



Generalitat de Catalunya
**Departament
de la Presidència**

Draft proposal for the design of a Universal Basic Income Pilot Plan in Catalonia

Expand and strengthen the Catalan welfare state
in the 21st century

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Universal

Office of the Pilot Plan to Implement Universal Basic Income in Catalonia

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Introduction

What is Universal Basic Income?

According to the Basic Income Earth Network (BIEN), Universal Basic Income (UBI) is a periodic cash payment unconditionally delivered to all by the State on an individual basis, without means test or work requirements. Based on this definition there are 5 characteristics of UBI:

1. It is periodic and is paid at regular intervals, usually every month.
2. It is a cash payment, and thus, not paid either in kind or in vouchers.
3. It is paid on an individual basis, not to families nor the household unit.
4. It is universal, hence it is received by the entire population without exception.
5. It is unconditional and therefore not subject to any requirement or condition.

UBI differs from other more traditional income or economic benefit policies in several respects. In the first place, it is stable in nature, it is not a one-off grant to deal with a specific problem or situation and, therefore, it does not generate administrative problems or bottlenecks for other services.

Secondly, the fact that it is a cash payment allows it to be freely used as desired without paternalism or stigmatising controls.

Thirdly, as it is an individual right, it empowers its beneficiaries, allowing them to choose their future fully, freely and autonomously.

Fourthly, as it is a universal right and not a grant for vulnerable individuals or groups, it does not stigmatise its recipients, nor does it generate problems derived from targeting and the lack of coverage of other conditional benefits.

Finally, its unconditional nature makes it compatible with other sources of income. This eliminates poverty traps (when someone does not accept a job for fear of losing a benefit) and the problem of non-take-up (when one does not apply for a benefit despite meeting the requirements). Unlike conditional benefits, UBI is an effective and efficient policy since with a reduced administrative cost it can eliminate statistical poverty automatically.



Why carry out a pilot test or project?

The main argument justifying a proposal such as Universal Basic Income is of an ethical nature; for example, the need to increase people's freedom, eliminate poverty or ensure the right to a material existence for all. Therefore, UBI justification does not require empirical verification so much as a collective agreement on certain ethical and normative questions.

However, due to the redistributive effect of UBI, the impact it would have on other social policies and its fit into the current political, legal and institutional model, carrying out a pilot test first is highly recommended, as this would allow the design and implementation method to be adjusted in order to minimise any imbalances or undesired effects.

The Generalitat de Catalunya is determined to move towards a more protective and universal welfare model, and it is for this reason that it has launched the Pilot Plan to Implement Universal Basic Income. Due to the high degree of innovation, required scientific rigour and dimensions of the Pilot Plan, its design, implementation strategy and the evaluation methodology used to assess its impact should be submitted for expert consideration.

It is important that the challenges involved in this Plan are properly discussed. And it is important that this process involve experts in the social sciences and also professionals from various political, economic and institutional fields who have worked on social and economic experimentation. It should also involve experts in the fields of design and evaluation of public policies, as well as people who have been involved in the design, implementation or evaluation of similar pilot projects both in Catalonia and internationally.



Justification

Since the 1960s, there have been more than 200 experiments or pilot projects conducted around the world with various types of monetary benefits or cash payments. These are generally known as “basic income experiments”. However, it should be noted that there were important differences between all of these experiments or pilot projects either in their design and implementation strategy, in terms of the scientific or political objectives they pursued, or both these aspects. The first wave of experiments took place between the 1960s and 1970s in various cities in the United States and Canada that tested different “wage supplement” or “negative income tax” models.

Over the last two decades, in response to the failure of most traditional conditional economic benefits and as a result of the rise of the “evidence-based policy” agenda promoted by many regional and international political and scientific organisations, there is increasing interest in experimenting with economic benefits that, to a greater or lesser extent, are similar to UBI. Moreover, the economic consequences of the COVID-19 pandemic have increased the interest of many governments, research centres and non-governmental organisations in this type of pilot project. This has been the case of countries such as Finland, the Netherlands, Canada, Namibia, Kenya, the United States, India, Brazil, or Iran among many others.

