Policy Brief

Using Information to Deliver Social Protection in Latin America and the Caribbean: Lessons from Cash Transfer Programs Implemented during the Pandemic

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Abstract: The COVID-19 pandemic tested the capacity of social protection systems in Latin America and the Caribbean (LAC). Given the fragmentation of social protection provision in the region —and the dramatic effects on jobs and income—, LAC governments expeditiously reacted with cash transfer programs (CTPs) that temporarily compensated the loss of income. From March 2020 to March 2021, 31 LAC governments implemented 134 CTPs. Based on our analysis of these CTPs' attributes and the countries' existing social information (Cejudo et al., 2021), we describe how available information enabled rapid responses that directly reached 24.6% of the region's population and draw

lessons about the future of social information systems.

We find that some countries were prepared: they had social registries (information about potential beneficiaries) and beneficiary registries of other CTPs to easily enroll and transfer the payments. Other countries had to rely on additional administrative databases (not designed to implement CTPs), such as school registries or electricity billing records. Yet, there were countries where CTPs were made as usual: in person, both in offices or households, gathering new information to enroll and pay, creating burdens and limiting the coverage.

These findings help in describing responses to the pandemic, but also shed light on the opportunities for building better social protection systems: building flexible programs to adapt social protection, using new data sources to implement agile responses, lightening administrative burdens, and working within a new logic in information systems where agencies share and use interoperable data.

Introduction

The health crisis caused by the COVID-19 pandemic in Latin America and the Caribbean (LAC) led to an economic shock that included the dramatic loss of 30 million jobs, the increase of both informality in the labor market by 5.8% (from 130 to 137.5 million) and the number of people living in poverty by 6.1% (from 81 to 86 million) (Acevedo et al., 2021; ECLAC, 2022; ILO, 2021). While most governments around the world have responded with social protection measures aimed at containing the impact of income loss among their population, those in LAC have done so from a diverse, fragmented and highly stratified system of social protection, in a

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context of great labor informality and levels of poverty (Blofield et al., 2020).

Consequently, the COVID-19 pandemic tested the capacity of social protection systems in the region. LAC governments expeditiously reacted with cash transfer programs (CTPs) that temporarily compensated the loss of income. As in the rest of the world (Gentilini et al., 2020), CTPs were chosen as a potential solution to this problem because they allow governments to increase available income in households with sudden income losses, in an expedited manner.

From March 2020 to March 2021, 31 LAC governments implemented 134 CTPs. In Cejudo et al. (2021), we analyze how these responses were enabled by available information. Countries that had social registries (information about potential beneficiaries) and beneficiary registries of other CTPs were able to easily enroll and transfer the payments. Other countries had to rely on additional administrative databases (not designed to implement CTPs), such as school registries or utilities' billing records. And, finally, there were countries where CTPs were made as usual: in person, both in offices or households, gathering new information to enroll and pay, creating burdens and limiting the coverage.

In this note, we explain the role of information as a form of policy capacity deployed to respond to the pandemic, analyze how LAC governments implemented cash transfer programs and explain how the available information was used for doing so. Our findings shed light on the opportunities for building better social protection systems, with flexible programs, new data sources, extending the use of technical tools and building interoperable systems. In the final section, we point out three ideas about how LAC countries can strengthen their capacity to face future emergencies.

Why Was Information Important?

Governments need information to carry out all their tasks. When designing and implementing policies, organizations and public officials use available information and analytical capacities (Mukherjee and Bali, 2019) to devise solutions and implement interventions. Information is crucial for understanding policy problems, assessing alternative courses of actions and monitoring progress; it is also essential for identifying and reaching target populations or potential beneficiaries. During the COVID-19 crisis, information has been critical for implementing testing and quarantine programs, contact tracing, and vaccination strategies (Woo, 2021; Capano et al., 2020). In LAC, information was indispensable for being able to identify beneficiaries of CTPs implemented during the pandemic. Facing an economic crisis and an increase in poverty, LAC governments made extensive use of CTPs aimed at partially compensating the temporary loss of income, although with wide variations. These differences can be explained by political and ideological preferences, fiscal conditions, policy legacies, and even broader institutional factors, such as levels of democracy or decentralization. But beyond the reasons that may explain why some countries attempted more encompassing interventions, whereas others opted for limited reactions, these responses could only be implemented using available information or expeditiously obtaining new one.

