



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

**OPENING ADDRESS
BY HIS EXCELLENCY THE PRIME MINISTER
KAY RALA XANANA GUSMÃO**

**ON THE OCCASION OF THE MEETING
“BUDGET DAYS FOR 2027”**

**“Strengthening Resilience through Transformation: Diversifying the
Economy for a Sustainable Future”**

Kay Rala Xanana Gusmão Auditorium, Ministry of Finance, Dili
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Palácio do Governo
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Dili, Timor-Leste

Members of Government

Presidents of the Municipal and Administrative Authorities

Directors-General, National Directors and Senior Officials,

First of all, I would like to welcome you once again to the “Budget Days” meeting.

At this stage of preparing the 2027 State Budget, we are taking another step towards the long-term sustainable development of Timor-Leste through a collective effort.

The 2027 State Budget will be the first budget prepared under our 2027–2030 Medium-Term Planning Framework. This is the Government’s new roadmap for achieving the targets established in the Strategic Development Plan adopted in 2011.

This budget therefore seeks to place us even more firmly on the path towards attaining upper-middle-income country status by 2030.

The 2027 Budget will also be instrumental in diversifying the non-oil economy and promoting more inclusive growth, supported by the Blue Economy Policy 2025–2035, our full integration into ASEAN and other national commitments.

The 2027 State Budget will be guided by the theme “*Strengthening Resilience through Transformation: Diversifying the Economy for a Sustainable Future*”. This means transforming our resilience into investments in strategic productive sectors, quality infrastructure, connectivity and access to basic services and the strengthening of national human capital.

It also means never slowing the pace of our institutional reforms, which are a fundamental pillar of effective public service delivery. And it means not losing sight of global challenges and the occurrence of unforeseen events, including those of an environmental nature, so that we are better prepared for shocks, disasters and climate-related risks.

Words and slogans inspire us, but the true character of governance and the performance of the public sector lie in the decisions we make about what we fund and what we do not fund and in the investments that are translated into measurable results.

Ladies and Gentlemen,

We must begin with an honest assessment of our current situation. Monitoring of the Strategic Development Plan shows that, of the 199 targets established, many have achieved only partial progress and some have shown no progress at all. Significant public resources have been utilised, yet the results for our citizens and for our economy have not advanced at the pace expected.

If we continue to rely on the old approach to budget preparation, we risk exhausting the Petroleum Fund without achieving the structural transformation that our people deserve.

For this reason, the 2027 State Budget will also serve as the first major test of our new budget process. The Ministry of Finance has already outlined the technical aspects.

Allow me, therefore, as Head of Government, to focus on what I expect from you as leaders of ministries and other State institutions.

First, forward estimates will now become the binding baseline for expenditure. We should not rebuild budgets from scratch. Only three types of changes will be permitted: technical corrections; parameter adjustments, such as inflation or population growth; and new policy decisions approved by the Policy Review Committee. This requires greater discipline in the way we plan and present such changes.

Second, all new expenditure proposals must go through the “Government Policy Priorities” process. There will be no more last-minute proposals, nor any “back-door” submissions lacking proper costing or rigorous assessment.

The authority to submit new policy initiatives rests with my Office. Only proposals selected for consideration by the Policy Review Committee will proceed to the detailed costing stage.

Third, each ministry must be selective and strategic. I ask you to identify a limited number of high-impact initiatives that contribute directly to the priorities we have agreed for the preparation of the 2027 State Budget:

- Economic diversification and productive sectors – agriculture, fisheries, tourism, trade, services, responsible minerals and strategic petroleum;

- Rural infrastructure, connectivity and access to basic services;
- Human capital and service delivery – education, health, vocational skills, youth employment and women's economic participation;
- Quality and execution of public investment – improved project selection, preparation, implementation, maintenance and monitoring;
- National resilience – food and energy security, disaster preparedness and climate change adaptation;
- Preparation for the 2027 CPLP Summit, the 2027 elections and the ASEAN Chairmanship in 2029;
- Private sector growth and digital transformation;
- Fiscal sustainability, institutional reform and strengthening of the justice system.

Proposals that do not align with these priorities, or that merely revive ideas from the past without stronger evidence of their impact, will not be regarded as priorities.

Fourth, the new rules regarding costing, documentation and deadlines must be strictly observed. Every policy proposal must be based on a clearly defined problem, realistic objectives and well-identified expected outcomes. Standard templates and costing guidelines issued by the Ministry of Finance must be used, and those costs must be validated at least ten days before the meeting of the Policy Review Committee.

If these requirements are not met, the proposal will not be submitted. Only my Office may authorise exceptions, and such exceptions will be rare and properly justified.

Fifth, we will change the incentives within the budget process. The 2027 State Budget should not finance new feasibility studies for projects that have already been sufficiently studied and are ready for implementation.

We cannot continue a model of growth based solely on public expenditure without mobilising private investment, public-private partnerships and blended finance. Nor can we finance new roads in areas that are already served while existing assets deteriorate and production corridors remain incomplete. We cannot duplicate programs already supported by external partners instead of addressing genuine gaps and strengthening national ownership.

Instead, preference will be given to proposals that align with the Medium-Term Planning Framework and its ten flagship interventions, with clear and measurable outcomes. We want to identify the number of hectares irrigated, jobs created, exports increased, new tourists attracted and families benefiting, as well as other indicators of improved resilience.

Preference will also be given to initiatives that strengthen institutions, systems and data, particularly in public financial management and public investment management.

And preference will be given to those that demonstrate value for money, efficiency gains and long-term sustainability.

Ladies and Gentlemen,

I expect every Member of Government to review their programs carefully. I want you to identify activities of low priority, low impact or consistently unsatisfactory performance and to be prepared to reduce or discontinue them in order to create fiscal space for higher priorities.

Fiscal sustainability is not solely the responsibility of the Ministry of Finance. Fiscal sustainability depends on the decisions taken across all ministries.

The new process will be demanding, but it has been designed to support better decision-making. The Ministry of Finance will provide early estimates, guidance, templates and training. The Policy Review Committee will meet several times in a structured manner to consider options, hear arguments and make decisions.

This “Budget Days” meeting is our starting point. I expect all ministers to conduct a disciplined internal process and to submit only well-considered and high-quality proposals within the established deadlines.

Our citizens may not follow the details of this process, but they will feel its results. The Timorese people deserve better infrastructure and services, greater employment and business opportunities and stronger protection against crises and disasters.

Through the 2027 State Budget, we must demonstrate that our institutions are capable of delivering these outcomes with discipline, transparency and unity of purpose.

I count on your full cooperation.

The Timorese people count on your commitment and professionalism.

Let us use this meeting to clarify any doubts and to commit ourselves to making the new budget process work for the people of Timor-Leste.

Thank you very much.

Kay Rala Xanana Gusmão