There are always methodological limitations that should be taken into account when drawing conclusions from any social experiment or pilot project. However, these pilots also represent very powerful scientific instruments that, in a controlled environment, can help to predict and evaluate with a high degree of precision and reliability the impacts or effects of the policies or economic benefits that are to be implemented.

Table 1 shows some of the main pilot tests or “basic income experiments” carried out to date, as well as their main characteristics and some of the most notable results they have recorded.

Table 1. Pilot tests or basic income experiments

Place	Period	Manager	Participants	Amount	Objective	Results
Namibia (Otjivero Region)	2008-10	BIGNAM (Coalition of social entities and evangelical groups)	1,000	€9 month	Economic resilience, reduced malnutrition and entrepreneurship	Reduction of child malnutrition. Increased schooling. More entrepreneurship and own income (300%). Unemployment reduction (65 to 45%). Non-increase in alcohol or drug use. 42% reduction in crime.
Finland	2017-19	KELA Government	2,000 unemployed from 25 to 58 years old	€560 month	Welfare reform and labour market activation	No significant effects on labour market activation. Increased mental and physical health. Greater trust in public institutions. Reduced stress and depression.
Utrecht, the Netherlands (5 more cities)	2017-19	Municipal government and University	750 unemployed	€940 month	Replace sanctions by incentives to eliminate poverty trap and activate labour market	Different effects for different profiles. No significant effects on labour market activation. Greater trust in people and in public institutions. Reduced stress. Increase in entrepreneurship and time spent on domestic tasks.
Ontario (Hamilton, Brantford and Brant County), Canada	2018-20 Cancelled after 11 months	Regional government	4,000 below the poverty threshold	NIT, Wage supplement (75% minimum wage).	Eliminate working poor and reduce spending on social policies	Increased confidence in the future, subjective and emotional well-being. Improved nutrition, mental and physical health, and more education and participation in the labour market.
Kenya	2017 12 years	NGO Give-Directly	295 towns and 26,000 people	3 models: · €22/48 months · €22/24 months · €550/ 1 payment	Malnutrition, basic health, entrepreneurship	To be determined
Madhya Pradesh, India	2012-14 18 months	Self-Employed Women's Association (SEWA), UNICEF and the government	6,000	200 rupees a month	Eliminate severe poverty, malnutrition and basic resilience.	Increased economic entrepreneurship, malnutrition reduced and increased schooling. Improved health. Reduction of forced labour in the field. Increased economic activity of women.
Barcelona BMINCOME	2017-20 24 months	Municipal government	1,000	From €100 to €1,767 per month	Increased resilience and financial independence.	Stress and debt reduction. Increase in well-being, happiness and community participation. No significant effects on the labour market.
Stockton, California (SEED)	2019-20 24 months	Private funds and entities and municipal government	125 poor households	\$500 per month	Resilience and financial autonomy. Poverty Reduction.	Increased trust between peers. More community involvement. Reduction of severe poverty. Slight increase in entrepreneurship.

As Table 1 shows, the majority of pilots or experiments carried out to date have shown that the **unconditionality** and **individuality** associated with Universal Basic Income tend to generate positive results, for example, by reducing poverty and debt, improving nutrition, reducing stress, improving general well-being and happiness, improving school performance and attendance, increasing trust in people and institutions, promoting entrepreneurship, etc.

Apart from Namibia, Manitoba and, to some extent, India, most of these pilots were based on a “randomized controlled trial” (RCT) method. An RCT identifies a specific universe or population (for example, unemployed people, users of social services, recipients of social benefits, etc.) from which some subjects are randomly drawn and assigned to the treatment group (receiving the payment) and the control group (not receiving the payment). Because the two groups share the same characteristics, the effects of the intervention can be isolated and quantified.

This methodology has been very useful for obtaining results derived from unconditionality and individuality, given that the people participating in these RCTs were randomly distributed and separated by territory. But it is precisely because of this characteristic that these pilots have not been able to report on the effects of the third characteristic associated with UBI: **universality**. What would happen if everyone were to receive the payment and not just a few individuals with no contact or connection between them?

