

Social protection and the response to COVID-19 in LAC: innovation in registration and payment systems

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The COVID-19 pandemic has hit the foundations of the economy and provoked devastating social effects in all countries of the world, with Latin America and the Caribbean (LAC) one of the most affected regions. The region is experiencing deteriorating levels of poverty and extreme poverty, most significantly affecting children and adolescents. According to projections from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC 2021), 22 million more Latin Americans were living in income poverty and extreme poverty in 2020, meaning a total of 209 million people (37.3 per cent of the region's population, and 48.5 per cent of the child population).

Since the onset of the pandemic, the response of the region's social protection systems has been forceful and innovative in its task of mitigating the effects of containment measures on household incomes and the economy in general. Faced with the challenge of promoting a rapid and large-scale response, governments had to resort to creative solutions to reach the affected population while respecting social distancing measures in COVID-19 prevention. Countries not only activated existing social assistance, social insurance and labour market programmes but also created new programmes, adapting their targeting, registration and benefit delivery systems.

However, the real protagonists of the response to the socio-economic effects of COVID-19 were emergency cash transfers, which sought to reach informal workers and vulnerable populations not previously covered by the social protection system. These benefits vary in coverage, generosity and frequency of payments. Coverage ranged from 2 per cent to 96 per cent of the countries' populations, with higher levels of coverage for the benefits with the lowest number of payments. These programmes were able to cover on average of 49.4 per cent of people in LAC, an increase of 30.9 percentage points compared to conditional cash transfer programmes before the pandemic. The generosity of the vouchers was low overall, ranging from 1 per cent to 20 per cent of the average monthly household income (11.82 per cent on average, or USD202.13 in purchasing power parity—PPP).

With the prolongation of the crisis and consequent needs, several of the payment schemes designed for temporary transfers proved insufficient. Thus, several countries changed the coverage or generosity of their programmes, created second versions of the

programmes (Brazil, Chile, Ecuador and Paraguay) or simply extended the duration of their programmes (Colombia and the Dominican Republic).

As the main objective of the emergency cash transfers was to reach new beneficiaries not covered by the social protection system and suffering the economic effects of the pandemic, the adaptations made to the systems for identifying and registering beneficiaries and paying benefits are of greater importance. On the one hand, the use of social registries in countries where they were available allowed access to updated information on potential beneficiaries and cross-checking with other administrative registries to prioritise households targeted by the different emergency measures. On the other hand, in most countries the available data or registries were not sufficient to identify the most affected households. Thus, governments implemented new methods of application, mainly through digital channels such as mobile applications and forms on websites or by email. Countries that combined the use of social registries to identify beneficiaries and open registration achieved higher coverage of their benefits.

In terms of payment, to effectively reach new beneficiaries in a context of limited or no face-to-face interaction, digitalised payment systems were mainly used, through bank transfers or the creation of digital accounts or another type of measure that did not require them to hold a bank account. However, digitalisation was hampered by the lack of infrastructure to support such payments in remote areas and by gaps in the level of access to banking services of people targeted by social assistance programmes. Thus, in many countries, face-to-face payments were maintained to facilitate access to benefits for unbanked people who did not have access to remote payment channels.

The adaptations made to the payment and registration systems of social protection programmes in response to the pandemic present an opportunity to permanently adapt these systems, increasing the inclusiveness and efficiency of social protection systems.

References:

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