

**TIMOR-LESTE'S ECONOMIC
PERFORMANCE 2025**



TIMOR-LESTE: TOWARD PRIVATE SECTOR-LED ECONOMIC GROWTH

EXECUTIVE SUMMARY || SUMARIU EZEKUTIVU



Executive Summary

Economic growth in Timor-Leste is projected to remain robust at 4.6 percent in 2025, supported by an expansionary fiscal stance, strong government consumption, and elevated public investment. Household consumption has benefited from improved real incomes amid a sharp deceleration in inflation, while public investment—particularly in infrastructure—continues to generate short-term demand and employment effects. Real GDP growth is projected to reach up to 5 percent through 2026, underpinned by an expansionary fiscal stance, strengthening absorptive capacity (including improved budget execution and economic absorption), positive spillovers to private consumption and investment, and ongoing structural reforms to catalyze private sector-led growth.

However, the **economy remains highly dependent on public expenditure and consumption**, with limited contribution from private investment and tradable sectors. Structural bottlenecks, weak absorptive capacity, and narrow export bases continue to translate demand impulses into higher imports, resulting in a persistently large trade and current account deficit. Non-oil exports remain concentrated and small in scale, reflecting long-standing competitiveness and diversification challenges.

Inflation declined markedly in 2025, with average headline **inflation falling to 0.5 percent**, driven by easing global commodity prices, lower food inflation, and favorable exchange-rate developments. While low inflation has helped restore purchasing power and confidence, it also reflects subdued domestic supply responses and continued reliance on imports in a fully dollarized economy.

Fiscal policy remained expansionary in 2025, with a significant increase in the approved budget and moderate improvements in execution. Public investment continued to focus on infrastructure, particularly roads and bridges, supporting activity but with limited domestic multiplier effects due to high import content.

Despite progress in non-oil revenue mobilization, fiscal balances remain structurally dependent on transfers from the Petroleum Fund, including substantial excess withdrawals, raising concerns about long-term fiscal sustainability and intergenerational equity.

Monetary and financial conditions remained broadly stable. Credit to the private sector continued to expand, though allocation remained concentrated in construction and trade-related activities, while productive sectors such as agriculture, manufacturing, and tourism experienced weak or declining credit flows. Lending rates remain elevated, constraining private investment and financial deepening. **Money supply contracted in 2025**, reflecting slower deposit growth and tighter fiscal liquidity rather than changes in policy stance.

Externally, the strong U.S. dollar helped contain imported inflation but further weighed on export competitiveness, reinforcing **structural dependence on imports** and non-tradable activities. In the absence of exchange-rate adjustment mechanisms, medium-term growth prospects hinge critically on accelerating structural reforms to raise productivity, strengthen the private sector, and diversify the economy.

Overall, while near-term growth prospects are favorable, the current growth model poses rising risks to fiscal sustainability, external resilience, and inclusive job creation, underscoring the need for a gradual but decisive rebalancing toward private-sector-led and investment-driven growth.

▲ 39.199

46.81%



Key Recommendations

Near-Term Priorities (1–2 Years)

1. **Maintain Macroeconomic Stability While Improving the Composition of Fiscal Spending**

Fiscal policy should continue to support near-term growth while gradually improving the quality and efficiency of expenditure. Priority should be given to well-targeted public investment and essential services, alongside strengthened project appraisal and execution to enhance domestic value added and reduce import leakages.

2. **Strengthen Non-Oil Revenue Mobilization and Cash Management**

Continued efforts are needed to broaden the non-oil tax base, enhance compliance, and strengthen tax administration to reduce reliance on Petroleum Fund transfers. Improved cash management and coordination between fiscal operations and the financial system would help mitigate liquidity volatility and support credit conditions.

3. **Support Credit Intermediation to Productive Sectors**

Measures to improve access to finance, particularly for SMEs and productive sectors, should be advanced, including through credit guarantees, improved collateral frameworks, and strengthened financial infrastructure. Efforts should focus on redirecting existing liquidity toward growth-enhancing activities rather than further credit expansion driven by consumption.

4. **Preserve Financial Sector Stability**

Continued vigilance is warranted to safeguard banking sector soundness amid moderating profitability. Strengthening supervisory capacity and monitoring credit concentration risks will be important as banks reallocate assets toward private sector lending.

Medium-Term Priorities (3–5 Years)

5. Rebalance the Growth Model Toward Private-Sector-Led and Tradable Activities

Continued vigilance is warranted to safeguard banking sector soundness amid moderating profitability. Strengthening supervisory capacity and monitoring credit concentration risks will be important as banks reallocate assets toward private sector lending.

6. Enhance Public Investment Efficiency and Institutional Capacity

Strengthening public investment management frameworks, including project selection, procurement, and monitoring, will be critical to maximizing returns on infrastructure spending. Greater emphasis on maintenance, rural connectivity, and productivity-enhancing infrastructure would support diversification and inclusive growth.

7. Safeguard Fiscal Sustainability and Petroleum Fund Wealth

A gradual fiscal consolidation path anchored in realistic medium-term frameworks is needed to preserve Petroleum Fund assets. Reducing excess withdrawals and aligning spending with long-term absorptive capacity will help protect intergenerational equity and macroeconomic stability.

8. Address Structural Competitiveness Constraints in a Dollarized Economy

In the absence of exchange-rate policy tools, competitiveness gains must come from productivity improvements. Policies should focus on skills development, labor productivity, infrastructure quality, and institutional reforms to support export-oriented activities and reduce structural dependence on imports.



Key Highlight

Economic Activity and Inflation

Economic growth in 2025 is estimated at 4.6 percent, slightly above the 4.3 percent recorded in 2024. Growth was largely driven by domestic demand. Government consumption increased by 9.5 percent, contributing significantly to GDP growth, while public investment expanded by 14.5 percent, reflecting strong infrastructure spending. Household consumption grew by 3.6 percent, supported by rising wages, public transfers, remittances, credit expansion, and sharply lower inflation. Imports rose by 5.7 percent, reflecting the economy's reliance on imported goods, and non-oil exports remained modest, with coffee accounting for the majority of export receipts.

From a production perspective, economic activity remains highly concentrated. Public administration accounted for approximately one-third of GDP, underscoring the dominance of the public sector. Construction continued to expand, largely driven by public infrastructure projects, while agriculture's share declined to around 19 percent. Manufacturing and financial services remain marginal, highlighting the narrow productive base and limited diversification.

Inflation moderated sharply in 2025. Headline consumer price inflation averaged 0.5 percent, down from 2.1 percent in 2024, with food prices, the largest component of the CPI, rising only 1.1 percent. Prices for transport, alcohol, and tobacco declined, reflecting lower fuel costs and subdued domestic demand pressures. Inflation is projected to rise moderately to 1.2 percent in 2026, remaining below historical averages.

