The Pacific Observatory

Socio-economic impacts of COVID-19 in Vanuatu

Insights from High Frequency Phone Surveys, July-September 2022
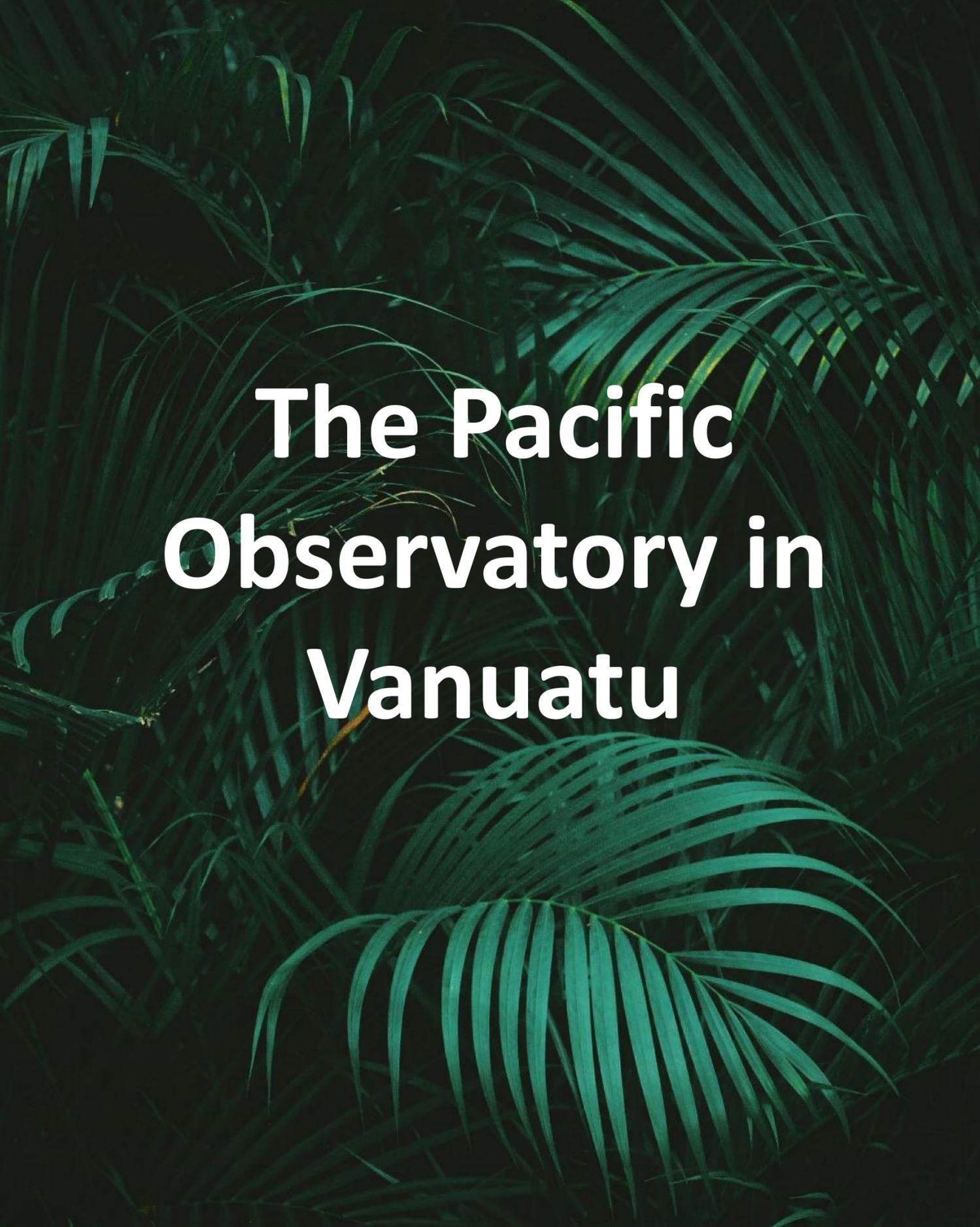
The Pacific Observatory in Vanuatu

The Pacific Observatory is…

a World Bank analytical program that aims to improve welfare for the poor and vulnerable in Vanuatu and the Pacific Island Countries through expanding socio-economic information for better data-driven policymaking.

This presentation utilizes data from the Pacific Observatory's first round of high frequency phone survey in Vanuatu…

To detail socio-economic indicators related to:
- Employment and incomes
- Child education, food insecurity and coping strategies
- Health care access and COVID-19
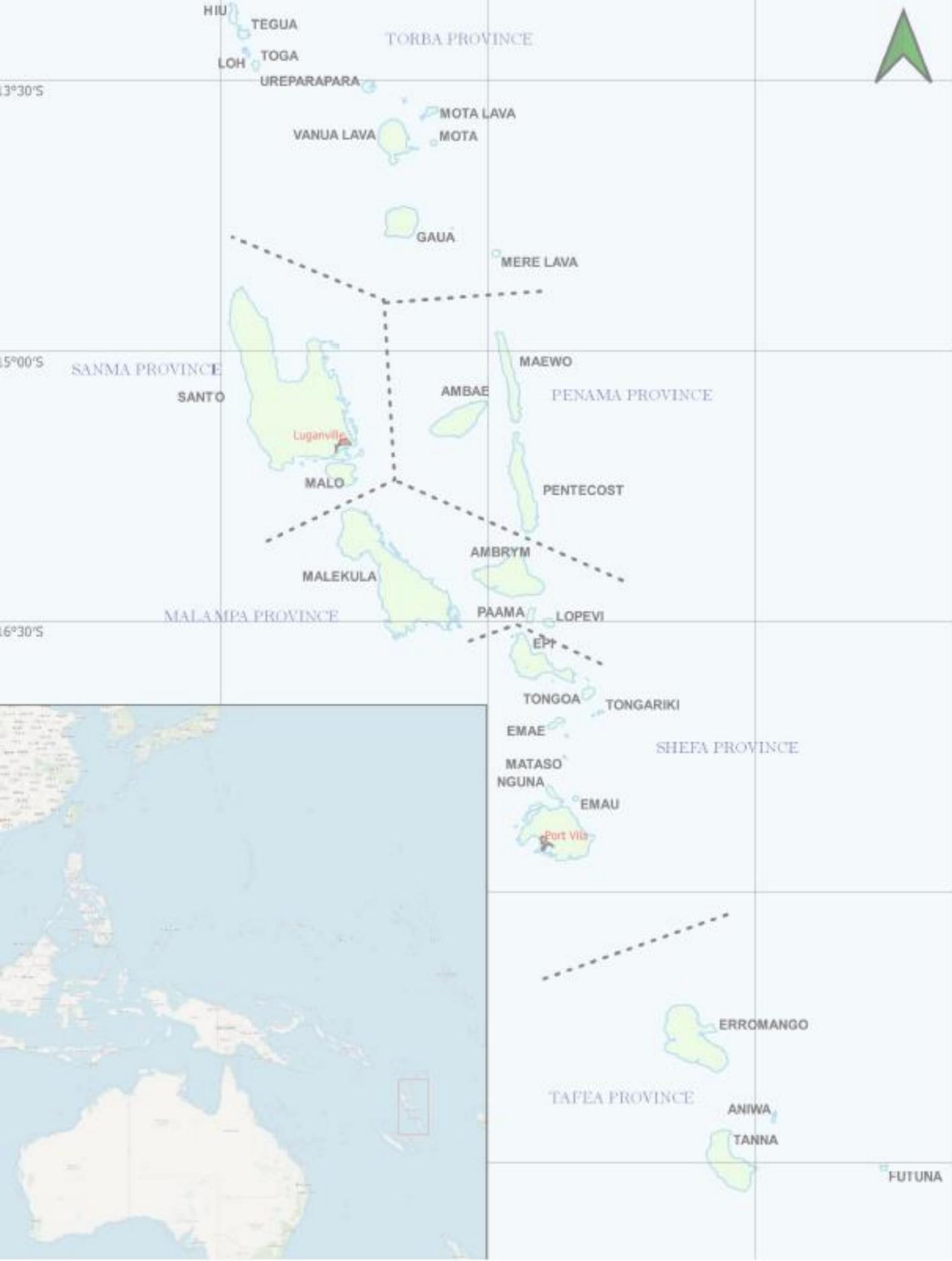
Background

Context:
- The government issued a state of emergency for COVID-19 in March 2020. However, the first case of community transmission was observed only on March 4, 2022, followed by the implementation of lockdown and other restrictions.

