



**Kingdom of Cambodia**

**Nation Religion King**

**Royal Government of Cambodia**

**LAW**

**ON**

**AGRICULTURAL COOPERATIVES**

*(Unofficial Translation)*

**2013**



## REAH REACH KRAM

NS/RKM/0613/008

WE

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- Having seen the Constitution of the Kingdom of Cambodia,
- Having seen Preah Reach Kret No. NS/RKT/0908/1055 dated 25 September 2008 on the appointment of the Royal Government of Cambodia,
- Having seen Preah Reach Kram No. 02/NS/94 dated 20 July 1994 promulgating the Law on Organization and Functioning of the Council of Ministers,
- Having seen Preah Reach Kram No. NS/RKM/0196/13 dated 24 January 1996 promulgating the Law on the Establishment of the Ministry of Agriculture, Forestry and Fisheries,
- Having seen the proposal of **Samdech Aka Moha Sena Padei Techo Hun Sen, Prime Minister** of the Kingdom of Cambodia and Minister of Agriculture, Forestry and Fisheries,

## HEREBY PROMULGATE

The Law on Agricultural Cooperatives as adopted by the National Assembly on 09 May 2013 at its ninth plenary session of the fourth legislature, and as adopted by the Senate as to its entire form and legality on 22 May 2013 at its third plenary session of the third legislature, and whose meaning is as follows:

## CHAPTER I GENERAL PROVISIONS

### **Article 1**

The purpose of this Law is to promote voluntary participation of every Khmer citizen whose primary occupation falls within agricultural production systems, agro-industry, agri-business or services related to agricultural production in establishing and developing agricultural cooperatives in order to enhance their economic, social and cultural status and to contribute to the 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 support mechanisms.

### **Article 3**

This Law shall cover agricultural cooperatives, agricultural cooperative unions, and Cambodian agricultural cooperative alliance within the Kingdom of Cambodia.

### **Article 4**

The agricultural cooperative is a private legal entity and agriculture-based economic enterprise which is voluntarily established by natural persons through joint investment, joint ownership and joint management in a democratic manner in order to enhance agricultural production capacity, agro-industry, agri-business, or services related to agricultural production aimed at raising economic, social and cultural status of members in accordance with the following basic principles:

- Voluntary and Open Membership;
- Democratic Member Control;
- Member Economic Participation;
- Autonomy and Independence;
- Education, Training and Information;
- Cooperation among Agricultural Cooperatives;
- Concern for Community.

### **Article 5**

Key terms used in this Law are defined in a glossary as appendix herewith.

## CHAPTER II AGRICULTURAL COOPERATIVE SUPPORT MECHANISM SECTION 1 POLICY BOARD OF AGRICULTURAL COOPERATIVES

### **Article 6**

There shall be the **Policy Board of Agricultural Cooperatives** chaired by the Minister of Agriculture, Forestry and Fisheries; and comprised of representatives from the office of the Council of Ministers, Ministry of Interior, Ministry of Economy and Finance, other institutions/ministries concerned, Cambodian Agricultural Cooperative Alliance, the private sector, civil society, and directors of technical departments concerned under the Ministry of Agriculture, Forestry and Fisheries.

The Policy Board of Agricultural Cooperatives shall have its secretariat within the Ministry of Agriculture, Forestry and Fisheries.

#### **Article 7**

The Policy Board of Agricultural Cooperatives shall have the following functions and duties:

- To conduct research and hold consultations in order to prepare regulations, policies, strategic plans and action plans concerning the development of agricultural cooperatives in accordance with the socio-economic conditions;
- To submit a proposal concerning national policy on the development of agricultural cooperatives to the Royal Government for its approval;
- To monitor and evaluate the implementation of policies, strategic plans, action plans and work plans for the development of agricultural cooperatives;
- To set directions for enhancing and strengthening capacity of agricultural cooperatives and for increasing cooperation between agricultural cooperatives, and private sectors as well as development partners;
- To coordinate between government institutions, the private sector and financial institutions to support the operation of agricultural cooperatives;
- To issue decisions or orders to ministries, institutions and municipal/provincial authorities concerned to carry out, within their area of competence, work programs related to agricultural cooperative development policies, strategic plans and action plans;
- To address issues and challenges hindering the implementation of the policies, strategic plans, and action plans for agricultural cooperative development;
- To regularly submit reports on the progress of development of agricultural cooperatives to the Royal Government;
- To perform other functions and duties to support agricultural cooperative development policies as provided for under this law.

The Organization and Functioning of the Policy Board of Agricultural Cooperatives shall be determined by a sub-decree.

## **SECTION 2 COMPETENT INSTITUTIONS**

#### **Article 8**

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

The Ministry of Agriculture, Forestry and Fisheries shall establish the Department of Agricultural Cooperative Promotion (DACP); under the General Directorate of Agriculture; in charge of works related to the development of agricultural cooperatives; to be determined by a sub-decree.

The Ministry of Agriculture, Forestry and Fisheries shall fulfill its duties to promote agricultural cooperatives, conforming to the spirit of the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans.

