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## COVID-19 and Rural Economic Development in Canada: Insights on Impacts, Responses, and Recovery

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# **COVID-19 and Rural Economic Development in Canada: Insights on Impacts, Responses, and Recovery**

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## **Abstract**

The COVID-19 global pandemic has disrupted economies around the world, and rural Canada is no exception. In this paper, we explore the economic development impacts of the pandemic on rural communities across Canada. We seek to provide a deeper and more comprehensive understanding of how rural communities have responded to this crisis and the extent to which they are able to build long-term rural resilience through their responses and plans for recovery. To do so, we draw upon novel data derived from a survey of rural economic development practitioners from across Canada. Our findings are structured around three main themes: economic development and business impacts, economic development responses, and resources needed for recovery. The study highlights the geographic unevenness of impacts, responses, and resource needs to address the challenges introduced by the COVID-19 pandemic. Overall, our research underscores the importance of capacity and context as rural economic development practitioners and other rural leaders have responded to these challenges. Finally, this research provides important insights into the tools and strategies that could build long-term rural resilience.

**Keywords:** rural economic development, rural capacity, COVID-19, rural development, rural resilience

# **COVID-19 et le développement économique rural au Canada: Aperçus sur les impacts, les réponses et la reprise**

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## **Résumé**

La pandémie mondiale de COVID-19 a perturbé les économies du monde entier et le Canada rural ne fait pas exception. Dans cet article, nous explorons les impacts de la pandémie sur le développement économique des collectivités rurales à travers le Canada. Nous cherchons à fournir une compréhension plus approfondie et plus complète de la façon dont les communautés rurales ont réagi à cette crise et dans quelle mesure elles sont capables de renforcer la résilience rurale à long terme grâce à leurs réponses et leurs plans de relance. Pour ce faire, nous nous appuyons sur de nouvelles données dérivées d'un sondage auprès de praticiens du développement économique rural de partout au Canada. Nos conclusions s'articulent autour de trois thèmes principaux : le développement économique et les impacts sur les entreprises ; les réponses de développement économique; et les ressources nécessaires au rétablissement. L'étude souligne l'inégalité géographique des impacts, des réponses et des besoins en ressources pour relever les défis introduits par la pandémie de COVID-19. Dans l'ensemble, notre recherche souligne l'importance de la capacité et du contexte alors que les praticiens du développement économique rural et d'autres dirigeants ruraux ont répondu à ces défis. Enfin, cette recherche fournit des informations importantes sur les outils et les stratégies qui pourraient renforcer la résilience rurale à long terme.

**Mots clés:** développement économique rural, capacité rurale, COVID-19, développement rural, résilience rurale

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## **1.0 Introduction**

The COVID-19 global pandemic has disrupted economies around the world. Rural Canada is no exception. From business closures, layoffs, firm pivots, and supply chain issues to creative ways to engage consumers and citizens, stories have emerged describing how local businesses and communities were adapting and responding to the upheaval associated with an unprecedented global health crisis. While journalistic accounts and anecdotes provide insights into how businesses and communities have responded in the face of these challenges, there have been few

systematic accounts that document and capture wider trends and practices, much less from a rural perspective.

In this paper, we ask what the economic development impacts of the pandemic on rural communities across Canada are. How did rural communities respond to the pandemic? And, how has this varied across rural Canada? In answering these questions, we seek to provide a deeper and more comprehensive understanding of how rural communities responded to this crisis and the extent to which they are able to build long-term rural resilience through their responses and plans for recovery. To answer these questions, we use a novel dataset collected using a survey of rural economic development practitioners from across Canada.

To frame our research questions, we begin with a brief discussion that situates the state of rural economic development in Canada prior to the pandemic. We review the extant literature that highlights the key challenges faced in rural Canada to understand the conditions that shape the capacity of rural communities to respond and recover from a substantive exogenous shock like COVID-19. Following this discussion, we describe our data and methods, including the potential limitations of our analysis. Next, we present the results of our study, structured around three main themes: economic development and business impacts, economic development responses, and resources needed for recovery. Finally, we conclude by discussing and reflecting on our findings and their implications for rural development scholars and practitioners.

## **2.0 Situating Rural Economic Development in Canada Pre-COVID-19**

Rural Canada is often defined as non-metropolitan areas or places with a population fewer than 100,000 people. This definition includes small towns, islands, Indigenous, northern, and remote communities, as well as smaller cities from coast to coast to coast (Hall et al., 2020; Hall & Gibson, 2016). Using this non-metropolitan definition, rural Canada makes up roughly 27% of Canada's total population. Rural Canada also contributes roughly 30% to Canada's GDP through key industries that support livelihoods like agriculture, mining, forestry, fisheries, and energy production (Infrastructure Canada, 2021). This vast geography of rural communities in Canada translates into multiple 'rural realities,' which are influenced by a multitude of factors, including location (e.g., proximity to large urban centres and/or degree of remoteness), natural amenities, economic structure, and demographics.

