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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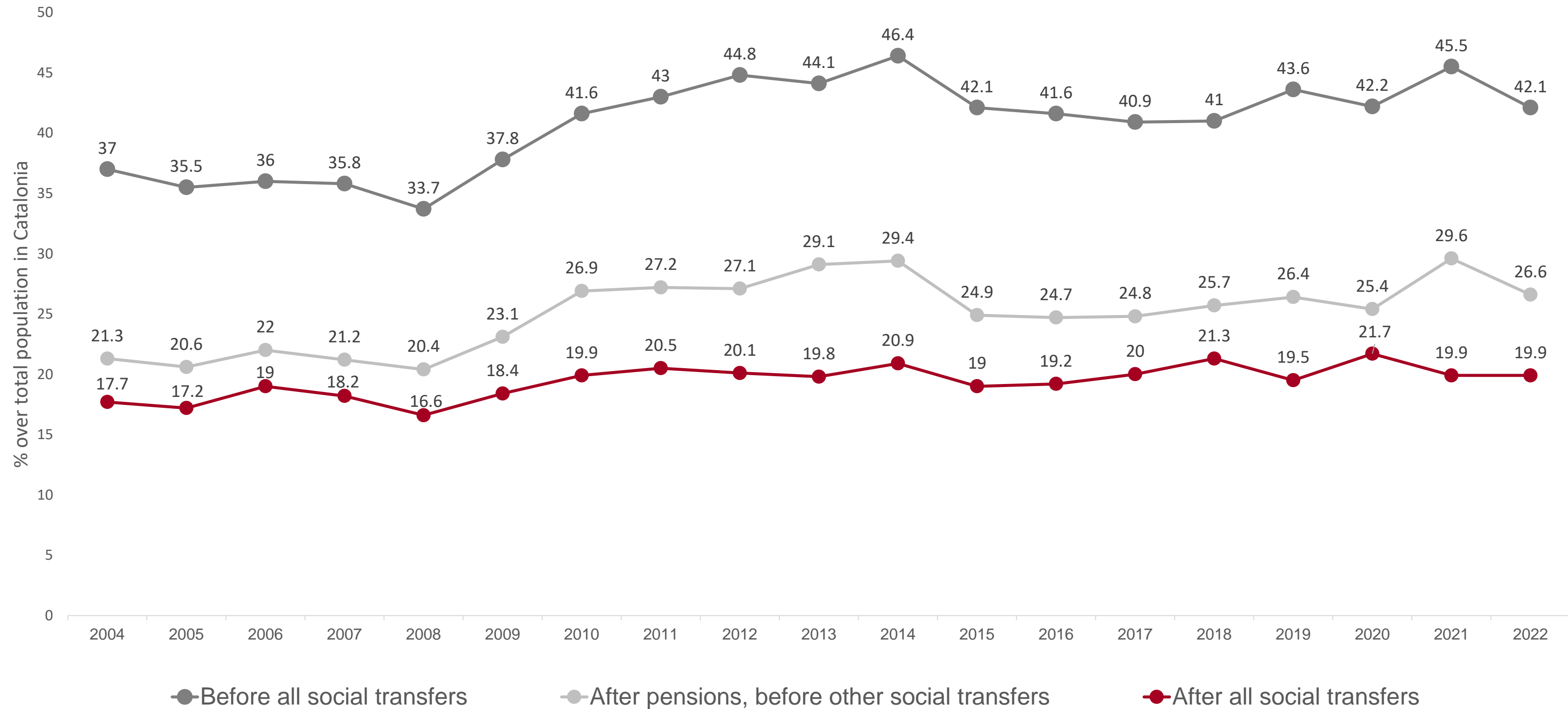per implementar la Renda
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Socioeconomic context in Catalonia

o Population 7.758.615

o Unemployment 8,4%

o People under poverty risk threshold 19,9%

o Current situation with the conditional benefits:

