REPORT NO. 5

April–May 2022

Monitoring Household Welfare in Lao PDR

Results Snapshot from a Rapid Monitoring Phone Survey of Households

INTRODUCTION

Two years after the first COVID-19 lockdown was imposed in April 2020, the Government of the Lao PDR started to ease COVID-19 restrictions. Laos fully reopened its international borders on May 9, 2022, following a significant decrease in COVID-19 cases across the country and the reopening of neighboring countries. Although economic activities have resumed in most sectors, the recovery of the tourism sector is expected to be gradual.

While the negative impacts of COVID-19 appear to be receding, Laos is facing new and emerging challenges, some as aftershocks of the pandemic. COVID-19 has created global inflationary pressures as a result of disrupted supply chains and rising food and fuel prices, which have been exacerbated by the war in Ukraine. At the same time, high levels of external debt and low foreign exchange reserves have resulted in a rapid depreciation of the Lao kip, pushing up the prices of imported goods. The kip has depreciated by almost 60 percent over the year up to June 2022, while inflation reached 12.8 percent (year-on-year) in May 2022, threatening household living standards.

The World Bank has conducted a series of Rapid Monitoring Phone Surveys of Households in Laos to monitor household welfare during the pandemic. The first-round survey was conducted from June 20 to July 16, 2020, when Laos had just exited the initial nationwide lockdown. The second-round survey was carried out from February 26 to March 24, 2021, one year into the pandemic. The third-round survey was conducted from April 26 to May 30, 2021, during a second lockdown. The fourth survey was implemented from October 25 to November 19, 2021, as some lockdown measures were eased. Against the backdrop of the receding impacts of COVID-19 and the intensifying impacts of macroeconomic instability and inflation, the fifth-round survey was conducted from April 29 to May 23, 2022. The data from these surveys helps provide insights into the effects of economic shocks on household well-being. This note provides a snapshot of findings from the fifth round.

MAIN FINDINGS
Headline labor market indicators have improved since the end of 2021. Approximately 12 percent of respondents reported not working in April/May 2022 compared to 30.7 percent during October/November 2021. High-skilled urban males have experienced the fastest improvements in job market conditions since October/November 2021.
The impacts of COVID-19 related restrictions on farm operations have decreased since the end of last year. Ninety-three percent of respondents reported normal farm operations in 2022 – approximately 20 percentage points higher than in October/November 2021.
The majority of businesses have resumed operations in 2022. By May, almost 90 percent of family businesses had resumed their pre-pandemic operations or started a new venture. Only 4.7 percent were temporarily closed, and 3.3 percent had permanently shuttered.
Despite strong recovery in business activities, revenues are yet to fully return to pre-pandemic levels. For 54 percent of family businesses, revenues in April/May 2022 were lower than they were pre-pandemic, although the reported rates represent an 18-percentage point improvement since the end of 2021.
The share of households reporting income losses due to the pandemic is still considerably high. However, the ratio of households reporting COVID-19 induced income losses in April/May 2022 was 20 percentage points lower than in October/November 2021, suggesting the green shoots of recovery are underway.
Wage earnings have recovered from the second outbreak over the past year. Seventy-three percent of wage-earning households reported earnings at par or higher than at the same time last year, when the lockdown was imposed. The bottom 40 percent of respondents among those surveyed* have benefitted from the aggregate recovery in wage earnings and international remittances, but less so from unemployment benefits or more agriculture income, which has proven volatile.
Inflation is highly salient across households: 86 percent of respondents reported that their households have been affected by inflation since the beginning of this year, with 52 percent citing a significant impact.
Households had different responses to fuel and food price increases: 64 percent of households rationalized fuel consumption (by limiting mobility or using bicycles, etc.) while 25 percent did nothing in response to fuel price increases. In contrast, households responded to food inflation by reducing food consumption (34 percent), switching to cheaper food options, hunting and gathering wild food (39 percent), or resorting to self-production (47 percent). 65 percent of households have reduced education and health spending to cope with inflation, with rates higher among poorer and rural households.
Inflation has adversely affected the profits of about three-quarters of family farms and businesses. Fuel and non-fuel inflation had varying effects on the profitability and operations of family farms and businesses depending on their characteristics. Services inflation, particularly in healthcare services, is adversely affecting most Lao households by compressing household budgets and forcing people to borrow or use savings.
Despite a slight decline in aggregate food insecurity, the share of households experiencing severe food insecurity rose to 23 percent in April/May 2022, especially among the bottom 40.
The impact of COVID-19 on learning is significantly regressive in Laos. Over the past 12 months, 42 percent of children stopped attending classes either temporarily or permanently, with the proportions higher among rural households. Concerns about COVID-19-induced learning losses are widespread across households. Seventy percent of respondents registered their concern, while 7 percent reported a loss of interest in school.
Most households identified energy subsidies as the most important government support program for coping with their existing conditions. Access to COVID-19 vaccinations and unemployment benefits were the two other top ranked choices among respondents.

