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Poverty & Equity Brief

April 2025

TIMOR-LESTE

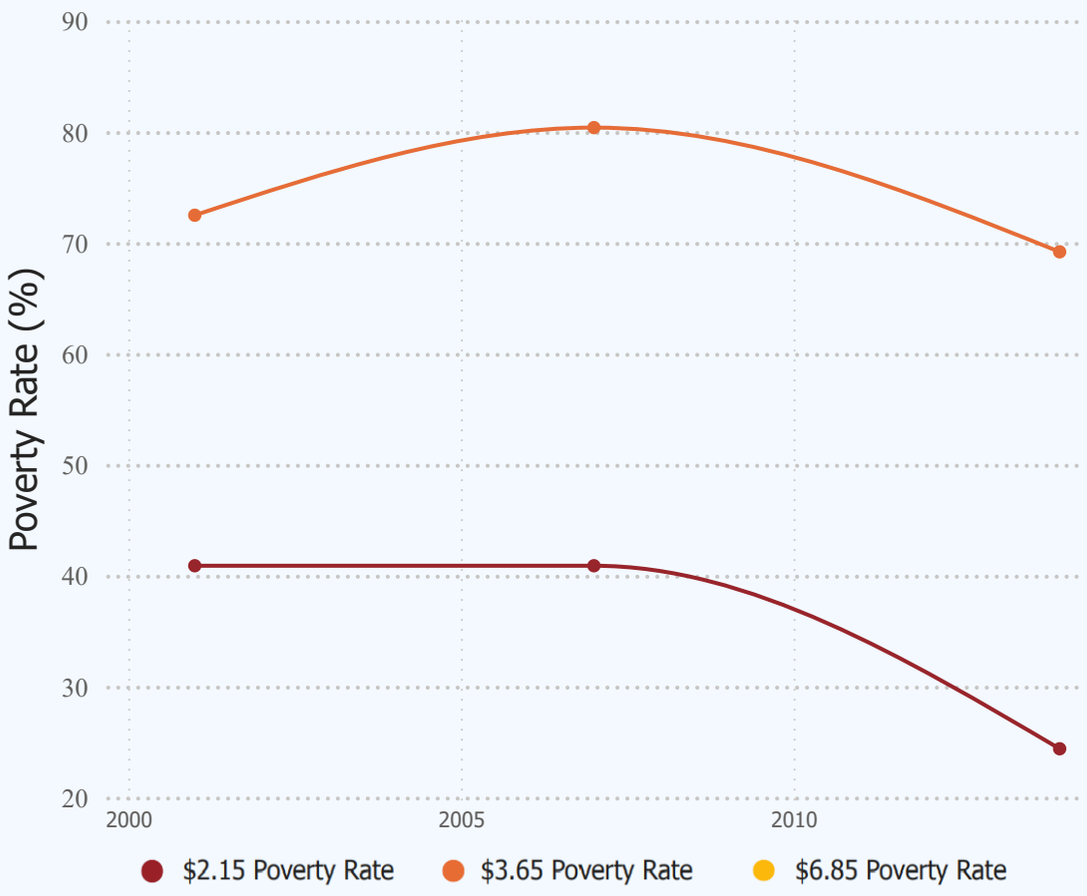
Timor-Leste has made significant strides in reducing poverty from 2007 to 2014, but the lack of recent data makes it difficult to assess current progress. The national poverty rate dropped from 50.4 percent in 2007 to 41.8 percent in 2014. Using an internationally comparable poverty line of $2.15 per person per day (2017 PPP), poverty fell even more sharply from 40.9 percent in 2007 to 24.4 percent in 2014. These reductions were mainly experienced by those in the agriculture sector, which is the primary livelihood for most of the poor in Timor-Leste. The Prosperity Gap, a new shared prosperity indicator, measures the average factor by which incomes must increase to reach a prosperity standard of $25/day, and it declined from 11.3 to 9.3 during the same period. With a Gini index of 28.7 in 2014, inequality in Timor-Leste is relatively low by international standards. The Government has completed the living standard survey in 2024 and is now updating the poverty estimation, which will be the first in the last ten years.

The 2022 Population and Housing Census indicates improvements in living conditions. Lagging regions have been catching up, but there are still considerable gaps between urban and rural areas. The percentage of births attended by skilled health personnel improved significantly, from 57 percent in 2016 (based on the Demographic and Health Survey) to 68.5 percent in 2022 (in the Census). However, a significant gap remains between urban and rural areas, with 92 percent and 60 percent of births supported by skilled personnel in urban and rural areas, respectively. For example, the capital city, Dili, reported 93.3 percent of births attended by skilled health personnel, more than double the rate in the predominantly rural Ermera district (41 percent). Similar urban-rural gaps persist in other non-monetary measures, such as access to improved drinking water sources and sanitation facilities.

