



The Impact of **COVID-19** on Micro, Small, and Medium Enterprises in **Lao PDR**: The First Pandemic Year



The Asia Foundation
Improving Lives, Expanding Opportunities

The Impact of COVID-19

on Micro, Small, and Medium Enterprises in

Lao PDR: The First Pandemic Year

The Asia Foundation in Lao PDR

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List of Acronyms

COVID-19	SARS-CoV-2 or coronavirus disease 2019
Lao PDR	Lao People's Democratic Republic
MSME	Micro, Small, or Medium Enterprise

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Executive Summary

Lao PDR recorded its first COVID-19 case in March 2020. The first nationwide lockdown, closing all non-essential businesses, occurred from March 30 to May 4, 2020. While restrictions within Lao PDR eased for the rest of 2020, as of writing, travel in and out of the country remains very limited. In order to accurately reflect the impact of COVID-19 disruptions on micro, small, or medium enterprises (MSMEs), The Asia Foundation in Lao PDR worked with a local team to conduct a survey of the three key sectors of tourism, handicraft/textile, and agriculture. Data was collected in three phases—July 2020, October 2020, and January 2021. In July 2020, 572 MSMEs were interviewed. This included 322 tourism MSMEs, 100 handicraft/textile MSMEs, and 150 agriculture MSMEs. Subsequent rounds interviewed the same respondents, with some attrition. Roughly 58% represented microenterprises, 40% represented small enterprises, and only two percent of the MSMEs were of medium size.

The number of MSMEs “working as usual” increased over the phases, from 30% during the first lockdown period, to 71% in July 2020, to 83% in October 2020, and 85% in January 2021. In July and October 2020, a majority of those who were not working as usual expected to resume normal operations relatively quickly and mostly within three to six months, while the proportion of businesses who predicted needing more than six months to get back to normal increased significantly by January 2021. As many businesses had already transitioned back to normal by January 2021, this indicated lower confidence amongst those businesses who were still not working normally to do so soon.

During the first lockdown period, 58% of MSMEs reported a 100% loss in revenue compared to the same time the previous year. The firms reporting 100% loss in revenue reduced to 31% in July 2020, 21%

in October 2020, and 7% in January 2021, though January 2021 saw an increase in the proportion of MSMEs who reported losing more than 50% of their revenue. Only 6% reported no difference in revenue in January 2021 compared to the year before. Perhaps unsurprisingly, agriculture MSMEs tended to show the most resilience and optimism in the face of COVID-19, while tourism MSMEs were most impacted. As of January 2021, 80% of agriculture MSMEs expected to survive indefinitely; in contrast, only 25% of tourism MSMEs expected to survive indefinitely (an increase from 11% in July 2020).

The initial lockdown resulted in employment loss across all three sectors, but staff were regained in the handicraft/textile and agriculture sectors as of October 2020 and January 2021. As of January 2021, slightly more than half (55%) of respondents adapted their business sometime during the survey period. As of January 2021, 77% of the tourism sector and 47% of the handicraft/textile sector reported changing their business model some time since the COVID-19 pandemic started impacting Lao PDR in early 2020. Only 5% of agriculture MSMEs interviewed adjusted their business models as of January 2021. Common methods of adaptation included adjusting to social distancing requirements, moving into new products and services, and expanding focus on e-commerce.

In July 2020, only 9% of respondents were aware of any government assistance programs to address the impact of COVID-19 (ranging from MSME loans to utility cost reductions). MSME requests from government focused primarily on various types of business operations support as well as mitigation of living costs to help them survive the economic impacts of COVID-19. This report provides further evidence to inform policies and programs for Lao PDR’s economic recovery.

1. Introduction and Methodology

In order to accurately reflect the real impacts of disruptions caused by COVID-19 on MSMEs, The Asia Foundation (the Foundation) conducted assessments in several Asian countries. In Lao PDR, the survey was conducted by a local team who collaborated with the Foundation's country office on survey design and data analysis. Three survey rounds, approximately three months apart—July 2020, October 2020, and January 2021—tracked the evolving situation.

Lao PDR recorded its first COVID-19 case in March 2020. In response, from March 30 to May 4, schools and non-essential businesses closed and people were prohibited from leaving their homes except for urgent needs. While restrictions within the country eased for the remainder of 2020, as of writing, travel in and out of the country is very limited.

This report presents the data collected through quantitative and open-ended questions to the same sample population across all three survey rounds. For the tourism sector, the sample size was designed considering a margin of error of +/-5 percent at 95 percent confidence level. For the handicraft/textile and agriculture sectors, the sample size was smaller, with a higher margin of error of +/-8 to 10% at 95 percent confidence level. Different sources were used to determine the population of MSMEs in each of the sector categories. More information on the sampling approach is given in Annex 1.

The questionnaire (Annex 2) was drafted by the Foundation and further tested and adapted before the full-day training of enumerators. Following the first

and second survey rounds, the questionnaire was also modified slightly to reflect lessons learned about the clarity and targeting of questions. In initial interviews, three supervisors checked the quality of interviewing and gave feedback.

Most interviews were by phone. However, some face-to-face interviews were also conducted (as the conditions in the country allowed), especially in the handicraft/textile sector. Once the interviews were completed, the interviewers input the information into an online survey application database (Kobo Toolbox). Afterwards, the data was processed, translated from Lao to English, analyzed into graphs and tables in Microsoft Excel, and transferred into SPSS to enable further statistical analysis.

Since the target respondents were the same in each round, the data analysis team prepared an Excel sheet of data from the earlier rounds for enumerators to reference before conducting subsequent interviews, in order to avoid redundant questions and to contextualize questions in previous answers.

As expected, there was respondent attrition across the phases for various reasons. In July 2020, 572 MSMEs were interviewed. This included 322 tourism MSMEs, 100 handicraft/textile MSMEs, and 150 agriculture MSMEs. In October 2020, attrition led to a sample of 493 MSMEs (279 tourism, 82 handicraft/textile, and 132 agriculture MSMEs). In January 2021, this further reduced to 421 MSMEs (251 in the tourism sector, 66 in the handicraft/textile sector, and 104 in the agriculture sector).

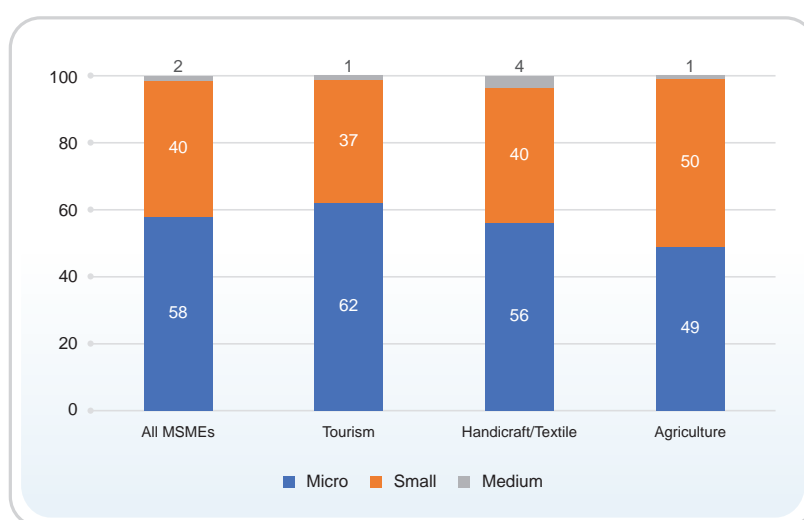
2. General Profile of MSMEs

In July 2020, the survey established a general profile of the MSMEs interviewed. The respondents updated the interviewers on the status of their business in each subsequent phase. Respondents whose business had permanently closed were only asked the reasons for closing (Section 2.4) and about government assistance programs (Section 7). The demographics of respondents and business characteristics (i.e., the proportions) remained roughly the same across all three survey phases.

Business characteristics. Business size was determined by the number of staff at the time of interview. Following Government Decree number 25/GOV, firms with five or less staff are microenterprises, those with six – 50 staff are small, and those with 51 – 99 staff are medium.

Micro and small enterprises made up most of the respondents. Approximately 58% were microenterprises, 40% were small, and only two

Figure 2.1: Surveyed MSMEs by size across sectors (%)



percent were medium. The tourism MSME sample included a higher percentage of microenterprises than the other two sectors. All of the tourism and handicraft/textile MSMEs interviewed were registered, or formal, constituting approximately 71% of the sample. The remainder (agriculture MSMEs) were informal, as they were individual farmers.

main products are silk and cotton products such as bags, clothes, and scarves, bamboo wicker, pottery, carvings, and mulberry paper products. MSMEs interviewed in the agriculture sector focused on the cultivation and trade of cash crops such as vegetables, cassava, banana, sugar cane, tea and coffee, livestock or fish, and rice.

The geographic focus of sampling sought to emulate the concentration of businesses nationwide. Interviewed MSMEs in the tourism and handicraft/textile sectors were mainly based in Vientiane Capital, Luang Prabang, and Champasack provinces. For the agriculture sector, MSMEs were based in 12 provinces and the capital. Annex 1 provides the locations of respondents who participated in all three phases.

Demographics of respondents. The overall gender ratio of interviewees was slightly skewed towards men (52%). Within the handicraft/textile sector, 80% were women, while the agriculture sector was dominated by male representatives (74%). The tourism sector respondents were 51% men. Most of the interviewees were MSME owners (80%), followed by managers (17%), while the other three percent comprised positions such as accountant, assistant, and deputy manager. More than half (58%) of interviewees were 36 to 55 years old; the youngest respondent was 23 and the eldest was 83.

The tourism sub-sectors interviewed included lodging, restaurants and bars, and tour operators. Most handicraft/textile respondents were involved in production, with the remaining in sales. The

3. Impact on Business Operations

This section investigates the impact of public health measures on business operations. MSMEs were asked about their expectations for recovery and the main effects of COVID-19 on their businesses.

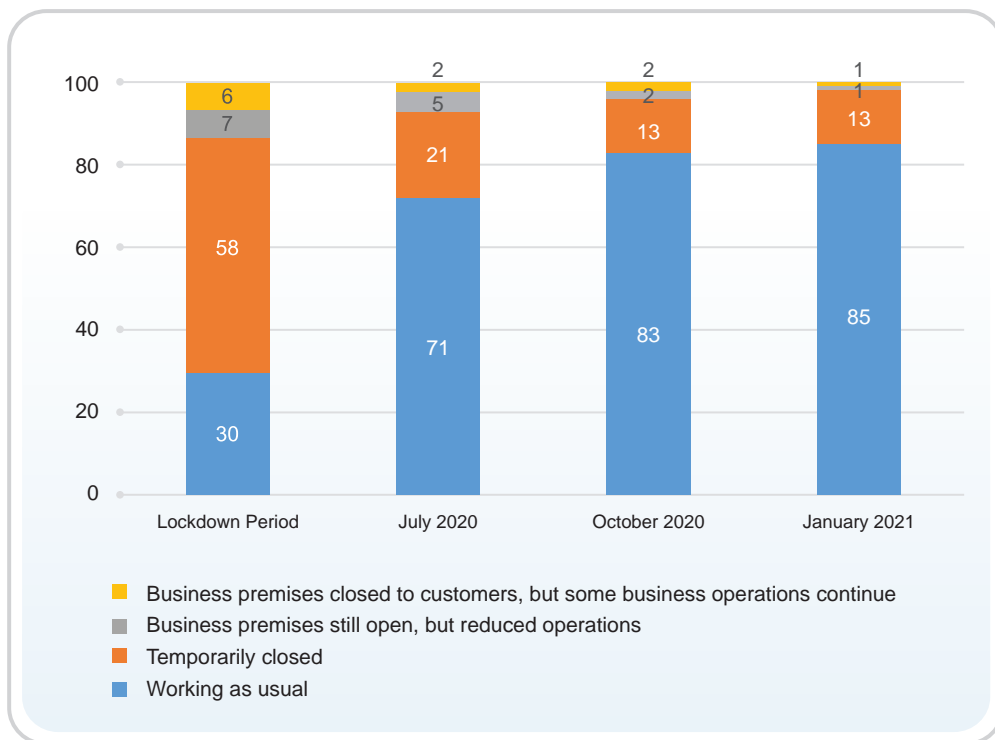
course of the research period. The impacts of the lockdown from March 30 to May 4, 2020, were starkly felt, with only 30% of the MSMEs “working as usual,” while over half (58%) were temporarily completely closed.

3.1. Status of Business Operations

As shown in Figure 3.1.1, the number of MSMEs “working as usual” gradually increased over the

In the agriculture sector, a large majority of MSMEs (93% in July 2020, 98% in October 2020, and 99% in January 2021) were operating normally, though

Figure 3.1.1: Status of operations during each survey phase (%)



during the first lockdown period, just over three quarters (77%) were working as usual. In contrast, 63% of firms from the tourism sector and 62% from the handicraft/textile sector were working as usual as of July 2020, rising to 80% of tourism and 82% of handicraft/textile firms as of January 2021. During the lockdown period, tourism and handicraft/textile MSMEs were the hardest hit with just 12% and 15% respectively working as usual. As shown in Table 3.1.1., a majority of tourism and handicraft/textile MSMEs were temporarily closed during the

lockdown period. In the handicraft/textile sector, 30% of MSMEs were temporarily closed as of July 2020, reducing to 12% in January 2021. Similarly, in tourism, 27% of businesses were temporarily closed as of July 2020 and that reduced to 18% in January 2021. Figure 3.1.1 and Table 3.1.1 do not reflect those MSMEs who were permanently closed; this was four in July 2020, 22 in October 2020, and 24 in January 2021. Of these 50 businesses who permanently closed during the research period, 30 were in the tourism sector, 18 in handicraft/textile, and two in agriculture.

Table 3.1.1: Status of operations during each survey phase – by sector (%)

	Lockdown Period (March 30 – May 4, 2020)			July 2020			October 2020			January 2021		
	Tourism	Handicraft/Textile	Agriculture	Tourism	Handicraft/Textile	Agriculture	Tourism	Handicraft/Textile	Agriculture	Tourism	Handicraft/Textile	Agriculture
Working as usual	12	15	77	63	62	93	74	86	98	80	82	99
Temporarily closed	77	66	11	27	30	3	22	3	2	18	12	1
Business premises still open, but reduced operations	8	4	7	7	5	1	3	1	-	1	-	-
Business premises closed to customers, but some business operations continue	2	15	6	2	3	3	1	10	-	-	5	-

Table 3.1.2 below summarizes the temporarily closed temporarily closed businesses decreased steadily businesses in all three phases. The proportion of since the initial lockdown period.

Table 3.1.2: Comparison of temporarily closed MSMEs between phases (% of total sample per phase)

Survey Phases	Tourism	Handicraft	Agriculture	Grand Total
Lockdown period (March 30 – May 4, 2020)	249 (44.0%)	66 (11.0%)	16 (3.0%)	331 (58.0%)
July 2020	87 (15.0%)	30 (5.0%)	4 (1.0%)	121 (21.0%)
October 2020	58 (12.0%)	2 (0.4%)	3 (0.6%)	63 (13.0%)
January 2021	43 (10.0%)	7 (1.7%)	1 (0.3%)	51 (12.0%)

The data on operations status illustrates that businesses were hardest hit during the lockdown period of March 30 to May 4, 2020. While conditions improved over the course of the survey phases, impacts and rate of recovery varied across the three sectors, with agriculture appearing the most resilient.

3.2. Expectations of Resuming Pre-COVID-19 Operations

In July and October 2020, a majority of those respondents who were not operating normally

expected to resume normal operations relatively quickly and mostly within three to six months.

In January 2021, 86% of the MSMEs who expected to resume normal operations in more than six months were tourism MSMEs. Within sectors, 81% of tourism and 50% of handicraft/textile MSMEs expected to take more than six months to resume normal operations. In July 2020, 89% of handicraft/textile MSMEs felt they could resume operations within three to six months but by January 2021, only 50% felt so.

Table 3.2.1: By when do MSMEs expect to resume operations – across all survey phases (%)

	July 2020	October 2020	January 2021
In 1 - 3 weeks	-	1	-
In 1 - 2 months	10	11	2
In 3 - 6 months	48	42	22
In more than 6 months	26	46	76
Do not know	17	-	-

The proportion of those expecting to take more than six months to resume normal operations increased since July 2020. It rose from 26% in July 2020, to 46% in October 2020, and finally to 76% in January 2021. In July 2020, 48% believed they could resume normal operations in three to six months. A slightly lower proportion (42%) said the same in October 2020, but only 22% in January 2021. Only MSMEs who were not operating normally were asked this question, and their numbers decreased steadily across the survey phases.¹ As many businesses had already transitioned back to working as usual by January 2021, this increase in the proportion of businesses who required more time to get back to normal actually indicates decreasing confidence amongst those fewer businesses who were still not working normally to do so soon.

3.3. Reasons for Not Operating Normally

The three main reasons MSMEs gave for not operating normally (shown in Table 3.3.1 below) were: few or no customers due to the pandemic, insufficient cash to maintain current levels of employment, and insufficient cash to maintain current levels of capital investment. In July 2020, the most common reasons for not operating normally, apart from few or no customers, were government orders for businesses to close or reduce operations due to COVID-19 and concern about the health risk of COVID-19 to themselves and their employees.

1. 169 in July 2020, 81 in October 2020, and 58 in January 2021.

