

**DECREE-LAW No. 26/2014
of September 10
Creates and Approves the Statute of the National Logistics Center**

Whereas government public management should be governed by the principles of cost rationalization and efficiency, particularly in the implementation of the social policies of intervention in public supply, purchase of local produce and price stabilization, enshrined in law;

Considering that food social solidarity has direct implications with the distribution and maintenance of stocks, storage, transport and commercialization of goods essential to the population;

Considering that public supply and the primacy of "fair price" also includes other goods essential to development, particularly in the civil construction and public works sector, including cement and iron, with a view to sustainable development;

Considering that an integrated system of transport, storage and distribution availability is also essential for civil protection, in case of natural disasters and other emergencies,

Thus,

The Government decrees the following, pursuant to the provisions of Article 115(1)(e) and (3) of the Constitution of the Republic, to be valid as law:

**Article 1
Creation and nature**

1. The National Logistics Center, hereinafter referred to as CLN, a body of the indirect administration of the State, constituted as a public establishment under the terms of the provisions of Article 35 of Decree-Law No. 41/2012, of September 7, is hereby created, endowed with administrative, and technical autonomy, under the tutelage and supervision of the Minister of Commerce, Industry and Environment.
2. OCLN is governed by the principles of cost rationalization and efficiency, in the execution of government policies and programs, namely those of social food solidarity and price regulation, as an integrated system of permanent availability of transport, storage, stock maintenance and distribution of essential goods to the population, to meet collective needs.

**Article 2
Mission**

1. CLN's fundamental mission is to meet the logistical needs of the state, giving greater efficiency to the operations of public supply and purchase of local produce, food security, integrated state intervention at the level of price regulation of essential food goods and construction and public works.

2. CLN's mission is also to act in civil protection operations and in the acquisition and distribution of essential goods to the population, as well as to contract services with economic operators, public or private, if this is the most appropriate way to pursue the public interest and meet collective needs.

Article 3

Structure of CLN

1. CLN shall be managed by a Board of Directors made up of a Director appointed by the Minister of Commerce, Industry and the Environment, and by members appointed by the Ministers of Finance, of Public Works, of Agriculture and Fisheries, and by the Secretary of State for the Support and Promotion of the Private Sector, respectively.
2. CLN's Board of Directors shall be presided over by the Director.
3. CLN shall also comprise an Executive Board responsible for the support secretariat and the heads of the central services, and a Board of Auditors under the terms of the statute attached to this statute.
4. The operational logistical services may be concessioned through an international public tender, under the terms of the Statute and the respective public operational management contract.

Article 4

Approval of the Statute

The Statute of the National Logistics Center, annexed to this statute and which is an integral part of it, is approved.

Article 5

Staff

The establishment plan and the number of management and supervisory staff shall be approved by a ministerial statute of the Minister of Finance in consultation with the member of the Government responsible for the Civil Service Commission.

Article 6

Statutory Capital

The statutory capital shall be set by Government Resolution, upon proposal by the Board of Directors, in agreement with the Minister of Finance, through a forecast of own revenues and in accordance with the availability of budgeted funds.

**Article
Entry into force**

The present diploma enters into force on the day following the date of its publication.

Approved by the Council of Ministers on March 11, 2014.

The Prime Minister,

Kay Rala Xanana Gusmão

The Minister of Commerce, Industry and Environment, _____

António da Conceição

Promulgated on September 4, 2014

The President of the Republic, _____

Taur Matan Ruak

Annex I
Statute of the National Logistics Center

Chapter I
General Principles

Section I
Statutory Principles

Article 1
Legal and Operational Nature

1. The National Logistics Center, hereinafter also referred to as CLN, is a public establishment, endowed with legal personality and judicial capacity, with technical independence and administrative autonomy.
2. The CLN shall be governed by the present Statute, by the Decree-Law that approves the organic structure of the Ministry, by the norms applicable to the indirect administration of the State and subsidiarily, by the norms of Decree-Law No. 14/2003, of 24 September.

