documenting what works and what doesn’t, to plan the project carefully for the next stage. Pilot activity should not be the end, rather it serves as a demonstration of a collaborative initiative to strengthen SMEs and promote resilience co-benefits.

It is necessary to ensure the continuation initiative for building a resilient local economy and supporting SMEs

- Document the key resilience benefits and areas for improvement observed during the pilot activity.
- Ensure continuity by aligning with the roadmap, incorporating results and findings from pilot activities to inform the local plan and program moving forward.
- Embed the activity into the city plan to allow it to get the budget allocation and continued.