*The "bottom 40" refers to individuals in the bottom 40 percent of the consumption distribution. The "top 60" refers to individuals in the top 60 percent of the consumption distribution.

EMPLOYMENT

Employment has returned to its pre-pandemic level, with headline labor market indicators improving since the end of 2021. Approximately 12 percent of respondents reported not working in April/May 2022, compared to 30.7 percent during October/November 2021. The proportion of respondents not working in April/May 2022 has fallen below the pre-pandemic level of 17.5 percent in February 2020, mainly because May is the beginning of the main rice season. Forty three percent of non-working respondents cited labor-supply related reasons — such as retirement, pregnancy, caring for family members, or illness — for not working. Demand side constraints — such as COVID-19 restrictions, furlough, movement restrictions, or frictions in factor markets — have eased since the end of last year.

High-skilled urban males have experienced faster improvements in job market conditions since the last survey. More than half of low-skilled respondents (with below secondary level of education) who had been working prior to the pandemic resumed work during April/May 2022. This reflects a 4.8 percentage point improvement in their work status since the end of 2021. In comparison, the working status for high-skilled individuals over the same period improved by 12.6 percentage points. Similarly, female and rural Lao have also reported improvements in work status since the end of 2021 – but at a rate slower than that of their male and urban counterparts.

Table 1. Employment status

	Employment status by period % of respondents			
Feb 2020	Working		Not working	
Last 7 days (April/May 2022)	Working	Not working	Working	Not working
All	76.4	6.5	11.8	5.3
Urban	79.2	5.4	9	6.5
Rural	75.0	7.1	13.2	4.7
High-skilled	80.2	5.3	9.8	4.7
Low-skilled	63.2	10.9	18.4	7.6
Male	80.6	5.8	9.9	3.8
Female	69.3	7.8	15.0	7.9
Top 60	78.7	6.3	10.1	5.0
Bottom 40	71.3	7.0	15.5	6.1

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 April 29 to May 23, 2022. High-skilled persons are those with completed secondary education or higher. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution, and top 60 to individuals in the top 60 percent of the consumption distribution.

FAMILY FARMS

The impact of COVID-19 related restrictions on normal farm operations has declined since the end of last year. Ninety-three percent of respondents reported normal farm operations in 2022 — approximately 20 percentage points higher than at the end of 2021. About 5 percent of agricultural households experiencing disruptions cited cash or funding issues (23.9 percent) and natural disasters (16.4 percent) as their primary concern. The bottom 40 were about twice as likely to report these as operational barriers than were the top 60.

Table 2. Family Farms

	% of households with a family farm	% of family farms NOT able to perform normal activities since January 2022	% of family farms unable to perform normal farm activities, by challenge				
			Required to stay home	Difficulties trading farm inputs and outputs	Labor shortage	Cash shortage & lack of funding	Natural disasters
All	82.1	6.8	13.2	6.9	9.2	23.9	16.4
Urban	67.5	7.9	10.9	4.6	11.4	21.3	18.1
Rural	90.0	6.4	14.4	8.1	8.2	25.1	15.5
Top 60	76.7	6.0	12.0	5.2	10.2	17.1	10.0
Bottom 40	94.2	8.5	14.8	9.3	8.0	32.6	24.6

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

FAMILY BUSINESSES

A majority of businesses have resumed operations in 2022. By May, almost 90 percent of family businesses had resumed their pre-pandemic operations or started new ventures. Only 4.7 percent were temporarily closed and 3.3 permanently shuttered. These figures represent a significant acceleration in business activities since the last round. The proportion of temporarily closed businesses has fallen by 23.7 percentage points and the proportion of permanently closed businesses has halved since the end of 2021.

