



Kingdom of Cambodia

Nation Religion King

Royal Government of Cambodia

**LAW
ON
AGRICULTURAL COOPERATIVE
(Unofficial Translation)**

CHAPTER 1

General Provisions

Article 1

The purpose of the Law is to promote participation of every Khmer citizen whose primary occupations falls within the framework of agricultural production, agro-industry, agri-business or services related to agricultural production systems in establishing and developing agricultural cooperatives in order to augment economic, social and cultural status of members as well as to contribute to the national economic development.

Article 2

This Law regulates the establishment, functioning and management of agricultural cooperatives, agricultural cooperative unions, and Cambodian agricultural cooperative alliance as well as provides for supportive mechanisms for them.

Article 3

This law covers only on agricultural cooperatives, agricultural cooperative unions, and Cambodian agricultural cooperative alliance within the Kingdom of Cambodia.

Article 4

Agricultural Cooperative provided for in this law refers to private legal entity and agricultural-based economic enterprise which is voluntarily established by natural entities with their joint investment, joint ownership and joint democratic management in order to improve agricultural production capacity, agro-industry, agri-business, or services related to agricultural production aimed at enhancing economic, social and cultural status of members in line with basic principles as follows:

- Voluntary participation and open membership;
- Democratic management by all members;
- Economic participation of all members;
- Autonomy and independence;
- Education, training and dissemination of information;
- Cooperation with other agricultural cooperatives;
- Concern for communities.

Article 5

Key terminologies used in this law are defined in the appendix within this law.

CHAPTER 2

Supportive Mechanism for Agricultural Cooperatives

Section 1

Policy Board for Agricultural Cooperatives

Article 6

A Policy Board for Agricultural Cooperatives shall be established and shall be chaired by the Minister of Agriculture, Forestry and Fisheries and comprised of representative members from the Council of Ministers, Ministry of Interior, Ministry of Economy and Finance, concerned institutions/ ministries, Cambodian Agricultural Cooperative Alliance, private sector, civil society, and Directors of concerned technical departments under the Ministry of Agriculture, Forestry and Fisheries.

Policy Board for Agricultural Cooperatives has a secretariat within the Ministry of Agriculture, Forestry and Fisheries.

Article 7

Policy Board for Agricultural Cooperatives shall fulfill the following functions and responsibilities:

- Conduct research and hold consultations in order to prepare regulations, policies, strategic plan, and action plan, concerning the development of agricultural cooperatives in line with the socio-economic conditions of Cambodia;
- Propose to the Royal Government for her approval on national policy on the development of agricultural cooperatives;
- Monitor and evaluate the implementation of policies, strategic plan, action plan and work plan for the development of agricultural cooperatives;
- Set directions to enhance and strengthen the capacity of agricultural cooperatives and to enhance the cooperation between agricultural cooperatives, private sectors and development partners;
- Coordinate with concerned state institutions, private sector, and financial institutions in order to support for the operation of agricultural cooperatives;
- Issue resolutions or circulations to concerned ministries or municipal/ provincial government institutions to carry out program or work related to the national policy, strategic plan, and action plan concerning the development of agricultural cooperatives within their authorities;
- Address issues and challenges hindering the implementation of the national policy, strategic plan, and action plan for agricultural cooperatives development;
- Prepare reports on the progress of development of agricultural cooperatives and submit them to the Royal Government;
- Perform other duties to support for policies for the development of agricultural cooperatives as provided for under this law.

The establishment and functioning of the Policy Board for Agricultural Cooperatives shall be determined by a sub-decree.

Section 2 Competent Institution

Article 8

Ministry of Agriculture, Forestry and Fisheries shall be the competent institution to promote and support the establishment, operation, and development of agricultural cooperatives.

Ministry of Agriculture, Forestry and Fisheries shall establish Department of Agricultural Cooperative Promotion under the General Directorate of Agriculture. It shall be in charge of works related to the development of agricultural cooperatives as defined by a sub-decree.

Ministry of Agriculture, Forestry and Fisheries fulfill its duties in the framework of promoting agricultural cooperatives pursuant to the spirit of Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans.

Article 9

In view of developing agricultural cooperatives, the Ministry of Agriculture, Forestry and Fisheries shall have missions as follows:

- Promote and support the functioning, operation, and development of agricultural cooperatives;
- Study, design policies, legal framework, strategic plan and training programs to promote, strengthen and develop agricultural cooperatives;
- Appoint an entity to register and manage database on agricultural cooperatives;
- Provide training services for agricultural cooperatives and agricultural cooperative promoting agents;
- Carry out outreach programs to promote awareness and to provide training aimed at building the capacity of agricultural cooperatives;
- Set accounting /book keeping format for agricultural cooperatives with the approval from the Ministry of Economy and Finance;
- Facilitate the linkages between agricultural cooperatives with private sector, concerned institutions—both domestic and foreign ones;
- Study and assess the economic situations of agricultural cooperatives to meet market demands and provide market information to agricultural cooperatives;
- Undertake national and international cooperation on agricultural cooperatives;
- Appoint auditors and liquidators in case any agricultural cooperative is dissolved;
- Conduct follow up and evaluate the operation and the functioning of the agricultural cooperatives;
- Take part in resolving all disputes of agricultural cooperatives;
- Perform other duties within the framework of agricultural cooperative development in line with this Law.

Article 10

The Ministry of Agriculture, Forestry and Fisheries shall set an Agricultural Cooperative Research and Development Center in order to study and to build the technical capacity of agricultural cooperatives within the national and international framework.

Section 3 Agricultural Cooperative Development Fund

Article 11

Agricultural Cooperative Development Fund, abbreviated 'ACDF' shall be set up and shall be under the Ministry of Agriculture, Forestry and Fisheries for the purpose of supporting and promoting agricultural cooperatives.

Agricultural Cooperative Development Fund shall be headed by Board with the chairmanship by the Minister of Ministry of Agriculture, Forestry and Fisheries and having represented by directors or representatives from concerned technical departments, Cambodian Agricultural Cooperative Alliance. A deputy director of the Department of Agricultural Cooperative Promotion shall be a permanent representative and a secretary of ACDF.

The organization and functioning of the Agricultural Cooperative Development Fund shall be defined by a sub-degree.

Article 12

ACDF shall have budget/fund and properties from sources as follows:

- (1) Contribution from government;
- (2) Donation in cash or in-kind;
- (3) Financing from the state or from other sources;
- (4) Proceeds from sale of properties acquired under (2) and (3);
- (5) Contribution from agricultural cooperatives that directly benefit from ACDF.

Budget and properties of ACDF under paragraph one shall be credited to the account of ACDF.

Section 4

Concerned Institutions for Agricultural Cooperatives

Article 13

Ministries and public institutions concerned shall have responsibilities in accordance with their respective jurisdiction toward the activities and operations of agricultural cooperatives pursuant to the policy of the Royal Government of Cambodia.

