

University



REFORM **SCENARIOS** FOR REDUCING **POVERTY**

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

Child at-risk-of-poverty decrease



Overall at-risk-of-poverty decrease



3.8 percentage points

REFORMING FINANCIAL SUPPORT ALLOWANCE (FSA)

For an additional at-risk-ofpoverty 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 percentage points

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

Expected effects of Universal Child Allowance based on simulations using the SILC 201 The autors acknowledge the limitation hat assessments do not account

REFORMING CHILD ALLOWANCE (CA)

Universal child allowance extended to all children under 18 is expected to significantly reduce child and the overall risk of poverty¹



6.7 percentage points



Ensuring the long-term sustainability of the social and child protection

Collecting additional revenue from higher income earners while **reducing** income

SUSTAINABLE

PROTECTION

FUNDING

SOCIAL AND CHILD

The reforms could potentially be

income tax system progressivity

fully funded by continuing to

increase/improve personal

Pay dividends to taxpayers

inequality

more proportionally

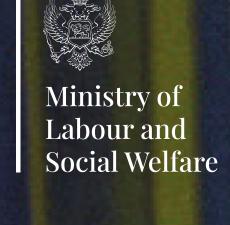
THUS

TO

BY

reforms





FIGHTING **POVERTY IN** MONTENEGRO

Reform scenarios for sustainable social and child protection

July 2022