

Inclusion in Timor-Leste

An investment opportunity for private and public donors

unicef 
for every child

The opportunity

Every child has the right to an equitable chance in life. UNICEF works in Timor-Leste to reduce child poverty and shield girls and boys from its lifelong consequences. This crucial work is done in four areas:

1. UNICEF calls for the Government of Timor-Leste to recognize **child poverty** as a national policy priority and protect children from its most devastating effects. UNICEF supports the country's efforts to assess both monetary and multidimensional child poverty – measures of deprivation that go beyond income – and to address them through policies, programmes and budgets.
2. UNICEF helps Timor-Leste strengthen and expand **social protection systems** that reach those most at risk of discrimination and exclusion. This includes supporting the development of national cash transfer programmes and strengthening social protection systems so that families gain access to health care, education and social welfare, even in the face of humanitarian crises.
3. UNICEF supports national and local governments in Timor-Leste to mobilize, plan, allocate and improve **public financial resources** to deliver more equitable, sustainable social services for children.
4. UNICEF helps to build the **capacity of local governments** – in both urban and rural contexts – to generate local data, plan services, prepare for emergencies, budget equitably and monitor the impact of interventions on children.

In 2020 alone, UNICEF supported 156 countries with over US\$533 million to provide children with an equitable chance in life. In Timor-Leste this support was US\$450,000.

Investing in poverty reduction in Timor-Leste will help Timorese children flourish, and in turn support the economy. Without supporting poverty reduction efforts, as Timor-Leste emerges from the devastation of the COVID-19 pandemic, the country risks not only losing the hard-won developmental gains in recent years, but also losing a generation of future thinkers, leaders, workers and consumers.

Without the right investments from the public and private sectors, the shadow of COVID-19 may hang over children and young people for a generation or more. The promise of this dynamic country will not be realized without urgently investing in children and young people and preparing them for a new tomorrow.

Multidimensional poverty encompasses the various deprivations experienced by poor people in their daily lives, such as poor health, lack of education, inadequate living standards, disempowerment, poor quality of work, the threat of violence, and living in areas that are environmentally hazardous.

Sustainable Development Goal (SDG) 1: No poverty, and SDG 10: Reduced inequalities

UNICEF's social inclusion programme contributes to the achievement of SDG 1 – no poverty, and SDG 10 – reduced inequalities. Poverty has many dimensions, but its causes include unemployment, social exclusion and high vulnerability of certain populations to disasters, diseases and other phenomena that prevent them from being productive. Inequality threatens long-term social and economic development, harms poverty reduction and destroys people's sense of fulfilment and self-worth. The COVID-19 pandemic will have both immediate and long-term economic consequences for people across the globe. Strong social protection systems are essential for mitigating the effects and preventing many people from falling into poverty.



The challenges

Poverty in childhood has lifelong impacts on a child's physical, cognitive and social development, with devastating long-term implications for societies.

Timor-Leste has achieved a significant decline in poverty rates over the past decade, with a drop in the proportion of the population living below the national poverty line from around 50 per cent in 2007 to 42 per cent in 2014 (World Bank, 2016). Poverty incidence is similar among women (41 per cent) and men (42 per cent), although female-headed households are less likely to be poor (27 per cent) than male-headed households (42 per cent), possibly due to remittances. Children (48 per cent) are more likely to live in monetary poverty than adults.

Poverty reduction has been geographically uneven, with 80 per cent of the poor living in rural areas and the incidence of poverty highest in the western part of the country. Those most at risk of being left behind live in rural areas, particularly hard-to-access, remote, mountainous regions away from urban centers. However, the capital city, Dili, concentrates the largest cluster of poor people, linked to the country's high urbanization rate.

A key driver of the high poverty rates continues to be the combination of low incomes and large families. The average poor household has seven members and works in subsistence agriculture. Cultural norms also play a role, with over 8 per cent of average household income consumption dedicated to festivities and ceremonies (a likely under-reported figure).

Similarly to monetary poverty, multidimensional poverty decreased from 68 per cent of the population in 2009 to 46 per cent in 2016, as per a global measurement (Global Multidimensional Poverty Index of UNDP and Oxford Poverty and Human Development Initiative). In 2021, Timor-Leste developed its own, country-specific measurement of multidimensional poverty, which showed that young children and older individuals (60 and over) are the groups with the highest rates of multidimensional poverty, as well as adolescent boys 15–17. Adult women are more likely to be deprived than men, while boys are more likely to be deprived than girls.