Article 2
Headquarters and geographical area of activity

The National Logistics Center has its headquarters in Dili and exercises its activity throughout the national territory. It may create district or regional branches, in accordance with the public interest and the demands of collective needs as defined by the Government.

Article 3
Object

The CLN is an operative service, whose purpose is to implement the governmental policies referred to in Article 1, paragraph 2, and in Article 2 of the Decree-Law that approved the present Statute.

Article 4
Responsibilities

1. The CLN shall exercise its activity under the tutelage of the Minister of Commerce, Industry and Environment, who shall be responsible for
 - a) To define the guidelines to which the elaboration of the activity plans and budgets must obey;
 - b) To require all the information necessary to monitor the activity of CLN, as well as to determine audits and inspections of its functioning;

- c) To define the parameters for negotiating contracts and programs and to approve them in accordance with government policies and the Strategic Development Plan (SDP);
 - d) To approve the internal regulations;
 - e) Approve the acquisition or alienation of real estate or furniture subject to registration and any financial participation by the State, under the terms of the law and in compliance with legal powers and procedures
 - f) Approve the price lists and tariffs, to be published by joint ministerial diploma with the Minister of Finance.
2. In addition to other supervisory powers established by law, activity plans and annual and multi-annual budgets, as well as the annual management report and other accountability documents shall be subject to the approval of the Minister for Supervision and the Minister of Finance.

Article 5 **Technical autonomy**

Without prejudice to the supervisory powers of their hierarchical superiors, the directors of CLN shall enjoy technical autonomy in the exercise of the tasks entrusted to them.

Article 6 **Articulation with other Public Services**

- 1. CLN services shall be governed by the policies and programs defined by the Government, by the objectives enshrined in law, and by the annual and multi-annual activity plans.
- 2. Regional and district services, as units jointly managing common objectives with CLN, shall cooperate among themselves and articulate their activities so as to ensure equitable, unitary and uniform procedures and decisions.
- 3. Without prejudice to the harmonization of its structure with the regional and district services, CLN may establish protocols with other national public and private entities.

Section II **Management Principles**

Article 7 **Subordination to public management rules**

- 1. CLN management shall be conducted in accordance with public interest, aiming at promoting development and ensuring economic viability and financial balance, according to the principles of cost rationalization and efficiency.

2. In the execution of government policies and programs, namely those of food social solidarity, civil protection and price regulation, CLN ensures the permanent availability of transportation, storage, stock maintenance, and distribution of goods essential to the satisfaction of collective needs.
3. CLN management also pursues the following principles and objectives
 - a) To ensure the acquisition, storage, transport, and distribution, in the best quality/cost ratio, in accordance with the Government's objectives;
 - b) b) To propose prices and tariffs that allow for the coverage of total operating costs and ensure adequate levels of self-financing, without accentuating inflationary tensions and with subordination to the national policy on wages and prices;
 - c) Good use of public monies, through the best use of available resources with a view to achieving maximum efficiency in their contribution to the country's economic and social development;
 - d) Selection and management of professionals based on qualification and merit.
4. Regardless of whether or not one or more logistical services may be awarded a concession, all the principles of public management enshrined in the present diploma and Statute will be maintained, and must be included in the respective public contract as a commitment by the concessionaire.

Article 8 **Principle of legality**

1. In carrying out logistical procedures to implement government policies and programs, and as a public service, those responsible for managing CLN shall observe the rules set out in this document, with only those exceptions provided for by law.
2. The greatest possible number of interested parties should be consulted in each selection procedure, and always the minimum number required by law.

Article 9 **Public interest principle**

In the preparation and throughout all operations, CLN should ensure the maximum satisfaction of the collective needs entrusted to them by law, weighing their suitability, costs and benefits for the public ends to be achieved.

