

Unofficially machine-translated from Portuguese by La'o Hamutuk.

**Secretary of State for Council of Ministers
Dili, the Government Palace
May 31, 2010**

**IV Constitutional Government
DEPARTMENT OF STATE COUNCIL OF MINISTERS**

PRESS RELEASE

Extraordinary meeting of Council of Ministers on May 31, 2010

The Council of Ministers met this extraordinarily Monday, May 31, 2010, in room Meetings of the Council of Ministers in the Government Palace in Dili, and adopted:

1. First amendment to Law No. 15/2009 of 23 December, approving the Petroleum Revenue Budget.

The Council of Ministers proposes additional measures essential to the achievement of the objectives set for 2010. These measures include taking advantage of new opportunities to achieve government priorities, especially for faster national economic development which is the most effective way to increase the general welfare.

The budget rectification also includes some urgent and unavoidable expenses that could not have been foreseen in the presentation of the State Budget to the National Parliament on 15 October 2009.

The majority of the additional expenses are for infrastructure, tourism, trade and industry, social welfare, state administration and whole of government.

The total increase in expenditure in the budget rectification is \$ 177,985,000. This increase is concentrated in the categories of Capital Development (\$34,201,000), Goods and Services (\$58,470,000) and Public Transfers (\$79,241,000, which includes \$31,356,000 transferred from ministerial lines for the Development Decentralization Package).

Development Decentralization Package, let us recall, was approved by Decree-Law No. 2 / 2010 of 18 February, which approves special procedures for awarding Construction works value up to USD \$250,000 to local companies based in the Sub-Districts.

Some of the key new measures, by category of expenditure are as follows:

Capital and Development

This category refers to expenses necessary to invest in developing the basic infrastructure of Timor-Leste:

- Purchase of generators to increase the capacity of the Comoro power station and ensure a more reliable power supply to Dili (\$ 10,000,000);
- Continuing the commitment of the Government for development of an integrated system to ensure financial accountability and greater transparency (\$ 7,300,000);
- The construction of barracks for the Naval Component of Hera and the docks necessary for new Patrol boats (\$ 8,350,000);
- First phase of rehabilitation of the runway of the airport in Dili (\$ 2,000,000).

Goods and Services

This category aims to purchase goods and services that East Timor does not take into sufficient quantities.

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

Public Transfers

This category refers to payments related to poverty reduction and targeting those living in financially difficult circumstances but who have an important role in building the Country

- Payments to veterans (\$25,510,000), pursuant to law;
- Resolution of pending cases relating to internally displaced persons (\$4,000,000);
- Natural Disasters (\$1,000,000);
- Medical treatment abroad (\$2,000,000);
- Demolition of buildings in Timor-Leste (\$5,500,000);
- Payment for the new diocese of Maliana and renovation of churches in the districts (\$3,500,000).

It is anticipated a relatively small amount in the category of Minor Capital to buy equipment and transportation and for payment of salaries to civil servants.

These initiatives are in line with government objectives for 2010 and priority areas established in the Summary of the Strategic Development Plan of the Government. In particular, the Government is committed to achieving the strategic investments in infrastructure projects that contribute to the goal of national development.

The Budget rectification also includes the reallocation of resources between ministries to meet the Government program and to meet the objectives proposed for this. These reallocations do not increase costs, however, they represent measures of better financial management.

For 2010, the proposed amendment of the Budget will increase the level of expenditure to \$837,981 million.

The Council of Ministers also reviewed:

1. Electrification Plan Based on Renewable Energy.

Aware of the importance of renewable energies in the strategic framework for development in the medium and long term, and the main existing weaknesses, the IV Constitutional Government has established in its government program a set of broad guidelines for energy policy that is based especially in finding alternative renewable energy, to secure the energy required to domestic and industrial consumption, taking into account the preservation of the environment, pursuing the following objectives:

- Reduce the intensity of energy dependence, which minimizes the flow of imports through the use of alternative energy sources and renewable sources such as hydroelectric, biomass, biogas, solar energy, turbines, wind energy, chemical energy stored in plants and microorganisms potentially abundant in the country;
- Regulate the exploitation of sources of alternative or renewable energy, also contributing to the standardization and integration of several projects to be developed in the country in this area;
- Supply power to people who live in isolated areas;

The Government has already launched a strong national electrification program, which involves the construction of heavy oil generating stations and the national and rural electricity grid, and simultaneously assumed the commitment to explore renewable energy projects developed to maximize a Electrification also based on renewable energy, thus constituting the National Energy Mix.

To this end, the Ministry of Energy Policy commissioned a thorough study and comprehensive that has been developed by Portuguese company Martifer, which specializes in that area.

The main objective of this study was to define a comprehensive plan, concrete, concerted and staged, to contribute to the broad distribution of energy throughout the country, based on renewable sources.

The study included a thorough evaluation of the major renewable resources. It analyzed all the major rivers of Timor with the aim of identifying potential hydropower sites, and installed wind measurement towers that allowed us to estimate the potential for production based on this energy source. It also evaluated the potential of solar resources and biomass and potential areas for cultivation of energy.

The study concluded that there is a high potential of producing electricity from renewable energy, particularly at the level of water (252 MW) and wind (72 MW). It was further identified a potentially relevant to the level of solar energy, biomass / MSW and hydro pumping pure.

We identified over 50 projects with 451 MW of installed power.

The Government believes that a commitment to renewable energies is crucial to the country and can enhance growth and development of East Timor:

- East Timor in 2020 should surpass 50% electricity from renewable sources,
- Investment in renewable energy may exceed \$ 600M in the next 15 years;
- These investments will create over 1,500 permanent jobs over the next 15 years;
- They will save more than 50 million gallons of fuel.

They will also reduce emissions of greenhouse gases by more than 3 Million Tons CO₂ equivalent.

