Lao PDR: Public Service Delivery and Citizen Expectations from the Government in Response to COVID-19

INTRODUCTION
This note presents a snapshot of the results of rapid monitoring phone surveys conducted in Lao PDR on public service delivery, and on citizens’ expectations from the government in response to COVID-19. The COVID-19 pandemic, a sudden and fast-moving crisis, has presented governments with multiple challenges. Laos swiftly and consistently instituted measures that managed to contain the COVID-19 virus spread for up to a year after the World Health Organization declared the pandemic. By the end of March 2021, Laos had registered only 49 infections and no deaths, following effective control for community transmission. However, a second wave of COVID-19 arrived in April 2021, and the number of cases rose to more than 91,000 by December 2021 (Figure 1). The government announced a 14-day lockdown on April 22, 2021, as a prevention and containment measure. The lockdown included school closures and travel restrictions (see Table 1 below) and has since then been continuously extended. International borders have remained closed since March 2020.

Figure 1: Confirmed cases (cumulative) in Lao PDR

Source: Government of Lao PDR

The pandemic has underlined the importance of a capable and well-equipped public sector in responding to emergencies. The government is the main provider of the enormous and urgent social and economic support needed to protect public health and the economy during a pandemic.¹ Health, economic, and fiscal shocks continue to pose significant challenges to citizens, businesses, and the economy. The government must continue the coordination, funding, and implementation of interventions. Direct and indirect government interventions determine the resilience and recovery path of the economy and ensure access to essential services.² The pandemic has shown the critical role the government plays in maintaining social and economic stability and the need to have high trust and collective action.

Public Service Delivery and Citizen Expectations from the Government in Response to COVID-19

To monitor the social and economic impacts of the pandemic, the World Bank is conducting a series of COVID-19 rapid monitoring phone surveys of households in Laos. This monitoring provides insights into the effects of the pandemic on household well-being. Three rounds of survey were completed by August 2021. The first-round survey was conducted from June 20 to July 16, 2020, when Laos had just exited the first nationwide lockdown. The second survey was conducted from February 26 to March 24, 2021, one year into the pandemic before the second wave of the pandemic started. The third-round survey was conducted from April 26 to May 30, 2021, during the second lockdown. Results presented in this note are drawn from the second survey\(^3\), unless indicated otherwise.

<table>
<thead>
<tr>
<th>MAIN FINDINGS</th>
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<tbody>
<tr>
<td>Over 70% of respondents were satisfied with the government’s response measures to contain the spread of COVID-19, but less so with the assistance and support programs implemented.</td>
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<td>Inability to travel to government offices constrains access to public administration services.</td>
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<td>Digitalization of some public services could increase access to services, especially during difficult times.</td>
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<td>Access to health and education posed the highest challenge. Households in rural areas and those from the bottom 40(^{0}) face the greatest difficulty accessing all services (health, water, and electricity) except education.</td>
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<td>22% and 17% of respondents indicated decrease in the quality of education and water services (especially in rural areas). The quality of health services and electricity remained largely satisfactory.</td>
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<td>The top 60 tend to benefit from tax relief measures more than the bottom 40. Coverage of unemployment benefits is similar across income groups.</td>
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<td>Television and social media have been the most popular ways of accessing government information and communications. Women are less likely to receive information from television, radio, newspapers, and health authorities than are men. Women tend to rely on personal interaction for information.</td>
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<td>More than half of respondents consider increased cost of living (inflation) as the most important issue facing their community. A third of respondents think inflation is the issue that the government should address first. Income loss and shortage of protective gear are ranked second and third.</td>
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<td>About 30% of respondents need more support from the government for the supply of protective equipment and expanded health services to help them cope with the COVID-19 situation.</td>
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<td>The vaccine acceptance rate is generally high (87%) and higher among rural respondents, low-educated respondents, ethnic minority respondents, male respondents, and respondents from the bottom 40 compared to their counterparts.</td>
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The Government of Lao PDR implemented controlled movement, travel restrictions, and testing and isolation as key measures to curb the virus spread. By September 2021, over $41.61 million (less than 1% of GDP) has been allocated for COVID-19 prevention, control, and treatment.\(^5\) The GoL has received over $283 million worth of loans and grants to help mitigate the impacts of the pandemic, 63% of which is funded by the World Bank. Some of the key COVID-19 policy measures implemented in 2020 and 2021 are summarized in Table 1.