Article 14

Sub-national authorities of all levels, within their authorities, shall assist in:

- Disseminating information to people and facilitating the establishment and development of agricultural cooperatives in their respective locality;
- Certifying on the registration application letter
- supporting both materially and spiritually toward the development of agricultural cooperatives;
- Cooperating and coordinating with Department of Agricultural Cooperative Promotion and Provincial/ municipal Agricultural Departments to establish and function agricultural cooperatives;
- Taking part in solving disagreements arisen within agricultural cooperatives; and
- Participating in monitoring and evaluating the functioning and the implementation of the law on agricultural cooperatives.

Article 15

Agricultural Cooperatives shall be encouraged by and enjoy preferential treatments from the Royal Government of Cambodia as defined by a sub-degree.

CHAPTER 3

Agricultural Cooperatives

Section 1

Formation and Registration of Agricultural Cooperatives

Article 16

An agricultural cooperative to be registered shall comply with the following conditions:

1. A group of a minimum fifteen people holding Khmer nationality, being eighteen year of age, residing in a specific domicile within the Kingdom of Cambodia and whose primary business falls within agricultural production system, agro-industry, agri-business or services related to agricultural production sector may request the establishment of an agricultural cooperative;
2. The members shall jointly invest by paying for the shares purchased, and each member shall at least hold one share. Share-holding of any member shall comply with respective agricultural cooperative's statute;
3. At least a primary business within the framework of agricultural production, agro-industry, agri-business or services related to agricultural production sector shall be required.

Article 17

A group of natural persons who request the establishment of an agricultural cooperative shall appoint the 'founding committee' from amongst its members in order to facilitate the first stage of establishing an agricultural cooperative as well as to prepare necessary paper work to get registered as an agricultural cooperative.

The founding committee shall study and prepare the following documents:

1. Business type of agricultural cooperative to be established;
2. Relevant business plan of agricultural cooperative as well as business types;
3. List of candidates standing for election for Board of Directors and Supervisory Committee;
4. Name, logo and address of the cooperative;
5. Draft statute and internal regulations of the cooperative to be adopted by its first general meeting.

Article 18

Founding committee shall convene the first general meeting with participation of members who propose to establish agricultural cooperative in order to elect Board of Directors and Supervisory Committee members as well as for the preparation of paper work necessary for registration.

The proceedings and outcomes of the first general meeting should be kept and incorporated into a report attached with attendance list and signatures or thumbprints of participating members who propose to establish agricultural cooperative.

Article 19

Following the first general meeting, the founding committee shall coordinate with the elected Board of Directors to file an application for approval and registration with respective Municipal/ Provincial Department of Agriculture in order to obtain legality for the agricultural cooperative.

The application letter shall be certified by commune/sangkat chief and governor of district governing council together with attached necessary documents as follows:

- Report of the first general meeting;
- Business plan proposed by agricultural cooperative;
- Statute and internal regulation of cooperative;
- List of Board of Directors and Supervisory committee members with name,

- occupation and address;
- List of cooperative members and number of shares subscribed by each member as well as membership fee;
- A specimen of signature or thumbprint of the chairman of Board of Directors or legal proxy of agricultural cooperative.

Article 20

Upon receipt of application, respective Municipal/ Provincial Department of Agriculture shall issue a receipt for applicant specifying clearly the receiving date.

Within 20 (twenty) working days from the date of receiving complete application dossier, if the dossier is in conformity with the procedures and provisions of this law, the Municipal/ Provincial Department of Agriculture shall issue a certificate of registration, for free, to the cooperative certifying the official recognition on the application to register an agricultural cooperative.

In case of an absence of response within the timeframe, it is considered that the registration application has been approved, and the Municipal/ Provincial Department of Agriculture shall issue a registration certificate for the applying cooperative automatically.

Article 21

In case of incomplete document dossier required, Municipal/ Provincial Department of Agriculture may refuse application for registration of agricultural cooperative; the Department shall notify the founding committee to make revisions no later than 60 (sixty) days from the date of notification.

If the founding committee fail to make necessary revisions within that timeframe, the Provincial/ Municipal Department of Agriculture has rights to refuse the registration of the proposing agricultural cooperative.

Article 22

The founding committee is entitled to appeal against the refusal by the Provincial/ Municipal Department of Agriculture by lodging a letter of appeal to Department of Agricultural Cooperative Promotion within 60 (sixty) days the latest, starting from the date of notification from the Provincial/ Municipal Department.

The Department of Agricultural Cooperative Promotion shall make a final decision on the appeal of the proposing agricultural cooperative within 60 (sixty) days the latest, starting from receipt date of the appeal.

Article 23

The founding committee shall dissolve automatically when the cooperative gets registered officially and the Board of Directors assumes their authorities, roles, and duties from the date of registration.

Individuals whose names appear in the list of cooperative members shall perform their duties as full members from the date of cooperative registration and upon paying their subscribed shares and membership fees in accordance with the prescribed obligations.

Article 24

The Provincial/ Municipal Department of Agriculture shall publicize the officially registered agricultural cooperative by posting notices at the Provincial/ Municipal Department of Agriculture; the Offices of Agriculture of Khan, City, and District; as well as at Khan, City, and District Halls and Sangkat Halls within 15 (fifteen) days of official registration. A copy of the document shall be submitted to the Provincial/ Municipal Department of Commerce.

Article 25

The Ministry of Agriculture, Forestry, and Fisheries shall publicize and promote the establishment of agricultural cooperatives in line with the provisions of this law.

The Ministry of Agriculture, Forestry, and Fisheries shall issue a Prakas on a Procedural Guideline for the Establishment and Registration of Agricultural Cooperatives.

Section 2 Statute of Agricultural Cooperatives

Article 26

Statute of agricultural cooperatives shall specify the following particulars:

- Name of agricultural cooperatives;
- Logo, office, and address;
- Business type;
- Capital derived from shares, value of shares, condition for payment of shares;
- Financial management rules;
- Conditions for financing and loan;
- Procedures of maintaining book keeping and documents;
- Financial responsibility of members for the debt of cooperatives; this responsibility must not exceed by four times the value of shares held by each member;
- Rights and duties of members;
- Criteria for admission of new members;
- Criteria for resignation and dismissal of members;
- Procedures for general meeting and general meeting of representatives;
- Composition of Board of Directors and Supervisory Board;
- Procedures for convening Board of Directors and Supervisory Committee;
- Roles and duties of Board of Directors and Supervisory Committee;
- Criteria for amalgamation of agricultural cooperatives;
- Criteria for dissolution of agricultural cooperatives;
- Procedures for dispute settlement among agricultural cooperatives;
- Procedures for making revision or amendment of the statute;
- Other procedures to be decided by the general meeting or general meeting of representatives of the cooperative.

