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The Socioeconomic Impacts of COVID-19 on Households in Cambodia

WORLD BANK GROUP

Results from the High-Frequency Phone Survey of Households Round 1 (11–26 May 2020)[1]

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INTRODUCTION

The coronavirus disease 2019 (COVID-19) pandemic and its effects on households create an urgent need for timely data and evidence to help monitor and mitigate the social and economic impacts of the crisis on the Cambodian people, especially the poor and most vulnerable. To monitor the socioeconomic impacts of the COVID-19 pandemic and inform policy responses and interventions, the World Bank designed and conducted a High-Frequency Phone Survey (HFPS) of households in Cambodia. The survey covers important and relevant topics, including knowledge of COVID-19 and adoption of preventative behavior, economic activity and income sources, access to basic goods and services, exposure to shocks and coping mechanisms, and access to social assistance.

This brief summarizes the findings of the first round of a nationally representative HFPS of households. The HFPS sample is drawn from the nationally representative Living Standard Measurement Study Plus (LSMS+) implemented October–December 2019 by the National Institute of Statistics (NIS) with technical and financial support from the World Bank. The HFPS followed up with 1,364 households in LSMS+ with a phone number. The phone survey was successfully completed for 700 households for a response rate of 51 percent. Sampling weights were adjusted to ensure that the sample remains representative at the national and subnational level (urban and rural areas). The same households will be tracked over 10 months, with selected respondents—typically the household head—completing interviews every 8 weeks. Monitoring the well-being of households over time will improve understanding of the effects of, and household responses to the COVID-19 pandemic in near-real time.

HIGHLIGHTS – HFPS ROUND 1

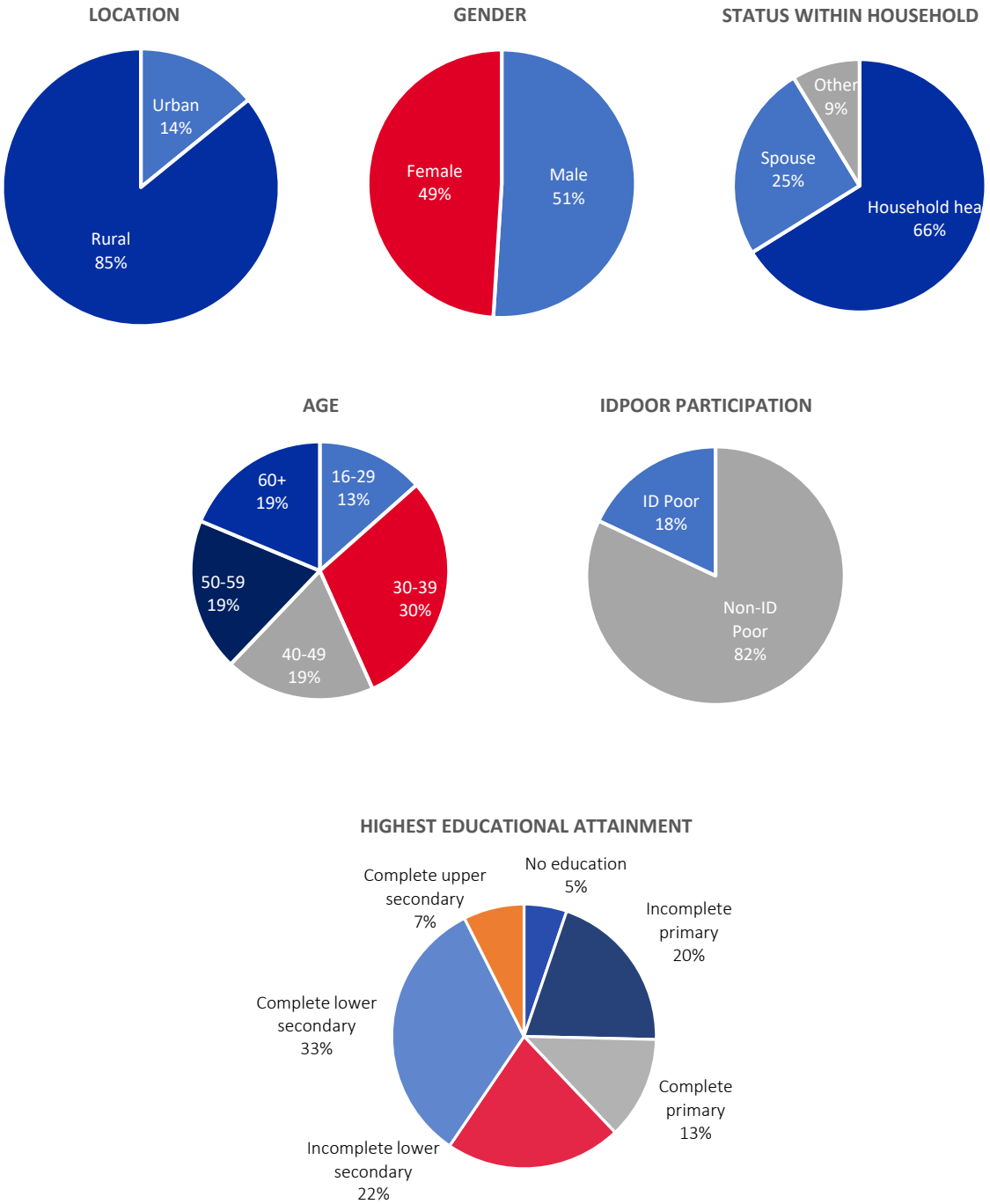
- Awareness of the COVID-19 disease and main preventive measures is high. However, knowledge does not translate to practice as relatively fewer respondents apply these basic hygiene and social distancing measures.
- The COVID-19 induced economic slowdown has led to a reduction of income from all sources except pensions.
- Those relying on non-farm family businesses are the most affected, with 82 percent reporting a reduction in sales revenues. Rural and urban household incomes are affected differently. Further, urban households are more affected by reductions in income from properties, while rural households are more affected by reductions in remittances.
- To cope with the income losses, 6 in 10 households reduced both food and non-food consumption. As a result, some households faced food shortages because of a lack of money or resources and resorted to consuming fewer meals or a less diverse diet.
- With only a partial lockdown in effect, markets are still functional and supplying food items. Despite a fall in income and consumption, most households that tried to buy food staples and medicines were able to do so. Access to medical treatment was not affected.
- Given the widespread reduction in income, government support is needed, particularly for poorer households. The proposed expansion of existing social protection schemes through cash transfers will help the poor and new poor but may not fully compensate for the welfare loss.