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\(^4\) The “bottom 40” refers to individuals in the bottom 40% of the consumption distribution. The “top 60” refers to individuals in the top 60% of the consumption distribution.

\(^5\) This is relatively low compared to expenditure by similar countries. Thailand, Malaysia, and the Philippines spent 21%, 43.5%, and 8.7% of GDP respectively.

\(^6\) [https://covid19policy.adb.org/policy-measures/LAO](https://covid19policy.adb.org/policy-measures/LAO)
Public Service Delivery and Citizen Expectations from the Government in Response to COVID-19

| Table 1: Summary of Key Policy Response Measures Implemented by the Government of Lao PDR |
|-----------------|-----------------|
| **2020** | **2021** |
| March 29, 2020 – Nationwide lockdown. Citizens had to stay home, except when receiving essential services authorized by the government. Travel restrictions in and out of the country and internally, between provinces and even districts in towns, limited gatherings of a maximum of 10 people, and border closings were enforced. | April 22, 2021 – lockdown in Vientiane. Citizens were prohibited from leaving their homes except for essential purposes. Travel restrictions in and out of the country and internally, between provinces and certain city districts considered “red zones.” Gatherings of more than 20 people were prohibited. Borders remained closed. As of November 2021, the lockdown in Vientiane was still in force, although some measures were relaxed (e.g., re-opening for supermarkets, shops, restaurants, outdoor activities). Lockdowns were also mandated in provinces and cities with an increased number of cases and community transmission. |
| **Tax relief measures** | **Tax relief measures** |
| • Individual tax relief – Personal Income Tax (PIT) exemption. Employees earning 5 million kip or less are fully tax exempted. Employees earning above this threshold have the first 5 million kip exempted and taxed at the progressive rates of 10% for three months (April to June 2020). | • Individual tax relief: Employees earning 5 million kip or less are fully tax exempted. Employees earning above this threshold have the first 5 million kip exempted and taxed at the progressive rates of 10-15% for three months (April to June 2021). |
| • PIT submissions delayed by one month for April, May, and June 2020 | • Business tax relief measures include tax exemption for micro-medium enterprises and postponement of tax payments in the tourism sector. |
| • Business tax relief measures include profit tax exemption for micro-medium enterprises and postponement of tax payments in the tourism sector. | • Tariffs and fee exemption of the imported goods that are used in the operations of containment, prevention, and full response to the COVID-19 pandemic. |
| • Tariffs and fee exemption of the imported goods that are used in the operations of containment, prevention, and full response to the COVID-19 pandemic. | • Road tax payment delayed by extending the payment from April to June. |
| | Credit policies: The Bank of the Lao PDR decreased the base interest rate and reduced the rate of capital requirement and preservation of commercial banks. |
| | COVID-19 unemployment benefits program was introduced for employees who are members of their business’s social insurance scheme. |
| | • An allowance of 500,000 kip per worker currently in the Social Security Scheme (SSO). |
| | • Businesses affected by the pandemic could postpone submission or payments of the mandatory contribution of SSO (April-June 2020). |
| Public services: | Credit policies: |
| Reduce prices and extend the due date for payments of electricity and water for households and businesses. | • Commercial bank loan restructuring and moratoriums – an extension of the deadline, interest rate reduction, reduction of fee charges, and new loans. |
| | • Funding and credit to Small and Medium Enterprises which produce products that can substitute for imports. |
| | COVID-19 unemployment benefit program: |
| | • Provision of unemployment allowance to insured employees. |
| | • Suspension and postponement of Lao social security organization (LSSO) contributions for laborers and businesses that have temporarily closed. |
| | • Provision of a sickness allowance from LSSO during the postponement period. |
| | • Provision of minimum allowance from Ministry of Labor and Social Welfare to laborers that are not under the Lao Social Security regime. |
| | Public services: |
| | • Provision of a discount on supplies of water, electricity, internet, and garbage collection. |
| | • 3% reduction in electricity fee. |
| | • Postponement of the deadline for the payment of water supply bills for May to July 2021. |
According to the survey, access to education and health services are affected far more than water and electricity access since the onset of the pandemic. About 40% of households reported difficulties accessing health and education services since March 2020, mainly due to movement restrictions and school closures (Figure 2a & 2b). Around 18% and 25% of households reported difficulties and disruptions in accessing electricity and water (Figure 2c & 2d), respectively. Most households (84%) reported no difficulty accessing government administrative services since the pandemic began (Figure 2e). Those who faced difficulties cited the inability to go to a government office (72%), closure of a government office (14%), and lack of or inability to access electronic services (9%) as reasons.