Public Finance

Fiscal policy in 2025 remained expansionary. The approved central government budget increased by 17 percent to USD 2.62 billion, with total expenditures

Fiscal policy in 2025 remained expansionary. The approved central government budget increased by 17 percent to USD 2.62 billion, with total expenditures executed at about 69 percent of the budget, rising to nearly 79 percent when excluding the Contributory Capitalization Scheme. Public investment totaled USD 472 million, largely allocated to infrastructure, with roads and bridges accounting for more than half of executed infrastructure spending. Non-oil revenue increased by 19.7 percent, led by higher income tax collections. Including Petroleum Fund transfers, the fiscal deficit amounted to USD 951 million, highlighting the heavy reliance on oil wealth to finance public expenditures.

Monetary and Financial Conditions

Monetary conditions tightened moderately during 2025. The monetary base declined by 3.4 percent, while broad money (M2) contracted by 5.3 percent, reflecting lower deposits. Currency in circulation increased, accounting for a small share of M2. Credit to the private sector grew by 14.1 percent, concentrated in construction, while lending to other sectors remained subdued. Interest rates were broadly stable, with a slight narrowing of the spread between lending and deposit rates.

The banking system remained well-capitalized and liquid. Total assets increased by 7.1 percent, driven by higher loans, while deposits rose modestly. Capital strengthened significantly, and asset quality remained sound, with a non-performing loan ratio of 2.4 percent. Profitability declined, reflecting lower net income and reduced returns on assets and equity.

External Sector

The current account deficit widened by 16.0 percent to USD 701.4 million in 2025, reflecting large deficits in goods and services, partially offset by primary and secondary income inflows. The U.S. dollar appreciation contributed to a slight real effective exchange rate appreciation, helping contain imported inflation but further constraining export competitiveness.



Outlook and Key Challenges

Timor-Leste's macroeconomic environment remains characterized by stable near-term growth and low inflation, supported by public spending and favorable monetary conditions.

However, structural vulnerabilities persist, including heavy fiscal reliance on petroleum wealth, limited productive diversification, weak tradable sector performance, and rising external imbalances. Addressing these challenges will be central to sustaining growth and financial stability in the medium term.



Photo: Timor Port

Special Focus:

Private Sector

Private Sector Development

Timor-Leste's economy remains predominantly driven by the public sector, with government spending and investment serving as the primary engines of growth. Structural barriers, including limited access to finance, underdeveloped infrastructure, a small domestic market, and regulatory constraints, continue to hinder private sector development. As a result, the private sector remains small, grows only modestly, and is concentrated in a few low-productivity sectors, limiting opportunities for economic diversification, broad-based employment generation, and sustained growth.

These challenges are compounded by a narrow productive base and weak external competitiveness, which constrains the expansion of the private sector into higher-value and productive activities. Agriculture, despite employing a large share of the population, has experienced stagnant output and productivity, while manufacturing and industrial activity remain negligible.

Trends in Private Investment

The real value of private investment has increased only modestly over the past two decades, rising by USD 43.5 million from USD 54.2 million in 2002 to USD 97.7 million in 2025. As a share of GDP, however, private investment has declined slightly from 6% to 5.5% over the same period. Investment has been volatile, peaking in 2017 before falling sharply in 2018 amid the political impasse that delayed budget approvals and heightened uncertainty, and declining further to its lowest level in 2020.

The persistently low share of private investment reflects structural constraints, notably the dominance of public investment and a consumption-driven economic structure, which limit private sector dynamism.

Private investment remains highly concentrated in construction, which accounted for 32.2% of private sector output over the past five years, and wholesale and retail trade (25.1%). This concentration indicates that private investment is largely oriented toward activities linked to public spending and domestic demand rather than toward transformative and high-productivity sectors.

Investment in other sectors remains limited.

Manufacturing accounts for only 7.2% of private investment, underscoring weak industrial development and the

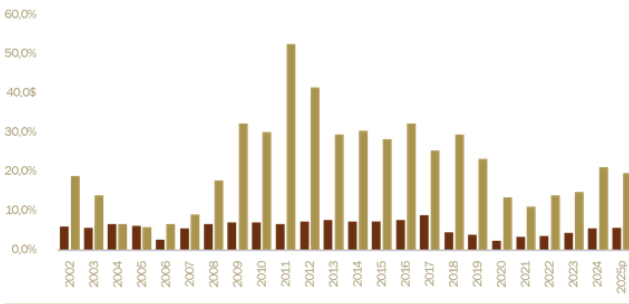
absence of a strong industrial base. Transportation and storage (3.7%) and

accommodation and food services (5.0%) remain small, reflecting constrained expansion of tourism-related activities. Information and communication (9.5%) and financial and insurance services (5.7%) have attracted moderate investment, reflecting gradual growth in modern services but from a low base. The remaining 11.6% is distributed across other sectors.

High import dependence further weakens incentives for domestic investment. Imports increased by 5.7% in real terms in 2025, subtracting 3.6 percentage points from GDP growth. The predominance of imported consumer goods, intermediate inputs, and construction materials undermines the competitiveness of local firms, constrains the development of domestic supply chains, and reinforces a consumption-led growth model.

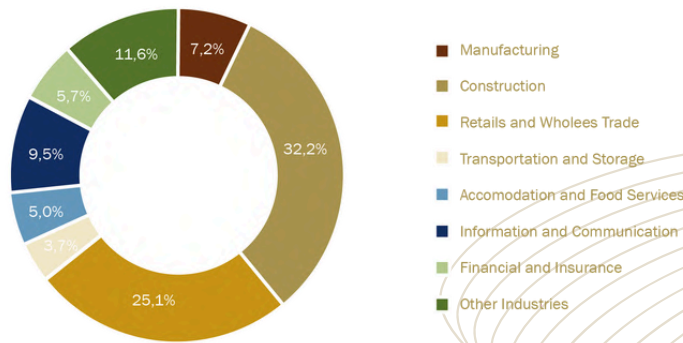
Non-oil exports remain narrowly concentrated, primarily in coffee, exposing the economy to external price volatility and limiting private sector foreign exchange earnings.

Chart 0.1.
Investment percent % of GDP (in constant terms)



Source: INETL IP-NA 2021 - 2024 & BCTL 2025

Chart 0.2
Composition of Private Sector Output by Industries in the Last Five Year



Source: Business Activity Survey, 2024

Foreign Direct Investment

The sectoral composition of FDI inflows in 2023–2024 reinforces domestic investment patterns. Construction and wholesale and retail trade accounted for nearly 53% of total inflows in 2024, while financial and insurance services and information and communication attracted moderate inflows. Manufacturing continues to receive limited foreign investment, reflecting the economy’s weak industrial base and low productive capacity. These patterns suggest that structural constraints, as reflected in low B-READY scores, continue to discourage investment in high-value and export-oriented sectors.

Table 0.1. FDI Inflows by Top five Industries (US\$ million), 2023–2024

Industries	2023	2024
Construction	67.2	59.2
Wholesale and Retail Trades	56.3	63.0
Financial and Insurance Service	28.3	45.8
Information and Communication	28.0	36.0
Manufacturing	11.6	10.8
Others	14.2	13.8
Total Inflows	205.5	228.6

Note: The movements between 2023 and 2024 may not only indicate real economic changes but may also include changes in data availability.