Many countries had been investing in obtaining this information prior to the pandemic. In order to implement CTPs, governments need information to target and reach people in need (Leite et al., 2017). Given the growing role of this type of intervention as

part of the social protection regimes in the region, governments needed information for its regular operation. This information is usually contained in their social protection information systems, which consist of social registries (with information about potential CTP beneficiaries), and beneficiary registries (with information about current CTP beneficiaries in one or various databases, including bank accounts in which they received other social-assistance benefits). By making these registries interoperable (with each other or with other information databases), governments are able to know the socioeconomic conditions of a larger share of the population (Barca, 2017; Leite et al., 2017). Before the pandemic, social registries contained information about 41.6% of LAC population, and countries such as Argentina and Uruguay were able to include as much as 100% of their population. But not all countries had this information available, and thus their capacity to deploy CTPs was limited: 10 out of 33 LAC countries did not even have social registries.

Data and Sources

In order to account for those differences, we study CTPs[26] implemented during the first year of the pandemic (spanning from March 2020 to March 2021) in 33 LAC countries. Using previous social protection systematizations developed by Cejudo et al. (2020), ECLAC (2020), Gentilini et al. (2020), and Rubio et al. (2020a, 2020b) to identify interventions, we looked for relevant characteristics of those programs in government websites and social media. We obtained information about general characteristics of each program, including type of intervention, coverage (number of

beneficiaries), and beneficiary selection and delivery mechanisms.

There were three types of interventions: completely new programs, vertical expansions (increases in the size of the payment), or horizontal expansions (increases in the number of beneficiaries). We operationalize coverage as the number of direct beneficiaries divided by the countries' population[27]. The third and fourth variables are referred to the mechanisms used to select and deliver the benefit, especially if the government used new information or previous one contained, for example, in social or beneficiary registries, as well as in other administrative databases such as electricity billing registries or employment data.

How Available Information Enabled Governments' Responses

LAC governments responded to the economic effects of the pandemic with social protection interventions that consisted mainly of new cash transfer programs. Indeed, out of 31 countries in the region that responded with a CTP[28], 30 launched at least one new CTP to respond to the pandemic (in total, 98 new programs were implemented). In addition, there were 25 vertical expansions in 11 countries, and 11 horizontal expansions in 9 countries.

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[26] We include CTPs that transferred money both in cash or as vouchers.

[27] Our coverage measure sums up the coverage of different CTPs and divides it by the country's population. Bolivia exceeds the 100% coverage because one person could receive more than one program (being considered different times). Indeed, *Bono contra el Hambre* (a Bolivian CTP in response to the pandemic) benefited part of the population that received *Bono Universal* (a previous CTP) among other beneficiaries.

[28] Cuba and Nicaragua did not implement a new or expanded CTP in response to the pandemic. However, while Nicaragua did not respond with any other new or expanded social protection measures, Cuba implemented two new wage subsidy programs.

The coverage of these measures —understood as the aggregate number of benefits delivered as a proportion of the population— is equivalent to a quarter of the population in the region (24.6%), although with important variations between countries, in part because not all of them were equally equipped to provide efficient and effective social protection responses.

Launching new programs, expanding the number of beneficiaries from programs already under way, or increasing the amount of cash transferred requires specific information and capacities, which were not present in all countries. Government capacities have been influenced by their experience designing and operating social protection programs, as well as the availability of information about the people it seeks to benefit (Cejudo et al., forthcoming).

Indeed, for the implementation of these responses, the information already available on potential beneficiaries or on payment mechanisms to reach them was crucial. Most countries and programs, and most of the benefits delivered, were based on socio-economic, administrative, or banking information about beneficiaries that was already available. Indeed, the agile response to the pandemic was made possible by information systems that helped identify beneficiaries with, for example, social records, as well as deliver support, with information on bank accounts or cards in which people already received another program.