## **Article 9**

In view of agricultural cooperative development framework, the Ministry of Agriculture, Forestry and Fisheries shall undertake the following missions:

- To promote and support the functioning, operation, and development of agricultural cooperatives;
- To study and formulate policies, regulatory framework, strategic plans and training programs for promoting and strengthening capacity and developing agricultural cooperatives;
- To appoint entities for registration and management of data on agricultural cooperatives;
- To provide training services for agricultural cooperatives and agricultural cooperative promotion agents;
- To carry out outreach education programs and to promote awareness and trainings to strengthen the capacity of agricultural cooperatives;
- To determine accounting/book-keeping format for agricultural cooperatives with the approval of the Ministry of Economy and Finance;
- To coordinate between agricultural cooperatives and private sectors, or other relevant sectors either inside or outside the country;
- To study and assess the economic situations of agricultural cooperatives to meet market demands and provide agricultural marketing information to agricultural cooperatives;
- To cooperate with national and international partners on agricultural cooperatives;
- To appoint auditors or inspectors and liquidators in case of dissolution of any agricultural cooperative;
- To monitor and evaluate functioning and operation of agricultural cooperatives;
- To take part in resolving disputes among agricultural cooperatives;
- To perform other duties for the development of agricultural cooperatives as provided for under this law.

## **Article 10**

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

### **SECTION 3 AGRICULTURAL COOPERATIVE DEVELOPMENT FUND**

## **Article 11**

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

**ACDF** shall be supervised by a Board of Directors consisting of the Minister of Agriculture, Forestry and Fisheries as its chairman, directors or representatives of technical departments under the Ministry of Agriculture, Forestry and Fisheries and representatives of Cambodian Agricultural Cooperative Alliance as members, and a deputy director of the Department of Agricultural Cooperative Promotion as a permanent member and secretary

to ACDF.

The Organization and Functioning of the Agricultural Cooperative Development Fund shall be defined by a sub-decree.

#### **Article 12**

**ACDF** shall have its budget and properties, coming from various sources as follows:

- (1) Contribution from the government;
- (2) Donation in cash or in kinds;
- (3) Financing from the government or other sources;
- (4) Proceeds from the 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 of this Article shall be credited to the account of ACDF.

### **SECTION 4 INSTITUTIONAL SUPPORT FOR AGRICULTURAL COOPERATIVES**

#### **Article 13**

Ministries and public institutions concerned shall have responsibilities within their area of competence to support the activities and operations of agricultural cooperatives pursuant to the policy of the Royal Government of Cambodia.

#### **Article 14**

Sub-national authorities at all levels, within their areas of competence, shall assist agricultural cooperatives in:

- Disseminating and facilitating the establishment and development of agricultural cooperatives within their administrative geographical boundary;
- Certifying of the registration application;
- Supporting materially and spiritually for the development of agricultural cooperatives;
- Cooperating and coordinating the establishment and operation of agricultural cooperatives with the Department of Agricultural Cooperative Promotion and Provincial/Municipal Departments of Agriculture;
- Taking part in solving disputes arising in the functioning of agricultural cooperatives;
- Participating in monitoring and evaluating the implementation of the Law on Agricultural Cooperatives.

#### **Article 15**

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

**CHAPTER III  
AGRICULTURAL COOPERATIVES**

**SECTION 1  
ESTABLISHMENT AND REGISTRATION OF AGRICULTURAL COOPERATIVES**

**Article 16**

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

1. There shall be fifteen members or above having Khmer nationality, being eighteen of age or above, residing in a specific domicile, in a village, commune, sangkat, municipality, district, khan within the Kingdom of Cambodia and working primarily in agricultural production systems, agro-industry, agri-business or services related to agricultural production;
2. The members shall jointly invest by paying for the shares subscribed, and each member shall hold at least one share. Member's share-holding shall comply with their agricultural cooperative's statute;
3. At least one primary business type shall fall within agricultural production systems, agro-industry, agri-business or services related to agricultural sector.

**Article 17**

Persons who request the establishment of an agricultural cooperative shall form a "Founding Committee" from amongst themselves for the purpose of facilitating the founding phase of establishing the agricultural cooperative as well as to prepare necessary papers for registering the agricultural cooperative.

The founding committee shall prepare the following documents:

1. Business type of agricultural cooperative to be formed;
2. Business plan relating to the business types of agricultural cooperative;
3. List of candidates for board of directors and supervisory committee;
4. Name, logo and address of the agricultural cooperative;
5. Draft statute and internal regulations of the agricultural cooperative to be adopted by its founding general meeting.

**Article 18**

The founding committee shall call the founding general meeting with participation of members who propose to establish the agricultural cooperative in order to elect members of board of directors and supervisory committee as well as to adopt prepared documents to be submitted for registration of the agricultural cooperative.

The proceedings of the founding general meeting should be prepared and attached with an attendance list and signatures or thumbprints of participating members who propose to establish the agricultural cooperative.

**Article 19**

Following the founding general meeting, the founding committee shall work with the elected board of directors to apply for registration of agricultural cooperative with the respective Provincial/Municipal Department of Agriculture in order to obtain legality of the agricultural cooperative.

