

Monitoring COVID-19 Impacts on Households in Lao PDR

Results Snapshot from a Rapid Monitoring Phone Survey of Households

INTRODUCTION



The COVID-19 pandemic has adversely affected economies around the globe, bringing unprecedented challenges in health, economics and society. Lao PDR has a relatively low number of recorded COVID-19 cases compared to other economies: the first case was confirmed on 24 March 2020, and 24 cases had been identified by late October, with no deaths thus far. The Lao government announced lockdown measures from April to May, including travel restrictions, border closures, and the shutting of schools and businesses. By July 2020 most containment measures had been lifted except for border closures. Routine activities returned to pre-lockdown levels except for travel-related activities. Despite successful efforts to contain the pandemic, the economic impact is unavoidable. The World Bank’s projections as of October 2020 show that GDP is expected to contract by 0.6% in 2020, or by 2.4% under the worst-case scenario.

To monitor the social and economic impacts of the pandemic, the World Bank conducted a COVID-19 Rapid Monitoring Phone Survey of Households in Lao PDR. This monitoring data helps provide insights into the lingering effects of the pandemic on household well-being as the country entered a post-lockdown economy.

The phone survey was conducted from June 20 to July 16, 2020, interviewing 2,500 households from all provinces, in both rural and urban areas. This note provides a snapshot of results from the survey.

MAIN FINDINGS

- ➔ About 50% of households experienced income reduction between March and June 2020. A reduction in income from remittances was most frequently observed.
- ➔ Nearly 15% of respondents switched or lost their jobs between March and June 2020. Low-skilled workers were hit harder than high-skilled workers. Job loss was widespread among construction, hospitality, transport, and manufacturing workers.
- ➔ About 8.4% of businesses were temporarily or permanently closed in June/July 2020, and more than half of businesses that remained open experienced a fall in revenue, relative to pre-pandemic levels in February 2020.
- ➔ The impact of negative income shocks on household welfare was exacerbated by rising food prices. Around 70% of households said they were affected by an increase in food prices, and 36.5% of affected households responded to this shock by reducing their food consumption.
- ➔ While the domestic outbreak has been contained, the global economic slowdown has exacerbated existing labor market vulnerabilities. Income loss coupled with rising food prices will continue to threaten household livelihoods.

EMPLOYMENT



Most workers held the same job in June/July as in February. Nearly 15% of respondents switched or lost their jobs between March and June 2020. Around 70% of respondents cited business closures — as a result of travel restrictions or demand disruptions — as the reason for job switches or loss. Other reasons included seasonality, sickness, vacation, and retirement. Job switching was less common than job loss, suggesting a low degree of labor market resilience.

Table 1. Employment status

Employment status by period		% respondents				
February 2020	Last 7 days (late June- early July)	All	Urban	Rural	Less than secondary education	Secondary education and higher
	Working in same job	65.5	66.8	64.8	58.1	70.4
Working	Working in different job	4.5	4.1	4.6	6.2	3.3
	Not working	10.2	11.0	9.9	11.6	9.4
Not working	Not working	19.8	18.4	20.7	24.1	17.0

Notes: Results are weighted. Work is defined as those who worked at least an hour in the last 7 days. The last 7 days varies by the date of interview, which ranged from June 13 to July 9, 2020.

Rural workers were as likely as urban workers to switch or lose jobs, but the reasons they cited for job loss differed. Rural workers were more likely to report seasonality as a reason for job loss than were urban workers. Low-skilled workers were hit hard by economic disruption: 17.8% of workers with less than secondary education either switched or lost their jobs, compared to 12.7% of workers with completed secondary education or higher. Job switching was more common among low-skilled workers, reflecting that fact that such workers could return to the agricultural sector after being laid off. The share of male and female respondents that lost their jobs was similar, but female workers were more likely to switch jobs than their male counterparts.

SECTORS

Job loss was widespread among construction, hospitality, transport and manufacturing workers. Around one-third of jobs in the hospitality, transport and manufacturing sectors were shed while 44% of construction workers switched or lost their jobs between March and June 2020. These sectors largely employed informal and low-skilled workers, and their jobs were the least stable during the pandemic.

The least affected sectors included public administration and other services, in which fewer than 10% of jobs were lost. The agricultural and wholesale and retail trade sectors proved resilient to pandemic shocks and acted as a buffer, absorbing workers laid off in other sectors. While the wholesale and retail trade sector absorbed some laid-off workers from the hospitality and transport sector, workers who had lost their jobs in manufacturing, construction and services switched to the agricultural sector. Most of them were low-skilled.