Source: BCTL & INETI, IP, 2024

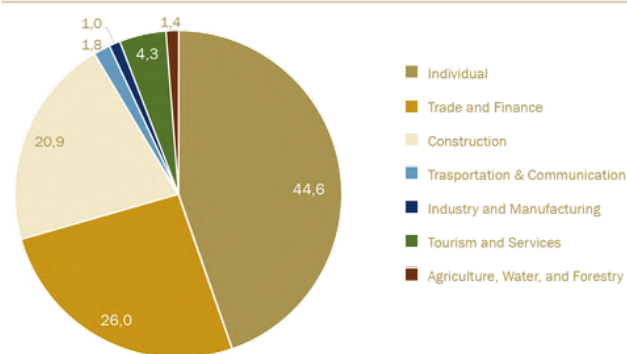
External Competitiveness

Timor-Leste’s external competitiveness is constrained by its use of the U.S. dollar. While the strong dollar has helped reduce import costs and contain inflation, it has simultaneously increased the foreign-currency cost of domestic production, weakening export competitiveness. This effect particularly limits private sector development in tradable sectors, such as manufacturing, agriculture, and tourism. Without the ability to adjust the exchange rate, competitiveness must rely on productivity gains and cost reductions. However, these are constrained by infrastructure gaps, skills shortages, high logistics costs, and limited access to finance. Consequently, the strong dollar has reinforced import dependence and discouraged investment in both export-oriented and import-competing activities.

Financial Intermediation

Credit allocation patterns further illustrate structural constraints. Loans to the private sector are predominantly directed at trade and finance (26%), construction (21%), and individual activities largely associated with consumption (45%). In contrast, productive sectors such as manufacturing (1%), agriculture and forestry (1.4%), and transportation and communication (1.8%) receive minimal financing. This reflects weak financial intermediation, limited collateral frameworks, and high perceived risks, constraining investment in transformative sectors. Timor-Leste's B-READY financial services score of 29.7, the lowest among surveyed economies, underscores these challenges.

Chart 0.3 Composition of Credit to Private Sector (%)



Source: BCTL, 2025

Private Sector Employment Patterns

Employment creation broadly mirrors the sectoral composition of private investment. Wholesale and retail trade account for the largest share of private sector employment (30%), followed by construction (17%), suggesting that job creation is concentrated in sectors with relatively low entry barriers and strong links to domestic demand. Manufacturing employs only 8% of the private sector workforce, reflecting both its low investment share and limited capacity for higher-productivity activities. Accommodation and food services account for 10% of employment, indicating modest tourism-related job creation potential. Employment in transportation and storage (2%), information and communication (4%), and financial and insurance services (3%) remains limited, reflecting both small sector size and higher skill requirements. The remaining 27% of private sector employment is distributed across smaller industries.

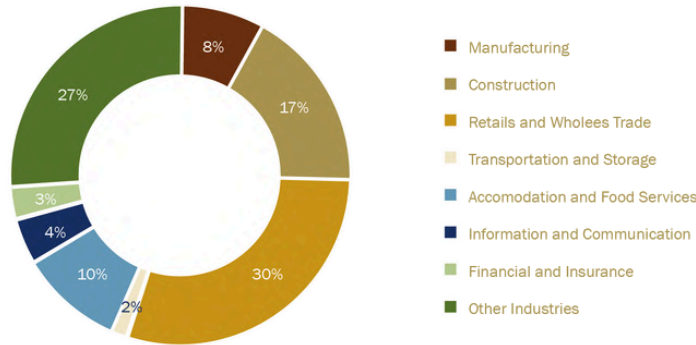
The divergence between investment and employment, particularly in construction, highlights the capital-intensive nature of some activities. Construction absorbs a large share of private investment while generating a relatively smaller share of employment, underscoring limited spillovers to other productive sectors.

Much of this activity is driven by public sector projects executed by private contractors, making it vulnerable to fiscal delays and political uncertainty. Consequently, the apparent strength of the private sector in construction masks a deeper reliance on government spending and a continuation of a consumption- and public-investment-led growth model.

Structural Constraints and B-READY Scores

Domestic structural barriers continue to impede private sector activity and raise the cost of doing business. Weak land tenure and incomplete land titling create uncertainty over property rights, discouraging investment and limiting the use of land as collateral. Limited digital government and business services increase reliance on brokers, raising intermediation fees and transaction costs, particularly for micro, small, and medium businesses. These gaps also slow administrative processes, reduce transparency, and constrain firm formalization and market access.

Chart 0.4.
Employment Composition in Formal Economic Sector in the Last Five Year
(proportion in percent)



Source: Business Activity Survey, 2024

Infrastructure gaps, particularly in transport, energy, and digital connectivity, further constrain private sector growth and regional integration. While investment in infrastructure has increased, it remains largely oriented toward government projects, with limited spillovers to small export-oriented businesses or broader private sector productivity.

Structural weaknesses are reflected in Timor-Leste's B-READY 2024 scores. Across all three pillars, Regulatory Framework, Public Services, and Operational Efficiency, Timor-Leste ranks in the bottom quintile among selected ASEAN and Pacific economies, with scores of 42.8, 24.2, and 41.6, respectively. These results point to persistent deficiencies in the investment climate, limited quality and coverage of public services, and low operational efficiency, which constrain market-driven private sector activity.

Table 0.2. B-Ready Business Report 2024

Selected Countries in the Region	Pillar 1 Regulatory Framework	Pillar 2 Public Services	Pillar 3 Operational Efficiency
Singapore	77.64	75.27	79.25
Viet Nam	67.03	53.93	70.44
Malaysia	65.61	63.41	67.99
Lao PDR	50.88	35.62	60.06
Indonesia	65.61	62.00	59.01
Samoa	56.77	34.23	58.31
Cambodia	63.06	43.14	56.17
Tonga	45.35	32.34	54.25
Philippines	73.86	57.82	51.45
Vanuatu	55.85	33.64	51.40
Papua New Guinea	55.28	33.46	42.69
Timor-Leste	42.78	24.20	41.58

Source: World Bank B-Ready Report, 2024.

Overall, Timor-Leste's private sector remains small, concentrated, and heavily reliant on public demand. Investment, FDI, employment, and credit focus mainly on construction and trade, while productive sectors, including manufacturing, agriculture, transportation, and modern services, receive limited support. Structural constraints in finance, regulatory quality, infrastructure, and external competitiveness reinforce a consumption- and public-investment-led growth model. Strengthening the investment climate, improving financial intermediation, enhancing productivity, and channeling resources to high-value and tradable sectors will be critical to developing a more inclusive, resilient, and sustainable private sector capable of broad-based growth and higher-productivity employment.