Over the last several decades, rural Canada has been shaped by a number of economic, demographic, and policy shifts. These dynamics provide an important context in which to understand the response and recovery efforts made by all levels of government in the face of the COVID-19 global pandemic. In terms of economic shifts, rural Canada has experienced economic restructuring in traditional resource-based industries (e.g., forestry, fishing, mining), resulting in job losses, downturns, and even business closures. This economic restructuring includes corporate consolidation, increased international competition, and the adoption of labour-saving technologies. At the same time, productivity has continued to increase in many of these resource-based industries, although it has been accompanied by lower levels of local employment across rural Canada (Markey et al., 2012; Lauzon et al., 2015a; Barnes, 1996; Barnes et al., 1999; Hayter & Barnes, 2001; Bray & Thomson, 1996; Polèse & Shearmur, 2006; Halseth, 2019). This economic restructuring has

meant that the wholesale and retail trade, health and social assistance, and manufacturing sectors now play an essential role in creating employment opportunities for many rural communities across Canada (Lauzon et al., 2015a).

Many rural communities have also experienced longstanding demographic challenges. These challenges include accelerated population aging and youth out-migration, as well as slower rates of population growth and—in many cases—population decline (Markey et al., 2015; Harris Centre, 2020; Hutchins, 2018). It is important to note that the total number of Canadians living in rural communities has continued to increase since 1931 (when the urban population exceeded the rural population for the first time); however, the rate of growth has been slower than the rate of growth in urban communities. There is also an uneven geographic pattern of rural population growth emerging. Rural communities closest to urban areas are growing faster compared to rural communities that are farther from urban areas (Markey et al., 2015; Hodge et al., 2017; Hall & Gibson, 2016). Population decline is more pronounced in rural communities in Atlantic Canada, particularly in Newfoundland and Labrador, compared to other parts of Canada (APEC, 2021; Harris Centre, 2020). Given these demographic trends, there is often less local capacity in rural communities to respond to rural development challenges, which could create additional barriers and issues in addressing the response and recovery efforts related to COVID-19.

Shifts towards more neoliberal policies favouring less senior government intervention, particularly for rural development, are also important in situating these economic and demographic trends. Accompanying this policy shift has been a corresponding decline in institutional capacity. Reimer and Markey (2013) describe this decline in institutional capacity as the “dismantling of [senior government] rural institutions” (p. 16) across the country over the last decade. This includes the demise of organizations that supported and coordinated rural economic development efforts, such as the federal Rural Secretariat and provincial regional development organizations like the regional economic development boards (REDBs) in Newfoundland and Labrador (Hall et al., 2017). As a result, senior governments often have fewer “boots-on-the-ground” in rural communities to understand and respond to challenges like those presented by COVID-19.

Finally, infrastructure and service deficits are also a reality across rural Canada. For example, as Minnes et al. (2020, p. 3) describe, many rural communities across Canada lack access to “clean, safe drinking water due to inadequate drinking water infrastructure.” Many rural communities also lack access to affordable and reliable high-speed broadband infrastructure (see Weeden & Kelly, 2020). This means that many of the daily activities that some take for granted (e.g., online shopping, virtual appointments, media streaming) are nearly impossible in some rural communities due to limited infrastructure and prohibitive costs. Moreover, some rural schools, banks, and post offices have closed as governments concentrate their public-facing services, often in larger urban areas or regional service centres, at the expense of rural communities. At the same time, senior governments have downloaded responsibilities and their associated costs to municipalities with the expectation that they can provide the necessary services and infrastructure (Lauzon et al., 2015b). However, many rural communities lack the capacity and revenues to take on these additional responsibilities.

These challenges related to economic restructuring, demographic change, the shifting policy lens, and infrastructure and service deficits provide an important

backdrop to framing our understanding of the state of rural economic development in Canada prior to the COVID-19 pandemic. Given this discussion, we anticipate that there will be variation in the experiences of, and responses to, the COVID-19 pandemic across Canada's rural communities. Thus, we seek to understand and document the economic development impacts of, and responses to, the pandemic in rural communities across Canada, as well as variations across rural Canada. Such an endeavour can provide important insights and lessons into the unique experience of rural communities in Canada, inform community and government responses to the COVID-19 pandemic, and generate new empirical evidence and insight into the specific challenges that rural communities may experience in the face of a crisis.

