

0301/05



Royal Kram

**We,
PREAH BAT SAMDECH PREAH NORODOM SIHANOUK
REACH HARIVONG UPHATO VISOTHIPONG AKAMOHABORASRAT
NIKARODOM THAMMIK MOHAREACHEATHIREACH
BOROMANEAT BOROMABOPIT
PREAH CHAU KRONG KAMPUCHEA THIPDEY**

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. 0399/01 dated 8 March 1999, officially promulgating the amendment to Articles 11, 12, 13, 18, 22, 24, 26, 28, 30, 34, 51, 90, 91, 93 and Articles of Chapter 8 to 14 of the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree 1198/72 dated 30 November 1998 on the appointment of the Royal Government of Cambodia;
- Having seen Royal Kram No. 02/94 dated 20 July 1994, promulgating the Law on the Organization and Functioning of the Council of Minister;
- Having seen Royal Kram No. 0196/08 dated 24 January 1996, promulgating the Law on the Establishment of the Ministry of Interior;
- As per proposals of the Samdech Prime Minister and Co-Ministers of Interior

HEREBY PROMULGATE

The Law on the Administration and Management of Commune/Sangkat that was passed by the National Assembly on 12 January 2001 during the fifth session of its second legislature and approved by the Senate on its form and legal concepts on 01 February during the fourth session of its first legislature and was declared as constitutional by the Constitutional Council by decision No. 041/003/2001 dated 28 February 2001, the entire content of which is as follows:

**The Law
on
The Administration and
Management of Commune/Sangkat**

Chapter 1

General Provisions

Article 1: This Law has its purpose to determine the administration and management of all communes/sangkats following the policy of decentralization.

Article 2: Commune/Sangkat is the legal entity.

Article 3: The system of local governance shall be implemented at commune/Sangkat level.

Article 4: The power to govern and manage commune/Sangkat is derived from the general, universal, free and fair, equal, direct and secret vote within the framework of each commune/Sangkat.

Article 5: A commune/Sangkat governs local affairs within its territory based on the Constitution, laws, Royal decrees, sub-decrees, proclamations (Prakas) and relevant legal instruments.

The legislative and executive powers for local governing shall be vested to commune/Sangkat and these powers shall be implemented in conformity with the Constitution, laws, Royal decrees, sub-decrees, proclamations (Prakas) and relevant legal instruments.

Article 6: The establishment, disestablishment and change of commune/Sangkat boundary and name shall be determined by sub-decree following the proposal of the Minister of Interior, in case of not affecting the boundary of the relevant provinces/municipalities.

In case of affecting the boundary of the relevant provinces/municipalities, the establishment, disestablishment and change of commune/Sangkat boundary and name shall be determined by a Royal-decree following the proposal of the Prime Minister based on the proposal of the Minister of Interior.

Article 7: If any consequence occurred after such establishment, disestablishment and change, the Minister of Interior shall issue a proclamation to resolve the consequence in accordance with the applicable laws and provisions.

Article 8: Any commune/Sangkat which is unable to hold the election of Commune/Sangkat Council due to force majeure, the Royal Government shall report to the National Assembly.

After reporting to the National Assembly, the Royal Government shall designate the Ministry of Interior to provisionally manage that commune/Sangkat and the election of that Commune/Sangkat Council shall be held when the situation becomes normal.

Chapter 2

Commune/Sangkat Council

Article 9: Each commune/Sangkat shall have a council, called the Commune/Sangkat Council.

Commune/Sangkat Council is the body representing residents of its commune/Sangkat and shall have mission to serve general interests of its commune/Sangkat.

Article 10: Commune/Sangkat Council shall be elected by residents of its commune/Sangkat in accordance with the procedures prescribed in the Law on the Election of Commune/Sangkat Councils.

Article 11: A Commune/Sangkat Council shall have a 5-years mandate, and shall be expired when a new Commune/Sangkat Council holds the office.

During the transitional period, the expired Commune/Sangkat Council shall carry out duties on daily basis only.

Article 12: Each Commune/Sangkat Council shall have from 5 to 11 members, based on demography and geography.

The actual number of councilors in each commune/Sangkat shall be determined by a sub-decree following the proposal of the Minister of Interior.

The determined number of councilors of a Commune/Sangkat Council, may be changeable by a sub-decree following the proposal of the Minister of Interior due to the change of demography and geography.

The new additional councilors of the Commune/Sangkat Council are elected in accordance with procedures applied to other councilors.

Article 13: Commune/Sangkat Council shall have a chairman, called the Presiding councilor of the Commune/Sangkat Council.