Policy Recommendations for Timor-Leste's Private Sector Development

1. Strengthening the Investment Climate

- Simplify regulations and reduce bureaucratic hurdles to improve Timor-Leste's B-READY scores, particularly in Public Services (24.2) and Regulatory Framework (42.8).
- Promote clear and secure land tenure and property rights to facilitate investment and the use of land as collateral.

2. Enhance Financial Intermediation

- Simplify regulations and reduce bureaucratic hurdles to improve Timor-Leste's B-READY scores, particularly in Public Services (24.2) and Regulatory Framework (42.8).
- Promote clear and secure land tenure and property rights to facilitate investment and the use of land as collateral.

3. Promote Sectoral Diversification

- Incentivize investment in manufacturing, modern services, and export-oriented sectors to reduce reliance on construction and trade (which account for over 50% of private investment).
- Support small and medium enterprises (SMEs) in tradable sectors to expand export capacity beyond coffee and reduce vulnerability to external shocks.

4. Address Infrastructure and Skills Gaps

- Prioritize transport, energy, and digital infrastructure that benefits private sector productivity, not just public projects.
- Invest in workforce development to address skills shortages in high-productivity and modern service sectors.

5. Improve Competitiveness and Reduce Import Dependence

- Support domestic supply chains and local sourcing to reduce the negative impact of imports on GDP (-3.6 percentage points in 2025).
- Promote productivity and cost-reduction measures to counterbalance the constraints of using the U.S. dollar.

6. Leverage FDI Strategically

- Target foreign direct investment toward high-value and export-oriented sectors, instead of primarily construction and wholesale trade, to foster industrial development and job creation in productive sectors.





Rezumu Ezekutivu

Kresimentu ekonomia iha Timor-Leste projeta atu kontinua forte ho 4.6 persentu iha tinan 2025, suporta husi postura fiskál expansivu, konsumu governu ne'ebé forte, no investimentu públiku ne'ebé nafatin boot. Konsumu uma-kain hetan benefísiu husi rendimentu real ne'ebé di'ak liu, hamutuk ho desaselerasaun makas iha inflasaun, bainhira investimentu públiku—liuliu iha infraestrutura—kontinua hamosu demanda no efeitu empregu nian ba tempu-badak . Kresimentu PIB real projeta sei atinji besik pursentu 5 iha 2026, sustenta hosi postura polítika fiskál ida espansionista, hametin kapasidade absoritiva (inklui hadi'a ezekusaun orsamentál no absorsaun ekonómika), no efeitu pozitivu ba konsumu privadu no investimentu, no reforma estrutural ne'ebé lao hela hodi kataliza kresimentu ne'ebé lidera husi setór privadu.

Maski nune'e, **ekonomia sei kontinua depende makas ba despesa públika no konsumu**, ho kontribuisaun limitadu husi investimentu privadu no setor komérsiu sira. Obstákulu estrutural sira, kapasidade absorsaun ne'ebé fraka, no baze exportasaun ne'ebé ki'ik tebes kontinua dudu no transforma demanda ba importasaun ne'ebé aas, rezulta iha defisit komérsiu no konta korrente ne'ebé boot bebeik. Esportasaun naun-petrolíferu kontinua konsentradu no ho eskala ne'ebé ki'ik, refleto dezafiu kompetitividade no diversifikasaun ne'ebé naruk ba bebeik.

Inflasaun tun makas iha 2025, ho **média inflasaun tun ba 0.5 persentu**, dudu husi folin merkadoria globál ne'ebé tun, inflasaun ai-han ne'ebé tun, no dezentvolvimentu taxa kâmbial ne'ebé favorável. Maski inflasaun ki'ik ajuda restaura poder sosa no konfiansa, ida ne'e mos refleto resposta forneseimentu doméstiku ne'ebé fraku no dependénsia ne'ebé aas nafatin ba importasaun iha ekonomia dollarizadu.

Política fiskál kontinua expansionista iha 2025, ho aumentu boot iha orsamentu aprovalu no melhora moderadu iha ezekusaun. Investimentu públiku kontinua foka ba infraestrutura, liuliu dalan no ponte, ne'ebé suporta atividade ekonómika maibé ho efeito multiplikador doméstiku ne'ebé limitadu tanba konteúdu importasaun ne'ebé aas. Maski iha progresu iha mobilizasaun reseita naun-petrolíferu, balansu fiskál nafatin depende estruturalmente ba transferénsia husi Fundo Petrolíferu, inklui levantamentu exsesu substansiál, ne'ebé hamosu preokupasaun kona-ba sustentabilidade fiskál tempu-naruk no ekuidade entre gerasaun.

Kondisaun monetáriu no finanseiru mantén relativu estável. Kréditu ba setor privadu kontinua aumenta, maibé alokasaun konsentra iha konstrusaun no atividade ligadu ho komérsiu, bainhira setor produtivu sira hanesan agrikultura, manufatura, no turizmu kontinua hetan kréditu ne'ebé fraku ka menus. Taxa empréstimu nafatin aas, limita investimentu privadu no aprofundamentu finanseiru. Oferta monetária kontra iha 2025, reflete kresimentu depóztu ne'ebé lenta no likidez fiskál ne'ebé mais apertadu, no la'os tanba mudansa postura política.

Iha aspeto externu, dólar EUA ne'ebé forte ajuda kontén inflasaun importadu, maibé mos dezafia kompetitividade exportasaun, reforça dependénsia estruktural ba importasaun no atividade sira ne'ebé laós-negosiável. Iha auzénsia husi mekanizmu sira ajustamentu ba taxa de kâmbiu nian, perspectiva kresimentu tempu-média depende loos deit ba reforma estruktural ne'ebé aseleradu atu hasa'e produtividade, fortalese setor privadu, no diversifika ekonomia.

Jeralmente, maski perspectiva kresimentu iha tempu-badak favorável, modelu kresimentu atuál hamosu risku sira ne'ebé aumenta ba sustentabilidade fiskál, reziliénsia externa, no kria empregu inkluzivu, sublinha nesiedade atu halo rebalanseamentu gradual maibé desizivu ba kresimentu lideradu husi setor privadu no investimentu.

Rekomendasaun Prinsipál

Prioridade Tempú-Badak (1–2 Tinan)

1. Mantén Estabilidade Makroekonómika ho Melhora Kompozisaun Gastu Fiskál

Política fiskál tenke kontinua suporta kresimentu tempú-badak, ho gradualmente melhora kualidade no efisiénsia despeza. Prioridade tenke fó ba investimentu públiku ne'ebé diresonadu diak no servisu esensiál sira, hamutuk ho avaliaun no ezekeusaun projetu ne'ebé forte atu hasa'e valor akresentadu doméstiku no hamenus fuga importasaun.

2. Fortalese Mobilizasaun Reseita Laos-Petróleu no Jestaun Kaixa

Presiza kontinua halo esforsu atu alarga baze taxa laos-petróleu, hasa'e konformidade, no fortalese administrasaun tributária atu hamenus dependénsia ba Fundo Petrolíferu. Jestaun caixa ne'ebé di'ak liu no koordinasaun entre operasaun fiskál ho sistema finanseiru sei ajuda hamenus volatilidade likidéz no suporta kondisaun kréditu.