Table 3: Family businesses

	% of households with a family business in April/May 2022	Operating status of pre-COVID family businesses in April/May 2022 (% of pre-COVID family businesses)				
		Open	Temporarily closed	Permanently closed	Closed and started new business	% of businesses experiencing revenue decline or no revenue compared to Feb 2020
All	46.3	86.2	4.7	3.3	2.2	53.6
Urban	46.7	86.2	2.2	3.9	2.7	55.9
Rural	44.6	86.3	5.9	3.1	2.0	52.3
Top 60	45.5	88.0	4.6	3.0	2.5	58.0
Bottom 40	46.8	80.0	5.0	4.5	1.2	33.0

Notes: Results are weighted. Bottom 40 refer to individuals in the bottom 40 percent of the consumption distribution. Top 60 refer to individuals in the top 60 percent of the consumption distribution.

Despite this strong recovery in business activities, revenues are yet to fully catch up with pre-pandemic levels. Revenues in April/May 2022 were lower than their pre-pandemic levels for 54 percent of family businesses. However, this ratio represents an 18-percentage point improvement since the end of 2021. Family businesses managed by poorer households regained revenues faster than did those managed by richer ones. Fifty-seven percent of businesses operated by bottom 40 households reported revenues at par or higher than the same time last year. Against this, 50 percent of businesses operated by top 60 households reported a similar figure. Most households reporting a revenue at par or higher than last year were engaged in agriculture, hunting and fishing.

HOUSEHOLD INCOME

The share of households reporting income losses due to the pandemic has fallen over time, but is still high. About half of respondent households reported experiencing income losses since the start of the pandemic, while 21 percent reported income reductions of more than 50 percent. Despite widespread losses, the green shoots of recovery are underway. Between October/November 2021 and April/May 2020, the proportions of households experiencing losses of less than half and more-than-half of their pre-pandemic income levels declined by 13.6 and 7 percentage points respectively.

Table 4. Household income reduction

	% of households that experienced income reduction in April/May 2022			
	Compared to Feb 2020		Compared to April/May 2021	
	Less than half	More than half	Less than half	More than half
All	22.3	21.1	22.5	19.7
Urban	22.7	20.6	22.7	17.3
Rural	22.1	21.4	22.3	21.0
Top 60	23.0	20.2	22.5	18.2
Bottom 40	20.8	23.1	22.4	23.0

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

Wage earnings have recovered from the second outbreak over the past year. Seventy-three percent of wage-earning households reported earnings in nominal terms at par or higher than at the same time last year, when the lockdown was imposed. Incomes from farm and business activities were also at par or higher than last year for 55 and 52.2 percent of households respectively. Together, these three activities account for the earnings of 97 percent of Lao people, while wage income alone accounts for 67 percent of households. Additionally, of the households that receive unemployment benefits (10.5 percent of all respondents) or pensions (6.7 percent), 72.3 and 95.4 percent respectively reported receiving benefit earnings at par or higher than at the same time last year.

Bottom 40 households have benefitted from aggregate recovery in wage earnings and international remittances but less so in unemployment benefits and agriculture income, which is volatile. Among households from the bottom 40, sixty-nine percent of wage-earning households and 68 percent of remittance-earning households reported earnings at par or higher than in April/May last year, when the lockdown was imposed, while 57 percent of farming households reported farm income at par or higher than last year. Among those eligible, unemployment benefits have risen less for poorer households: 59 percent of bottom 40 households reported unemployment benefits at par or higher than last year compared to 78 percent of top 60 households. About 10 percent of both bottom 40 and top 60 households reported unemployment benefits as a livelihoods source.