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

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

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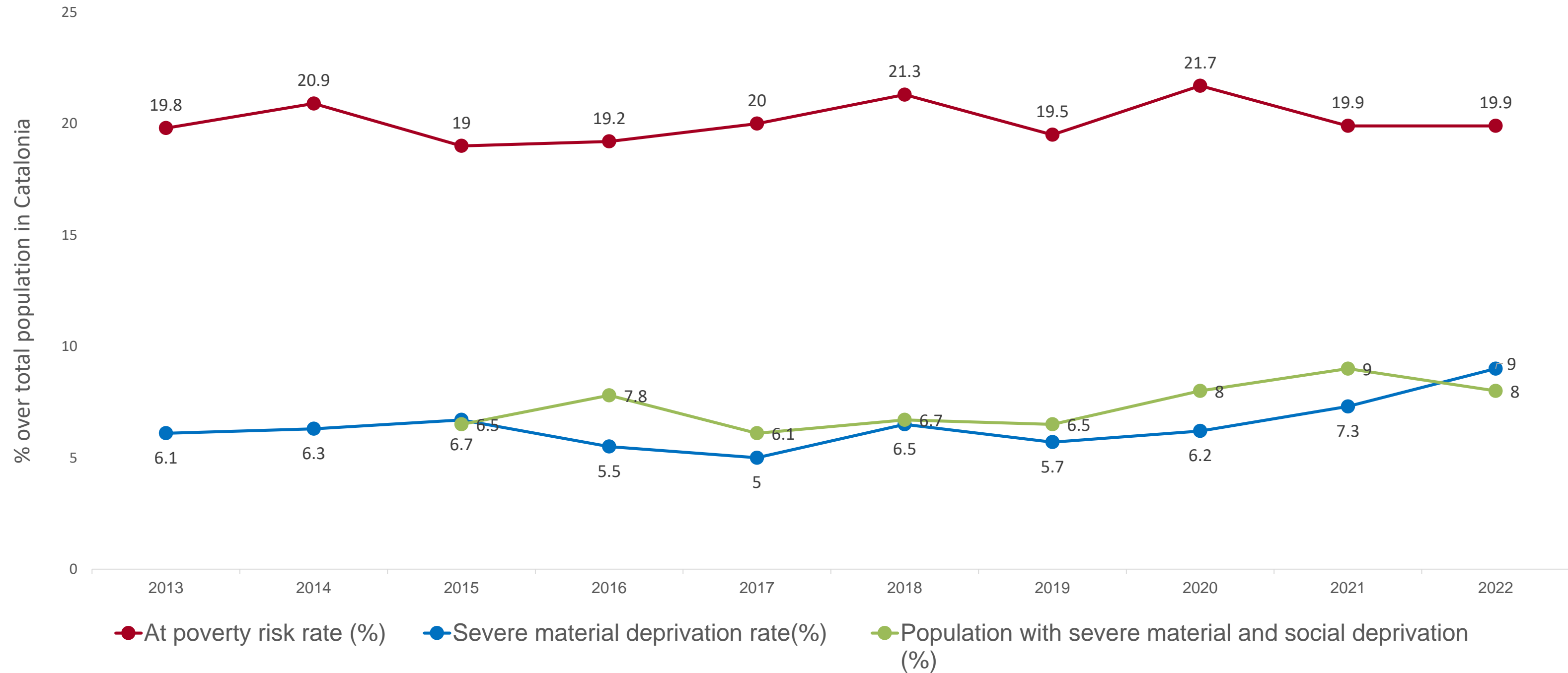Oficina del Pla Pilot per implementar la Renda Bàsica Universal