Article 27

In case an agricultural cooperative amends its statute, it shall forward the new one to the Provincial/ Municipal Department of Agriculture within 30 (thirty) days the latest, commencing from the decision date of the general meeting. Where it has changed its name, the agricultural cooperative is required to submit the old registration certificate to

the Provincial/ Municipal Department of Agriculture and to obtain a new certificate with the new name.

Article 28

The internal regulations shall be developed by agricultural cooperatives.

The Ministry of Agriculture, Forestry, and Fisheries shall issue a Prokas on Model Statute and Internal Regulations of Agricultural Cooperatives.

Section 3

Rights and Duties of Members of Agricultural Cooperatives

Article 29

Every Khmer citizen, aged 18 (eighteen) and above, has rights to voluntarily apply for membership following the conditions below:

- Having primary business falling within the agricultural production system, agro-industry, agri-business or services related to agriculture production systems;
- Having subscribed share(s);
- Having contributed membership fees;
- Complying with the provisions of this law, having designed cooperative's statute and resolutions of the cooperative's general meetings.

Article 30

Members of agricultural cooperative shall pay their subscribed share(s) in accordance with conditions stipulated in the statute. They shall individually and collectively be responsible for the debts incurred by the cooperative within the limits stated in the statute, which constitutes financial responsibility of members toward the cooperative.

Article 31

Members of agricultural cooperatives shall have the rights and obligations as follows:

- Attend the general meeting and vote on equal footing with other members; regardless of the number of shares subscribed with the agricultural cooperatives;
- Shall comply with the resolutions made by the general meeting;
- Elect and stand for election in the organizational structure of the cooperative in accordance with the provisions of this law;
- Be informed of financial performance of cooperative and agricultural market information from the board of directors or supervisory committee;
- Ask for convocation of extraordinary general meeting to discuss and resolve any issues deemed necessary pursuant to the statute and internal regulations of the cooperative; if at least 1/3 (a third) of the total number of members agree to this convocation;
- Ask for inclusion in the agenda of the general meeting issues which are of benefits to the cooperative;
- Receive surplus/dividend;
- Hire or use services, materials and equipment belonging to the agricultural cooperatives like the other members;
- Participate in all activities of the cooperative;
- Ask for resigning the membership of agricultural cooperatives with written note to the Board of Directors pursuant to their cooperative statute;
- Receive the share(s) paid in full plus interest when he/she resigns or is dismissed

from the agricultural cooperatives. In case agricultural cooperatives incur business losses, the resigned or dismissed members shall be liable to financial payment to cover the losses in proportion to the number of shares held, in line with conditions in the statute.

Article 32

Any member who fails to pay up their full amount of subscribed share(s) or membership fees required by the statute shall not be allowed to exercise their rights and receive benefits from their agricultural cooperatives.

Article 33

In case any member commits any act which is harmful to the interests of cooperative or other members, he/she shall be suspended or dismissed after justifying his/her case before the Board of Directors. Dismissal shall be made by a resolution of the general meeting. In case of urgency, the board of directors, however, can pronounce a temporary suspension. But, an extraordinary general meeting is to be convened immediately to deliberate and decide on the matter of retaining or dismissing that member.

Article 34

Membership of an agricultural cooperative shall be terminated in the following cases:

- Insolvency or dissolution of the cooperative;
- Death or disappearance of members as stated in the cooperative's statute;
- Transfer his/her whole shares to other members;
- Dismissal pursuant to the resolution of the general meeting;
- Other cases as stipulated in the statute.

Section 4

Rights, Obligations and Operations of Agricultural Cooperatives Sub-Section 1: Rights and Obligations of Agricultural Cooperatives

Article 35

An agricultural cooperative shall have the rights and obligations as follows:

- (1) Carry on business affairs within the framework of agricultural production, agro-industry, agri-business and related services in order to bring members benefits;
- (2) Be a legal entity representing members for entering into contracts and carrying out contract with private sector or development partners;
- (3) Ensure members' rights to participate toward realizing the economic, social and cultural aims of the agricultural cooperatives;
- (4) Provide technical assistance and training to augment capacity of its members and provide information to members so as to stimulate their participation in the operation of the agricultural cooperative;
- (5) Apply for or receive technical or financial assistance from the Government and from various legitimate sources;
- (6) Be responsible for financial management, accounting, auditing, retaining and accruing capital as well as other resources of agricultural cooperative in line with competent laws and regulations;
- (7) Pay taxes and fulfil other financial obligations in line with competent regulations and laws;

(8) Carry on other affairs relating to agricultural cooperative' objectives.

The Ministry of Agriculture, Forestry, and Fisheries shall issue a Prakas on Contract Farming Agreement Guideline for Operating Business of Agricultural Cooperatives.

Article 36

Agricultural cooperative shall keep documents or records at its central office and at any place defined by law. Documents or records to be kept are as follows:

1. Cooperative's statute and internal regulations;
2. Cooperative's member list, comprising of:
 - Name and office address of agricultural cooperative;
 - Name, nationality, date of birth, and address of agricultural cooperative's members;
 - Date of membership admission;
3. Members' shares list, comprising of:
 - Name and office address of cooperative;
 - Name of members holding shares, value of shares, number of shares and shares paid.
4. Annual balance sheet of cooperative;
5. Agricultural cooperative's annual report outlining the outcome of agricultural cooperative's operation;
6. All types of minutes and reports;
7. Other documents of agricultural cooperative.

Sub-Section 2: General Meeting of Agricultural Cooperatives

Article 37

General meeting is the highest organ vested with power to adopt and approve decisions on the process for formation and functioning of agricultural cooperatives, comprising of the first general meeting, annual general meeting, general meeting by representatives, and extraordinary general meeting.

The general meeting shall perform duties as follows:

- Adopt or make amendment of the Statute and Internal Regulations;
- Elect, among the agricultural cooperative members, the chairman and directors to serve on the Board of Directors, and members of the Supervisory Committee through a secret ballot.
- Remove those elected members from their positions and fix compensation for them, if any;
- Determine the roles and responsibilities of the Board of Directors and the Supervisory Committee;
- Select auditors or assessors and approve auditing reports of agricultural cooperatives;
- Limit the maximum amount of debts allowable by the cooperative for the sole purpose of meeting its objectives by retaining its autonomy;

- Authorize investments or entry into contract, fund mobilization and borrowing activities;
- Determine procedures, amount of loan, and interest rate allowable to members;
- Approve net profit each year after having subtracted from annual gross profit and deposit the fund into reserve fund, training fund, and other funds in line with respective cooperative's statute as well as to settle all debts in the previous year;
- Determine the surplus to be distributed to members;
- Rebalance the distribution of shares to each member in the event of a change in number of members;
- Check and approve the balance sheets and report on business performance of the cooperative;
- Deliberate and approve the annual report of the Supervisory Committee after having checked it;
- Approve the minutes prepared by the Board of Directors or the Supervisory Committee;
- Adopt liquidation report of the agricultural cooperatives;
- Approve plan of actions and budget for the coming fiscal year;
- Decide on the admission of new members, suspension and dismissal of members;
- Decide on the changes, including separation, amalgamation, and dissolution of the agricultural cooperatives;
- Check and approve or decide on other tasks within the framework of functioning of the agricultural cooperative.