### **3.0 Data and Methods**

To address our research questions, we designed a survey for rural economic development practitioners from across Canada.<sup>1</sup> The survey included both structured and open-ended questions to understand how rural communities were responding to the COVID-19 pandemic. The 25-question survey asked respondents to identify the positive and negative impacts of the pandemic on local businesses and economic development, the local responses designed to address these impacts, and the recovery efforts needed to ensure the longer-term development of their jurisdictions.

We distributed the survey in two phases. In Phase I, we circulated our survey across nine of the 10 Canadian provinces, excluding Quebec and the three territories. Due to the short timeline for the project, we did not distribute the survey in Quebec, as we were unable to secure a partner to translate and administer the survey in French. This may have had led to lower response levels in French-speaking communities across rural Canada. We were unable to administer and distribute surveys in the three Territories due to research licensing requirements. We did not distribute the survey to Indigenous communities, given the distinct challenges they face. For the nine Canadian provinces included in our study, we randomly selected up to 50 communities according to population size and economic region to ensure a diversity of responses. For these randomly selected communities, we sent the survey to key economic development officials and administrators, such as chief administrative officers (CAOs), economic development officers (EDOs), directors of economic development, and town managers. We sent the survey via email to 353 individuals and made the survey available during August and September 2020. We received 60 responses to the survey in Phase I, leading to a response rate of 17%. In the second phase of our study, we sent the survey to provincial economic development and municipal associations to share with their membership during October and November 2020. During Phase II, we received an additional 18 respondents, leading to 78 responses in total.

Table 1 shows the geographic coverage of our survey respondents. We received completed surveys from all nine provinces included in our survey design, allowing for sufficient coverage for analysis across three major regions: Atlantic Canada, Ontario, and Western Canada. The majority of respondents were from municipalities or regions with a population between 10,000 and 49,999 (32.5%) and between 1,000 and 4,999 people (29.9%). The remainder of the respondents represented municipalities or regions with populations between 5,000 and 9,999 (13%);

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<sup>1</sup> This survey was part of a larger study on rural economic development and COVID-19 (see Hall & Vinodrai, 2021).

municipalities or regions with populations between 50,000 and 100,000 (10.4%); and municipalities or regions with a population below 1,000 (9.1%). A very small number of respondents (5.2%) represented municipalities and regions with a population of 100,000 or more; these responses were included because rural communities exist within the boundaries of these larger regions. As Table 1 shows, community size distribution did vary by region. For example, there was a higher proportion of communities with populations under 5,000 in Atlantic Canada and Western Canada, whereas there were more responses from larger communities in Ontario.

Table 1: *Distribution of Responses (%) by Community Size and Region*

<b>Population Size</b>	<b>National</b>	<b>Western Canada</b>	<b>Ontario</b>	<b>Atlantic Canada</b>
<b>Under 1,000</b>	9.1	7.3	5.6	16.7
<b>Between 1,000 and 4,999</b>	29.9	34.2	11.1	38.9
<b>Between 5,000 and 9,999</b>	13.0	14.6	16.7	5.6
<b>Between 10,000 and 49,999</b>	32.5	34.2	33.3	27.8
<b>Between 50,000 and 100,000</b>	10.4	9.8	11.1	11.1
<b>100,000+</b>	5.2	0.0	22.2	0.0

*Source:* Authors' calculations.

Most respondents represented lower tier/single tier/local municipalities (80.5%), with a smaller number of respondents representing local/regional agencies/boards/commissions/corporations (10.4%) and upper tier/regional/metropolitan governments (3.9%).

We recognize that there are some limitations to this research. First, the survey was conducted when many individuals in our target survey population were focused on assisting their communities during an unprecedented time. This might have produced a lower response rate as individuals may have prioritized their work activities over survey completion. Second, the two-phased approach meant that we were able to reach more potential respondents; however, COVID-related conditions were quite different. The Phase I survey was completed during the late summer and early fall when the number of confirmed cases of COVID had been declining in most Canadian provinces. Phase II was conducted during the fall when case counts had started to rise. We note that the overall trends observed in our data do not change substantially if we exclude the responses collected during the second phase. However, the larger number of responses allows us to parse our results by geographic region with more confidence. Third, we anticipate that survey fatigue was also an issue. During the time that our survey was in the field, several professional associations and other organizations were also surveying their membership in an effort to learn how to best support local businesses and communities. Finally, we recognize that our sample of survey respondents is not necessarily representative of all Canadian rural municipalities. Nonetheless, our

results provide a more systematic understanding of the economic development impacts of COVID-19 on rural communities across Canada.