Poverty risk rate before and after social transfers in Catalonia

Source: Idescat

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.
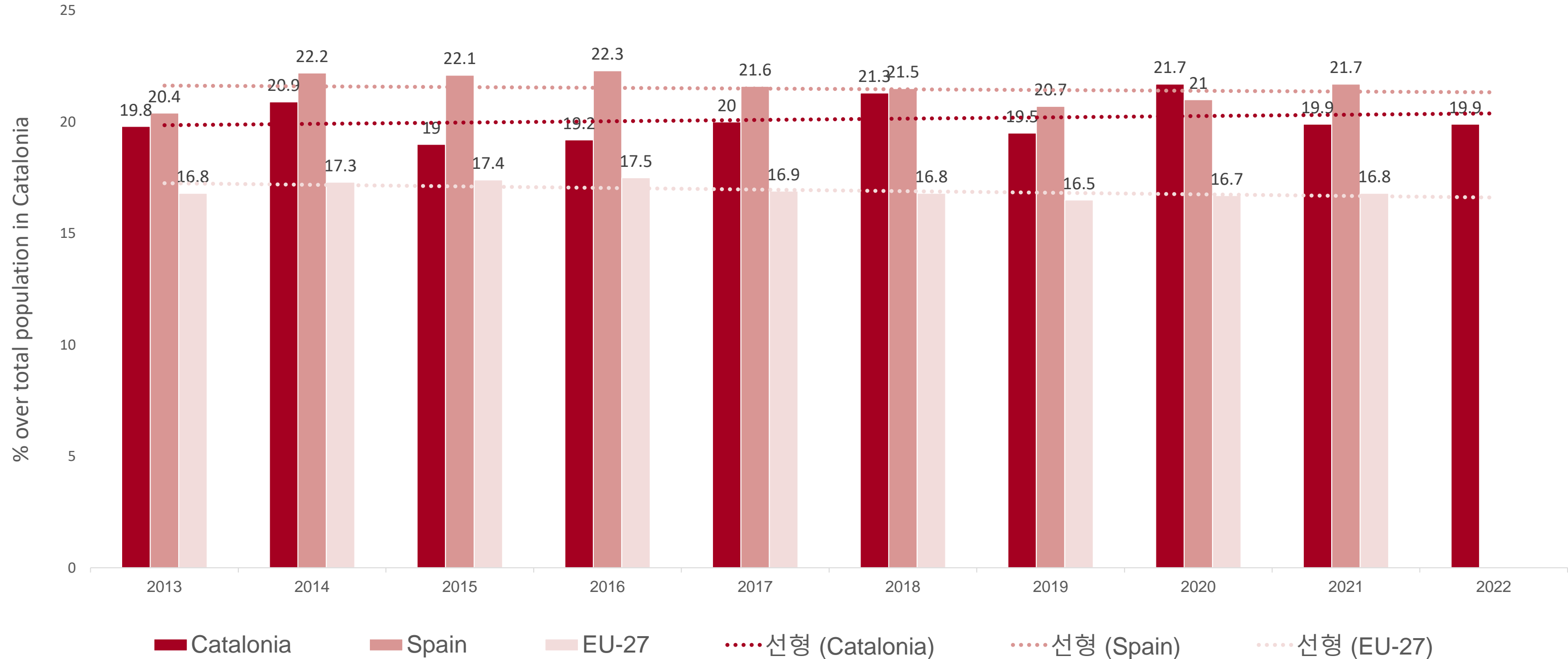
Population at risk of poverty and deprived in Catalonia

At poverty risk rate (%): 19.8, 20.9, 19, 19.2, 20, 21.3, 19.5, 21.7, 19.9, 19.9

Severe material deprivation rate(%): 6.1, 6.3, 6.7, 5.5, 5, 6.5, 5.7, 6.2, 7.3, 9

Population with severe material and social deprivation (%): 8, 6.3, 6.5, 7.8, 6.1, 6.7, 6.5, 8, 9, 8

Years: 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

% over total population in Catalonia

● At poverty risk rate (%)   ● Severe material deprivation rate(%)   ● Population with severe material and social deprivation (%)

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.