Table 3.3.1: Reasons for not operating normally – across all survey phases (%)

	July 2020	October 2020	January 2021
Very few or no customers due to COVID-19 pandemic	28	31	32
Government authorities have ordered my business to close or reduce operations due to COVID-19	25	9	11
I'm concerned about the safety of me and my employees due to COVID-19	16	10	10
Insufficient cashflow to maintain current level of employment	13	17	16
Insufficient cashflow to maintain current level of capital investment	13	21	16
Shortage of supplies due to COVID-19 pandemic	6	8	9
My employees are refusing to come to work	2	3	4

Note: The percentages do not sum to 100% as multiple responses were allowed and only the most common responses are presented here.

4. Impact on Revenue and Expectations for Financial Survival

The study found that, unsurprisingly, loss of income was most severe earlier in 2020, with many businesses who had previously lost all revenue gradually recovering some portion by January 2021.² Over the course of the research, the percentage of those who claimed to be losing over 60% of their revenue declined from 78% during the lockdown, to 65% in July 2020, to 58% in October 2020, and finally 53% in January 2021. At the same time, both the number and proportion of MSMEs for whom revenue completely stopped decreased greatly by January 2021.³

Responses regarding the lockdown period revealed that 58% of the MSMEs experienced a 100% loss in revenue during this time (i.e., they ceased operations due to lockdown restrictions). We can see from Table 4.1.1 that the firms reporting a 100% stop in revenue reduced significantly from July 2020 on. The concurrent increase in the percentage of those saying their revenue had decreased by about half, three-quarters, or more than three-quarters shows that some of these firms that had no revenue in July 2020 graduated to higher sales later in the research period, while still not resuming the same levels compared to a year ago.

Table 4.1: Comparing the effect of COVID-19 on revenues (compared to the same month one year ago) (%)

Impact	Lockdown period (March 30 - May 4, 2020)	July 2020	October 2020	January 2021
Sales/revenue have increased	1	1	4	6
There has been no change in sales/revenue	2	4	8	6
Sales/revenue have decreased by about one tenth (5%-10%)	1	2	2	4
Sales/revenue have decreased by about a quarter (11%-40%)	6	11	11	11
Sales/revenue have decreased by about half (41%-60%)	10	19	14	19
Sales/revenue have decreased by about three-quarters (61%-85%)	13	17	19	22
Sales/revenue have decreased by more than three quarters (86%-99%)	7	15	18	24
Sales/revenue have completely stopped (100%)	58	31	21	7
Don't know or refused to answer	2	1	3	1

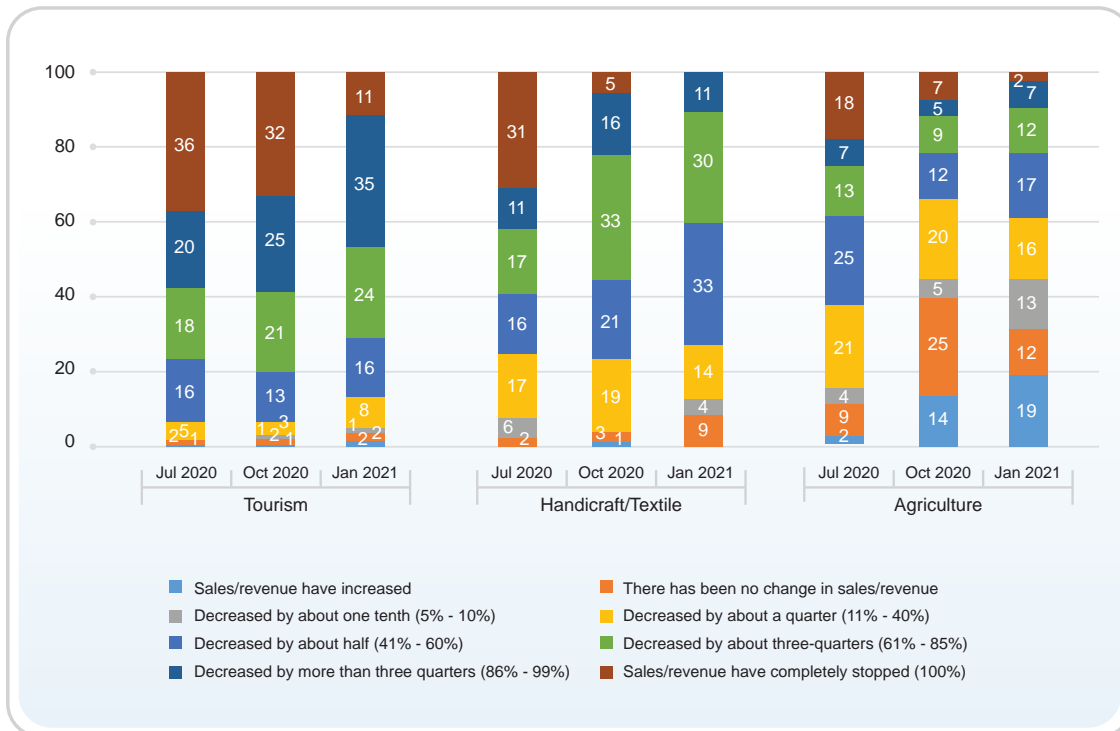
2. Respondents were asked to compare their current revenue levels to the same time last year. In July 2020, respondents were asked about the lockdown period in addition to their current revenue situation, i.e., to compare their revenue from March 30-May 4, 2020, to the same period the previous year. For the second two survey rounds, they were also asked to compare their present revenue to their revenue at the time of the last interview.
3. 333 MSMEs or 58% during lockdown, 175 MSMEs or 31% in July 2020, 99 MSMEs or 21% in October 2020, and 29 MSMEs or 7% in January 2021.

Figure 4.1 below compares the impact of COVID-19 on sales during the three survey phases across all sectors and shows a positive change over time. Overall, in July 2020, a higher percentage of tourism MSMEs (36%) and handicraft/textile MSMEs (31%) had completely stopped sales, versus 18% of agriculture MSMEs. Among tourism MSMEs, the percentage of those whose revenue completely stopped reduced to 11% in January 2021. Among handicraft/textile businesses,

those MSMEs whose revenue completely stopped reduced from 31% in July 2020 to nil in January 2021 and among agriculture businesses, from 18% in July 2020 to 2% in January 2021.

The July 2020 interviews found that a substantial majority of the firms lost more than half or about half their usual revenue. This scenario improved over the next two survey phases.

Figure 4.1: Comparing the effect of COVID-19 on revenues in each sector (compared to the same month one year ago) – across all survey phases (%)

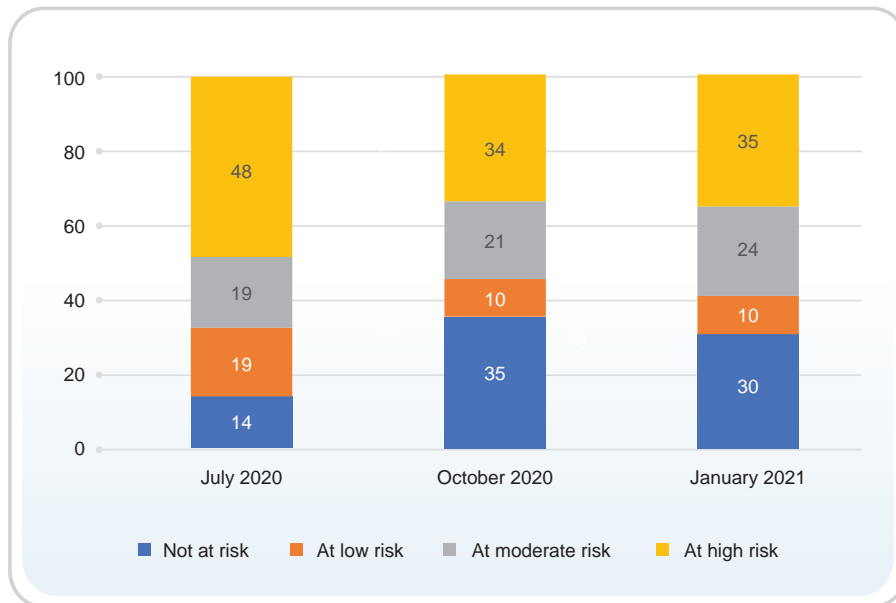


4.1. Survival of Businesses

In January 2021, 35% of respondents not permanently closed claimed their company’s survival was at “high risk” due to COVID-19, while 30% reported their business was in “no risk at all” of not surviving. These proportions were very similar to the October 2020

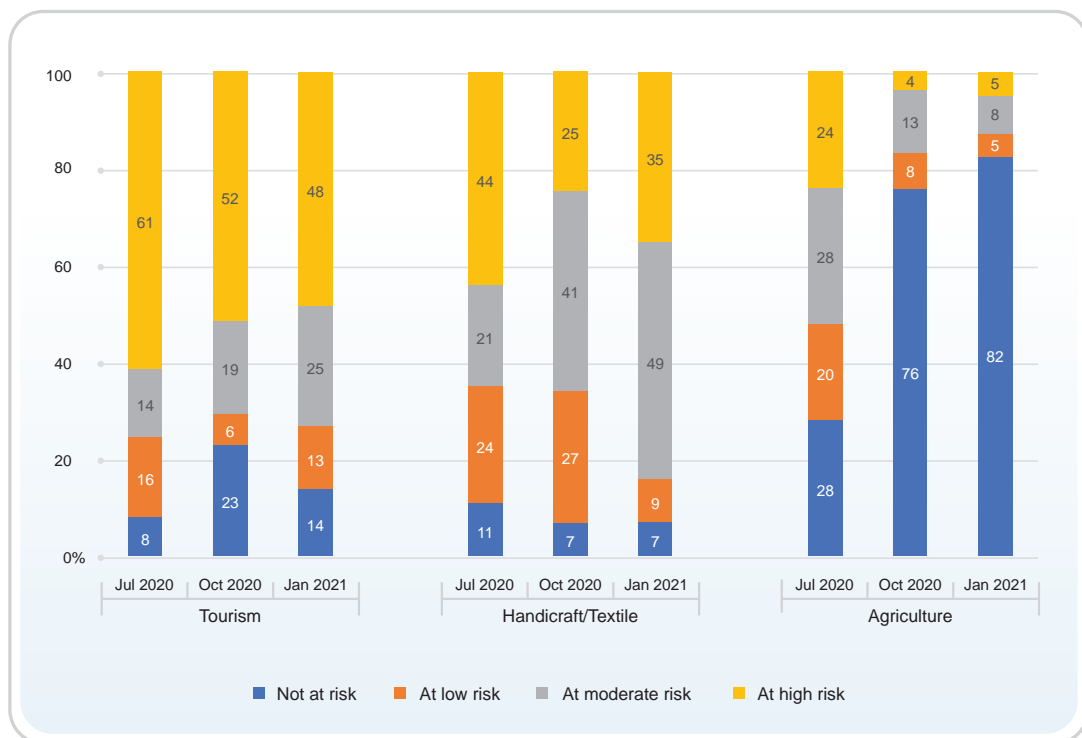
findings. However, in July 2020, more businesses believed they were at high risk (48%). Only 14% of respondents in July 2020 said that their business faced no risk of not surviving—thus the proportion of respondents who were confident their business would survive the pandemic more than doubled between July 2020 and January 2021.

Figure 4.1.1: Current level of risk to enterprise closure due to COVID-19 – across all survey phases (%)



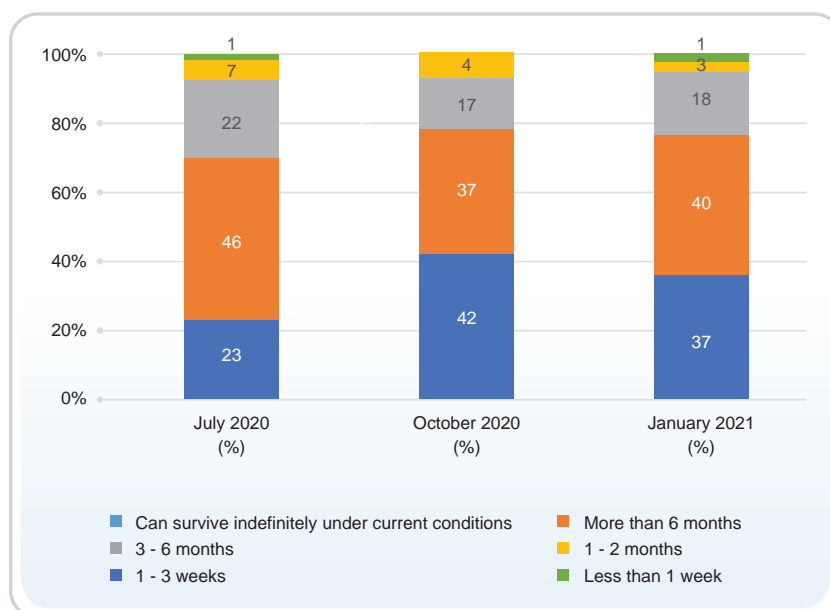
In January 2021, the agriculture sector reported the least risk, with 82% saying they had no risk at all, compared to 14% of tourism MSMEs, and 7% of handicraft/textile MSMEs. Within the tourism sector, 48% of the MSMEs reported a high risk of not surviving, while in the handicraft/textile sector, a larger proportion reported a moderate risk (49%).

Figure 4.1.2: Current level of risk to enterprise closure – across all phases and sectors (%)



Businesses were also asked how long they could survive under current conditions. In January 2021, 37% of MSMEs expected to survive indefinitely. In October 2020, 42% said the same, while in July 2020 only 23% believed they could survive indefinitely under current conditions.

Figure 4.1.3: Under current conditions how long could the business survive – across all phases



Again, the agriculture sector showed the most confidence, as in January 2021 80% expected to survive indefinitely and another 18% anticipated to survive for more than six months. In July 2020, but as of January 2021, 25% expected this. Only 11% of tourism MSMEs expected to survive indefinitely in July 2020, but as of January 2021, 25% expected this.

Table 4.1.1: Under current conditions how long could the business survive – all phases and sectors (%)

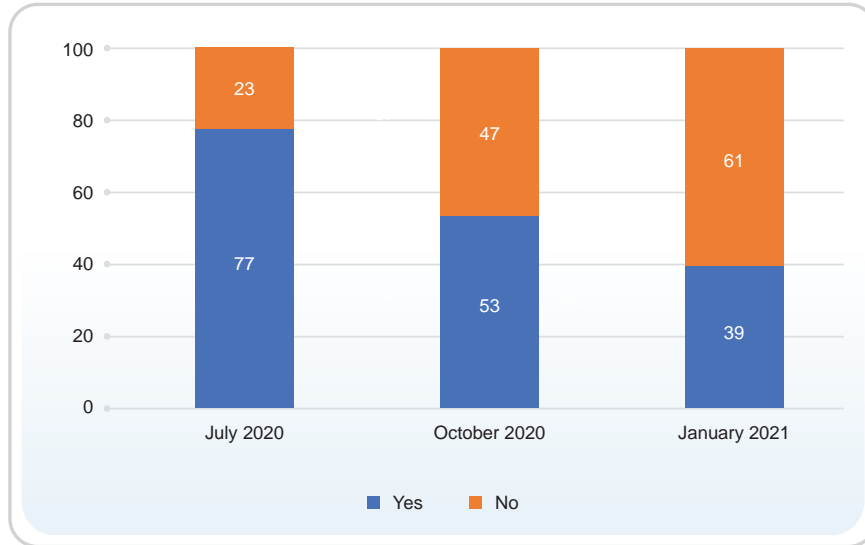
	July 2020			October 2020			January 2021		
	Tourism	Handicraft/Textile	Agriculture	Tourism	Handicraft/Textile	Agriculture	Tourism	Handicraft/Textile	Agriculture
Can survive indefinitely under current conditions	11	27	43	24	30	86	25	9	80
More than 6 months	57	30	35	44	58	11	43	68	18
3-6 months	25	23	14	26	12	3	25	23	1
1-2 months	6	10	7	7	-	-	5	-	-
1-3 weeks	-	-	-	-	-	-	1	-	-
Less than 1 week	-	3	-	-	-	-	1	-	1
Don't know	1	7	-	-	-	-	-	-	-

4.2. Cashflow Issues

MSMEs were asked if they were facing cashflow problems currently, and if they expected to face cashflow problems in the future. As of January 2021,

39% of all MSMEs not permanently closed reported having cashflow problems currently. In contrast, in October 2020, 53% mentioned they were currently facing cashflow problems while in July 2020, more than three quarters (77%) reported problems.