Table 2. Employment status by sector

Sector (February 2020)	Sector (June/July 2020)								
	Agriculture	Industry	Construction	Wholesale/retail trade	Hospitality/transport	Personal services	Public administration	Other services	No activity
Agriculture	88.4	0.4	0.6	0.6	0.2	0.0	0.0	0.0	9.9
Industry	3.1	70.6	1.4	0.6	0.4	1.0	0.0	0.0	22.9
Construction	2.7	1.7	55.6	0.8	0.4	0.0	0.0	1.3	37.5
Wholesale/retail trade	1.7	0.0	0.0	85.5	0.0	0.6	0.5	0.3	11.5
Hospitality/transport	1.7	0.0	0.8	4.0	65.5	0.5	0.0	0.0	27.4
Personal services	1.7	1.0	0.6	0.8	1.1	79.0	0.0	0.0	15.8
Public administration	0.2	0.0	0.0	0.0	0.0	0.0	95.4	0.0	4.4
Other services	0.3	0.0	0.0	0.9	0.2	0.3	0.0	92.7	5.5
No activity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0

Notes: % of respondents working in each sector prior to the pandemic (February 2020). Results are weighted.

FAMILY FARMS

Around 75% of Lao households have a family farm and between March and June 2020, an overwhelming majority (92%) of these households were able to operate their family farm normally. Among those who were not operating normally, lockdown measures and travel restrictions were the primary reasons: 44.5% and 22.7% could not operate normally because of stay-home requirement and restrictions on travel and transport respectively. About 30% of ethnic minority farming households who were unable to perform normal farm activities cited travel and transport restrictions as reasons for disrupted farm activities. Such households tend to live in remote areas. Weather-related reasons were also largely cited by farming households in rural areas.

Table 3. Family Farms

	% of households with a family farm	% of family farms NOT able to perform normal activities since March	% of family farms unable to perform normal farm activities, by challenge		
			Required to stay home	Restrictions on movement and transport	Weather-related
All	73.4	8.5	44.5	22.7	15.5
Urban	52.5	9.4	45.5	26.8	2.2
Rural	84.6	8.3	44.2	21.1	20.6
Highly educated	72.9	8.5	51.6	18.0	11.2
Low educated	73.6	8.6	42.2	24.2	16.9
Lao-Tai majority	70.4	8.4	43.5	19.5	20.3
Ethnic minority	82.6	9.0	47.0	30.4	4.1

Notes: Highly educated households are headed by a person with completed secondary education or higher. Results are weighted.

NON-FARM FAMILY BUSINESS

One-third of Lao households own a family business. After lockdown measures and demand disruptions in March-May affected non-farm family businesses, the impact lingered. In June and July, 8.4% of businesses were temporarily or permanently closed, and more than half of the businesses that remained open experienced a fall in revenue relative to pre-pandemic levels (February 2020). About 80% of family businesses experiencing reduced income cited COVID-19 measures and demand disruptions as reasons for the decline. Only 10% of businesses adjusted to the impact of COVID-19, suggesting a low degree of business resilience. Common adjustment strategies included the use of digital platforms and telephones, product changes, and reduced working hours.

The most affected sector was hospitality and transport, in which 12.6% of businesses closed. Closures were more common among small businesses. In June/July, 15.4% of family businesses with pre-pandemic sales of less than 1 million kip per month were closed. In contrast, larger businesses tended to continue their operations, even with reduced income.

Table 4. Family businesses

	% of households with a family business	Operating status of family businesses (June/July 2020)			% of operating businesses experiencing revenue decline
		Open	Temporarily closed	Permanently closed	
All	33.1	91.6	7.1	1.3	54.7
Urban	34.9	92.1	6.5	1.4	57.9
Rural	32.1	91.3	7.5	1.2	52.8
Highly educated	36.4	89.8	8.5	1.7	48.7
Low educated	32.0	92.3	6.6	1.1	56.9
Lao-Tai majority	34.1	91.8	7.0	1.3	55.0
Ethnic minority	29.9	91.0	7.7	1.3	53.5

Notes: Highly educated households are headed by a person with completed secondary education or higher. Results are weighted.

HOUSEHOLD INCOME



Nearly 50 percent of households experienced a decline in household income between March and June 2020. A reduction in income from remittances was most frequently observed. Around 58% and 54% of households experienced a drop in remittances from domestic and international sources respectively. Wages proved to be the most stable source of household income. Nevertheless, nearly a third of households with wage-earners reported an episode of wage loss.