IMPACT OF RISING FOOD AND FUEL PRICES

CONSUMPTION

Inflation is highly salient across households. Eighty-six percent of respondents reported that their households have been affected by inflation since the beginning of this year, with 52 percent citing a significant impact. Urban and top 60 households have been disproportionately affected: 58 percent of urban and 54 percent of top 60 households have been significantly affected by inflation since the start of the year, as compared to 49 percent of rural households and 48 percent of bottom 40 households.

Households are protecting themselves from inflation in various ways. Sixty-four percent of households rationalized fuel consumption (by limiting mobility or using bikes, etc.) while a quarter of households did nothing in response to fuel price inflation. Around 34 percent of households responded to food price inflation by reducing food consumption, while 39 percent switched to cheaper food options or hunting and gathering, and 47 percent resorted to self-production. Over half of respondent households purchase more than 50 percent of their food from markets. Therefore, self-production or foraging activities can protect only a limited number of households against rising food prices, and to a limited extent. This is reflected in the data: 80 percent of respondents reported their monthly expenditures rose by over 25 percent due to inflation, despite 47 percent of all households resorting to self-production.

Reductions in health or education spending by rural and poorer households can exacerbate pre-existing losses due to COVID-19. Household spending on education and health is more price elastic among rural and poorer households. Despite experiencing a higher intensity of inflation, urban households were 10 percentage points less likely to reduce education or health expenditure than were rural ones. Similarly, households in the top 60 were 10 percentage points less likely to report cutting back on education and health spending than were poorer households.

Table 5. Impact of inflation on household consumption

	Effect of rising prices since January 2022									
				Top three coping strategies						
				Fuel price inflation			Food price inflation			
	No effect	Some-what affected	Significantly affected	Reduced fuel consumption	Did nothing	Reduced food consumption	Grew own food	Reduced food consumption	Hunted/ gathered food	Education or health spending cutback
All	14.1	33.7	52.2	64.5	26.7	4.8	47.0	34.1	27.8	65.3
Urban	12.3	30.1	57.7	68.1	24.2	5.1	42.3	37.5	15.4	59.1
Rural	15.1	35.7	49.3	62.6	28.1	4.7	49.5	32.2	34.7	68.7
Top 60	13.6	32.5	53.9	66.7	25.6	5.1	46.6	36.3	23.6	62.4
Bottom 40	15.2	36.5	48.3	59.6	29.4	4.2	47.6	29.1	37.5	71.8

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

FAMILY BUSINESSES

Inflation since the beginning of the year has affected all businesses, to varying extent. Nearly all businesses (95 percent) reported the adverse impact of rising fuel and non-fuel prices on operations. On profit margins, the impact of fuel price inflation was more widespread than that of non-fuel price increases: 70 percent of family businesses reported that increased fuel prices reduced their profit margins, compared to 64 percent of family businesses reporting the same for increased prices of non-fuel items. Among family businesses owned by bottom 40 households, the gap is about 12 percentage points. Moreover, new family businesses are now facing considerable inflationary headwinds: 97 and 69 percent of new businesses have experienced the adverse impact of fuel price increases on their operations and profit margins respectively.

Table 6. Impact of inflation on family business

	Obstacle to business operations		Reduced profit margins due to	
	Fuel inflation	Non-fuel inflation	Fuel inflation	Non-fuel inflation
All	95.4	93.8	70.3	64.3
Urban	94.4	94.2	69.3	70.6
Rural	95.9	93.5	70.8	61.1
Top 60	95.0	93.9	72.3	67.9
Bottom 40	97.0	93.3	62.2	50.3
Business surviving COVID-19	94.4	93.6	70.8	66.4
Business newly open during COVID-19	97.4	94.1	69.4	60.0

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

FAMILY FARMS

Fuel and agricultural input price inflation has affected nearly all farms. Almost 90 percent of family farms reported rising fuel and agricultural input prices as obstacles to farm operations since the beginning of the year. Moreover, the profits of 66 percent and 60 percent of family farms have been adversely affected by rising fuel and agricultural input prices respectively.