The Presiding councilor of the Commune/Sangkat Council shall have duties to:

- Preside over the meeting of his/her Commune/Sangkat Council;
- Ensure that the Commune/Sangkat Council meet at least once a month;
- Ensure that the meeting of his/her Commune/Sangkat Council is properly held in accordance with rules and regulations stipulated in the internal rules and regulations of the Commune/Sangkat Council and provisions of Article 23 of this Law;
- Maintain good order of the meeting.

Article 14: Khmer citizens of both sexes who are eligible and intend to stand as a candidate for the election of Commune/Sangkat Council shall fulfill the following requirements:

- Khmer nationality at birth;
- Able to read and write Khmer script;

- Is registered in the list of voters in the commune/Sangkat where he/she stands as a candidate for the election;
- At least 25 years of age on the day of the election of Commune/Sangkat Council;
- Having sufficient qualifications as prescribed in the Law on Elections of Commune/Sangkat Councils.

Article 15: A Commune/Sangkat Council shall be elected in accordance with a system of proportional representation.

Article 16: A Commune/sangkat Councilor shall lose his/her membership at one of the following cases:

- He/she deceased;
- He/she lost professional aptitude as certified by competent ministries or institutions;
- He/she resigns in writing from Commune/Sangkat Councilor;
- He/she is sentenced to prison by a court for felony or misdemeanors;
- He/she is dismissed for contravening the internal rules and regulations of the Commune/Sangkat Council in terms of Article 84 of this law;
- The entire Commune/Sangkat Council is dissolved;
- He/she lost membership from his/her political party.

When a Commune/Sangkat Councilor loses his/her membership, a candidate whose name is in order from the top of the same list of candidates shall be selected as a replacement without necessarily holding a by-election.

Article 17: A by-election shall be held within a period of not later than 120 days, in order to elect a Commune/Sangkat Council, for one of the following cases:

- The newly established commune/Sangkat in terms of provisions of Article 6 of this Law;
- Commune/Sangkat Council is dissolved in terms of provisions of Articles 57 and 58 of this Law;

A by-election as prescribed above, shall be held in accordance with the formalities and the procedures provided in the Law on the Elections of Commune/Sangkat Councils.

The mandate of the Commune/Sangkat Council established by the above by-election shall be equal to the remaining mandate of the Commune/Sangkat Council.

A by-election shall not be permitted to hold, if the remaining mandate of the Commune/ Sangkat Council is not more than 180 days.

Within this period, the Minister of Interior shall appoint a commission and determine the competencies and methods to manage that commune/Sangkat until the election of Commune/sangkat Council for the next mandate is held.

Article 18: The commune/Sangkat boundary may be changed only in the case that it does not change the number of elected Commune/Sangkat councilors.

A new commune/Sangkat may be established only in case that it does not change the number of the concerned Commune/Sangkat Councilors.

In case that the establishment, disestablishment or the change of boundary of a commune/Sangkat causes the change of the number of elected Commune/sangkat Councilors, such establishment, disestablishment or change of boundary of that commune/Sangkat shall take effect at the election of Commune/Sangkat Council for the next mandate.

Article 19: The first meeting of a Commune/Sangkat Council shall be convened within 14 days after the Commune/Sangkat Council has been officially declared elected. This meeting shall be presided over by an official designated by the Minister of Interior in order to declare the validity of Commune/Sangkat Councilors, the presiding councilor of the Commune/Sangkat Council, chief and deputy chiefs of the commune/Sangkat.

Article 20: Before commencing working, each Commune/Sangkat Council shall prepare and adopt the internal rules and regulations to determine rules for meetings and work proceedings.

The Minister of Interior must issue an instruction concerning the principles to be used as a basis for the preparation of above internal rules and regulations.

Article 21: Commune/Sangkat Council shall meet at least once a month.

Commune/Sangkat Council shall hold meeting in its commune/Sangkat office or, when it is necessary, the chairman of the meeting may choose any place in its commune/ Sangkat to hold the meeting.

Article 22: The meeting of a Commune/Sangkat Council shall be valid when it is participated by more than half of the entire Commune/Sangkat Councilors.

The following matters shall be approved by absolute majority votes of the entire councilors:

- Approval of commune/Sangkat development plans;
- Approval of commune/Sangkat budgets;
- Imposition of local fiscal taxes, local non fiscal taxes and other service charges;
- Commune/Sangkat internal rules and regulations and commune/Sangkat resolutions;
- Other affairs determined by the Minister of Interior.