Table 5. Income reduction

	Household income	% of households that experienced income reduction since March 2020				
		Farm income	Non-farm family business income	Wage income	International remittances	Domestic remittances
All	47.7	46.3	48.1	31.2	53.9	58.2
Urban	51.2	46.5	52.5	37.3	58.0	59.5
Rural	45.9	46.2	44.7	27.4	52.0	57.4
Highly educated	46.0	45.5	40.9	24.7	46.8	56.6
Low educated	48.3	46.5	51.0	33.6	55.6	58.6
Lao-Tai majority	48.8	45.9	48.6	32.1	54.3	58.4
Ethnic minority	44.5	47.2	45.4	28.6	51.7	57.1

Notes: Highly educated households are headed by a person with completed secondary education or higher. Results are weighted.

The incidence of income loss varied across socio-economic groups for all sources of income except for farm income and domestic remittances. For these two sources, the percentage was fairly even across all groups. Urban households were more likely than rural households to experience a drop in income from family businesses, wages and international remittances. While 37% of urban households with wage earners reported a reduction in wage income, only 27% of their rural counterparts did. This is because jobs in the hospitality and transport sector were more common in urban areas. Overall, 5% more urban than rural households experienced a decline in household income.

Households whose heads had completed secondary education were less likely to report a reduction in income from family businesses, wages or international remittances than were their counterparts. While 51% of households whose head had not completed secondary education experienced a fall in family business income, only 41% of those headed by a person with completed secondary education reported the same. The significant gap between these two groups was also observed for a decline in income from wage and international remittances. This is in line with cross-country observations that low-skilled and migrant workers were hit hardest by the pandemic.

Households adopted different strategies to cope with shocks during the pandemic. The most common shock faced was rising food prices resulting from supply chain disruption, border closures and the depreciating kip. Around 70% of respondents reported that an increase in food prices had affected their households. The shock intensified the incidence of food insecurity. While about one-third of affected households used additional income from alternative sources and savings, or hunted and gathered wild food to cope with this shock, 36.5% of households affected by rising food prices responded by reducing their food consumption.

SHOCKS AND COPING STRATEGIES



Table 6. Shocks and coping strategies

	Since March	Coping strategies (% households who experienced shocks)						
		Engaged in additional income generating activities	Reduced nonfood consumption	Reduced food consumption	Relied on savings	Sold/harvest in advance	Hunted/gathered food	Did nothing
Job loss	19.3	34.9	3.8	6.2	10.0	-	2.9	48.6
Increase in input prices	18.7	5.8	18.5	6.8	19.1	-	-	48.6
Decrease in output prices	19.3	10.9	5.0	3.8	3.4	4.7	-	73.6
Rising food prices	70.1	12.5	19.9	36.5	18.5	-	6.0	32.5

Notes: Results are weighted.

About 20% of households were affected by a family member losing a job, and half of these adjusted their behavior to cope with the employment shock. Around a third of affected households engaged in additional income-generating activities to compensate for income loss. Only 10% reported relying on savings to cope with this shock. Strategies to cope with price shocks to the family farm and non-farm businesses were somewhat limited. Most affected households (73.6%) did not adjust their behavior to cope with a decrease in output prices, and a mere 5% chose to sell or harvest their outputs in advance. Coping strategies such as selling assets, borrowing or taking loans were not commonly observed. This is potentially because affected households viewed these shocks as temporary, or lacked assets and access to finance.

HEALTH



Medical services remained mostly accessible. Nearly all respondents (97%) reported that they or a household member were able to access medical treatment if needed. Among those not able to access medical treatment, the most cited reasons were affordability (65%) and travel restrictions (35%).

Table 7. Medical experience during COVID-19 (% of households)

	Since March		
	A household not able to buy medicine	A household member needed medical treatment	... and successfully accessed medical treatment
All	6.0	14.7	97.0
Urban	6.7	10.5	95.9
Rural	5.7	16.9	97.4
Highly educated	6.1	12.3	98.1
Low educated	6.0	15.5	96.7
Lao-Tai majority	5.1	13.1	96.5
Ethnic minority	9.0	19.6	98.0

Notes: Highly educated households are headed by a person with completed secondary education or higher. Results are weighted.

EDUCATION



Schools were closed from March 30 to June 2, 2020. About 55% of households had at least one child between the age of 6-17 years old enrolled in school prior to the pandemic. Learning activities during school closure were not common. About three-quarters of students did not engage in any type of learning activities during closure. Among those who remained engaged, the most common type of activity was assignments or homework (54.2%).