[1] Clarence Tsimpo Nkengne, Kimsun Tong, and Wendy Karamba led the Cambodia High Frequency Phone Survey (HFPS) team that comprised of Maheshwor Shrestha and Sokbunthoeun So. Nuppun Research Consulting implemented the survey with technical and financial support from the World Bank. Additional contributions for the HFPS were received from the Public Financial Management and Service Delivery Trust Fund contributed by Australia and the European Union. The team is grateful to the National Institute of Statistics of Cambodia for their collaboration. The team benefitted from useful advice and comments from World Bank Group colleagues including Rinku Murgai, Claire Honore Hollweg, Fily Sissoko, Hassan Zaman, Kristen Himelein, Maria Ana Lugo, Philip B. O'Keefe, and Talip Kilic.

HOUSEHOLD PROFILE

The HFPS is representative at the national, urban and rural level. As is typical of the Cambodian population, most respondents live in the rural areas and are young. Respondents are equally balanced between men and women. Most respondents are heads of their household, with a lower proportion headed by women, or they are the spouse of the household head. Most respondents have completed lower secondary school or attained some secondary school education. The average household size is about 4 persons across both urban and rural areas. About 1 in 5 households captured in the HFPS are households that participate in the national Identification of Poor Households Programme, known as "IDPoor". IDPoor is the country's official targeting mechanism for programs that support the poor.

Figure 1: Key demographics of respondents and households



KNOWLEDGE AND BEHAVIOR IN RESPONSE TO COVID-19

Awareness of the COVID-19 disease and main preventative measures is high, but adoption of some preventative behaviors is less common. Almost all respondents reported having heard about the COVID-19 pandemic or the coronavirus. Most respondents demonstrated good knowledge of social distancing and other preventative measures to reduce the risk of infection from the virus that causes COVID-19. However, knowledge does not necessarily translate to adoption. A relatively smaller proportion of respondents practice social distancing. About 50 percent of respondents reported that they are avoiding handshakes and large gatherings consisting of 10 or more people.

Cambodians are aware of some of the government actions taken to curb the spread of the virus that causes COVID-19. When asked to identify some government actions, respondents most commonly mention the dissemination of knowledge about the virus. Some respondents mention the stay at home measures and closure of schools and non-essential businesses.