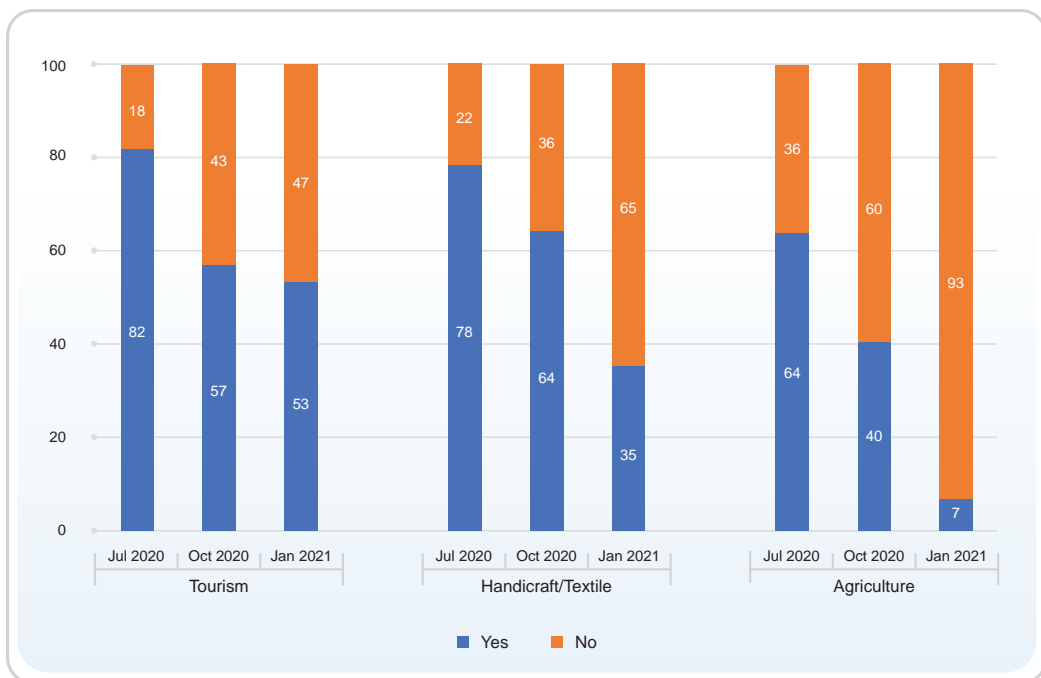
Figure 4.2.1: Is the business facing cashflow problems – across all survey phases (%)



In January 2021, none of the MSMEs who were not currently facing cashflow problems expected cashflow problems in the future. Nearly two thirds (65%) said they did not know whether they would have cashflow problems, compared to 41% in October 2020. In October 2020, only 7% reported they expected cashflow problems in the future. This illustrates that by January 2021, more MSMEs were less confident they would not face financial issues in the future (i.e., they shifted their responses from “no” to “don’t know”), even if they did not face that problem at the time of interview.

In the agriculture sector, 93% were not facing cashflow problems in January 2021 compared to 60% in October 2020 and 36% in July 2020. In January 2021, 65% of MSMEs in the handicraft/textile sector also faced no cashflow problems, a major improvement from July 2020 when only 22% indicated they didn’t have cashflow problems. In the tourism sector, in January 2021, a majority—53%—mentioned that they had cashflow problems, but this was a reduction from 82% in July 2020.

Figure 4.2.2: Is the business facing cashflow problems – across all phases and sectors (%)



Of those facing cashflow problems in January 2021, the majority (86%) reported needing 1-50 million LAK to survive each additional month. No MSME reported needing under one million LAK or above 500 million LAK. Interestingly, the proportion of those needing 1-50 million LAK increased over the three phases.

Table 4.2.1: Cash requirement to stay in business for each additional month (%)

Amount in LAK	July 2020	October 2020	January 2021
More than 500,001,000	1	-	-
100,001,000 - 500,000,000	7	5	2
50,001,000 - 100,000,000	10	5	9
1,000,000 - 50,000,000	75	83	86
Lower than 1,000,000	3	3	-
Do not know	2	4	3
Refused	1	-	-
No information	1	-	-

4.3. Business Premises

Roughly a quarter of respondents indicated they rented or leased their business premises. In January 2021, 18% of MSMEs who rented indicated that their landlords either decreased rent, provided extra time to pay rent, or granted some time rent-free. A small proportion (4%) reported their landlord raising their rent. The remainder said there was no change in the lease agreement.

The January 2021 results match the results in the previous two phases. Most landlords were unresponsive to the pandemic and did not assist their tenants. Around one-fifth of all MSMEs who rented or leased had sympathetic landlords who provided some type of support or rent relief.

5. Impact from Restriction of Movement

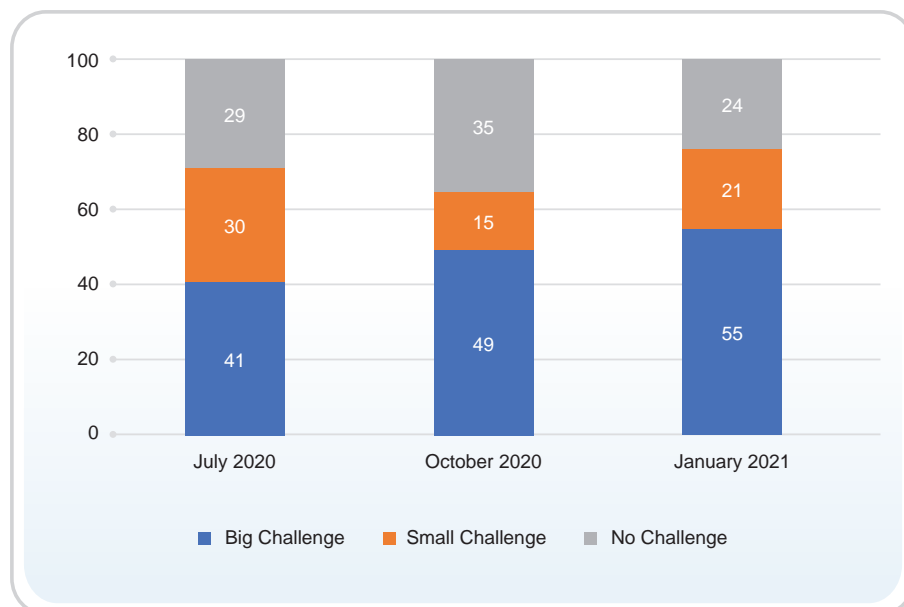
The Lao government restricted movement within and between countries as a COVID-19 safety measure. As of January 2021, the international borders remained largely closed as they had since the initial lockdown period (March 30 – May 4, 2020). The government stopped visas on arrival since late March 2020, inhibiting tourism. At the time of the last survey round in January 2021, there were no restrictions on domestic movement but social distancing measures

(such as wearing masks, washing hands often, and restricting large gatherings) were still in place.

5.1. Imports and Exports

Between July 2020 and January 2021, amongst those MSMEs who import, the proportion who reported big challenges in importing due to government restrictions increased, as illustrated in Figure 5.1.1. below.

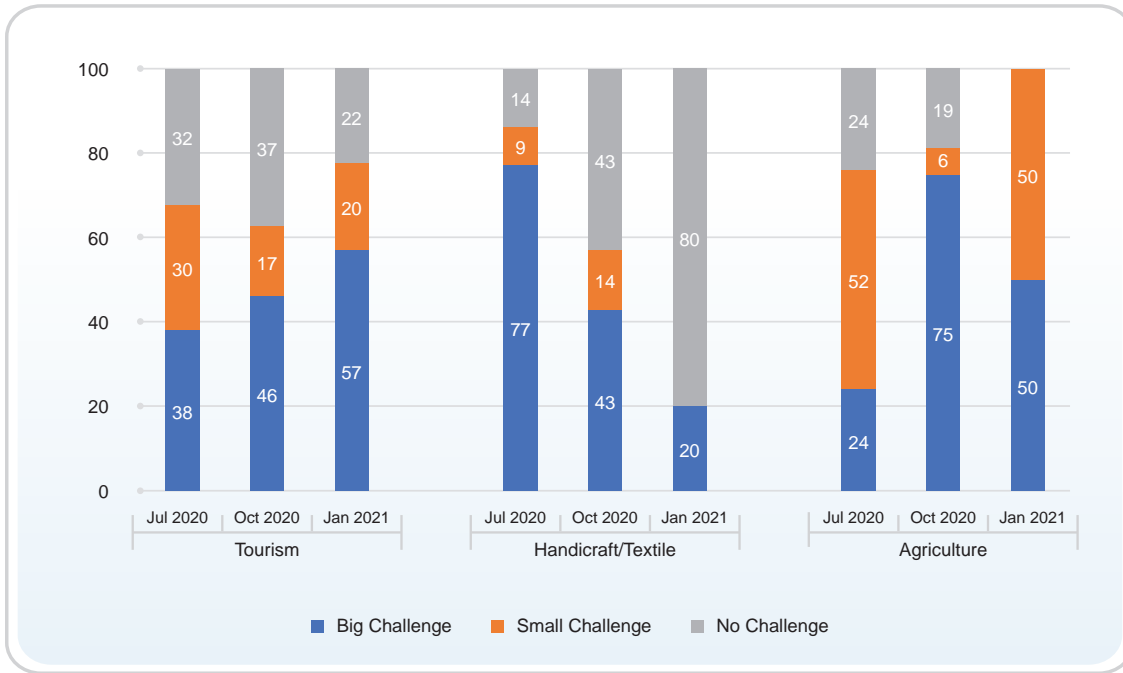
Figure 5.1.1: Challenges from restrictions for importing – across all survey phases (%)



In the tourism sector, those mentioning big challenges in importing also increased throughout the phases, from 38% in July 2020, to 46% in October 2020, to finally 57% in January 2021. The agriculture sector saw an increase in those having big challenges in importing between July 2020 and January 2021, 24% and 50%

respectively, with a spike in October 2020 when 75% mentioned facing big challenges. In the handicraft/textile sector, the trend was very different, with the mention of big challenges reducing from 77% in July 2020, to 43% in October 2020, to only 20% in January 2021.

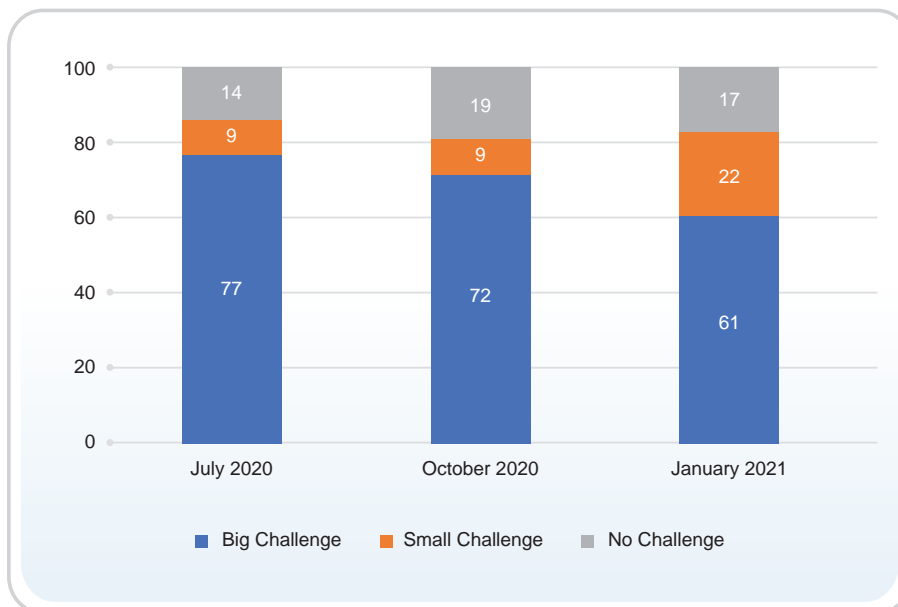
Figure 5.1.2: Challenges from restrictions for importing – across sectors and phases (%)



Only a small number of MSMEs reported exporting products, 74 MSMEs in July 2020, 32 in October 2020, and 23 in January 2021. The proportion of firms that cited exports as a big challenge decreased over the period, along with the number of MSMEs who

indicated they exported. The drastic reduction in the number of MSMEs that responded to the question may imply that they were not able to maintain operations.

Figure 5.1.3: Challenges from restrictions for exporting – across all survey phases (%)



5.2. Challenges in Business Operations

The pandemic and subsequent government restrictions hindered businesses whose operations relied on transportation and availability of inputs, materials, services, and labor. Table 5.2.1 summarizes the severity of challenges faced by MSMEs. In January 2021, over half of MSMEs reported facing big challenges from restrictions on international movement, while only 24% faced big challenges from domestic movement restrictions. More than two thirds of MSMEs faced no challenges in delivering products domestically (69%), and more than three

quarters faced no challenges in availability of services (76%), inputs/materials (76%), and labor (82%). Based on this, fewer MSMEs faced challenges in domestic movement as of January 2021 compared to July 2020 but reported an increase in the same in October 2020. In July 2020, 78% faced some level of challenge, big or small, in domestic movement, and 52% faced some level of challenge in delivering products within the country. In October 2020, only 35% faced any challenges in domestic movement and only 18% experienced challenges in delivering products within the country.

Table 5.2.1: Overview of business operations challenges faced across all survey phases (%)

	July 2020			October 2020			January 2021		
	Challenge								
	Big	Small	No	Big	Small	No	Big	Small	No
Difficulty in delivering products abroad	77	9	14	72	9	19	61	22	17
Restrictions on international movement	61	15	23	51	10	39	51	9	40
Restrictions on domestic movement	40	38	22	18	17	65	24	25	51
Delivering products within the country	20	32	47	7	11	82	12	19	69
Availability of services for the business	17	30	53	7	9	83	8	15	76
Availability of (domestic) inputs/materials	12	34	54	7	10	84	8	16	76
Availability of labor	9	26	65	7	7	86	6	12	82

The impact varied across sectors. Even though the restrictions on international movement posed big challenges for more than half of all MSMEs, this was true of 82% of tourism MSMEs in January 2021. In comparison, only 2% of MSMEs from the handicraft/textile sector and 8% from the agriculture sector reported big challenges due to restrictions on international travel. This trend was observed in all other challenges in business operations, i.e., tourism MSMEs made up most of the MSMEs who faced challenges. Regarding international movement in October 2020, 73% of tourism MSMEs, 19% of handicraft/textile MSMEs, and 24% of agriculture MSMEs mentioned it as a big challenge. In July 2020, the proportion of tourism MSMEs who cited international movement as a big challenge was similar to October 2020 at 76%, but it was much higher than the handicraft/textile and agriculture MSME responses in July 2020, at 47% and 39% respectively.

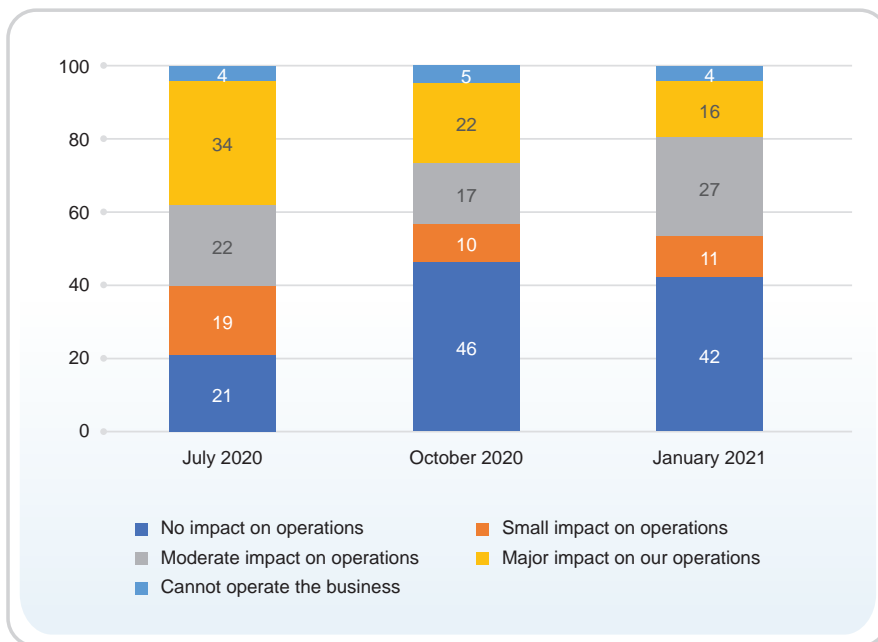
5.3. Impact of Current Social Distancing Restrictions

After the first lockdown in Lao PDR, from March 30 to May 4, 2020, the situation was re-assessed every two to four weeks and social distancing restrictions gradually loosened. Starting in mid-May 2020, most businesses were allowed to operate normally, including restaurants, shops, beauty salons, and spas, while adhering to safety precautions (such as checking temperatures and providing hand sanitizer) and curfews. From the end of May 2020 to the close of the year, with no cases of community spread, measures continued to relax, with large gatherings and celebrations permitted, and eventually even nightlife establishments reopened, though international travel remained limited.

In January 2021, 42% of MSMEs felt no impact on operations from current social distancing requirements.