At the time of approval, if there is equality of votes, the vote of the chairman of the meeting shall prevail.

Article 23: The meetings of the Commune/Sangkat Council shall be held in public and in democratic manner.

The Commune/Sangkat Council may conduct secret meetings.

The Minister of Interior shall issue an instruction concerning the procedures for the above meetings.

Article 24: Commune/Sangkat Councilors are free to express opinions at the meetings of Commune/Sangkat Council.

No Commune/Sangkat Councilor may be accused, arrested or detained because of expressing opinions or speech at the meetings of Commune/Sangkat Council.

Chapter 3 **Administrative Structure of Commune/Sangkat**

Article 25: A commune/Sangkat administration shall be managed by a Commune/Sangkat Council.

The Commune/Sangkat Council shall have a presiding councilor of the Commune/Sangkat Council.

The presiding councilor of the Commune/Sangkat Council is the commune/Sangkat chief.

Article 26: A commune/Sangkat chief shall have assistants as follows:

A commune chief (*Mékhum*) has two assistants:

- A first deputy chief (*Chomtop Timoy*);
- A second deputy chief (*Chomtop Tipi*)

A Sangkat chief (*Chau-Sangkat*) has two assistants:

- A first deputy chief (*Chav-Sangkat Rong Timoy*);
- A second deputy chief (*Chav-Sangkat Rong Tipi*).

Article 27: A commune/Sangkat chief shall have rights to appoint various committees to give advice and to assist various affairs as necessary.

The above committees may have any Commune/Sangkat Councilor as the president or any citizen who are entitled to vote in its commune/Sangkat rather than the councilor as the president.

Article 28: Commune/Sangkat shall have a staff within the administrative framework of the Ministry of interior as a clerk.

A clerk of commune/Sangkat shall be appointed by the Minister of Interior to assist the affairs of commune/Sangkat and to ensure continuity of administrative affairs of commune/Sangkat.

The commune/Sangkat clerk may be changed upon request by commune/Sangkat chief following the decision of the Commune/Sangkat Council.

Article 29: Commune/Sangkat may employ staff outside the state framework to assist its affairs according to working requirement and necessity, and at the decision

of Commune /Sangkat Council in the mandate and his/her appointment may be extended by the decision of the Commune/Sangkat Council of the following mandate.

Article 30: In the objective to promote the effectiveness of commune/Sangkat management, each Commune/Sangkat Council shall select a village chief for each village subjected to the commune/Sangkat.

The Minister of Interior shall issue an instruction concerning the formalities and procedures for selecting the village chief, taking office, changing of village chief and appointment of village chief assistant.

Article 31: The village chief shall have the following duties:

- Implement duties vested to him/her by Commune/Sangkat Council or commune/Sangkat chief to ensure security, public order and socio-economic development in the village;
- Give opinions to Commune/Sangkat Council on matters relating to the interests of his/her commune/Sangkat;
- Seek for advice from Commune/Sangkat Council or commune/Sangkat chief to manage and facilitate affairs in his/her commune/Sangkat.

The Minister of Interior shall issue additional guidelines on appropriate manner of working and carrying out duties in villages.

Article 32: The presiding councilor of Commune/Sangkat Council who is the commune/Sangkat chief shall be selected from the candidate who is on the top of the candidate list that receives majority votes.

The presiding councilor of the Commune/Sangkat Council who is the commune/Sangkat chief shall have equal mandate with the mandate of Commune/Sangkat Councilors.

Article 33: The first deputy chief of commune/Sangkat shall be selected from the candidate whose name is on the top of candidate list that receives second majority votes.

The second deputy chief of a commune/Sangkat shall be selected from the candidate whose name is on the candidate list that receives third majority votes.

Article 34: In case that the official result of the election of any Commune/Sangkat Council supports only one candidate list that is qualified to receive all seats of the council, the councilors of the same list shall be selected to hold the positions as commune/Sangkat chief, first and second deputy chief of the commune/Sangkat.

Article 35: In case that the official result of the election of any Commune/Sangkat Council supports only two candidate lists that are qualified to receive seats of the Council, the candidate who is the councilor on the second top of the list that receives majority votes shall be selected to hold a position as the first deputy chief of commune/Sangkat and the councilor who is the candidate on the top of the list that

receives second majority votes shall be selected to hold a position as the second deputy chief of commune/Sangkat.

Article 36: The position of presiding councilor of the Commune/Sangkat Council who is the commune/Sangkat chief shall cease when the concerned person lost membership of Commune/Sangkat Council as prescribed in paragraph 1, Article 16 of this Law.

