

# BRIEFING PAPER

## THE IMPACT OF COVID-19 ON LAO PDR'S MOST VULNERABLE POPULATIONS



May 4 2020, Vientiane, Lao PDR

### Highlights

The Lao government has taken considerable measures to prevent the spread of COVID-19 and support the most vulnerable groups. Lessons learned from Philippines, Singapore, China, South Korea, Vietnam, among other countries, allow us to understand what works well and what needs to be done differently.

Amid the potential impacts highlighted in this brief, Oxfam and its partners call on the Lao Government, private sector and institutional donors to take on pro-poor measures that ensure the protection of the most vulnerable population and mitigate the socio-economic impact of the pandemic, ensuring the respect of human and civic rights is maintained at all times.

A full list of recommendations on social protection measures, as well as economic and public

### Contents

IMPACT ON HEALTH – page 1

IMPACT ON INCOME – page 2

IMPACT ON EMPLOYMENT – page 2

GOVERNMENT'S RESPONSE – page 3

RECOMMENDATIONS – page 4

COVID-19 has brought and continues to bring unprecedented challenges for many countries around the world. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic, at this phase the virus had affected 114 countries and resulted in 4000 deaths globally. As of May 4, the number of affected countries and territories has risen to 210 and deaths 249,014, with many countries still on lockdown. Medical experts believe that many countries are nearing a stage where the spread of the virus is slowing down; a result of the determination and efforts of individuals, organizations, governments and most of all researchers and health care providers working on the frontlines. This, however, does not mean that we must not remain vigilant, as the second wave of infection is still a much-dreaded possibility.

The outbreak is expected to continue disproportionately affecting the poorest and most vulnerable people in the country.

This briefing paper focuses on the impact that Covid-19 pandemic is having on the most vulnerable people. It discusses how the spread of the pandemic is affecting the health, income security and employment of Lao people. It highlights the government's response to help contain the spread of the disease and presents recommendations to ensure the protection of the most vulnerable population.

### IMPACT ON HEALTH

**Due to the weak public health infrastructure accessible to the most vulnerable in our communities, it's the poorest who are more likely to be the most affected by the virus.**

- Currently, there are three institutions designated for Covid-19 testing (National Center for Laboratory and Epidemiology, Institute Pasteur du Laos, and Mahosot Hospital) and four main hospitals in Vientiane to treat patients and quarantine any suspected persons. Despite the number of hospitals and test centers there is a lack of medication, equipment and medical personal which will greatly affect the capacity of the health care system to sustain a cluster outbreak.
- Apart from the limited capacity of the health system, people living in remote areas are faced with an additional challenge - the distance between the provincial referrals hospitals and their locations, making the access to health care more difficult..
- Research from other pandemics suggest that those in lower economic levels are likelier to catch the disease due to health disparities, social inequality and poor health systems.
- Not being able to access affordable health care and treatment, many vulnerable people won't be able to get tested and access medical treatment, increasing the rates of transmission and mortality for everyone.
- Additionally, people at the lower ends of society more likely to have a chronic health condition increasing their risk to the disease.
- The poor also lack money to buy essential sanitation preventive materials (such as hand sanitizers, soap, face masks) and the increase in prices of these products experienced over the last few months makes it even harder to access them. Although the efforts of government and organizations to encourage the public to remain at home, particularly during the recent Lao New Year's holiday, there is still ongoing concerns about future cases appearing in overcrowded areas, such as informal urban settlements where health care is not available, and people don't have access to clean water and sanitation products.
- Measures to contain the virus, like physical distancing, although very effective in stopping the spread, is a luxury for many low-income workers. In Laos, the average household size is approximately 4.7 and on average a dwelling has 1 room in rural areas and 2 or more in urban areas, with an average of 2.4 people per room in urban areas and 3.3 people per room in the rural areas.<sup>1</sup> In these circumstances and amid the advice from the government to practice physical distancing, suddenly whole families find themselves full time in small cramped spaces putting themselves and others at risk.
- Additionally, where physical distancing is impossible and faced with economic challenges, informal workers who survive on a daily wage are more likely to be exposed to the disease by having to work even when the risk is high.