High Frequency Phone Surveys (HFPS):
- To assess and monitor the economic and social impacts of the COVID-19 pandemic, the World Bank launched a household-level HFPS with a plan to continue surveys until mid-2024.
- Surveys aim to interview the same households across rounds, with a complement of new households, to monitor various socio-economic outcomes and inform policy and government programs.
- Similar HFPS have been implemented in Papua New Guinea, Solomon Islands, and Tonga, with Fiji in the pipeline, under the World Bank Pacific Observatory initiative.

Key findings

The findings point to **the need of support for poorer households** who tend to be disproportionately affected by economic shocks. Moreover, **a formal social protection system** needs to be established as informal social protection systems may not be effective in the presence of covariate shocks that affect both supporting and receiving families.

Employment and Income

More than half of workers experienced income decline/loss in agriculture, manufacturing, and tourism-related service jobs. Poorer workers were less likely to be working at the time of the survey.

Education

Poorer households were more likely to stop their children from attending schools: 13% of children from those households have dropped out during the last 12 months.

Coping with the pandemic

While many people received private transfers (such as receiving food and cash from family members, relatives, and friends) to deal with the shock, poorer people also relied on coping strategies that would not last for long, such as cutting consumption and spending from savings.

Poorer people faced food insecurity more often. While 27% of population experienced food insecurity during the last month from the time of the survey, 38% of poorer people did so.

Survey timing - before, during and after the COVID-19 outbreak

First case of community transmission
3/4/2022

new COVID-19 cases

% of people fully vaccinated / stringency index

- data collection period
- new COVID-19 cases (smoothed, LH axis)
- stringency index (RH axis)
- % of people fully vaccinated (RH axis)

Source: Our World in Data https://ourworldindata.org/. Data retrieved on September 2, 2022.
Note: Stringency index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest).

The first-round survey was collected after the lifting of COVID-19 restrictions

- The Vanuatu HFPS interviewed 2,515 households between July 19 and Sept 16, 2022.

- The survey asked households about various socio-economic characteristics – such as age and sex, livelihood, asset ownership, food insecurity – to assess the socio-economic impacts of the recent COVID-19 outbreak.*

* See the Annex slide for the details of the survey methodology.

Employment and incomes

Poorer people were less likely to be working at the time of the survey

Private transfers were an important household income source

Experience of income reductions was prevalent, except for workers with professional or public jobs

Private transfers, including remittances, were an important household income source

Aside from incomes from agriculture and wage jobs, households received private transfers from various sources, such as remittances* from abroad (28%), family members in the country (30%), and non-family individuals (20%).

Households received government assistance in the form of unemployment benefits (19%) and pension (27%). The former may reflect government's third financial stimulus package, including Small Business Grants (SBG).

* Remittances refer to only transfers from abroad in this report.

Household income sources (% of HHs, multiple choice)

Income source	%
Family farming or livestock	58%
Wage employment	49%
Assistance from family within the country	30%
Remittances from abroad	28%
Pension	27%
Fishing	25%
Non-farm family business	22%
Assistance from other non-family individuals	20%
Unemployment benefits	19%
Assistance from NGOs	7%
Income from properties, investments, or saving	6%
Assistance from the government	3%
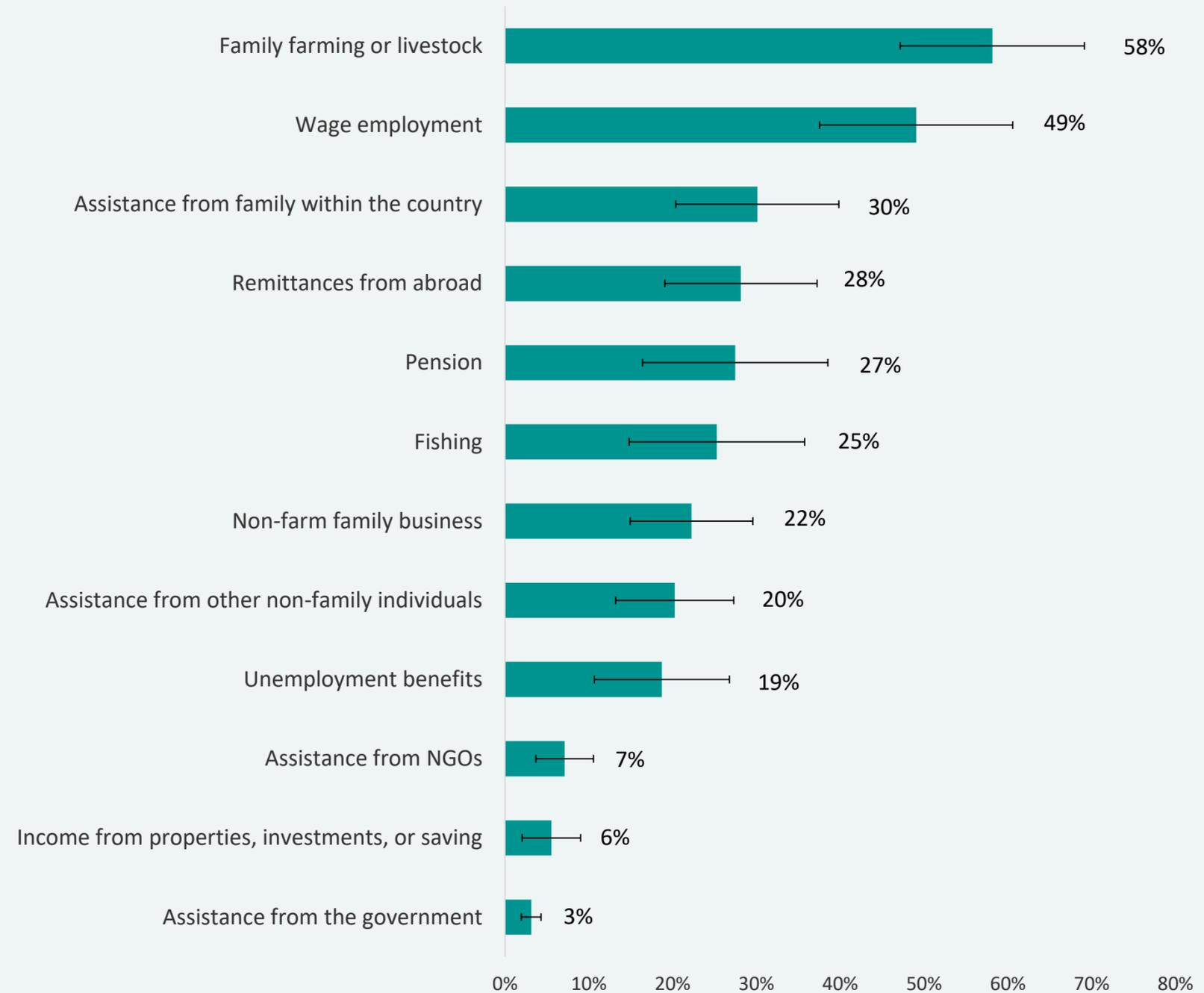
Note: Error bars indicate 90 percent confidence intervals.
Source: Vanuatu HFPS R1 (July-Sept 2022)

More than half the households experienced income reductions from non-farm family businesses

A large proportion of households reported reduction in income from non-farm businesses since March 2022. More than half of households with non-farm businesses (57%) had their incomes decreased since March 2022, while 27% of household experienced an increase.