**Figure 2 Difficulties in accessing public services since March 2020 (% of households)**

(a) Healthcare

(b) Education

(c) Water

(d) Electricity

(e) Administrative services

Source: Rapid Monitoring Phone Survey of Households Round 2 (February 26 to March 24, 2021).

Note: Respondents reported having difficulties (“Yes”), not having difficulties (“No”), and not knowing (“don’t know”). The chart shows the percentage of respondents reporting having difficulties. Survey weight applied.

7 According to the 2017 labor force survey, 93.1% of the households had access to electricity. All urban households had access to electricity, while 90.3% in rural areas had access.
Difficulty accessing services cut across regions and consumption levels. Households in rural areas and those from the bottom 40 faced greater difficulty than those in the top 60 when accessing all services (health, water, and electricity) other than education, in which the gaps were not significant. Difficulty accessing water services showed the highest differential between the top 60 and the bottom 40, and between urban and rural households of the population. Households in rural areas reported greater difficulty accessing water and electricity.

76% of households reported the same or improved quality of education services. However, 21% of households reported a decline in the quality of education since the onset of the pandemic, higher than for other types of service (Figure 3b). Quality declined more in rural areas, with 22% of households indicating a drop in quality of education compared to 19% of urban households. During the second wave of COVID-19 (April-May 2021), there was a learning loss (kids did not go to school nor study from home) due to school closures and children being out of school. Only 16% of households had their children engaged in learning activities during the second wave of school closures, a decline from 24% during the first wave of school closures (April-May 2020). The loss was significant in rural areas, where only 11% of households had their children engaged in learning activities during school closures. Similarly, while 33% of urban households had their children communicate with teachers during school closures, only 22% of rural households did (Figure 4).

Quality of health services maintained the same status during the pandemic, thanks partly to the successful containment of COVID-19. About 87% of households reported the same or improved quality of delivered health services (Figure 3a). This might be explained by proactive government efforts to support the health sector, staffing, and service delivery. These resulted in improved quality of services and increased implementation of COVID-19 protocols to ensure anyone with symptoms is adequately serviced and those traced are monitored closely. During the second wave, a quarter of households needed medical services, and 97% of them were able to access the services without any difficulties.

The quality of electricity services remained satisfactory. Overall, only 7% of respondents reported a decline in electricity service quality (Figure 3d). In contrast, the quality of water services worsened considerably for rural households and those in the bottom 40. 17% of respondents from rural areas and the bottom 40 reported a decline in quality of water services, compared to 7% of urban respondents and 12% of respondents from the top 60 (Figure 3c). It is not very clear what caused the noticeable decline in the quality of water services during the pandemic.

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8 During the first wave, schools were closed for about 2 months. During the second wave, school closure varied by province.
Figure 3. Quality of public services since March 2020 (% of households)

(a) Healthcare

- Improved
- Declined
- Don’t know

(b) Education

- Improved
- Declined
- Don’t know

(c) Water

- Improved
- Declined
- Don’t know

(d) Electricity

- Improved
- Declined
- Don’t know

Source: Rapid Monitoring Phone Survey of Households Round 2 (February 26 to March 24, 2021).
Note: Respondents report the quality of services has improved, remained unchanged, declined, and that they did not know. The chart shows the percentage of respondents reporting the quality of services has declined.