<sup>1</sup> Lao Statistics Bureau. 2018. Lao Social Indicator Survey II 2017, Survey Findings Report. Vientiane, Lao PDR:

- Preventive care and credible health information might not be available to the poor and those living in the remote areas, which can create panic, misunderstanding, spread of fake news surrounding local superstitions, and confusion among people. Subsequently, increased panic and speculation are leading people to buy panic wholesale products,
- The border closure with Thailand on 30 March 2020 has led to a massive influx of Lao migrant workers back into the country. This has led to concerns among local authorities and the general population about the lack of preparation regarding health and safety measures for large groups of people, which could increase the risks of transmission. The government has been particularly concerned that migrant workers returning home would not follow the 14 day quarantines procedures.
- Based on the United Nations' figures around 140,000 migrant workers returned to Laos after losing their jobs due to the outbreak, many of whom are women.<sup>1</sup> However, most of these returned migrants have now completed the 14 day quarantine and no new cases have been reported. The number of active quarantine facilities and the number of people under home and facility quarantine has dropped significantly.

## IMPACT ON INCOME

**Oxfam is very concerned about workers in the informal economy who are often forgotten and invisible. Women street vendors, domestic workers, entertainment workers, small scale farmers, tuk-tuk drivers, rubbish collectors are extremely vulnerable to the impact of Covid-19, as their loss of income could have dramatic effects on their lives and the lives of their families.**

- Amid the various measures to contain the virus, vulnerable people are not in a position to take time off from work to self-quarantine or seek medical treatment. The marginalized informal workers can't afford to stop working as they depend on their daily income for survival. One day without work could mean a day without food and other essentials.

*"I am a chef's assistant at a hotel. I got around 1-2 million KIP per month, but due to COVID-19 I had to stop working. I don't know if the hotel will pay us during the lockdown or not."*  
 Chef's Assistant, Vientiane Capital

- Due to the informality of their work, sick pay or any other health benefits are not available for informal and self-account workers. Most of the informal workers do not have access to National Social Security Fund scheme, which enables them to access health services and sick benefits. In these circumstances, workers might feel compelled to work while infected with the virus, putting in danger their lives and the lives of those around them.
- Many informal workers have been hit hard by the slowdown in the economic activity and restrictions on movements. Many street vendors, market sellers, tuk-tuk drivers, entertainment workers, massage and beauty salon workers, are reporting loss of income with many facing closure due to limited number of customers.

<sup>1</sup> <http://la.one.un.org/media-center/news-and-features/580-labour-day-in-lao-pdr-protecting-rights-at-work-enhancing-social-protection-in-times-of-covid-19>

*"Before the COVID crisis, I would leave home at 8-9am and came back around 4-5pm. I would bring back around 100,000 KIP per day. During the outbreak it has been difficult to sell, sales have decreased a lot. I bring back just enough for meals."*  
 Sweet vendor, Vientiane Capital

- The elderly and people with disabilities are also one of the groups that are the most affected. Apart from the fact that they are more vulnerable to disease, Lao elderly and people with disabilities face additional difficulties in terms of economic and health conditions, as well as their dependency on their children. As a result of the loss of income of their children, and with no access to social security and pensions, they are struggling to have money for protective materials, food and medicine.

## IMPACT ON EMPLOYMENT

**The Covid-19 outbreak came at the time when the Lao economy was already facing some challenges. Economic growth in Lao PDR had slowed in the past 5 years, falling from 6.3 percent in 2018 to 4.8 percent in 2019 due mainly to natural disasters that affect infrastructure and the agriculture sector.**<sup>2</sup>