Half of the households reported a reduction in the amount of remittances received. Remittances increased for 17% of households and stayed the same for 33% of households.

Changes in household incomes (% of households)
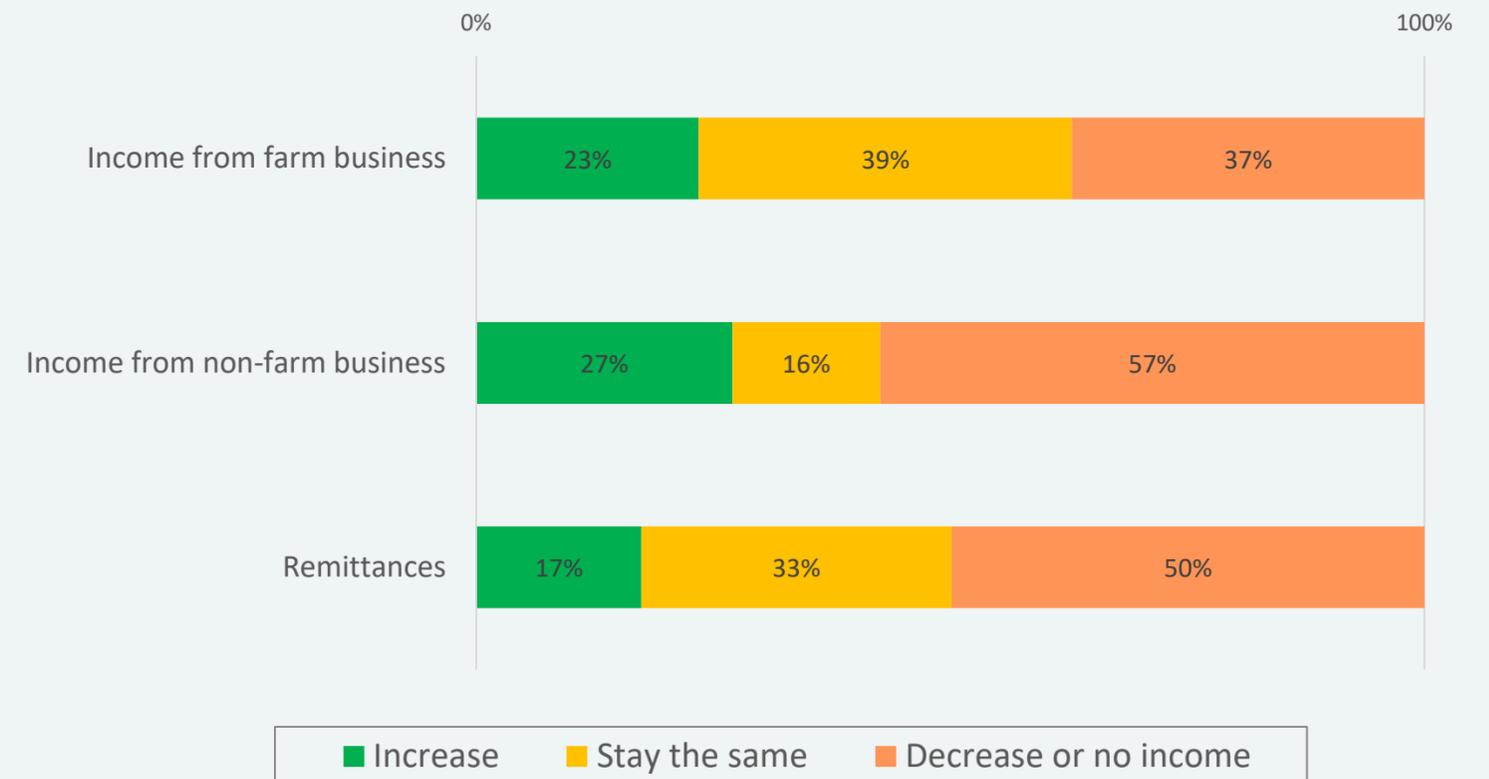
	0%		100%

	Increase	Stay the same	Decrease or no income
Income from farm business	23%	39%	37%
Income from non-farm business	27%	16%	57%
Remittances	17%	33%	50%

Poorer people were less likely to be working at the time of the survey

At the time of the survey, 58% of adults were working. The proportion of working adults are reported to be higher among male (64%) as opposed to female (51%) and richer people (59%) as opposed to poor people (38%).

Among those working, 57% was doing so in the service sector, followed by agriculture (33%) and industry (10%).
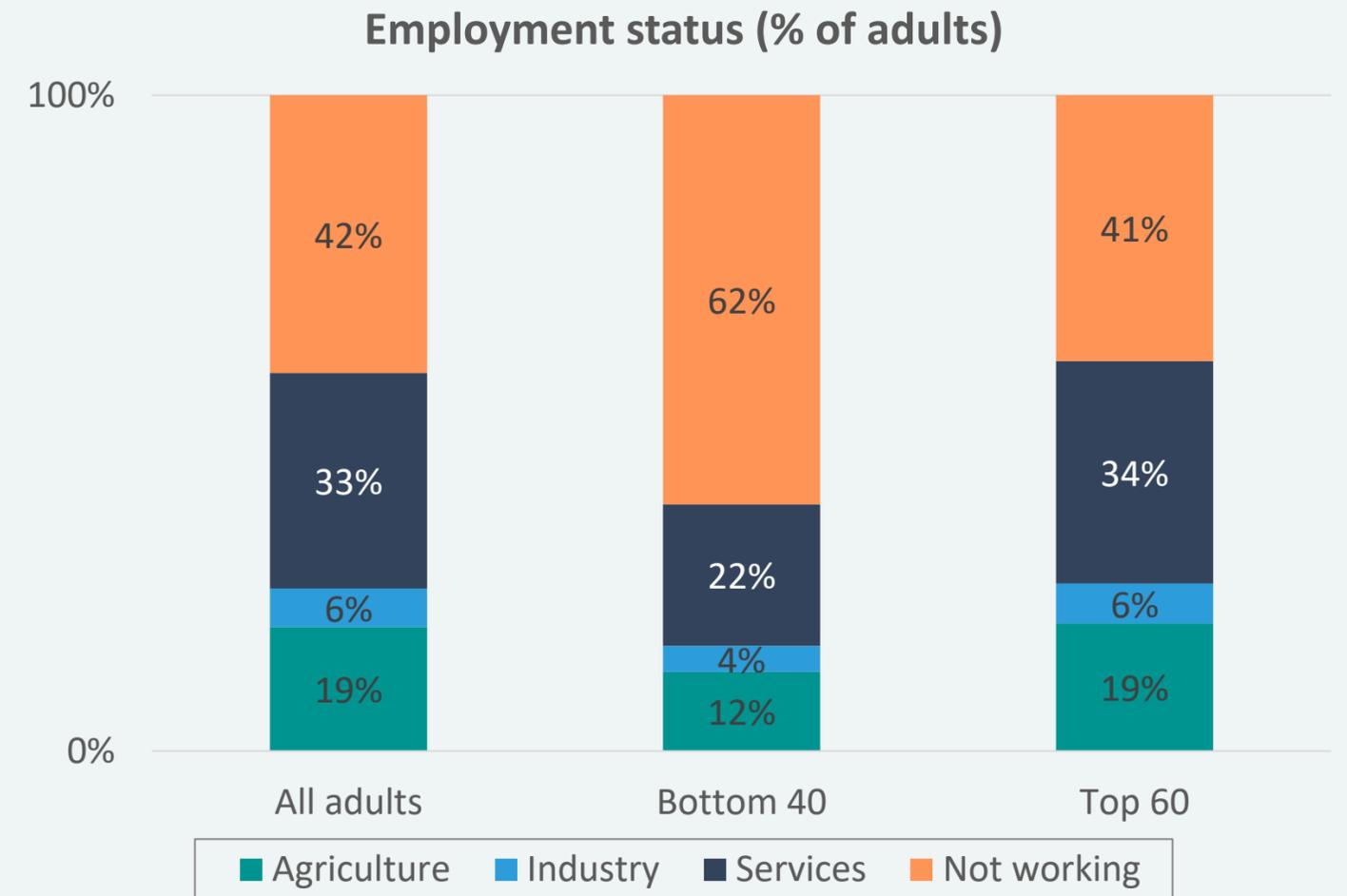
Employment status (% of adults)