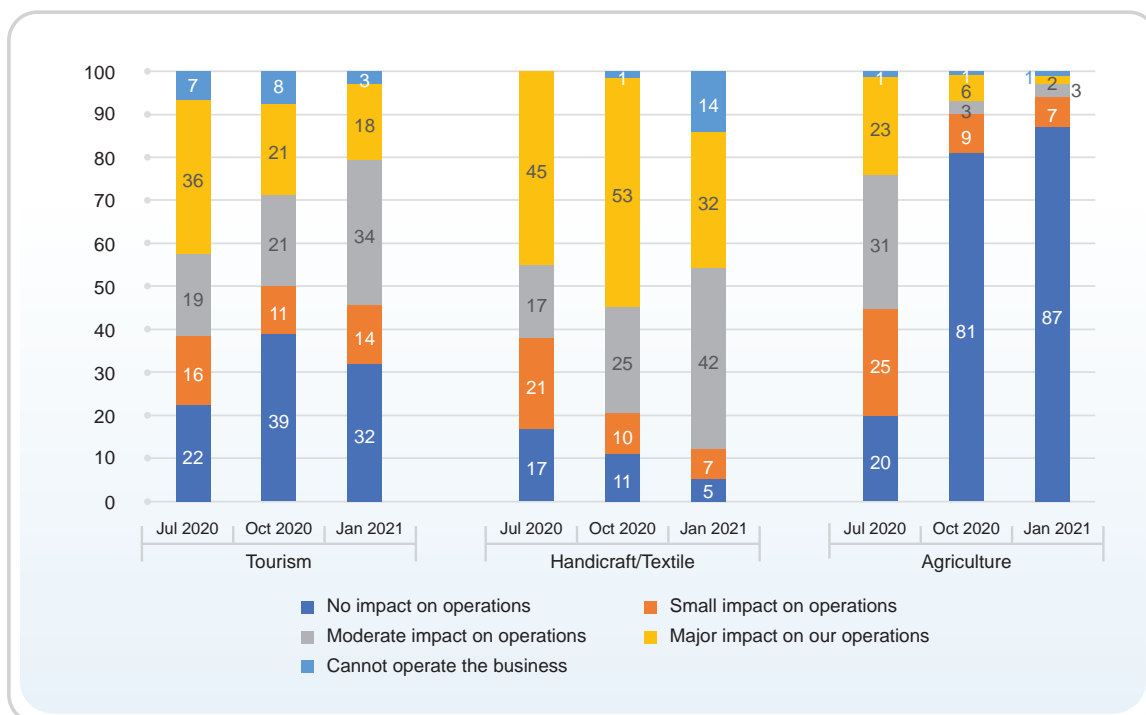
This was a slight reduction from October 2020 when 46% said the same. However, the percentage doubled from July 2020, when 21% said they felt no impact. In July 2020, 34% mentioned feeling a major impact, as opposed to 16% in January 2021.

Figure 5.3.1: Impact of current social distancing requirements – across survey phases (%)



In the tourism sector specifically, 22% did not see any impact on operations from social distancing in July 2020, versus 32% in January 2021. The change was most dramatic in the agriculture sector where 20% felt there was no impact in July 2020; in January 2021, 87% said the same. Very few handicraft/textile MSMEs felt no impact on operations due to social distancing, 17% in July 2020 and 5% in January 2021.

Figure 5.3.2: Impact of current social distancing requirements – across sectors and survey phases (%)



6. Impact on Employment

The pandemic affected employment levels tremendously. In particular, from the period of the lockdown restrictions (March 30 to May 4, 2020) to July 2020, the tourism sector lost a significant number of staff compared to other sectors, at 46% of total sector employees. During the same period, the handicraft/textile sector lost 26% of their employees and the agriculture sector lost 17%.

6.1. Change in Employee Numbers

Out of the 397 MSMEs not permanently closed in January 2021, 81 MSMEs (20%) decreased staff, 39 (10%) increased staff, and 277 (70%) had the same number of staff compared to October 2020. Of the 358 MSMEs who did not increase staff numbers, 24 or 7% reduced employee working hours to minimize layoffs since October 2020. Of those who reduced working hours, 42% reduced 1–10 hours a week per employee; 29% reduced working hours by 11–20 per week, with the remaining 29% reducing by 21–30 hours per week.

Overall, in July 2020, MSMEs reported losing 2917 staff that made up 38% of the employees they had before the pandemic began hurting their business. Table 6.1.1

below summarizes changes in staff numbers across phases and sectors. Staffing in tourism continued to decrease while the handicraft/textile and agriculture sectors steadied in terms of numbers. Note that the number of MSMEs interviewed across the three phases also reduced in each survey round, thus the reduction in staff numbers each round is also due to attrition in responding firms. Despite this, the table below illustrates a clear trend. In July 2020, respondents were asked about employment prior to the pandemic—thus the employee numbers before the pandemic and as of July 2020 are drawn from the same firms.

By looking at the average⁴ number of employees in each phase, we can see a significant drop in the average number of employees per firm for tourism specifically, from 16 before the pandemic started to 9 as of July 2020. Even for handicraft/textile MSMEs, the average number of employees fell from 13 before the pandemic to 10 in July 2020. After the initial drop in July 2020, the average number of employees remained similar across phases and sectors, with an increase in January 2021 to 12 employees in the handicraft/textile sector, which can be attributed in part to an increase in part-time workers.

Table 6.1.1: Staff numbers across sectors and phases

	Total	Tourism	Handicraft/ Textile	Agriculture
MSMEs interviewed in July 2020	572	322	100	150
Total employees before the pandemic	7717	5218	1290	1209
Average employees per firm before the pandemic	13	16	13	8
Total employees in July 2020	4800	2839	955	1006
Average per firm employees in July 2020	8	9	10	7
MSMEs interviewed in October 2020	471	266	73	132
Total employees in October 2020	3673	2101	658	914
Average employees per firm in October 2020	8	8	9	7
MSMEs interviewed in January 2021	397	238	57	102
Total employees in January 2021	3446	1860	666	920
Average employees per firm in January 2021	9	8	12	9

4. This is arrived at by dividing the total number of employees by the total number of MSMEs interviewed in that phase.

Throughout all three phases, the tourism sector laid off staff in higher numbers compared to the other two sectors. In July 2020, tourism MSMEs reported letting go 2379 employees since the pandemic started. Across all MSMEs, there was a 6% decrease in staff between October 2020 and January 2021; this is mostly attributed to a loss of 241 staff in the tourism sector (or 11% of tourism staff).

Some businesses did hire more staff; 39 MSMEs reported increasing staff between October 2020 and January 2021, providing multiple reasons. Eleven MSMEs increased part-time staff and seven MSMEs reported that family members joined the business. For some firms, increased levels of production required hiring new staff (13 MSMEs), while six MSMEs increased staff because of more customers. The reasons given by those MSMEs who did increase staff are provided in Table 6.1.2.

Table 6.1.2: Reasons given by MSMEs that increased staff between October 2020 and January 2021 (%)

Reasons		
Staff Related	Increased part-time staff	23
	Family members joined the business	15
	Hired staff to replace family members	4
	Increased members in the agriculture group	2
	To give jobs to acquaintances	2
Business Operation Related	Increased production	28
	Planting season	6
	Re-opened the business	2
	Improve the business	2
	Customers need quick service	2
Other	Customers increase	13

Between October 2020 and January 2021, 100 MSMEs decreased staff; the reasons are shown in Table 6.1.3. The most prevalent reasons for reducing

staff were no customers (32 MSMEs), insufficient cashflow (30 MSMEs), and staff resigning (5 MSMEs).

Table 6.1.3: Reasons given by MSMEs that decreased staff between October 2020 and January 2021 (%)

Reasons		
Business Operation Related	Insufficient cashflow	30
	To reduce operation cost	8
	Business is closed temporarily	8
	Production decreased	4
	Closed the business permanently soon	1
Staff - Related	Staff resigned	5
	Laid-off staff after the planting season has finished	2
Others	No customers	32
	COVID-19	10

In all three phases, respondents were asked if they planned to terminate any employees in the next two months. As shown in Figure 6.1.1, very few respondents indicated they planned to fire employees, though a significant portion were uncertain, especially

in July 2020. This was mirrored across sectors (Fig 6.1.2), though a higher proportion of handicraft/textile respondents indicated they did not know if they would terminate employees, compared to the other two sectors.

Figure 6.1.1: Will they fire more staff in the next 2 months - across survey phases (%)

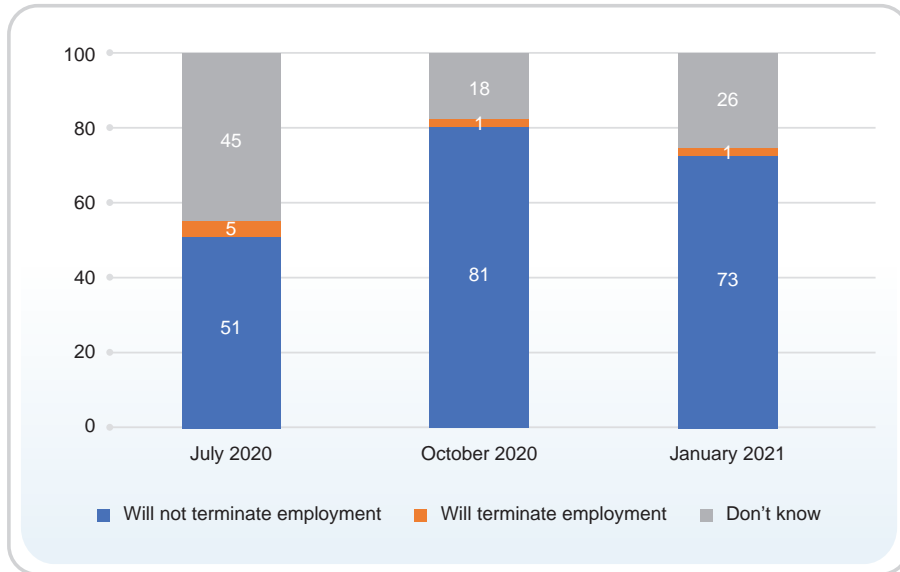
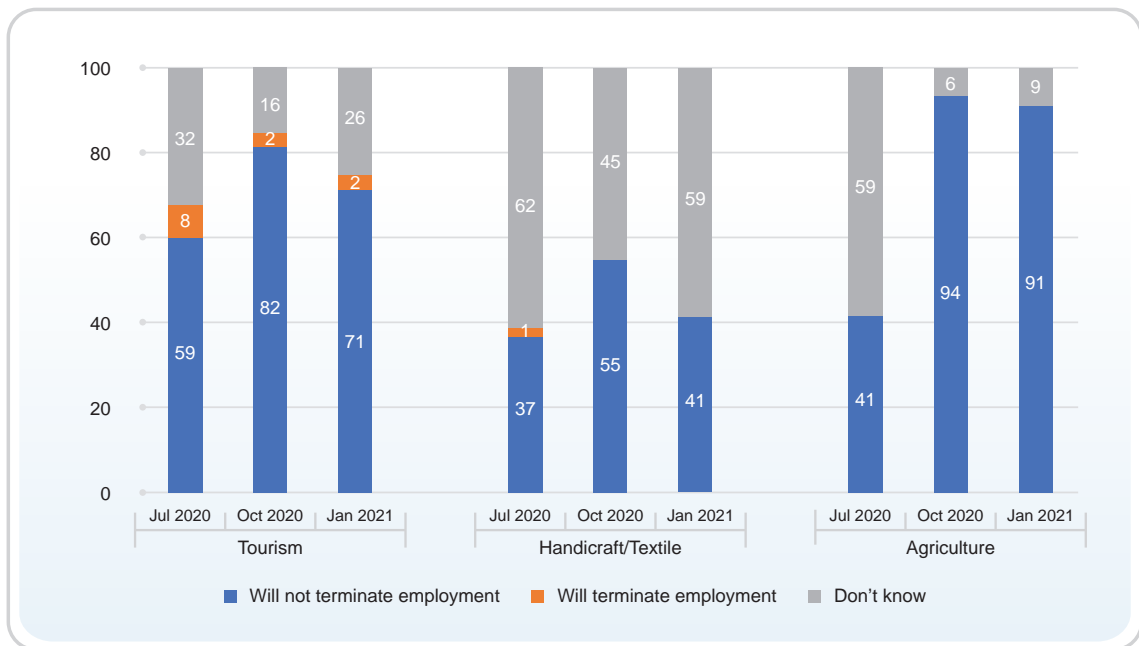


Figure 6.1.2: Will they fire more staff in the next 2 months – across sectors and survey phases (%)



6.2. Expectations for Re-Hiring Employees

In July 2020, 81% of the MSMEs that had laid off employees expected to re-hire all of them when the situation improved. This number reduced to 23% in October 2020 and further to just 7% in January 2021.⁵ In July 2020, all MSMEs had plans to re-hire at least some of their staff. But in October 2020, 17% said

they had no plans to re-hire and another 36% said they didn't know whether they would re-hire or not. In January 2021, 20% said they had no plans to re-hire and another 27% said they did not know. This question was only posed to those who had let staff go since the last survey round, and in October 2020 and January 2021, the base numbers reduced as fewer MSMEs reported letting staff go. In July 2020, 195 MSMEs

5. The question on re-hiring was asked to those who had laid-off employees since the last survey. In the latter two survey rounds, respondents were asked about plans to re-hire staff whom they had let go since the previous interview, whereas in July 2020, they were asked about plans to re-hire staff they had let go since their business was first affected by the pandemic.

fired staff, in October 2020, 118, and in January 2021, 81. As we see in Figure 6.2.1, though the number of MSMEs that laid off staff reduced, their confidence in hiring them back was weaker in October 2020 and January 2021 compared to July 2020.

Figure 6.2.1: Expectations for re-hiring – across all survey phases (%)



6.3. Other Sources of Income for Laid-Off Employees

In January 2021, respondents indicated that, of staff laid off since October 2020, 64% received income from finding a new job, 19% received some support from the employer themselves, and 17% received support from relatives or friends. The sources of income

reported for laid-off employees in January 2021 varied from July 2020 and October 2020. In those periods most of the support received by the laid-off workers were from relatives and friends at 65% in July 2020 and 43% in October 2020. It may be encouraging that new employment was given as the main source of income in January 2021 for laid-off employees.

Table 6.3.1: Source of income for laid-off workers – according to the former employer (%)

Other Sources of Income	July 2020	October 2020	January 2021
Government assistance/insurance programs	3	2	-
Found a new job	20	33	64
Support from relatives/friends	65	43	17
I (employer) provided them with some support	10	22	19
Other ways	2	-	-

7. Adapting to the New Normal

The social and economic changes brought about by the pandemic forced people, businesses, and governments to adapt to the “new normal.” This section investigates how MSMEs in Lao PDR adapted to the changes, especially by entering the field of online marketing, and their challenges and successes. Respondents were also asked about their long-term expectations for their businesses.

7.1. Changing the Business Model

Out of the 397 MSMEs not permanently closed in

January 2021, slightly more than half (55%) changed their business model as a result of COVID-19, amounting to 219 MSMEs. As of July 2020, 33% had changed their business model, increasing to 47% as of October 2020, and 55% as of January 2021. When examining the 219 MSMEs who reported changing their business model during the survey period, with respect to when precisely these MSMEs made a change, we see that 85% had changed it before October 2020, and the remaining 15% reported that they made the change between October 2020 and January 2021.

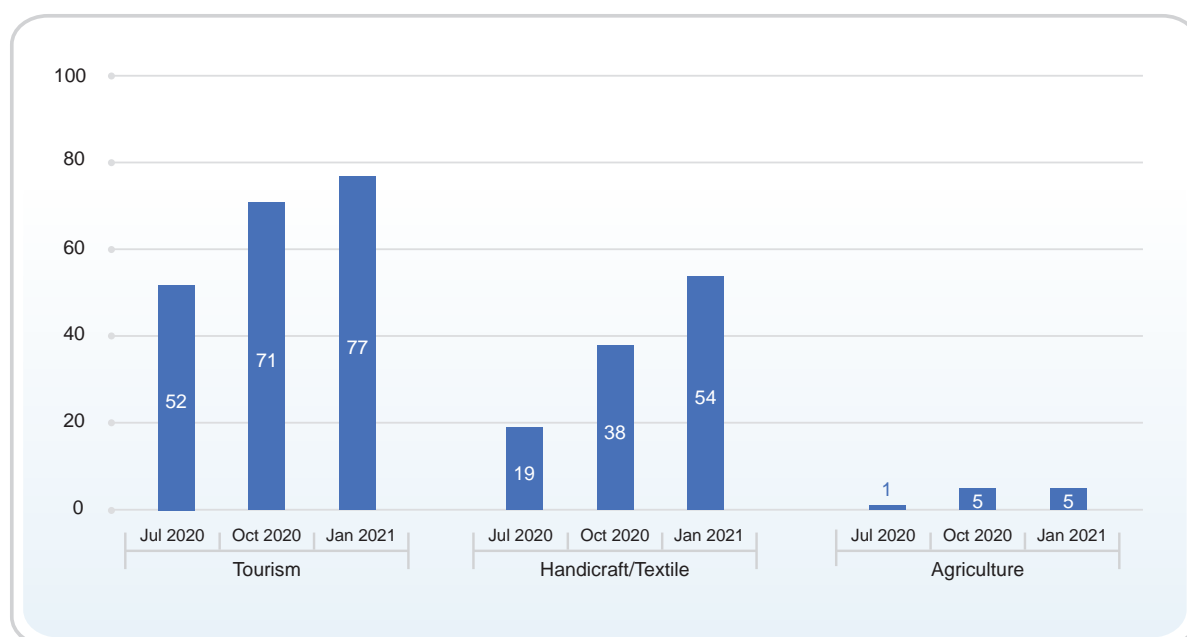
Table 7.1.1: MSMEs who changed business model

Phase	Number of MSMEs who changed business model	Base in that phase	Percentage of MSMEs who changed business model
July 2020	188	572	33%
October 2020	223	471	47%
January 2021	219	397	55%

The prevalence of changing business models varies among the three sectors. As of January 2021, 77% of the tourism sector and 54% of the handicraft/textile sector MSMEs reported changing their business

model some time since the COVID-19 pandemic started impacting Lao PDR in early 2020. Only 5% of agriculture MSMEs interviewed had adjusted their business models as of January 2021.

