



GOVERNMENT OF SOLOMON ISLANDS

THE 2026 BUDGET SPEECH

“Accelerating Economic Transformation: Resourcing the Resourced to Drive Economic Growth and Sustainable Development”.



Delivered by

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Introduction

Honourable Speaker, I rise to beg that the 2026 Appropriation Bill 2025, be now put to the second reading.

Mr. Speaker, before I begin, I must first extend my deepest gratitude to the Honourable Prime Minister for the trust placed in me through my appointment as Minister of Finance and Treasury.

Sir, this is a great responsibility, and I am committed to discharging my duties with integrity and key focus on the economic well-being of our nation.

Mr. Speaker Sir, my Policy Intentions; as a responsible Minister for Finance and Treasury, I wish to outline the core principles and policy intentions that will guide my tenure and shape our nation's fiscal trajectory.

1. First Anchoring Fiscal Stability

Our paramount objective is to secure and maintain macroeconomic stability. We will pursue prudent fiscal management to ensure our national debt remains sustainable, inflation is controlled, and our economy is resilient to global shocks. This is not merely an economic goal; it is the bedrock upon which job creation, business confidence, and long-term prosperity are built. As our target now for \$170 million Cash Reserve for end of this year.

2. Second on Rationalizing Tax Systems

A critical review of our tax system is Important. Specifically, on immediate action, I'm addressing tax exemptions. Effective, new tax exemption will be approved on conditions directly serves a clear public policy objective and has undergone rigorous cost-benefit analysis. We must ensure that our tax base is broad, fair, and efficient, and that every concession granted is in the best interest of our Economy.

3. Third on Review of 'Sin Taxes' on Tobacco and Alcohol

In line with our health and revenue objectives, the government will be reviewing the excise duties on tobacco and alcohol. An increase is under serious consideration. This serves a dual purpose: it generates much-needed revenue for Health services and NCD preventive policy, promoting the health and well-being of our citizens.

4. Fourth on Reforming the Mining Sector & Commitment to EITI

Our nation's mineral resources must benefit our people. To that end, we will conduct a comprehensive review of all existing mining agreements and the associated tax regimes. Our goal is to ensure that the people receive a fair and equitable share of the wealth generated from their natural resources.

Furthermore, the government reaffirms its commitment to the Extractive Industries Transparency Initiative (EITI). We will work with UK and UNDP for support towards EITI in the country.

5. Establishment of the Solomon Islands Sovereign Wealth Fund (SWF)

The government's intention to explore the establishment of the Solomon Islands Sovereign Wealth Fund (SWF). This initiative is not merely a financial mechanism; it is a national initiation. It represents our commitment to ensuring that the determinate wealth generated from our non-renewable resources is transformed into a permanent source of prosperity for our nation.

6. Fifth on International Ports and Declare Sufferance Wharfs Policy

I am aware that a report has been delayed. This delay is not a sign of inaction but of diligent review. In the interim, and to provide absolute clarity, I have issued instruction to Controller of Custom: henceforth, all discharge of international cargo must occur only at designated international ports. As no approval given to any request for sufferance wharf for discharging of international shipments.

7. Sixth on Strengthening Cooperation with Financial Institutions

We recognize that government cannot act alone. We will deepen our collaboration with domestic and international financial institutions. This partnership is crucial for facilitating investment, supporting private sector growth, and accessing the financing and expertise needed to drive our national development agenda.

8. Next on New Revenue Streams and Expenditure Control

To meet the aspirations of our people without burdening future generations with debt, we must be innovative. We will explore and introduce new revenue streams through a modernized tax administration and by tapping into new economic sectors.

Concurrently, we will implement stringent expenditure control measures. Public Funds must be spent wisely, efficiently, and for its intended purpose. We will demand value for money across all government ministries and agencies.

9. Finally, Sectoral Growth in 2026: Target of achieving 4% Growth in contrast of 2.7% forecast.

The 2.7% baseline growth for 2026 falls short of the potential growth rate of 4.0%. Raising growth toward 5% over the medium term is critical to keeping pace with the country's 2.4% population growth and addressing infrastructure and development needs. Therefore, our set target for key commodity is:

Key production targets Commodity	2025	2026
Copra	15,000 tonnes	23,000 tonnes
Cocoa	5,000 tonnes	8,000 tonnes
Coconut Oil	6,000 tonnes	9,000 tonnes
Fish Catch	35,000 tonnes	39,000 tonnes
Mining	70,000 oz	90,000 oz

Mr. Speaker, in accordance with Articles 102 of the Constitution and Section 45 of the Public Financial Management Act, 2013, I have the honour and privilege to present to this House and to the citizens of our beloved nation, the Budget Statement and Economic Policy of GNUT Government for the Financial Year 2026.

Sir, this is the second budget to be delivered by the GNUT Government in the span of 18 months. It reflects stability that surpasses differences and places the welfare of our people at the heart of decision making.

In that same spirit, Mr Speaker, Sir, I trust that Honourable Members of this House will stand together to pass the 2026 Appreciation Bill 2025, thereby enabling the implementation of the Budget from 1st January 2026.

Acknowledgement

Mr Speaker, before I present the budget proper, I wish to extend my sincere gratitude to all who played an instrumental role in the formulation of the 2026 budget.

Mr. Speaker, Sir, I first commend the oversight of Caucus and Cabinet, whose careful review has ensured that this budget is truly responsive to the needs of our people.

Second, I acknowledge the dedication of Ministry of Finance and Treasury, together with the Ministries of National Planning and Development Coordination and Public Service, who worked tirelessly with all Government Ministries to prepare the details of this budget.

Mr Speaker, Sir, I would also like to sincerely acknowledge the Public Accounts Committee, under the leadership of the Honourable Member for Central Honiara, for their constructive scrutiny of the Bill and their invaluable advice on key matters contained within the Budget. Sir, this process has indeed strengthened the credibility of our budget, ensuring it takes into account all important policy priorities for the future.

Key Achievements for 2025

Mr. Speaker, Sir, presenting the Budget is not only about setting out our plans for the year ahead and highlighting the new initiatives that will shape our future. It is equally about pausing

to reflect on the achievements, for they remind us of where we stand today, what lessons we have learned, and how we must move forward to deliver results.

First, at the regional front, I commend the Government for the successful **hosting of the 54th Pacific Islands Forum Leaders** in September this year. Sir, under the theme “*Iumi Tugeda*” all Forum Leaders, under the chairmanship of our Honourable Prime Minister. Mr. Speaker, Sir, the outcomes were significant. Leaders endorsed the establishment of the Pacific Resilience Facility. They reaffirmed climate change as the single greatest threat to our region. And they advanced new measures to deepen regional cooperation.

Sir, in the area of **infrastructure**, the Government prioritized critical projects across the islands. These included upgrades to transport facilities such as the Lata airport. Furthermore, geo-technical works commenced for a new airport on Vanikoro Island and the proposed rehabilitation of Ontong Java airport, underscoring our determination to expand connectivity especially in the remote provinces.

Mr Speaker, the Government also made remarkable progress in **digital transformation** and connectivity. A new Border Management System and updated Immigration Website were launched to strengthen border security and streamline travel processes. At the same time, the rollout of 161 telecommunications towers across the country is underway, with the goal of providing connectivity to 80 percent of our population by August 2026.

Mr Speaker, Sir, in terms of **governance and economic reforms**, the Government introduced the Special Economic Zone Act 2025 to attract investment, diversify exports, and stimulate growth. The Public Service Bill 2025 was tabled in Parliament to modernize the public service, improve accountability, and establish a merit-based system.

Align to the government’s policy commitment on dissolution of powers and working closely with our provincial government and our people, the Government also opened the Ministry of Finance and Treasury office and the Fisheries office in Noro, Western province.

Sir, the government is also committed to enhancing private sector development by improving access to capital and reducing the cost of doing business. In this year’s budget, some grants were allocated through DBSI aimed at SMEs in key sectors. For next year’s budget, we plan to continue these initiatives, but with increased magnitude and better terms to assist our SMEs. Regarding the electricity tariff, the government, through its policy, commits Solomon Power to cut the tariff by 25% over three years. Solomon Power has already factored this reduction of 8.3% annually over three years, effective from January 1, 2025.

Finally, Mr Speaker, the Government also advanced **social and health initiatives**. With support from the World Health Organization, the Ministry of Health launched the Digital Health Strategy 2025–2029 to revolutionize healthcare delivery. Furthermore, improvement have been made to existing and new health infrastructures across provinces.

In education, support continued with 30 percent of the national budget allocated to the sector—the highest in the Pacific region. These investments reflect our commitment to improving the wellbeing and future prospects of our people.

Sir, these achievements inspire us with renewed motivation and hope. They strengthen our resolve to press forward, to build upon the progress already made, and to strive for even greater accomplishments for our people and our nation.

Yes, challenges and constraints remain before us. But they must never overshadow our vision, nor distract us from our ultimate goal: to deliver good quality services for the people of the Solomon Islands.

Economic Outlook

Global Growth

Mr Speaker, Sir, according to the IMF's April *World Economic Outlook* report, global growth is projected to decline from an estimated 3.3 percent in 2024 to 2.8 percent in 2025, before recovering slightly to around 3.0 percent in 2026. This slowdown is largely the result of rising tariffs worldwide, which have triggered trade spill-overs, weakened investor confidence, and heightened global uncertainty.

Mr Speaker, among advanced economies, GDP growth is projected to fall to 1.4 percent in 2025 and 1.5 percent in 2026. In the United States, growth is expected to decline from 2.8 percent in 2024 to 1.8 percent in 2025—a full percentage point lower than the forecast made last January. This reduction is driven by policy uncertainty, trade tensions, and weaker consumption prospects across the broader US economy.

Sir, in the Euro area, growth is projected at 0.8 percent in 2025 and 1.2 percent in 2026. Similar to the US, these modest forecasts reflect the impact of trade sanctions and ongoing global uncertainties.

Other advanced economies—including Canada, Japan, and the United Kingdom—have also recorded significant downward revisions for 2025, with weaker projections expected to persist into 2026.

Mr Speaker, Sir, emerging market economies are predicted to grow by 3.7 percent in 2025 and 3.9 percent in 2026. These figures reflect continued downturns in trade expectations across Asia, particularly among ASEAN countries, which are among the worst hit by US tariffs. China's growth prospects have declined to 4 percent in both 2025 and 2026, offsetting stronger performance in 2024. By contrast, India has managed to maintain stable growth, supported by robust rural consumption.

