

Europe's biggest Basic Income pilot project. The Catalan case.



Generalitat de Catalunya
Departament de la Presidència



Renda
Bàsica
Universal

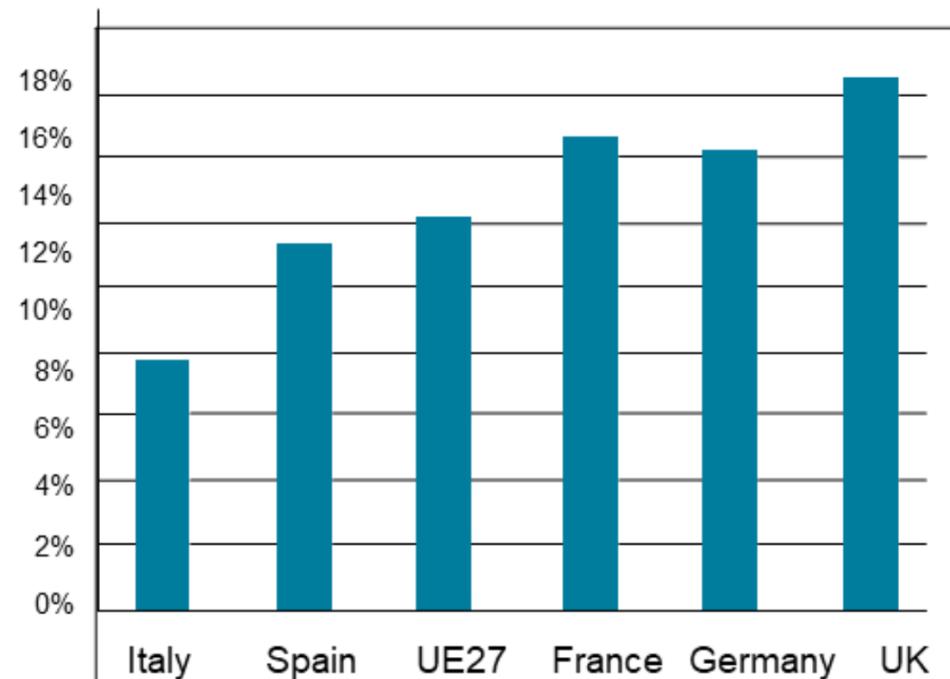
Oficina del Pla Pilot
per implementar la Renda
Bàsica Universal

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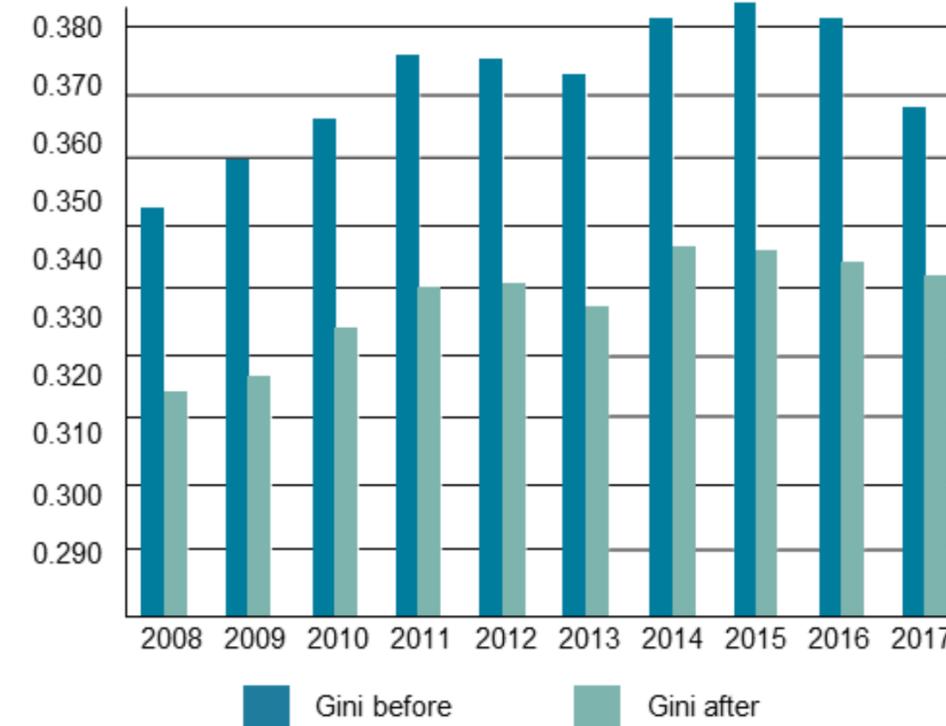
- Spanish and catalan context
- Universal Basic Income (UBI): what is it and what does it solve?
- UBI Pilots around the world
- Current knowledge on the UBI effects
- The Catalan Pilot:
 - Interest outcomes
 - Design
 - Evaluation

Socioeconomic context in Spain

Inequality reduction (Gini) through social transfers, 2018



Inequality (Gini) before and after tax and social transfers, Spain, 2007-2017



Our social protection system has little capacity to reduce market inequalities. This makes Spain the fifth most unequal country in the EU.