Figure 7.1.1: MSMEs who have changed business plans across survey phases (in %) and sectors.



The most common methods of adapting are summarized in Table 7.1.2. Moving into high demand products was popular in the handicraft/textile sector in October 2020 (19 MSMEs or 50% of handicraft/textile MSMEs who changed business models). Adapting to social distancing measures was a common method of changing business models for tourism MSMEs (125 MSMEs or 75% of tourism MSMEs who changed business models as of July 2020 and 36 MSMEs or 27% who changed business models as of October 2020).

Of the 32 MSMEs who changed business models since October 2020, some adapted in more than one way. Adjusting operations to social distancing was the most common method of adapting, followed by moving into new products in high demand due to COVID-19. Interestingly, in January 2021, only tourism MSMEs reported that they adjusted by finding ways to operate with social distancing measures while the majority of handicraft/textile MSMEs moved into high demand products.

Table 7.1.2: Methods of changing the business model – across all survey phases (%)

	July 2020	October 2020	January 2020
We have found ways to operate while adapting to social distancing	37	22	46
We have moved into new products and services that are in high demand during the COVID-19 pandemic crisis.	10	23	24
We have found new ways to reach customers through online markets or social media	29	31	22
We have discussed with our employees to find an agreement of reducing their salary so that we can keep all employees.	20	24	7
Turn to the domestic market	-	1	-
Partner with other businesses	-	1	-
Closed a branch shop	-	-	2
Change the business type	1	-	-
Change the target customers and target areas	1	-	-
Cut out the employee's extra money	1	-	-
Improve the building	1	-	-
Offered promotion / high discount	1	-	-

In January 2021, in terms of challenges to adapting, MSMEs cited having no customers (17 MSMEs), increased costs (9), and social distancing restrictions (6). The most prevalent challenge faced by MSMEs in adapting business models was lack of customers, which contrasts strongly with previous phase responses (no MSMEs in July 2020, 3 in October

2020, and 17 in January 2021). While low sales and increased costs were common challenges faced by MSMEs in July and October 2020 (50% and 43% of responses respectively), the reason of low sales was not mentioned in January 2021, and increased costs made up 13% of responses.

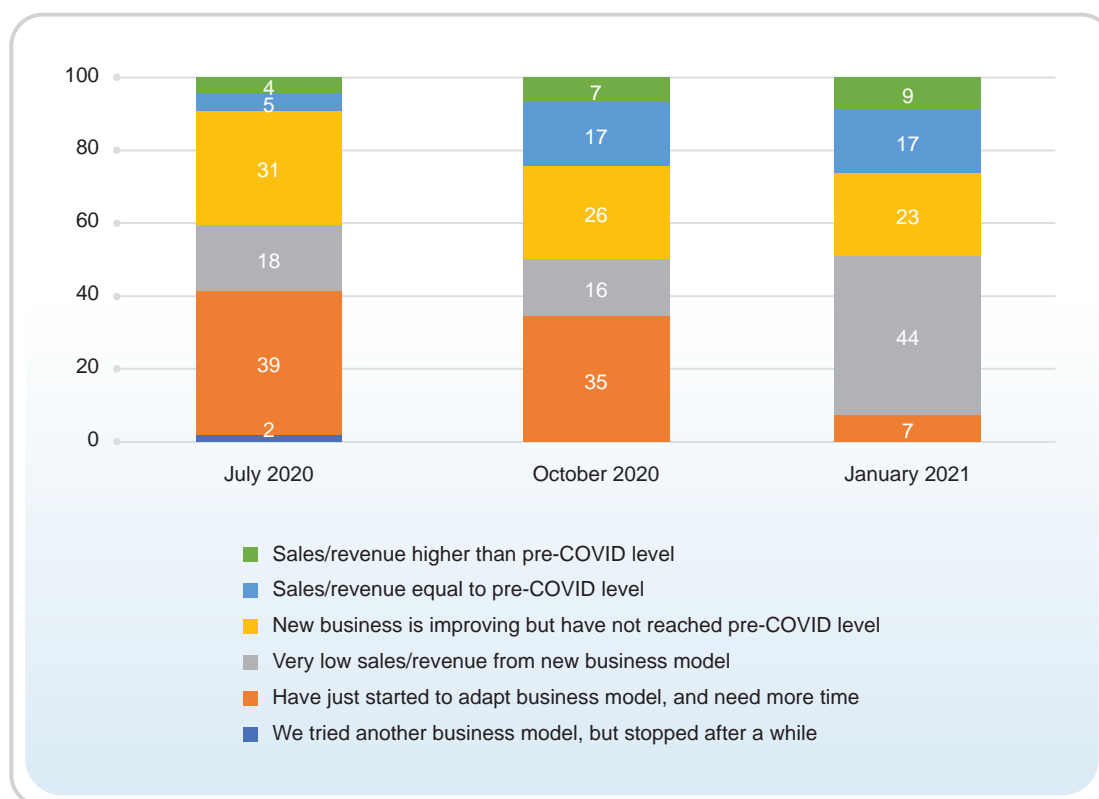
Table 7.1.3: Top challenges faced in adapting business in response to the crisis (%)

July 2020		October 2020		January 2021	
Increased cost	33	Low sales	29	No customers	24
Low income from new business operation	17	High cost in adapting the business	14	Increased costs	13
New operation need time to adjust	12	Designing new products	12	Quality of advertisement	11
More competitors	10	Advertising doesn't reach the customers	9	Finding new ways for the business to survive	10
Challenge in advertising	9	Disagreements with the staff	8	COVID-19 restrictions	8
The delivery process is difficult	8	High level of competition	8	Making a new business plan	8

All MSMEs who reported changing their business model since the COVID-19 pandemic started were asked about their success in doing so. Figure 7.1.2 below shows responses by the time period during which MSMEs changed business models. MSMEs that changed business models were asked to rate their current level of success to see differences between those who changed earlier (as of July or October 2020) compared to those who changed more recently (as of January 2021).

Among those who adapted their business as of July 2020, 9% mentioned that their sales/revenue had reached equal to or higher than pre-COVID levels. Among respondents in October 2020, 24% reported the same, and in January 2021, 26%. In July and October 2020, more than a third of MSMEs said they needed more time to adapt their business model (39% and 35% respectively). Mentions of needing more time to adapt reduced to 7% in January 2021; at this time, 44% of MSMEs who adapted said they had very low sales/revenue from the new business model. Very low sales/revenue was mentioned by 18% in July 2020 and 16% in October 2020.

Figure 7.1.2: How has changing business model impacted revenue – across survey phases (%)

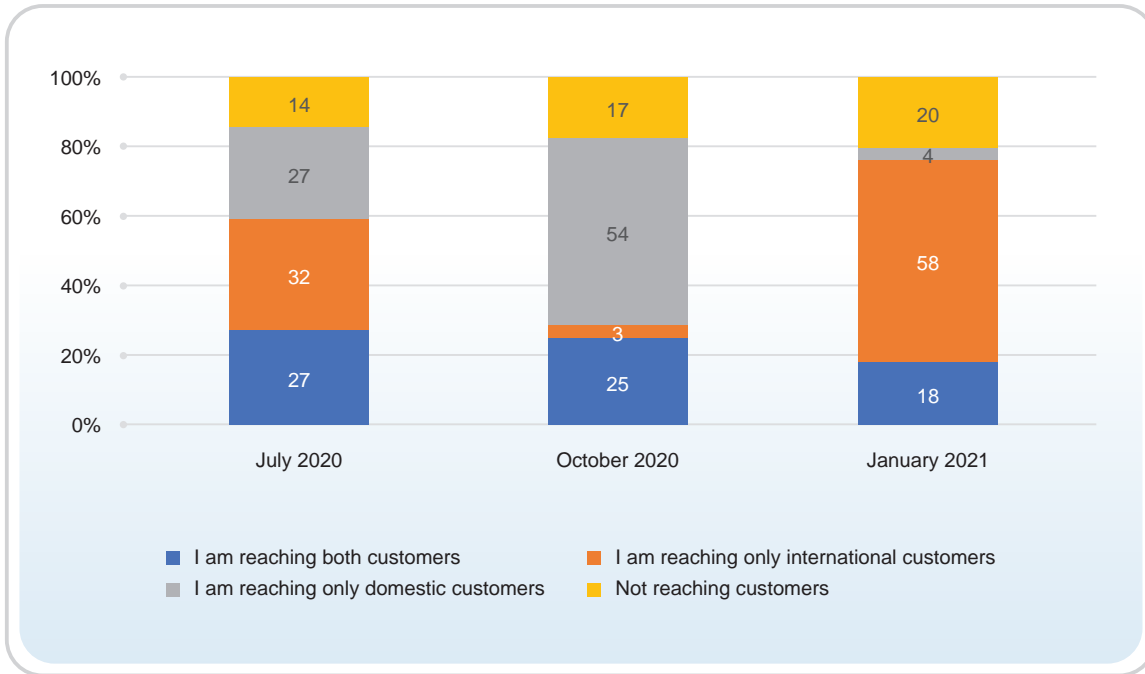


7.2. Online Marketing

In January 2021, 20% of the MSMEs who had shifted to online marketing reported reaching both international

and domestic customers. A larger proportion (58%) only reached domestic customers and 18% reported not reaching any customers.

Figure 7.2.1: Reaching customers using online marketing – across all survey phases (%)



Of the MSMEs that turned to online marketing by January 2021, 54% reported no difficulty in doing so, while 46% experienced difficulties in online marketing, some with more than one issue.

Table 7.2.1 below shows the types of difficulties with online marketing cited by the 63 respondents who had shifted to online marketing as of January 2021. The most common difficulties related to advertising, such as reaching the right customers (24%), producing effective advertisements (8%), and funding

for advertisements (3%). Lack of expertise and technical skills to operate online marketing was also a commonly mentioned issue (13%). Other challenges in online marketing related to no customers (11%), the border restrictions stopping foreigners to enter the country (10%), and high levels of competition (8%). The prevalence of responses related to border restrictions implies that even while some businesses explored e-commerce, they still relied on a foreign tourist customer base.

Table 7.2.1: Difficulties of online marketing - January 2021 (%)

Reasons		
Business Operations - Related	Advertising to the right target customers	24
	Lack of expertise	13
	Producing effective advertisements	8
	Delivery issue	5
	Lack of funds for advertisements	3
	Marketing issues	3
	Not many advertisements	3
	Businesses have very similar marketing strategies	2
	Communication issues	2
	Controlling production standards	2
	Low sales	2
	Failed to adapt to online marketing	2
	Organizing inventory	2
	Socio - Economic Situation	No customers
Foreign tourists can't get into the country		10
High level of competition		8
Unfair policies		2
Others	Disagreement with staff	2

Only a small number of MSMEs reported difficulties in online marketing during the October 2020 survey (27 MSMEs or 19%), despite 144 MSMEs reporting they tried online marketing. In July 2020, 32% had difficulties. The types of difficulties faced were similar throughout the three phases, namely lack of expertise in online marketing, no customers, and difficulty in advertising.

Table 7.2.2: Difficulties of online marketing – July 2020 (%)

Reasons		
Challenges in advertising		9
Challenges in business operations due to government restrictions		6
Customers prefer to come to the restaurant		3
Increased costs		33
Low income from new business operation		17
More competitors		10
New operations need time to adjust		12
The delivery process is difficult		8
Work shift reduced		2

Table 7.2.3: Difficulties of online marketing – October 2020 (%)

Reasons	
Advertising to the right target customers	4
Costs increase	15
Foreign tourists can't get into the country	4
High level of competition	11
Lack of knowledge about online marketing	26
Limited access to internet	4
No customers	33
Problems of customers cancelling	4

MSMEs were asked about the type of support they would like in order to succeed in online marketing. During the January 2021 interviews, 59 provided answers, some of them multiple suggestions (hence why Table 7.2.4 sums to 70). The most common

request was support for advertising their online platforms (35 MSMEs). Other support suggested included accessing customers (13) and acquiring knowledge and skills needed for online marketing (12). Similar suggestions were made throughout all phases.

Table 7.2.4: What kind of support do you need?

	Tourism	Handicraft /Textile	Agriculture	Grand Total
Advertising businesses' online platforms	30	4	1	35
Accessing customers	9	2	2	13
Knowledge and skills needed for online marketing	8	3	1	12
Creating online content	-	1	-	1
Do not know what kind of support is needed	2	1	-	3
Promoting domestic tourism	3	-	-	3
Regulation of counterfeit goods	-	1	-	1
Setting up online delivery	1	-	-	1
Support from local buyers	1	-	-	1
Grand Total	54	12	4	70

7.3. Expectations after COVID-19

Respondents were generally optimistic in their long-term expectations for their business after the pandemic. Of the MSMEs not permanently closed

in January 2021, 218 respondents (55%) felt their business would be better off than before COVID-19 whereas only 40 MSMEs (10%) felt they would be worse off after the pandemic, and the remaining (35%) felt their business would be the same.

Figure 7.3.1: Long-term expectations for the business after COVID-19 – across survey phases (%)

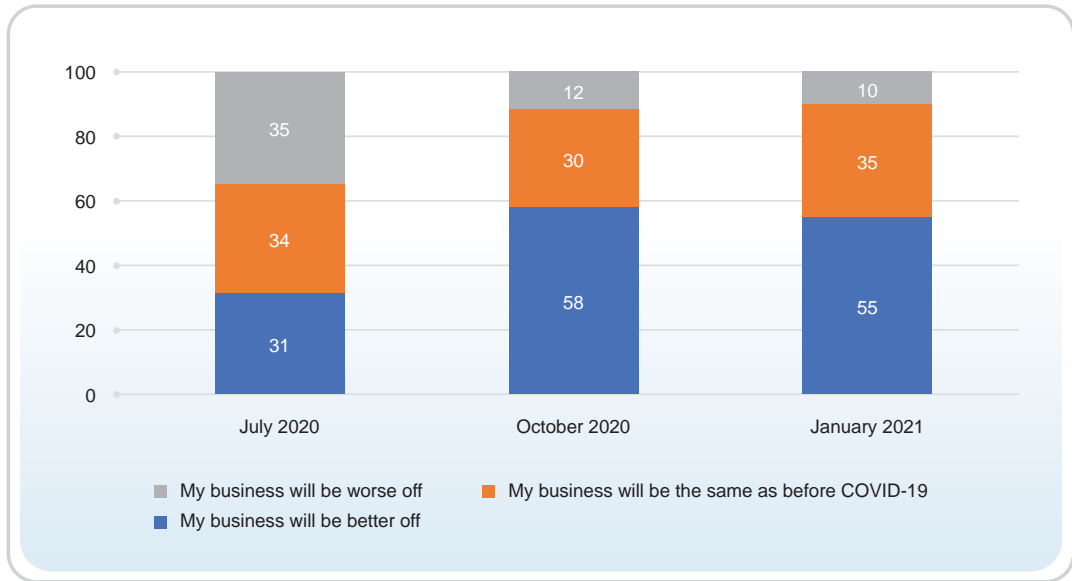
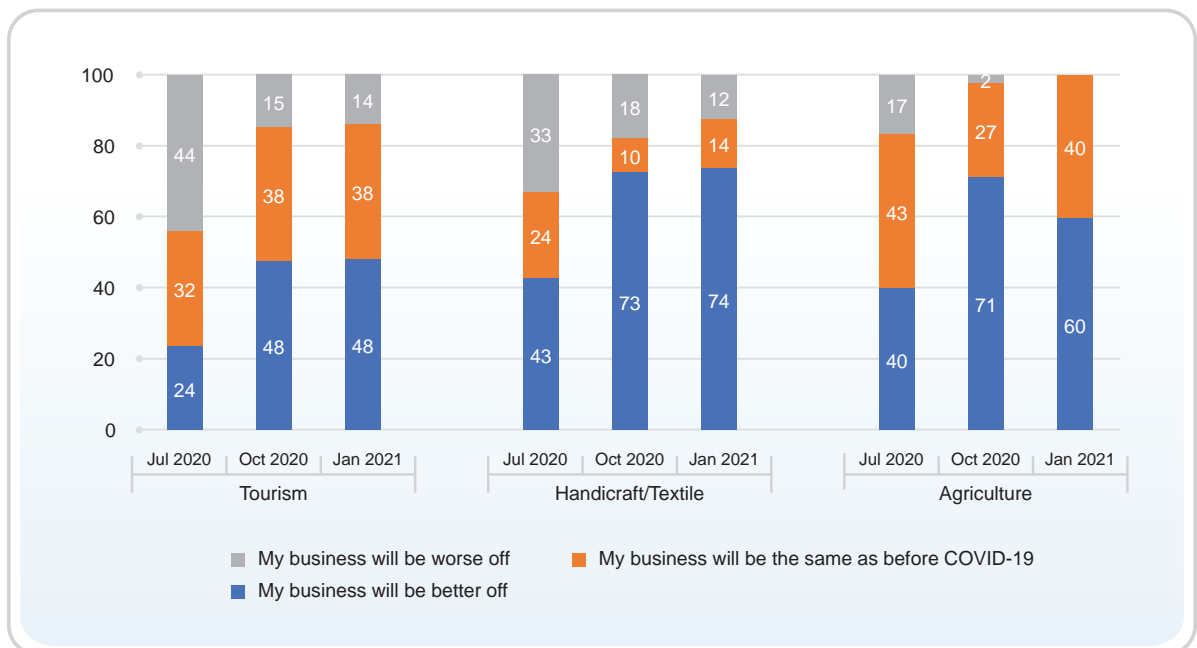


Figure 7.3.2 below illustrates that respondents in the tourism and handicraft/textile sectors reported greater optimism for their businesses over time. However, most agriculture sector respondents conveyed more optimism regarding their business prospects post-pandemic in October 2020 compared to previous or later survey phases. Responses to this question also confirm a trend in this research, that agriculture MSMEs were comparatively more stable and secure in general. Across all three phases, most farmers

expected their business would either stay the same or improve after the pandemic, compared to before. In the tourism sector, only 24% of respondents in July 2020 believed the business would be better off, but this increased to 48% in October and remained so in January 2021. Among handicraft/textile MSMEs in July 2020, 43% believed the business would be better off and this increased to 73% in October and remained about the same at 74% in January 2021.