3. Suporta Intermediasaun Kréditu ba Setór Produtivu

Medida atu facilita asesu ba finansiamentu—liuliu ba SME no setór produtivu—tenke avansa, inklui garantia kréditu, reforma kolateral, no infraestrutura finanseira ne'ebé di'ak liu. Fokus tenke ba rediresiona likidéz ezistente ba atividade ne'ebé hasa'e kresimentu, la'ós aumenta deit kréditu ba konsumu.

4. Preserva Estabilidade Setór Finanseiru

Presiza kontinua halo vijilánsia atu salvaguarda saúde setór bankária iha iha tempu ne'ebé rentabilidade menus. Fortalesimentu kapasidade supervisaun no monitorizasaun risku konsentrasaun kréditu se sai importante bainhira banku realoka ativu sira ba emprestimu setór privadu.

Prioridade Tempu-Média (3–5 Tinan)

5. Rebalansa Modelu Kresimentu lidera husi Setor Privadu no Atividade Komersiável

Reforma estruktural tenke fó prioridade ba investimentu privadu, liuliu iha agrikultura, agro-processamentu, turizmu, no manufatura ki'ik. Ambiente negósiu ne'ebé di'ak, reduz kustu regulamentu no lojística, no hametin kadeia valór sira importante atu hasa'e kompetitividade no kria empregu.

6. Hasa'e Efisiénsia Investimentu Públiku no Kapasidade Institusionál

Fortalesimentu jestaun investimentu públiku—selesaun projetu, akuizisaun, no monitorizasaun—krusiál atu maximiza retornu infraestrutura. Enfaze liu ba manutensaun, konektividade rural, no infraestrutura produtiva sei suporta diversifikasaun no kresimentu inkluzivu.

7. Proteje Sustentabilidade Fiskál no Riku-soin Fundo Petrolíferu

Presiza dalan konsolidasaun fiskál graduál ne'ebé ankora iha enkuadramentu médiu prazu ne'ebé realístiku atu prezerva ativu sira Fundo Petrolíferu nian. Hamenus levantamentu sira excedente no alinha gastu ho kapasidade absorsaun tempu-naruk sei proteje ekuidade intergerasional no estabilidade makro.

8. Rezolve Limitasaun Kompetitividade Estruktural iha Ekonomia Dollarizadu

Tanba la iha instrumentu polítika taxa de kámbiu, ganhu kompetitividade tenke mai hosi hadi'a produtividade. Polítika presiza fó enfaze ba dezvoltimentu abilidade, produtividade traballador, qualidade infraestrutura, no reforma institusionál atu suporta esportasaun no hamenus dependénsia estruktural ba importasaun.



Rezumu Tékniku

Atividade Ekonómika no Inflasaun

Kresimentu ekonómiku iha tinan 2025 estima atinji persentajen 4.6, aas liu uitoan 4.3 pursentu ne'ebé rejista iha tinan 2024. Kresimentu ne'e prinsipálmente dudu husi demanda doméstika. Konsumu governu aumenta 9.5 pursentu, kontribui signifikativamente ba kresimentu PIB, enkuantu investimentu públiku aumenta 14.5 pursentu, refleto gastu boot iha infraestrutura. Konsumu família mos aumenta 3.6 pursentu, suporta husi aumenta salariu, transferénsia públika, remesa hosi emigrante sira, espansaun krédito, no redusaun signifikante iha inflasaun. Importasaun aumenta 5.7 pursentu, ne'ebé refleto dependénsia ekonomia ba sasán importadu, enkuantu esportasaun la'os-petróleo kontinua kiik, ho kafé kontribui ba parte boot hosi reseita esportasaun.

Husi perspetiva produsaun, atividade ekonomia kontinua konsentradu liu. Administrasaun públika representa aprosimadamente tersu-ida hosi PIB, ne'ebé sublinha dominánsia setór públiku. Setór konstrusaun kontinua espande, prinsipálmente dudu husi projetu infraestrutura públika, enkuantu kompozisaun agrikultura tun ba serka 19 pursentu. Manufatura no servisu finanseiru kontinua marginal, ne'ebé demonstra baze produtiva ida kiik no falta diversifikasaun ekonómika.

Inflasaun diminui drastikamente iha tinan 2025. Média presu konsumidor inflasaunrejista apenas 0.5 pursentu, tun husi 2.1 pursentu iha tinan 2024, ho folin hahán — komponenti boot liu hosi IPC — aumenta de'it 1.1 pursentu. Presu transporte, bebida alkóolika no tabaku tun, refleto kustu kombustível ne'ebé menus no presau demanda doméstika ne'ebé fraku. Inflasaun projeta sei sae moderadamente ba 1.2 pursentu iha tinan 2026, kontinua iha nivel kiik liu média histórika.

Finansa Públika

Politika fiskál iha tinan 2025 kontinua iha postura ekspansiva. Orsamentu governu sentrál ne'ebé aprova aumenta 17 pursentu ba USD 2.62 bilhoens, ho ezekusaun despesa total atinji aprosimadamente 69 pursentu hosi orsamentu, ka serka 79 pursentu bainhira esklui Eskema Kapitalizasaun Kontributiva. Investimentu públiku totaliza USD 472 milhoens, maioria aloka ba infraestrutura, ho estrada no ponte representa liu metade hosi gastu infraestrutura ne'ebé ezekuta. Reseita la'os-petróleo aumenta 19.7 pursentu, lidera husi koleasaun impostu rendimentu ne'ebé aas. Bainhira inklui transferénsia hosi Fundu Petrolíferu, défisit fiskál atinji USD 951 milhoens, ne'ebé sublinha dependénsia aas ba riqueza petróleo atu finansia despesa públika.

Kondisaun Monetária no Finanseira

Kondisaun monetária aperta moderadamente durante tinan 2025. Base monetária tun 3.4 pursentu, enkuantu oferta monetaria (M2) kontraí 5.3 pursentu, refilete depóziitu ne'ebé menus. Moeda iha sirkulasaun aumenta, maski representa parte ki'ik hosi M2. Kréditu ba setór privadu saé 14.1 pursentu, konsentra barak iha setór konstrusaun, enkuantu empréstimu ba setór seluk kontinua fraku. Taxa de juros iha geral mantén estável, ho reduz uitoan iha diferença entre taxa empréstimu no depóziitu. Sistema bankáriu kontinua kapitaliza diak no líkídu. Ativu total aumenta 7.1 pursentu, dudu husi empréstimu ne'ebé aas, enkuantu depóziitu saé moderadamente. Kapital bankáriu fortalese signifíkantemente, no kualidade ativu kontinua saudável, ho rasio empréstimu mal-paradu (NPL) iha nivel 2.4 pursentu. Rentabilidade tun, refilete redusaun iha rendimentu líkuidu no diminui retórnú ba ativu no kapital.