Sir, these global developments have direct implications for the Solomon Islands. As a small island economy, our trade, investment flows, and fiscal stability are highly sensitive to shifts in global growth, commodity prices, and geopolitical tensions.

The 2026 Budget therefore seeks not only to manage our domestic priorities, but also to safeguard our economy against external shocks—ensuring resilience and sustainable progress for our people.

Solomon Islands Economic Outlook for 2025

Mr Speaker, Sir, let me now provide an update on the performance of our domestic economy.

The Solomon Islands' real GDP growth projection for 2025 has been revised down to 2.6 percent, compared to the earlier estimate of 3.3 percent. This slowdown is primarily driven by a projected 7.1 percent decline in the logging sector, which continues to suffer from resource depletion and falling exports to key Asian markets. The fishing sector is also expected to contract by 0.3 percent, largely due to adverse weather conditions, declining fish stocks, and inefficiencies in fish processing. Meanwhile, the construction and electricity sectors are anticipated to weaken as major public projects reach completion and rising costs constrain new investments. Collectively, **Sir,** these sectoral challenges are dampening economic momentum and limiting overall growth prospects.

Mr Speaker, Sir, despite these headwinds, several sectors are showing encouraging signs of recovery and expansion in 2025. Agriculture is projected to grow by 3.2 percent, supported by improved farming practices, better market access, and increased production of key export commodities such as copra, cocoa, and palm oil. These products are expected to rebound in the coming months, playing a pivotal role in boosting rural incomes and strengthening foreign exchange earnings.

The tourism sector is forecast to expand by 4.5 percent in 2025, reflecting the gradual recovery of global travel and renewed investment in tourism services and infrastructure.

In the communications sector, growth of 12.4 percent is projected, driven by ongoing digital expansion, mobile network upgrades, and rising demand for internet and ICT services nationwide.

Most notably, **Sir,** the mining sector is expected to surge by 43.2 percent in 2025, underpinned by the ramping up of gold and nickel production as well as increased exploration activity. These developments are anticipated to generate strong export revenues and attract further private investment into the mineral resource industry.

Mr Speaker, Sir, these positive sectoral performances are expected to cushion the adverse impacts of the decline in the logging sector, thereby contributing to a more balanced and optimistic economic outlook for 2025.

Solomon Islands Economic Outlook for 2026

Mr Speaker, Sir, as we look ahead, economic growth in the Solomon Islands is projected to remain steady at 2.7 percent in 2026. This growth will be driven by key sectors of our economy mainly on Agriculture, mining, fishing, and business services.

Sir, the mining sector is expected to lead the expansion, supported by increased gold and nickel production and stronger commodity prices.

In 2026, the fishing industry is forecast to rebound, aided by favourable weather conditions and sustained export demand. Agriculture too is poised for growth, with better yields in palm oil, copra, and cocoa. This progress will be supported by greater participation from the informal sector, improved market access, and ongoing modernization efforts. Business services are also expected to expand, driven by rising domestic demand and stimulus from major infrastructure projects such as road construction, the Tina Hydro project, and other private investments.

Together, Mr Speaker, Sir, these sectors will provide a more balanced outlook for 2026, helping to cushion the continued decline in the logging industry and ensuring that our economy remains on a stable path.

Inflation Outlook

Mr Speaker, turning to prices, headline inflation in the Solomon Islands is projected to ease to between 3.5 and 4.0 percent in 2026. This is a welcome moderation compared to the elevated levels of 5.0 to 6.0 percent recorded between 2022 and 2024. It reflects a return to more stable economic conditions and the gradual fading of external shocks that had previously driven up consumer prices.

A key factor behind this downward trend is the stabilization of food and energy costs. In recent years, these had surged due to global supply disruptions and severe weather events — heavy rains and cyclones that affected domestic agriculture and supply chains.

Mr Speaker, core inflation, which excludes volatile items such as food and fuel, is forecast to remain relatively subdued in 2026, trending between 2.0 and 3.0 percent.

Sir, this normalization of inflationary pressures is indeed a welcome development. It will ease the cost of living for our people and create a more favourable environment for investment, growth, and prosperity in the years ahead.

Development Path Moving Forward

Mr Speaker, Sir, our nation's recovery from the Covid-19 pandemic has been slow, with growth averaging 2 percent over the past four years. While some progress has been made, our path to revitalising the economy continues to be constrained by long-standing structural challenges that persist to this day.

Sir, we can't deny the fact that our economy is small, geographically dispersed, and highly vulnerable to external shocks. Our private sector remains underdeveloped and needs to operate in a more transparent environment, supported by better infrastructure. Furthermore, **Sir**, we continue to rely too heavily on a single sector to drive growth, while our health and education systems still lack the basic capacity to meet our people's needs.

Mr Speaker, Sir, these challenges have contributed to high unemployment, rising disease burdens, and increasing hardship across our nation. These are symptoms of a failed policy paradigm—one which we cannot continue to follow, nor be complacent about, nor accept as the norm for the Solomon Islands.

No, Sir, we cannot and must not settle for this. We must be transforming our growth model and deliver tangible changes that makes a real difference in the lives of our people. Sir, this transformation demands bold reforms and targeted investments that will generate high-value returns and benefits for our people and our nation.

Sir, to bring these reforms and investments to action, we must turn to the Budget—the instrument through which our nation translates vision into action. The Budget is not simply a financial document; it is the nation’s vehicle for driving economic transformation and development.

Sir, this endeavour highlights the importance of having a well-crafted Budget—one that responds to our needs and delivers on our aspirations. It is vital that when we design the Budget, we do so with precision and purpose. It must be properly formulated, well-targeted, and firmly directed at addressing the right priorities for our economy and people. Only then can the Budget truly serve as an instrument of transformation and deliver the progress our nation deserves.

Bearing this in mind, Sir, the Ministry of Finance and Treasury this year undertook a comprehensive review of the government’s budget policy priorities, to examine whether the existing priorities remained relevant and in tune with the key issues facing our nation. This was carried out in close consultation with central agencies, including the Prime Minister’s Office, the Ministry of National Planning and Development Coordination, and the Ministry of Public Service.

Mr Speaker, Sir, this process culminated in the formulation of five new high-level policy priorities—priorities that are both relevant and responsive to the pressing challenges confronting our nation. These priorities will stand as overarching signposts, guiding and shaping budget policies over the next three years. In doing so, they will ensure that we confront the critical obstacles in our economy with resolve, while accelerating the pace of our economic transformation and national development.

Sir, these five priorities are:

- 1. Building Economic Resilience through Diversification**
- 2. Investing in Transformative Infrastructure**
- 3. Improving the Delivery of Public Services to all Solomon Islanders**
- 4. Promoting Peace, Unity, and Security**
- 5. Strengthening Fiscal Stability in the Medium to Long Term.**

Mr Speaker, these five high-level policy priorities are not mere statements on paper. They are the underlying pillars upon which our nation’s future will stand. They are the guiding compass for our budget decisions over the next three to five years. And they are the collective commitment of this Government to transform challenges into opportunities, and opportunities into lasting prosperity for our people.

Mr Speaker, Sir, allow me now to expand on these five priorities, which together form the framework for our nation’s economic renewal and social advancement.

Building Economic Resilience through Diversification

Sir, the quest to diversify our economy will be pursued mainly through investments in other resource-based sectors aside from logging. These include agriculture, mining, fisheries and tourism as well as other commercially viable resources. Sir, these resources have so much untapped potential, they hold significant comparative advantages and remain in abundance across the country.

To unlock their potential, Government will work hand in hand with all stakeholders—including resource owners, the private sector, our development partners, financial institutions, government agencies, NGOs, civil society, and provincial and regional authorities.

In the short term, Sir, our focus will be on delivering quick wins—supporting those stakeholders with the capacity to channel sustainable investments, scale up productivity, and generate transformative impact. This endeavour embodies the very essence of our 2026 budget theme, which Government regards as pivotal in igniting a breakthrough for the Solomon Islands. We expect these early gains to build confidence, attract further investments, and lay a firm foundation for sustainable growth in the years ahead.

Sir, our long-term goal will be centred on fast-tracking reforms to dismantle structural barriers and unleash the full potential of our resource sectors. In doing so, we will transform these sectors into dominant engines of growth, driving sustained economic expansion and delivering robust development for the Solomon Islands.

Investing in Transformative Infrastructure

Mr Speaker, Sir, to a large extent, the thrust of the Government’s economic transformation agenda will be fostered through strategic investments in dynamic, high-impact infrastructure—particularly in rural roads, maritime shipping, port facilities, renewable energy systems, and digital infrastructure in high-value zones. **Sir, these investments constitute the backbone of national progress; therefore, Government will ensure that the best options are pursued to deliver optimal benefits for our nation.**

Mr Speaker, Sir, we will be considering all viable financing options for high-value projects, including blended finance and public-private partnerships, wherever it is feasible to pursue. **Rural and provincial infrastructure will be prioritised to strengthen value chains at the community level and to open up greater opportunities for resource production.**

Sir, these efforts are intended to deliver inclusive and far-reaching benefits—uplifting our communities, empowering resource owners, and advancing the broader development of the Solomon Islands.

Improving the Delivery of Public Services to all Solomon Islanders

Mr Speaker, Sir, the Government’s ambition to improve public services will be anchored on strengthening the capacity of our key state institutions, so that they are able to deliver services that are efficient, effective, and of the highest quality. Sir, particular emphasis will be placed on strengthening critical social services—such as education, health, and national security—as these are fundamental to the well-being of our people and the stability of our nation.

Our foremost objective is to ensure that our citizens receive the very best services available, so that they are empowered to lead healthy, productive and prosperous lives—grounded in strong values and principles.

Promoting Peace, Unity, and Security

Mr. Speaker, political stability and national unity are foundational to sustaining peace and driving progress across our nation. Government will continue to champion targeted peacebuilding initiatives to foster durable and positive relations among all ethnic groups, while promoting harmony and peaceful co-existence across our diverse communities and provinces.