For this reason, the Pilot Plan for Catalonia is not designed to be a randomized control project but a **“saturation” study**, that is, a treatment that will be applied to the whole of the **population of a certain municipality**. This methodology will allow the impacts to be observed at the individual level, but also more importantly it will reveal the effects on the **institutional framework** and the **aggregated community and socio-economic dynamics**.

Another peculiarity of this Pilot Plan is its **dimension** and the **cash payment amount**, two characteristics that differentiate it from the pilots carried out to date. In this case, the number of participants in the treatment group will be about 5,000. Meanwhile, the cash payment amount will be calculated according to the poverty threshold. In other pilots, either the number of participants was much lower or the cash payment amount was much less. This makes the Pilot Plan for Catalonia one of the most ambitious in the world, since it will be able to provide empirical evidence never before seen regarding the universality and the aggregate and institutional effects of a potential UBI.



Objectives of the Pilot Plan

The **general objective** of this Pilot Plan is to observe the possible effects of a universal cash transfer. For this reason, the impact assessment will prioritize the analysis of the institutional and community or socioeconomic effects, that is, those macro and aggregate effects experienced by the beneficiary population as a whole and the institutional environment in which this population resides.

However, given that the aggregate changes or impacts of this universal transfer always begin in the private sphere, the project will also try to observe and understand what the impacts or effects may be in the domestic and individual spheres.

Table 2 shows the initial draft proposal regarding the potential lines of analysis of the Pilot Plan. The table is grouped into three major levels of analysis (institutional, aggregate community and socioeconomic, and the private sphere, which in turn is divided into the domestic and the individual spheres). In turn, these three levels can be further analysed at more specific sublevels. Lastly, the third column details the proposed indicators of change that will be assessed.



Table 2. Proposed levels of analysis and indicators of change

Level of analysis	Sublevel of analysis	Indicators of change	
Institutional	Demand for public services and policies	Demand for basic social services and welfare benefits Demand for active employment policies linked to compensation Demand for non-compulsory education	
	Functioning of public services	Type of services offered User support	
Aggregate community and socioeconomic	Business fabric	Local entrepreneurship/cooperativism Consumption model	
	Third-sector entity programmes and services	Demand for social action entities of the third sector dedicated to care Diversity of programmes of these entities	
	Associative fabric	Number of people participating in associations and entities Number of associations and entities	
	Costs	Cost of rent and housing Price of local products and services	
	Intra-municipal inequality	Distribution of net income	
	Conflict	Neighbourhood conflict and crime rate	
Private sphere	Domestic	Home/family/HU situation	
	Home/family/HU financial security	Inequality in the home/family/HU Home/family/HU dynamics (emancipation of young people, women, dependents, etc.) Level of debt contracted by home/family/HU with private credit institutions Level of debt contracted by home/family/HU with friends or family	
Individual	Well-being	Material well-being (material and severe deprivation). Physical health status Mental health status Employment situation and degree of satisfaction	
		Autonomy	Reproductive workload Uses of time (unpaid work, volunteering, associationism)
		Values, perceptions and attitudes	Knowledge and satisfaction with policies and public services Level of trust in government agencies Political attitude (tolerance, racism, ideological position, solidarity, etc.) Economic-fiscal perceptions (redistribution, welfare state, etc.) Feelings of belonging and/or roots in the municipality

* HU: household unit

Draft proposal of an experimental design

1. Quantity

The criterion for calculating the amount is ensuring the poverty threshold (€947 per month or €11,366 per year, for single-person households). This means the amount is not the same for everyone, but is based on the composition of the home or household unit. Therefore, the total UBI amount for the household is estimated based on its composition and is distributed equally among all its members. Below are two options for calculating a UBI amount that guarantees the poverty threshold.

Option 1. Modified OECD equivalence scale: the household scale is estimated according to its composition and multiplied by the poverty threshold.