Setór Esternu

Défisit konta kórente aumenta 16.0 pursentu ba USD 701.4 milhoens iha tinan 2025, refilete défisit boot iha balansu sasán no servisu, maski kompensa parsialmente husi entrada rendimentu primáriu no sekundáriu. Apresiasaun dólar amerikanu kontribui ba apresiasaun itoan iha taxa de kámbiu efétivu real, ne'ebé ajuda kontén inflasaun importadu maibé aumenta presáun ba kompetitividade esportasaun.

Perspetiva no Dezafiu Prinsipál

Ambiente makroekonómiku Timor-Leste continua karakteriza husi kresimentu estável iha tempu badak no inflasaun baixu, suporta husi gastu públiku no kondisaun monetáriu favorável. Maski nune'e, vulnerabilidade estrutural continua persiste, inklui dependénsia fiskál aas ba riqueza petróleo, diversifikasaun produtiva ne'ebé limitadu, frakeza iha setór komersial, no aumenta desequilíbriu esternu. Rezolve dezafiu sira-ne'e sei sai fundamentu atu garante sustentabilidade kresimentu no estabilidade finanseira iha médiu prazu.

Imajen: Timor Port

Foku Espesiál:

Setór Privadu

Dezenvolvimentu Setór Privadu

Ekonomia Timor-Leste sei kontinua domina husi setór públiku, ne'ebé gastu governu no investimentu sai nu'udar motór prinsipál ba kresimentu ekonómiku. Barreira estrutural sira, inklui asesu limitadu ba finansa, infraestrutura ne'ebé seidak dezenvolve ho di'ak, merkadu doméstiku ki'ik, no restrisaun regulatória sira, kontinua halo impedimentu ba dezenvolvimentu setór privadu. Tanba ne'e, setór privadu kontinua ki'ik, kresimentu modestu deit, no konsentra de'it iha setór balu ne'ebé produtividade ki'ik, ne'ebé limita oportunidade ba diversifikasaun ekonómika, kriaun empregu ne'ebé abranjente, no kresimentu sustentável.

Dezafiu sira ne'e aumenta tan ho baze produtiva ne'ebé restrita no kompetitividade externa ne'ebé fraku, limita espansaun setór privadu ba atividade sira ne'ebé iha valor aas no produtividade boot liu. Setór agrikultura, maski emprega populusaun barak, hetan produsaun no produtividade ne'ebé estagnadu, enkuantu atividade manufatura no industrial sei kontinua menus tebes.

Tendénsia Investimentu Privadu

Valor réal investimentu privadu aumenta ho módestu de'it durante dekada rua ikus ne'e, sae ho USD 43.5 milhoens husi USD 54.2 milhoens iha tinan 2002 ba USD 97.7 milhoens iha tinan 2025. Maibé, tuir persentajen ba PIB, investimentu privadu tuun itoan husi 6 pursentu ba 5.5 pursentu iha períodu hanesan. Investimentu mos hatudu volatilidade aas, atinji piku iha tinan 2017 antes tuun maka'as iha tinan 2018 tanba impasse polítiku ne'ebé atraza aprovasaun orsamentu no aumenta insertesa, no kontinua tuun to'o atinji nivel ki'ik liu iha tinan 2020.

Kompozisaun investimentu privadu ne'ebé sei kontinua ki'ik durante tempu naruk refile limitasaun estruktural sira, liu-liu dominánsia investimentu públiku no estrutura ekonomika ne'ebé depende barak ba konsumu, ne'ebé hamenus dinamismu setór privadu. Investimentu privadu seidauk distribui ho ekuilíbriu, no konsentra barak iha konstrusaun, ne'ebé kontribui 32.2 pursentu hosi produsaun setór privadu durante tinan lima ikus ne'e, no mos iha komérsiu groseiru no retallu (25.1 pursentu).

Konsentrasaun ida ne'e hatudu katak investimentu privadu maioria orienta ba atividade sira ne'ebé asosiadu ho gastu públiku no demanda doméstika, la'ós ba setór transformativu sira ho produtividade aas.

Investimentu iha setór seluk sira sei limitadu nafatin.

Manufatura representa de'it 7.2 pursentu husi investimentu

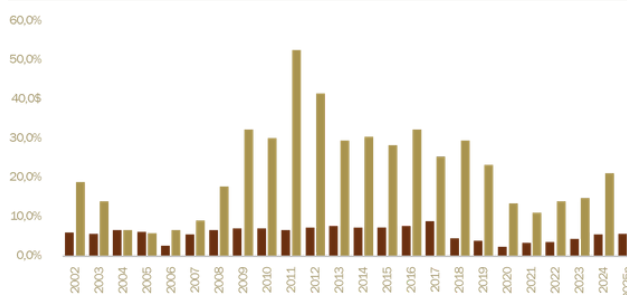
privadu, ne'ebé sublinha

fraqeza dezvoltamentu industrial no la iha baze industrial ne'ebé forte.

Transporte no armazenamentu (3.7 pursentu) no servisu akomodasaun no hahán (5.0 pursentu) mos ki'ik hela, ne'ebé refile espansaun ne'ebé restritu iha atividade sira relasionadu ho turizmu. Informasaun no komunikasaun (9.5 pursentu) no servisu finanseiru no siguransa (5.7 pursentu) atrai investimentu ho nivel moderadu, ne'ebé hatudu kresimentu gradúal iha servisu modernu sira, maibé husi baze ne'ebé badak-lós. Parte restante 11.6 pursentu distribui ba setór seluk sira.

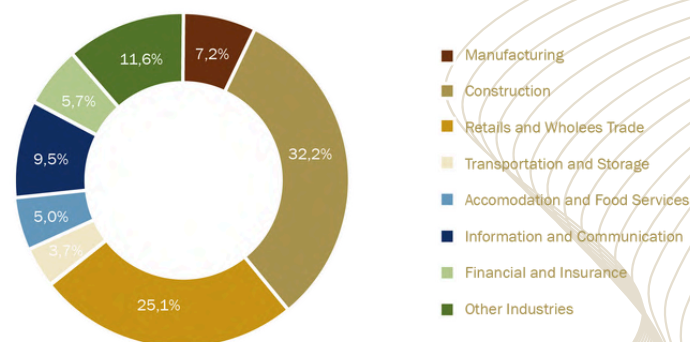
Dependénsia aas ba importasaun enfraqese tan insentivu ba investimentu doméstiku. Importasaun aumenta 5.7 pursentu iha termos réal iha tinan 2025, ne'ebé hamenus kresimentu PIB ho 3.6 pontu pursentuais. Dominánsia sasán konsumtivu importadu, hanesan input intermediáriu sira, no materiál

Chart 0.1.
Investment percent % of GDP (in constant terms)



Source: INETL IP-NA 2021 - 2024 & BCTL 2025

Chart 0.2
Composition of Private Sector Output by Industries in the Last Five Year



Source: Business Activity Survey, 2024

konstrusaun, estraga kompetitividade empréza lokál sira, limita dezentvolvimentu kadena forneseimentu doméstiku, no reforça modelu kresimentu ne'ebé lidera husi konsumu. Exportasaun la'ós petróliu konsentradu nafatin, liu-liu iha kafé, ne'ebé expõe ekonomia ba volatilidade presu externa no limita rendimentu moeda estranjeira husi setór privadu.