Article 38

The first general meeting of the agricultural cooperative is tasked with a decision on key documents and requirements outlined in Articles 17 and 18 of this law for purpose of registration request and functioning of the agricultural cooperative.

Article 39

General meeting shall be organized annually and is tasked with some important duties including reviewing annual business performance; highlighting balance sheet; sharing profits; adopting new year's business activities; approving resignation of old members; approving new memberships; amending statute; and checking, deliberating, and deciding on other tasks.

Article 40

In an event that an agricultural cooperative has more than 200 (two hundred) members, it shall choose representative delegates to participate in the general meeting, in which case it is called general meeting of representatives.

Article 41

An extraordinary general meeting of the agricultural cooperative has a primary duty to resolve an issue of emergency and can be organized multiple times per annum, contingent on real situations of the respective agricultural cooperative.

Article 42

The general meeting shall be convened by the chairperson of the Board of Directors, and a specific venue, date, and agenda shall be conveyed to all members at least 10 (ten) days in advance. Notification of the meeting shall be simple and shall be posted at

the agricultural cooperative's office.

The general meeting may deliberate, adopt, decide matters only if there is a quorum of at least two thirds (2/3) of the agricultural cooperative members. Where the above condition is not satisfied, the second convocation with the same agenda shall be made within ten (10) days after date set for the first convocation. The second convocation may validly proceed with any number of members present.

The general meeting shall be chaired by the chairman of Board of Directors or by a chairperson elected from amongst the members present at the meeting. The general meeting shall appoint one secretary to take minutes, highlighting the decisions made to be attached with the attendance list. The secretary and chairman shall counter sign the minutes of the general meeting.

Article 43

One member shall have only one voice and cannot send a proxy or a family member who has no rights to the general meeting.

Decisions relating to statute, internal regulations, separation, amalgamation, or dismissal of member shall be reached by majority vote of two thirds (2/3) of members present. Other decisions of the general meeting shall be reached by majority of the members present.

Sub-section 3: Board of Directors of Agricultural Cooperatives

Article 44

Board of Directors is the executive body of agricultural cooperatives. The general meeting shall elect the chairman and members of the Board. The Board of Directors, in odd number, shall comprise three (03) persons or more including the chairman, depending on the size of members and business activities of the agricultural cooperative as stated in the statute. Spouse, biological parents, parents-in-law, and biological children are not allowed to serve on the Board of Directors at the same time.

The Board members shall be elected to serve the five-year term.

Serving members of the Board of Directors can seek re-election in line with the respective agricultural cooperative's statute.

Article 45

Board of Directors elected shall select one treasurer and one secretary from amongst its members. In case no member can be chosen, the Board may recruit the incumbents from agricultural cooperative members.

The chairman of the Board of Directors is the representative of the agricultural cooperative and a convener of the Board of Directors' meeting once (01) a month or may convene extraordinary meeting as needed. The Board of Directors may deliberate and decide matters only if there is a quorum of at least two thirds (2/3).

Decision of the Board of Directors shall be deemed valid provided that there are absolute majority affirmative voices amongst its members. Where the voices are equal, the voice of the chairman shall prevail.

Members of Supervisory Committee may join the Board of Directors meetings.

Article 46

Board's members are required to be regularly present in all Board's meetings. In the event that any member of the Board of Directors has been absent three times (3) in a row without valid reasons, he/she shall be temporarily suspended from Board of Directors.

The following general meeting shall deliberate and decide on membership of that suspended member.

Article 47

Pursuant to the provisions of this law, statute, and general meeting's resolutions, the Board of Directors is vested with broad authority to lead and manage agricultural cooperative and shall have the rights and obligations as follows:

- Comply with accounting principles for agricultural cooperatives and be responsible for financial management;
- Organize general meeting;
- Submit to the general meeting an annual report approved by the supervisory committee, including balance sheet;
- Submit to the general meeting the plan of actions, including the training of members and staff as well as budget plan for the next mandate;
- Prepare necessary documents for auditing required by law and for submission to the general meeting;
- Convene an extraordinary general meeting when necessary;
- Send to the respective registrar a copy of its balance sheet and annual report;
- Manage the assets of the agricultural cooperatives;
- Fulfill other duties required by the general meeting.

Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on a Model Accounting Principle/Format to Agricultural Cooperatives.

Article 48

The Board of Directors may select an executive director, who may be a member or non-member of the agricultural cooperatives. The executive director must not be a member of Board of Directors or Supervisory Committee and is a professional who is tasked with assisting the Board of Directors in managing the business operations of the agricultural cooperatives.

The executive director can join the meeting of the Board of Directors; however, he/she shall only advice.

The executive director shall get a salary and shall adhere to the provisions of written employment contract in carrying out his/her terms of reference entrusted by the Board of Directors and shall be liable to any wrongdoing that may occur while performing his/her duties.

Article 49

Board of Directors may recruit support staff on contract base as needed in order to assist with business operations of the agricultural cooperatives in accordance with the Labour Law.

Members of Board of Directors shall be responsible both individually and collectively for wrongdoings committed in the course of fulfilling their duties, not to mention criminal responsibility.

Sub-section 4: Supervisory Committee

Article 50

Supervisory Committee is agricultural cooperatives' permanent internal monitoring body, which is tasked with monitoring the activities of Board of Directors and the executive director, ensuring accountability for agricultural cooperative. Supervisory Committee shall be elected by the general meeting. The chairman of the Committee shall be elected from members of the Committee.

Supervisory Committee composes of three (03) to five (05) members who shall not be spouses, biological parents, parents-in-law, or biological children of members of Board of Directors. They shall not get paid.

Supervisory Committee's members shall be elected by the general meeting to serve a five-year term.

The serving members are entitled to re-election in line with respective cooperative's statute.

Article 51

Upon convocation by the chair or request of at least two thirds (2/3) of members, Supervisory Committee shall convene. Whenever there are equal voices, the voice of the chair prevails. Members of Supervisory Committee may attend the Board of Directors' meeting in advisory capacity.

Article 52

Supervisory Committee shall enjoy rights and fulfill duties as follows:

- Check or order the checking on cooperative's accounting ledger;
- Check inventory list and balance sheet, as required;
- Convey its findings to Board of Directors and include these in its annual report to be submitted to the general meeting.