While inequality is increasing (Gini before) mostly due to how the labour market functions, it is increasingly difficult to reduce it (Gini after).

Socioeconomic context in Catalonia

- Population 7.758.615
- Unemployment 9,3%
- People under poverty risk threshold 19,9%
- Current situation with some conditional benefits:

| Conditional benefit | Amount for a single adult | Poverty threshold in Spain | Coverage of people who suffer severe poverty in Catalonia |
|-------------------------------------|----------------------------------|-----------------------------------|--|
| IMV (Ingreso Mínimo Vital) | 490€/month | | 13% |
| RGC (Renda Garantida de Ciutadania) | 564€/month | 794€/month | 28% |

Innovative solutions are required in order not to leave anybody behind. An Unconditional Basic Income may be part of this solution.

What is the Universal Basic Income?

“Universal Basic Income (UBI) is a **program that provides citizens with a monthly stipend**. It is given to individuals regardless of their employment status, income, or resources they own.”

Basic Income Earth Network (BIEN)

- Individual
- Unconditional
- Universal
- Regular

What problems does it avoid?

It overcomes technical and moral problems of other more traditional conditional benefits:

- **Over-specification:** The more conditions, the less coverage.
- **Stigmatization:** The applicant or recipient is stigmatized and shamed.
- **Poverty trap:** The incompatibility with salary income discourages labor participation (a job is not accepted for fear of losing the benefit).
- **Non-take-up:** 40-60% of minimum incomes in the EU are not applied to due to lack of information, language, complex application, etc.
- **Effectiveness and efficiency:** They do not eliminate poverty and implementation is very expensive.

Experiències around the world

1. Several experiences since the 70s: Canada, the US, Namibia, Kenya, India, Finland...
2. Most pilots have been **Randomized Controlled Trials (RCTs)**. A target population is defined and randomly chosen who receives the treatment (UBI) and who forms the control group (no UBI) to compare results.
3. They have focused on observing the effects or impact at an individual level. Not so many participants in the programs or amount of UBI not too high.
4. They have focused most of all on unconditionality and individuality, but not so much on **universality**.



What do we know about UBI effects?

| Outcome | Interesting aspects for the pilot |
|--|---|
| Poverty | <ul style="list-style-type: none"> • Impact of cognitive load on poverty |
| Consumption | <ul style="list-style-type: none"> • Difference between durable and non-durable goods • Tempting goods |
| Education | <ul style="list-style-type: none"> • Impact difference according to state of well-being • Impact on non-regulated education • Difference between attendance and cognitive outcomes |
| Labor market participation | <ul style="list-style-type: none"> • Work-leisure binarism • Care work • General equilibrium effects • Heterogeneity |
| Health | <ul style="list-style-type: none"> • Understand the ambiguous effects - some positive and some zero - on health |
| Gender and intra-household relationships | <ul style="list-style-type: none"> • Lack of evidence on violence, empowerment, division of domestic tasks |
| Investment, savings and debt | <ul style="list-style-type: none"> • Little evidence for developed countries |
| Improved autonomy and real freedom | <ul style="list-style-type: none"> • Lack of empirical evidence |
| Attitudes towards welfare state | <ul style="list-style-type: none"> • Lack of empirical evidence |
| Spillover and general equilibrium effects | <ul style="list-style-type: none"> • Little empirical evidence |
| Aggregate demand for social services, health, educational services, social capital, inequality and poverty | <ul style="list-style-type: none"> • Little empirical evidence |
| Satisfaction with own's life | <ul style="list-style-type: none"> • Little interest, since the positive effect is well proven |

Catalan's pilot plan (I)

- **Amount:** poverty threshold
Adults 800€ per month
Minors 300€ per month
- **Target population:** everyone except 10% highest incomes → simulate a tax reform
- **Length:** 2 years, starting first trimester of 2023
- **Sample:** 5000 people will receive the UBI

↙ ↘
RCT municipalities

Catalan's pilot plan: Specific and innovative design to assess community, aggregate and household effects (II)

5.000 people will receive the UBI

RCT in which the randomization unit is the household but the treatment unit is the individual

Saturation study at 2 municipalities with a synthetic control methodology

2.500 people receive UBI

2.500 people do not receive UBI

Treatment

Control

2 municipalities = 2.500 people receive UBI

3-5 municipalities do not receive UBI

Treatment

Synthetic control



Catalan's pilot plan: Specific and innovative design to assess community, aggregate and household effects (III)