- Currently, economic growth in Laos is forecast at 3.5 percent by Asian Development Bank, with the forecast that it should rise up to 6.0 percent as the economy recovers from the COVID-19 outbreak.
- The shortage of raw materials imported from China have left many factories in the region with no choice but to close or suspend production, affecting thousands of workers. In efforts to support the Lao governments measure to prevent COVID-19 the Vietnamese government granted Lao with USD 300,000 worth of medical supplies.
- Despite price control measures enacted under the Prime Minister's lockdown Order N0. 6 PM, there have been reports of price spikes for masks<sup>3</sup> as well the production and distribution of fake masks and other equipment in Vientiane.<sup>4</sup>
- To control the spread, the government announced the closure of all bars, karaoke clubs, and other high risk venues. As a result, many female workers have been highly affected. Oxfam's partners in Laos report that more than 8075 workers that they support are currently impacted by the outbreak. Their biggest challenge is the lack of income to pay for rent, food and daily needs, as many of the workers don't possess any financial safety nets.
- The hospitality and tourism sector, which employs thousands of workers and generated approximately USD 811 million in revenues in 2018<sup>5</sup>, are among the hardest hit by the outbreak leaving thousands of people jobless. Many tuk-tuk drivers, massage and beauty salon workers, tour guides and tour operators have lost their jobs due to lack of customers and tourists. More than USD 450,000 was lost in the first two months of this year, as a combined 21 percent of visitors from Thailand and China cancelled their

<sup>2</sup> <https://www.worldbank.org/en/country/lao/overview>

<sup>3</sup> <https://vietnamtimes.org.vn/laos-reports-no-case-of-covid-19-to-import-face-masks-from-vietnam-18566.html>

<sup>4</sup> [http://www.vientianetimes.org.la/sub-new/Previous\\_0721/freeContent/FreeContent\\_Vientiane72.php](http://www.vientianetimes.org.la/sub-new/Previous_0721/freeContent/FreeContent_Vientiane72.php)

<sup>5</sup> Ministry of Information, Culture and Tourism (2018). Statistical Report on Tourism in Laos. Vientiane, LAO PDR: Ministry of Information, Culture and Tourism, Tourism Development Department.

- The Asian Development Bank is estimating that the tourism industry will experience a loss of USD 29.5 million in the best-case scenario, and USD 77.4 million in the worst case due to Covid-19 impacts.<sup>1</sup> Restaurants, bars, and hospitality workers have also been seriously impacted. Most restaurants, bars and cafes are independently owned, which means that a vast number of workers have lost their jobs or are about to.
- Economic growth in Lao PDR has slowed over the past 5 years. Growth fell from 6.3 percent in 2018 to 4.8 percent in 2019 due primarily to natural disasters that affected the agricultural sector. The COVID-19 outbreak is expected to further intensify the country's macroeconomic vulnerabilities, with limited fiscal and foreign currency buffers constraining the ability of the Government of Lao PDR to mitigate the economic impacts of the pandemic.
- The full effect of Covid-19 on the economy is yet to be fully assessed and understood, however the slowdown in the economic activity will inevitably increase the unemployment rate and could have dramatic effect on the wellbeing of families and communities, pushing more people into poverty and deepening inequality.
- The Lao Government launch and website to share updates on the COVID-19 situation in Laos as well as protection measures.
- On April 7, the World Bank's Regional Vice-Presidency of the East Asia and Pacific Region approved USUSD18 million for Lao PDR to help the country respond to the COVID-19
- To minimize the risk of further spreading the Covid-19 outbreak, the Central Buddhist Fellowship Organization of Laos Headquarters' Office signed the notice on April 7 addressed to provincial Buddhist monk committees nationwide to cancel the public ceremonial showering of Buddha images and related activities during the Pi Mai holiday.
- On April 15 the Prime Ministers' office announces and extension of the lockdown to May 3 under order NO. 481/ PMO. State office and private business will be allowed to continue operations from May 4 and schools are expected to open from May 18.

## WOMEN ARE AMONG THE MOST AFFECTED

Informal workers, especially women, have different needs in the face of a pandemic disease, which must be acknowledged and acted upon.

