



**P R I M E  
M I N I S T E R**

**SPEECH BY  
HIS EXCELLENCY PRIME MINISTER  
KAY RALA XANANA GUSMÃO**

**ON THE OCCASION OF THE  
YELLOW ROAD WORKSHOP  
PLANNING THE 2026 GENERAL STATE BUDGET**

Ministry of Finance, Dili

13 June 2025



Distinguished Members of Government,  
Representatives of Parliament,  
Fellow Civil Servants,  
Ladies and Gentlemen,

Today's meeting marks the beginning of an important process for our country: the preparation of the 2026 General State Budget.

This instrument is essential for defining the direction of our Nation and fulfilling the commitments we have made to our people. The 2026 budget must continue to reflect our determination to build a more prosperous, equitable and resilient society.

Our nation stands at a pivotal moment. Political stability has returned, macroeconomic fundamentals have strengthened, and we possess the institutional capacity to deliver meaningful change. We must now channel these advantages into concrete progress that reaches every village, suco and administrative post in the country, and touches every Timorese life.

After two years of governance, which we will mark on 1 July, it is time to consolidate our gains and press forward with the rollout of the Programme of the Ninth Constitutional Government, so that improvements in socioeconomic development can be seen and consolidated by all and for all.

Timor-Leste is a country of great potential. It is a nation of unique beauty, culture and identity that sets us apart in the region. We still face many challenges, but we begin from a vital foundation: peace and stability — and now, the will and trust of our people to move forward with development.

Ladies and Gentlemen, we cannot let our people down!

We must confront poverty — in which many Timorese still live — and we must address our vulnerability to macroeconomic shocks, extreme environmental conditions and the global changes of an increasingly fast-moving world. We must face these challenges with resolve, with action, and with a deep sense of responsibility.

As such, the State Budget is not just a financial tool — it is a moral instrument. And it is an opportunity to do more and do better for our country.

Social protection remains one of our foremost priorities. We will establish a comprehensive system that identifies and supports those most in need. Our approach will move beyond broad-based assistance to targeted interventions that address specific vulnerabilities. The elderly, persons with disabilities, single-parent households, and at-risk children will receive the focused support they deserve. We will integrate our social protection mechanisms, digitise our delivery systems, and ensure that every programme reaches its intended beneficiaries with efficiency and dignity.

With improved data systems and better inter-agency coordination, we can ensure that every dollar spent has real impact. In 2026, we will prioritise the design and rollout of a more integrated, inclusive and digitalised social protection platform that is able to adapt to the changing needs of our society.

At the same time, we must continue to improve the machinery of Government, especially in how we manage public finances.

The recent approval of the new Budget and Financial Management Law — together with reforms to programme budgeting, procurement processes and financial reporting — demonstrates our commitment to improving transparency and accountability. These reforms are essential not just for effective governance, but also for restoring public trust.

But our vision for Timor-Leste cannot stop at social transfers or government efficiency. We must also lay the foundations for a more dynamic, inclusive and competitive economy.

Our accession to the WTO and progress toward ASEAN membership create unprecedented opportunities for trade expansion and investment attraction. We must prepare our economy to capitalise on these openings. The private sector will drive our economic growth, but government must create the enabling environment for this transformation to succeed.

Ladies and Gentlemen,

This means pushing forward with essential economic reforms.

We will accelerate the development of a national digital ID system to improve access to services and formalise economic activity.

We will strengthen our financial sector by improving banking regulation and expanding access to credit.

We will invest in vocational training that is aligned with the needs of the private sector, particularly in sectors like construction, hospitality, agribusiness, ICT, and within Blue Economy projects, so that our young people are equipped with the skills to succeed.

It is also time to look inwards and reduce our reliance on imports.

Import substitution strategies must be pragmatic and market-driven, focused on areas where Timor-Leste can build competitive advantage. We are already supporting local production of essential goods like rice, poultry and construction materials. In 2026, we will need to expand this approach to support domestic value chains that can replace selected imports, generate rural employment and boost household incomes.

As we shift away from a model driven by government spending and fiscal stimulus, we must create the conditions for the private sector to lead our economic transformation. This requires stability, strong institutions and a regulatory environment that rewards investment and innovation.

We cannot – and should not – try to do everything through the State. Instead, we must focus the Government’s role where it matters most: providing essential public goods and services, guaranteeing national security and peace, and upholding the rights and dignity of all its citizens.

This posture of governance — with integrity and competence — will give Timorese citizens the confidence to participate more actively in their own development, moving the country forward in a just and inclusive way.

Distinguished Guests,  
Ladies and Gentlemen,

This is why we are also committed to increasing investments in basic services, especially in rural areas. Too many of our people still lack access to clean water, reliable electricity, quality education and essential healthcare. These are not luxuries — they are the foundations of a decent life and the precondition for economic productivity.

In our 2026 budget, we will maintain focus on these key social sectors, while insisting on better performance, measurable outcomes, and stronger local accountability.

Peace and stability remain the cornerstones of our national development. We cannot grow the economy or reduce poverty in a climate of division or uncertainty. We will maintain the security and unity that allow economic activity to flourish and social progress to continue. National cohesion remains essential for achieving our development objectives. The people of Timor-Leste want unity, they want security, and they want opportunity.

It is in this spirit that we will include in our 2026 plans and budgets specific measures to implement the Policy and Action Plan for Promoting a Resilient and Sustainable Ocean Economy in Timor-Leste, which will soon be presented to the Council of Ministers.

As an island State surrounded by marine resources and unique biodiversity, we must look to the sea as a source of sustainable development. As an island, we cannot ignore climate change or the urgent need for a new development paradigm — one that considers not only today, but the tomorrow of future generations.

We will measure our success through concrete outcomes that improve people's lives. Poverty reduction, job creation, improved health and education indicators, and enhanced economic competitiveness will serve as our benchmarks. Regular monitoring and evaluation will track progress and inform course corrections when necessary.

The 2026 Budget must reflect these aspirations. It must be a Budget of responsibility — fiscally, socially, environmentally and politically.

Distinguished Colleagues,

The 2026 Budget must represent more than financial planning. It must embody our vision for Timor-Leste's future and our commitment to the welfare of our people.

And our commitment demands effort, dedication, responsibility and integrity. I would even say: it demands sacrifice!

I therefore call on Members of Government to use this Budget wisely and purposefully, directing resources where they are most needed — to protect the most vulnerable and create the conditions for sustainable, long-term prosperity.

Let us work together, and work hard, on a Budget that transforms — a Budget that accelerates economic growth, a Budget that puts people first, especially those most in need.

Let us create a framework that strengthens institutions while empowering citizens.

Let us lay the foundations for sustainable development that is seen and felt by all Timorese.

Let us design a Budget that is responsible, realistic, and truly transformative.

May we all take this to heart.

The decisions we will make today during this Yellow Road workshop will shape our nation's trajectory for years to come. We must rise to this responsibility with wisdom, determination, and unwavering commitment to the public good.

And above all, let us remain united in our mission to deliver a better life for every citizen of Timor-Leste.

Thank you.

Kay Rala Xanana Gusmão