Strengthening Fiscal Stability in the Medium to Long Term

Mr Speaker, Sir, to safeguard fiscal stability, the Government will ensure that all forthcoming budgets are formulated within a prudent fiscal framework—one that secures both fiscal discipline and economic resilience. Sir, this process has already commenced with the 2026 Budget, where the GNUT government has rationalised the SIG deficit target to 6.8 percent of GDP, down from this year’s revised deficit of 7.5 percent.

Moving forward, Sir, we will continue to pursue fiscal consolidation to help secure a stable financial position over the long term.

Mr. Speaker Sir, let me now turn to the 2026 Budget Overview, Framework, and Theme.

2026 Budget Overview and Framework

2026 Budget Theme

Sir, the theme for the 2026 Budget is: *“Accelerating Economic Transformation: Resourcing the Resourced to Drive Economic Growth and Sustainable Development.”*

Mr Speaker, Sir, this theme is reflecting a shift in strategy that Government will adopt to revitalise growth in the country and to accelerate the trajectory of our transformation.

Mr Speaker, Sir, you will note that this theme places emphasis on *resourcing the resourced* within the economy as a deliberate strategy to boost future development. Sir, what this means is that beginning next year, Government will be actively seeking to support those who already possess the resources and the capacity to scale up investments and strengthen productivity in the economy—particularly within our key resource sectors of agriculture, fisheries, mining, and tourism, and our resource owners.

Sir, we are expanding our stakeholders - and will work with farmers, resource owners, small and medium enterprises, investors - all those who are willing to work with us on our vision to elevate and transform our economy. However, Sir, our partners must demonstrate that they are already productively and actively engaged in their various respective enterprises and can commit their time and resources to work with government on the range of transformative pipeline projects outlined in the 2026 national budget.

Mr Speaker, Government cannot do everything alone. Nor should collaboration be pursued for its own sake. Partnerships must be forged with those who are willing, and able, to stand with us in the effort to grow our economy and improve the socio-economic prospects of our people.

Mr. Speaker, to this end, let me now make a special appeal to our ever-supportive donors and development partners: please collaborate closely with our various central agencies from next year, as we will spearhead this effort in coordination with all key stakeholders and partners in the economy. This collaboration, Sir, is not just desirable — it is a game-changing opportunity. It will lay the foundation for broad-based benefits across the nation: expanding production, growing exports, creating jobs, alleviating poverty, and driving rural development, particularly in our resource-rich regions.

Mr Speaker, we believe these outcomes will firmly put us on a path of sustainable growth and development in the future, transforming the Solomon Islands into a truly modern and vibrant nation.

Budget Guiding Principles

Mr Speaker, the 2026 Budget embodies the Government for National Unity and Transformation's (GNUT) firm resolve to build a united, transformative, and inclusive path toward sustainable economic growth. The government recognises that the Solomon Islands is endowed not only with abundant natural resources, but also with the human resources and talent required to advance our economic initiatives—not just in 2026, but well into the future. By directing resources to the strategic pillars of our economy, we can deliver tangible results that uplift our people and secure lasting prosperity.

Mr Speaker, the preparation of the 2026 National Budget was guided by six core development objectives:

- (a) Promoting transformative and sustainable growth activities
- (b) Maintaining an affordable Budget
- (c) Safeguarding fiscal stability
- (d) Improving service delivery through quality spending
- (e) Strengthening national unity and empowering people
- (f) Advancing good governance and accountability.

Mr Speaker, canvassing on these six core development objective, the key program initiatives of the 2026 Budget—initiatives which I am certain Honourable Members have been waiting patiently to hear.

Sir, in three years' time, our nation will celebrate a historic milestone: the 50th anniversary of our independence. This will be a moment of great pride and joy for our people, as we reflect on the progress we have made since securing our sovereignty in 1978.

Sir, the lead-up to this golden jubilee presents a unique opportunity for government to make bold and decisive choices—choices that will enhance and transform the lives of our people, so that we may approach our 50th anniversary with renewed hope and confidence in the future.

Mr Speaker, sir, the 2026 Budget has been crafted with this ambition at its core. It sets out a clear policy framework designed to deliver programs that achieve quick and impactful results over the next three years. The theme of this Budget embodies that endeavour, calling for stronger collaboration with key partners to support swift and effective efforts that will drive growth and transformation in the short term.

Sir, let me now turn to the key budget programs that will advance our transformational agenda. These programs, sir, are anchored in the four foundational pillars of the GNUT Government’s socio-economic transformation framework: **Economic Transformation, Infrastructure Development, Human Capital Development, and Unity and Stability**.

Economic Transformation

Mr. Speaker, before I turn to the specific allocations for Ministry programmes, allow me to first outline several innovative policy initiatives that will be rolled out in 2026 to accelerate economic transformation across our islands.

Sir, beyond the work of individual ministries, three state-owned entities have been designated as the central vehicles to drive the Government’s transformation agenda. Strategic investments will be made in these institutions to empower key market players and boost productivity across our resource industries—namely agriculture, fisheries, mining, and tourism.

Mr. Speaker, the three entities are:

- **CEMA – Commodities Export Marketing Authority**
- **DBSI – Development Bank of Solomon Islands**
- **ICSI Logistics – 100% subsidiary of ICSI**

Each of these agencies will play a distinct and complementary role in advancing growth, expanding exports, and enhancing productivity, creating much-needed jobs. Their interventions will directly target farmers, communities, businesses, private investors, retailers, wholesalers, and other critical actors along our commodity supply chains.

Mr. Speaker, CEMA’s traditional role as a trade facilitator and conduit for linking rural farmers to markets will be reoriented in the coming year. The Authority will now venture into higher-value, more lucrative activities, with an initial focus on copra and cocoa, while exploring opportunities in other crops where feasible. To enable this transformation, Government will continue to fund the CEMA revitalisation program to strengthen CEMA’s capacity to deliver on this expanded mandate.

In tandem, **Mr. Speaker**, the Development Bank of Solomon Islands will introduce a suite of innovative financial products, including highly concessional loans tailored to support investment in resource sectors such as agriculture—sectors that often struggle to access credit due to lack of collateral. These loans will be subsidised by Government, either through interest

rate support or capital contributions, thereby making financing more accessible and affordable for small, medium, and micro enterprises.

Finally, **Mr. Speaker**, the Investment Corporation of Solomon Islands Logistics Company will address the critical barrier of transport and logistics. To connect our rural and isolated communities with urban markets, ICSI Logistics will acquire and operate a new shipping vessel. This service will provide affordable freight options for rural farmers and communities, ensuring their commodities can reach markets efficiently and competitively.

Mr. Speaker, these interventions directly tackle three of the most pressing constraints to resource development:

1. **Market access and value addition**
2. **Affordable financing**
3. **Transport and logistics**

By addressing these barriers, we anticipate unlocking significant growth across all targeted sectors. This transformation will reshape the way we conduct commerce and trade, while contributing substantially to employment creation, export expansion, production increases, and new investments. Most importantly, it will uplift the incomes and livelihoods of our people, ensuring that the benefits of economic transformation are widely shared across our islands.

Sir, allow me time to summarize the content on the fiscal envelop that form the content of the 2026 Budget.

Revenue Estimates

Mr. Speaker, first on revenue. In 2026, total revenue is projected at **\$5,473.2 million**. This comprises **\$4,502.3 million** in domestic revenues and **\$970.9 million** in budget support from donor partners.

Sir, domestic revenue will be sourced as follows:

- (a) Inland Revenue Division (IRD) – \$2,767.8 million
- (b) Customs and Excise Division – \$1,171.4 million
- (c) Other Ministries revenues– \$563.1 million.

Mr Speaker, Sir, the revenue estimates for both IRD and Customs are projected to improve significantly in 2026 compared to 2025, with IRD revenues expected to rise by \$339.3 million or 14 percent and 25 percent increase from 2024 actual collections. Customs proceeds expected to increase by around \$119.6 million or 11 percent higher than 2025 revised estimates and 17 percent higher from 2024 actual collections. **Sir, the buoyancy in these revenue sources will be driven primarily by the anticipated scaling up of mineral resource production in 2026**

The Gold Ridge mine, in particular, is transitioning from exploration to full production mode in the coming year, and at the same time its tax exemption status will lapse. Consequently, our projections show that this development will generate new and significant revenue flows for Government's coffers over the coming few years, driven by favourable global prices and high production volumes and exports.

Furthermore, Mr. Speaker, the establishment of the Mineral Resource Lab by August next year should also contribute to improve content verification and valuation of our mineral exports and thereby will improve the industry's revenue potential. This should address current concerns relating to under reporting and pricing and ensure the nation is able to derive fairer and equitable benefits from the excavation of our mineral resources.

Sir, all sources of revenue under the IRD, including company tax, personal tax, withholding tax, goods tax, stamp duty and license fees are forecast to increase in 2026. The same is also predicted for all revenue sources under the Customs Division, namely import duty, export duty, exercise duty and other customs fees and charges.

Recurrent Budget Balance

Mr. Speaker, I also wish to inform the House that in preparing the 2026 Budget, Government has made necessary adjustments to ensure it delivers a surplus recurrent budget balance in 2026, which is estimated at **\$96.0 million**. This marks a significant improvement from this year's recurrent deficit position of **\$144.7 million**.

Sir, this recalibration is critical, as it will place Government in a position to meet its recurrent expenditures through domestic revenues, without the need to resort to borrowings. In other words, Sir, this adjustment will ease potential cashflow pressures within the Budget and enable Government to sustain its daily operations without encountering financial setbacks. Sir, this is indeed an effective approach—one which Government will continue to adopt in the years ahead.

Recurrent Expenditure

Mr. Speaker Sir, let me now turn to the 2026 recurrent Budget.

Mr Speaker, Sir, the 2026 SIG recurrent budget is estimated at **\$4,406.3 million**. This includes **\$1,947.7 million** for payroll, **\$2,081.4 million** for other charges, **\$357.2 million** for Debt Servicing and **\$20 million** in contingency warrants. Total recurrent budget including budget support for 2026 is estimated at **\$4,599.6 million**.

Mr Speaker, Sir, the payroll budget is about **\$246.3 million** higher than the 2025 revised estimate; an increase of about 14 percent. This increase, reflects mainly a one-off payment of **\$129.0 million** to settle outstanding salaries for our teachers in the line with the agreement that was signed with SINTA in August this year. In addition, sir, additional salary provisions have also been made for medical professionals, nurses, and critical technical positions across line ministries.