Farm households view the impact of rising agricultural commodity prices as largely negative: 82 percent and 54 percent of farm households reported that an increase in agricultural commodity prices was an obstacle to farm operations and that it reduced farm profits. This could be due to households consuming their own produce as substitutes for normally bought items, thereby reducing their marketable surplus and profits relative to last year. In the current survey, 76 percent of family farms reported increasing or changing farm production to substitute for purchased items as a means of coping with inflation. Other plausible reasons for diminished profits could include the use of agricultural outputs as inputs for other farm activities (for instance, animal feed, seeds). Future survey rounds will attempt to better unpack this issue.

Inflation has affected operations and profitability in different ways, depending on farm characteristics. For instance, the rising cost of fuel, farm inputs, and agricultural commodities had a larger *operational* impact on farms operated by rural and bottom 40 households. On the other hand, the *profitability* of farms operated by urban and top 60 households was more affected by inflation.

Table 7: Impact of inflation on family farms

	Obstacle to farm operations since Jan '22 due to rising prices of…			Reduced profits (seasonally adjusted) due to rising prices of…		
	Fuel	Farm inputs	Agricultural commodities	Fuel	Farm inputs	Agricultural commodities
All	89.5	87.2	82.3	66.4	59.7	54.4
Urban	84.6	84.2	77.9	65.7	59.5	55.9
Rural	91.4	88.4	84.1	66.7	59.7	53.8
Top 60	88.0	87.4	80.9	68.3	62.9	56.6
Bottom 40	92.1	86.9	84.8	63.0	53.8	50.2
Farms functioning normally	88.9	86.8	81.7	66.1	59.7	53.7
Farms unable to perform normal activities	96.0	93.0	89.8	70.5	59.3	63.6

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

HEALTH EXPENSES

Rising health care prices are adversely affecting most Lao households, compressing household budgets and forcing people to borrow or spend savings. About half of all respondents reported higher healthcare expenditures than at the beginning of the pandemic. Most households (66 percent) relied on their families to pay for healthcare consultations or paid out-of-pocket. The rising price of consultations and medicines was cited by most households (58 percent) as the main reason for higher monthly expenditure on healthcare. The next most common reason given was greater incidence of sickness (30 percent). Rural respondents reported significantly higher increases in healthcare and medicine costs. Most households experiencing higher healthcare prices resorted to borrowing from someone outside the family or selling livestock to cope.

Table 8. Impact of inflation on healthcare services and costs

	Sought treatment	Relied on self/family for payments	Experienced higher healthcare expenditure since last year due to:		Coping strategies for households experiencing higher prices	
			More health problems	Rising price of healthcare and medicines	Borrowed from outside the family	Sold possessions/livestock
All	76.0	66.3	29.9	58.4	67.7	11.8
Urban	76.7	66.2	36.7	49.8	61.4	5.9
Rural	75.5	66.4	25.7	63.6	69.4	13.4
Top 60	76.1	64.5	31.8	56.6	69.3	11.5
Bottom 40	75.6	70.6	24.6	63.2	65.1	12.5

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution. "Relied on self/family for payments" is conditional on households seeking treatment; experiencing higher healthcare expenditures is conditional on households reporting higher spends since the pandemic; coping strategies are conditional on households reporting more expensive healthcare.

FOOD SECURITY

Aggregate food insecurity has fallen since the end of last year. Around 65 percent of households experienced some level of food insecurity — about three percentage points lower than at the end of 2021. Half the households in the current survey round cited "eating only a few kinds of food" as the most common form of food insecurity — compared to a figure of 57.4 percent in November/ December 2021. The proportion of households in this round reporting that they consumed less food also fell by 5.5 percentage points compared to at the end of 2021. However, changes in quality of food consumed have been minimal since 2021 — in April 2022 only three percent more households reported healthy and nutritious food consumption than in December 2021.

