

**Kingdom of Cambodia  
Nation Religion King**

No. NS/

PREAH REACH KRAM

**We**

**Preahbath Samdech Preah Norodom Sihanouk Reach Harivong Uphatosucheat Visothipong  
Akamohaborasratanak Nikarodom Thammikmohareacheathireach Boromaneat Boromabopit Preah  
Chau Krong Kampuchea Thipdey**

- Referring to the 1993 Constitution of the Kingdom of Cambodia;
- Referring to Reach Kret of September 24, 1993 on the Appointment of the First Prime Minister and the Second Prime Minister of the Royal Government of Cambodia;
- Referring to Reach Kret of November 1, 1993 on the formation of the Royal Government of Cambodia;
- Referring to Reach Kram No. 02/NS/RKM/94 of July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Referring to Reach Kret No. NS/RKT/1094/83 of October 24, 1994 on the Reorganization of the Composition of the Royal Government of Cambodia;
- Referring to Reach Kret No. NS/RKT/1094/90 of October 31, 1994 on the Reorganization of the Composition of the Royal Government of Cambodia;
- Referring to Reach Kram No. NS/RKM/0196/18 of January 24, 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Pursuant to the proposal of the First Prime Minister and the Second Prime Minister and the Senior Minister in charge of Rehabilitation and Development and Minister of Economy and Finance.

**HEREBY PROMULGATE**

The Law on Financial Management for the year 1997 which was adopted by the National Assembly of the Kingdom of Cambodia on December 30, 1996, during the 7th session of the first legislature.

**LAW ON FINANCIAL MANAGEMENT IN 1997**  
**CHAPTER I**  
**General Provision on Revenues and Expenditures of the State Budget**

**Article 1:** It shall be authorized for the financial year 1997 to raise State budget revenue from taxes, contributions, custom duties, revenues and other incomes as well as to mobilize counterpart fund and loans as determined in Table "A" of this Law for a total amount of CR 1,496,500 million allocated into:

Current revenue:	CR 885,000 million
Capital revenue:	CR 611,500 million

**Article 2:**

The maximum amount of credit expenditures of the State budget for financial year 1997 shall be limited to CR 1,496,500 million categorized as:

Current Expenditures:	CR 870,000 million
Capital Expenditures:	CR 626,500 million

**Article 3:**

The maximum amount of credit for the State's current expenditures for management in 1997 is limited to 870,000 Million Riel.

Credit will be divided to each ministry and similar institute by category of the budget as specified in the attached Table "B".

**Article 4:**

The amount of the government's credit programs for management in 1997 - 1999 is limited to 3,880,810 Million Riels.

Credit will be divided to each ministry in conformity with programs, projects, and years as described in the attached Table "C".

**Article 5:**

The maximum amount of engagement credit and payment credit for capital expenditures of the state's budget for management in 1997 is limited as following:

**A. Investment by foreign financing:**

Engagement credit:	.....	733,000 Million Riel
Payment credit:	.....	488,000 Million Riel

**B. Investment by domestic financing:**

Engagement credit	.....	122,800 Million Riel
Payment credit	.....	122,800 Million Riel

**C. Amortization of Public Debt**

Engagement credit	.....	15,700 Million Riel
Payment credit	.....	15,700 Million Riel

These credits will be divided between the ministries and similar institutes by the budgetary chapter specified in the attached Table "C".

**Article 6:**

In order to prevent the imbalance of the budget caused by insufficient income, the Minister of Economy and Finance, conforming to article 45 of Law on the Financial System which was promulgated by Royal Decree No. 01 NS 93 dated December 28, 1993, is entitled to take measures to close all credit on unnecessary expenses when the collection of taxes and excise taxes on foreign trade or the forest products do not reach the budgetary

planning levels which was enacted by the national assembly, and this imbalance continues for 3 months. In this situation, the prohibited credits shall not be available to ministers who are the principal entitled person or governors of provinces and municipals who are the delegated entitled persons.

All government contracts funded by credit shall be considered void and shall have no effect on the treasury.

## **CHAPTER II**

### **Provisions**

#### **On Responsibilities of person in charge of Public Cash**

##### **Article 7:**

The heads of Administrative Institutions and the principal entitled persons as well as the delegated entitled persons are strictly prohibited to take any measure which causes an increase in the general credit of the state's budget which is not specified in the Financial Law or any Law, Sub-Decree, or Regulation in existence prior to such contract of expenditure.

##### **Article 8:**

In compliance with the provision of article 18 of the Law on Financial System which was promulgated by the Royal Decree No. 01-93 dated December 28, 1993, the following performances are considered managerial offenses against the State:

Any action conducted against the provisions stipulated in chapter 3 of this law.

Any action under an expenditure contract which exceeds the budgetary credit approved by the National Assembly, except credits allocated for salary and social allowances, debt, services, and the repayment of loans, as well as contributions to International Organizations.

Any action which seeks to increase the amount of the budgetary credit approved by the National Assembly using the special sources apart of the case determined by the existing Law and Regulation and by International Convention that the Parliament approved.

Any severe mistake causing the loss of money under the Public Finance responsibility.

Any action in management committed against the Laws, Sub-Decrees, and Regulations that apply to the State's incomes and expenditures.

##### **Article 9:**

Heads of Administrative Institutes, principal entitled persons, delegated entitled persons, and officials and other agents of the State, are individually responsible for the actions committed against the provisions specified in this chapter.

## **CHAPTER III**

### **Provisions**

#### **On Loans and the Guarantee of the State**

##### **Article 10:**

The maximum amount that the Minister of Economy and Finance is authorized to borrow is 160,000,000 SDR (one hundred sixty million SDR) for the year 1997.

In this condition, the Minister of Economy and Finance is the sole entitled person, upon the written delegation from the two Co-Prime Ministers of the Royal Government, to sign the loan contract for the account of the State's general budget or the State's guarantee.

The loan to be contracted for in the above stated amount must be a concessional loan which shall be reimbursed with soft interest. However, the Minister of Economy and Finance, in collaboration with the National Bank, is authorized to sell treasury bonds in an amount limited to 25,000 Million Riel for the purpose of eliminating the budget deficit or solving urgent cash requirements. Conditions of selling these treasury bonds must be defined by legal rules and regulations.

All loans and guarantees of the Government under commercial conditions for the budget management for 1997 are prohibited.

**Article 11:**

Non of the Ministry or Public Institute of the Government are authorized to sign for publishing the long-term, medium and short-term check or supplier credit or in form of responsibility to borrow or guarantee the contract which has been signed by Public or Private Institutes or to sign the contract under different form which must be repaid on due time or through the year which is not under the authorization of the Financial Law and other conditions that this law has specified.

**Article 12:**

All conditions of each operation must be determined by a sub-decree that is based upon the report of the Minister of Economy and Finance.

The Minister of Economy and Finance must report on the implementation of the provisions in this chapter to the National Assembly every six months.

**CHAPTER IV  
Final Provisions**

**Article 13:**

All others provisions contrary to this Law shall be considered as null and void.

**Article 14:**

This Law shall be promulgated as urgent.

Phnom Penh, 31 December 1996  
Royal Signature and Seal

NORODOM SIHANOUK VARMAN

The first Prime Minister    The Second Prime Minister

Senior Minister in Charge of  
Rehabilitation and Development,  
Minister of Economy and Finance  
Vice Chairman of CDC

Norodom RANARIDDH

HUN SEN