Article 37: The position of a presiding councilor of a Commune/Sangkat Council, a commune/Sangkat chief and a Commune/Sangkat Councilor, if one of the positions is ceased, all the above positions of that person shall also be ceased at the same time.

In the above case, a councilor whose name is on the second top of the same list with the former presiding councilor and commune/Sangkat chief who ceased from the position shall be selected to hold the position as a presiding councilor of the Commune/ Sangkat Council and as the commune/Sangkat chief and a new councilor shall be selected to fill the vacancy as prescribed in paragraph 2, Article 16 of this Law.

In case that the candidate list that holds the positions of the presiding councilor of Commune/Sangkat Council and as the commune/Sangkat chief is running out of its Councilor, a councilor of Commune/Sangkat Council shall be selected from the same candidate list as prescribed in Paragraph 2 Article 16 of this Law and this councilor shall hold the position of the presiding councilor of Commune/Sangkat Council and commune/Sangkat chief to replace the presiding councilor of Commune/Sangkat Council and commune/Sangkat chief who ceased from the position.

In the above terms, the ceasing and the holding of a position as presiding councilor and commune/Sangkat chief shall be made by a proclamation of the Minister of Interior within a period of 14 days.

Article 38: The first or second deputy chief of a commune/Sangkat shall cease from the position if he/she lost membership of Commune/Sangkat Council as prescribed in Article 16 of this Law.

In case that the position of the first or second deputy chief of a commune/Sangkat is ceased, the position of councilor of Commune/Sangkat Council of that person is also ceased at the same time.

In the above case, a councilor who is a candidate whose name is on the second top of the same candidate list with the first or second deputy chief of commune/Sangkat shall be selected to hold the position to replace the deputy chief who ceased from the position and a new councilor shall be selected to fill the vacancy as prescribed in Paragraph 2, Article 16 of this Law.

In case that the candidate list that holds the position of the first or second deputy chief of the commune/Sangkat is running out of its councilor, a candidate from that list shall be selected as commune/Sangkat councilor as prescribed in paragraph 2 Article 17 of this Law and this councilor shall be offered a position as first or second

deputy chief of commune/Sangkat to replace the position of first or second deputy chief of commune/Sangkat who ceased from the position.

Based on the above terms and the conditions provided in Article 33 of this Law, the ceasing and the holding of a position as the first or the second deputy chief of a commune/ Sangkat shall be made by a proclamation of the Minister of Interior within a period of not later than 14 days.

Article 39: The presiding councilor of a Commune/Sangkat Council shall perform the following duties:

- Implement the decisions of Commune/Sangkat Council;
- Implement various rules and principles received from Commune/Sangkat Council;
- Prepare reports on work performance to be submitted to his/her Commune/Sangkat Council at least once a month;
- Give other opinions and assist the Commune/Sangkat Council to prepare financial planning and to carry out roles, functions and powers of the Commune/Sangkat Council and other affairs vested to him/her by the Commune/Sangkat Council.

Article 40: The deputy chiefs of a commune/sangkat are assistants of the commune/Sangkat chief in implementation of duties assigned to him/her by the commune/Sangkat chief and to replace the commune/Sangkat chief, in order of hierarchy, when the commune/Sangkat chief is absent.

The duties of the deputy chiefs of a commune/Sangkat shall be divided as follows:

The first deputy chief shall assist commune/Sangkat chief on financial and economic matters.

The second deputy chief shall assist commune/Sangkat chief on matters of administration, social affairs, public services and public orders.

Commune/Sangkat may assign duties in addition to duties prescribed above to his/her deputy chiefs.

Chapter 5

Duties, Functions and Powers of of Commune/Sangkat Administration

Article 41: Commune/Sangkat administration shall have duties to promote and support good governance by managing and using available resources in sustainable manner to meet the basic needs of its commune/Sangkat for serving the common interests of the residents and respect the national interests in consistence with the general policy of the State.

Article 42: Commune/Sangkat shall have two types of roles as follows:

- The roles to serve local affairs for the interests of commune/Sangkat and its residents;

- The roles as an agent to represent the state under the appointment or delegation of power by the state authority.

Article 43: Concerning the roles to serve local affairs, commune/Sangkat shall have duties to:

- Maintain security and public orders;
- Arrange necessary public services and be responsible for the good process of those affairs;
- Encourage the creation of contentment and well-being of the citizens;
- Promote social and economic development and upgrade the living standards of the citizens;
- Protect and conserve the environment, natural resources and national culture and heritage;
- Reconcile concepts of citizens to have mutual understanding and tolerance;
- Perform general affairs to meet the needs of citizens.