## **4.0 Findings**

We designed our survey to capture the economic development experiences and responses of rural communities across Canada during the onset of the COVID-19 pandemic. As noted above, our survey addressed three major issues: (1) Impacts on rural businesses and economic development; (2) Rural economic development responses; and (3) Efforts needed for long-term recovery. We provide a discussion of our results related to each of these themes below, paying particular attention to the geographic differences in the economic development and business impacts, economic development responses, and recovery needs identified in rural communities across Canada.

### ***4.1 Economic Development and Business Impacts***

First, we wanted to understand the impacts of COVID-19 on rural economic development capacity and local businesses in rural communities. With respect to rural economic development capacity, we were particularly interested in learning more about the impacts on staff and budget resources. Table 2 shows responses to the questions related to whether or not there were impacts on staff and budget resources. At the national level, most respondents indicated that their staff had not been laid off (78.2%) or redeployed (75.6%). Indeed, only a very small proportion of respondents (3.9%) indicated that their economic development staff had been laid off or furloughed due to the COVID-19 pandemic. With respect to layoffs, there was substantial regional variation, with no respondents in Western Canada reporting furloughs compared to higher proportions in Ontario (5.6%) and Atlantic Canada (11.1%).

Staff capacity can also be influenced by other organizational decisions, such as the decision to redeploy staff to assist in other areas of operation. Only a small proportion of respondents (6.4%) indicated that their economic development staff had been redeployed to other municipal areas due to the pandemic. However, in answering both the questions about layoffs and redeployment, almost one-fifth (18%) of respondents indicated that their municipalities or regions did not have economic development staff prior to COVID-19, suggesting that these communities may face additional challenges related to their ability to respond. This was substantially higher in Atlantic Canada, where 38.9% of respondents reported that there were no economic development staff prior to the pandemic. Taken together, human resource capacity challenges appear to be more acute in Atlantic Canada compared to other regions of Canada.

With respect to economic development budgets, just over half of respondents indicated that their budget had stayed the same (53.9%). A small proportion of respondents noted that their budget had increased (5.1%). However, some respondents indicated that their budget had decreased (18%) or had been reallocated (12.8%). Notably, 9% of respondents indicated that they had no existing economic development budget prior to the pandemic, suggesting that those communities may face greater issues in addressing the challenges introduced by the pandemic. It is worth noting that here too, there was substantial regional variation in these responses (see Table 2). In Atlantic Canada, just over one-fifth (22.2%) of respondents indicated that there was no economic development budget prior to the pandemic,



compared to much lower levels in Western Canada (2.4%) and Ontario (5.6%). This reinforces our earlier observation regarding the unevenness of pre-existing capacity and resources.

Table 2: *Impacts on Economic Development Staff and Budget by Region (%)*

	National	Western Canada	Ontario	Atlantic Canada
<b>Economic development staff laid off or furloughed</b>				
<b>Yes</b>	3.9	0.0	5.6	11.1
<b>No</b>	78.2	87.8	83.3	50.0
<b>No economic development staff prior to COVID-19</b>	18.0	12.2	11.1	38.9
<b>Economic development staff redeployed</b>				
<b>Yes</b>	6.4	7.3	5.6	5.6
<b>No</b>	75.6	80.5	83.3	55.6
<b>No economic development staff prior to COVID-19</b>	18.0	12.2	11.1	38.9
<b>Impact on economic development budget</b>				
<b>Economic development budget has stayed the same</b>	53.9	51.2	61.1	55.6
<b>Economic development budget has decreased</b>	18.0	22.0	16.7	11.1
<b>Economic development budget has increased</b>	5.1	7.3	5.6	0.0
<b>Economic development budget has been reallocated</b>	12.8	14.6	11.1	11.1
<b>Unsure</b>	1.3	2.4	0.0	0.0
<b>No budget for economic development prior to COVID-19</b>	9.0	2.4	5.6	22.2

Source: Authors' calculations.

