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## Temporary Basic Income: Protecting the Poor and Vulnerable in Developing Countries

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### Introduction:

The Covid-19 pandemic has a devastating socio-economic impact on the developing countries and has even led to the loss of jobs and income during these unprecedented times. The Asian Development Bank and The International Labour Organisations estimate that around 3 million below the age of 30 years have lost their jobs. In this report, the United Nations Development Program (UNDP) provides estimates for a minimum guaranteed income to the 2.7 billion people living in 132 developing countries around the world. The total expenditure for this lies between .24 and .63 percent of their combined GDPs. The suggested ways to do that include:



- Top-ups relating to the average income in each country to the level of the vulnerable population.
- Lump-sum transfers sensitive to cross-country differences in the standard of living.
- Uniform Lump-sum transfers regardless of any differences

Temporary Basis Income provides fair shock-resistant transfers for 9-12 months and is assumed to be made on individual basis, regardless of household consumption. These transfers are expected to be used for consumption, healthcare, and education purposes. However, the report also mentions the two caveats relating to, the possibility that goods and services may get distorted. It does not solve the problem of robust social assistance programs.

### Key Highlights:

1. The report highlights the weakness of social protection systems in developing countries and how they continue to benefit formal workers, leaving the families of poor and vulnerable people unprotected.
2. The paper focuses on estimating the potential size of income transfers to the poor and vulnerable groups of population in developing countries that can be done using pop-ups and lump-sum transactions. The paper reviews some implementation challenges that include:
  - Expanding the coverage and combining digital and cash payment.
  - Ways to fund TBI without raising taxes.
  - Address the complex political economy challenges by implementing TBI.
3. The report suggests that the feasibility of this initiative is proportionate to the degree of trust in government and expectations concerning future policy action as not every government would be eligible to apply a temporary tax or able to repurpose energy subsidies.
4. The idea of temporary basic income is being carried out with different names and diverse targeting thresholds worldwide and its intersection between existing social assistance and insurance systems. The report mentions that at the moment, the focus of policymakers is on mitigating the effects of a devastating crisis.
5. According to the United Nations Development Program (UNDP), these solutions can help in slowing down the spread of Covid-19 in developing countries by providing them cash transfers so that they stay at home as this income strategy is within the reach and inform a larger conversation about how to address vulnerabilities worldwide through policy action.
6. A uniform cash transfer of \$5.50 a day would help in expanding the coverage to include the vulnerable communities living across countries.
7. A cash transfer equal to median household per capita income or consumption in each country would provide a minimum amount of \$1.90 a day to the beneficiaries.
8. In India, the total number of beneficiaries adds up to 658.21 Billion. A top-up of \$28 per month or a median amount of \$57.79 will be suitable for the population living below the poverty line or who are just on the edge of falling into it.

**Read More:** <https://www.undp.org/content/undp/en/home/librarypage/transitions-series/temporary-basic-income--tbi--for-developing-countries.html#:~:text=This%20paper%20provides%20estimates%20for,i>

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