



## IV CONSTITUTIONAL GOVERNMENT SECRETARIAT OF STATE OF THE COUNCIL OF MINISTERS

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### PRESS RELEASE

Extraordinary meeting of the Council of Ministers of 31<sup>st</sup> of May of 2010

The Council of Ministers held an extraordinary meeting in Dili, this Monday the 31<sup>st</sup> of May of 2010, in its meeting room in the Government Palace, and approved:

#### **1. First alteration to Law n.º 15/2009, of 23<sup>rd</sup> of December, which approves the Petroleum Revenues Budget.**

The Council of Ministers proposes additional and essential measures for the attainment of the objectives established for 2010. These measures include supporting new opportunities across the range of the Government's priorities, and in particular to speed up national economic development which is the most effective way to increase general well being.

The rectification Budget also includes urgent and necessary expenses that could not be predicted at the time of the presentation of the State General Budget to the National Parliament, on the 15<sup>th</sup> of October of 2009.

The greater part of the additional expenses is allocated to for infrastructure, tourism, commerce and industry, social solidarity and state administration.

The increase of the total expenses, or in other words, the Rectification Budget, is \$177,985,000. This increase is concentrated in the categories of Development Capital (\$34,201,000), Goods and Services (\$58,470,000) and Public Transfers (\$79,241,000, which includes \$31,356,000 of ministerial line transfers for the Decentralization Development Package).

The Decentralization Development Package, was approved by the Decree-Law n.º 2/2010, of 18<sup>th</sup> of February, which approves special procedures for civil construction works of up to \$USD250,000, to local companies based in the Sub-Districts.

The primary new measures, by expense category, are the following:

#### Development Capital

This category refers to necessary expenses to carry out investment for the development of Timor-Leste's basic infrastructure including:

- Buying generators to increase the capacity of the Comoro electrical power plant and to ensure a more reliable electrical network for Dili (\$10,000,000);
- Continuation of Government reform for the development of an integrated system to ensure financial responsibility and greater transparency (\$7,300,000);
- Naval barracks construction and the Hera docks, which is necessary for the new Patrol Vessels (\$8,350,000);
- 1st Phase of the rehabilitation of Dili airport's runway (\$2,000,000).

#### Goods and Services

This category covers expenditure for the purchase of goods and services that Timor-Leste does not yet produce in sufficient quantities and includes:

- Food security through the purchase, storage and distribution of rice (\$17,500,000);
- Provision for students in Cuba (\$1,900,000);
- Continuation of support to education by strengthening the feeding program in schools and the maternal language program (\$1,125,000);

#### Public Transfers

This category refers to payments concerned with poverty reduction and is targeted at those living in financially difficult circumstances and those that have had an important role in the Country's re-struggles.

- Payment to the veterans according to law (\$25,510,000);
- Resolution of pending cases in relation to internally displaced persons (\$4,000,000);
- Natural Disasters (\$1,000,000);
- Medical treatment abroad (\$2,000,000);
- Building demolition in Timor-Leste (\$5,500,000);
- Expenditure on the new Maliana diocese and Church renovations in the districts (\$3,500,000).

A relatively small amount is provided in the Minor Capital category for the purchase of equipment and to cover transport needs, as well as public servants' salary payments. These initiatives are in accordance with the objectives of the Government for 2010 and with priority areas established in the Strategic Development Plan Summary. The Government has committed to fulfil the strategic investments in infrastructure projects that contribute to the objective of national development.

The rectified Budget also includes the reallocation of resources between Ministries to carry out the Government program. These reallocations do not increase expenses, however, they represent measures of better financial management.

For the year 2010, the proposal of Budget rectification will increase the level of Budgeted expenditure to \$837,981 million.

The Council of Ministers also analysed:

### **1. Electrification Plan Based on Renewable Energy.**

Mindful of the importance of renewable energies, within the strategic framework of medium and long term development, the IV Constitutional Government which established in its program a group of master guidelines for energy policy to promote alternative renewable energy, to guarantee the necessary energy for domestic and industrial consumption, whilst having in mind the preservation of the environment, continued with the following objectives:

- Reducing the degree of energy dependency, minimizing energy imports through the use of alternative and renewable energy, such as: hydropower, biomass, biogas, solar energy, turbines, kinetic wind energy and chemical energy stored in vegetables and micro-organisms, all of which are potentially abundant in the Country;
- Regulating the exploration of the source of alternative or renewable energy, contributing also to standardization and integration of several projects currently being undertaken in the Country;
- Supplying energy to the populations that live in isolated areas;

The Government has already launched a bold program for national electrification, which includes the heavy oil power station construction and the national and rural electric network, having also committed to the study and development of renewable energy projects in order to also provide increased electrical power supply through the use of renewable energy sources. For this purpose the Secretariat of State of the Energy Policy ordered a comprehensive and all-inclusive study that was developed by the Portuguese company Martifer, which specialises in this area.

The principal objective of the study was to define a universal, concrete, and phased plan that contributes to the increased distribution of energy throughout the Country, based on renewable sources.

The final study includes an exhaustive evaluation of the principal existing renewable resources. All the major Timorese rivers were analysed with the objective of identifying potential hydroelectric use and wind measuring towers were installed to estimate the production potential based on this energy source. The solar, biomass resource potential and potential areas for the energetic cultivation were also assessed.

The study concluded that there was a high potential for electricity production from renewable energy sources, particularly hydropower (252 MW) and wind (72 MW). A relevant potential level of solar, biomass/RSU and pure hydropower bombing energy were also identified.

More than 50 projects were identified involving 451 MW of power.

The Government understands that the investment in renewable energies is fundamental for the country and can contribute to growth and development for Timor-Leste.

- Timor-Leste must exceed 50% of electricity from renewable sources in 2020;
- The investment in renewable energies may go beyond \$600M over the next 15 years;
- These investments will create more that 1500 permanent jobs over the next 15 years;
- They will allow savings of more than 50 Million litres of fuel.

It will also allow the reduction of greenhouse gas emission equivalent to more than 3 Million tonnes of CO2.