In addition to understanding the direct impacts on the economic development resources available to address the pandemic, we enumerated both the negative and positive impacts of the COVID-19 pandemic on businesses in rural communities. When asked to identify the negative impacts experienced by local businesses in their community, the top responses selected by our respondents included: loss of revenues (92.3%); increased expenses related to COVID-19 (87.2%); layoffs or reduction in staff (80.8%); and supply chain challenges (65.4%) (see Table 3). Other challenges included permanent closures (50%) and labour shortages (48.7%). Here, there was less regional variation. Indeed, the top three responses in each of the Western Canada, Atlantic Canada, and Ontario regions were the loss of revenue, increased expenses, and layoffs and/or staff reductions. There were two notable exceptions. First, Ontario was the only region where no respondents indicated that there had been no negative impacts compared to a small proportion of respondents in Western Canada (4.9%) and Atlantic Canada (5.6%). Second, a lower proportion of respondents in Atlantic Canada (38.9%) indicated that there were no permanent closures compared to Western Canada (51.2%) and Ontario (61.1%).

Table 3: *Negative Impacts on Local Businesses by Region*

<b>Negative Impacts on Businesses</b>	<b>National</b>	<b>Western Canada</b>	<b>Ontario</b>	<b>Atlantic Canada</b>
<b>Loss of revenues</b>	92.3	90.2	94.4	94.4
<b>Increased expenses related to COVID-19</b>	87.2	87.8	100.0	77.8
<b>Labour shortages</b>	48.7	39.0	72.2	50.0
<b>Layoffs or reductions in staff</b>	80.8	75.6	94.4	77.8
<b>Permanent closures</b>	50.0	51.2	61.1	38.9
<b>Supply chain challenges</b>	65.4	65.9	72.2	61.1
<b>Not sure</b>	0.0	0.0	0.0	0.0
<b>There have been no negative impacts</b>	3.9	4.9	0.0	5.6
<b>Other</b>	14.1	14.6	11.1	16.7

Source: Authors' calculations.

The overall proportions of respondents identifying positive impacts were lower than those identifying negative impacts associated with the COVID-19 pandemic. Nonetheless, respondents did indicate that there were positive impacts for businesses. The top responses were increased sales (61.0%); new partnerships (45.5%); new business opportunities (41.6%); new products (36.4%); new markets (31.2%) and additional hiring opportunities (26%) (see Table 4). Only 9.1% of respondents indicated that there had been no positive impacts, and another 5.2% of respondents were unsure. New partnerships and increased sales were in the top three responses in Ontario, Western Canada, and Atlantic Canada. However, there was more regional variability in responses. Higher proportions of respondents in Ontario identified new products and new markets as positive outcomes compared to Western Canada and Atlantic Canada. And, a much lower proportion of respondents in

Western Canada (14.6%) and Atlantic Canada (29.4) indicated that additional hiring opportunities had been created compared to Ontario (50%).

Table 4: *Positive Impacts on Local Businesses by Region*

<b>Positive Impacts on Businesses</b>	<b>National</b>	<b>Western Canada</b>	<b>Ontario</b>	<b>Atlantic Canada</b>
<b>New markets</b>	31.2	24.4	44.4	35.3
<b>New products</b>	36.4	31.7	61.1	23.5
<b>New partnerships</b>	45.5	46.3	50.0	41.2
<b>Additional hiring opportunities</b>	26.0	14.6	50.0	29.4
<b>Increased sales due to COVID-19</b>	61.0	58.5	72.2	58.8
<b>New business opportunities due to COVID-19</b>	41.6	29.3	50.0	64.7
<b>Not sure</b>	5.2	2.4	5.6	11.8
<b>There have been no positive impacts</b>	9.1	12.2	5.6	0.0
<b>Other</b>	22.1	24.4	11.1	29.4

Source: Authors' calculations.