- A = 1 for the 1st adult (€947.1)
- A = 0.5 per additional adult (€473.6)
- M = 0.3 for minors (€284.1).

Household	1A	1A + 1M	1A + 2M	1A + 3M	2A	1A + 2M	2A + 2M	2A + 3M	2A + 4M	3A	3A + 1M	3A + 2M	3A + 3M	3A + 4M
Equivalence scale	1	1.3	1.6	1.9	1.5	1.8	2.1	2.4	2.7	2	2.3	2.6	2.9	3.2
Annual amount (euros)														
BI/household	11,366	14,775	18,185	21,595	17,048	20,458	23,868	27,277	30,687	22,731	26,141	29,551	32,960	36,370
BI/adult 2 adults	-	-	-	-	8,524	10,229	11,934	13,639	15,344	-	-	-	-	-
BI/adult 3 adults	-	-	-	-	-	-	-	-	-	7,577	8,714	9,850	10,987	12,123
Monthly amount (euros)														
BI/household	947	1,231	1,515	1,800	1,421	1,705	1,989	2,273	2,557	1,894	2,178	2,463	2,747	3,031
BI/adult 2 adults	-	-	-	-	710	852	994	1,137	1,279	-	-	-	-	-
BI/adult 3 adults	-	-	-	-	-	-	-	-	-	631	726	821	916	1,010

* In the event that the UBI of minors is managed by their parents or legal guardians.

Advantages of Option 1:

- It is aligned with the poverty threshold.
- It follows the OECD scale which is understandable and standard.
- It takes into account economies of scale in the home.



Option 2. Modification to the modified OECD scale: adults who live alone or in a single-parent household receive a higher amount, a lower amount in the case of living with other adults, and a lower amount for children.

- €947 for adults in single-person or single-parent households
- €700 per adult when living with other adults
- €300 for children

Household	1A	1A + 1M	1A + 2M	1A + 3M	2A	1A + 2M	2A + 2M	2A + 3M	2A + 4M	3A	3A + 1M	3A + 2M	3A + 3M	3A + 4M
Annual amount (euros)														
Bl/household	11,364	14,964	18,564	22,164	16,800	20,400	24,000	27,600	31,200	25,200	28,800	32,400	36,000	39,600
Bl/adult 2 adults	-	-	-	-	8,400	10,200	12,000	13,800	15,600	-	-	-	-	-
Bl/adult 3 adults	-	-	-	-	-	-	-	-	-	8,400	9,600	10,800	12,000	13,200
Monthly amount (euros)														
Bl/household	947	1,247	1,547	1,847	1,400	1,700	2,000	2,300	2,600	2,100	2,400	2,700	3,000	3,300
Bl/adult 2 adults	-	-	-	-	700	850	1,000	1,150	1,300	-	-	-	-	-
Bl/adult 3 adults	-	-	-	-	-	-	-	-	-	700	800	900	1,000	1,100

* In the event that the UBI of minors is managed by their parents or legal guardians.

Advantages of Option 2:

- It is easier to calculate and communicate.
- It partially takes into account economies of scale.

However, the UBI of households with 3 adults notably exceeds the poverty threshold.

2. Payment characteristics

Payment: by bank transfer to the beneficiary's account. The transfer will be monthly, generally paid at the end of the month.

The transfer must be individual, so if the beneficiary does not have a bank account, an alternative must be sought.

UBI must allow for economic planning and, therefore, the amount must be regular and not undergo changes throughout the pilot (except for those described in point 6).

Duration: 24 months (2023-2024).

Use: There can be no restrictions on the use beneficiaries make of the UBI payment. Likewise, the monthly amount can be accumulated month after month.

3. Universality

The objective of the Pilot Plan is to replicate the universality scenario of a real UBI. Therefore, it would be logical for the Pilot UBI to be received by all the inhabitants of the municipalities in the treatment group without exception. However, when it comes to a real UBI, a percentage of around 20% of the population with the highest income would finance much of this policy. Therefore, on a net basis, not everyone would come out winning. To simulate these fiscal and redistributive effects, another option would be for people with the highest incomes in the treatment municipalities not to receive it.