Article 10 **Principle of accountability**

1. The parties involved in the operations, whether employees, contractors or economic agents may be held civilly, financially and disciplinarily liable, under the terms of the law,

for conduct that violates the provisions of this document, without prejudice to any criminal penalties to which they may be subjected.

2. CLN staff are subject to the disciplinary regime provided for in the Civil Service Statute and complementary legislation, namely regarding absences and leave.

Article 11 **Principle of proportionality**

In the exercise of their functions, the managers of the logistical services and, in particular, the storage, stowage, transport and distribution staff, shall guide their conduct by the appropriateness of their procedures to the objectives of the action.

Article 12 **Incompatibilities and impediments**

1. All holders, members of corporate bodies, and members of management and leadership positions shall be subject to the general regime of incompatibilities and impediments in force in the Public Administration.
2. The personnel invested in provisioning functions or whose functional content includes the competence to acquire goods and services are also prohibited
 - a. Perform any provisioning or purchases directly to themselves or to family members or companies where they perform functions or provide services to their relatives in any degree of the straight line or up to the 3rd degree of the collateral line;
 - b. Accepting money, goods or gratuitous lodging in a deposit or establishment owned by members of suppliers' bodies or directors;
 - c. Other incompatibilities and impediments contained in the Provisioning Judicial Regime.
3. Without prejudice to the applicable legislation, when deciding on requests for accumulation of functions in the CLN with any other function, paid or unpaid, the service managers should consider the risks to the impartiality of the personnel resulting from the exercise of functions in entities within the scope of intervention of the respective service.

Chapter II **Powers and functioning of the organs of CLN**

Article 13 **Internal Regulations**

1. The internal regulations of CLN shall be approved by the Board of Directors within 90 days from the date of publication of the present statute.

2. The internal regulations shall contain the aspects of internal organization, the description of functions not contained in the statutes, the organization of work and professional categories.

Article 14 **First Board of Directors**

1. The first Board of Directors shall, within the period established in the previous article
2. Proceed with the registration of the CLN in the Commercial Registry;
3. Submit the Activity and Financial Plan for 2014/2015 to the Minister in charge.
4. Approve, prepare and present the price and rate tables, for publication in a joint ministerial diploma with the Minister of Finance.

Article 15 **General Structure**

1. The bodies of the NCLL are:
 - a) The Board of Directors is the decision-making body of CLN, composed of 5 representatives, from the Ministries of Commerce, Industry and Environment, which shall preside, Finance, Public Works, Agriculture and Fisheries, and the Secretary of State for the Support and Promotion of the Private Sector;
 - b) The Executive Board is the current and operational management body, constituted by 1 Executive Director, assisted by 4 National Directors.
 - c) The Fiscal Council, composed of 2 members, being one appointed by the Ministry of Finance.
2. The Secretariat of the central services, which provides technical and administrative support to the above bodies, is composed of a minimum of 12 employees, preferably recruited through a competition reserved for civil servants and agents of the Public Administration, in consultation with the Civil Service Commission;
3. The staff assigned to the warehouses, namely warehouse, stowage and administrative clerks, shall preferably be composed of civil servants or agents who occupy such positions on the date of the present diploma, subject to agreement and decision by the Civil Service Commission;
4. Drivers, in office on the date of publication of this statute, shall follow the system set forth in the previous number.
5. The categories and respective functional contents shall be included in the staff map to be drawn up and proposed, in accordance with the legal and procedural requirements of the Civil Service Commission.

6. The terms of office of the members of the bodies established in paragraph 1 above shall be for four years, renewable for equal periods.