Investimentu Diretu Estranjeiru (FDI)

Kompozisaun setorial husi fluxu Investimentu Diretu Estranjeiru (FDI) iha tinan 2023–2024 reforsa padraun investimentu doméstiku ne'ebé eziste ona. Iha tinan 2024, konstrusaun no komérsiu groseiru no retallu representa besik 53 pursentu husi total fluxu FDI ne'ebé tama mai, enkuantu servisu finanseiru no seguransa, no mos informasaun no komunikasaun, hetan fluxu tama ho nivel moderadu. Manufatura kontinua simu investimentu estranjeiru ne'ebé limitadu, refleto baze industrial ekonomia ne'ebé fraku no kapasidade produtiva ne'ebé ki'ik.

Padraun sira ne'e hatudu katak limitasaun estrutural sira, ne'ebé mos refleto iha pontuasaun B-READY ne'ebé ki'ik husi Banku Mundial, kontinua desinsentiva investimentu iha setór sira ne'ebé iha valor aas no orientadu ba exportasaun.

Table 0.1. FDI Inflows by Top five Industries (US\$ million), 2023–2024

Industries	2023	2024
Construction	67.2	59.2
Wholesale and Retail Trades	56.3	63.0
Financial and Insurance Service	28.3	45.8
Information and Communication	28.0	36.0
Manufacturing	11.6	10.8
Others	14.2	13.8
Total Inflows	205.5	228.6

Note: The movements between 2023 and 2024 may not only indicate real economic changes but may also include changes in data availability.

Source: BCTL & INETI, IP, 2024

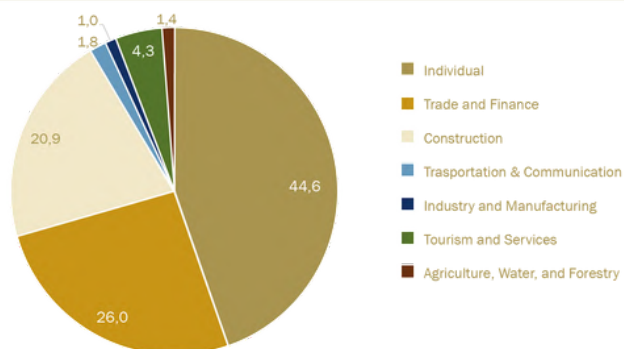
Kompetitividade Esterna

Timor-Leste nia kompetitividade esterna hetan konstranjimentu husi nia utilizaun dolar Amerikanu. Enkuantu dolar ne'ebé maka'as ajuda ona hamenus kustu importasaun nian no kontrola inflasaun, nia mos aumenta simultaneamente kustu moeda estranjeiru nian ba produsaun doméstika, hodi hafraku kompetitividade esportasaun nian. Efeito ida-ne'e partikularmente limita dezvoltamentu setór privadu iha setór sira ne'ebé komersiável, hanesan manufatura, agrikultura, no turizmu. La ho abilidade atu ajusta taxa de kámbiu, kompetitividade tenke depende ba aumentu produtividade no redusaun kustu. Maibé, bua sira-ne'e hetan limitasaun hosi lakuna sira iha infraestrutura, falta abilidade, kustu lojístika sira ne'ebé aas, no asesu limitadu ba finansa. Konsekuentemente, dolar ne'ebé forte reforsa dependénsia ba importasaun no dezenkoraja investimentu iha atividade sira ne'ebé orientadu ba esportasaun no mós atividade sira ne'ebé kompete ba importasaun.

Intermediasaun Finanseira

Padraun alokasaun kreditu hatudu tan limitasaun estruktural sira. Empréstimu ba setór privadu maioria direseona ba komérsiu no finansa (26 pursentu), konstrusaun (21 pursentu), no atividade individuál sira ne'ebé barak relasionadu ho konsumu (45 pursentu). Iha kontraste, setór produtivu sira hanesan manufatura (1 pursentu), agrikultura no floresta (1.4 pursentu), no transporte no komunikasaun (1.8 pursentu) simu finansiamentu ho limitadu tebes. Situasaun sira ne'e refleto intermediasaun finanseira ne'ebé fraku, enquadramentu kolateral ne'ebé restritu, no risku ne'ebé rekohese aas, ne'ebé limita investimentu iha setór transformativu sira.

Chart 0.3 Composition of Credit to Private Sector (%)



Source: BCTL, 2025

Pontuasaun (skor) servisu finanseiru B-READY Timor-Leste nian 29.7, ne'ebé ki'ik liu entre ekonomia sira ne'ebé maka hetan peskiza ba, sublinha klaramente dezafiu sira ne'e.

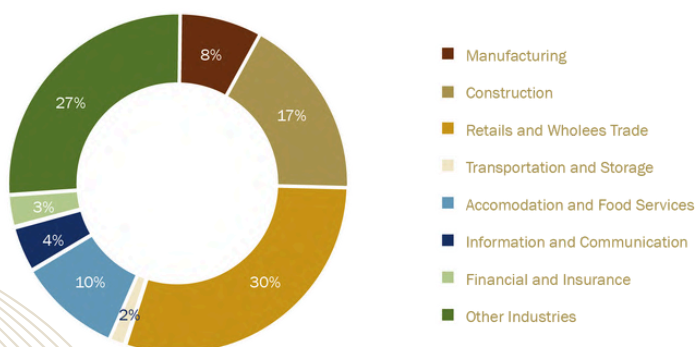
Padraun Empregu iha Setór Privadu

Em jerál, kriaunsaun empregu iha setór privadu refleta kompozisaun setorial husi investimentu privadu. Komérsiu groseiru no retallu representa parte boot liu husi empregu setór privadu (30 pursentu), tuir fali husi konstrusaun (17 pursentu), ne'ebé hatudu katak kriaunsaun servisu konsentra barak iha setór sira ne'ebé iha barreira entrada relativamente ki'ik no ligasaun forte ho demanda doméstika.

Manufatura emprega de'it 8 pursentu husi forsa traballu setór privadu, ne'ebé reflète parte investimentu ne'ebé ki'ik no mos kapasidade limitadu ba atividade sira ho produtividade aas. Servisu akomodasaun no hahán representa 10 pursentu husi empregu, hatudu potensial kriaunsaun servisu relasionadu ho turizmu ne'ebé sei modestu. Empregu iha transporte no armazenamentu (2 pursentu), informasaun no komunikaunsaun (4 pursentu), no servisu finanseiru no seguransa (3pursentu) sei limitadu nafatin, ne'ebé reflète tamañu setór ne'ebé ki'ik no mos ezijénsia abilidade ne'ebé aas liu. Parte restante husi empregu iha setór privadu (27 pursentu) distribui ba indústriia ki'ik seluk sira.