Figure 7.3.2: What are the long-term expectations for the business after COVID-19 – by sectors across survey phases (%)



Respondents were asked why they believed their business would be better off or worse off. Respondents were allowed to provide multiple reasons. When asked why they believed their MSME would be better off, the primary reasons given were that the economy would be stronger overall (80% in July 2020, 97% in October 2020, and 90% in January 2021), there would be more customers (92% in July 2020, 92% in October 2020, and 89% in January 2021), more efficient operations (41% in July 2020, 30% in October 2020, and 47% in

January 2021) and changes in imports/exports (39% in July 2020, 40% in October 2020, and 52% in January 2021).

Similarly, the primary reasons why MSMEs anticipated their businesses would be worse off was a weaker economy overall (87% in July 2020, 91% in October 2020, and 100% in January 2021) and fewer customers (91% in July 2020, 85% in October 2020, and 88% in January 2021).

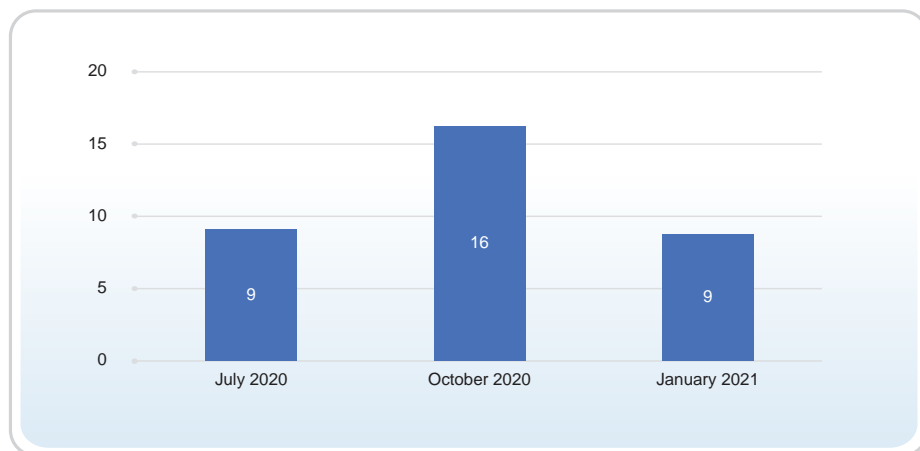
8. Government Assistance Programs

The COVID-19 pandemic reduced or ended the operations of many businesses due to social distancing requirements and restrictions on international travel, which motivated the government to extend support. This section outlines the knowledge of government assistance programs among respondents and their use of these programs. We also investigate why some MSMEs believed they did not receive support, their satisfaction with the programs, and their suggestions for future support.

8.1. Knowledge of Government Assistance Programs

In July 2020, respondents were asked to name government assistance programs in response to COVID-19. In October 2020 and January 2021, respondents were asked whether they knew of any additional government assistance programs since the last interview. Only 9% of respondents were familiar with any government assistance programs

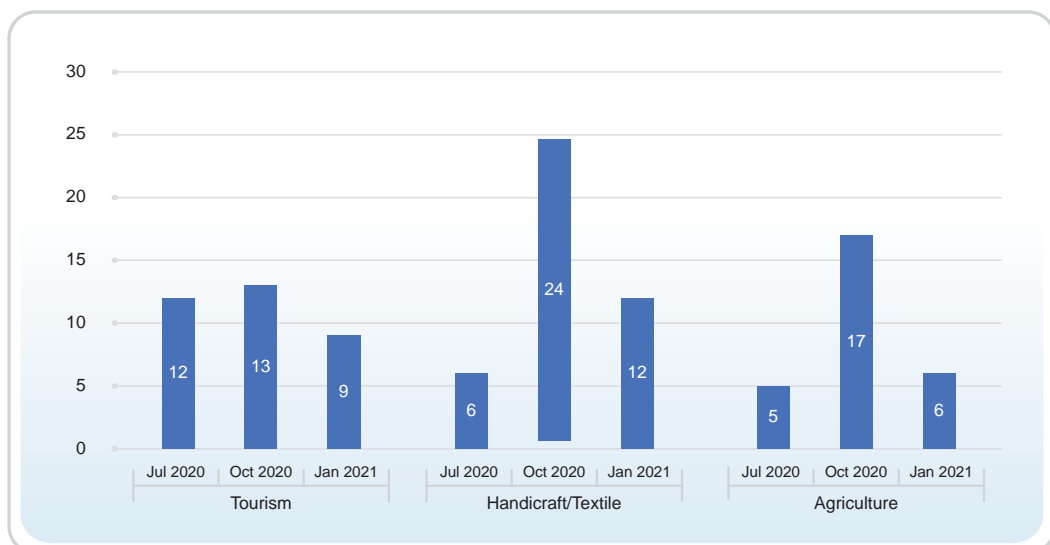
Figure 8.1.1: Knowledge of government assistance programs – across all survey phases (%)



in July 2020. In October 2020, 16% of respondents named additional government assistance programs. In January 2021, the proportion who knew about

additional government assistance programs reduced to 9% (37 MSMEs out of 421 interviewed).

Figure 8.1.2: Knowledge of government assistance programs – by sectors and across phases (%)



Though the majority of respondents in July 2020 (91%) could not name any government assistance programs, the persisting low awareness of additional government assistance programs in subsequent phases could be due to either a lack of new government assistance programs or lack of awareness. The government assistance programs named by respondents across phases are shown in Table 8.1.1 below. A few of the programs mentioned were delivered in cooperation with international partners.

Table 8.1.1: Most frequently named government assistance programs (%)

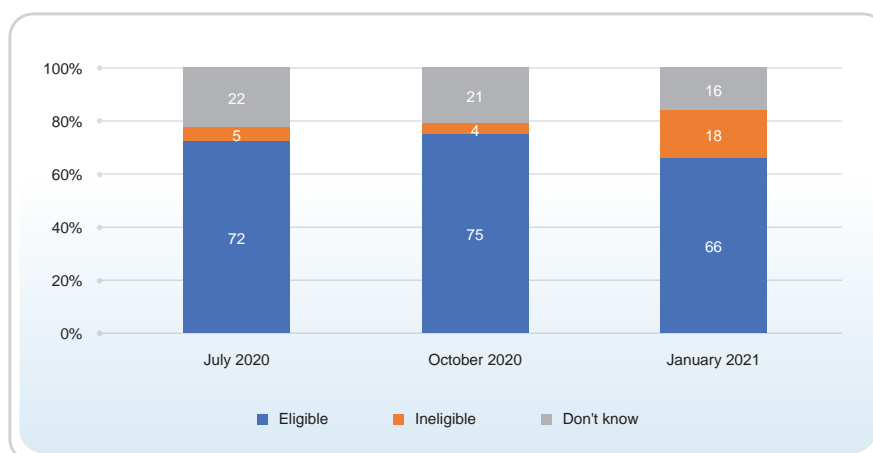
July 2020		October 2020		January 2021	
Tax reduction	19	Low interest loans	21	Low interest loans	45
Tax exemption	17	Tax reduction	21	Tax reduction	19
Low interest loans	16	Providing material for agriculture	7	Utility fee reduction/exemption	7
Agriculture promotion project	7	JICA Assistance program	5	Deferment of debt	7
Loan payment postponement	7	Labor training from a Korean University in collaboration with the Ministry of Information and Culture	4	Collaborative project between Korea and Laos to provide kilns	5
Electricity fee reduction	3	Technical advice on agricultural technique provided by the government	4	Support through providing trainings to promote their business	5
Interest reduction	3	Low interest loans	4	Employee welfare	2
Lao tourism promotion	3	Promotion of the ODOP (one district one product) project by the government	3	Lao/029 from LuxDev "Skills for Tourism" project	2
Loan for SME	3	Social Security Welfare	3	SME Clinic Project by LNCCI	2
Loans for helping those who were affected by COVID-19	3	Utility fee reduction/exemption	3	Providing COVID-19 protection equipment	2

8.2. Eligibility for Government Assistance Programs

Those who indicated they were aware of a government assistance program were asked about their eligibility for that program. As illustrated in Figure 8.2.1, between two thirds and three quarters of those who were

aware of government assistance programs believed they were eligible for at least one of those programs, with most of the remainder unsure. The January 2021 responses were an exception, where 18% stated they were ineligible, compared to 16% who didn't know. Reasons cited by MSMEs for why they were not eligible ranged from the program not targeting their type of business, to too many conditions and difficult document preparation, or insufficient working capital.

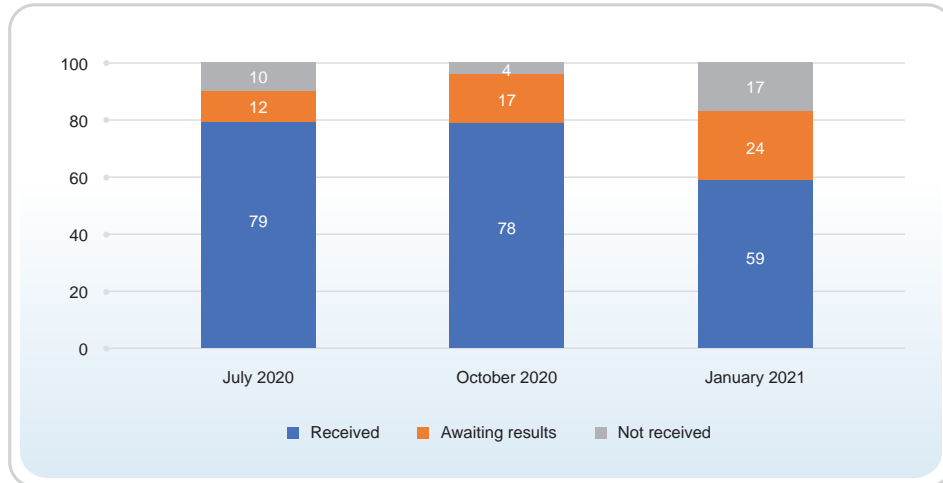
Figure 8.2.1: Eligibility for government assistance program – across all survey phases (%)



In July and October 2020, 79% (33 MSMEs) and 78% (54 MSMEs) respectively, of those who believed they were eligible, received assistance. In January 2021, 59% (17 MSMEs) of those who were eligible received assistance. In January 2021, the number of those who did not receive assistance was the highest out of all phases. It was also the first instance

of respondents reporting they had been rejected for unfair or inaccurate reasons. Of the 29 MSMEs in January 2021 eligible for the government assistance programs they named, seven MSMEs had not yet received the result of their application and five did not receive assistance. Of these five, one MSME did not apply, one did not receive any reason, and three MSMEs reported being rejected due to reasons that seemed unfair or inaccurate.

Figure 8.2.2: Received government assistance, out of those eligible – across all survey phases (%)



8.3. Satisfaction with Government Assistance Programs

MSMEs who received assistance or awaited the result in January 2021 (24 MSMEs) rated their level of satisfaction with the program on a scale from one

to 10 (one being the worst and 10 being the best). The ratings ranged from five to 10. The mean average rating was seven, with nine MSMEs rating their satisfaction as seven out of 10. In January 2021, no MSME rated their satisfaction under five points, compared to July 2020 and October 2020, where MSMEs rated their satisfaction at one, three, and four points.

Figure 8.3.1: Level of satisfaction with the program

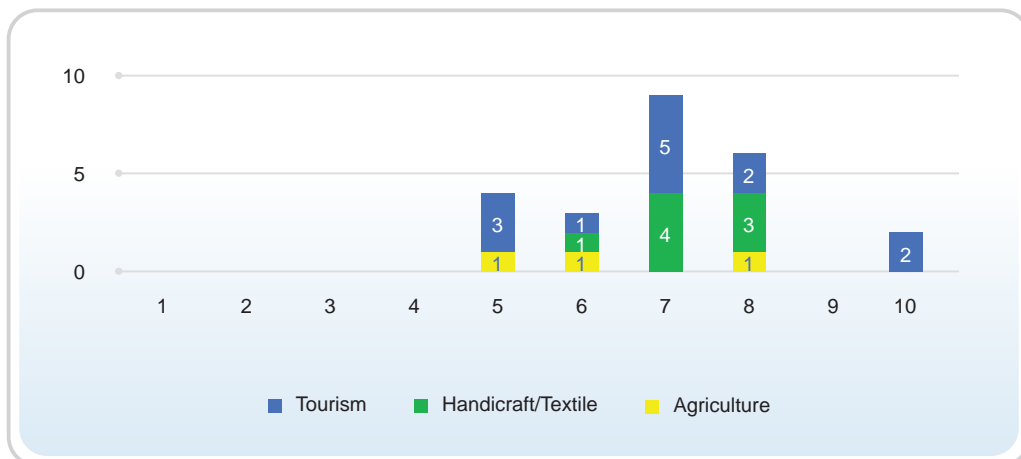


Table 8.3.1: Level of satisfaction with the program – across survey phases (%)

	July 2020	October 2020	January 2021
Low level of satisfaction	6	5	-
Medium level of satisfaction	48	48	67
High level of satisfaction	45	47	33

8.4 Suggestions for Government Assistance

All MSMEs provided suggestions for government assistance, some multiple. The most prevalent type of support MSMEs requested in January 2021 related to business operations (250 MSMEs). This ranged widely from funding for production equipment and raw materials, to assistance accessing new markets and support in online advertising. The second most prevalent suggestion

was to mitigate the cost of living (119 MSMEs), such as reducing or exempting taxes and utilities.

Across the three phases, MSMEs shifted their focus for support from costs towards policy. While requests for loans and financial relief prevailed in all three phases, the number of MSMEs suggesting loan-related support decreased from 193 MSMEs (23% of responses) in July 2020, to 159 MSMEs (28% of responses) in October 2020, to 68 MSMEs (14% of responses) in January 2021.

Table 8.4.1: Most common suggestions for government assistance – across all survey phases (%)

July 2020		October 2020		January 2021	
Low interest loans	22	Low interest loans	25	Need funds to continue operation	16
Reduce electricity fee	18	Tax reduction	21	Low interest loan	14
Reduce water fee	11	Providing material for agriculture	7	Utilities fee reduction	13
Reduce tax	10	JICA Assistance program	5	Support accessing new markets	12
Tourism promotion	8	Labor training from a Korean University in collaboration with the Ministry of Information and Culture	4	Tax reduction/exemption	11
Market expansion promotion	5	Technical advice on agricultural technique provided by the government	4	Need production equipment	8
Help about sales and logistics	4			Support online advertising	7
Help about employees who are affected due to COVID-19	4				

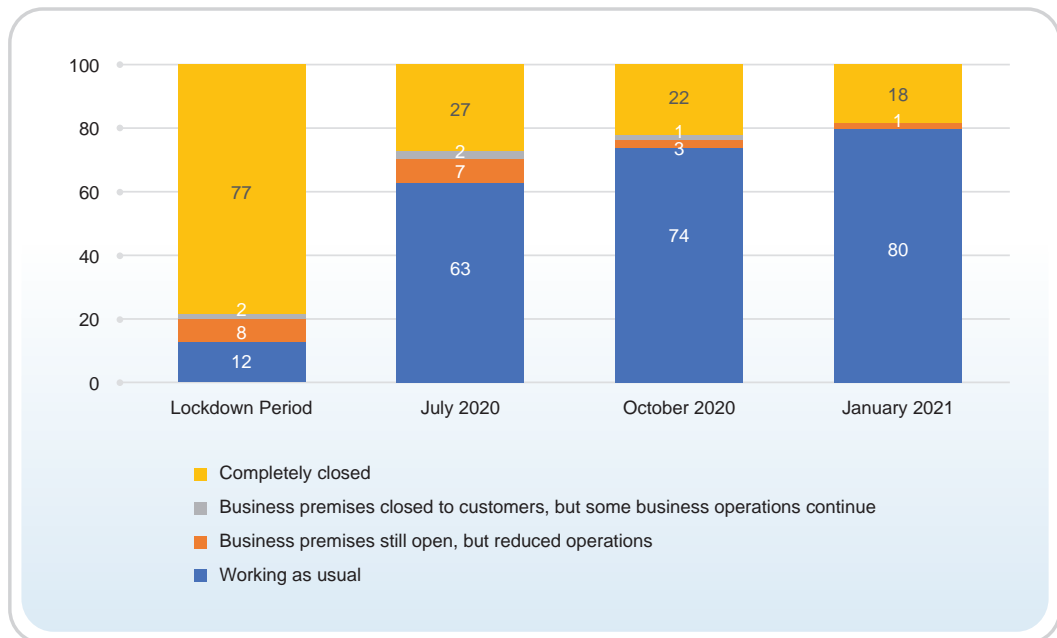
9. Key Findings on the Impact of COVID-19 on Tourism

9.1. Impact on Business Operations

With tight border restrictions and social distancing measures, the tourism sector was one of the most impacted in the Lao economy. This section reviews the responses of tourism MSMEs, amounting to 322 MSMEs in July 2020, 266 in October 2020, and 238 in January 2021.