Since women do much of the unpaid care and domestic work at home, they are more likely to have to take time off work to care for the sick and elderly, risking losing their jobs and become more exposed to infection. The closure of all public and private educational institutions on 19 March, has added on women's overall burden as they bear much of the responsibility of childcare. Having to suddenly care for their children, while also working, has forced many women to take time off work increasing the risk of losing their jobs. At Oxfam, several female staff are working from home trying to balance work and caregiving.

Being dependent on their daily wages, the informal workers, the majority of whom are women, face an even greater risk. In case of compulsory quarantine and stricter preventive measures, like community quarantines and lockdown, they are likely to lose their income, falling deeper into poverty. They can also be exposed to domestic violence with nowhere to go or look for help.

## Government's Response to covid-19

- On February 3, the National Taskforce Committee for COVID-19 Prevention and Control was set up to provide appropriate responses and disseminate information to the public.
- On March 23, the government announced the adoption of a 13 measure package to stimulate the economy and alleviate the burdens of COVID-19 on vulnerable groups. The package includes delayed payments on bank loans, road tax and social security contributions as well as a reduction on water and electricity bills.
- On March 29, the Prime Minister issued Order No. 06/ PM, which comprised of a series of lockdown measures, such as an order for the public to remain at home, school closure, border closures and the halt of non-essential business activities. Border closures were enacted on March 30 .

## Recommendations

### Gender Transformative Social Protection Measures

#### For Businesses and Employers

- Urge employers to ensure paid sick leave and job security for all formal workers who can't attend work due to Covid-19 illness without fear of losing their job.
- Urge employers to ensure that paid leave is available for parents, in particular women, who need to care for the sick family members and for children during the school closure. Employers should also encourage fathers to take paid leave in order to distribute the caregiving work more fairly. Other measures, such as flexible working hours, or working from home when possible should be available.
- Urge employers to have in place measures against discrimination and exclusion due to Covid-19

<sup>1</sup> <https://greatermekong.org/adb-assesses-economic-impact-covid-19-outbreak-gms-countries>

## For Government

- We ask the government to provide temporary income support and assistance (through cash transfers or work for cash, etc) to those in the informal sector who are affected by Covid-19, those who have to self-isolate making up for the daily income loss, as well as small scale farmers, people with disabilities and elderly. Especial attention should be provided to women, including single mothers or those who are the main breadwinners, as they are less likely to own a mobile phone or bank account.
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- Develop comprehensive relief measures for food distribution in the event of food accessibility being restricted and/or informal workers' incomes being interrupted.
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- Allocate funding to health care facilities to be able to treat, test and trace contact properly and in a timely manner. Ensure free testing and treatment for the poorest people, including those who don't have access to NSSF, informal workers, people with disabilities, elderly.

## Economic measures

- Call on the government and private sector to ensure that people have payment exemptions on public utilities such as electricity bills, water, as well as rent, internet, etc.
- Urge government to reinforce the financial measures announced and ensure that the financial institutions implement the extension of debt, granting flexibility on loan payments, including debt relief to consumers.
- Ensure that the support policies for small and medium enterprises and individual household businesses, including postponement in principal and interest repayment for loans and tax relief are being implemented.
- Support new fiscal policies to ensure social security measures and assist sections of population in financial hardship.
- Ensure food security by developing regulatory policies in relation to trade and prices in order to avoid speculation and a spike in prices; as well as support for food produces and small farmers

## Public Health Measures

Roll out clear and extensive health information campaigns that people understand and trust on preventing and slowing the spread, on self- protection, and how to care for loved ones that are in self isolation and still maintain personal health. Attention should be given to elderly and children who have limited access to information.

Prioritize screening, monitoring and treatment in poor communities, as well as rural areas. Focus resources on identification of primary and secondary contact in case of exposure and quarantine for primary exposure at government facilities.

Extend sanitation measures (running clean water, soaps, sanitizers) to public places such as markets, public transport terminals, etc.

Collaborate with CSOs to provide affordable sanitation materials to the poorest areas in the city and conduct information campaigns.

Learning from Philippines' experience, in an event of a lockdown and community quarantines, ensure that clear protocols are developed, contingency plans are in place and people are informed in advance so they can prepare.

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