	All adults	Bottom 40	Top 60
Not working	42%	62%	41%
Services	33%	22%	34%
Industry	6%	4%	6%
Agriculture	19%	12%	19%

Legend: ■ Agriculture ■ Industry ■ Services ■ Not working

Source: Vanuatu HFPS R1 (July-Sept 2022)
Note: Bottom 40 (Top 60) refer to workers in the households whose consumption levels are ranked in the bottom 40 percentiles (top 60 percentiles) based on the consumption distribution in the 2019 HIES data.

Workers in agriculture, manufacturing, transportation, and tourism sectors experienced reductions in incomes...

A large share of workers experienced reduction in their incomes in the following sectors: manufacturing (73%), transportation (72%), agriculture (57%), and tourism (54%).

By contrast, relatively a small portion of workers reported reduction in incomes in financial and other professional sectors (13%) and education, health, and public administration (21%).


Changes in income since the lockdown in March 2022 (% of workers)

Share of workers (%)

Legend: ■ Increased ■ Stay the same ■ Decreased or no income

Source: Vanuatu HFPS R1 (July-Sept 2022)
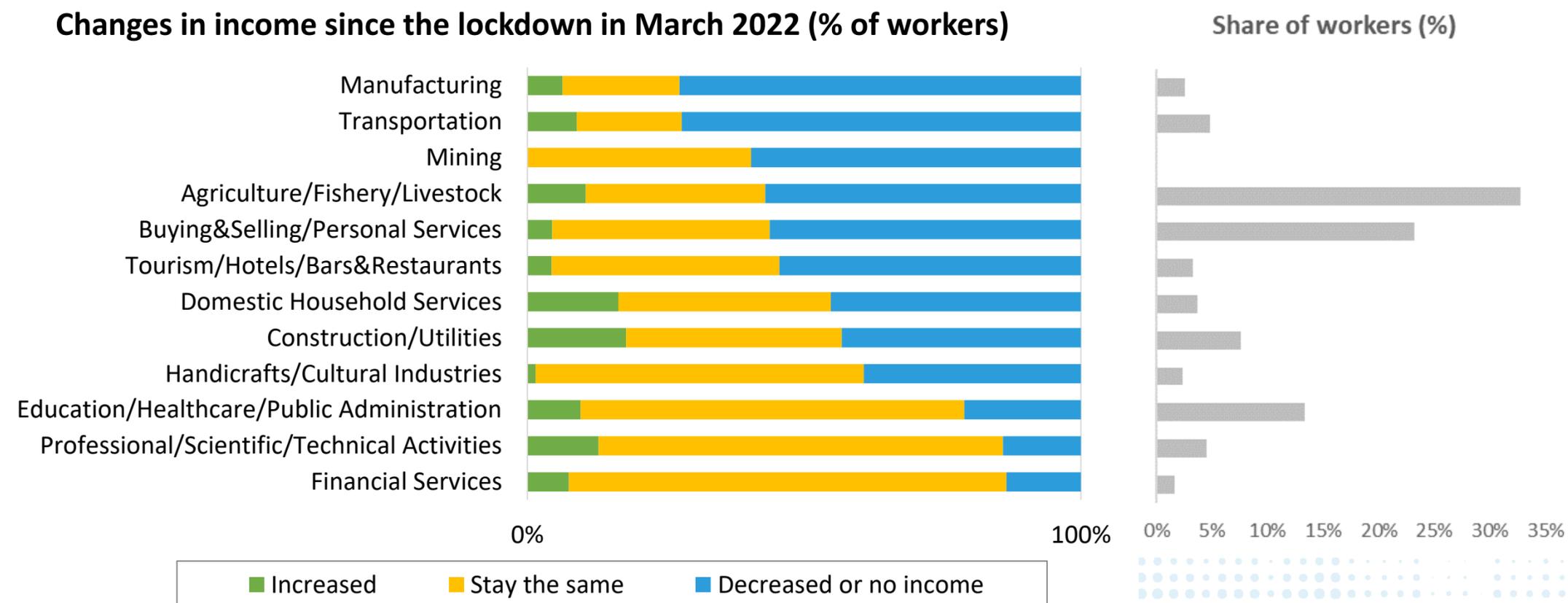
… and many of those experiencing income reductions are informal workers

Changes in income since the lockdown in March 2022 (% of workers)

Share of informal workers (%)