Despite aggregate improvements, reported levels of severe food insecurity have risen, especially for the bottom 40. The proportion of households that have gone without any food for a full day in the past month is 3.4 percent, up from zero at the end of 2021. The share of households with members who have at times not eaten despite feeling hungry in the past month is up 23 percentage points since the last survey round. For the bottom 40, the most severe form of food insecurity has increased by 4.5 percentage points since the end of 2021. About a third of households in the bottom 40 reported feeling hungry but not eating: this is about twice as many households in the top 60. Similar trends are found in the consumption distribution for less extreme forms of food insecurity

Table 9. Food insecurity by degree of severity

		Mild Food Insecurity			Moderate Food Insecurity			Severe Food Insecurity	
		In the past month, …							
	No Food Insecurity	Worried about having enough food to eat	Unable to eat healthy and nutritious food	Ate only a few kinds of food	Had to skip meal	Ate less than before March 2020	Ran out of food	Were hungry but did not eat	Went without eating for a whole day
All	34.7	45.2	45.1	50.0	27.6	40.2	24.7	22.5	3.4
Urban	14.6	39.1	35.5	42.1	17.4	31.2	14.3	13.7	2.0
Rural	20.0	48.5	50.2	54.2	33.1	45.0	30.3	27.2	4.2
Top 60	28.0	40.1	38.3	43.1	21.5	35.0	19.2	17.5	2.9
Bottom 40	6.6	56.8	60.4	65.4	41.4	51.9	37.1	33.8	4.5

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

LEARNING LOSSES

Eighty-one percent of households with school going children experienced suspension of face-to-face classroom learning during the pandemic. In the past 12 months, 42 percent of children stopped attending classes, mainly due to unavailability of online classes during school closures (71 percent). Unavailability of gadgets followed by "no guardian available to assist remote learning" were cited as the other two main reasons for stopping class attendance. The proportion of children who stopped attending classes was higher among rural households, with unavailability of online classes during school closures and unavailability of gadgets for remote learning cited as the main reasons. Changing schools because of COVID-19 was not common. While over 80 percent of children surveyed reported changing schools over the past two years, 96 percent of these did so to transition from primary to lower secondary school, or from lower to upper secondary level. Distance from the school or affordability were the two other most cited reasons.

Table 10. Education during school closures

	Stopped attending classes in past 12 months	Top 3 reasons for learning suspension			Changed schools in past 2 years	Top 3 reasons for changing schools		
		No remote learning opportunities	Gadgets for remote learning unavailable	No guardian to assist remote learning		Changes in levels	Distance from school	Affordability
All	41.9	70.8	12.8	6.7	82.2	95.5	1.5	0.8
Urban	36.0	67.6	9.2	8.2	86.0	94.1	1.6	2.3
Rural	44.5	71.9	14.0	6.1	80.5	96.1	1.5	0.1
Top 60	41.1	69.0	14.0	9.2	82.6	94.6	1.7	1.3
Bottom 40	42.9	72.8	11.4	3.7	81.6	96.6	1.3	0.1

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution. School-age children are those ages 6 – 17 years. Child-level estimates (not reported in the table above but in the main text) are based on household level sampling weights. There are 312 households (out of a total sample of 1600) for which the survey has missing information for the education module.

Table 11: Concerns about learning losses and remedial strategies

	Top 3 concerns about lack of in-person classes			Did the household incur additional out-of-pocket expenses to cope with school closures			
					Yes *Top 3 coping strategies*		
	Academic learning losses	No concern	Lost interest in school	No	Tutoring	Hardware (computers, tablets, radios)	New or improved internet connection
All	71.0	22.9	7.4	64.3	22.5	11.0	14.0
Urban	70.3	24.1	7.6	52.6	28.7	17.1	21.0
Rural	71.2	22.3	7.4	69.8	19.5	8.2	10.6
Top 60	69.3	22.5	8.4	56.8	26.8	13.2	18.5
Bottom 40	73.6	23.4	5.8	76.4	15.5	7.5	6.6

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution. School-age children are those ages 6 – 17 years.