In the event that there is an issue of emergency or most members of Board of Directors fall in the state of inability to carry out their duties and responsibilities, Supervisory Committee shall request to chairman of the Board of Directors to convene an extraordinary general meeting in order to address the issue.

Article 53

Members of Board of Director and Supervisory Committee shall not be paid. However, the general meeting may set aside portion of the budget to cover mission expenses and allowance/incentives for members.

Section 5 Capital, Fund and Properties of Agricultural Cooperatives

Article 54

Capital of agricultural cooperatives comes from:

- Shares subscribed and paid for by members;
- Reserve fund deducted from gross profit;
- Gifts or contributions to be included in the cooperatives assets and in separate accounts;
- Loans from third parties;
- Loans from members in the form of deposits or savings;
- Other legal financing;
- Other funds.

Article 55

The capital of the agricultural cooperative shall accrue in line with the admission of new members or more shares subscribed. The drop in capital results from refunding and withdrawal of shares in accordance with the agricultural cooperative's statute.

The initial price of share shall be determined by statute, and deadline for payment, either lump sum pay or in installment, may be defined in advance.

Article 56

Share with members' names cannot be split and sold to non-members, but may be transferred from one member to another member of the agricultural cooperatives or to the heir subject to applicable laws.

Article 57

The agricultural cooperatives shall create a reserve fund by deducting twenty (20) percent from the gross profit/surplus until the reserve fund is as much as five times of the total amount of shares paid. This fund shall not be allocated for members.

Article 58

The agricultural cooperatives shall create fund for training of members, managing members and staff by deducting at least three (03) percent from gross profit/surplus annually. These funds shall be used exclusively for purpose for which they have been created.

Article 59

Gross profit/ surplus of the agricultural cooperatives shall be divided based on the following principles:

- Retain in reserve fund and training fund or other funds created by the agricultural cooperative;
- Shall be distributed as refund to members in proportion to the business transactions with the agricultural cooperatives;
- Allocate dividend to members in line with number of shares held.

Article 60

Properties of the agricultural cooperatives include fund, land, buildings of all kinds, material means of all kinds, contributions, donations, and other assets created by the cooperative.

Article 61

Agricultural Cooperative can use reserve fund to cover their business losses.

**Section 6
Audit of Agricultural Cooperatives****Article 62**

Every agricultural cooperative shall be audited once a year. The audit report shall be submitted through Board of Directors to general meeting. The result of deliberation and decision by general meeting shall be made part of the annual report.

Auditing shall not be applicable to any agricultural cooperative that has a capital of less than 100,000,000.00 riels (one hundred million riels).

Article 63

The Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Agricultural cooperative Auditing Objectives.

**Section 7
Dissolution of Agricultural Cooperatives****Article 64**

Agricultural cooperatives may be dissolved on any of the following grounds:

1. When general meeting has reached a resolution to dissolve the cooperative;
2. On the realization of any cause of dissolution as prescribed in its statute;
3. When members resign, leaving less than six members;
4. Upon being bankrupt or heavily indebted amounting to more than half of total capital;
5. Upon court order;
6. Upon the withdrawal of official certificate by respective Provincial/ Municipal Departments of Agriculture, in accordance with Article 66 of this law.

Article 65

The agricultural cooperative dissolved under (1), (2), (3) and (4) of Article 64 above shall notify respective Provincial/ Municipal Department of Agriculture in writing within a period not exceeding thirty (30) days from the date of dissolution by submitting a proposal to respective Provincial/ Municipal Department and copying to the commune and district office where the agricultural cooperative is situated.

When an agricultural cooperative is dissolved, it shall be liquidated in accordance with the provisions of this law.

Article 66

The Provincial/ Municipal Departments of Agriculture in charge of agricultural cooperative registration has the power to withdraw official certificate of registration on the following grounds:

- (1) The agricultural cooperative has not commenced operation within eighteen months (18 months) from the date of its registration, or has ceased its operation continuously for a period of two years from the date of cessation;
- (2) The agricultural cooperative commits acts against the agricultural cooperative law or other serious offenses against laws in force.

Article 67

Any agricultural cooperative whose official certificate is withdrawn has the right to appeal to the Ministry of Agriculture, Forestry, and Fisheries within thirty (30) days from the date of withdrawal.

Within forty five (45) days from the date of receiving the appeal, the Ministry of Agriculture, Forestry, and Fisheries shall render its ruling regarding the appeal lodged by dissolved agricultural cooperative.

In case of objection against the decision, the agricultural cooperative may file complaint with concerned ministries/ institutions or with the court of law within thirty (30) days from the date of decision rendition by MAFF. MAFF's ruling shall be temporarily suspended awaiting for court's decision.

Section 8 Liquidation

Article 68

Where the agricultural cooperative is dissolved, a general meeting shall be convened to select one or more qualified liquidators within a period not exceeding thirty (30) days from the date of dissolution or date when Department of Agricultural Cooperative Promotion issued its final decision.

In the event that general meeting fails to select a liquidator within the said period, the Provincial/ Municipal Departments of Agriculture in question which is in charge of agricultural cooperative registration shall appoint one or more liquidators to perform liquidation of the agricultural cooperative.

Article 69

The decision regarding the appointment of liquidator and agricultural cooperative dissolution shall be publicized at the office of the agricultural cooperative, the district agricultural office, the Provincial/ Municipal Department of Agriculture and at the commune, city, and district offices within fifteen (15) days from the date of appointment of liquidators.

Article 70

When an agricultural cooperative is dissolved, liquidators shall take over all powers from Board of Directors and Supervisory Committee for purpose of executing their duties.

Chairman of Board of Directors has the duty to take care of all properties of agricultural cooperatives until the liquidation is completed.

Article 71

A liquidator has the duties as follows:

- Require Board of Directors to show all assets along with accounting book, lists or other relevant documents of agricultural cooperative as deemed necessary;
- Carry on the affairs of the dissolved agricultural cooperative, looking after the interests of the agricultural cooperatives until the liquidation is fully completed;
- Call agricultural cooperative general meeting;
- Manage the property of agricultural cooperative with endorsement from the

- Provincial/ Municipal Department of Agriculture in question;
- Take measures to pay the agricultural cooperative's debts or to claim debts concerned;
 - Take on all proceedings concerning civil cases and to make compromise in any matter on behalf of the agricultural cooperative;
 - Carry on other tasks as may be necessary for a smooth settlement of the liquidation.

Article 72

The liquidator shall notify in writing to all creditors whose names appear in the account books or are known by any other way to inform them that the agricultural cooperative has been dissolved and that they shall claim the payment of debts within sixty (60) days from the date of appointment of liquidator comes into force.

The liquidator shall make a balance sheet of the agricultural cooperative and submit it to an auditor so that he/she can make assessment. After the balance sheet is checked by the auditor, the liquidator shall submit it to the line Provincial/ Municipal Department of Agriculture for approval.