Article 44: Concerning the roles as an agent to represent the state, the commune/Sangkat shall have duties to comply with laws, Royal decrees, Sub-decrees, proclamations and other concerned legal instruments.

In this case, the state authority may delegate powers to the commune/Sangkat, together with the increase of capacity and providing with means, materials and budgets for implementation.

The above delegation of powers shall be applied to the collectivity of Commune/Sangkat Council only.

Article 45: Commune/Sangkat administration shall have no power to decide on the following affairs:

- Forestry
- Post and telecommunication;
- National defense;
- National security;
- Monetary;
- Foreign policies;
- Fiscal policies; and
- Other fields prescribed in laws and relevant legal instruments.

Article 46: The roles, duties and powers of the commune/Sangkat provided in Articles 42, 43 and 44 of this Law, apply only within the territorial jurisdiction of the commune/Sangkat.

When there is a problem relating to competence of two or more communes/Sangkats, the Minister of Interior shall arrange for mediation between the concerned administrations.

Article 47: Roles, functions and powers provided in Articles 42, 43, 44 and 45 of this Law, may be dealt with in details by a sub-decree following the proposal of the Minister of Interior.

Article 48: A commune/Sangkat shall have legislative and executive powers.

Legislative power of a commune/Sangkat shall be exercised through the resolutions of the commune/Sangkat to manage affairs within the framework of its duties, functions, and powers.

Resolutions of a commune/Sangkat shall be made by decisions of the Commune/Sangkat Council and shall be signed by the chief of the commune/Sangkat.

The commune/Sangkat shall publicly and immediately disseminate the adopted resolutions within its commune/Sangkat.

Article 49: The resolutions of a commune/Sangkat shall be effective for the implementation within its territory only.

The resolutions of a commune/Sangkat shall not be contradictory to the Constitution, laws, Royal decrees, sub-decrees and proclamations and relevant legal instruments.

Any resolution made by a commune/Sangkat administration and is contradictory to the Constitution, laws, Royal decrees, Sub-decrees, proclamations and concerned legal instruments shall be abrogated.

The Minister of Interior shall issue written notice on this abrogation to the concerned commune/Sangkat and shall disseminate it publicly.

Article 50: The Minister of Interior shall issue a guideline on formalities and procedures so that commune/Sangkat prepares resolutions in accordance with situation within its commune/Sangkat.

Article 51: A Commune/Sangkat Council may delegate powers to the chief of the commune/sangkat in accordance with the instructions of the Minister of Interior, except the following matters:

- The adoption of commune/Sangkat budget plans;
- The imposition of prices for local fiscal taxes, local non-fiscal taxes and fees for various service charges;
- The voting to adopt internal rule and regulation and resolutions of commune/Sangkat;
- The adoption of commune/Sangkat development plans;
- Other matters determined by the Minister of Interior.

The chief of a commune/Sangkat to whom powers are delegated by Commune/Sangkat Council cannot transfer these powers to other persons.

Article 52: A Commune/Sangkat Council that has delegated powers to the chief of commune/Sangkat remains responsible for any affairs that have been delegated.

The revocation of delegated power shall not affect the validity of affairs that have been performed.

Chapter 5

Monitoring, control and intervention

Article 53: The Minister of Interior shall determine procedures for monitoring and control of the general activities of commune/Sangkat in order to:

- Examine the legality of work management, exercise of powers and the performance of roles and duties of each commune/Sangkat;
- Examine the evolution of capacity of communes/Sangkats;
- Assess interventions and supports to be provided to commune/Sangkat to strengthen capacity of work management, the exercise of powers and the performance of roles and duties.

Concerning monitoring, control and intervention of a commune/Sangkat, the Minister of Interior may share powers with the officials representing the Royal Government at the provincial/municipal, district/Khan territorial administration to assist these affairs according to work necessity.

Article 54: The Minister of Interior shall intervene any commune/Sangkat that failed to perform duties required by laws so that these duties shall be performed immediately.

Duties required by laws are the ones that Commune/Sangkat Council is obliged to fulfill in accordance with requirements of laws, Royal-decrees, sub-decrees, proclamation or internal rule and regulation and resolutions of commune/Sangkat.

Article 55: Monitoring, control and intervention shall include:

- Investigation and evaluation;
- Issuance of written instructions to the Commune/Sangkat Council to carry out duties required by laws;
- Taking over duties required by laws.