Figure 2: Awareness of a COVID-19 preventative measure (% of respondents)

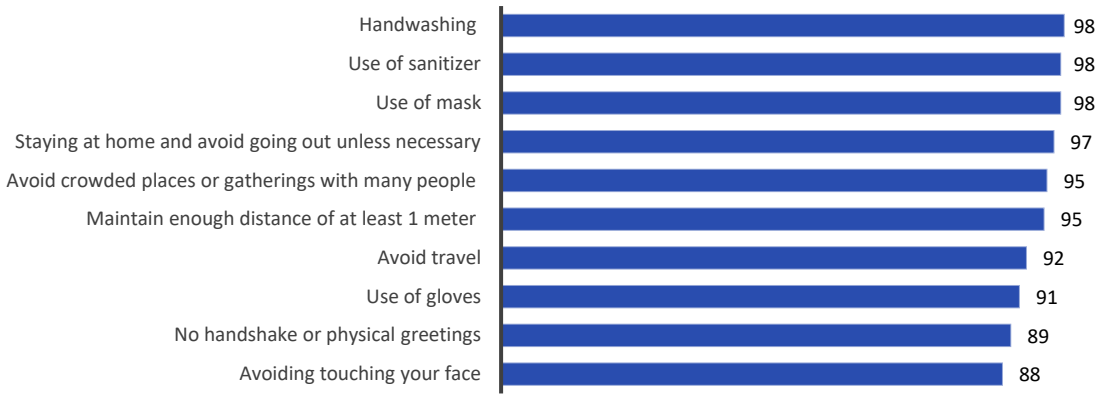
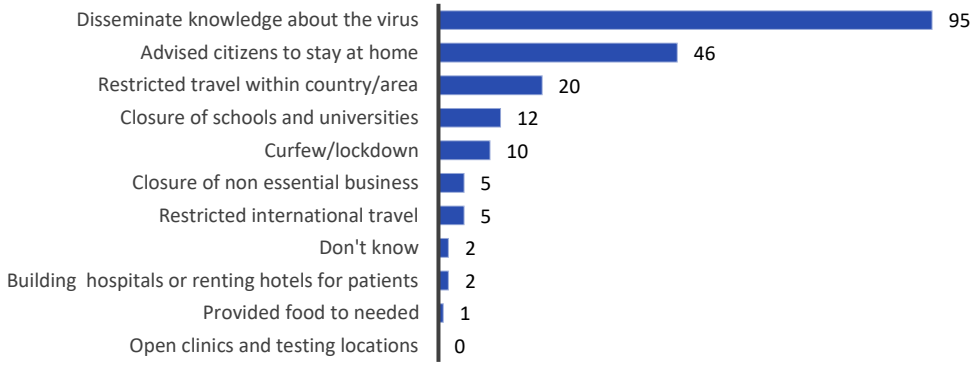


Figure 3: Adoption of a COVID-19 preventative measure (% of respondents)

Figure 4: Awareness of government actions to curb COVID-19 (% of respondents)



EMPLOYMENT PATTERNS AND HOUSEHOLD INCOME

EMPLOYMENT STATUS

Few Cambodians have experienced disruptions to regular work activities, and among those that did, it was due to reasons strongly associated with the outbreak of COVID-19. In April 2020, Cambodia implemented only a partial lockdown enabling most Cambodians to continue working as usual. About 71 percent of respondents were able to continue working, while 12 percent of respondents who had been working prior to the COVID-19 outbreak but had stopped working. Business closures due to COVID-19-related restrictions are cited as the main reason.

About 6 percent of respondents switched jobs, of which nearly half moved to the agriculture sector. Job switchers were likely to move from the service and industry sectors to agriculture. Those employed in the service sector were more likely to lose their jobs or switch to agriculture. Agriculture appears to be a "refuge" sector. However, the agriculture sector has saturated in terms of employment and may not potentially create a lot of quality jobs.[2]