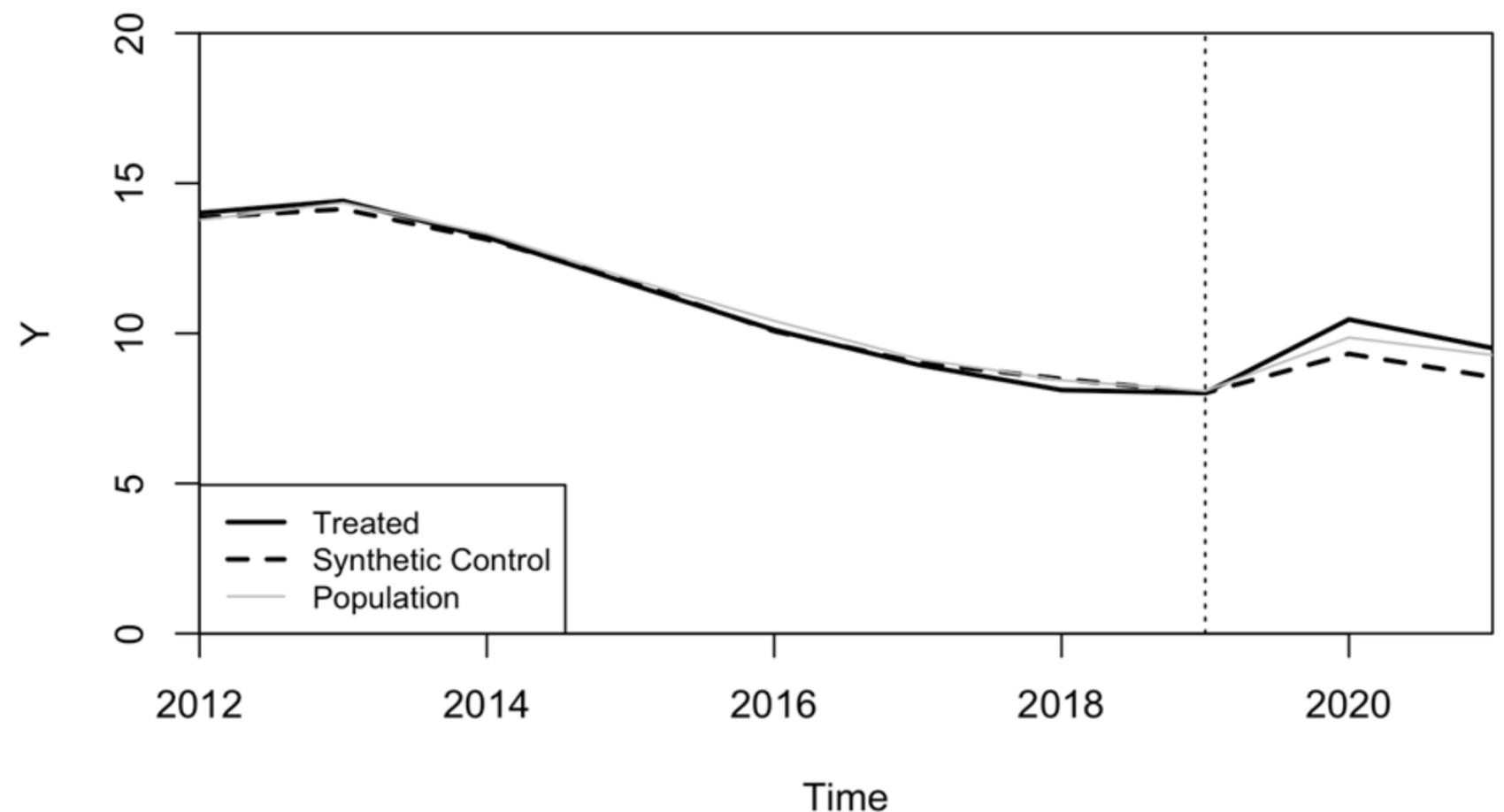
Synthetic control methodology is needed because of a lack of statistical power when few units (municipalities) are treated. If more were treated, we would gain statistical power but lose representation (very small towns).

What is it exactly?

It creates a synthetic version of treated units by weighting variables and observations in the control group.

How is it built?

Administrative data for each municipality for a long time series is needed in order to fill the statistical model. Different weights are given to outcomes and municipalities.



Evaluating the Catalan Pilot Plan

Since the Universal Basic Income is a complex policy, highly redistributive and alters other policies, its pilot plan should be properly designed and implemented → **Evidence-based policies.**

Implementation evaluation

Impact evaluation

Evaluation-oriented design

Collaboration throughout the pilot with Ivalua
(Catalan Institute for Public Policy Evaluation)

Quantitative methodology with support of
qualitative methodology



More information at:

rendabasica.gencat.cat

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