COVID-19 IMPACTS ON HOUSEHOLDS IN LAO PDR

Results from the rapid monitoring phone survey (Round 1)
June - July 2020
BACKGROUND

- Lao PDR was the last country in Southeast Asia to report its first confirmed case of COVID-19
- The first case was confirmed on 24 March 2020. By July 2020, 22 cases had been confirmed
- The Government of Lao PDR (GoL) announced a lockdown starting on 30 March 2020. All land borders are closed
- Some restrictions have been lifted since 18 May 2020:
  - Domestic travel allowed on 18 May 2020
  - Students returned to school on 2 June 2020
  - Foreign travelers involved in investment projects allowed on 4 June 2020
While other activities have almost returned to normal, travel remains at 20% below normal. The country remains closed to foreign tourists.

Visitors to (or time spent in) categorized places change compared to baseline days (the median value from the 5-week period from January 3rd to February 6th 2020)

GDP is estimated to grow by 0.4% in 2020, the country’s lowest GDP growth in three decades.

Source: google.com/covid19/mobility

Source: https://www.icao.int/safety/Pages/COVID-19-Airport-Status.aspx
MAIN FINDINGS

Despite the rather low number of confirmed cases, the social and economic impacts of COVID-19 are far from negligible in Lao PDR:

**Employment**
- 13% of respondents employed before the outbreak reported not currently working (in June-July 2020)
- The hardest-hit sector is the hospitality sector where 52% of respondents had either lost their job or changed job by July 2020
- 32% of those remaining in employment experienced a decline in their wage or business income
- Agriculture and trade absorbed some workers who had lost their job due to COVID-19
- 19% of households reported job loss of household member since the outbreak

**Household business**
- 8.4% of household businesses (or 15.4% of small household businesses) were temporarily or permanently closed
- More than half of businesses were experiencing revenue decline
- Only 11% of household businesses that continued operating had adjusted their business model in response to COVID-19
MAIN FINDINGS

Despite the rather low number of confirmed cases, the social and economic impacts of COVID-19 are far from negligible in Lao PDR:

Income

- 48% of households experienced a decline in total household income compared to last year
- Nonfarm business income and remittances were most affected
- Half of households that prior to COVID-19 relied on remittances (domestic and overseas) experienced a decline in or did not receive remittances since the outbreak

Price

- 70% of households reported experiencing an increase in food prices
- Low-income households earned extra income or collected wild food to meet the minimum basic needs
- High-income households adjusted their consumption or relied on savings

2.8 % of households reported having someone who had returned to live in the same household since March 2020
Half of those returning from abroad did not intend to go back
Survey
Design

- **Method**: Rapid monitoring survey conducted through maximum 20 minutes length of phone interview on 2,500 households starting between June 20-July 16, 2020. The survey was administered by Indochina Research (IRL).

- **Tracked indicators**: employment, income, return migrants, family business, coping strategies, assistance or support program, access to healthcare, medicine, water, electricity and education.

- **Sampling**: Random Digit Dialing, with a mix between heads of households and members of households. Respondents are at least 18 years old.

- Representative at national, urban/rural.

- March 2020 is marked as the beginning of the COVID-19 pandemic in Lao PDR.
Sample distribution by geography of the LECS 6 and COVID-19 phone survey

Households by regions

<table>
<thead>
<tr>
<th>Regions</th>
<th>LECS (unweighted)</th>
<th>RMPS (unweighted)</th>
<th>LECS (weighted)</th>
<th>RMPS (weighted)</th>
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<tbody>
<tr>
<td>Vientiane</td>
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<td>North</td>
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<td>South</td>
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Households by urban/rural

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<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
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<tbody>
<tr>
<td>LECS (weighted)</td>
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<tr>
<td>RMPS (weighted)</td>
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<tr>
<td>LECS (unweighted)</td>
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<tr>
<td>RMPS (unweighted)</td>
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Weight is adjusted to strengthen representativeness of the survey.
Characteristics of respondents