Article 56: The intervention provided in Paragraph 1, Article 54 of this Law shall be reasonable and consistent with the size of affairs that the Commune/Sangkat Council failed to fulfill as required by laws by allying with necessary instruction and support so that the Commune/Sangkat Council is able to fulfill as normally required by laws.

The Minister of Interior shall be entitled to enter into written agreement with any individual or any organization or issue written instruction to officials representing the Royal Government at provincial/municipal and district/Khan territorial administration to perform necessary work to intervene on his behalf on any affairs.

Article 57: If the intervention on one or some duties required by laws has not achieved result within the period of 6 months and the Commune/Sangkat Council generally fails to carry out duties required by laws, the Minister of Interior shall dissolve the Commune/Sangkat Council and by-election shall be held in accordance with the conditions provided in this Law and the Law on the Election of Commune/Sangkat Council.

Article 58: In case that Commune/Sangkat Council conduct activity against the Constitution, the policies of the Royal Government, the Minister of Interior shall dissolve that Commune/Sangkat Council immediately and by-election shall be held to elect Council for that commune/Sangkat in accordance with provisions of this Law and the Law on the Election of Commune/Sangkat Council.

Article 59: A unit subjected to the Ministry of Interior shall be created as a secretariat to deal with local affairs.

The organization and functioning of this unit shall be determined by a Sub-decree following the proposal of the Minister of Interior.

Chapter 6

Commune/Sangkat development plans

Article 60: The Commune/Sangkat Council shall prepare, adopt and implement commune/Sangkat development plans for the purpose of determining vision, program and development for its commune/Sangkat.

Article 61: Commune/Sangkat development plans shall be compatible with national socio-economic development plan.

Article 62: Commune/Sangkat development plans shall be approved by Commune/Sangkat Council within the first year of Commune/Sangkat Council's mandate and shall be reviewed and updated annually by its Commune/Sangkat Council in order to provide new data.

Article 63: In the preparation of commune/Sangkat development plans, the Commune/Sangkat Council shall take the following measures:

- Evaluation of the existing level of development and development activity in its commune/Sangkat;
- Gathering all needs of commune/Sangkat and prioritizing those needs based on available resources of the commune/Sangkat and resources received;
- Preparation of programs which may respond to various needs through the provision of services and development and all these programs shall be included in the annual budget of the commune/Sangkat;
- Provision of services and development in accordance with its budget;
- Monitoring and evaluation of the results of implementation of development plans.
- Use of various results to evaluate the level of new development in its commune/Sangkat;
- Reporting the results of implementation of commune/Sangkat development plans to the residents of its commune/Sangkat.

The Commune/Sangkat Council shall conduct activities in a way that is consistent with its commune/Sangkat development plans.

Article 64: The commune/Sangkat development plans shall be prepared in writing and shall have maps, statistics and other relevant documents attached to it.

The commune/Sangkat development plans shall also determine methodologies and means to enable the residents of its commune/Sangkat to participate in the entire process.

Article 65: In case that any commune development plans are prepared not in a way that is consistent with the requirements of this Law, the Minister of Interior shall advise the Commune/Sangkat Council to adjust its plans within 45 days after receiving a copy of these plans.

The Commune/Sangkat Council shall adjust its commune development plans in accordance with the advice of the Minister of Interior.

Article 66: Commune/Sangkat Council shall monitor, control and evaluate the implementation of plans, programs, projects and the provision of services with transparency and strong accountability.

Article 67: Commune/Sangkat Council shall remain responsible for monitoring, control and evaluation of plans, programs and projects even these affairs are implemented by whatever composition that it has chosen.

Article 68: The Minister of Interior shall instruct Commune/Sangkat Council on methods to implement plans and to monitor, control and evaluate the use of fund for commune/Sangkat development plans.

Article 69: Commune/Sangkat Council shall prepare an annual report on:

- Prioritized affairs and target for provision of services and development plans of commune/Sangkat of the previous years;
- Results of implementation of prioritized affairs and target for provision of services and development plans of the commune/Sangkat;
- Measures to better various fields that there have been defects in the implementation so far;
- Prioritized affairs and target for provision of services and develop plans of commune/ Sangkat in current fiscal year.

The Commune/Sangkat Council shall adopt this report not later than 45 days after the end of each fiscal year.

Article 70: After being adopted by Commune/Sangkat Council, a copy of the annual report provided in Article 69 of this Law shall be:

- Submitted to the Minister of Interior;
- Retained for public uses;
- Distributed to important organizations, associations and publics with cost of production shall be charged.