Students from ethnic minority households were least likely to remain engaged in learning during closure (19.4%). For students in rural areas, and those from households whose head had less than secondary education, learning activities during school closure were mainly assisted by their parents or tutors. In urban areas, online learning was more common.

Table 8. Education during school closures

	% of households reporting a child enrolled in school	% children engaged in education or learning activities during school closure	Type of education or learning activities (% engaged children)			
			Assignment/homework	Online learning	Parent/tutor	Self-studying
All	55.3	25.1	54.2	23.5	19.4	11.6
Urban	52.8	26.4	59.5	34.6	15.5	6.1
Rural	56.6	24.6	51.7	18.3	21.3	14.2
Highly educated	56.0	27.4	66.4	29.5	6.3	4.9
Low educated	55.1	24.4	50.0	21.4	24.1	14.0
Lao-Tai majority	52.6	28.2	56.9	23.0	19.2	11.9
Ethnic minority	63.7	19.4	47.0	24.8	20.0	10.6

Notes: Highly educated households are headed by a person with completed secondary education or higher. Results are weighted based on the number of children reported by the main respondent.

ASSISTANCE AND SUPPORT



To mitigate the negative impacts of COVID-19 on households, the government implemented the COVID-19 unemployment benefit program for urban workers with social insurance who lost their jobs due to COVID-19. This target group accounted for only about 3.1% of pre-pandemic total employment, so many affected workers were not able to participate in this welfare program. Implementation and disbursement of the program was slow. As of July 2020, only about 12,000 affected workers (0.37% of pre-pandemic employment) had claimed the benefit.

Coverage of social assistance programs was limited. Less than 8% of households reported that they received social assistance either in cash or in kind between March and June 2020. Almost all assistance received came from social assistance programs that were in place before the pandemic.

Table 9. Social assistance (% of households)

	Since March...					
	Received cash support	...of which		Received in-kind support	...of which	
		Received cash support from government	Received cash support from non-government organization		Received in-kind support from government	Received in-kind support from non-government organization
All	0.6	72.2	27.8	7.3	78.8	17.5
Urban	-	-	-	4.3	79.9	12.4
Rural	0.9	72.2	27.8	8.9	78.4	18.8
Highly educated	0.2	76.1	23.9	6.8	80.0	11.1
Low educated	0.7	71.9	28.1	7.4	78.4	19.4
Lao-Tai majority	0.4	68.5	31.5	5.8	77.0	15.7
Ethnic minority	1.0	77.1	22.9	11.8	81.4	20.1

Notes: Highly educated households are headed by a person with completed secondary education or higher. Government support at all levels from the central to village level. Results are weighted.

OUTLOOK



Lao PDR so far has managed to contain the spread of COVID-19. The country has a low number of cumulative cases compared to other economies. This success has been achieved by strict lockdown measures, travel restrictions and border closure. While most containment measures have now been lifted, border closure remains in effect. The hospitality and transport sectors continue to suffer, while the prolonged pandemic challenges the ability of businesses to remain open.

While the outbreak has so far been mild and contained in Laos, the global economic slowdown has exacerbated existing labor market vulnerabilities. Sluggish job growth already plagued the economy even prior to the pandemic and income loss coupled with rising food prices has added pressure to household livelihoods. Given the limited fiscal space available to the government, a broad welfare program to support households negatively affected by the pandemic is not feasible. While Lao PDR has managed the spread of COVID-19 well so far, a prolonged crisis will prove more challenging. Continued monitoring of the social and economic impact of the pandemic on households is thus important.

Survey Methodology

This brief summarizes results from the COVID-19 Rapid Monitoring Phone Survey of Households in Lao PDR. Fieldwork was administered by Indochina Research. The sample was drawn using Random Digit Dialing. The final sample of 2500 households is nationally representative. The survey weights were adjusted to match the share of households by urban and rural area, region, and household size, and the dependency ratio, to strengthen representativeness.

One main respondent aged 18 years or older was interviewed from each household. About 60% of respondents were male and 76% were Lao-Tai. Around 45% and 43% of respondents were aged 18–34 and 35–54 respectively. Half of the respondents were household heads, 20% were spouses, and 25% were sons or daughters. The main respondent who was not the head of household was asked about the employment status and education of the household head.

Fieldwork lasted from June 20 to July 16, 2020. About 43% of the sample were interviewed in June. The reference period for employment questions was exclusively post-lockdown. March 2020 was the reference month for the onset of the COVID-19 pandemic in Lao PDR. Responses about pre-pandemic status referred to February 2020.

The survey instrument includes modules on employment, income loss and coping strategies, public service delivery, and social assistance.