Europe’s biggest Basic Income pilot project. The Catalan case.
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- Universal Basic Income (UBI): what does it solve?
- Current knowledge on the UBI effects
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  - Design
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Socioeconomic context in Catalonia

- Population 7,758,615
- Unemployment 8.4%
- People under poverty risk threshold 19.9%

Current situation with the conditional benefits:

<table>
<thead>
<tr>
<th>Conditional benefit</th>
<th>Average monthly amount of the benefit (2023)</th>
<th>Poverty threshold in Spain (2022)</th>
<th>Coverage (% of households who suffer severe poverty in Catalonia and are eligible for RGC) (2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMV (Ingreso Mínimo Vital)</td>
<td>565€/month</td>
<td>840€/month (ESP)</td>
<td></td>
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<tr>
<td>RGC (Renda Garantida de Ciutadania)</td>
<td>717€/month</td>
<td>986€/month (CAT)</td>
<td>42%</td>
</tr>
</tbody>
</table>

Innovative solutions are required in order not to leave anybody behind. An Unconditional Basic Income may be part of this solution.
The Spanish welfare system has little capacity to reduce poverty. The poverty rate has increased in recent years, and also the rate after transfers, confirming the chronicity of poverty in 20% of the Catalan population.
If we take into account not only the rate of risk of poverty but also the rate of severe material deprivation or severe material and social deprivation, the numbers continue to argue in favor of the chronicling and intensification of this poverty.
The trends at any of the Catalan, Spanish and EU-27 levels have been stagnant since 2013. The poverty risk rate on average in these years has been a

- 20% in Catalonia
- 21.5% in Spain
- 17% in the EU-27
The trend at Catalan and Spanish level of the rate of severe material deprivation of their population has been slightly positive, while that of the EU-27 has been decreasing very sharply.
What problems does UBI 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.
What do we know about UBI effects?

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Interesting aspects for the pilot</th>
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<tbody>
<tr>
<td>Poverty</td>
<td>• Impact of cognitive load on poverty</td>
</tr>
<tr>
<td>Consumption</td>
<td>• Difference between durable and non-durable goods &lt;br&gt;• Tempting goods</td>
</tr>
<tr>
<td>Education</td>
<td>• Impact difference according to state of well-being &lt;br&gt;• Impact on non-regulated education &lt;br&gt;• Difference between attendance and cognitive outcomes</td>
</tr>
<tr>
<td>Labor market participation</td>
<td>• Work-leisure binarism &lt;br&gt;• Care work &lt;br&gt;• General equilibrium effects &lt;br&gt;• Heterogeneity</td>
</tr>
<tr>
<td>Health</td>
<td>• Understand the ambiguous effects - some positive and some zero - on health</td>
</tr>
<tr>
<td>Gender and intra-household relationships</td>
<td>• Lack of evidence on violence, empowerment, division of domestic tasks</td>
</tr>
<tr>
<td>Investment, savings and debt</td>
<td>• Little evidence for developed countries</td>
</tr>
<tr>
<td>Improved autonomy and real freedom</td>
<td>• Lack of empirical evidence</td>
</tr>
<tr>
<td>Attitudes towards welfare state</td>
<td>• Lack of empirical evidence</td>
</tr>
<tr>
<td>Spillover and general equilibrium effects</td>
<td>• Little empirical evidence</td>
</tr>
<tr>
<td>Aggregate demand for social services, health, educational services, social capital, inequality and poverty</td>
<td>• Little empirical evidence</td>
</tr>
<tr>
<td>Satisfaction with own’s life</td>
<td>• Little interest, since the positive effect is well proven</td>
</tr>
</tbody>
</table>
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

- **Sample**: 5000 people will receive the UBI
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

- 2,500 people receive UBI
- 2,500 people do not receive UBI

Saturation study at 2 municipalities with a synthetic control methodology

- 2 municipalities = 2,500 people receive UBI
- 3-5 municipalities do not receive UBI

Treatment
Control

2.500 people receive UBI
2.500 people do not receive UBI
2 municipalities
3-5 municipalities
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:

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twitter.com/rendabasicacat