Figure 5: Percentage of repondents working

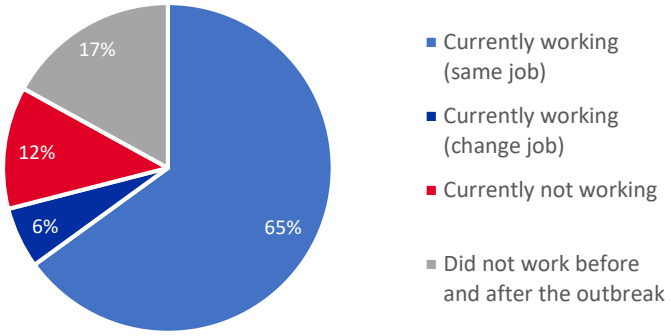
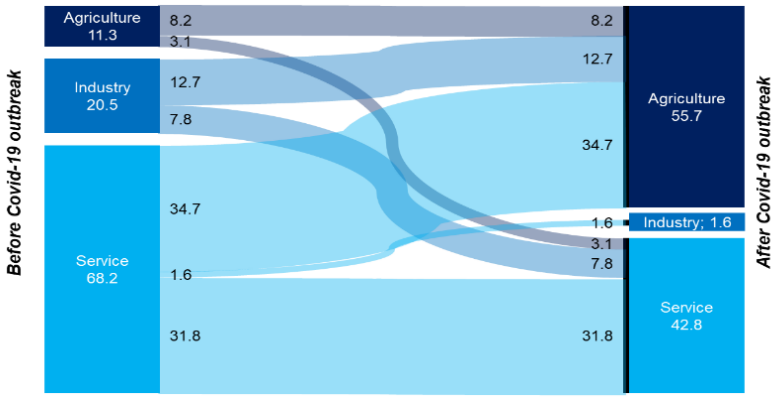
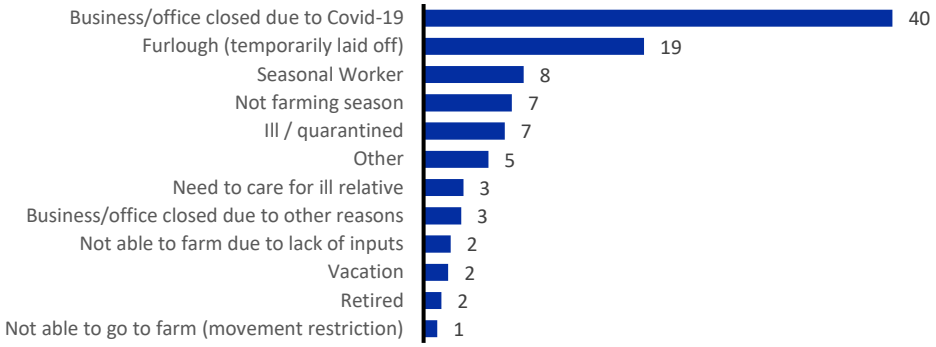


Figure 6: Employment distribution by sector (% of job switchers)



[2] Cambodia Economic Update, May 2020.

Figure 7: Main reasons for stopping working between March and May 2020 (% of respondents)



The COVID-19 outbreak greatly affected non-farm household businesses. About 73 percent of non-farm household businesses reported a decline in revenues in April 2020 compared to March 2020, while 8 percent did not generate any revenue at all. This finding is consistent across poverty status (bottom 40 and top 60 percent), resident location (urban and rural) and gender of respondents. The decline in revenue is related to the COVID-19 outbreak and was more pronounced for service and industry sectors.

Figure 8: Non-farm family business households reporting changes in sales revenues (% of households)

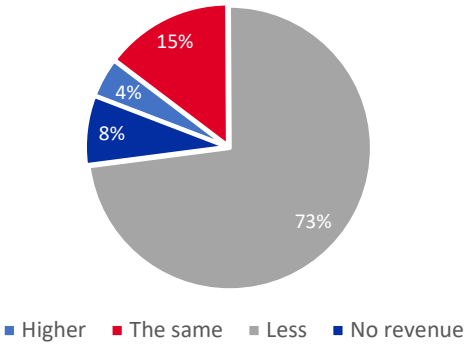
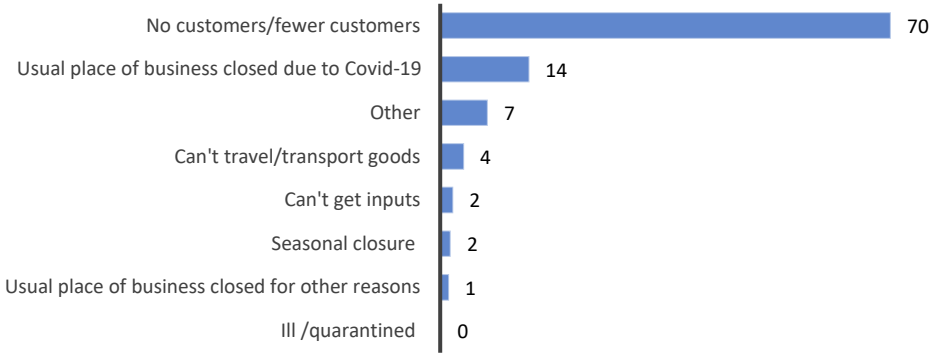