These poverty rates, both monetary and multidimensional, remain high, and progress is not fast enough to eliminate poverty by 2030. These high poverty rates constitute a crucial deprivation for the children of Timor-Leste. They breach their right to an adequate standard of living and hinder the realization of children's rights in all the sectors that UNICEF supports. Yet, poverty receives insufficient attention in public discussions, and child poverty has been particularly invisible.



The solutions

① Increase government capacity and commitment to measure child poverty

UNICEF will support the government to measure and respond to poverty and inequities. This will include evidence generation on both monetary and multidimensional poverty. Specific attention will be given to intersecting forms of discrimination, in particular age, sex and disabilities. Urban poverty will be examined, as the situation of children in slums demands a distinct response.

② Strengthen government and other stakeholders' capacity to generate and use evidence to drive child-responsive, equity-focused state planning and budgeting

UNICEF will focus on ensuring that the available evidence drives state planning and budgeting. It will engage key stakeholders around the budget cycle to ensure that children's issues are better taken into account and that more focus is given to equity. UNICEF will promote a child marker to better track budget allocations and spending, and better coverage of budget transparency efforts. It will also support institutional capacity building to ease the budget development process.

③ Strengthen government capacity to expand shock-responsive social protection

UNICEF will contribute to strengthening social protection. It will promote policy dialogue among stakeholders and will facilitate learning from other country examples, to ensure that the best interests of children are adequately reflected in cash transfer schemes as they evolve, and that the schemes adequately take into account vulnerability to shocks. To improve the administration of cash transfer schemes (and of other services) UNICEF will also support the government to establish a unique ID system.

Impact

By 2025, working with partners in the public and private sectors, UNICEF in Timor-Leste will contribute to achieving these key results:



Increased share of **public spending on health, education and social protection** benefits children living in the poorest regions and the poorest quintile



Three municipalities **implement plans and budgets** that reflect local child priorities, including priorities of the most vulnerable children



National government measurement of **child poverty** uses multidimensional measures



Policies and programmes are influenced by **data and analysis** and through effective advocacy to reduce child poverty



How to help

UNICEF's work in social inclusion requires a budget of US\$2 million for 2022–2025. Of this amount, UNICEF has committed US\$800,000 from its resources. Now, UNICEF is seeking partners from both the private and the public sector to financially support its crucial social inclusion programme that requires a total amount of US\$1.2 million. Donors can contribute in two ways:

- 1. Contribute to thematic funds for social inclusion earmarked to Timor-Leste** – This type of funding will target social inclusion, a goal area of the UNICEF Strategic Plan, while enabling the Country Office to direct the investments to activities that are most needed within this thematic area. This gives UNICEF's experts the flexibility to focus on interventions that will have the most impact in accelerating results for children. In return, the donor gets a 1 per cent discount on the cost recovery.
- 2. Contribute to specific activities** – If you are interested in contributing to specific solutions, UNICEF is ready to partner with you and to provide more details on any social inclusion interventions described in this document.

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COVID-19 social protection response: Cash Plus initiative

On 2 April 2021, the parliament in Timor-Leste approved a US\$250 million withdrawal from the Petroleum Fund for general spending as well as a stimulus package for the economy. The package included cash transfers to manage economic and financial risks stemming from the COVID-19 pandemic.

As part of the package, the government enacted the first near-universal cash transfer in the country's young history. At a cost of over US\$60 million, the Uma Kain payment took the form of a one-off cash transfer of US\$200 – equal to US\$100 per month for the first two months of the state of emergency in April and May 2021 – to all households with a monthly income of less than US\$500 in all 452 villages in the country. Experiencing COVID-19 has significantly increased government buy-in for universal social protection.

UNICEF successfully advocated to disseminate practical information to families alongside the cash transfer. UNICEF printed over 300,000 brochures, which were distributed to households along with the cash, to inform families on optimal infant and young child feeding, hand washing, social distancing and other COVID-19 prevention key messages.

The COVID-19 cash transfer has helped build the case in Timor-Leste for both universal social protection and cash plus interventions, two measures for which UNICEF has been advocating.

We hope you are inspired to join us and take a leading role in reducing poverty for Timorese children. If you have any questions or would like more details, please contact:

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