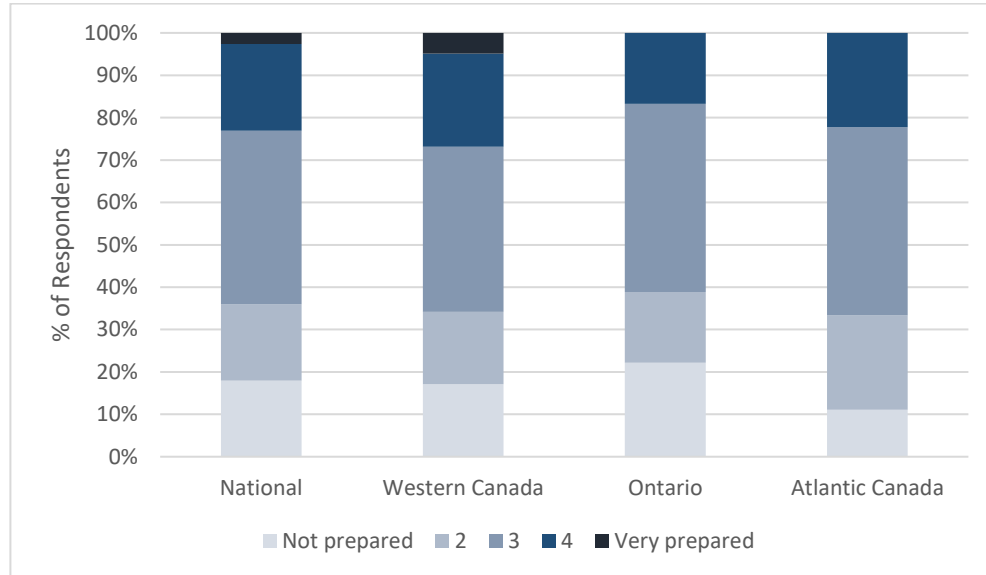
In addition to asking questions about the immediate positive and negative impacts of the pandemic, we explored perspectives on the longer-term consequences of the pandemic for local businesses. Our respondents were generally optimistic about the longer-term outcomes for local businesses. For example, when asked about the proportion of local businesses expected to close permanently due to COVID-19, the majority of respondents (62.8%) anticipated that less than 10% of local businesses would close permanently, and an additional 12.8% of respondents indicated that they thought that no local businesses would close permanently. However, in Ontario, only 5.6% of respondents thought no local businesses would close permanently compared to 12.2% in Western Canada and 16.7% in Atlantic Canada. Only 10.3% of our respondents anticipated that between 10 and 25% of businesses would close permanently, and another 2.6% expected between 24 and 50% of businesses would close permanently. It is also worth noting that 11.5% of respondents were unsure whether businesses would close permanently, perhaps highlighting uncertainty regarding the nature of long-term impact on local businesses. Once again, there was regional variation in the responses, with 22.2% of respondents in Ontario indicating that they were unsure versus 12.2% in Western Canada and 0% in Atlantic Canada.

#### **4.2 Responses and Recovery Plans**

After assessing the economic development and business impacts experienced by rural communities, we turned to evaluating the capacity of rural communities to respond to the local economic development impacts introduced by COVID-19. We also explored the types of economic development tools and strategies that were deployed in response to the impacts of COVID-19. First, we asked respondents to evaluate how prepared their organization was for managing the economic development impacts of COVID-19 using a Likert scale from 1 to 5, with 1 being

not prepared and 5 being very prepared; the mean response was 2.7. Figure 1 shows that the majority of respondents felt that their community was unprepared or only somewhat prepared to manage the economic development impacts of COVID-19. There was some regional variation in this perspective, with fewer respondents in Western Canada indicating they were less prepared. Communities in Western Canada have faced challenges related to floods and forest fires, meaning they are more likely to have developed and used their local emergency preparedness plans and response systems in recent years.

Figure 1: Capacity to respond—preparedness by region.



Source: Authors' calculations.

Second, we asked respondents about whether or not there were strategies or plans already in place that could guide their community's response to this unprecedented situation. We found that 43.6% of respondents indicated that their communities did not have any plans, programs, or strategies in place to assist with their response to COVID-19; in addition, another 12.8% of respondents indicated that they were unsure if plans existed. This provides an indication of the limited existing capacity of communities to respond to unexpected, exogenous shocks such as those caused by the pandemic. Respondents who indicated that their communities did have plans, programs, or strategies in place to assist with their response to COVID-19 (39.7%) identified that those plans often included Emergency Management Operation Plans with pandemic plans and emergency command centres, as well as communications strategies.

Third, we asked respondents to identify the economic development tools or strategies their organization used in response to the impacts of COVID-19. Table 5 shows that the most common responses were: business outreach (69.2%); buy local campaigns (65.4%); assisting businesses transition to online sales (43.6%); an economic recovery taskforce (37.2%); expanded business retention and expansion (BR+E) programs (35.9%); business tax deferrals (32.1%); and creating new business funds (19.2%). Table 5 also shows the variation in these responses across different regions of Canada. At the national level, 11.5% of respondents indicated that they were not using any economic development tools or strategies, suggesting

a capacity deficit. However, there was substantial variation across Canadian regions. All of the respondents in Ontario reported the use of at least one tool or strategy. However, slightly more than one-quarter of the respondents in Atlantic Canada (27.8%) indicated that they were not using any tools or strategies. By contrast, only 7.3% of respondents in Western Canada reported that they were not using any economic development tools or strategies. The differences between Canadian regions are quite striking, indicating the presence of a more concerted and coordinated effort to use economic development tools in Ontario, again speaking to relatively higher levels of capacity. A recent study focused on the Economic Developers Council of Ontario’s Awards of Excellence program, similarly suggests that Ontario’s economic development professionals actively engaged with strategies to mitigate the effects of the pandemic on local economies (Hall et al., 2021; Millier et al., in press).