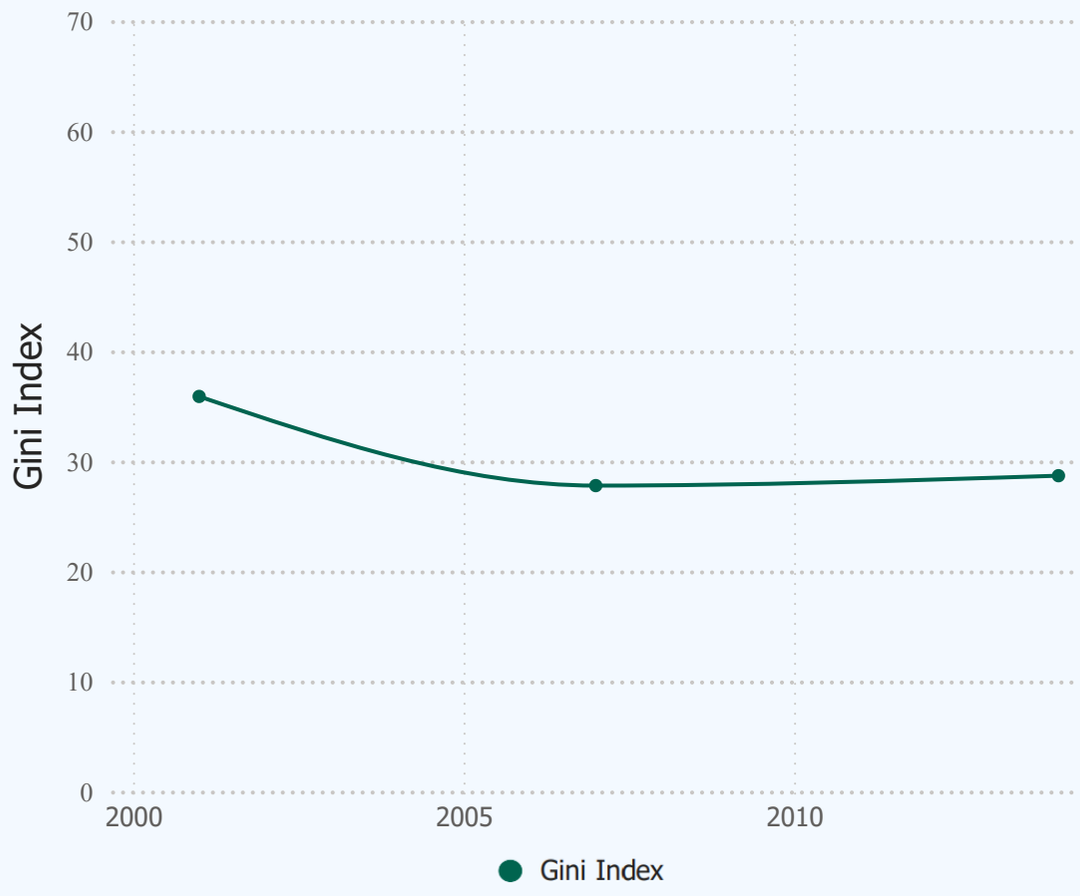
Findings from the 2021 Labor Force Survey, however, point to stagnant labor market conditions. Labor force participation remained low at 30.5 percent in 2021, the same level as in 2013 when the previous labor force data was collected. This participation rate is the lowest among the country's peers. Informal employment rose from a high baseline of 72 to 77 percent, while real median wages declined by 22 percent over the same period, making workers vulnerable to shocks. Wages fell across all sectors and education levels, with a greater decline for workers with higher educational attainment (33 percent), signaling lower returns to education.

$2.15 Poverty Rate	$6.85 Poverty Rate	Gini Index	Prosperity Gap
2014	2014	2014	2014
24.4%	N/A	28.7	9.3

Poverty Rate



Inequality



Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	507.0	41.8	2014
International Poverty Line ($2.15/day)	288.9	24.4	2014
Lower Middle Income Class Poverty Line ($3.65/day)	818.2	69.2	2014
Multidimensional Poverty Measure		36.6	2014

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)
Urban population	14.3
Rural population	28.4
Males	24.8
Females	24.0
0 to 14 years old	29.4
15 to 64 years old	21.7
65 and older	15.7
Without education (16+)	25.9
Primary education (16+)	23.1
Secondary education (16+)	15.2
Tertiary/post-secondary education (16+)	5.5

Multidimensional Poverty Components	(% of Pop.)
Daily income less than US$2.15 per person	24.4
At least one school-aged child is not enrolled in school	18.4
No adult has completed primary education	22.2
No access to limited-standard drinking water	22.1
No access to limited-standard sanitation	39.6
No access to electricity	27.2

Note:
N/A denotes a missing/removed value, while N/A* refers to a value which was removed due to having fewer than 30 observations.
The rates in the Poverty by Group table above are shown at the $2.15 international line.
Data for the Poverty by Group table is derived from a 2014 survey and data for the Multidimensional Poverty Components table is derived from a 2014 survey.

Poverty Data & Methodology

Poverty in Timor-Leste is estimated based on per capita consumption expenditure and a poverty line which is determined using the cost-of-basic-needs approach. This method calculates the poverty line as the cost of a consumption bundle that is (1) consistent with the consumption pattern of the poor; and (2) deemed adequate for meeting basic needs. The poverty line has three main components: food, rent, and non-food. The food poverty line is constructed based on representative food bundles to meet the recommended nutritional need of 2,100 calories per person per day. The rent poverty line represents the average imputed rental cost per person of a reference dwelling. The non-food (excluding rent) poverty line is estimated in terms of what the poor generally spend on non-food items.

In 2014, poverty lines were estimated for the 13 districts using the Timor-Leste Survey of Living Standards (TLSLS-3). For 2007, poverty lines were constructed for six domains (the rural and urban segments of three regions), as the TLSLS-2 sample size permitted only this degree of spatial disaggregation. Yet, both years present comparable estimates of poverty.

Harmonization

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPTSD). As of April 2025, the collection includes 21 countries and 133 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables forms the basis of the GMD collection, including the welfare aggregates which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.

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