- ■ Increased
- ■ Stay the same
- ■ Decreased or no income
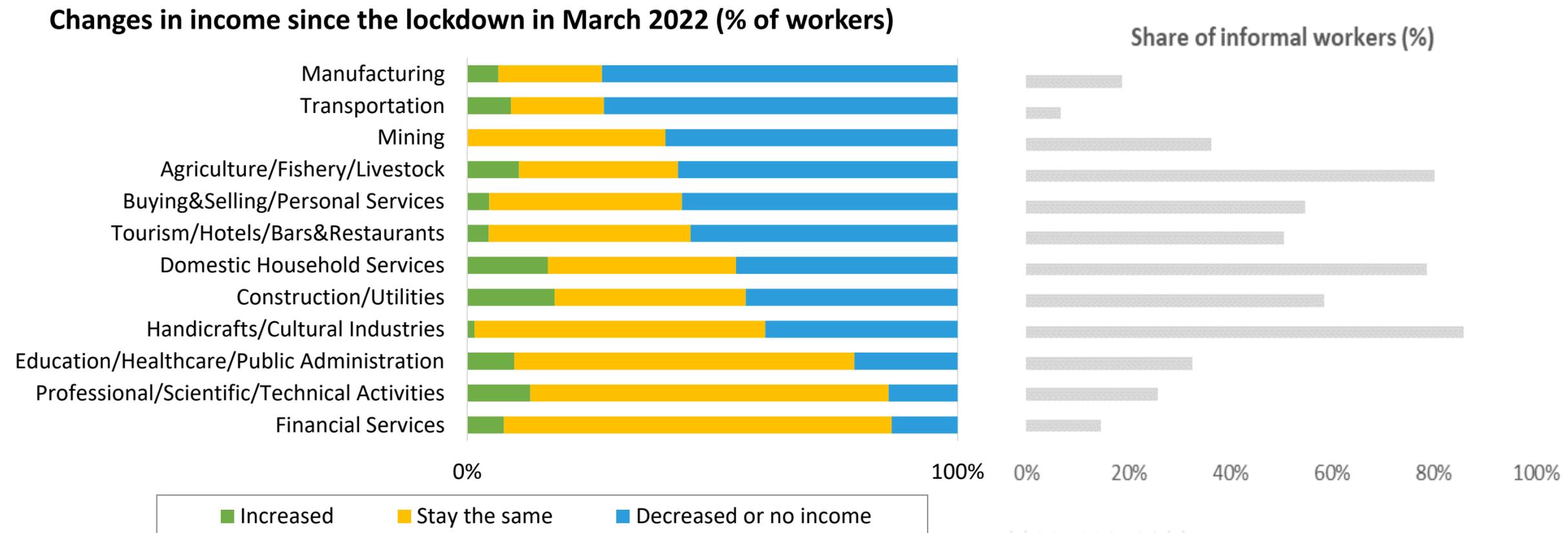
Access to Health Care and Education

Most households accessed healthcare when needed
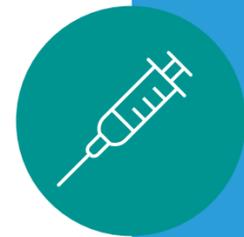
Households were not able to access health care mainly because they could not travel due to COVID-19

Children from poorer households were more likely to drop out of school during the last 12 months

Most households were able to access health care when needed

More than 95% of households accessed urgent/routine/preventive health care when needed during the last month.

Households were not able to access health care mainly because they could not travel due to COVID-19.

% of households who accessed health case when needed

Urgent care	Routine care	Preventive care
3%	5%	2%
97%	95%	98%

■ Yes ■ No
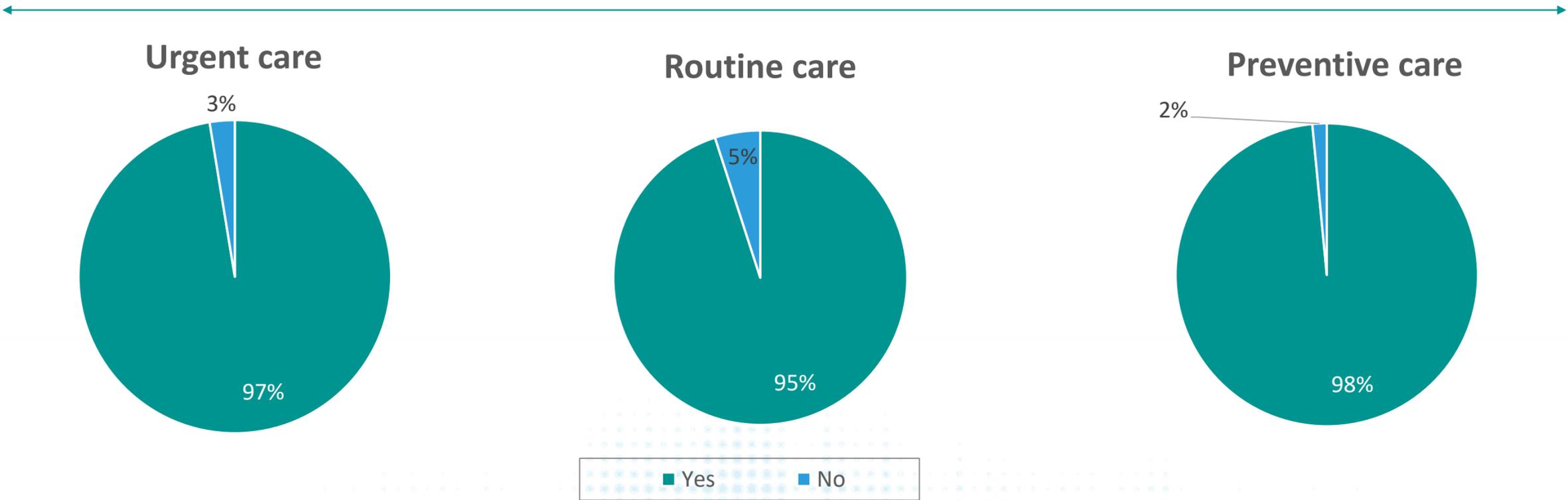
7% of children dropped out during the last 12 months, with a higher dropout rate among children from poorer households

Nearly 30% of children stopped going to school for some period during the last 12 months, and a quarter of them (=7% of children) did not return to school (i.e., dropped out).

Older children were more likely to have dropped out: 11% among the age 13-18 group.

Children belonging to poorer households are more likely to have dropped out of school (13% in Bottom 40 vs 7% in Top 60).

No distinct pattern is observed across locations.

% of children with school attendance disrupted

Legend: ■ Did not go to school for some period during the last 12 months ■ Dropped out
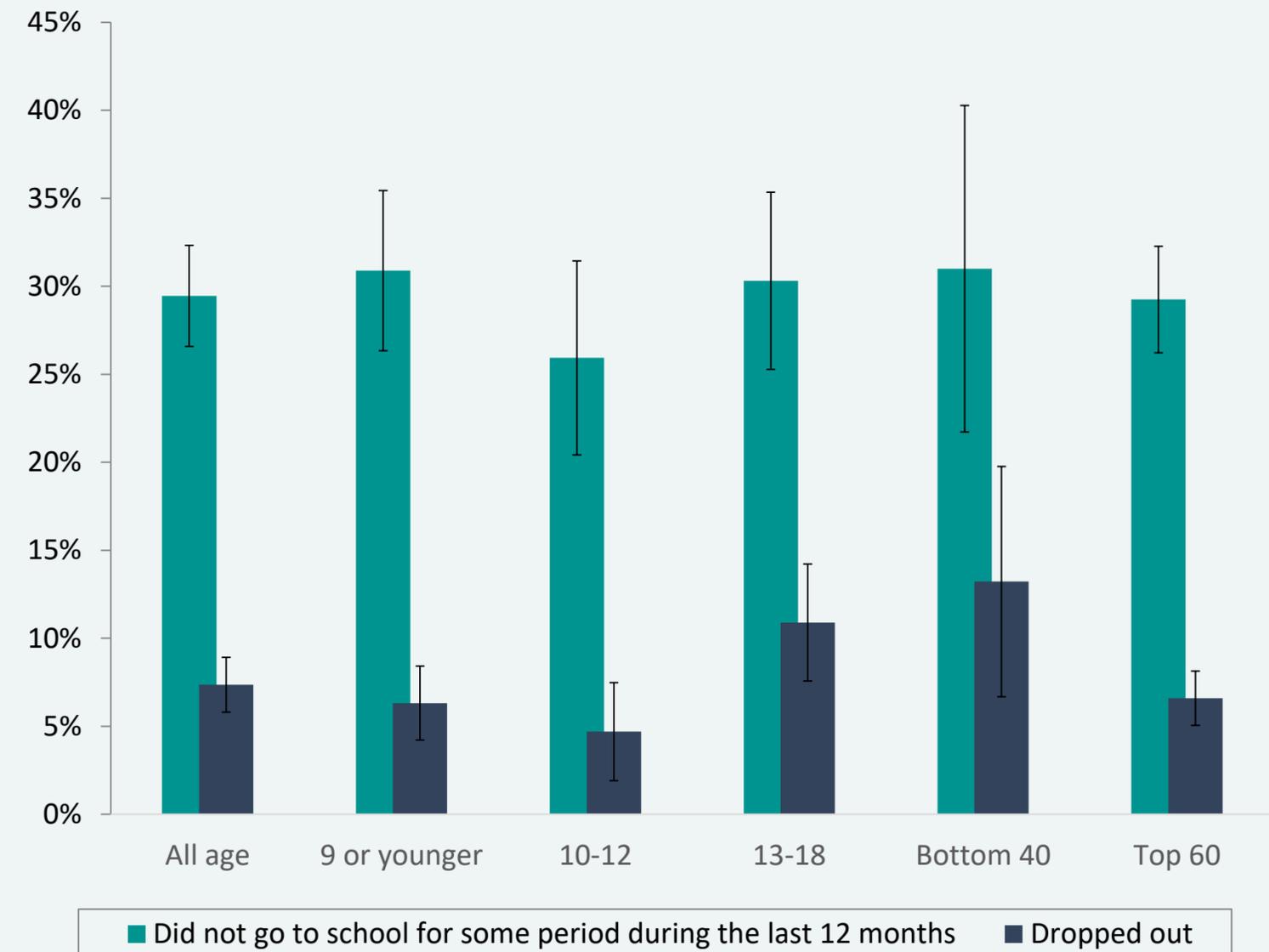
Source: Vanuatu HFPS R1 (July-Sept 2022)
Note: Error bars indicate 90% confidence intervals