Article 71: The Commune/Sangkat Council shall consider comments that are made to the report stipulated in Articles 69 and 70 of this Law and good comments shall be incorporated into Commune/Sangkat development plans.

Article 72: The Minister of Interior shall consult with relevant Ministries/institutions to issue guidelines to Commune/Sangkat council to practically implement provisions stipulated in Chapter 6 of this Law.

Chapter 7

Commune/Sangkat Finances

Article 73: The Commune/Sangkat shall have its own financial resources, budgets and assets.

Article 74: The commune/Sangkat shall be entitled to own revenues from fiscal taxes, non-fiscal taxes and service charges.

The above taxes include land tax, tax on immovable properties and rental tax.

In case that the Ministry of Economy and Finance collects direct revenues of commune/Sangkat, this collection shall be conducted in the name of commune/Sangkat.

Types, levels and procedures for the collection of the above fiscal taxes, non-fiscal taxes and services charge shall be determined by a law.

Article 75: The commune/Sangkat is entitled to grant resource from the national revenues for its budget.

The grant resources includes:

- Complete or partial transfer of specific revenues from fiscal taxes and non-fiscal taxes of the state;
- Endowment, grant resource, subsidy or transfer from the state revenue.

The above grant resources shall be provided to commune/Sangkat through provincial/municipal treasury.

The preparation and procedures for transferring the above grant resources shall be determined by a sub-decree.

Article 76: Each commune/Sangkat is entitled to receive fees for the performance of agency functions representing the state as assigned to it by the Royal Government or any ministry/institution of the Royal Government.

The above fees are supplementary to the revenues of the commune or to various grant that commune/Sangkat received from the state.

The Royal Government or any Ministry/institution of the Royal Government shall provide appropriate fees to commune/Sangkat that performs agency functions as stated above.

In case that the power or function of the state is permanently delegated to the commune/Sangkat, the Royal Government shall prepare a long term financial resources to be provided to the commune/Sangkat.

The preparation of the above fees shall be determined by a sub-decree.

Article 77: The state shall establish commune/Sangkat Fund.

Commune/Sangkat Fund shall be established in order to transfer national revenues and other revenues to commune/Sangkat budget.

The transfer of the national revenues to the above Fund shall be conducted by a specific formula or rate for the period of not less than three years and not more than 5 years to be determined by a sub-decree.

Procedures for practical implementation of this Article shall be determined by a sub-decree.

Article 78: The Commune/Sangkat Fund acquired from:

- The grant of a specific portion of the state revenues from the annual state budget determined by a sub-decree;
- Transfer and loan from sources inside and outside the country;

The granting of annual resources to commune/Sangkat through Commune/Sangkat Fund shall be made in accordance with a formula to be determined by a sub-decree.

The manner for organizing, the rule for use and procedures for withdrawing expenses from the Commune/Sangkat Fund shall be determined by a sub-decree.

Article 79: Commune/Sangkat shall prepare and adopt its budget every year.

Commune/Sangkat budget shall be prepared in a form and adopted within or before a period in conformity with the national budgetary system.

Commune/Sangkat budget must be balanced between total revenues and total expenditures.

Commune/Sangkat may increase the expenditure, but it shall be in consistence with its revenues.

Commune/Sangkat budget shall reflect the priorities and needs of the development plans and investment programs of the commune/Sangkat.

Procedures for preparing and adopting the above budget shall be determined by a sub-decree.

Article 80: Commune/Sangkat shall have no right to get loans.

Commune/Sangkat may not guarantee a loan or any other financial obligations.

Article 81: Commune/Sangkat shall be entitled to the transfer of part of the state's assets as the asset of commune/sangkat.

Commune/Sangkat shall well manage its own assets and assets vested to it by the state.

Commune/Sangkat may use and generate incomes from assets vested to it by the state for management.

Commune/Sangkat shall maintain and protect the assets vested to it by the state and commune/Sangkat shall have no right to sell or transfer the ownership or transfer the use without prior approval from the Minister of Economic and Finance following the approval of the Minister of Interior.

The procedures for management and use of the above assets shall be determined by a sub-decree.

Article 82: Commune/Sangkat shall create a system to manage, monitor and control its finance that includes:

- Financial standards and the actual accounting practice;
- The management of assets;
- Various needs for audition;
- Transparent, effective and accountable management of finance.

A system for management, monitor and control of commune/Sangkat finance shall be determined by a sub-decree.

Article 83: Commune/Sangkat financial regime and asset management shall be subjected to the control of the Ministry of Economy and Finance, after having agreed in principles with the Ministry of Interior.