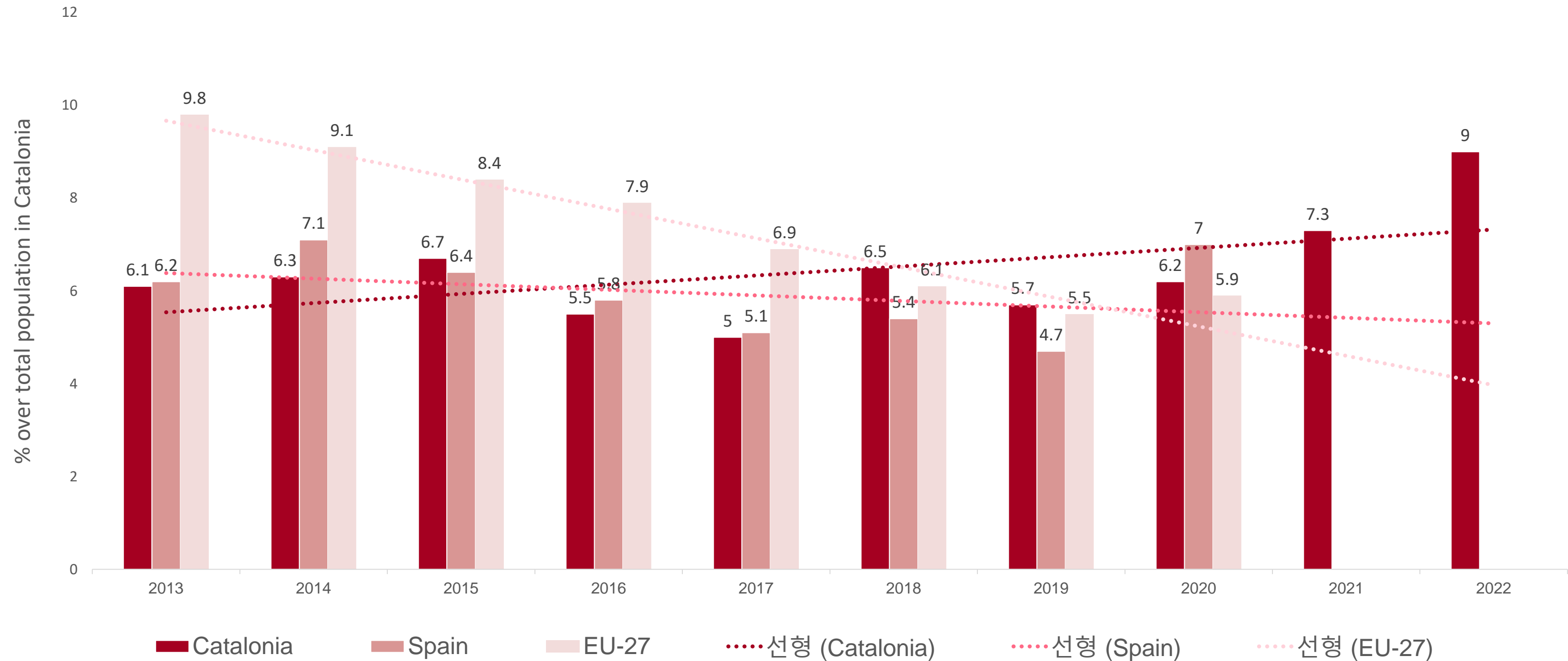# At-risk-of-poverty rate trend in perspective

Source: Idescat

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

Severe material deprivation rate trend in perspective

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:

o **Over-specification:** The more conditions, the less coverage.

o **Stigmatization:** The applicant or recipient is stigmatized and shamed.

o **Poverty trap:** The incompatibility with salary income discourages labor participation (a job is not accepted for fear of losing the benefit).

o **Non-take-up:** 40-60% of minimum incomes in the EU are not applied to due to lack of information, language, complex application, etc.

o **Effectiveness and efficiency:** They do not eliminate poverty and implementation is very expensive.

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What do we know about UBI effects?