Mr. Speaker Sir, government has taken a bold step in the 2026 Budget to reduce the allocation for Other Charges, by approximately \$53.1 million. Sir, this action is unprecedented and has rarely occurred in our history, except during times of crisis.

Sir, the Other Charges category consists primarily of operational outlays, including expenses for travel, communication, and general office expenses such as printing costs. It also encompasses transfers and grants to external organisations. Sir, these are expenditures that Government can manage and control through cost-effective strategies and through reducing wastage within public service processes. Sir, this decision is yet again another demonstration of Government's commitment to fiscal prudence and discipline, and it will help strengthen the efficiency and quality of public expenditures.

Key Ministry Programs

Mr Speaker Sir, let me now turn to specific Development programs directed specifically at promoting economic transformation in 2026.

Agriculture

Mr Speaker, under the Ministry of Agriculture, Government has prioritised a series of flagship projects to advance policy priorities and revitalise the rural economy.

A total of **\$28.3 million** is allocated to the **Agriculture Production and Enhancement Program**. Of this, **\$21 million** is directed towards the production, development, and rehabilitation of cocoa and coconut — industries that have shown remarkable performance this year.

According to the Commodities Export Marketing Authority, combined export value for copra and cocoa reached **SBD\$511.9 million** this year, more than double last year's total of **SBD\$240.6 million**. This is significant growth, and with ongoing investment in CEMA and favorable commodity process, the Government expects further increases in cocoa and copra exports in 2026.

Additional allocations under this program include **\$3 million** for cattle development, **\$2.5 million** for rice demonstration and development in Malaita and Guadalcanal, and **\$1.8 million** to support oil palm out-growers, taro production, and pest and disease control.

Mr Speaker, a further **\$11.7 million** is allocated to the **Agriculture Infrastructure Program**. This includes **\$6.5 million** for enabling infrastructure and logistics, **\$4.2 million** for office and residential buildings in the provinces, and **\$1 million** for agricultural research facilities. Infrastructure and logistics remain a major constraint to growth, as farmers struggle to transport produce from remote islands to central buying ports. Government therefore sees the need to prioritise enabling infrastructure and research facilities to reduce costs, encourage higher yields, and protect key sources of growth through sustainable development and food security.

Fisheries

Mr Speaker, Sir, under Fisheries, Government is prioritising the following.

- The **Bina Harbour Tuna Processing Plant Project** receives a significant allocation of **\$103 million**. This ongoing national priority will establish a second tuna processing plant in Solomon Islands, creating jobs and expanding economic benefits.
- The **Community Fisheries Livelihood Program** is allocated **\$19.3 million**, including **\$13.6 million** for seaweed farming, **\$4.7 million** for the Aruligo hatchery project, and **\$1.0 million** for the sea cucumber hatchery project, alongside community-based resource management.
- Provincial fisheries operations will receive **\$1.4 million**, including **\$0.5 million** for Tataba Fisher Cooperative, **\$0.4 million** for Yandina/Russell Cooperative, and **\$0.5 million** for Lata Fisheries Operation.

Forestry

Mr Speaker, in Forestry, Government is strengthening and expanding resources.

A total of **\$6.3 million** is allocated to the **Downstream Processing Program**. This will promote sustainable logging practices, implement recommendations of the Sustainable Logging Policy, and enhance timber production initiatives. Government expects timber production and exports to increase by **5 to 10 percent in 2025/2026**. Key projects include **\$1.3 million** for expansion and upgrade of Henderson Timber Yard, **\$1.5 million** for purchase of land for VATA Timber Yard, and **\$1.8 million** in assistance to timber producers and furniture makers. Government is also committing **\$4.3 million** to strengthen monitoring, compliance, enforcement, and legislative reforms in the forestry sector.

Commerce

Mr Speaker, under Commerce, Government is allocating **\$67.3 million**.

- **\$25.5 million** to strengthen trade and export programs, including subsidies for cocoa and copra, grant support to CEMA, and assistance to SME exporters of timber, kava, and marine products.
- **\$20.2 million** for private sector and MSME development, including **\$18 million** for a credit guarantee scheme through CBSI.
- **\$7.3 million** for investment and commercial services, targeting growth centres in Malaita, Makira, Guadalcanal, and Isabel.
- **\$4.5 million** for value-added and downstream processing, including youth entrepreneurship, the Bonale Pineapple Project, and administration of the Solomon Islands Coconut Secretariat.
- **\$4 million** for legislative reforms, **\$3.6 million** for e-commerce programs, and **\$2 million** for initial engagements under the Solomon Islands Special Economic Zone Program.
- **\$1.1 million** under the recurrent budget to establish the Special Economic Zone Authority.

Tourism

Mr Speaker, under Tourism Development, Government has maintained a total allocation of **\$46.4 million**.

- **\$22 million** for tourism development and institutional strengthening, to accelerate investment, provide grants for youth entrepreneurs, improve sea connectivity, and support other facilities.
- **\$14.2 million** for the National Tourism Product Program, including the Bloody Ridge National Peace Park, destination marketing, promotion of events, Tulagi tourism project, and packaging of community tourism products.
- **\$10.2 million** for National Cultural Heritage and Tourism Infrastructure.

Mr Speaker, Government fully appreciates that the successful development of this sector must involve the active participation of the private sector, operating in an attractive investment environment.

Infrastructure Development

Mr Speaker, Sir, quality infrastructure is key to nation-building and socio-economic development.

Government is allocating **\$146.9 million**, an increase of **\$33.7 million** or **30 percent** compared to the 2025 Budget. This will support construction and upgrading of roads, wharves, buildings, and street lighting in Honiara and the provinces. These investments will improve connectivity, enhance the timely transport of goods and services, and stimulate economic activity across all provinces.

Government is also allocating **\$5.4 million** for Geological Mapping and Mineral Development, including **\$4.5 million** for construction of the Geochemical National Laboratory. A further **\$8.5 million** is allocated for institutional strengthening in the mining sector, including library and office upgrades, support for the Gold Ridge expansion project, feasibility studies on in-country processing, and legislative reforms.

In addition, **\$6.5 million** is allocated for Renewable Energy Development, supporting rural renewable energy projects and Government's commitment to the Tina River Hydro Project.

Education and Human Capital Development

Mr Speaker, Government's ongoing commitment to education is critical in our efforts to build human capital. **\$50 million** is allocated to support the SINU Infrastructure Program, including the administration and finance complex, Kukum Library extension, UniPrep College, and DFL Building. These investments will create an enabling learning environment and produce a skilled workforce.

\$33.7 million is allocated for school infrastructure, including classrooms, dormitories, dining halls, ablution blocks, and office buildings. This represents an increase of **\$16.1 million**, or more than **90 percent**, compared to the 2025 Budget. Government plans to build **17 classrooms, 2 dining halls, 4 dormitories, 2 office buildings, and 1 ablution block**.

Health

Mr Speaker, in terms of health, the people of our beloved country should be grateful, for Government remains steadfast in its commitment to deliver free health care services across the nation.

A total of **\$70 million** is allocated to the health sector. Of this, **\$33.9 million** is directed towards **Primary Health Care Services**, including the construction of 16 Area and Rural Health Centres, as well as the renovation and upgrading of clinics across seven provinces in 2026.

Sir, **\$25.4 million** is allocated to **Secondary Health Care Services**. This includes the upgrade of Lata Hospital (**\$10.9 million**), Taro Ward (**\$10.1 million**), Helena Goldie Hospital (**\$1.7 million**), Kilu'ufi second-level medical store (**\$1.0 million**), Malu'u second-level medical store (**\$1.0 million**), and Guadalcanal Provincial Hospital (**\$0.5 million**).

Further allocations include **\$7.5 million** for the **Tertiary Health Care Services Program**, **\$1.7 million** for the **National Public Health Laboratory Program**, and **\$1.5 million** towards the **RWASH Program**.

Mr Speaker, these investments will expand access to essential services, strengthen rural health systems, and ensure that quality care reaches even the most remote communities.

Unity and Stability

Mr Speaker, under the Ministry of Lands, Housing and Survey, Government is providing **\$2.5 million** in budgetary support for the **Customary Land Recording Project**.

This project is designed to strengthen customary land rights by formally recording landholding groups, their rights, and boundaries. It will also coordinate and connect stakeholders — including Development Partners, line ministries, and community groups — while promoting reconciliation and settlement throughout the recording process.

Mr Speaker, Government expects this project to produce formal documentation of customary land rights, providing legal recognition that protects communities against encroachment and disputes. It will help prevent conflicts among landholding groups, foster peaceful coexistence, and empower communities to manage and utilise their land more effectively for economic and social development. Ultimately, this will lead to improved livelihoods, greater economic opportunities, and sustainable land use planning for future generations.

Constituency Rural Development

Mr Speaker, under Constituency Rural Development, Government is allocating **\$325 million** to the **Constituency Development Fund (CDF) Program**.

This program is designed to uplift the livelihoods of communities across all 50 constituencies. Through this support, **40 percent or \$130 million** will be utilised towards productive and resource sectors, **20 percent or \$65 million** each towards essential services, cross-sectoral/inclusivity/gender, and social and cultural obligations.

Mr Speaker, these investments will ensure that development is not confined to urban centres but reaches the grassroots, improving access to opportunities and enhancing the quality of life for our people.

Overall Budget Deficit

Mr. Speaker, the 2026 Budget has been carefully framed within an overall deficit of \$548 million, which is equivalent to about 3.5 percent of GDP. The total consolidated revenue estimate for the Budget is \$5,473.2 million, and the total expenditure estimate is \$6,021.2 million.

Sir, of the total consolidated budget estimate, total SIG revenue is estimated at \$4,502.3 million; while total SIG expenditure is estimated at \$5,567.3 million. The SIG deficit is about 6.8 percent of GDP, which is lower than the 2025 SIG deficit of 7.5 percent of GDP.

Mr. Speaker, Sir, as you know, the SIG budget balance reflects government's true financial position because it excludes all donor funding made through the budget and reflects only government revenues against government expenditures. Sir, the decision, to reduce the SIG deficit next year demonstrates government's commitment to consolidate its financial position, and improve fiscal stability moving into the medium term.