Figure 9: Reasons for having less or no revenue (% of households)

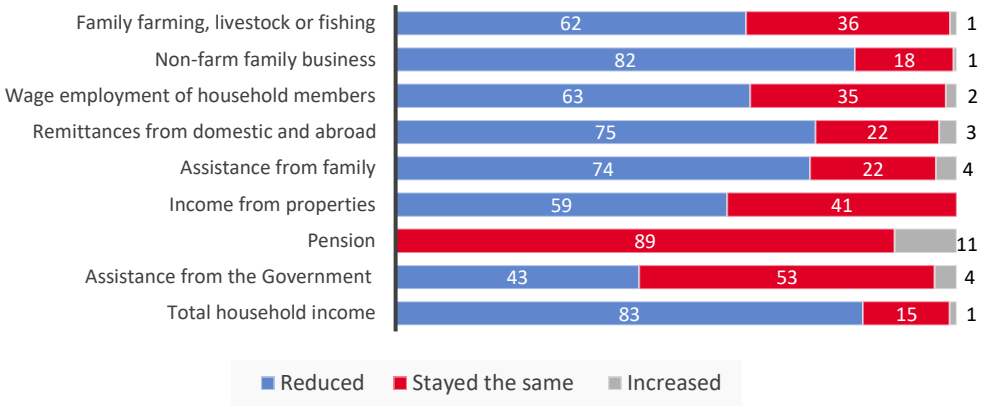


COVID-19-induced economic slowdown resulted in a reduction in income from all sources except pensions. A substantial share of Cambodian households—especially those who rely on family businesses—are experiencing a reduction of income. More than 80 percent of the respondents reported a decline in total household income. The most affected households are those relying on non-farm family businesses, with 82 percent declaring a reduction

INCOME

in income. Households relying on non-labor income such as remittances or assistance from other family members are also heavily affected. Income reduction is also widespread among those relying on labor income from wages or agriculture, with 6 in 10 households reporting a negative shock on their income. Income from pensions was relatively unaffected, for which few households reported a decline despite the COVID-19 outbreak. Rural and urban household incomes are affected differently. Urban households experienced greater reductions in income from properties, while rural households experienced greater reductions in remittances.

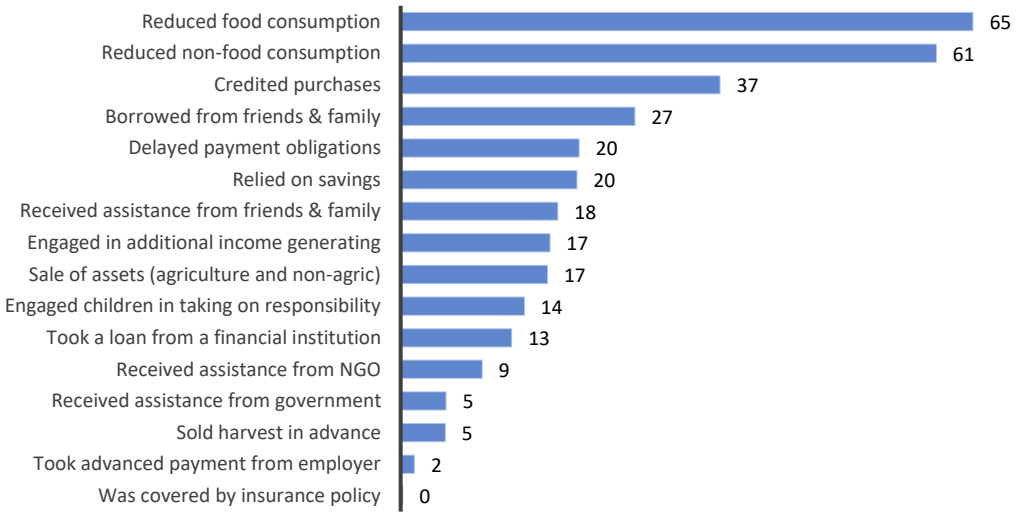
Figure 10: Changes in household income since outbreak by source (%)