Food security, coping strategies and financial anxiety

Food insecurity was prevalent – particularly among poorer people

People dealt with shocks by relying on coping strategies that could not last for long

Two thirds of households worried about their financial status for the next month

Food insecurity was common, though households with agricultural activities were less likely to face the problem

3 in 5 people (60%) reported that they did not have enough food during the last month.

Some people experienced a more severe situation: 14% of people had an experience of being hungry during the last month. Moreover, 7% of people spent at least a whole day without eating anything.

Households that engaged agricultural activities were less likely to experience food insecurity.

Experience of food insecurity during the last month (% of population)
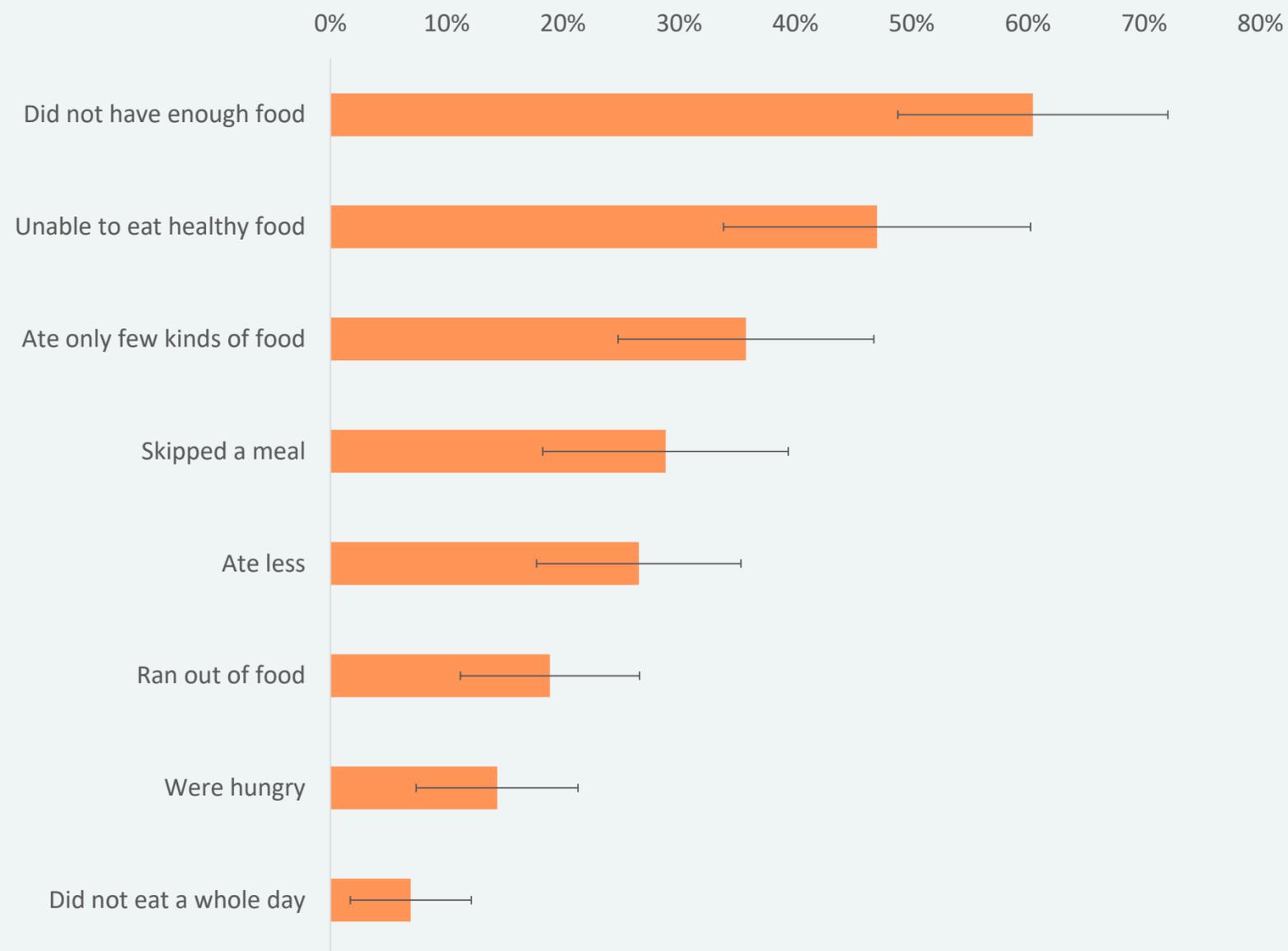
Source: Vanuatu HFPS R1 (July-Sept 2022)
Note: Error bars indicate 90% confidence intervals

A quarter of people experienced food insecurity during the last month, with poor people more likely to have done so

Based on the Food Insecurity Experience Scale (FIES) measure, 27% and 5% of population experienced moderate and severe food insecurity, respectively, during the last month since the time of the survey.

Food insecurity was relatively higher in urban areas (31%, compared to 26% in rural areas) and among poorer people (38%, compared to 26% among richer people).