Option 1. Absolute universality: 100% of residents receive the UBI payment.

- The “universality” of the UBI proposal is replicated.

Option 2. Relative universality: 10-20% of residents with the highest incomes do not receive the UBI.

- The redistributive and fiscal effects of the UBI proposal are simulated.

4. Relationship of UBI with other social policies and personal income tax

To the extent that this Pilot will act within a pre-existing minimum income guarantee system, it is not unrelated to the regulatory and legal framework and limitations that regulate the current system of economic welfare benefits in Catalonia.

Its compatibility will depend, on the one hand, on the contributory or non-contributory nature of current economic benefits and, on the other, on how the UBI payment is considered by the existing personal income tax system. In this sense, it could compute as one more form of income of the person and, therefore, limit or extinguish the collection of the benefit/pension that he/she currently receives.

- It is difficult to make UBI compatible with the receipt of current non-contributory benefits given that its amount exceeds the economic thresholds established for receiving these types of benefit. This incompatibility, however, favours the observation of the changes that UBI could produce in the demand for healthcare benefits.
- With regard to personal income tax, the ideal scenario is that UBI be exempt from taxation. It all depends on how UBI is treated by the Spanish Tax Agency and the Treasury. If it is taxed, deductions could be granted for the proportion associated with the autonomous community.



5. Individuality

Beneficiaries: UBI is individual and non-transferable. However, the following cases must be taken into account:

- Minors (who do not have their own bank account). Their parents or legal guardians will receive and/or manage their UBI.
- Minors whose parents are separated/divorced. UBI for these minor(s) will be divided between the parents as legally stipulated.

6. Sample

The sample must be fixed, around 5,000 people, although certain exceptions must be made for deaths, births and the like.

The sample is made up of two treatment municipalities. These will be municipalities and not neighbourhoods, because the effect of “universality” may be diluted in a larger urban environment. There are two sample selection options:

Option 1. Two municipalities of similar size (~2,500-3,000 residents).

Option 2. A small municipality (~1,500-2,000 residents) and a larger one (~3,500-4,000).

In both cases, similar municipalities will be chosen to act as a control group.

The municipalities will be selected randomly from a set of municipalities that meet different criteria related to demographic and socioeconomic characteristics, age distribution, income levels, etc. The municipalities must be representative of the country as a whole and, therefore, cannot be places with very particular characteristics.

The beneficiaries will be the residents of the selected municipalities. The criterion is that of actual residence, not the census. The mechanism for accrediting this must be determined.

Likewise, it is necessary to determine if emigration from the treatment municipality during the course of the Pilot by the beneficiary entails the termination of their UBI.



7. Commitments of the beneficiaries

The beneficiaries will have to agree to participate in the information extraction processes (answer the questionnaires and the ethnographic monitoring mechanisms) and consent to their administrative data being accessed to carry out the implementation and evaluation tasks of the Pilot Plan.

The beneficiaries must also undertake to communicate any change in the composition of their household, deaths, births, geographic mobility, etc., that are relevant to the implementation of the Pilot Plan.

8. Evaluation of the Pilot Plan

The evaluation of the Pilot Plan is made up of two tasks or areas of work:

- 8.1. Evaluation of the implementation:** Evaluating the deployment requires analysing how it has worked and identifying what the main barriers were in order to identify proposals for improvement.
- 8.2. Impact assessment:** Several methodologies and sources of information to collect quantitative and qualitative data will be used to assess the impact of the project.
1. Surveys: to adequately monitor the impacts, it is estimated that several waves of the same survey will need to be carried out:
 - Bottom-line survey: before starting the pilot test.
 - Follow-up survey I: at the end of the first year.
 - Follow-up survey II: at the end of the second year.
 - Final survey: once the pilot test has finished.
 2. Qualitative and ethnographic follow-up:
 - In-depth interviews with specific people (key informants).
 - Discussion groups with specific social groups.
 3. Administrative records:
 - Social Security
 - Tax Agency
 - Education system
 - Healthcare system
 - Social Services