During the lockdown period in 2020, more than three-fourths (77%) of the tourism MSMEs were completely closed and only 12% were working normally. In July 2020, just over a quarter (27%) of the MSMEs were completely closed while 63% were operating as usual. Those tourism MSMEs that were operating as usual increased to 74% as of October 2020 and finally to 80% as of January 2021. At the time of the survey in January 2021, 18% of tourism MSMEs remained completely closed.

Figure 9.1.1: Business operations status of tourism MSMEs – across all survey phases (%)

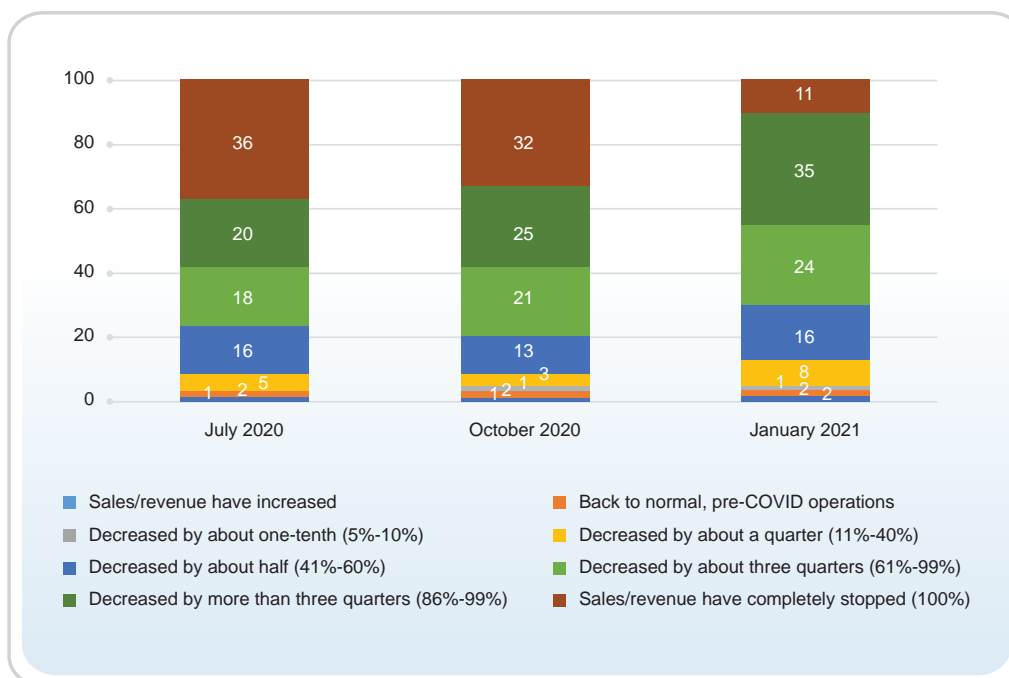


9.2. Impact on Revenue

Sales and revenue were severely affected for tourism MSMEs. In July 2020, 36% said that their sales/revenue had completely stopped. For another 20% of the firms, sales/revenue had decreased by 85-99%. In October 2020, the situation was as grim, with 32% reporting that sales/revenue had completely

stopped, and 25% reporting loss of sales/revenue of 85-99%. By January 2021, some firms that previously experienced complete revenue loss started seeing some sales. Those saying sales/revenue completely stopped reduced to 11%, while those noting losses of 85-99% increased to 35%. Overall, in January 2021, a significant majority (86%) of the MSMEs continued to report a loss of sales/revenue of more than 40%.

Figure 9.2.1: Impact on revenue for tourism MSMEs – across all survey phases (%)



9.3. Impact on Employment

At the start of the pandemic, the tourism MSMEs interviewed had a combined total of 5218 employees. As of July 2020, this had dropped to 2839, which would translate to 46% of the employees. The MSMEs who

responded in October 2020 mentioned having 2101 employees currently and the January 2021 survey showed a tally of 1860 employees. This shows how the recovery had not quite yet gained momentum in the tourism sector as of January 2021.

Table 9.3.1: Trend in tourism employment numbers

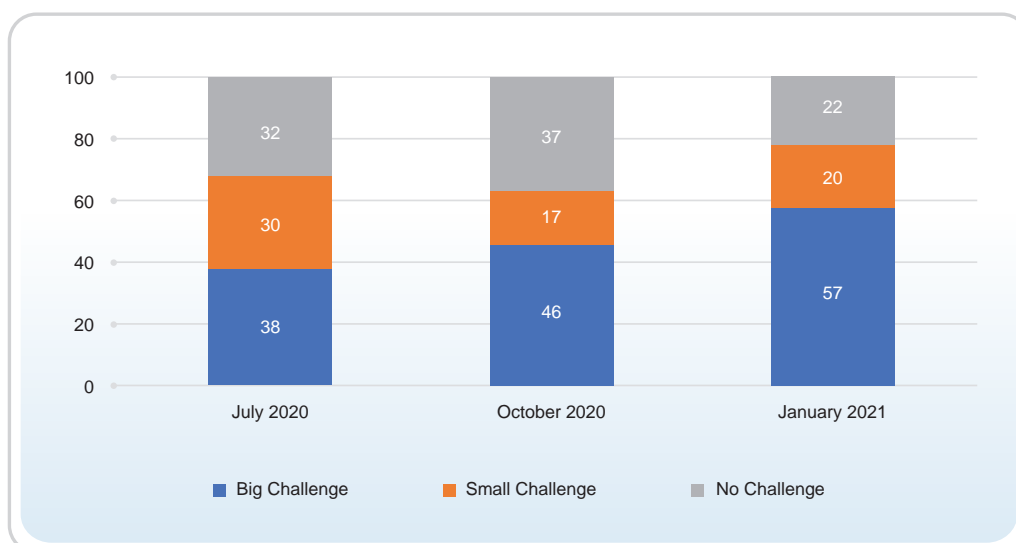
Total employees	Tourism
Before pandemic	5218
As of July 2020	2839
As of October 2020	2101
As of January 2021	1860

9.4. Impact on Import and Export

MSMEs who imported were questioned about their challenges in importing. In July 2020, 38% of tourism MSMEs who imported believed it was a big challenge, while 30% thought it was a small challenge, and 32% considered it as not a challenge. In October 2020,

46% considered imports to be a big challenge while 17% considered it a small challenge and another 37% considered it no challenge. In January 2021, again there was an increase in those tourism MSMEs who believed that it was a big challenge (57%), while 20% believed it was a small challenge and 22% believed it was not a challenge.

Figure 9.4.1: Challenges in importing amongst tourism MSMEs who import – all survey phases (%)



There were very few tourism MSMEs that exported in each survey round. The base is too small for any conclusive analysis.

9.5. Adapting to the New Normal: Changing Business Models

In all survey phases, several MSMEs in the tourism sector reported changing their business models. In July 2020, 167 tourism MSMEs mentioned that they changed their business model, in October 2020, 223 mentioned the same, and in January 2021, it was 183 MSMEs. Some changed models in more ways than one. The main ways across all phases that MSMEs made changes were:

- Adapting to social distancing;

- Devising new ways to reach customers through online markets or social media;
- Moving into new products and services in high demand during COVID-19;
- Reducing employee salaries.

Compared to previous survey round results, in January 2021, tourism MSMEs had increasingly shifted towards adapting to social distancing to operate (57%).⁶ Starting online marketing remained a popular choice, as nearly a quarter (24%) mentioned it in January 2021, compared to 28% in July 2020 and 31% in October 2020. Reducing employee salaries as an approach reduced considerably in January 2021 at 8% of responses compared to 21% in July 2020 and 24% in October 2020.

6. Compared to 38% in July 2020 and 22% in October 2020.

Table 9.5.1: Most common methods of changing business model – across all survey phases (%)

	July 2020	October 2020	January 2021
Operating while adapting to social distancing	38	22	57
New ways to reach customers through online markets or social media	28	31	24
New products and services that are in high demand during the COVID-19 pandemic	10	23	11
Reduced employee salary	21	24	8

All MSMEs who changed their business model during any of the phases were asked about their success after the change, measured in terms of their current sales/revenue compared to pre-pandemic levels. In January 2021, 26% mentioned recovering their revenues to pre-COVID-19 levels or higher. This is compared to only 9% in July 2020 and 20% in October 2020. However, in January 2021, nearly half (48%) still had “very low sales” or “need more time.” In July 2020, 60% mentioned having very low sales or needing more time. This percentage declined to 52% in October 2020 and finally to 48% in January 2021.

Overall, in January 2021, MSMEs reported slight improvements from October 2020. The proportion of tourism MSMEs reporting sales equal to or higher than pre-COVID-19 times gradually increased (20% in October 2020 and 26% in January 2021) and those reporting “very low sales” or “need more time” also dropped from 60% to 48% between July 2020 and January 2021. However, it is still evident that the majority of MSMEs in the tourism sector found limited success after changing business models.

	July 2020	October 2020	January 2021
Sales/revenue higher than pre-COVID level	4	3	9
Sales/revenue equal to pre-COVID level	5	17	17
New business is improving but have not reached pre-COVID level	30	28	26
Very low sales/revenue from new business model	19	17	40
Have just started to adapt business model, and need more time	41	35	8
We tried another business model, but stopped after a while	2	-	-

10. Conclusion

On COVID-19 impact. The impact of the pandemic on MSMEs in 2020 was harsh but eased over time (at least, until a surge in community spread occurred in Lao PDR in April 2021, sparking another lockdown). This was seen in the gradual but significant recovery of sales and revenues amongst those businesses that survived, between the initial lockdown period and early 2021. This could be just as much due to the easing of movement and social distancing restrictions as with the hardiness, support networks, and ingenuity of MSMEs.

At the same time, the difference in the impact felt between sectors was significant. The tourism sector felt more negative impact in all areas of business operations when compared to the handicraft/textile sector and the agriculture sector, and also lost significantly more employees. The agriculture sector, while not entirely unscathed, appeared the most stable during the first year of the pandemic, and similarly, farmers were the most optimistic that their businesses would pass through the economic shock unchanged or improved. This suggests the need for more sector-specific research in order to mitigate ongoing and future shocks. While handicraft/textile businesses were not as badly hurt as tourism MSMEs, and many employed the flexibility of moving into new product ranges, this research provided further evidence that this sector also relies on international movement for sales—underscoring the economic impact of the closure of borders. While tapping domestic markets was attempted by tourism and handicraft/textile MSMEs, competition was cited as one challenge to adaptation, in a situation where supply exceeded demand. Further research may also be needed not only on the challenges and needs of the tourism sector but also those businesses tangential to tourism, like handicraft/textile firms, who rely on foreign markets but may lack access to the funds, logistics infrastructure, or skills and expertise to bring their products to a foreign market through other channels, such as e-commerce.

On recovery and adaptation. Unfortunately, the persistence of the COVID-19 pandemic through the end of 2021 implies that the tourism sector holds little hope for immediate relief, though the Government of Lao PDR has announced plans for a cautious and staged re-opening.⁷ Restrictions on international movement, while they impact all three sectors, were cited as a big challenge much more frequently by tourism MSMEs. This may be due to the fact that goods continued to flow across borders, albeit more slowly, even during the strict lockdown period. The fact that between one fifth and one third of surveyed businesses (depending on the survey phase) attempted to adapt by accessing foreign markets, despite the fact that international borders were essentially closed, points to a potential for growth in this area. At the same time, in both October 2020 and January 2021, roughly a quarter of those who moved into online marketing reported they had achieved revenues equal to or exceeding pre-pandemic levels.

On government programs. The discovery that the vast majority of MSME representatives could not name a single COVID-19 support program points clearly to a need for improved communication on the support available. Lao PDR is not alone in this; research across the region illustrates that relatively few individuals were aware of or able to easily access support programs for MSMEs.⁸ While such support programs should be better publicized to their target beneficiaries, there is good reason to also improve and expand social protection programs for unemployed individuals and avail re-training for new occupations in industries less impacted. The fact that the participating agriculture MSMEs did relatively well compared to the other two sectors is comforting considering that around 80% of the rural population is engaged in agriculture; however, a smaller percentage, around a third, farm mainly for sale.⁹ In addition to more expansive social safety nets and re-skilling programs in the immediate and long-term, there is a clear opening and need to bolster e-commerce, to the benefit of multiple sectors in Lao PDR.

7. <https://laotiantimes.com/2021/11/18/laos-to-reopen-under-travel-green-zone-plan/>. Retrieved 10 December 2021.

8. <https://asiafoundation.org/publication/govasia-issue-3-barely-staying-afloat-the-impact-of-covid-19-on-msmes-in-southeast-asia/>.

9. <https://www.fao.org/laos/fao-in-laos/laos-at-a-glance/en/>. Retrieved 10 December 2021.

Annex 1: Sampling Details

Three main kinds of businesses targeted under the tourism sector. These were:

- Lodging (hotels, guesthouses, resorts, etc.)
- Restaurants and bars that serve mostly tourists.
- Tour operators.

From each of these above sources, relevant businesses were listed in the key towns of Luang Prabang, Vang Vieng, Pakse, Paksong, and Vientiane Capital. The sources used for sampling are the Discover Laos Today website (a private sector tourism site run in collaboration with the Laos Tourism Board), Trip Advisor, and the Laos Tourism Department. Once the lists were made, the targeted MSMEs were chosen using a systematic random sampling method. Apart from the main sample, an additional sample was chosen as back-up for use in case some businesses were not available for the survey.

There were some overlaps in the businesses among the three sources used. In case the randomly selected sample ended up with a business already selected, then a replacement was made by selecting another business randomly from the list.

Table 1.1: Location of sampled MSMEs who participated in all three phases

Province	Tourism	Handicraft/ Textile	Agriculture	Grand Total	Percentage
Attapue	-	-	4	4	1.0%
Bolikhamsay	-	-	4	4	1.0%
Champasack	40	4	13	57	13.5%
Huaphan	-	-	9	9	2.1%
Luang Prabang	74	28	7	109	25.9%
Oudomxay	-	-	6	6	1.4%
Phongsaly	-	-	18	18	4.3%
Salavan	-	-	3	3	0.7%
Sayaburi	-	-	2	2	0.5%
Sekong	-	-	3	3	0.7%
Vientiane Province	50	-	7	57	13.5%
Vientiane Capital	87	34	6	127	30.2%
Xiengkhouang	-	-	22	22	5.2%
Grand Total	251	66	104	421	100.0%

Annex 2: Final Version of the Questionnaire Used (January 2021)

Name of Interviewer: _____
Date of Interview: _____
StartTime of Interview: _____
EndTime of Interview: _____
Hello! Is this Mr./Ms. _____ from _____
enterprise? My name is _____. I am a representative of The Asia Foundation
calling you. We interviewed you last October about the Economic Impact of the COVID-19
to Lao MSME. This is the last phase of interviews, do you mind, if I would take your time for
15 - 20 minutes?