Development Budget Financing Strategy

Mr Speaker, the overall fiscal framework projects an overall deficit of **\$548 million** for 2026. This deficit will arise mainly from borrowings to finance priority projects and programs under the development budget. The Government has already secured approximately **\$420 million** to fund these development initiatives, with the remainder of **\$128.0 million** to be financed from other potential sources, including additional financing to be secured through continued coordination with our responsible development partners.

Tax and other PFM Reforms

Mr Speaker, the review of the country's tax system is high on Government's agenda. Sir, we have a very outdated and inefficient tax system, which struggles each year to provide a sustainable base for Government's revenue. The oldest tax legislation in the country is about 60 years old, while the most recent—the goods tax—is already 30 years old.

Mr Speaker, rather than facilitating investment, the current tax system has acted as a hindrance to business and has failed to serve as a catalyst for growth over the years. Sir, the GNUT Government has therefore placed great importance on reviewing the tax system. This review will be undertaken in three stages:

Stage 1 – review of tax administration and consumption taxes;

Stage 2 – review of income taxes, including personal, company and withholding tax; and

Stage 3 – review of other taxes.

Mr Speaker, the aim of tax reform is to simplify and streamline the system into one that is efficient, transparent, fair, and competitive. This will reduce collection costs, promote compliance, create a level playing field, and lessen opportunities for rent-seeking and tax avoidance.

Value Added Tax

Sir, the VAT Bill is now on its way to Parliament by this week and should be passed by first half of 2026. Full implementation of the VAT regime is expected to come into force on January 1st, 2028. Sir, the newly proposed VAT system will broaden the tax base in the Solomon Islands and improve both fairness and efficiency. To some extent, revenue gains from the VAT system are expected to offset anticipated losses from logging revenues and discretionary tax exemptions.

Income Tax Rewrite

Mr Speaker, another key reform underway is the rewrite of the Income Tax Act. The current Act is outdated and warrants a complete rewrite to deliver legislation in plain, clear language.

Budget and Financial Management Reforms

Mr Speaker, let me now turn to key reforms aimed at strengthening financial management in the Ministry of Finance and Treasury.

Sir, the Ministry will continue necessary work to improve the performance and functionality of the new D365 financial management system. Phase 1 of the upgrade has been completed, and preparations are underway to commence Phase 2 in early 2026. This second phase will encompass the installation of financial reporting functions and modules, enabling Government to generate automated financial management reports. Mr Speaker, the completion of Phase 2 will support efforts to publish in-year financial reports, including both real-time and periodic budget reports.

In terms of budget reforms, Mr Speaker, Government plans to strengthen monitoring of both recurrent and development budget programs in 2026. Groundwork for developing a sound monitoring and evaluation framework for development projects has begun and is expected to be established in early 2026, with external technical support. Government will also review the management of all grants and subventions made through the Budget. This process is expected to culminate in the formulation of an overarching Grant Policy Framework to appropriately manage the disbursement of all grants and subventions each year.

Progress on Fundamental Reforms

Mr Speaker, it is no secret that our country must undertake on a broad range of reforms to remove the critical constraints that continue to hinder development and growth. These constraints include limited access to financial services, insufficient competition in key sectors, shortages of essential skills, difficulties in accessing land, inadequate infrastructure, weak institutions, poor governance, limited employment opportunities, and the high cost of doing business in the Solomon Islands.

Mr Speaker, these are not small challenges, but they are challenges we must confront head-on - if we are serious about unlocking our nation's full potential. For too long they have weighed us down; now is the time to break them apart. Only then can we create the conditions for stronger growth, better opportunities, and a brighter future for our people.

Mr Speaker, that is why the Government now aims to tackle these ongoing development constraints directly, through a broad program of both structural and institutional reforms across

the public sector. These reforms will include tax reforms, land reforms, water and energy reforms, mining reforms, forestry reforms, investment reforms, and governance reforms.

Debt Outlook 2025–2026

Mr Speaker, let me now turn to the country's current debt position and the medium-term outlook. I wish to assure Members of this Honourable House, as well as those listening in to Parliament proceedings today, that the Solomon Islands Government's debt position remains moderate, and the risk of external debt distress has improved from moderate to low. Sir, we are, in fact, the only country in the region currently assessed at a low risk of debt distress, debt to GDP is 27 percent as of October 2025. Sir, this level remains below 35 percent sustainability benchmark, indicating that we have some fiscal room to continue advancing our development plans over the medium term.

Mr Speaker, this positive outcome reflects the prudent debt management practices of the Ministry of Finance, particularly our focus on borrowing primarily from highly concessional sources that offer low costs and longer maturities. All government borrowing is undertaken in strict accordance with the Public Financial Management Act 2013 and the Debt Management Framework and Strategies.

Mr Speaker, the stock of official government debt at the end of October 2025 stood at **\$4.2 billion**—30 percent higher than the level recorded at the end of 2024. This comprises **\$1.4 billion** in domestic debt and **\$2.7 billion** in external debt. In terms of debt servicing, government has so far paid a total of **\$324 million** up to October 2025, consisting of **\$285.4 million** in principal repayments and **\$53.1 million** in interest payments.

Mr Speaker, government will continue to borrow in fiscal year 2026 and beyond, while ensuring debt sustainability through responsible and transparent practices. Sir, we all know, the Solomon Islands still lags behind in vital infrastructure to drive growth, expand markets, and strengthen services. With the opening of new bilateral partnerships - evidenced by the recent signing of Country Partnership Strategies - government will ensure that future borrowing is secured only on highly concessional terms—with strong grant elements, long maturities, and extended grace periods to ease repayment.

Mr. Speaker Sir, government's borrowing in 2026 is expected to reach a total of \$1 billion dollars. Of this amount, \$300 million will be raised through locally issued development bonds. Sir, domestic borrowing forms a critical part of government's capital development program to help deepen our domestic capital market, and create opportunities for commercial banks, SOEs, and other stakeholders to participate and earn fixed incomes. I also wish to encourage members of the public to invest in the government's bond auction program which offers reasonable returns and fixed rates.

Mr Speaker, the remaining \$700 million will be borrowed externally, with most loans expected to be highly concessional—featuring maturities of 30 to 40 years, interest rates of around 1 percent, and grace periods of up to 10 years.

Finally, Mr Speaker, I wish to assure all Honourable Members of this House that Government has a stable debt management program, prudently guided by sound borrowing principles set out in the SIG Medium-Term Debt Strategy (2025–2027).

Sir, as we highlighted last year, this Strategy has been reviewed and verified by the Pacific Financial Technical Assistance Centre (PFTAC) and our bilateral partners. It stands as a robust framework for managing debt levels responsibly, while at the same time supporting our broader national development agenda and advancing the GNUT government’s infrastructure roadmap to modernise our nation.

Aim of these commitment and the 2026 Budget

Mr. Speaker Sir, consistent with the Government’s broad policy direction for the medium term, the 2026 Budget has been formulated to achieve the following key macroeconomic objectives:

- **First**, we are committed to achieving an average GDP growth rate of between 3 and 5 percent over the medium term. We anticipate that this growth rate will contribute to increased employment levels, rising to approximately 3 percent.
- **Second**, we aim to keep domestic inflation at or below 3.0 percent.
- **Third**, we will maintain sustainable budget balances, aligned with revenue growth and the Government’s financing capacity.
- **Fourth**, we will ensure that debt remains at manageable levels.
- **Finally**, we will gradually rebuild our cash reserve buffer by transferring surplus revenues into the cash reserve account.

Fiscal Rules and Commitments

Mr. Speaker Sir, this year, the GNUT Government has resolved to adopt a new framework of budgetary fiscal rules, which will be upheld in the years ahead to help strengthen the management of our national budget and reinforce overall fiscal stability in the Solomon Islands. By embedding these rules into our budgetary process, we are committing ourselves to prudent financial management and to protecting the long-term economic health of our nation.

Sir, the government’s fiscal rules are grouped into three key categories:

- Fiscal rules to secure overall fiscal stability;
- Fiscal rules to manage the growth of recurrent spending; and
- Fiscal rules to support economic development and diversification.

There are in total seven fiscal rules and commitments which the GNUT Government has resolved to uphold. However, for the purposes of this Budget Speech, I will highlight three that have been most critical in shaping the design of the 2026 National Budget. The remaining rules, while equally important, are discussed in detail in the *Budget Volume 1 Document*, which Honourable Members may study and assess at their convenience.

Fiscal Consolidation Strategy Commitment

Mr. Speaker, the first fiscal rule relates to our firm commitment to fiscal consolidation over the medium term. Over the next three years, the Government will be undertaking a deliberate and measured effort to gradually reduce the SIG budget deficit. This will be achieved through the implementation of a robust Medium Term Fiscal Framework—one that fosters fiscal discipline, strengthens financial management, and sets a sustainable path for growth and development.

Mr. Speaker, this consolidation plan will commence in 2026, with the SIG deficit projected to decline to 6.8 percent of GDP, down from 7.5 percent in 2025. Over the subsequent three years,

Government will continue to reduce the deficit further, with the potential of reaching 3.0 percent of GDP by 2029.

Sir, according to our calculations, this consolidation trajectory will help contain debt growth and ensure that debt levels remain within our sustainable benchmark of 35 percent of GDP. By doing so, we will safeguard debt sustainability, reinforce the foundations of long-term fiscal stability, and secure the resilience of our economy against future shocks.

Tighter Control on Operational Expenditures

Mr Speaker, the second fiscal rule focuses on operational expenditures—specifically those expenditures classified as “other charges” in the budget.

Mr Speaker, over the next four years, Government will be undertaking a gradual but determined effort to reduce these costs. At present, operational expenditures stand at 14.0 percent of GDP. Our objective is to bring this down to around 12.0 percent of GDP by 2029.

Sir, I am pleased to inform Honourable Members that this process has already commenced in the 2026 Budget. We have successfully reduced the allocation for “other charges” to 13.3 percent of GDP. This marks the beginning of a series of incremental adjustments that will be implemented each year until we reach the 12.0 percent target.

Mr Speaker, this rule is critical because it ensures tighter control over recurrent spending, thereby freeing up fiscal space for more productive investments in infrastructure, social services, and economic development. By restraining operational costs, Government is reinforcing fiscal discipline and redirecting resources toward areas that will generate long-term growth and tangible benefits for our people.

