

CHILD POVERTY IN MONTENEGRO

Time for Joint Action – Multisectoral Solutions for a Multidimensional Challenge



256 €

The average disposable monthly income of a “poor” four-person household in Montenegro!¹



ONE IN THREE

Montenegrin children live below the at-risk-of-poverty threshold



45,800+

children living a life in poverty

With COVID-19 even more young lives are at risk!

POVERTY IS MULTIDIMENSIONAL – AND IT HAS LIFELONG CONSEQUENCES

And children bear the brunt of it! A hungry child cannot play or study, a sick child cannot get healthy without medicines, a poor child is less likely to go to kindergarten and complete school, and a poor adolescent is more likely to be teased and discriminated against by his peers. The negative impact of poverty on children and adolescents has lifelong consequences. Children do not just suffer from the impact of poverty today – they are likely to experience its consequences throughout their lifetime. While some children will overcome poverty and reach their full potential, we know from experience and research that children whose childhood is marked by poverty are more likely to grow up into adults with poorer health and mental wellbeing, lower education outcomes and will find it more difficult to earn a decent wage all throughout their adult lives.

The [Multidimensional Child Poverty Study in Montenegro](#), recently completed by UNICEF, shows that more than 80 per cent of Montenegro’s children are deprived in at least one of the seven dimensions essential for a child’s development – health, nutrition, early childhood development and education, neglect and discipline, and child labour. More than half of the children are deprived in at least two of these dimensions. Combating child poverty does not just require social protection responses: it calls for multisectoral responses to poverty and vulnerability and long-term investments in human capital development that will reap high overall benefits for society along the road.

¹ Average equivalised disposable income from SILC 2019 for a four-person household with two adults and two 0-14 year-old children, calculation by UNICEF Montenegro.

COVID-19 IS MAKING IT EVEN WORSE!

Even prior to the COVID-19 crisis, child poverty was widespread in Montenegro.

According to official statistics, in 2019 every third child was at risk of monetary poverty² and in recent years there has been negligible progress in this respect.

In addition to high poverty rates as measured by official statistics, many families are living just above the poverty line and remain vulnerable to poverty from a single shock.

The socio-economic impact of COVID-19 is exacerbating the situation – due to a growing number of people losing their jobs and livelihoods, 34,000 Montenegrin citizens could be falling into absolute poverty.

Strategies that governments are adopting all over the world due to the present pandemic can make a significant difference in mitigating the social effects of economic recessions.

The Government of Montenegro has adopted four emergency economic packages totalling over one billion euros to alleviate the negative impact of the coronavirus crisis on the economy. A major focus has been to help affected businesses to maintain economic activity, while one-off assistance to families and other vulnerable groups has been limited – 11 million in total.

While ad-hoc social assistance has alleviated some pressures it has also highlighted the importance of balancing economic growth and social protection strategies to prevent disastrous social consequences that can contribute to even longer and deeper recessions.

HUMAN CAPITAL IS IN DIRE NEED OF INVESTMENT TOO. PROTECT BOTH THE ECONOMY AND SOCIETY!



² Instead of the term “monetary poverty”, the EU-SILC uses the term “at-risk-of-poverty”, which nonetheless implies individuals’/families’ limited financial capacities compared to the rest of the society. For easier reading, the term “poverty” is used throughout the document as a synonym for both “monetary poverty” and “at-risk-of-poverty”.

THE CASE FOR LONG-TERM MEASURES WITH A HIGH RETURN ON INVESTMENTS

A mixture of short- and long-term investments is needed to address complex challenges, such as child poverty. There is plenty of evidence from around the world about the high return on investments in early childhood development in terms of reducing poverty, increasing human capital and strengthening long-term economic growth.

Therefore, UNICEF is recommending that the government focus on both short- and long-term investments in its policy and response in order to address child poverty. Supporting children, especially in their early years, holds the key to a prosperous

future for Montenegrin society. It is an investment in the effective fight against child poverty that will bring at least a seven-fold return.³



In order to reverse the epidemic of child poverty and achieve substantial progress in improving the social protection of disadvantaged children and families in the coming years,

UNICEF is urging the Government of Montenegro to adopt a multisectoral approach to addressing child poverty.

WHAT DOES A MULTISECTORAL APPROACH INCLUDE?

UNICEF is proposing a set of short- and long-term policy decisions, while underlining that all the reforms should be evidence-based and fiscally sustainable:

- Include more families in the Family Material Support (FMS) and Child Allowance programmes and combine them with social services to best respond to the needs of disadvantaged families.
- Introduce semi-universal cash transfers which cover the majority of children (except families living in high-income households), instead of a targeting approach with significant exclusion errors⁴.
- Improve the progressivity of the tax system: introduce tax allowances (a minimum amount of income not subject to personal income tax), reduce income tax rates for low-earning parents, and reduce VAT on child-related products.
- Establish a transition-to-work grace period for social assistance recipients until their jobs prove to be stable, and provide tax incentives for employers in order to enhance the employability of vulnerable groups, incl. young people.
- Invest in human capital development and make significant transfers to low-income families through universal provision of free textbooks and school meals.
- Maintain and increase investments in early childhood development (ECD) services in the coming years. The forthcoming analysis supported by UNICEF⁵ estimates that an additional €7.7 million is needed per year to fill the gaps in the existing ECD programmes and to develop new, needed services.

³ A seven-fold return on investment: the best start in life for every child, UNICEF

⁴ An error, due to which not all of its intended beneficiaries actually receive support from a certain programme.

⁵ INVESTMENTS IN ECD: Case of Montenegro, upcoming report by ISSS prepared with UNICEF support.



IT TAKES A PARTNERSHIP TO RAISE CHILDREN OUT OF POVERTY

Given its solid record of successful cooperation with multiple development partners in advancing child rights, **the government can count on substantial support from these partners in implementing the proposed measures as well.** However, to foster synergy between the activities of different development partners and better align them with the proposed priorities, UNICEF is encouraging the government to take a more active role in coordinating donor activities in the relevant areas.

Child poverty is a complex problem, but there are proven solutions to tackle it. The government, with the support of its partners and allies, can put an end to it.

Therefore, we are proposing the establishment of an operational multidisciplinary task force to fight child poverty by putting into action well-thought-through multisectoral policy decisions.



WHAT CAN UNICEF DO?

1.

Provide **quality, disaggregated data and analyses** on the situation to support solutions addressing child poverty in Montenegro. In May 2021, UNICEF will publish a comprehensive assessment and proposals for reforms to Montenegro's social protection system, carried out by a group of international experts and government partners.

2.

Provide **expertise for the planning, implementing and monitoring of effective social protection measures for children** and for **promoting multisectoral approaches** to fighting child poverty. UNICEF will develop different policy scenarios for a set of social transfers that can contribute effectively to poverty reduction, together with the designing of a minimum guaranteed package of social and child protection services.

3.

In agreement with the government, UNICEF can **convene national and international partners and mobilize resources** that will help address poverty among Montenegrin children and families.

Sources: Employment Agency of Montenegro; Montenegro EU-SILC Study (2019), MONSTAT, 2020; Europe and Central Asia Economic Update, Spring 2021, World Bank; Multidimensional Child Poverty in Montenegro, UNICEF, 2021; Report on the Rapid Social Impact Assessment of the COVID-19 outbreak in Montenegro April-June 2020, UN Montenegro; INVESTMENTS IN ECD: Case of Montenegro, upcoming report by ISSS prepared with UNICEF support; A seven-fold return on investment: the best start in life for every child, UNICEF, 2003.