FIGHTING POVERTY IN MONTENEGRO

Reform scenarios for sustainable social and child protection

One in four of all Montenegrins (155 thousand) and one in three children (44 thousand) are already living at-risk-of-poverty.

The reforms could potentially be fully funded by continuing to increase/improve personal income tax system progressivity.

REFORMING CHILD ALLOWANCE (CA)
Universal child allowance extended to all children under 18 is expected to significantly reduce child and the overall risk of poverty.

Child at-risk-of-poverty decrease ▼ 6.7 percentage points

Overall at-risk-of-poverty decrease ▼ 3.8 percentage points

REFORMING FINANCIAL SUPPORT ALLOWANCE (FSA)
For an additional at-risk-of-poverty reduction effect:
- Increasing the basic amount
- Expanding the beneficiaries’ base
- New adequacy methodology to better match with the needs and size of households

COMBINING CA universalization & FSA expansion
Possibly reducing the poverty risk by 5.3 percentage points

Possibly lifting 31,800 Montenegrins out of the risk of poverty.

The authors acknowledge the limitation that assessments do not account for the 2021 minimum wage increase.

6.7 percentage points
Child at-risk-of-poverty decrease

3.8 percentage points
Overall at-risk-of-poverty decrease

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