Targeted Ratio for Recurrent and Development Spending

Mr Speaker, the third fiscal rule concerns the allocation of resources for development spending—funding earmarked by Government for projects and programs that contribute to the nation’s long-term growth. Sir, it is always preferable that a larger share of budget resources be directed to this purpose, because public investments such as roads, water, and electricity have a far greater capacity to drive sustainable development than recurrent expenditures.

Mr Speaker, it is regrettable that over the past decade, development spending has been inconsistent, fluctuating between 13 and 19 percent of the total budget, while the remainder has been absorbed by recurrent costs. This lack of a clear plan or financial framework has hindered public investment and constrained our ability to deliver stronger socio-economic outcomes for our people.

Sir, to rectify this anomaly and improve our investment prospects, Government will now require that no less than 20 percent of the annual budget be allocated to development, while recurrent expenditure must not exceed 80 percent. In other words, the budget will henceforth be prepared on the basis of an 80:20 ratio—**guaranteeing no less than 20 percent for development and capping recurrent spending at 80 percent—with flexibility to expand the development share as circumstances permit.**

Mr Speaker, I am pleased to report that in preparing the 2026 Budget, proper measures were taken to comply with this new rule. The ratio for the 2026 Budget stands at approximately 76:24—76 percent for recurrent spending and 24 percent for development spending. This is well within our benchmark and demonstrates our commitment to elevating development investments.

Sir, adherence to this rule will ensure that a consistent proportion of public resources is channelled into development every year. Over time, this will contribute to sustainable growth, deliver tangible benefits, and improve the socio-economic prospects of our people across the Solomon Islands.

Mr Speaker, in summary, the adoption of fiscal rules is not merely a technical exercise; it is a statement of principle. It signals to our people, to our development partners, and to the international community that the Solomon Islands is determined to manage its resources responsibly. These rules assure our citizens that government spending will be aligned with national priorities, that deficits will be kept within manageable limits, and that borrowing will be undertaken only when it is both affordable and necessary.

Mr. Speaker, as you will observe, these fiscal rules are founded on noble intentions. They are designed to recalibrate our fiscal compass and ensure that the national budget is strategically planned to achieve our most important objectives. The Government remains firmly committed to upholding these rules, and will exert every effort to guarantee compliance, so that the nation may fully realize the beneficial outcomes they are intended to deliver.

Budget Risk Statements

Mr Speaker, Solomon Islands' economic outlook is constrained by weak external buffers, subdued investor confidence, and limited fiscal space. Growth continues to rely heavily on expansionary fiscal policy and unsustainable logging exports. Recent shocks to the logging sector—driven by global price fluctuations and weather-related disruptions—have highlighted the fragility of our economy and increased the risk of sharper, destabilizing downturns than previously anticipated.

Sir, let me now turn to a few prominent risks facing the country today.

Logging Sector Decline

Mr Speaker, our sole reliance on logging has created significant macroeconomic and fiscal vulnerabilities. Logging revenues remain critical for government financing, and any decline will require alternative revenue sources. To address this, government will be prioritizing key taxation reforms and introducing new revenue measures to broaden the revenue base and improve future income growth. At the moment we are looking at several measures such as strengthening the mining tax region, reviewing various non-tax revenue streams and importantly, introducing the new VAT regime, which should set the platform for more stable revenue collections in the future.

Narrow Economic Base

Mr Speaker, as outlined earlier, governments strategy to mitigate the logging slowdown is to diversify the economy and expand productivity in key resource sectors like agriculture, fisheries, mining and tourism. While this seems commendable, sir, government is also keenly aware of the unique risks that these sectors face - particularly externally driven commodity price fluctuations. Sir, our copra and cocoa, as well as our mineral resources are all enjoying unprecedented international price surges at this time. There will come a time when prices will moderate, impacting our domestic industries and the economy more broadly. Sir, while we continue to boost these sectors, we must also think of sustainable strategies to prepare for future shocks and protect these sectors from potential rapid decline as currently being faced in the logging sector.

Mr. Speaker, to mitigate such a challenge government is focused on growing all sectors simultaneously with every opportunity possible. We cannot afford to lay all our eggs in one basket, as we did in the past – we must learn to work together to raise productivity across the board, spread risk and build stronger depth and resilience. Mr. Speaker, government will also consider sovereign wealth funds as an option to retain current windfall gains and build reserves for the future. This is vital if we are to strengthen our resilience against future shocks.

Political Instability

Mr Speaker, Political instability remains a grave risk to our national progress. I know this is a sensitive matter, but it is the elephant in the room that we cannot ignore. We must face it honestly, with trust in one another and a shared resolve to move forward together.

Mr Speaker, our own history reminds us that frequent changes of government have too often shifted priorities and disrupted critical reforms, holding back our nation from reaching its full economic potential. The GNUT Government sees this as a challenge we must confront not just as leaders, but as a people united. That is why we have placed *peace and stability* at the very heart of our development agenda.

Sir, our commitment is deeply personal. We want our children to grow up in a country where unity is stronger than division, where communities stand together, and where lasting peace paves the way for prosperity. The GNUT Government will continue to encourage our people to rally behind this shared vision for the future—one built on trust, stability, and hope for generations to come.

Cashflow Risks

Mr Speaker, Deficit budgets always carry the risk of financing shortfalls. To guard against this, Government has introduced several changes to the 2026 budget framework to strengthen cash management and reduce financing risks. As explained earlier, one of the key measures we have adopted is the formulation of a budget that delivers an operational surplus in 2026, which we have set at around \$96 million. This recalibration is vital, as it will allow Government to fund operations from domestically raised revenues, without resorting to borrowing. It will also support Government’s efforts to ensure that public services are delivered smoothly throughout the year.

Sir, with operational costs fully covered, Government’s borrowing strategy can now be directed to where it matters most—development investments. Mr Speaker, this is sound practice, for

development projects—unlike recurrent expenditure—have a greater capacity to generate returns that can help repay debt in the future.

Furthermore, Sir, the Government forecasted to carry forward \$170 million of reserves from this year into next year’s budget, thereby reinforcing financing and helping to manage cashflow risks.

Mr Speaker, these measures will ease cashflow pressures and reinforce budget stability. They will ensure timely payments to suppliers, support the efficient delivery of public services, and prevent arrears from building up within the system. Most importantly, they will help rebuild public trust and confidence in the way Government manages its finances.

Non-Appropriated Estimates

Mr. Speaker, Sir, the 2026 development budget also records \$1.6 billion in non-appropriated funding from our Development Partners. This presentation serves to acknowledge the additional resources provided by our development partners to serve our people through other programs outside SIG systems and processes.

Mr. Speaker, these non-appropriated funds support a wide range of sectoral projects, programs and policies; some of which are monitored by development partners in collaboration with line ministries. Sir, since these projects support government policy, it is important that they are amalgamated with mainstream projects covered under the annual appropriation. This will help strengthen coordination and planning, improve resource sharing and avoid duplication.

Mr. Speaker, sir, going forward, Government plans to introduce **compulsory reporting on all non-appropriated funding** to provide everyone with a complete picture of both on-budget and off-budget programs. This measure is essential for strengthening transparency and ensuring comprehensive reporting on both SIG and donor support, thereby enabling the effective delivery of important policy goals over the medium term.

Budget Monitoring & Implementation

Mr. Speaker Sir, as in previous years, the execution of the 2026 Budget will have its own opportunities and challenges. The monitoring of the 2026 budget implementation, will be guided by the relevant policy and program deliverables that constitute the output deliverables and core activities of each ministry as laid out in their respective Corporate Plans and Annual Procurement Plans. In this regard, my ministry will ensure that Ministries are in compliance with the Solomon Islands Government Public Financial Management Act 2013, and its rules and regulations including procurement and payment procedures. As part of our Budget Implementation Strategy, a circular is being finalized and will be circulated to all Ministries in early 2026 to clarify specific expenditure measures and robust system controls.

Sir, the Ministry of Finance and Treasury and the Ministry of National Planning and Development Coordination will continue their strong collaboration to ensure the efficiency and effectiveness of Government expenditures on core functions, service delivery and budgeted policy priorities. This will also entail revamping its expenditure control and compliance, including additional scrutiny on areas that have high risk of mismanagement, wastage and abuse. The key features of the expenditure control and compliance measures are as follows;

- strict prioritization of payments in the order of payroll, debt service, essential services and provincial grants.
- payroll budget checks will be enforced to minimize or avoid budget overruns in all ministries with tight controls around overtime and allowances.
- rigorous scrutiny and compliance checks will be applied to imprest, simple procurement, travel, advance payments for goods and services yet to be delivered.
- procurement training and certification will be standardized for all designated authorities.
- unauthorised prior procurement will be curtailed through tight enforcement of procurement regulations and procedures.
- development budget expenditures will be thoroughly vetted to verify physical progress of projects against contract schedule of instalments.
- bid waivers will be closely checked to only apply for situations of market imitations, emergencies and cases where standard procurement processes cannot be applied for practical reasons.
- contract variations will be closely monitored and verified to ensure they are properly quantified and compliant with Procurement Regulations and Manual criterion.
- Financial Controllers are now all contracted with specific deliverables in their contracts on carrying out their responsibilities under the Public Financial Act 2013. This will be a mandatory component of the assessment of their performance.
- a public expenditure and financial assessment (PEFA) exercise will be undertaken in 2026, to review the efficacy of government's financial processes and systems.

Mr. Speaker, the Financial Management Information System (FMIS) has largely stabilised with the Payments and Budget modules being effectively in operation since its adoption in late 2021 and 2022. Significant improvements and enhancements have been made in the last 3-4 years in the areas of payments management, operational reporting and turnaround timelines at the MoFT end of the workflow. That said, further improvements will continue to be made in:

- ensuring proper development and functioning of data interfaces from Aurion payroll and revenue systems.
- performing timely bank and general ledger reconciliations
- clearing backlog of historical General Ledger balances in suspense accounts including Imprest acquittals and retirement.
- automating the generation of fiscal reports, and allowing staff to undertake analytical and strategic assessments.
- quarterly reporting of SIG fiscal performance and budgetary outcomes down to the ministry level.

Mr Speaker Sir, in summary these measures are a composite of operational and reformative actions that we believe strikes the right balance between effectiveness and accountability for performance. As I stated earlier, the primary goal is to ensure effective delivery of core functions, essential services and policy implementation but these must be done in the most economical and accountable manner.