The adverse impacts of COVID-19 on educational outcomes in Laos are therefore regressive. Seventy percent of respondents registered their concern regarding learning losses due to COVID-19, while 7 percent reported a loss of interest in school. About a quarter of urban households had no concerns about loss of learning, probably because they had already invested in remedial education: these households were more likely to incur out-of-pocket expenses for additional tutoring (29 percent of urban households), purchase of communication equipment (17 percent), or investment in an internet connection (21 percent) than the average household. The bottom 40 were 20 percentage points less likely to invest in remedial education than the top 60, despite reporting higher concern over learning losses (by 4 percentage points).

GOVERNMENT SUPPORT MEASURES

Most households identified energy subsidies as the most important government support program for coping with existing conditions. Access to COVID-19 vaccinations and unemployment benefits were the two other top-ranked choices in this section. This ordering was consistent across household characteristics, except for urban households, who on average ranked unemployment benefits as more important than energy subsidies in terms of policy support. Accelerating the government's COVID-19 vaccination program, especially across rural and bottom 40 percentile households which suffer from lower insurance coverage rates, can help households mitigate human capital and economic losses from infection. The gap between household expectations and the existing coverage ratios for unemployment benefits is small: about 11 percent of households have received unemployment benefits in the past 12 months, compared to 16 percent of households seeking government support to cope with their current situation. The gap between respondent expectations and government program coverage is highest for energy subsidies: only 0.1 percent of respondents reported receiving government assistance to help them cope with rising fuel prices, against 18 percent seeking such assistance.

Table 12: Household expectations from the government and coverage ratios of existing government programs

	Expectation for government help in coping with COVID-19 (*Top 3*)			Fraction of households that received these government services in the past 12 months (self-report):		
	Subsidize fuel and utilities	Access to COVID-19 information and vaccines	Unemployment benefits	Government assistance for fuel price rises	Coverage under public health insurance or health protection schemes	Received unemployment benefits in past 12 months
All	18.1	15.5	15.7	0.1	59.7	10.5
Urban	16.2	13.3	20.7	0.0	69.1	10.2
Rural	19.1	16.7	13.0	0.1	56.5	10.7
Top 60	18.0	14.1	16.7	0.1	63.0	10.7
Bottom 40	18.3	18.8	13.5	0.0	56.3	10.1

Notes: Results are weighted. Bottom 40 refers to individuals in the bottom 40 percent of the consumption distribution. Top 60 refers to individuals in the top 60 percent of the consumption distribution.

OUTLOOK

With most containment measures now lifted, headline labor market indicators in Laos have improved since the end of last year. The impact of the pandemic on family farms and business is starting to recede. However, the recovery process faces significant headwinds from inflation. Most households, and vulnerable groups especially, have limited capacity to cope with rising prices as they lack savings, assets, and access to formal loans. With government assistance measures constrained by limited fiscal space, households have been forced to adopt adverse coping strategies that tend to have long-term negative effects on livelihoods. Learning losses due to school closures and inadequate remote learning will also have negative effects on human capital accumulation, especially for vulnerable households.

As COVID-19 recedes, building back better while protecting households from the rising cost of living will require policy actions that are responsive to citizen expectations. Continued monitoring of household recovery from the pandemic, and of the social and economic impacts induced by elevated macroeconomic instability, remains important.

Survey Methodology

This brief summarizes results from the 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 1,610 households is nationally representative. Survey weights were adjusted to match the share of households by urban and rural area, region, household size, and the dependency ratio, to strengthen representativeness.

One main respondent aged 18 years or older was interviewed from each household. About 65% of respondents were male and 74% were Lao-Tai. Around 31% and 49% of respondents were aged 18–34 and 35–54 respectively. 57% of the respondents were household heads, 20% were spouses, and 18% were sons or daughters.

Fieldwork ran from April 29 to May 23, 2022. March 2020 was the reference month for the first wave of COVID-19 and April 2021 was the reference month for the second wave. Responses about pre-pandemic status refer to February 2020.

The survey instrument includes questions regarding employment, family farms, household businesses, sources of income and income loss, food security, shocks and coping strategies, health, education, and government measures and assistance.