Table 5. *Tools and Strategies used to Respond to the COVID-19 Pandemic by Region*

<b>Tools and Strategies</b>	<b>National</b>	<b>Western Canada</b>	<b>Ontario</b>	<b>Atlantic Canada</b>
<b>Economic recovery task force</b>	37.2	39.0	55.6	16.7
<b>Business outreach</b>	69.2	68.3	94.4	50.0
<b>Buy local campaign</b>	65.4	65.9	88.9	44.4
<b>Assisting businesses transition to online sales</b>	43.6	36.6	77.8	27.8
<b>Creating new business funds</b>	19.2	17.1	44.4	0.0
<b>Expanded BR+E programs</b>	35.9	41.5	50.0	11.1
<b>Business tax deferrals</b>	32.1	29.3	55.6	16.7
<b>Not sure</b>	0.0	0.0	0.0	0.0
<b>We are not using any economic development tools or strategies</b>	11.5	7.3	0.0	27.8
<b>Other</b>	26.9	24.4	44.4	16.7

Source: Authors’ calculations.

### **4.3 Resources Needed for Recovery**

The final section of our survey asked respondents about the recovery efforts required for long-term development. We were particularly interested in assessing how optimistic respondents were about recovery in their municipality or region and the resources needed for recovery. For this reason, we asked respondents to indicate how optimistic they were about the economic recovery of their municipality or region in the short-term (this year), medium-term (next 5 years), and long-term (next 10 years) by using a Likert scale of 1 to 5 (1 being not optimistic and 5 being very optimistic). The mean scores were 3.3, 3.9, and 4.4 for optimism in the short-, medium-, and long-term, respectively (see Table 6). These mean scores suggest that our respondents were less certain about economic recovery during the short term; however, they were increasingly optimistic in the medium and long term. Again, we observe some regional variation across Canada. Respondents in Atlantic Canada

appear less optimistic about the short-term and medium-term recovery of their communities compared to other parts of Canada.

Table 6. *Optimism for Recovery by Region*

<b>Region</b>	<b>Short-Term</b>	<b>Medium-Term</b>	<b>Long-Term</b>
<b>Western Canada</b>	3.4	4.0	4.4
<b>Ontario</b>	3.4	4.0	4.3
<b>Atlantic Canada</b>	2.9	3.8	4.4
<b>National</b>	3.3	3.9	4.4

Source: Authors' calculations.

We also wanted to identify the resources needed to allow their municipality or region to adapt and recover from the COVID-19 pandemic. Table 7 shows that top responses at the national level were: physical infrastructure funding (69.2%); economic recovery funding from senior levels of government (66.7%); regional partnerships (60.3%); social infrastructure funding (57.7%); intergovernmental partnerships (52.6%); clear reopening guidelines (44.9%); more funding for non-profits and volunteer organizations (42.3%); economic recovery training (42.3%); and PPE funding from senior levels of government (35.9%). Table 7 also shows that there were some variations between regions regarding the order of the top responses.

Table 7. *Resources Needed for Recovery by Region*

<b>Resources Needed for Recovery</b>	<b>National</b>	<b>Western Canada</b>	<b>Ontario</b>	<b>Atlantic Canada</b>
<b>Physical infrastructure funding</b>	69.2	58.5	94.4	66.7
<b>Economic recovery funding from senior government</b>	66.7	63.4	83.3	61.1
<b>Regional partnerships</b>	60.3	58.5	55.6	72.2
<b>Social infrastructure funding</b>	57.7	58.5	66.7	50.0
<b>Intergovernmental partnerships</b>	52.6	43.9	66.7	61.1
<b>Clear reopening guidelines</b>	44.9	48.8	50.0	33.3
<b>Economic recovery training</b>	42.3	39.0	50.0	44.4
<b>More funding for non-profits &amp; volunteer organizations</b>	42.3	46.3	38.9	38.9
<b>PPE funding from senior levels of governments</b>	35.9	29.3	61.1	27.8
<b>Other</b>	11.5	14.6	5.6	11.1

Source: Authors' calculations.

In Western Canada, the top responses were economic recovery funding from senior levels of government (63.4%), regional partnerships (58.5%), physical infrastructure funding (58.5%), and social infrastructure funding (58.5%). In Ontario, the top

responses were physical infrastructure funding (94.4%), economic recovery funding from senior levels of government (83.3%), intergovernmental partnerships (66.7%), and social infrastructure funding (66.7%). While in Atlantic Canada regional partnerships (72.2%), physical infrastructure funding (66.7%), economic recovery funding from senior levels of government (61.1%), and intergovernmental partnerships (61.1%) were the top responses.