**Gender**
- Men: 40%
- Women: 60%

**Ethnic group**
- Lao-Tai: 45%
- Mon-Khmer: 43%
- Chine-Tibet: 14%
- Hmong-Iumien: 8%
- Other: 2%

**Age group**
- 15-34: 12%
- 35-54: 43%
- 55 over: 45%

**Household composition**
- Number of members:
  - Children 0-6: 0.68
  - Children 6-14: 0.88
  - Members 15-64: 3.16
  - Members 65 over: 0.13
Employment and Income
12.8% of respondents employed before the crisis (March 2020) reported not currently working,

…of which nearly 70% were due to COVID-19 related reasons

- 59% Business closure due to government restriction on COVID-19 + travel restriction
- 15% Seasonality
- 5% Business closure due to other reasons/laid off
- 5% Health-related and quarantine reasons
- 16% Others
- 81.7% Remain with the same job
- 5.6% Changed job
- 12.8% Not currently working
The impact is evenly distributed across urban/rural areas although the top quintile is less affected.

Imputed consumption based on LECS 6 and selected household characteristics.
52% of respondents from the hospitality sector had either lost their job or changed job by July 2020, and among those who remained in employment (nonfarm employees and own-account workers), 32% experienced a decline in their wage or business income.
Agriculture and trade are the sectors absorbing workers who have lost their job due to COVID-19…

However, most workers were not able to resume their work or found a new job.
8.4% of household businesses were temporarily or permanently closed, and more than half of businesses were experiencing a fall in revenue…

12.6% of household businesses in the hospitality and transport sector were temporarily or permanently closed

15.4% of small household businesses were temporarily or permanently closed, while larger businesses tended to continue operating without revenue
More than half of business closures are due to COVID-19 related reasons,…

… while 80% of a decline in revenue is due to COVID-19 related reasons

Why did revenue fall?

- Due to government restriction on COVID-19: 43.8%
- No customers/ less customers: 36.2%
- Others: 10.6%
- Seasonal closure: 6.0%
- Travel restriction/ couldn't transport products: 3.4%
Revenue decline was associated with reduced operation, production, and use of labor and raw materials.

Changes in business operations (% of businesses that continue operating):

- Revenue not affected
- Revenue declined

Total hours worked:
- Increase
- Decrease
- No change

Demand for products and services:
- Increase
- Decrease
- No change

Supply of inputs:
- Increase
- Decrease
- No change
8.5% of farming households faced disruption in their farming activities.
2.8% of households reported having someone who had returned to live in the same household since March 2020.

Approximately half of households who rely on remittances (domestic and overseas) experienced a decline in or did not receive remittances since the outbreak.

53% of migrants returning from abroad in rural areas said they do not intend to go back.

* In 2019, 15.7% of households relied on remittances as one of their income sources.
Nearly half of households experienced a decline in total household income compared to last year.

Since March 2020, total household income has...

- **Increased**: 13.8%
- **Stayed the same**: 38.4%
- **Reduced**: 44.5%
- **Not received**: 3.3%
Nonfarm business income and remittances were affected the most

<table>
<thead>
<tr>
<th>LIVELIHOOD SOURCE IN THE LAST 12 MONTHS</th>
<th>% OF HOUSEHOLD</th>
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</thead>
<tbody>
<tr>
<td>FAMILY FARMING/AGRICULTURE</td>
<td>55.8/44.1</td>
</tr>
<tr>
<td>NONFARM HOUSEHOLD BUSINESS</td>
<td>23.4/76.6</td>
</tr>
<tr>
<td>WAGE/LABOR COMPENSATION</td>
<td>61.9/38.0</td>
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<tr>
<td>UNEMPLOYMENT BENEFIT</td>
<td>7.9/91.9</td>
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<tr>
<td>REMITTANCE FROM OVERSEAS</td>
<td>8.1/91.8</td>
</tr>
<tr>
<td>DOMESTIC REMITTANCES</td>
<td>11.8/88.0</td>
</tr>
<tr>
<td>INCOME FROM ASSETS/INVESTMENT/SAVING</td>
<td>15.7/84.2</td>
</tr>
<tr>
<td>PENSION</td>
<td>6.4/93.5</td>
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<tr>
<td>GOVERNMENT SUPPORT</td>
<td>6.6/96.3</td>
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<td>SUPPORT FROM OTHER SOURCES</td>
<td>65/98.3</td>
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<thead>
<tr>
<th>SINCE MARCH 2020, INCOME HAS...</th>
<th>% OF HOUSEHOLD</th>
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<tbody>
<tr>
<td>FARMING/FEEDING LIVESTOCKS/FISHING</td>
<td>19.1/34.7/35.0/11.2</td>
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<tr>
<td>NON-FARM FAMILY BUSINESS</td>
<td>12.8/39.1/44.1/4.0</td>
</tr>
<tr>
<td>WAGE/LABOR COMPENSATION</td>
<td>15.6/53.3/25.2/6.0</td>
</tr>
<tr>
<td>UNEMPLOYMENT BENEFIT</td>
<td>12.0/47.3/22.8/17.9</td>
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<tr>
<td>REMITTANCE FROM OVERSEAS</td>
<td>10.5/35.6/32.2/21.7</td>
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<td>PENSION</td>
<td>5.7/83.4/16.7/3.3</td>
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<tr>
<td>GOVERNMENT SUPPORT</td>
<td>14.7/31.9/7.2/46.2</td>
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<tr>
<td>SUPPORT FROM OTHER SOURCES</td>
<td>17.7/27.0/3.8/51.5</td>
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<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Refused</th>
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3. Coping strategies
70% of households reported experiencing an increase in food prices and 19% of households reported job loss of household member.
18.5% of households reduced usage and 19.1% relied on savings when facing an increase in the price of farming and nonfarm business inputs.