Diverjénsia entre investimentu no empregu, liu-liu iha setór konstrusaun, hatudu natureza atividade balu ne'ebé depende barak ba kapitál. Konstrusaun absorve parte boot husi investimentu privadu, maibé produz parte empregu ne'ebé relativu ki'ik liu, ne'ebé sublinha efeito espalhamentu (spillover) ne'ebé limitadu ba setór produtivu seluk sira.

Chart 0.4.
Employment Composition in Formal Economic Sector in the Last Five Year
(proportion in percent)



Source: Business Activity Survey, 2024

Parte boot husi atividade ida ne'e impulsiona husi projetu setór públiku sira ne'ebé implementa husi kontratór privadu, ne'ebé halo setór ida ne'e vulnerável ba atrazu fiskál no inserteza polítika.

Konsekuentemente, forsa aparente setór privadu iha konstrusaun taka dependénsia klean liu ba gastu governu no continuidade modelu kresimentu ne'ebé lideradu husi konsumu no investimentu públiku.

Limitasaun Estrutural no Pontuasaun B-READY

Barreira estrutural doméstiku sira kontinua impede atividade setór privadu no aumenta kustu halo negósiu. Fraqueza iha naín ba rai no título rai ne'ebé seidauk kompletu kria inserteza kona-ba direito propriedade, ne'ebé desinsentiva investimentu no limita uza rai nu'udar kolateral. Servisu governu no negósiu dijitál ne'ebé limitadu aumenta dependénsia ba intermediáriu sira (broker), ne'ebé hasa'e taxa intermediasaun no kustu tranzasaun, liu-liu ba empresa mikru, ki'ik no médiu. Lakuna sira ne'e mos atraza prosesu administrativu, hamenus transparénsia, no limita formalizasaun empréza no asesu ba merkadu.

Defisiénsia infraestrutura, espesialmente iha transporte, enerjia, no konektividade dijitál, aumenta tan limitasaun ba kresimentu setór privadu no integrasaun rejonál. Maski investimentu iha infraestrutura aumenta ona, orientasaun investimentu seidauk muda barak — maioria kontinua foka ba projetu governamentál sira, ho efeito espalhamentu (spillovers) ne'ebé limitadu ba negósiu ki'ik orientadu ba exportasaun ka produtividade setór privadu iha jerál.

Fraqueza estrutural sira ne'e reflete klaramente iha pontuasaun B-READY Timor-Leste nian iha tinan 2024, tuir avaliasaun husi Banku Mundial. Hare husi pilár tolu hotu, Enkuadramentu Regulátori, Servisu Públiku, no Efiénsia Operasionál, Timor-Leste klasifika iha quintil inferior entre ekonomia sira ne'ebé iha rejiaun ASEAN no Pasífiku, ho pontuasaun 42.8, 24.2, no 41.6, respetivamente. Rezultadu sira ne'e hatudu defisiénsia persistente iha klima investimentu, qualidade no kobertura servisu públiku ne'ebé limitadu, no efiénsia operasionál ne'ebé ki'ik, ne'ebé limita atividade setór privadu ne'ebé orienta ba merkadu.

Jeralmente, setor pribadu iha Timor-Leste kontinua ki'ik, konsentradu, no depende tebes ba demanda publiku. Investimentu, FDI, empregu, no kréditu

konsentra barak liu iha konstrusaun no komérsiu, enkuanto setor produtivu, inklui manufatura, agrikultura, transporte, no servisu modernu sira, la hetan apoiu barak.

Table 0.2. B-Ready Business Report 2024

Selected Countries in the Region	Pillar 1 Regulatory Framework	Pillar 2 Public Services	Pillar 3 Operational Efficiency
Singapore	77.64	75.27	79.25
Viet Nam	67.03	53.93	70.44
Malaysia	65.61	63.41	67.99
Lao PDR	50.88	35.62	60.06
Indonesia	65.61	62.00	59.01
Samoa	56.77	34.23	58.31
Cambodia	63.06	43.14	56.17
Tonga	45.35	32.34	54.25
Philippines	73.86	57.82	51.45
Vanuatu	55.85	33.64	51.40
Papua New Guinea	55.28	33.46	42.69
Timor-Leste	42.78	24.20	41.58

Source: World Bank B-Ready Report, 2024.

Limitasaun estruktural iha finansas, qualidade regulatória, infraestrutura, no kompetitividade esterna, reforsa modelu kresimentu ne'ebé lideradu husi konsumu no investimentu publiku.

Fortifika klima investimentu, melhora intermediadasaun finanseira, aumenta produtividade, no kanaliza rekursu ba setor ho valor-aas no komersiável sira sei krusial atu dezenvolve setor pribadu ne'ebé inkluzivu, resiliente, no sustentável, ne'ebé iha kapasidade ba kresimentu ho baze-luan no produtividade empregu ne'ebé aas.

Rekomendasaun Polítika ba Dezenvolvimentu Setór Privadu Timor-Leste

1. Fortifika Klima Investimentu

- Simplifika regulamentu no reduz barreira burokrátika hodi melhora pontu B-READY Timor-Leste, partikularmente iha Servisu Públiku (24.2) no Enkuadramentu Regulátori (42.8).
- Promove seguransa no klaridade ba tenure rai no direitu propriedadi hodi fasilita investimentu no uza rai hanesan garante.

2. Melhora Intermediação Financeira

- Espanda acesso ao crédito barato ao setor produtivo, incluindo manufatura, agricultura, no transporte, não é atualmente hetan financiamento mínima (1–1.8 por cento).
- Desenvolve enquadramento colateral no mecanismo mitigação de risco para estimular o setor privado a emprestar e investir na atividade de valor acrescentado.

3. Promove Diversificação Setorial

- Incentiva investimento na manufatura, serviços modernos, no setor orientado para exportação para reduzir dependência da construção e do comércio (não é representado por 50 por cento do investimento privado).
- Apoia empresas pequenas e médias (SMEs) no setor comercial para expandir a capacidade de exportação e reduzir a vulnerabilidade ao choque externo.

4. Aborda Lacuna na Infraestrutura e na Habilidade

- Prioriza transporte, energia, na infraestrutura digital não é beneficia produtividade do setor privado, não somente projetos públicos.
- Investe na desenvolvimento de força de trabalho para resolver a falta de habilidades no setor produtivo não é acrescentado aos serviços modernos.

5. Melhora Competitividade e Reduz Dependência de Importação

- Apoia cadeias de fornecimento doméstico no aproveitamento local para reduzir o impacto negativo do investimento na PIB (-3.6 pontos percentuais em 2025).
- Promove produtividade e medida de redução de custos para equilibrar a limitação do uso do dólar.

6. Usa FDI Estratégicamente

- Atrai investimento direto estrangeiro ao setor privado de valor acrescentado orientado para exportação, em vez de apenas construção e comércio grossista, para apoiar o desenvolvimento industrial e criar emprego no setor produtivo.



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