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

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Catalan's pilot plan (I)

o **Amount:** poverty threshold
    Adults 800€ per month
    Minors 300€ per month

o **Target population:** everyone except 10% highest incomes →
simulate a tax reform

o **Lenght:** 2 years

o **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 tratment 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

2 municipalities = 2.500 people receive UBI

3-5 municipalities do not receive UBI

Treatment

Control

Treatment

Synthetic control

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Catalan's pilot plan: Specific and innovative design to assess community, aggregate and household effects (III)
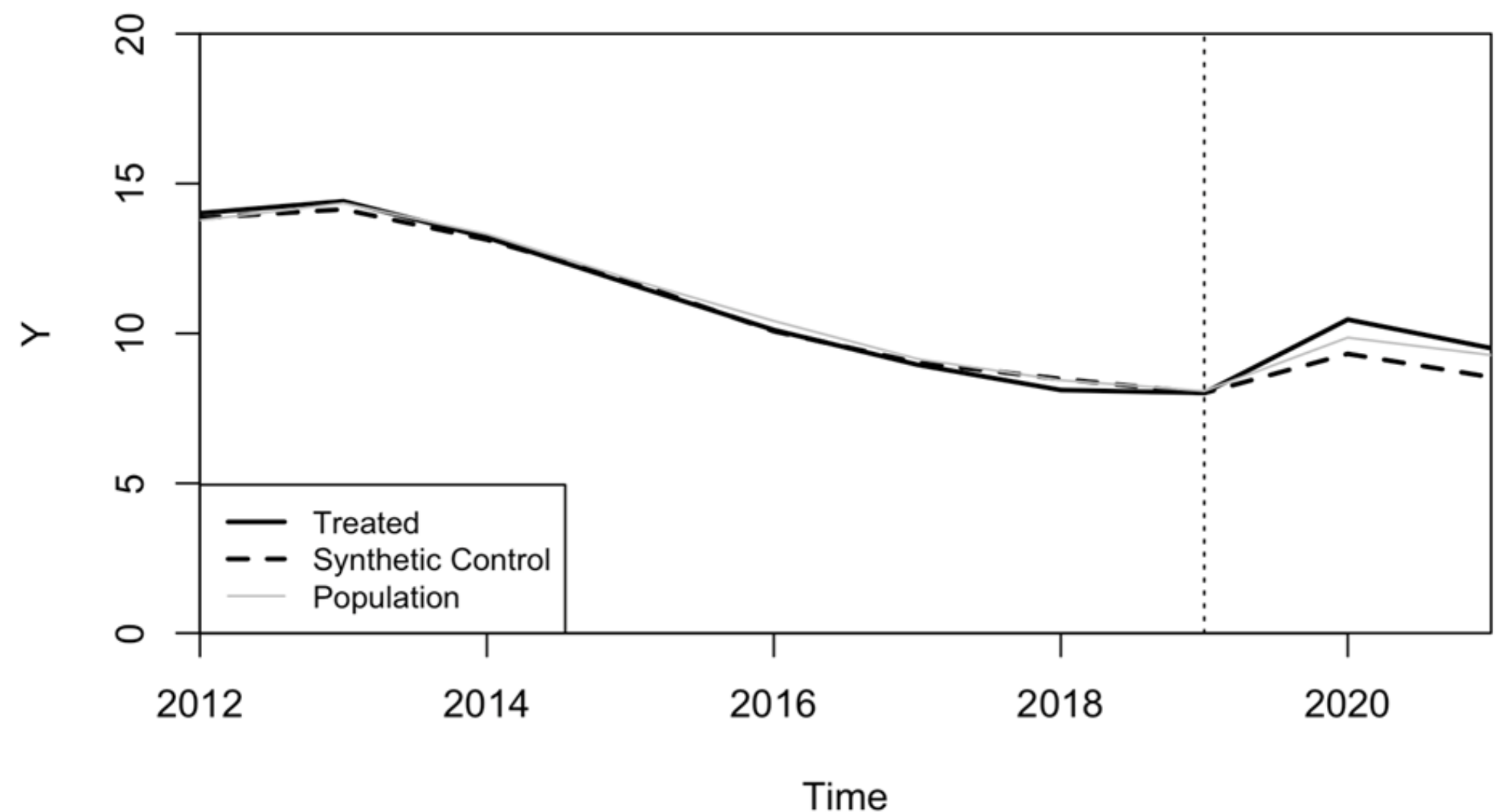
Synthetic control methodology is needed because of a lack of statistical power when few units (municipalities) are treated. If more were treated, we would gain statistical power but loose representation (very small towns).

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.

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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 suport of qualitative methodology

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