Figure 4. Learning activities during the second wave of school closures, April – May 2021 (% of households with children enrolled in school)

- Children engaged in learning activities
- Children communicated with teachers

While 16% and 10% of households received individual and business tax benefits, respectively (Figure 5a, Figure 5b), only 8% of households reported receipt of unemployment benefits (Figure 5c). This can be explained by the restrictive eligibility criteria and difficult application process. For affected employees to be eligible for unemployment benefits, they must be members of their business’s social insurance scheme. Businesses forced to close during the pandemic have to request financial assistance for temporarily unemployed staff from the National Social Security Fund. Among households who did not receive benefits, over 90% were not aware if there were benefits available or if they were eligible, which could have led to the limited access and claims of these benefits.

Figure 5 Government support coverage (% of households receiving red circle) and obstacles to access (% of households not receiving benefits)

(a) Individual tax relief
- Claimed but didn’t receive: 4%
- Eligible but didn’t claim: 5%
- Not eligible: 2%
- Didn’t know: 89%

(b) Business tax relief
- Claimed but didn’t receive: 3%
- Eligible but didn’t claim: 3%
- Not eligible: 3%
- Didn’t know: 91%

(c) Unemployment benefits
- Claimed but didn’t receive: 2%
- Eligible but didn’t claim: 3%
- Not eligible: 2%
- Didn’t know: 93%

The top 60 tend to benefit from individual and business tax reliefs more than the bottom 40. About 18% and 12% of households from the top 60 received individual and business tax reliefs respectively, compared with 13% and 7% of households from the bottom 40. Tax relief measures target mainly the formal sector, meaning the coverage tends to be larger for better-off households. Access to both tax relief measures is also higher in urban areas. Similarly, the highly educated are more likely to access government relief measures relative to the less educated, especially as regards individual tax relief. About 18% of highly educated respondents live in households that benefited from individual tax relief compared with 11% of low-educated respondents. Coverage of unemployment benefits is somewhat similar across groups (Figure 6).
Most respondents (87%) are willing to be vaccinated if an approved vaccine to prevent COVID-19 was to become available at no cost (Figure 7). The main concern for those who are not willing to be vaccinated is the safety and side effects of the vaccine. By Mid-September 2021, Lao PDR had vaccinated around 37.9% of the population, with 26.6% fully vaccinated. Acceptance rates vary by socio-economic group. The acceptance rate is higher among rural respondents, low-educated respondents, ethnic minority respondents, male respondents, and respondents from the bottom 40 than among their counterparts, who are more concerned about the safety and side effects of the vaccine.

Source: Rapid Monitoring Phone Survey of Households Round 2 (February 26 to March 24, 2021).

9https://ourworldindata.org/coronavirus/country/lao=vaccinations
Figure 7 Vaccine acceptance (% of respondents)

Would you agree to be vaccinated, if an approved vaccine to prevent COVID-19 was to become available at no cost?

- Yes: 87%
- No: 13%

Reasons:
- Safety of the vaccine and side effects: 10.6%
- Effectiveness of the vaccine: 0.8%
- Others: 1.5%

Source: Rapid Monitoring Phone Survey of Households Round 2 (February 26 to March 24, 2021).

COMMUNITY OUTREACH

Television (73%) and social media (55%) were the main channels through which citizens received COVID-19 related information. There is a non-negligible variation across location, gender, and income (Figure 8). Urban respondents and respondents from the top 60 tend to rely more on social media than do rural respondents and respondents from the bottom 40. Women are less likely to receive information from television, radio, newspapers, and health authorities than are men. Village chiefs also play a significant role in communicating COVID-19 related information to households in rural areas. Loudspeaker announcements are a common method of local community outreach, with community leaders and health representatives leading the efforts.
Over three-quarters of respondents said they were fully satisfied with government containment measures implemented in 2020, while 65% of respondents were satisfied with the assistance and support programs initiated in response to COVID-19 (Figure 9). Satisfaction was slightly lower among the bottom 40 than the top 60 for both containment measures and assistance programs. The difference could be because low-income households tend to bear a disproportionate burden of the negative impacts of COVID-19 and have less access to benefits from government assistance and support programs. Satisfaction was also lower among women than among men, particularly for containment measures.
More than half of respondents viewed inflation as the most important issue their community was confronting (Figure 10).¹⁰ Around 46% and 36% of respondents indicated that income loss and shortages of protective products such as masks and gloves were among the top three important issues. When asked about the issue that the government should address first, one-third of respondents cited inflation, followed by shortages of protective goods (21%), and income loss (19%, Figure 11). More rural, male, and the bottom 40 respondents cited shortages of protective goods than did their counterparts, who seem to be more concerned with inflation expectations. More women and urban respondents were concerned about income loss than were men, while rural respondents indicated that the government should prioritize them.