34.9% of households engaged in additional income generating activities to compensate for job loss.

Coping strategies by households facing increased price of inputs (%):
- Earned extra income: 5.8%
- Reduced nonfood consumption: 18.5%
- Reduced food consumption: 6.8%
- Relied on savings: 19.1%
- Did nothing: 48.6%

Coping strategies by households with a member experiencing job loss (%):
- Hunted/collected food: 2.9%
- Earned extra income: 34.9%
- Reduced nonfood consumption: 3.8%
- Reduced food consumption: 6.2%
- Relied on savings: 10.0%
- Did nothing: 48.6%
Half of households affected by increased food prices reduced their consumption.

26% of households attempted to cope with shocks on their revenue from production.

### Coping strategies by households facing increased food prices (%)

- **Hunted/collected food**: 6.0%
- **Earned extra income**: 12.5%
- **Reduced nonfood consumption**: 19.9%
- **Reduced food consumption**: 36.5%
- **Relied on savings**: 18.5%
- **Did nothing**: 32.5%

### Coping strategies by households affected by decreased price of produce/drop in production (%)

- **Sold harvest in advance**: 4.7%
- **Earned extra income**: 10.9%
- **Reduced nonfood consumption**: 5.0%
- **Reduced food consumption**: 3.8%
- **Relied on savings**: 3.4%
- **Did nothing**: 73.6%
Low-income households need to earn extra income or collect wild food to meet the minimum basic needs.

High-income households adjust their consumption or rely on savings.

Imputed consumption based on LECS 6 and selected household characteristics.
Only 11% of household businesses that continued operating had adjusted their business model in response to COVID-19.
Limited fiscal space has prevented a broad welfare program to support workers who lost their jobs

Estimated total employment ~ 3,000,000 jobs

Source: LEM, LSSO, LECS6, COVID survey
Public service delivery
14.2% of households reported not having enough drinking water since March 2020

Reason for not having enough drinking water

- Afraid to catch COVID-19: 4.2%
- Not enough money to buy: 11.8%
- Travel restriction/restriction on product transportation: 7.5%
- Cannot access community water: 4.3%
- Water supply reduced: 23.1%
- Water supply not available: 60.4%

19.7% of households reported accessibility to electricity was worse than before March 2020

% of households reported electricity was worse than before March 2020

- South: 17.4%
- Central: 21.6%
- North: 16.4%
- Vientiane capital: 25.1%
- Rural: 18.3%
- Urban: 22.3%
- Lao PDR: 19.7%
14.7% needed medical services and 97% were able to get access to medical services since the outbreak.

6% had difficulty buying medicines since the outbreak.

Only 24% of children who enrolled in school before the outbreak engaged in education/learning activities during school closure.

- Assignments/homework: 54.2%
- Study online (by using apps): 23.5%
- Study with family members: 15.0%
- Self learning: 11.6%
- Special/tutorial class (by a tutor): 4.5%
THANK YOU