Food insecurity during the last month (% of population)
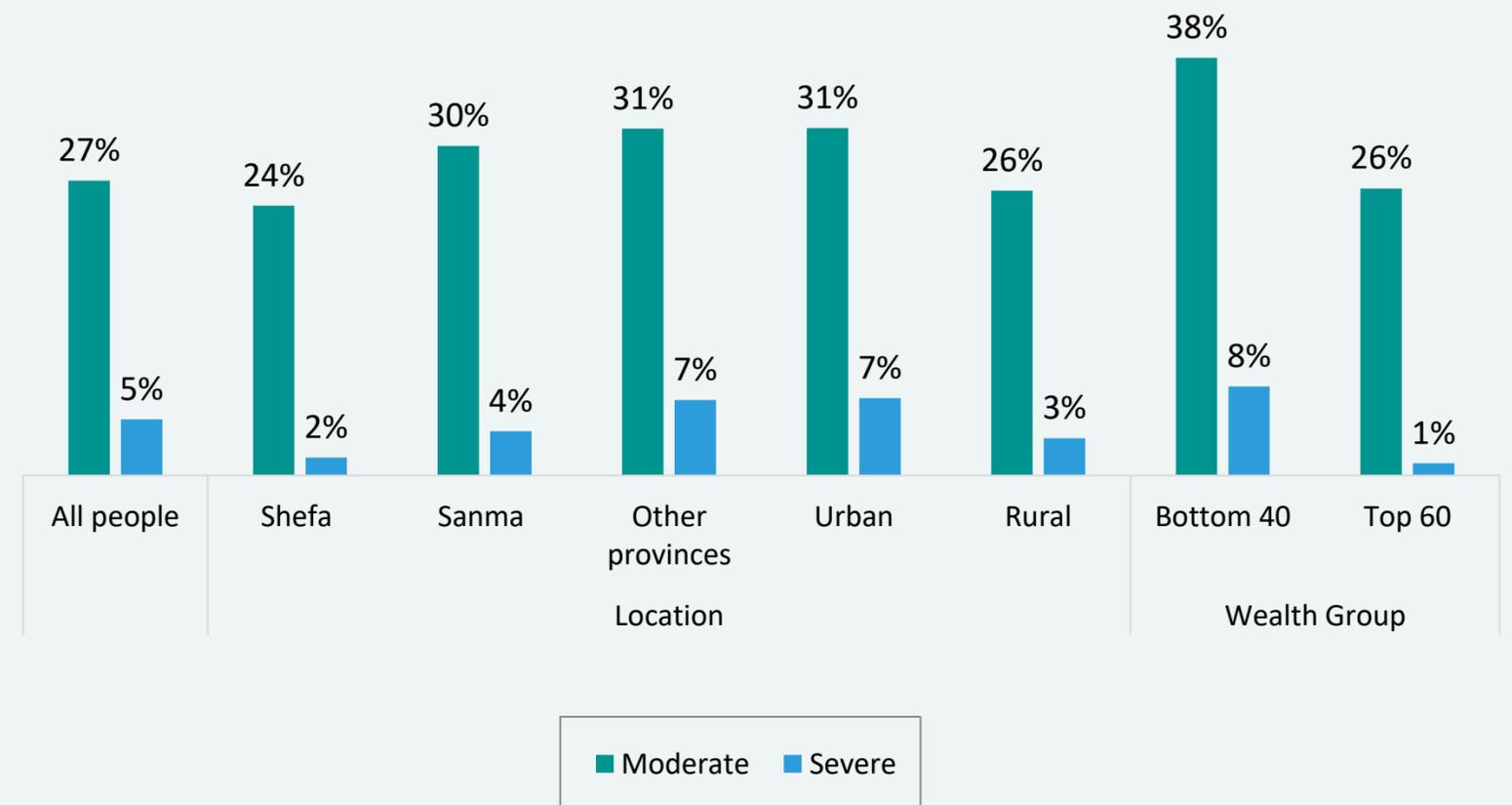
■ Moderate   ■ Severe

Many households, particularly poorer ones, relied on coping strategies that could not last for long

A large proportion of households relied on coping strategies that would harm them in the medium and long terms, such as reducing non-food consumption (61%) and food consumption (46%), spending from savings (44%), and reducing number of children attending school (38%).

Poor households were more likely to rely on unsustainable coping strategies.

Receiving private assistance was also common: from friends and family (33%); church (15%); and community-based organizations (13%).

Only 9% of households relied on government assistance to cope with the shock.

Have you had to do any of the following since the lockdown starting in March 2022? (% of households, multiple choice)
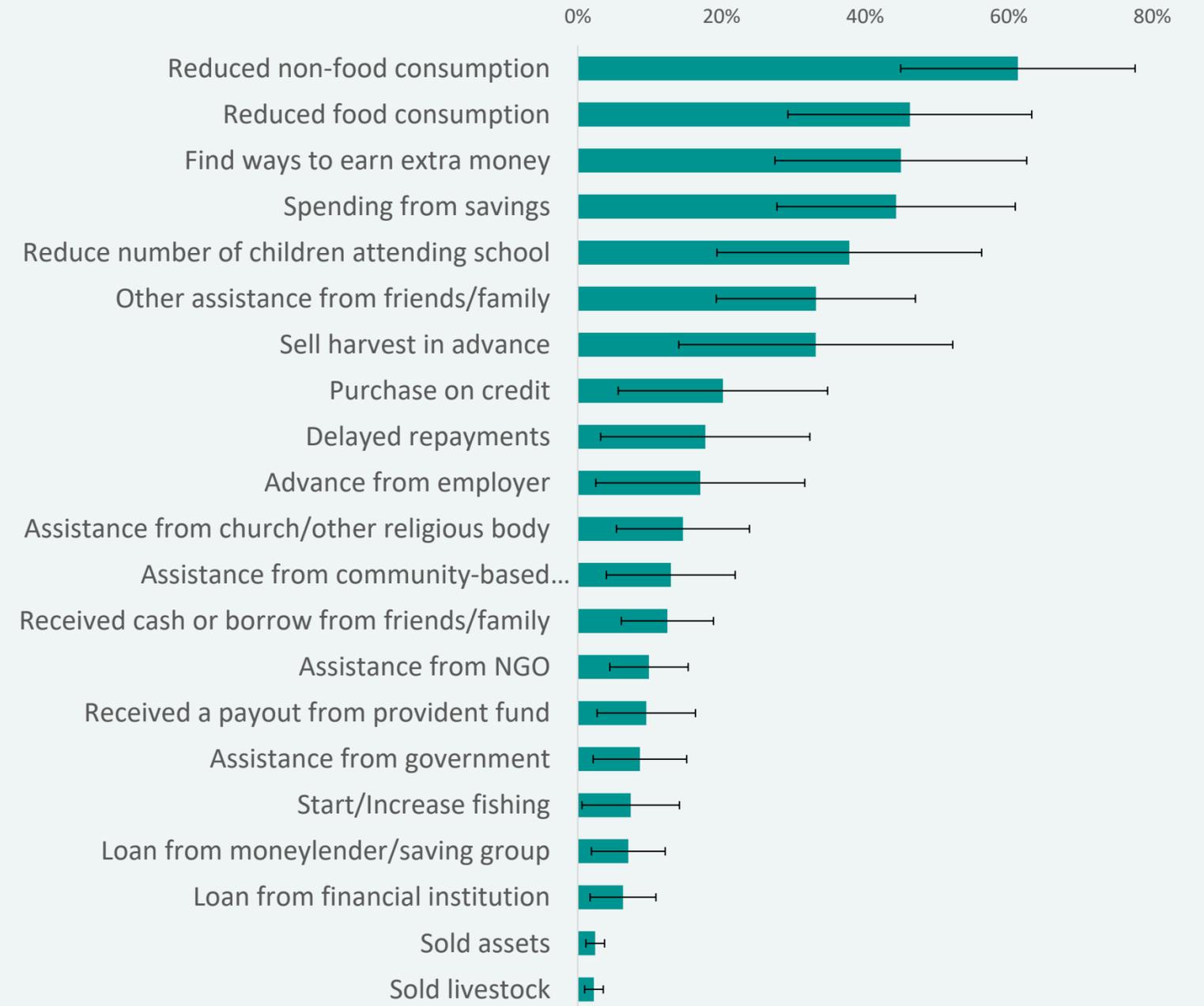
Source: Vanuatu HFPS R1 (July-Sept 2022)
Note: Error bars indicate 90% confidence intervals

Nearly 70% of households are worried about their financial status for the next month, though many are optimistic about the economy down the road

Around two thirds of households were worried about their financial status for the next month, regardless of their income levels.