Section I Board of Directors

Article 16 Powers of the Board of Directors

1. The Board of Directors is the decision-making body of CLN, vested with all the powers necessary to ensure the good management and development of the institution, with particular responsibility for
 - a) To ensure the direction and senior management of CLN;
 - b) to approve the management policy of CLN
 - c) To approve and vote on the annual and pluri-annual activity plan and financial plan;
 - d) To consider and vote, until July 31st of each year, the annual plan of activities and the budget for the following year;
 - e) To examine and vote, until March 31st of each year, the balance sheet and documents of accountability referring to the previous fiscal year and the corresponding opinion of the Fiscal Council;
 - f) Submit for the approval of the supervising-Minister the acts and documents that, under the terms of the law or the statutes, must be submitted for approval;
 - g) Propose to the Minister projects for the acquisition, location and implementation of infrastructures and logistic equipment, including stowage and transport vehicles;
 - h) To exercise any other competencies under the terms of the general law.
2. The Board of Directors is responsible for proposing the appointment and dismissal of the Executive Management.

Article 17 Functioning of the Board of Directors

1. The Board of Directors meets every two weeks in ordinary session and extraordinarily whenever called by its president, or by request of two of its members or of the Fiscal Council, with a minimum of 3 business days' notice.
2. The Board of Directors can only deliberate when the majority of its members are present.
3. The Board of Directors deliberates by majority and minutes of the meetings are drawn up.

Article 18
The Chairman of the Board of Directors

1. The Chairman of the Board of Directors, or whoever replaces him, shall be responsible for the general coordination and direction of the Board's activities and, in particular
 - a) Convene and preside over the meetings of the Board of Directors, coordinate its activity and that of the executive directors and ensure the execution of its resolutions;
 - b) Representing the LNEC in court or otherwise, when other proxy representatives have not been appointed.
2. Whenever urgent circumstances so require and it is not possible for the Board of Directors to meet, the president may perform any acts of the Board of Directors, which must be ratified at the first subsequent meeting.
3. The Chairman of the Board of Directors is substituted in his absences and impediments by the member designated by him.
4. The Chairman of the Board of Directors or his legal substitute has a casting vote in the resolutions that must be taken.

Article 19
Members of the Board of Directors

1. The members of the Board of Directors have the same status as public managers in everything that results from the present statute.
2. The members of the Board of Directors who perform part-time functions shall be remunerated through attendance fees of a value established in a joint ministerial statute of the Minister of Commerce, Industry and Environment and the Minister of Finance.
3. Members of the Board of Directors who perform full-time functions in representation of the respective Ministers shall maintain their basic remuneration, increased by 50%, and may not, during their term of office, exercise any other professional function or activity, except for part-time teaching functions.

Article 20
Termination of functions

Members of the Board of Directors shall cease their functions:

- a. By the expiration of the term of their respective mandate;
- b. Permanent incapacity or supervening incompatibility
- c. Resignation;

- d. By resignation decided by the entity that appoints them or, after hearing the proposing entity, in cases of serious misconduct proven to have been committed in the performance of their duties;
- e. Following conviction by final and conclusive sentence for committing an intentional crime.

Article 21

Dissolution of the Board Directors

The Board of Directors may be dissolved by determination of the Council of Ministers, upon proposal of the supervising-Minister, and in case of serious irregularities in its functioning and of a considerable excess of expenses over the budgeted ones, without adequate justification.

Section II

Executive Board

Article 22

Members

1. The Executive Board is the permanent executive body responsible for the current and operational management of CLN.
2. The Board of Directors shall propose to the Civil Service Commission the appointment of the members of the Executive Board for a term of four years, renewable.
3. The Executive Committee is composed of an Executive Director, equivalent to the Director General for remuneration purposes, and four National Directors, one of whom is responsible for administration, finance and human resources, another for procurement, warehousing and storage, a third for transport and logistics, and a fourth for auditing and quality control of services.
4. The functional content of each of the members of the Executive Management is defined in the nomination proposal submitted to the Civil Service Commission and in the CLN internal regulations.

Article 23

Termination of management functions

The provisions of Article 20 shall apply to the members of the Executive Board.