Chapter 8 Penalty Provisions

Article 84: Regardless of other felony, disciplinary actions shall be taken against any Commune/Sangkat Councilor who fails to follow the provisions of this Law.

Disciplinary actions includes:

- Reprimand at the meeting of Commune/Sangkat Council at which minutes shall be taken;
- If he/she continues to commit offence, part or whole of his/her allowance shall be deducted.

The disciplinary action which requires the deduct of part or whole of allowance as stated above may not be taken unless there is a prior approval from the Minister of Interior following the proposal of the Commune/Sangkat Council.

The deducted allowance shall be the interest of budget of commune/Sangkat.

In case the above two forms of disciplinary action have been taken, but the concerned person do not resolve to stop, the Commune/Sangkat Council may terminate that person from the position as Commune/Sangkat Councilor by the absolute majority votes of the entire Commune/Sangkat Council and a new councilor shall be selected as a replacement in accordance with Paragraph 2, Article 17 of this Law.

In case that disciplinary action is taken against the presiding councilor of the Commune/ Sangkat Council who is the commune/Sangkat chief, any councilor of the Council shall be selected or an official shall be appointed by the Minister of Interior to chair the meeting of Commune/Sangkat Council to take the above disciplinary action.

The official appointed by the Minister of Interior to chair the above meeting shall have no make decision.

Chapter 9

Transitional Provisions

Article 85: To have a basis for organizing the elections of Commune/Sangkat Councils and the administration of Commune/Sangkat, the Minister of Interior shall issue a proclamation to determine the numbers, names and boundary of communes/Sangkats within the territory of the Kingdom of Cambodia not later than nine months before the date of the elections of the first mandate of Commune/Sangkat Councils.

Article 86: After the elections of the first mandate of Commune/Sangkat Council, each Commune/Sangkat Council shall reappoint the chief of villages in its commune/Sangkat in accordance with procedures provided in Article 30 of this Law.

Article 87: In order to facilitate the commune/Sangkat administration following the system of decentralization, an inter-ministerial committee called "the National Committee for Support to Communes/Sangkats" to be chaired by the Minister of Interior shall be established.

The National Committee for Support to Communes/Sangkats shall be established by Royal decree, following the proposal of the Prime Minister.

The National Committee for Support to Communes/Sangkats shall be established after this Law comes into force and shall terminate its mandate 9 months before the date of the elections of Commune/Sangkat Council for the following mandate.

The National Committee for Support to Communes/Sangkats may have sub-committees as necessary.

The National Committee for Support to Communes/Sangkats shall have a unit established in terms of Article 59 of this Law as a secretary.

Article 88: The National Committee for Support to Communes/Sangkats shall have competences to make recommendations to the Ministry of Interior and the Royal Government on the following matters:

- Research to redefine the boundaries of all communes/Sangkats in the Kingdom of Cambodia;
- Division of functions, rights, powers and various duties between the Royal Government and commune/Sangkat and arrangement for coordination between two or more communes/Sangkats;
- Training and capacity building for Communes/Sangkat Councils;

- Arrangement for revenues and fiscal taxes for commune/Sangkat;
- Technical support for communes/Sangkats;
- Seeking for means to provide information and orientate public administration on the process of system of commune/Sangkat management following democracy and decentralization;
- Making recommendations to the Royal Government on the implementation of policy of decentralization under the powers of this Law and making recommendations on public administration reform;
- Drafting legal instruments for the implementation of this Law;
- Sharing opinions on sub-decree relating to commune/Sangkat affairs;
- Establishing the regime of transitional administrative management for commune/Sangkat that is not qualify to implement the policy of decentralization.

Article 89: After the election of Commune/Sangkat Councils of the first mandate, the Minister of Interior may, based on the recommendations of the National Committee for Support to the communes/Sangkats, request for establishing, disestablishing and change of boundary or name of a commune/Sangkat as provided in Articles 6 and 18 of this Law for the process of election of Commune/Sangkat Council for the second mandate.

Chapter 10 **Final provisions**

Article 90: Any provision which is contrary to this Law shall be repealed.

Phnom Penh, 19 March 2001
In the Royal name and as ordered by the King
Acting Head of State
Signature

Chea Sim

Having submitted to
the King for Royal signature
Prime Minister
Signature

Hun Sen

Having informed
Samdech Prime Minister

Co-Ministers of Interior
Signature

Sar Kheng, You Hockry

No. 60
Copy for distribution

Phnom Penh 21 March 2001
Secretary General of the
Royal Government

Nady Tan