Article 73

The agricultural cooperative's creditors shall declare their loans with the liquidator and they shall have the right to claim payments in respect of such loans within six (06) months from the date of notification issued by liquidator.

With the lapse of deadline stated in Paragraph 1 of this article, all debts shall be written off and the leftover budget shall be disposed of as follows:

- Cover liquidation expenses;
- Pay tax obligation;
- Pay debts and salary for the cooperative's staff;
- Indemnify shares based on its liquidated value.

Article 74

After payment of all debts of the agricultural cooperative, in case there is property leftover, the general meeting may handover the property to another agricultural cooperative within the same unions of agricultural cooperative or to the Cambodian Agricultural Cooperative Alliance or to the Agricultural Cooperative Development Fund.

If a general meeting cannot be convened, liquidator shall make a request to Provincial/ Municipal Departments of Agriculture and the Department of Agricultural Cooperative Development of the Ministry of Agriculture, Forestry, and Fisheries in order to divide the leftover property.

Article 75

Following completion of liquidation of an agricultural cooperative, the liquidator shall prepare a report on liquidation together with a summary of the liquidated accounts for submission to an auditor for examination. After the auditor has examined and certified the liquidated accounts, the liquidator shall submit it to the Director of Provincial Departments of Agriculture for endorsement on the conclusion of the liquidation, after which the agricultural cooperative shall be removed from the registration list and shall be

publicized as was the case for registration.

Ministry of Agriculture, Forestry and Fisheries shall issues a Prokas on Procedures of Liquidation and Audit for Agricultural Cooperatives.

Article 76

The liquidator shall hand over all account books and liquidation documents to the Provincial/ Municipal Departments of Agriculture in question within thirty (30) days from the date of liquidation conclusion.

Entity in charge of registration shall keep these account books and related documents for another two years from the date of cancellation of the name of the agricultural cooperative from the register for possible inspection or auditing by any members or interest persons upon request.

Section 9 Amalgamation of Agricultural Cooperatives

Article 77

Two or more agricultural cooperatives within the same geographical boundary may be amalgamated by resolution of general meeting of each agricultural cooperative. Amalgamated agricultural cooperative shall be registered again as a new agricultural cooperative in accordance with the provisions of this law.

Article 78

Agricultural cooperatives which are to be amalgamated shall clear their debts with creditors before amalgamation comes into force.

Any agricultural cooperative which has not cleared its debts may not propose to amalgamate.

Article 79

The application for registration of the new amalgamated agricultural cooperative shall be signed or thump-printed by representatives of each amalgamating agricultural cooperative designated by Board of Directors and shall be accompanied with the following documents:

1. A letter of each amalgamating agricultural cooperative confirming the agricultural cooperative has already paid up the debts or given guarantee for not being in debt;
2. Statute of the new cooperative to be registered;
3. A copy of minutes of general meeting of each amalgamating agricultural cooperative.

Documents under (2) and (3) shall be countersigned by representatives of the amalgamating agricultural cooperatives and be registered as a new agricultural cooperative with signatures or thump-prints approving the amalgamation from all members.

Article 80

After amalgamation, a new agricultural cooperative shall conduct its first general meeting

to elect Board of Directors and Supervisory Committee, and to adopt the Statute and other regulations pursuant to the provisions of this law.

Article 81

Amalgamating cooperatives shall apply for registration by attaching a dossier of documents listed under Article 19 and additional documents stated in Article 79 of this law.

After registration of the new agricultural cooperative, the Provincial/ Municipal Department of Agriculture in question shall remove the names of old agricultural cooperatives from the register and shall publicize the new agricultural cooperative in accordance with provisions of this law.

Article 82

Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Procedures for Amalgamation of Agricultural Cooperatives.

Section 10 Division of Agricultural Cooperatives

Article 83

An agricultural cooperative shall be divided in the event that there is a change of administrative jurisdiction or boundaries of administrative locality, or a division of business organization necessary for division.

The proposed division of an agricultural cooperative can be made provided that there is a request of at least half (1/2) of the members.

Article 84

Board of Directors shall convene a general meeting when there is request to divide agricultural cooperative. The general meeting shall examine the proposed division taking into account, the division of properties and other obligations of the agricultural cooperative to be divided.

The general meeting may decide to divide the agricultural cooperative provided that there is affirmative vote of at least two thirds (2/3) of members or delegates present in the general meeting.

Article 85

After the date of division resolution, the agricultural cooperative shall notify its creditors in writing the shares of debts to be divided. In case of objection, the creditors shall notify the agricultural cooperatives within thirty days (30 days) from the date of receiving notification.

Article 86

The new agricultural cooperative established as a result of division from the original agricultural cooperative shall apply for registration in accordance with provisions under this law.

Application for registration shall be accompanied with additional documents as follows:

1. The proposal requesting division of the agricultural cooperative, and a copy of the minutes of general meeting approving the division of the agricultural cooperative;
2. A notification letter served to all creditors concerned together with the evidence showing that the agricultural cooperatives have paid the debts.

Article 87

Properties of the original agricultural cooperative to be divided for newly established agricultural cooperative shall be transferred to the new agricultural cooperative when the date of registration of new agricultural cooperative comes into force.

Article 88

Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Guideline on the Division of Agricultural Cooperatives.

CHAPTER 4 Union of Agricultural Cooperatives

Article 89

Two or more agricultural cooperatives with similar economic activities or with economic relationship within similar business operation system may team up on a voluntary basis to set up a "Union of Agricultural Cooperatives" in order to mobilize production capacity, production means, and to expand capacity in agricultural production, agro-industry, agro-business, or services related to agricultural sector.

Private legal entities which are not agricultural cooperatives, but which have primary business within the framework of agricultural production, agro-industry, agro-business, or services related to agricultural sector may apply for membership in a union of agricultural cooperative on a voluntary basis.

Article 90

Union of agricultural cooperatives may be set up regardless of administrative boundary in which agricultural cooperatives are located.

Union of agricultural cooperatives is classified under three (03) levels:

1. Unions of agricultural cooperatives at national level that carry out economic activities in all areas within the Kingdom of Cambodia;
2. Unions of agricultural cooperatives at regional level that carry out economic activities in a certain region within the Kingdom of Cambodia;
3. Unions of agricultural cooperatives at a local level that carry out economic activities in commune, quarter, city, district, Khan, and municipality in a particular province within the Kingdom of Cambodia.

Article 91

Union of agricultural cooperatives shall be set up by a resolution of general meeting of each of agricultural cooperatives, which collectively form the union.

Board of Directors of each agricultural cooperative shall designate one (01) representative to establish an organizing committee, which is obliged to set up a union of agricultural cooperatives. The process for setting up a union of agricultural cooperative

shall also follow same procedures of first general meeting to establish an agricultural cooperative.