## 5.0 Discussion and Conclusion

In this paper, we documented the economic development and business impacts experienced across rural Canada, the ways in which rural communities responded, and the extent to which they are able to build long-term rural resilience through their responses and plans for recovery. Additionally, we sought to understand if there were variations across different regions of Canada. We used an original survey of rural economic development practitioners from across Canada to explore these important questions. Overall, our results underscore the importance of understanding context and capacity when exploring the rural impacts and responses to the COVID-19 global pandemic.

First, our results underscore the unevenness of existing **capacity** within rural communities and the limits this places on their ability to respond. For example, our findings indicate that over half (55.6%) of the Atlantic Canadian communities involved in this survey had no or reduced economic development staff to assist with the immediate response to the COVID-19 pandemic. In addition, roughly 44.4% of Atlantic Canadian communities involved in this survey had no economic development budget or a reduced budget to manage the immediate impacts of COVID-19. In Western Canada, these numbers were 19.5% and 39%, respectively, while in Ontario, 22.2% of the communities involved in this survey had no or reduced economic development staff, and 33.3% had no economic development budget or a reduced budget to manage the immediate impacts of COVID-19. Taken together, these findings suggest that some communities, especially in Atlantic Canada, may not have the appropriate capacity and resources to respond to the immediate and long-term impacts of the COVID-19 pandemic, in addition to planning for recovery.

Second, rural communities have experienced COVID-19 differently due to their unique socio-economic **context**. More specifically, the survey responses highlighted variations in terms of impacts, responses, capacity, and needs between communities and regions across the country. For example, some communities, particularly in Western Canada, indicated that they were more prepared to manage the impacts of the pandemic and had existing plans, programs, and experiences with managing recent economic downturns and climate-related emergencies (e.g., forest fires). However, the survey findings also revealed substantial variation in the economic development tools and strategies used to respond to COVID-19. As noted, all respondents in Ontario indicated that they were using at least one economic development tool. By contrast, 27.8% of respondents in Atlantic Canada and 7.3% of respondents in Western Canada were not using any economic development tools or strategies. This geographic variation emphasizes the importance of place-based approaches that acknowledge the distinct needs and realities faced by rural communities prior to and during the pandemic versus one-size-fits-all approaches (Hall et al., 2020). By ignoring place-based considerations and not accounting for context, there is a greater risk that the inequalities that exist between rural

communities in Canada will widen. Such arguments align with those being made in other jurisdictions, like those in the United States and Europe, where growing inequality between urban and rural communities and the potential for places being left behind has led to calls for greater attention to place-based policymaking (Hendrickson et al., 2018; Rodriguez-Pose, 2018). Similarly, there have been calls for locally-sensitive strategies that build rural resilience and connectivity, especially in a post-pandemic context (Love & Powe, 2020; Lowe & Vinodrai, 2020).

Overall, our evidence reveals the profound impact that the COVID-19 pandemic has had on economic development and local business in rural communities across Canada, as well as elucidating on types of activities that communities have undertaken to respond to these challenges. Despite these efforts, there remain open-ended questions about how well rural communities across Canada will be able to establish strong plans for recovery without assistance. It is clear that there is an unevenness in capacity across rural communities that must be addressed. Our findings strongly point to the need for capacity-building efforts and place-based policies that are sensitive to the current context in those communities vis-à-vis existing capacity (or lack thereof) to respond to the ongoing needs of the community and the long term need for recovery from this unprecedented crisis.

Rural communities often have a strong understanding of community economic development and asset-based development, as well as a vibrant social sector, which can assist in responding to rural development challenges (Markey et al., 2015; Brinklow & Gibson, 2017). Rural communities have also experienced previous exogenous shocks and downturns, particularly related to the resource industries, which can help guide responses to this current crisis (see Hall et al., 2020). Understanding this context is, therefore, imperative to generate response and recovery efforts that build rural resilience. Perhaps more importantly, place-based approaches that rely on understanding local context and capacity will be necessary. Such efforts are likely to require collaboration in the form of inter-governmental, multi-level, or cross-sectoral partnerships. Moreover, they will likely require cooperation across all levels of government and between the private, public, and not-for-profit sectors. In other words, to support rural economies over the duration of the COVID-19 pandemic and to allow for a strong recovery requires innovative approaches to 21st century rural development. Such efforts are necessary to strengthen resilience across Canada's rural communities (Hall et al., 2020), leaving them better prepared for future challenges.

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