Governments needed information to perform two critical functions for the implementation of these interventions: to identify and select people and, in addition, to deliver support to each person identified. Most countries used the available information for these purposes: 27 used prior information to select beneficiaries, while 22 did so to deliver support (in some

cases, this use of prior information was supplemented by new information). As a result, most of the people reached were identified using already available information (99.1%) and most payments were done based on existing information about beneficiaries (91.8%). Figure 1 shows countries' coverage and their use of existing (or new) information to identify beneficiaries and deliver the payments.

Figure 1: Use of Information to Select Beneficiaries and Deliver the Benefit by Coverage Reached
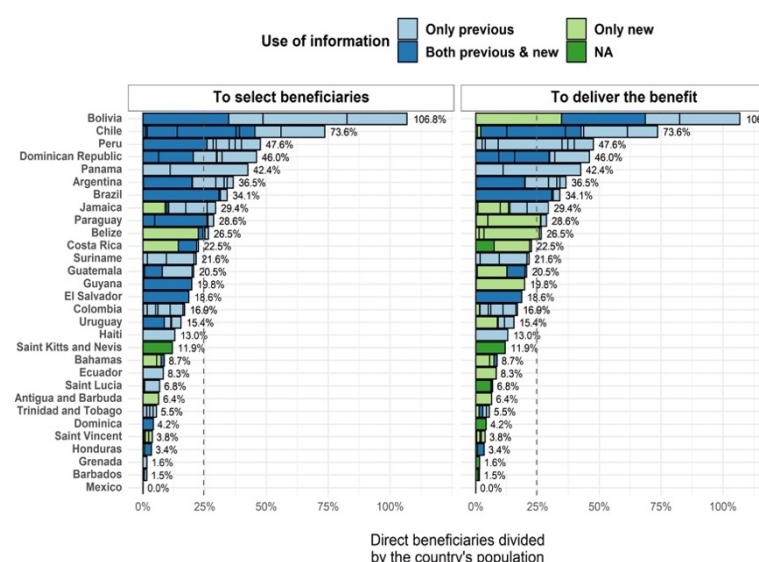
Source: Authors' elaboration.

As this figure shows, to select the beneficiaries, as well as to transfer the benefits, LAC countries made use of information generated before the pandemic to implement their social policy. These countries also innovated in the use of administrative records that, although they were not developed for social policies, contained information on individuals or households (contact, location, banking, employment, or socioeconomic data).

Contrasting National Experiences

There were some countries in which information allowed governments to respond swiftly: they knew who to benefit with a CTP (according to their socioeconomic characteristics) and how to reach them. There were some of them that even automatically benefited their population, such as Costa Rica and the Dominican Republic. For example, Costa Rica implemented *Subsidio de Emergencia IMAS* that reached 17.3% of households in poverty. Beneficiaries of this CTP did not have to apply for it because of the information contained in their social protection information system (SINIRUBE). Similarly, the Dominican Republic implemented *Quédate en Casa* that benefited people considered in the first, second and third levels of poverty in SIUBEN (the social protection information system), reaching 46.6% of the country's households.

Likewise, three of the ten CTPs with a higher coverage used social registries (along with other mechanisms) to select beneficiaries: *Auxílio Emergencial* in Brazil, *Ingreso Familiar de Emergencia* in Chile, and *Bono Familiar Universal* in Perú. These countries were prepared for expeditiously responding to the economic effects of the pandemic and previous information enabled rapid and effective responses.