Article 92

Union of agricultural cooperatives set up shall register for official recognition at the Department of Agricultural Cooperative Promotion of Ministry of Agriculture, Forestry, and Fisheries with the certification on the union agricultural cooperative's application letter by municipal/provincial governor of governing council.

The Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Formation and Registration of Agricultural Cooperative Union.

Article 93

Union of agricultural cooperatives fulfils the following duties:

1. Conduct economic activities among members within the framework of agricultural production, agro-industry, agri-business, or services related to agricultural production;
2. Set up and manage funds for sustaining business transactions of its members;
3. Perform agricultural marketing and market needs assessment; supply collectively agricultural inputs; and provide any information which serves production and transaction of its members;
4. Support and promote technical or professional trainings for agricultural cooperative members;
5. Are responsible for and safeguard the interests of members before public authorities and private partners;
6. Assist in reconciliation of disputes which may originate from among agricultural cooperative members or between agricultural cooperative members and third parties;
7. Give advice and orientations for business transactions of members in order to expand economic activities of the unions;
8. Fulfill other duties that serve business operations and interests of members as provided for under this law.

Article 94

General meeting of the union of agricultural cooperatives shall have the presence of representative delegate from the member agricultural cooperatives in accordance with the statute of that union in question.

Private legal entity, which is not an agricultural cooperative, but is also a member of the union shall command one voice (01) in the general meeting of the union.

Article 95

Procedure of the establishment and functioning of Unions of Agricultural Cooperatives shall follow the same procedure of agricultural cooperatives indicated in section 1 through section 10 of chapter 3 of this law.

The Ministry of Agriculture, Forestry and Fisheries shall issue a Parkas on Model Statute and Internal Regulations.

CHAPTER 5
Cambodian Agricultural Cooperative Alliance

Article 96

Cambodian Agricultural Cooperative Alliance is a supreme organ of agricultural cooperatives and shall be established by the general meeting of representatives from agricultural cooperatives and unions of agricultural cooperatives and shall be facilitated by the Ministry of Agriculture, Forestry, and Fisheries in accordance with procedures and provisions of this law.

All agricultural cooperatives and unions of agricultural cooperatives in the Kingdom of Cambodia shall automatically become members of Cambodian Agricultural Cooperative Alliance.

Article 97

Cambodian Agricultural Cooperative Alliance has obligations as follows:

1. Represents agricultural cooperatives within the Kingdom of Cambodia and to protect members' rights and interests;
2. Provides technical advice to agricultural cooperatives and facilitates relationship between its members with government agencies or private sector or development partners;
3. Provides technical training services relevant to agricultural cooperatives' activities;
4. Provides auditing services to members for purpose of advising and orienting toward development of business activities;
5. Enhances relations and cooperation between agricultural cooperatives within and outside the country or with leagues of cooperatives outside the country or with other international organizations which share the same objectives;
6. Assists agricultural cooperative members in dealing with issues and obstacles relevant to agricultural cooperatives' activities;
7. Cooperates with ministries and state institutions in promoting genuine interests of agricultural cooperatives pursuant to national policies on agricultural cooperative development;
8. Performs other duties for the sake of members' interests.

Article 98

Cambodian Agricultural Cooperative Alliance may set up fund generated from the following sources:

- Membership fee paid by agricultural cooperatives and unions of agricultural cooperatives;
- Financial support from the government and national and international development partners;
- Gifts in cash and in-kind;
- Cash or properties remained of the agricultural cooperatives or unions of agricultural cooperatives following their dissolution under this law;
- Revenues from the provision of services performed by the Cambodian Agricultural Cooperatives Alliance; and
- Other revenues or properties of Cambodian Agricultural Cooperative Alliance.

Article 99

Cambodian Agricultural Cooperatives Alliance shall elect its own Board of Directors of not more than 15 members from among representatives of agricultural cooperatives or unions of agricultural cooperative as members. This Board of Directors shall be decided in the general meeting of the Cambodian Agricultural Cooperative Alliance.

Board of Directors of Cambodian Agricultural Cooperative Alliance shall have a mandate of five (05) years.

The serving Board's members have rights to seek re-election pursuant to the Alliance's statute.

Article 100

Board of Directors of Cambodian Agricultural Cooperative Alliance shall designate one (01) executive director in order to perform duty as a secretary of the Board of Directors.

Executive director of Cambodian Agricultural Cooperative Alliance has duties to manage all tasks pursuant to statute and internal regulations of Cambodian Agricultural Cooperative Alliance.

Article 101

Cambodian Agricultural Cooperative Alliance shall apply for official registration at the Department of Agricultural Cooperative Promotion of the Ministry of Agriculture, Forestry, and Fisheries.

Procedures for the establishment and functioning of Cambodian Agricultural Cooperative Alliance shall be the same as those of agricultural cooperatives as stipulated from part 01 to part 10 of Chapter 03 of this law.

The Ministry of Agriculture, Forestry, and Fisheries shall issue a Prakas on Model Statute and Internal Regulations for Cambodian Agricultural Cooperative Alliance.

CHAPTER 6

Follow-Up and Dispute Settlement

Article 102

The Agricultural Cooperative Registration Entity of the Ministry of Agriculture, Forestry, and Fisheries shall exercise authority to conduct follow up all business transactions and operations of agricultural cooperatives, unions of agricultural cooperatives, and Cambodian Agricultural Cooperative Alliance for purpose of promoting and orienting the development of agricultural cooperatives.

Article 103

All disputes arisen between members of agricultural cooperatives, and between members and agricultural cooperatives shall be settled by annual general meeting or by extraordinary general meeting of agricultural cooperatives in question.

Where disputes cannot be settled by the general meeting, they shall be subjected to arbitration of commune/sangkat council and district governing council.

Where disputes cannot be settled by commune/sangkat council and district governing council, they shall be subjected to arbitration of Provincial/ Municipal Departments of Agriculture and Provincial/Municipal Governing Council.

Where disputes cannot be still settled, they shall be subjected to arbitration of the Department of Agricultural Cooperative Promotion.

Article 104

Disputes between agricultural cooperatives shall be settled by Provincial/ Municipal Departments of Agriculture and Provincial/Municipal Governing Council.

Where disputes cannot be still settled by Provincial/ Municipal Departments of Agriculture, they can be subjected to arbitration by Department of Agricultural Cooperative Promotion.

Article 105

Disputes between agricultural cooperative and union of agricultural cooperatives or Cambodian Agricultural Cooperative Alliance shall be settled by annual general meeting or by extraordinary general meeting of the union of agricultural cooperatives or Cambodian Agricultural Cooperative Alliance in question.

Where the general meeting still cannot settle them, such disputes shall be subjected to arbitration of Provincial/Municipal Governing Council and Department of Agricultural Cooperative Promotion of the Ministry of Agriculture, Forestry and Fisheries.

