The Impact of a Pension Program on Senior Citizen's Wellbeing in Paraguay

Researchers:

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Sector(s): Health, Political Economy and Governance, Social Protection

Fieldwork: Innovations for Poverty Action (IPA)

Location: PAraguay

Target group: Seniors (65+)

Outcome of interest: Earnings and income

Intervention type: Cash transfers Unconditional cash transfers

Pensions are seen as an important tool for reducing poverty among a growing elderly population worldwide. Researchers partnered with Paraguay's Ministry of Finance to conduct a randomized evaluation of a national non-contributory pension program for low-income seniors. Researchers will measure the impacts of national pensions on senior citizens' economic wellbeing and quality of life.

Policy issue

Worldwide, the number of people who are 60 years of age or older is expected to double by 2050. Poverty rates among the elderly are substantially higher in countries where social security coverage is limited. Recent evidence suggests that among other effects, programs that provide income to low-income seniors may spur increases in food consumption, allow senior citizens greater economic independence by lessening their reliance on family transfers, and lead to reductions in geriatric depression. However, they are relatively rare: worldwide, only about 20 percent of seniors receive any payment from pensions. Can a national pension program improve the wellbeing of seniors?

Context of the evaluation

In 2010, Paraguay's national government implemented a non-contributory pension fund, Adultos Mayores, that aims to improve quality of life for senior citizens living in extreme poverty. This is one of the largest national programs in the country, with a budget of over USD$300,000,000.Citizens are eligible to apply for the program at age 65. To determine eligibility, representatives from the Ministry of Finance visit the household to assess the applicant's income level through a questionnaire. If the applicant's assessed income falls below the eligibility level, the fund distributes a monthly stipend to the household bank account that amounts to 25 percent of Paraguay's current minimum wage.All participants in this evaluation—a total of 3,060 households in 66 districts of Paraguay—either receive the pension or are eligible to. Half of the participants are men and half are women. The participants equally represent urban and rural areas.

Details of the intervention

Researchers are partnenring with Paraguay's Ministry of Finance to conduct a randomized evaluation on the effects of pension stipends on recipients' quality of life.The 3,060 participating households in the evaluation each contained senior citizens eligible to

receive a pension through Adultos Mayores The Ministry of Finance assessed eligibibilty through a questionnaires adminsitered between 2016 to mid-2017. After determining eligibility, the Ministry of Finance randomly assigned households to two groups that vary in the start date of their pension payments. The treatment group received the monthly stipend as usual once they were determined eligible. The comparison group, meanwhile, began receiving the pension twelve months after receiving the questionnaire.

Researchers will measure the impact of the pension program on overall wellbeing, including household consumption, education, health, perceptions and social networks. Researchers will conduct two surveys per household: one with the head of the household and one with the senior citizen beneficiary. Policymakers in Paraguay are particularly interested in how the program's impact varies by recipients' gender, whether they live in an urban or rural setting, and the language they speak.

Results and policy lessons

Research is ongoing; results forthcoming.