However, not having a good quality social registry did not prevent countries from using previous information to ease their responses. El Salvador and Guatemala used electricity billing records to select beneficiaries of their largest CTPs implemented during the pandemic. Although using these mechanisms could bring some exclusion errors, they allowed to target benefits for the people in need and notify them: based on their electricity consumption, people received a message in their electricity bill indicating the steps to receive the CTP. Other types of information not designed to implement social policy were also helpful. Jamaica used their labor administrative databases to implement a CTP that principally benefited people working in the sectors more affected by the pandemic, while Trinidad and Tobago used its scholar administrative records to reach students to compensate them with a CTP due to the closures that will not allow them to receive school meals. Bolivia combined different sources in different programs to reach as many people as possible: beneficiaries of current CTPs, school records and new information. Other countries implemented their CTPs as usual, with the consequence of creating additional administrative burdens both to people interested in being benefited by a program and to agencies that had to personally go to offices or receive multiple applications with a lot of new information to process. In the Bahamas, people had to send their scanned registry forms along with documents confirming their job loss. In other places, as Guyana, their councils verified in person the socioeconomic condition of potential beneficiaries and authorized officials delivered the support directly to each household. Finally, there were countries that innovated not only to obtain new information (such as the deployment of apps or specific websites to apply), but in the way they transfer the benefit. Panama implemented a digital voucher linked to the national ID: when paying at registered supermarkets, benefited people give their national ID that was scanned and the charge was made. Other countries such as Belize, Haiti and Uruguay used apps to transfer the benefit, while in Brazil a digital account was made for people without a bank account.

Lessons for the Future of Social Protection

During the pandemic, cash transfers made a difference in how households dealt with the economic effects of the global emergency. As Lustig et al. (2021) simulated, the countries with a greater social protection response would be those with lesser increases in poverty, even reducing it in the case of *Auxílio Emergencial* in Brazil. The foregoing was confirmed by the Fundação Getulio Vargas (2020), who finds that *Auxílio Emergencial* managed to move 15 million Brazilians out of poverty. Positive results on food consumption and financial inclusion are also found by Gallego et al. (2021) for the *Ingreso Solidario* program in Colombia. For Ecuador, Jara et al. (2021) find that the *Bono de Protección Familiar* program mitigated the effects of the pandemic, especially for poorest households.

By itself, good information does not guarantee effectiveness. Yet, available information opens up possibilities for action. When governments do not have information, their alternatives for interventions are reduced, even when political will and resources are available. For instance, without information about potential recipients, when governments tried to deploy a new program, public servants had to verify the requests from scratch, as in the described programs in the Bahamas and Guyana.

The dramatic expansion of social protection may be stopped by governments once the pandemic is over, but it is crucial to maintain and strengthen the capacity to address both structural and extraordinary problems. As shown in this policy brief, one of the main capacities that enabled governments' response was information on its current and potential beneficiaries. Based on the responses and the use of information governments did,

considering different levels of preparation, it is possible to obtain three important lessons.

- Although the COVID-19 pandemic (and its sheer size) could not be expected, it has shown the critical importance of being prepared to face future emergency events. The region will be tested in the future by the climate crisis, political destabilization, migration crisis, and natural phenomena. Social protection systems must consider this reality and be prepared with information to timely detect problems, but also with a course of action for possible responses: flexible programs that could be expanded or adapted in response to an emergency need to be examined and contemplated in advance, not in the rush of a possible catastrophic event.

- Some of the required information to implement CTPs during the pandemic was previously gathered by governments to deploy regular interventions (such as the one contained in social registries). This practice linked with technological tools (such as apps, SMS or IDs as debit cards) must be continued since it reduces administrative burdens both for beneficiaries and agencies and expands the possibilities of response. Moreover, some governments used information that was not originally designed to implement social protection programs. This use of information allowed them to agilely identify, enroll and transfer the benefits, even in the context of reduced mobility. These countries lacked robust social protection information systems but found a way to start building them: for future interventions, governments do not need to have the ideal social protection information system, but they can use the available information to start building up and improving their CTPs deployment. This information could be the beginning of a path towards a solid social protection information system

since it creates experience, as well as relevant data resources that are better than working without information (or better than waiting for a perfect social protection information system that could not take place).

● Finally, it is not only necessary to build and strengthen better social protection information systems, but to conceive them as a shared responsibility among the different actors to achieve data interoperability and its actual use to inform policy decisions: the task to develop these systems is not the task of only one agency, ministry, or level of government. To sustain these systems over time and despite changes in governments, it is vital to socialize among different agencies its benefits and the importance to maintain a logic of shared responsibility. Regular and future interventions will be facilitated if this logic is in place.

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