Half of the households believed that the economy was going in the right direction, while 39% believed the opposite. People in Shefa were more likely to be optimistic about the future economy.
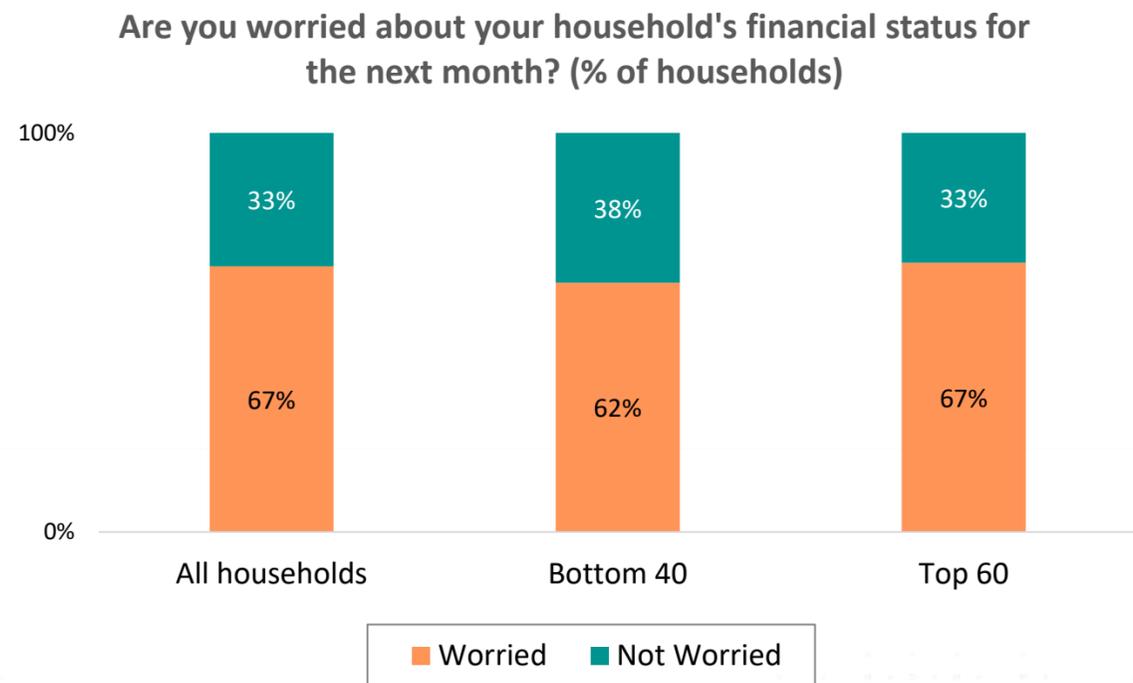
Are you worried about your household's financial status for the next month? (% of households)

	All households	Bottom 40	Top 60
Not Worried	33%	38%	33%
Worried	67%	62%	67%

Worried Not Worried

One year from now, do you think the state of the economy will be...? (% of households)

	All households	Bottom 40	Top 60
Worse	39%	38%	40%
Same	10%	4%	11%
Better	51%	58%	49%

Better Same Worse

Source: Vanuatu HFPS R1 (July-Sept 2022)
Note: Bottom 40 (Top 60) refer to workers in the households whose consumption levels are ranked in the bottom 40 percentiles (top 60 percentiles) based on the consumption distribution in the 2019 HIES data.
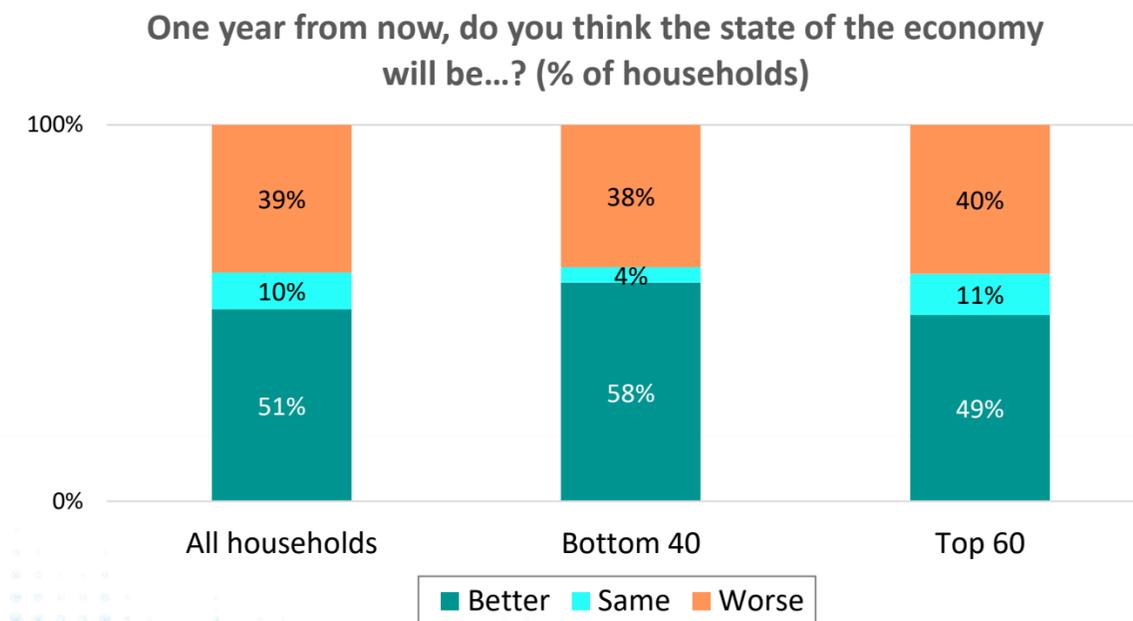
Source: Vanuatu HFPS R1 (July-Sept 2022)

Acknowledgments and further information

References

World Bank COVID-19 Household Monitoring Dashboard

Annex: survey methods

The Round 1 Vanuatu HFPS was collected from 2,515 households between July 19 and September 16, 2022. The implementation was led by Sistemas Integrales in collaboration with Vanuatu National Statistics Office.

The sample was drawn from 1) the National Sustainable Development Plan Baseline Survey 2019/20 (406 households) and 2) based on a Random Digit Dialing (RDD) method (2,109 households), covering all the cell phones in the country.

Household consumption expenditures are imputed with the SWIFT approach that develops a prediction model based on the HIES 2019/20.

The sample is weighted to adjust for population distributions across locations and other socio-economic characteristics.

Number of interviewed households by location

	# of HHs
Shefa Urban (Port Vila)	1,035
Shefa Rural	569
Sanma Urban (Luganville)	294
Sanma Rural	222
Other rural areas	395
Total	2,515

Comparison of welfare distributions in HFPS 2022 and HIES 2019/20