SHOCKS AND COPING MECHANISMS

To cope with the income losses due to the COVID-19 pandemic, 6 in 10 households resorted to reducing both food and non-food consumption. Other households credited purchases (37 percent of respondents) or borrowed from friends and family (27 percent). Rural households were more likely to reduce food and nonfood consumption, rely on credited purchases, and on assistance or loans from friends and family. Meanwhile, urban households were more likely to rely on savings, the sale of assets, and engagement of children in household chores. The reduction in food consumption resulted in some Cambodians facing food insecurity. Some respondents reported eating less frequently or eating a less diverse diet because of lack of money or resources in the 30 days preceding the survey. Households in the bottom 40 percent experienced greater food insecurity. Given the timing of the survey, few households (5 percent) had received support from the government since the planned expansion of the social assistance program was still in the design stage.

Figure 11: Actions household took in response to the COVID-19 crisis (%)



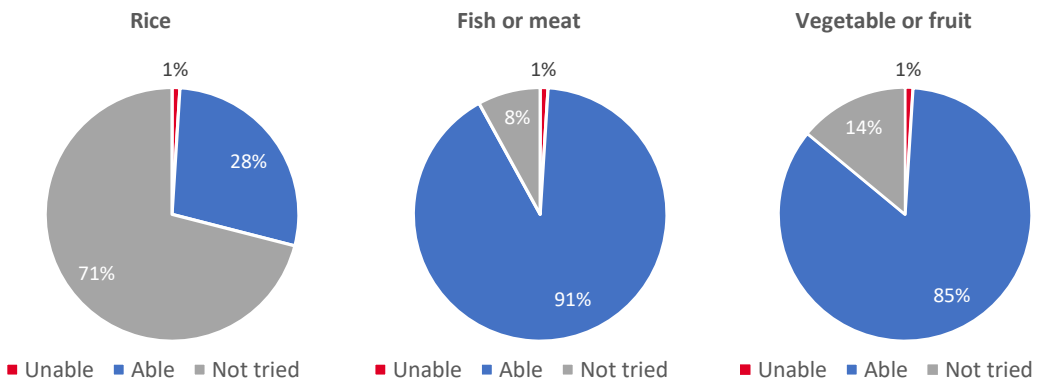
To help the poor and most vulnerable, the government announced a nationwide COVID-19 cash relief transfer program to begin June 24, 2020. The program is a temporary measure intended to alleviate the economic hardships the poor and vulnerable face from the impacts of COVID-19. The government would provide cash payments to households covered under the IDPoor program for an expected 7 months. World Bank ex-ante simulations suggest that in absence of such relief interventions, nearly 1 million Cambodians could fall into poverty. If the planned relief measures are fully delivered to the target households, they would substantially (though not fully) mitigate the pandemic's impact on the poor and near poor.

ACCESS TO BASIC NECESSITIES

FOOD STAPLES

Despite the COVID-19 crisis, markets are functional and supplying food items. Close to 9 in 10 households were able to buy rice, fish or meat, and vegetables or fruits. Access to staple foods was equally high in both urban and rural areas. The remaining households that did not buy these staple foods simply had not tried to do so. In rural areas, the proportion of households that did not try to buy staple foods is higher, reflecting a higher incidence of consumption from own-production.

Figure 13: Households able to buy a staple food in the past 7 days (%)



MEDICINE

Cambodian households can also easily access medicines and medical treatments during the COVID-19 pandemic. Access is uniformly high regardless of poverty status or area of residence. Of the 43 percent of households that recently tried to buy medicine, almost all were able to do so. In addition, a significant proportion of Cambodians can access medical services. Of the 27 percent of households that needed medical treatment at the time of the survey, 98 percent were able to access it. The survey did not inquire why the remaining households were unable to buy medicines or access medical services.