**Section III
Supervisory Board**

**Article 24
Powers of the Audit Committee**

1. The Audit Committee is the supervisory body of CLN's management, and it shall be especially responsible for
 - a. Verify the legality of financial acts or with direct financial implications, made by the bodies of CLN, their conformity with the statutes and other applicable legislation;
 - b. To monitor the financial execution of the plan and activity programs;
 - c. To periodically examine CLN's accounting and budget execution;
 - d. To issue an annual opinion, by the end of November of each financial year, in the form of a report and accounts of CLN and to present it to the Board of Directors;
 - e. To express its opinion on the financial performance of CLN, on the realization of the programmed results and benefits;
 - f. To bring to the attention of the supervisor any irregularities it finds in the management of CLN;
 - g. To exercise any other functions under the terms of the statute and other pertinent legal provisions;
 - h. To take part in the meetings of the Board of Directors, without the right to vote.
2. The Audit Committee, at its own initiative or at the request of the Chairman of the Board of Directors, may be assisted by contracted external auditors.
3. The Audit Committee meets whenever it is convened by the Chairman of the Board of Directors, either on his own initiative or at the request of another member.

**Article 25
Members of the Board Auditors**

1. The Board of Auditors is composed of two members, one appointed by the Ministry of Finance and the other by the relevant Minister.
2. The members of the Board of Auditors shall perform their functions in the service of CLN with exemption from working hours but with a minimum of 20 hours per week.
3. The members of the Supervisory Council are equivalent to national directors for the purposes of salaries and allowances, with a renewable mandate of four years.

Article 26
Termination of duties

The provisions of Article 20 of the present Statute shall apply to the members of the Audit Committee and of the post.

Chapter III
Financial and asset provisions

Article 27
Planning of asset and financial management

In addition to being subject to the public management rules provided for in Article 7, the asset and financial management of CLN shall be governed by the following planning instruments:

- a. Annual program, which includes the activity plan, budget forecast;
- b. Medium-term program, with a minimum horizon of three years, which should include the documents referred to in paragraph a) appropriate to the timeframe;
- c. Expansion plan that reflects the need for infrastructure and the acquisition of vehicles and equipment

Article 28
Use of State property

1. CLN does not have property autonomy.
2. Notwithstanding the provisions of the previous paragraph, the warehouses and other infrastructure, equipment and vehicles currently assigned to the Media CIA to carry out the public supply system shall be used by LCN to carry out its duties, as soon as its internal regulations and the tariffs referred to in Article 6 of the enabling statute have been approved.
3. The use of the assets of the state's public domain allocated to CLN's activities implies the duty to keep the respective registry up to date, and to dispense with those dispensable to its own activity.

Article 29
Binding

1. CLN shall have organized accounting so as to allow permanent budgetary control and easy verification of the correspondence between asset and accounting values.
2. The accounting services shall be subject to the respective National Director in charge of Administration and Finance and shall follow the directives of the Audit Committee.

Article 30
Accountability

1. OCLN has organized accounting so as to allow permanent budgetary control and easy verification of the correspondence between asset and accounting values.
2. The accounting department is subordinated to the respective national director responsible for administration and finance and follows the directives of the Supervisory Board.

Article 31
Revenues

The revenues of CLN resulting from its activity and collected as prices or fees for services rendered shall be immediately deposited in the Treasury Account, according to the procedures in force, after being registered and accounted for in the accounts and budget forecasts.

Article 32
Staff Chart

The establishment plan is approved by a ministerial statute of the Minister of Finance in consultation with the member of the Government responsible for the Civil Service Commission.

Article 33
Rates and Tariffs

1. The proposal for tariffs and the respective amounts are prepared and submitted by the Executive Management to the Board of Directors within 60 days, counting from the publication of the present Statute and must take into account the principle of cost proportionality, in order to reflect the nature of the Public Service.
2. The tariffs quantify the amounts to be charged for transport services, electricity and fuel costs, distribution, loading, unloading and storage in the various modalities, such as covered, uncovered, cold or ventilated facilities, special security and others.

End