Acknowledgements

Mr Speaker, every National Budget involves countless hours of analysis and review; for all involved, it is a delicate balancing act. Putting limited resources to their best use is never easy,

as there will always be purposes and projects that cannot be accommodated. For this reason, we remain deeply grateful to our public officers, elected representatives, and stakeholders for their tireless contributions to this effort.

Mr Speaker, Sir, on behalf of the Government, I wish to acknowledge the dedication and commitment of all who continue to contribute to our national progress.

To all Church Leaders, Tribal Chiefs and Community leaders for your ongoing leadership and prayers, you hold the fabric of our society. To our NGOs and Civil Society Organizations for going extra mile to support and provide services to our people and communities on behalf of the government. I would also like to recognise the hard-working rural farmers who greatly contribute to our export earnings to ensure government continue to provide services to our people. Your efforts exemplify the resilience and indomitable spirit of our people and our country, the Solomon Islands. It is this spirit that will carry us forward into 2026 and beyond.

Mr Speaker, we now stand at the dawn of a new chapter. Through resilience and resolve, we have strengthened our foundations, and together we can look ahead with confidence. As we progress towards our 50th Independence Anniversary in three years, we have an opportunity to accelerate growth, expand development, and deliver better outcomes for all our citizens.

Sir, we also acknowledge with deep gratitude the unwavering support of our State-Owned Enterprise (SOEs) and our Development Partners who continue to stand with the government in its development priority investments. Your partnership has been instrumental in advancing our development agenda, and we look forward to continuing this collaboration in the years ahead as we work together to build a stronger, fairer, and more prosperous Solomon Islands.

Concluding Remarks

Mr Speaker, Sir, the 2026 Budget will touch every aspect of our people's lives—from the classrooms to the health clinics, from the marketplace to the workplace, and across the essential public services that sustain our nation. The GNUT Government is determined to improve these services for our people, and I humbly call upon this Honourable House to join us in this endeavour.

Mr Speaker, this Budget is about more than numbers—it is about people. It is about ensuring that every Solomon Islander, whether in Honiara or in the most remote village, feels the impact of government in tangible, positive ways. It is about building trust in our institutions, confidence in our economy, and unity in our nation.

Sir, the challenges we face are real—economic pressures, fiscal constraints, and global uncertainties. Yet, this Budget demonstrates that with discipline, vision, and collective effort, we can overcome these challenges. It is a Budget that balances responsibility with ambition, stability with transformation, and immediate needs with long-term aspirations.

Mr Speaker, I call upon every citizen of this nation—whether student, teacher, doctor, or villager—to rise and join hands with us in building our economy and lifting our living standards. We have faced formidable challenges before, and today we stand at the edge of a new dawn—one filled with vibrant opportunities, renewed hope, and boundless aspiration. Together, let us seize this moment and shape a brighter future for the Solomon Islands.

Mr Speaker, Government has laid down clear pathways for development in this Budget, setting out strategic priorities for the next three to five years. What we seek now is decisive action and dedicated partners, ready to collaborate with us in developing our strategic resource sectors—to drive our nation’s development and realize its true potential. Sir, I firmly believe that everything is possible if we forge strong partnerships and work together with vigour, ambition, and determination. That is why this Budget places great emphasis **on empowering our people and investing in our nation’s strengths—so that we can drive and accelerate the economic transformation that will secure a prosperous future for the Solomon Islands.**

Mr. Speaker, before I conclude, allow me to draw our attention to a relevant passage from the Holy Scriptures, in Luke 14:28–30. It reads:

“Suppose one of you wants to build a tower. Will you not first sit down and estimate the cost to see if you have enough money to complete it? For if you lay the foundation and are not able to finish, everyone who sees it will ridicule you, saying, ‘This person began to build and was not able to finish’”.

Sir, in many respects, the policy framework underpinning the 2026 Budget reflects the wisdom contained in this text. We are not preparing a budget merely to articulate our aspirations for the future. Rather, we are presenting a budget that will deliver these aspirations in a manner that is both sustainable and fiscally responsible.

This is critical, Mr. Speaker, because we do not wish to build our economy only to later discover that we have exhausted our resources or accumulated an unsustainable level of debt. No, Sir. Our objective is to stimulate growth while maintaining a stable fiscal environment—one that allows us to continue investing, expanding, and strengthening our economy well into the future.

Mr. Speaker, this is our strategy. It embodies the same prudence and foresight outlined in the biblical passage I have quoted. If ever we seek guidance, I believe the direction provided in Scripture offers us that wisdom. It is this wisdom that we aim to uphold through the 2026 Budget and in the budgets that will follow.

Let us work together to ensure that this Budget becomes not just a plan on paper, but a living instrument of change—one that touches every household, uplifts every community, and strengthens the very fabric of our nation. In unity and determination, let us move forward to build a brighter, more prosperous Solomon Islands for all.

With that said, Mr Speaker, let me take this moment to extend to you, to all Honourable Members, and to your families my warmest wishes for a merry and joyful Christmas and a blessed New Year. May our good Lord continue to guide and protect each of you, and may His enduring grace rest upon our beloved nation—the Solomon Islands.

Sir, I commend the 2026 National Budget to this Honourable House for its endorsement.

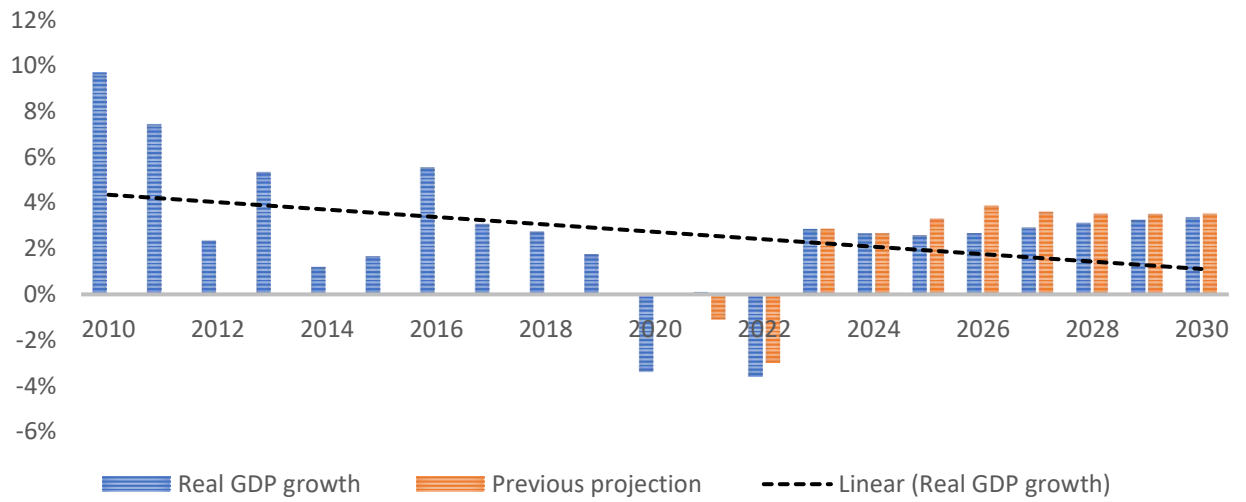
Annexes

Table 1. Overview World Economic Outlook (IMF, 2025)

	2024	Projections		Difference from January 2025 WEO Update ¹		Difference from October 2024 WEO ¹	
		2025	2026	2025	2026	2025	2026
World Output	3.3	2.8	3.0	-0.5	-0.3	-0.4	-0.3
Advanced Economies	1.8	1.4	1.5	-0.5	-0.3	-0.4	-0.3
United States	2.8	1.8	1.7	-0.9	-0.4	-0.4	-0.3
Euro Area	0.9	0.8	1.2	-0.2	-0.2	-0.4	-0.3
Germany	-0.2	0.0	0.9	-0.3	-0.2	-0.8	-0.5
France	1.1	0.6	1.0	-0.2	-0.1	-0.5	-0.3
Italy	0.7	0.4	0.8	-0.3	-0.1	-0.4	0.1
Spain	3.2	2.5	1.8	0.2	0.0	0.4	0.0
Japan	0.1	0.6	0.6	-0.5	-0.2	-0.5	-0.2
United Kingdom	1.1	1.1	1.4	-0.5	-0.1	-0.4	-0.1
Canada	1.5	1.4	1.6	-0.6	-0.4	-1.0	-0.4
Other Advanced Economies ²	2.2	1.8	2.0	-0.3	-0.3	-0.4	-0.3
Emerging Market and Developing Economies	4.3	3.7	3.9	-0.5	-0.4	-0.5	-0.3
Emerging and Developing Asia	5.3	4.5	4.6	-0.6	-0.5	-0.5	-0.3
China	5.0	4.0	4.0	-0.6	-0.5	-0.5	-0.1
India ³	6.5	6.2	6.3	-0.3	-0.2	-0.3	-0.2
Emerging and Developing Europe	3.4	2.1	2.1	-0.1	-0.3	-0.1	-0.4
Russia	4.1	1.5	0.9	0.1	-0.3	0.2	-0.3
Latin America and the Caribbean	2.4	2.0	2.4	-0.5	-0.3	-0.5	-0.3
Brazil	3.4	2.0	2.0	-0.2	-0.2	-0.2	-0.3
Mexico	1.5	-0.3	1.4	-1.7	-0.6	-1.6	-0.6
Middle East and Central Asia	2.4	3.0	3.5	-0.6	-0.4	-0.9	-0.7
Saudi Arabia	1.3	3.0	3.7	-0.3	-0.4	-1.6	-0.7
Sub-Saharan Africa	4.0	3.8	4.2	-0.4	0.0	-0.4	-0.2
Nigeria	3.4	3.0	2.7	-0.2	-0.3	-0.2	-0.3
South Africa	0.6	1.0	1.3	-0.5	-0.3	-0.5	-0.2
<i>Memorandum</i>							
World Growth Based on Market Exchange Rates	2.8	2.3	2.4	-0.6	-0.4	-0.5	-0.3
European Union	1.1	1.2	1.5	-0.2	-0.2	-0.4	-0.2
ASEAN-5 ⁴	4.6	4.0	3.9	-0.6	-0.6	-0.5	-0.6
Middle East and North Africa	1.8	2.6	3.4	-0.9	-0.5	-1.4	-0.8
Emerging Market and Middle-Income Economies	4.3	3.7	3.8	-0.5	-0.4	-0.5	-0.3
Low-Income Developing Countries	4.0	4.2	5.2	-0.4	-0.2	-0.5	-0.4
World Trade Volume (goods and services)	3.8	1.7	2.5	-1.5	-0.8	-1.7	-0.9
Imports							
Advanced Economies	2.4	1.9	2.0	-0.3	-0.4	-0.5	-0.5
Emerging Market and Developing Economies	5.8	2.0	3.4	-3.0	-1.1	-2.9	-1.2
Exports							
Advanced Economies	2.1	1.2	2.0	-0.9	-0.6	-1.5	-1.0
Emerging Market and Developing Economies	6.7	1.6	3.0	-3.4	-1.7	-3.0	-1.3
Commodity Prices (US dollars)							
Oil ⁵	-1.8	-15.5	-6.8	-3.8	-4.2	-5.1	-3.2
Nonfuel (average based on world commodity import weights)	3.7	4.4	0.2	1.9	0.3	4.6	-0.6
World Consumer Prices⁶	5.7	4.3	3.6	0.1	0.1	0.0	0.0
Advanced Economies ⁷	2.6	2.5	2.2	0.4	0.2	0.5	0.2
Emerging Market and Developing Economies ⁸	7.7	5.5	4.6	-0.1	0.1	-0.4	-0.1