¹⁰ The inflation rate has been climbing from 3.3% in 2019 to 5.1% in 2020, driven by rising food prices and kip depreciation. In 2021, inflation increased from 2% in January to 3.5% in May.
About 30% of respondents need more support from the government for the supply of protective equipment, and expanded health services for basic needs to cope with the COVID-19 pandemic. More women and the top 60 indicated that health services would need to be expanded to cope with the situation than did men and the bottom 40. Respondents from rural areas and the bottom 40 tend to be more involved in agricultural activities and need more agriculture-related support such as marketing support for agricultural products, or subsidized agricultural inputs (Figure 12).

Half of the respondents indicated that the poor are most in need of support from the government during the pandemic (Figure 13). The poor have limited coping mechanisms and tend to rely on daily income to meet their basic needs. They are also vulnerable to health issues and have limited access to basic services, including education, water, and electricity. The survey results show that the bottom 40 had very little access or claim to governments benefits and services. Another 30% of respondents noted that the government should support everyone in the community.
The results of the rapid monitoring survey show that the government has implemented various policy measures to contain the COVID-19 spread, but not all of these have been effective or reached the most vulnerable. The survey shows that the bottom 40 face greater difficulties in accessing public services than the top 60. They are also less likely to benefit from tax reliefs. The implications for policymakers are that response measures coverage need to be adjusted to reach more of the most vulnerable and hardest-hit groups.
Improving the design and diversifying the targeted beneficiaries to cover the informal sector would increase policy coverage and potential impact. Government support measures and benefits usually have restrictive eligibility criteria excluding most households. The process and requirements to claim benefits is likely a factor in the low access to benefits. Therefore, better targeting of benefits and broader delivery to those who need them most is needed to expand impact and support recovery.

The success of policy measures in response to COVID-19 and related consequences hinges on an effective communication strategy. The effectiveness of government policy measures to COVID-19, both to control virus spread and to protect people and the economy, has in part depended on the speed and scale of government intervention and how communities have received, perceived, and acted on the information provided by governments and other agencies. Over 90% of households indicated that they are not aware of government benefits. The government needs a systematic and consistent communication and promotion strategy to ensure that all eligible households are aware of the programs available, and the process to apply for them. This would ensure wide coverage of benefits and stimulate economic activities among households and businesses, thereby promoting recovery.

Continued government social and economic measures are critical to supporting an inclusive and resilient recovery. COVID-19 has had devastating effects on households, businesses, and the economy. Government policy measures will play a critical role in supporting a resilient, inclusive, and sustainable recovery. Most respondents are ready to receive a vaccine against COVID-19, and the government can enhance efforts to make them available.

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Survey Methodology

This brief summarizes results of the rapid monitoring phone surveys conducted in Laos on public service delivery, and citizen expectations from the government in response to COVID-19. The results are based on the Round 2 and Round 3 surveys conducted from February 26 to March 24, 2021, and from April 26 to May 30, 2021.

Fieldwork was administered by Indochina Research. The sample was drawn using Random Digit Dialing. The final samples of 2,157 households in Round 2 and 2,000 households in Round 3 are nationally representative. Some retrospective questions were asked to new respondents to obtain household information during the pre-lockdown period. 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.

The survey instrument includes modules on employment, income loss, food security, COVID-19 vaccination, public service delivery, and social assistance. March 2020 was the reference month for the onset of the COVID-19 pandemic in Laos. Responses about pre-pandemic status refer to February 2020.