Article 106

Ministry of Agriculture, Forestry, and Fisheries shall make intervention to settle all disputes that cannot be settled between:

- a. Members and members of agricultural cooperatives;
- b. Members and agricultural cooperatives;
- c. Agricultural cooperatives and agricultural cooperatives;
- d. Agricultural cooperatives and unions of agricultural cooperatives;
- e. Agricultural cooperatives or unions of agricultural cooperatives and Cambodian Agricultural Cooperative Alliance or between an external entity and agricultural cooperatives;

Where parties involved object to the decision made by the Ministry of Agriculture, Forestry, and Fisheries, they shall have rights to lodge an appeal with concerned ministry/ institution or court of law within thirty days (30) from date of receipt of the decision.

CHAPTER 7 Penalties

Article 107

Penalty under this law comprises of written reprimand, removal from register list, and criminal penalty.

Penalty on written reprimand and removal from register list meted out to agricultural cooperatives, unions of agricultural cooperatives, and Cambodian Agricultural Cooperative Alliance falls within the authority of registration entity of the Ministry of Agriculture, Forestry, and Fisheries.

Article 108

Written reprimand shall be sent to natural persons who are in charge of agricultural cooperatives, unions of agricultural cooperatives, and Cambodian Agricultural Cooperative Alliance and who have committed any faults below:

1. Failure to keep documents or records as stipulated by Article 36 of this law;
2. Failure to hold annual general meeting;
3. Failure to submit annual report and balance summary to registration entity of the Ministry of Agriculture, Forestry, and Fisheries as required by this law;
4. Failure to carry out auditing or inspecting account books pursuant to Article 62 of this law;
5. Failure to maintain reserve fund and training fund pursuant to Article 57 and Article 58 of this law;
6. Causing obstacles or refusing to provide answers or obstructing the Supervisory Committee, liquidators, auditors, or competent officials of the registration entity of the Ministry of Agriculture, Forestry, and Fisheries who intend to perform their duties.

Article 109

Removal from register list shall be applied for agricultural cooperatives, unions of agricultural cooperatives, and Cambodian Agricultural Cooperative Alliance who have committed any of the faults as follows:

1. Failure to hold annual general meeting for two consecutive years without justifications;
2. Refusal to redress any faults as stated in Article 108 in accordance with an advice of registration entity of the Ministry of Agriculture, Forestry, and Fisheries.

Article 110

Penalty in accordance with penal code shall be meted out to any individual who commits any of the following acts:

1. Falsely use the name or logo or any part of "agricultural cooperative or union of agricultural cooperatives or Cambodian Agricultural Cooperative Alliance" in order to conduct economic or business activities for the sake of personal gains;
2. Forge registered documents, trademark, or product packaging materials or other documents of agricultural cooperatives or unions of agricultural cooperatives to operate his/her business.

Article 111

Officials in charge of registration of agricultural cooperatives, unions of agricultural cooperatives, and Cambodian Agricultural Cooperative Alliance who abuse their roles and responsibilities by registering in a manner that is in contravention of provisions and procedures of this law shall be punished in accordance with administrative penalty as

stated in competent laws, not considering other relevant penal punishments.

CHAPTER 8 Transitional Provisions

Article 112

After this law comes into effect, existing legal instruments which are not in contravention of this law shall still be implemented until new legal instruments take their place. All programs and activities related to agricultural cooperatives shall be valid until the date of expiration of those programs and activities.

CHAPTER IX Final Provisions

Article 113

Any other provisions that are contradicted to by this Law shall be abrogated.

Article 114

This Law shall be declared as urgent.

The Royal Palace, Phnom Penh, 09 June 2013
Royal Signature and Seal

PRL.1306-606

Has informed to
His Royal Highness for Royal Signature
SIHAMONI

NORODOM

Prime Minister
Samdech Akka Moha Sena Padei Decho HUN SEN

Has Informed to
Samdech Akka Moha Sena Padei Decho HUN SEN,
The Prime Minister of the Royal Government of Cambodia

Ministry of Agriculture, Forestry and Fisheries
Signature

CHAN SARUN

No. 591 S.N

Soy Sokha

APPENDIX OF THE LAW ON AGRICULTURAL COOPERATIVE

Glossary

1. **Liquidation:** Process of liquidation of all properties of agricultural cooperatives dissolved in order to pay back creditors, return the investment to members, and to divide leftover properties in accordance with the law on or statute of agricultural cooperatives.
2. **Agri-business:** Business activities related to agricultural sector, such as agricultural inputs supplies (crop seeds, fertilizers, pesticides); supply of machinery and agricultural equipment; wholesale; retail; market creation; and sale of agricultural products.
3. **Agro-industry:** Pre- and post-harvest activities such as classification, packaging, transportation, storage, processing of agricultural produce in order to add value and quality for domestic markets and for export.
4. **Balance sheet:** Financial matrix that shows cooperative's properties/assets.
5. **Gross profit:** Total economic performance at the end of period resulting from business transactions of agricultural cooperatives.
6. **Net profit:** Budget leftover at the end of period resulting from gross profit subtracted by reserve fund, training fund, and other funds set up by agricultural cooperatives.
7. **Agricultural production system:** All agricultural production tasks including all types of cropping, animal husbandry, aquaculture, tree-planting, and other cultures within the framework of agricultural sector.
8. **Share:** Part of cooperative capital that members subscribed for purpose of jointly doing business activities.
9. **Agricultural economic enterprise:** Any agricultural enterprise that does economic activities within framework of agricultural production system, agro-business, agro-

industry, or services related to agricultural production system.

10. **Services related to agricultural production:** All services that support the promotion of agricultural production, including loan services; saving; deposit; transportation; marketing of agricultural produce, or agricultural technique training; agricultural equipment supply services; land preparation services; fuel supply services; services to eliminate harms of all kinds to crops; and other services used in agricultural production system.
11. **Audit:** Inspection and advice provided for agricultural cooperatives focusing on economic activities, account book, and business activities of cooperatives.
12. **Registration entity:** Provincial/ Municipal Departments of Agriculture and Department of Agricultural Cooperative Development who are tasked with registration of agricultural cooperatives, unions of agricultural cooperatives, and Cambodian Agricultural Cooperative Alliance.

Principles of Agricultural Cooperative

1st Principle: Voluntary and Open Membership

Agricultural co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic management by members

Agricultural co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary agricultural co-operatives members have equal voting rights (one member, one vote) and agricultural co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their agricultural co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the agricultural co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Agricultural cooperatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their agricultural co-operative autonomy.

5th Principle: Education, Training and Information

Agricultural cooperatives shall provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their agricultural co-operatives. They inform the general public particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Cooperation among Cooperatives

Agricultural cooperatives shall serve their members most effectively and strengthen the agricultural co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Agricultural cooperatives shall work for the sustainable development of their communities through policies approved by their members.