Questionnaire for Phone Interview

Remark:

- **Phase 1: during the first interviewing**
- **Phase 2: Since July 2020 to October 2020**
- **Phase 3: Since October 2020 to January 2021**

Part 1 - Basic Information (Interviewer fills the information prior to interview, and confirms with respondent)

- 1.1 Are you doing the same specific business?
 No
 Yes (*go to 3.2*)
- 1.2 If No, what happened to the previous business?
 Permanently closed (*go to 3.4.1*)
 New owner (*ask the phone number of new owner; call to he/she and continue asking from 1.3*)

Part 2 - Basic Information:

- 2.1 Code (*from Database*): _____
- 2.2 Name of enterprise (*from Database*): _____
- 2.3 Name and Surname of respondent (*from database, but if new respondent, please replace*):

- 2.4 Position of respondent (*from database, but if new respondent, please replace*):

- 2.5 Phone number of respondent (*from database, but if new respondent, please replace*):

- 2.6 Age of enterprise owner (*from database, but if new respondent, please replace*):
- a. Age of enterprise owner 1: _____
 - b. Age of enterprise owner 2: _____
 - c. Age of enterprise owner 3: _____

Part 3 - Business operations during COVID 19 pandemic (*All respondents*)

- 3.2. Today, how would you describe your *current* operations: [open question and recheck]
- Working as usual (*go to 3.5*)
 - Business premises still open, but reduced operations (such as take away service)
 - Business premises closed to customers, but some business operations continue (such as working from home or delivery)
 - Temporarily closed

3.3 When do you think you will be able to resume pre-COVID operations?

- Within a week
- In 1-3 weeks
- In 1-2 months
- In 3-6 months
- In more than 6 months

3.4.1. What are the primary reasons for not working as usual/being closed: *[Select multiple]*
[open question and recheck]

- Government authorities have ordered my business to close or reduce operations due to COVID-19
 - Very few or no customers due to COVID-19 pandemic
 - Shortage of supplies due to COVID-19 pandemic (shortage of ingredients, shortage of supported service)
 - Insufficient cashflow to maintain current level of employment
 - Insufficient cashflow to maintain current level of capital investment (e.g. for purchasing machinery or building business premises), supplies or material inputs
 - I'm concerned about the safety of me and my employees due to COVID-19
 - My employees are refusing to come to work
 - Other COVID-19 related reasons, what?
-

3.4.2. Other reasons not related to COVID-19

3.4.3. What is the weight of COVID-19 related reasons versus other reasons not related to COVID-19?

- Only because of COVID-19 (100% COVID-19)
- Mostly because of COVID-19 (75% COVID-19)
- Both because of COVID-19 and other reasons (50% COVID-19)
- Mostly because of non-COVID-19 related reasons (25% COVID-19)
- Only because of non-COVID-19 related reasons (0% COVID-19)

*** For permanently closed enterprises, go to part 7**

3.5 How has the COVID-19 pandemic affected the revenue/sales of your business? *(NOTE: compare situation from **phase 2 (October 2020)** to the **present (January 2021)**)*

- Sales/revenue have increased
- There has been no change in sales/revenue
- Sales/revenue have decreased by about one tenth (5% - 10%)
- Sales/revenue have decreased by about a quarter (11% - 40%)
- Sales/revenue have decreased by about half (41% - 60%)
- Sales/revenue have decreased by about three-quarters (61% - 85%)
- Sales/revenue have decreased by more than three quarters (86% - 99%)
- Sales/revenue have completely stopped (100%)
- Don't know
- Refuse to answer

3.6 How has the COVID-19 pandemic affected the revenue/sales of your business? *(NOTE: compare **situation now** with the **same time last year**)*

- Sales/revenue have increased
- Back to normal, pre-COVID operations
- Sales/revenue are still lower than pre-COVID by around a tenth (5% - 10%)
- Sales/revenue are still lower than pre-COVID by around a quarter (11% - 40%)
- Sales/revenue are still lower than pre-COVID by around a half (41% - 60%)

- Sales/revenue are still lower than pre-COVID by around three-quarters (61% - 85%)
- Sales/revenue are still lower than pre-COVID by more than three-quarters (86% - 99%)
- Sales/revenue have completely stopped (100%)
- Don't know
- Refuse to answer

3.7 Is the survival of your company at risk because of COVID-19 now:

- No, not at risk
- Yes, but low risk
- Yes, moderate risk
- Yes, high risk

3.8 How much longer could your company survive under current conditions (i.e. without additional loans or support):

- Less than a week
- 1-3 weeks
- 1-2 months
- 3-6 months
- More than 6 months
- We can survive through this crisis (or indefinitely) under current conditions

3.9.3 Currently, are you unable to pay bills or expenses?

- No
- Yes (*go to 3.10*)

3.9.4 Do you expect to be unable to pay bills or expenses due to COVID-19 in the future?

- No (*go to 3.12*)
- Yes
- Don't know (*go to 3.12*)

3.9.5 If yes, what month and year do you **EXPECT** to be unable to pay bills or expenses?
Month and year: _____

3.10 (If "Yes" for 3.9.3 and 3.9.4) How much additional cash (i.e. NOT from regular sales) will you require to stay in business for each additional month after the date indicated in 3.9.5
_____ (amount per month)

***3.11 (please entry the old answer from phase 2 before interview Phase 3), Please describe your business premises*

The answer from phase 2: _____

3.12 (*Check from Phase 2 results if the respondent rent/lease their business premises*) How has the landlord of your main business premises reacted to COVID-19 from **phase 2 (October 2020)** to the **present (January 2021)**?

- There has been no change in my agreement with the landlord
- My landlord has increased the rent
- My landlord has decreased the rent
- My landlord has given me more time to pay rent
- My landlord has granted me some time free of rent
- My landlord has reacted in other ways [open answer]

Part 4 - Supply chain and logistics related questions

***4.1.1 (please enter the old answer from phase 2 before interview Phase 3), Does your enterprise import?*

The answer from phase 2: _____

***4.1.2 (please enter the old answer from phase 2 before interview Phase 3), Does your enterprise export?*

The answer from phase 2: _____

4.3 (Check results from Phase 2 → only ask those who import/export) Are you currently experiencing any of the following challenges for import and export due to COVID-19 and government restrictions to control it

The Challenges for import and export	Yes (big challenge)	Yes (small challenge)	No
1. Restrictions on international import			
2. Difficulty in delivering products to other countries (i.e. export)			

4.4 Are you currently experiencing any of the following challenges in your business due to COVID-19 and government restrictions to control it [SELECT Y/N]:

The Challenges in your business	Yes (big challenge)	Yes (small challenge)	No
1. Restrictions on international travel/mobility			
2. Restrictions on movement within the country			
3. Difficulty in delivering products within the country			
4. Availability of services needed for my business			
5. Availability of (domestic) inputs/materials that you need for making your products			
6. Availability of labor			

***4.5.1 (please enter the old answer from phase 2 before interview Phase 3), do you have contracts with your suppliers?*

The answer from phase 2: _____

4.5.2 (Check phase 2 results → if respondents have contracts with suppliers) From the **October 2020 to January 2021**, have you had to (permanently) **cancel contracts with your suppliers** due to the decline in business?

- No (go to 4.6)
- Yes

4.5.3 If yes, how many suppliers have been affected _____ [number]

4.6 How much will your business operations be affected by the current social distancing (January 2021) requirements of the government to control the spread of COVID-19? (Select one)

- No impact on operations from social distancing requirements
- Small impact on operations
- Moderate impact on operations
- Major impact on our operations
- We cannot operate our business under the social distancing requirements

Part 5 - Employees (All respondents)

***5.3 (please enter the old answer from phase 2 before interview Phase 3).
How many employees do you have? (October 2020)*

Owner him/herself		Family Labor		Full-time Staff		Part-time Staff		Total Number		Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	

5.3 How many employees do you have now (January 2021)? [number]

Owner him/herself		Family Labor		Full-time Staff		Part-time Staff		Total Number		Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	

5.4.1 (If the staff number has changed from Phase 2 to now (January 2021)) Why do you have more or less staff?

- *If the staff number increased go to 5.4.2.**
- *If the staff number did not change go to 5.8.1**
- *If the staff number decreased go to 5.6**

5.4.2, How many of the staff you hired since October 2020 were former staff who you let go because of reduced operations or economic hardship due to the COVID-19 pandemic? (go to 6.1.2)

_____ [number]

5.6 (If staff number **decreased** since Phase 2) For the people who were let go (and are not re-hired by now), do you expect to rehire them after the crisis is over?

- Yes, I expect to hire everyone back as soon as possible
- I expect to hire back most (50% or more) of the employees that have been let go
- I expect to hire back some (10-50%) of the employees that have been let go
- I expect to hire back very few (less than 10%) of the employees that have been let go
- No, I do not plan to re-hire any of the employees that have been let go
- Don't know

5.7 (If staff number **decreased** since Phase 2) As far as you know, have the people you let go since **October 2020** have been able to find other sources of income from:

Other sources of income	No	Yes	Don't Know	If yes, how many?
1. Government assistance/insurance programs				
2. Found a new job				
3. Support from relatives/friends				
4. Support from charities				
5. I provided them with some support				
6. Others (Please specify)				

5.8.1 Have you reduced the number of hours staff can work to minimize layoffs since **October 2020**?

- Yes
- No (go to 5.9)

5.8.2 If yes, by how much (number of hours per week on average): _____
[number]

5.9 How many more people do you expect to let go in the next 2 months:

- Yes _____ [number],
- No
- don't know

Part 6 - Adaptation and coping strategies (All respondents)

6.1.2 (Please check the result of Phase 2 and fill the answer in table below) Since **October 2020**, in what way have you changed your business model as a result of the COVID-19 pandemic crisis? [Select multiple] [open question and recheck]

Answer	Phase 2 (mark ✓) From 6.1.2	Phase 3 (mark ✓)
We have found ways to operate while adapting to social distancing (e.g., work from home, home delivery/take out for restaurants)		
We have moved into new products and services that are in high demand during the COVID-19 pandemic crisis.		
(*) We have found new ways to reach customers through online markets, or social media		
We have discussed with our employees to find an agreement of reducing their salary so that we can keep all employees.		
No Change		
Other: _____ _____ _____		

6.1.1 (You can select the answer by seeing the answer from 6.1.2) Since October 2020, have you changed your business model as a result of the COVID-19 pandemic crisis?

- Yes, change phase 3 (go to 6.2)
- Yes, change only phase 2 and/or phase 1, but not change phase 3 (go to 6.3)
- No (go to 6.5)

6.2 What challenges do you face in adapting your business in response to the crisis?

6.3 (If 6.1.1 yes, or **have changed their business model in Phase 2**) How successful have you been in changing your business model? [open question and recheck]

- Sales/revenue higher than pre-COVID level
- Sales/revenue equal to pre-COVID level
- New business is improving but have not reached pre-COVID level
- Very low sales/revenue from new business model
- Have just started to adapt business model, and need more time
- We tried another business model, but stopped after a while. (If respondents choose this answer: please describe, why did you stop trying the new business model):

6.4 (***Include those doing online marketing currently + from Phase 2**) Question for SME that doing online marketing [(*) Yes, we have found new ways to reach customers through online markets, or social media], please answer below question

How successful they were at reaching new customers through online markets

6.4.1 Are you reaching domestic and/or international customers by the online markets?

- No
- Yes, I am reaching domestic customers
- Yes, I am reaching international customers
- Yes, I am reaching both customers

6.4.2 What are the difficulty in online marketing?

6.4.3 What kind of support do you need?

6.5.1 In the long-term, how do you think your business will emerge after the COVID-19 crisis, **compared to before COVID-19?** [open question and recheck]

- My business will be the same as before COVID-19 (go to 7.1)
- My business will be better off than before COVID-19, because (go to 6.5.2)
- My business will be worse off than before COVID-19, because (go to 6.5.3)

6.5.2 My business will be better off than before COVID-19, because:

- Stronger economy overall
- More customers (or new customers) for my business
- Better use of digital technology to reach new markets
- Changes in imports/exports
- Easier to obtain labor
- More efficient operations
- Other:

6.5.3 My business will be worse off than before COVID-19, because:

- Weaker economy overall
 - Fewer customers for my business
 - More difficult to obtain inputs or materials
 - More barriers to export/import
 - More difficult to obtain labor
 - Other:
-

Part 7 - Government assistance during COVID 19 situation (All respondents)

7.1 (Check results from Phase 2 and remind interviewees the programs they mentioned) Do you know any (additional) government assistance programs?

****If the owner/manager changed, ask:** Do you know any government assistance programs?

- Yes
- No (if No, go to 7.8)

7.2 If yes, what is the name of the program(s)

Program 1	Program 2	Program 3	Program 4	Program 5

Program 1: Program Name is _____

7.3.1 Are you eligible for this program?

- Yes (go to 7.5.1)
- No
- Don't Know (go to 7.8)

7.4.1 If you are not eligible for this assistance, why?

- My business is not registered (go to 7.8)
- My business is not affected by COVID (go to 7.8)
- Program is not intended for my type of business (go to 7.8)
- Don't have information to know if eligible (go to 7.8)
- Other reason (please specify) (go to 7.8)

7.5.1 Are you receiving assistance under this program?

- Yes (go to 7.7.1)
- Awaiting result (go to 7.7.1)
- No

7.6.1 If you are eligible but not receiving this assistance, why?

- I chose not to apply (go to 7.8)
- I cannot register or apply for the program because the government office is too far away or closed (go to 7.8)
- I was rejected based on reasons that seemed in line with the rules (or regulations) (go to 7.8)
- I was rejected due to reasons that seemed unfair or inaccurate (go to 7.8)
- I was rejected, and no reason was given (go to 7.8)
- I do not have the necessary information or requirements needed to apply (go to 7.8)
- I do not have the necessary resources or money needed to apply (go to 7.8)
- Other reason (specify) (go to 7.8)

7.7.1 What is your level of satisfaction with this program? (Rate 1 (lowest) to 10 (highest))

Program 2: Program Name is _____

7.3.2 Are you eligible for this program?

- Yes (go to 7.5.2)
- No
- Don't Know (go to 7.8)

7.4.2 If you are not eligible for this assistance, why?

- My business is not registered (go to 7.8)
- My business is not affected by COVID (go to 7.8)
- Program is not intended for my type of business (go to 7.8)
- Don't have information to know if eligible (go to 7.8)
- Other reason (please specify) (go to 7.8)

7.5.2 Are you receiving assistance under this program?

- Yes (go to 7.7.2)
- Awaiting result (go to 7.7.2)
- No

7.6.2 If you are eligible but not receiving this assistance, why?

- I chose not to apply (go to 7.8)
- I cannot register or apply for the program because the government office is too far away or closed (go to 7.8)
- I was rejected based on reasons that seemed in line with the rules (or regulations) (go to 7.8)
- I was rejected due to reasons that seemed unfair or inaccurate (go to 7.8)
- I was rejected, and no reason was given (go to 7.8)
- I do not have the necessary information or requirements needed to apply (go to 7.8)
- I do not have the necessary resources or money needed to apply (go to 7.8)
- Other reason (specify) (go to 7.8)

7.7.2 What is your level of satisfaction with this program? (Rate 1 (lowest) to 10 (highest))

Program 3: Program Name is _____

7.3.3 Are you eligible for this program?

- Yes (go to 7.5.3)
- No
- Don't Know (go to 7.8)

7.4.3 If you are not eligible for this assistance, why?

- My business is not registered (go to 7.8)
- My business is not affected by COVID (go to 7.8)
- Program is not intended for my type of business (go to 7.8)
- Don't have information to know if eligible (go to 7.8)
- Other reason (please specify) (go to 7.8)

7.5.3 Are you receiving assistance under this program?

- Yes (go to 7.7.3)
- Awaiting result (go to 7.7.3)
- No

7.6.3 If you are eligible but not receiving this assistance, why?

- I chose not to apply *(go to 7.8)*
- I cannot register or apply for the program because the government office is too far away or closed *(go to 7.8)*
- I was rejected based on reasons that seemed in line with the rules (or regulations) *(go to 7.8)*
- I was rejected due to reasons that seemed unfair or inaccurate *(go to 7.8)*
- I was rejected, and no reason was given *(go to 7.8)*
- I do not have the necessary information or requirements needed to apply *(go to 7.8)*
- I do not have the necessary resources or money needed to apply *(go to 7.8)*
- Other reason (specify) *(go to 7.8)*

7.7.3 What is your level of satisfaction with this program? (Rate 1 *(lowest)* to 10 *(highest)*)

Program 4: Program Name is _____

7.3.4 Are you eligible for this program?

- Yes *(go to 7.5.4)*
- No
- Don't Know *(go to 7.8)*

7.4.4 If you are not eligible for this assistance, why?

- My business is not registered *(go to 7.8)*
- My business is not affected by COVID *(go to 7.8)*
- Program is not intended for my type of business *(go to 7.8)*
- Don't have information to know if eligible *(go to 7.8)*
- Other reason (please specify) *(go to 7.8)*

7.5.4 Are you receiving assistance under this program?

- Yes *(go to 7.7.4)*
- Awaiting result *(go to 7.7.4)*
- No

7.6.4 If you are eligible but not receiving this assistance, why?

- I chose not to apply *(go to 7.8)*
- I cannot register or apply for the program because the government office is too far away or closed *(go to 7.8)*
- I was rejected based on reasons that seemed in line with the rules (or regulations) *(go to 7.8)*
- I was rejected due to reasons that seemed unfair or inaccurate *(go to 7.8)*
- I was rejected, and no reason was given *(go to 7.8)*
- I do not have the necessary information or requirements needed to apply *(go to 7.8)*
- I do not have the necessary resources or money needed to apply *(go to 7.8)*
- Other reason (specify) *(go to 7.8)*

7.7.4 What is your level of satisfaction with this program? (Rate 1 *(lowest)* to 10 *(highest)*)

Program 5: Program Name is _____

7.3.5 Are you eligible for this program?

- Yes *(go to 7.5.5)*
- No
- Don't Know *(go to 7.8)*

7.4.5 If you are not eligible for this assistance, why?

- My business is not registered *(go to 7.8)*
- My business is not affected by COVID *(go to 7.8)*
- Program is not intended for my type of business *(go to 7.8)*
- Don't have information to know if eligible *(go to 7.8)*
- Other reason (please specify) *(go to 7.8)*

7.5.5 Are you receiving assistance under this program?

- Yes *(go to 7.7.5)*
- Awaiting result *(go to 7.7.5)*
- No

7.6.5 If you are eligible but not receiving this assistance, why?

- I chose not to apply *(go to 7.8)*
- I cannot register or apply for the program because the government office is too far away or closed *(go to 7.8)*
- I was rejected based on reasons that seemed in line with the rules (or regulations) *(go to 7.8)*
- I was rejected due to reasons that seemed unfair or inaccurate *(go to 7.8)*
- I was rejected, and no reason was given *(go to 7.8)*
- I do not have the necessary information or requirements needed to apply *(go to 7.8)*
- I do not have the necessary resources or money needed to apply *(go to 7.8)*
- Other reason (specify) *(go to 7.8)*

7.7.5 What is your level of satisfaction with this program? (Rate 1 *(lowest)* to 10 *(highest)*)

7.8 What kind of support would you need?

Finally, our questions have finished. For each interview, we will transfer 20,000 Kip refill card for your cooperation. Would you like to refill this number or another number? Thank you for your cooperation.

If another number: _____