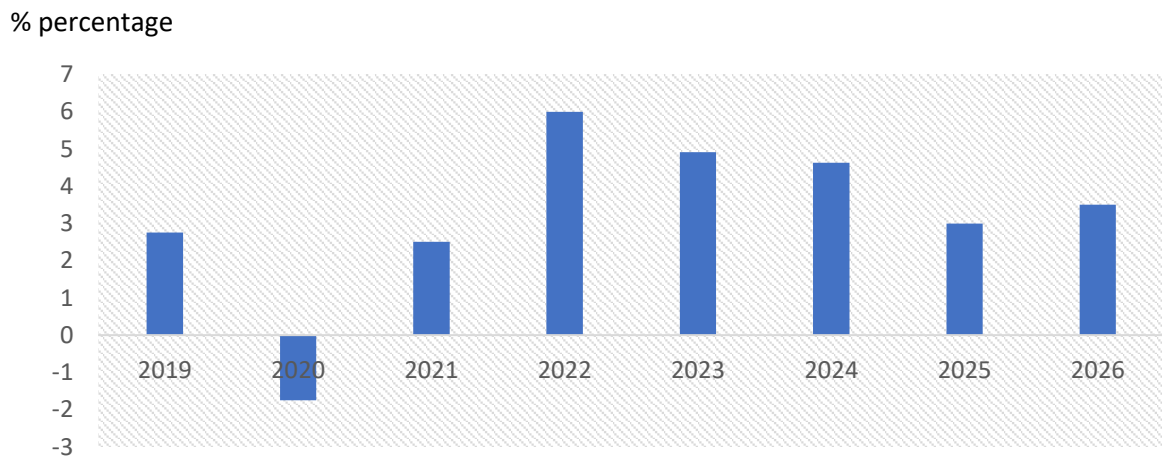
Source: IMF staff estimates.

Graph 1: Solomon Islands Real GDP growth



Source: MoFT

Graph 2: Solomon Islands Inflation



Source: MoFT

Table 2. Domestic Revenue Estimates outlook

REVENUE (\$ million)	2022 Actual	2023 actual	2024 Actual	2025 Original Budget	2025 MYBR	2026 Budget Estimates	2027 Budget Estimates	2028 Budget Estimates	2029 Budget Estimates	2030 Budget Estimates
<i>Inland Revenue Division</i>	1,819.8	2,010.4	2,212.3	2,247.3	2,428.6	2,767.8	2,920.4	3,074.5	3,226.8	3,401.7
Company tax	269.3	284.0	349.1	354.5	472.8	670.1	707.0	745.9	786.9	830.2
Personal tax	446.1	503.2	547.5	533.0	586.8	641.4	679.9	713.9	739.6	781.0
Withholding tax	267.5	265.8	307.9	305.5	315.1	341.8	358.9	376.9	395.7	415.5
Goods tax	735.5	830.7	871.1	914.7	907.1	955.1	1,007.7	1,063.1	1,121.6	1,183.3
Sales tax	68.1	85.3	93.3	91.0	97.3	107.4	112.8	118.5	124.4	130.6
Stamp duty	15.4	22.1	23.3	27.6	28.5	30.0	31.5	33.1	34.7	36.5
Licence revenue	17.9	19.3	20.2	20.9	20.9	21.9	22.6	23.3	24.0	24.7
<i>Customs and Excise revenue</i>	825.6	908.6	1,000.5	1,035.8	1,051.8	1,171.4	1,245.3	1,285.6	1,343.3	1,381.0
Import duty	248.3	311.2	324.0	353.2	341.9	369.2	387.7	407.0	427.8	449.2
Export duty	325.3	330.9	347.6	362.0	304.1	355.8	366.8	363.1	374.4	370.7
of which: export duty on logs	321.2	307.3	305.4	336.2	248.9	234.3	237.9	231.9	230.6	233.0
export duty of non-log related	4.1	23.6	42.2	25.8	55.2	121.5	128.9	131.2	143.8	137.7
Excise duty	247.2	263.4	326.1	317.4	402.3	442.5	486.8	511.1	536.7	556.5
Fees, Charges and others	4.7	3.1	2.8	3.2	3.6	3.9	4.1	4.3	4.4	4.6
Total CED/IRD	2,645.4	2,919.0	3,212.8	3,283.0	3,480.4	3,939.2	4,165.7	4,360.1	4,570.2	4,782.7
other revenue	297.7	265.9	234.2	496.3	423.4	563.1	415.0	430.0	440.0	490.0
Total Estimated revenue	2,943.1	3,184.9	3,446.9	3,779.3	3,903.8	4,502.3	4,580.7	4,790.1	5,010.2	5,272.7

Source: MoFT

Table 3: 2026 Budget Fiscal Framework

2026 BUDGET (\$ millions)	2025 ORIGINAL BUDGET ESTIMATE	2025 REVISED BUDGET ESTIMATE	2026 BUDGET ESTIMATE
REVENUE (\$M)			
Domestic Revenue			
Inland Revenue	2,247.3	2,418.2	2,767.8
Customs and Excise	1,038.1	1,079.9	1,171.4
Non-Tax Revenue	496.3	456.5	563.1
Total Domestic Revenue	3,781.6	3,954.6	4,502.3
Grants and Budget Support			
Sector Budget Support - Recurrent	95.9	95.9	193.3
Budget Support - Development	-	-	260.6
General Budget Support Grant	-	-	517.0
Total Grant and Budget Support	95.9	95.9	970.9
TOTAL REVENUE	3,877.6	4,050.6	5,473.2
EXPENDITURE			
Recurrent Budget			
Payroll	1,701.4	1,701.4	1,947.7
National Debt Servicing	263.4	263.4	357.2
Other Expenses	2,114.5	2,134.5	2,081.4
Contingency Warrant Provision	20.0		20.0
Total Recurrent Budget (SIG)	4,099.3	4,099.3	4,406.3
Recurrent Budget Support			
Sector Budget Support	95.9	95.9	193.3
Total Budget Support	95.9	95.9	193.3
Total Recurrent Budget	4,195.3	4,195.3	4,599.6
Development Budget			
SIG Funded Development	956.7	956.7	1,161.0
Total SIG Funded Development	956.7	956.7	1,161.0
Donor Funded Development			260.6
Total Development Budget	956.7	956.7	1,421.6
TOTAL EXPENDITURE	5,152.0	5,152.0	6,021.2
Recurrent Balance (SIG Revenue - Recurrent expenditure)	(317.7)	(144.7)	96.0
SIG Surplus/Deficit	(1,274.4)	(1,101.4)	(1,065.0)
%GDP	-8.6%	-7.5%	-6.8%
FISCAL POSITION - Overall (Deficit/Surplus)	(1,274.4)	(1,101.4)	(548.0)
% GDP	-8.6%	-7.5%	-3.5%
Additional Development Financing	870	870.0	420.0
FISCAL POSITION (Incl. Development Financing)	- 404.43	(231.4)	(128.0)
% GDP	-2.7%	-1.6%	-0.8%

Source: Budget Unit, MoFT

Table 4: SIG TOTAL DEBT STOCK POSITION - 30 OCTOBER 2025**1. TOTAL PUBLIC DEBT STATUS @ 30/10/2025**

	Total Public Debt Outstanding (\$SBDm)			Annual % change
	OCT'25	Dec'24	Dec'23	
Total Domestic	1,443.90	1,183.66	1,192.14	21.1%
Total External	2,771.29	2,041.07	1,618.60	71.2%
Contingent Liabilities				
Total Official Debt	4,215.19	3,080.44	3,080.44	36.8%
Public Debt/GDP Ratio	27%	21%	21%	
<i>Source: CBSI/MoFT</i>				

2. DOMESTIC DEBT STATUS @ 30/10/2025

	Domestic Debt Position			Annual % Change
	OCT'24	Dec'24	Dec'23	
Development Bonds	1,171.2	1,007.3	1,035.8	13%
T-Bills	242.7	176.4	131.4	85%
Other Instruments - advance	20.0		24.9	-20%
Total Domestic	1,433.9	1,183.7	1,192.1	20%

3. EXTERNAL DEBT STATUS @ 30/10/2025

	OCT'25	Dec'24	Dec'23	Annual % Change
External Debt				
ADB	957.095	698.11	641.069	49%
EU	3.398	3.66	4.429	-23%
IDA	1288.7869	973.43	649.294	98%
IFAD	24.318	24.97	26.269	-7%
Total Multilateral	2,273.60	1,700.17	1,321.06	72%
EXIM - ROC	9.375	14.482	24.014	-61%
EXIm - PRC	298.804	152.681	123.552	142%
EXIM Korea	66.993	38.528	149.97	-55%
JICA	122.523	135.21		
Total Bilateral	497.695	340.901	297.536	67%
Total External Debt	2,771.29	2,041.07	1,618.60	71%
<i>Source: DMU, MoFT</i>				