Figure 14: Households able to buy medicine (%)

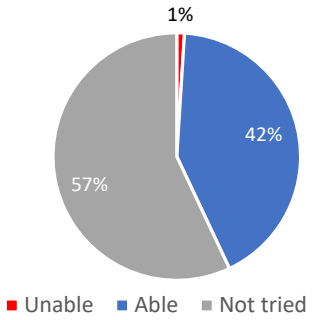
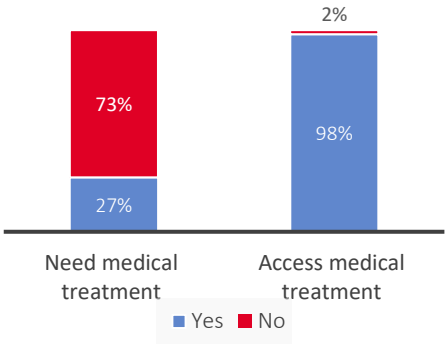


Figure 15: Households in need of and able to access medical treatment (%)



SCHOOLING

The COVID-19 outbreak has disrupted children's educational activities, particularly for the poorest households. On March 18, 2020, the government announced the closure of all public and private schools to curb the spread of the virus that causes COVID-19. The survey asked households whether any children aged 6–17 had been attending school before the onset of the COVID-19 outbreak, and whether they were recently engaged in any learning activities. Of the 92 percent of households that had children attending school prior to the school closures in March 2020, only 63 percent had children recently engaged in alternative learning activities. The distribution of school attendance and engagement in learning activities is uniform across area of residence. While school attendance between the poorest 40 percent and richest 60 percent households was similar prior to the closures, children in the bottom 40 percent were less likely to engage in learning activities since the closures (59 percent vs. 66 percent).

Figure 16: Households with children attending school before school closures (%)

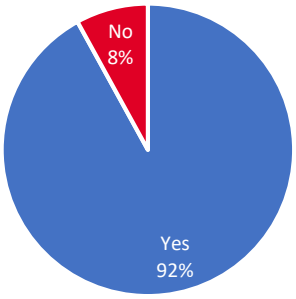
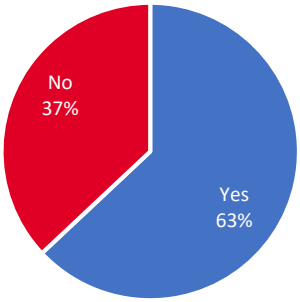


Figure 17: Households with children engaged in learning activities (%)



Households resorted to several alternative learning activities following school closures. Households most commonly used mobile applications (58 percent) and television programs (47 percent). Alternative learning activities also commonly took the form of teacher-provided assignments (20 percent) and teacher meetings with or visits to students (20 percent). As of September 2020, the government lifted many of the restrictions.

BOX: SURVEY METHODOLOGY

The COVID-19 HFPS sample consists of 700 households drawn from the Living Standard Measurement Survey Plus (LSMS+). LSMS+ was implemented October–December 2019 and consists of 1,512 households, of which 1,364 have a phone number. The phone survey successfully reached and completed interviews for 700 of 1,364 households, generating a response rate of 51 percent.

To obtain unbiased estimates from the sample, we adjust the original LSMS+ sample weights to account for non-response. We adjust the sampling weights according to the steps outlined in Himelein, K. (2014)[3]:

1. Begin with base weights from the 2019 LSMS+ for each household
2. Derive attrition-adjusted weights for all households by running a logistic response propensity model based on characteristics of the household head (i.e. education, labor force status, demographic characteristics), characteristics of the household (size, consumption, assets ownership), and characteristics of the dwelling (house ownership, overcrowding).
3. Trim weights by replacing the top one percent of observations with the 99th percentile cut-off point; and
4. Post-stratify weights to known population totals to correct for the imbalances across the five regions (Phnom Penh, Plain, Tonle Sap, Coastal, Plateau and Mountain) and by urban and rural. In doing so, we ensure that the distribution in the survey matches the distribution in the 2019 population and housing census.

The HFPS was implemented using Computer Assisted Telephone Interview (CATI) techniques and the questionnaire was programmed using the Survey Solutions CAPI software package. Enumerators used mobile phone devices. Enumerators were given data bundles, allowing for internet connectivity and for daily data transfer and synchronization with the server. Field supervisors reviewed the survey responses with enumerators via one-on-one calls daily and addressed concerns that arose immediately following enumerators interview. At the same time, a Research Analyst was in charge of checking the uploaded data daily to identify the errors so as to inform the field supervisors and enumerators.

Data collection parameters, round 1

- Data collection period: 11–26 May 2020
- Completed interviews: 700 households (222 urban, 478 rural)
- Typical survey duration: 24 minutes

[3] Himelein Kristen (2014), Weight Calculations for Panel Surveys with Subsampling and Split-off Tracking, Statistics and Public Policy, 1:1, 40-45.