The application shall be certified as correct by the head of commune/sangkat council and the governor of district/khan and the following documents shall be attached to the application form to be certified:

- Proceedings of the founding general meeting;
- Business plan of the proposed agricultural cooperative;
- Statute and internal regulation of the agricultural cooperative;
- List of members of board of directors and supervisory committee with name, occupation and address;
- List of agricultural cooperative members and the number of shares subscribed by each member as well as membership fee;
- Specimen of signature or thumbprint of the chairman of board of directors or legal proxy of the agricultural cooperative.

#### **Article 20**

When the application for registration of the agricultural cooperative is filed, the respective Provincial/Municipal Department of Agriculture shall accept the application and issue a receiving sheet to the applicant on which the receiving date shall be clearly specified.

Within 20 (twenty) working days from the date of receiving the application form, if the application is in conformity with the procedures and provisions of this Law, the Provincial/Municipal Department of Agriculture shall issue a certificate of registration, free of charge, certifying the agricultural cooperative to be officially registered.

In case there is no response within the aforementioned timeframe, the application for registration of agricultural cooperative shall be considered to have been approved, and the Provincial/Municipal Department of Agriculture shall automatically issue a registration certificate to the agricultural cooperative.

#### **Article 21**

In case the application does not comply with procedures and provision of this Law, the Municipal/Provincial Department of Agriculture has the rights to refuse to issue the certificate of registration of the agricultural cooperative by notifying the founding committee in order for the committee to rectify the application within 60 (sixty) days from the date of notification.

If the founding committee fails to rectify within that timeframe, the Provincial/Municipal Department of Agriculture has the rights to refuse the registration of the proposed agricultural cooperative.

#### **Article 22**

The founding committee is entitled to appeal against the refusal by the Provincial/Municipal Department of Agriculture by filing appeal to the Department of Agricultural Cooperative Promotion within 60 (sixty) days from the date of receiving refusal from the Provincial/Municipal Department of Agriculture.

The Department of Agricultural Cooperative Promotion shall make a final decision on the appeal within 60 (sixty) days from the date of receiving the appeal.

#### **Article 23**

The founding committee shall be automatically dissolved when the agricultural cooperative is registered officially, and the board of directors shall assume authority and duties from the



date of registration.

Persons whose names appear on the list of agricultural cooperative members shall perform their duties as full members of agricultural cooperative from the date of 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 putting up notices at the Provincial/Municipal Department of Agriculture; Khan/City/District Offices of Agriculture; as well as at Khan/City/District/Sangkat Offices within 15 (fifteen) days of official registration. A copy of the document shall be sent to the Provincial/Municipal Department of Commerce.

#### **Article 25**

The Ministry of Agriculture, Forestry, and Fisheries shall promote the establishment of agricultural cooperatives in accordance with the provisions of this Law.

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

## **SECTION 2 STATUTE OF AGRICULTURAL COOPERATIVES**

#### **Article 26**

Statute of an agricultural cooperative shall contain the following particulars:

- Name of the agricultural cooperative;
- Logo, office, and address;
- Business types;
- Capital, value of shares, condition for payment of shares;
- Financial management conditions;
- Conditions concerning financing and credit;
- Procedures for book-keeping and managing documents;
- Financial liability of members for the debt of agricultural cooperative; this liability shall not exceed four (4) times the value of shares held by each member;
- Rights and obligations of members;
- Criteria for admission of members;
- Criteria for resignation of membership and dismissal of members;
- Prescription for general meetings and general meetings of delegates;
- Composition of board of directors and supervisory committee;
- Procedures for convening board of directors and supervisory committee meeting;
- 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 within the agricultural cooperative;
- Procedures for revision or amendment of the statute;

- Other procedures to be decided by the general meeting or a general meeting of delegates.

**Article 27**

In case an agricultural cooperative amends its statute, it shall submit the amended statute to the Provincial/Municipal Department of Agriculture within 30 (thirty) days from the date of adoption by the general meeting. If the agricultural cooperative changes its name, it shall submit the registration certificate to the Provincial/ Municipal Department of Agriculture in order to receive a new certificate with its new name.

**Article 28**

The internal regulations shall be developed by an agricultural cooperative.

The Ministry of Agriculture, Forestry, and Fisheries shall issue the Prakas/Proclamation on Model Statutes and Internal Regulations of Agricultural Cooperatives.

**SECTION 3  
RIGHTS AND OBLIGATIONS OF MEMBERS OF AGRICULTURAL COOPERATIVES**

**Article 29**

Every Khmer citizen of at least 18 (eighteen) years old, has the rights to voluntarily apply for membership of agricultural cooperative provided that she/he complies with the following conditions:

- Working primarily in the agricultural production systems, agro-industry, agri-business or services related to agriculture;
- subscribing share(s);
- Paying membership fees;
- Complying with the provisions of this Law, the statute, internal regulation and the resolutions passed by the general meetings of the agricultural cooperative.

**Article 30**

Members of an agricultural cooperative shall pay their subscribed share(s) in accordance with conditions stipulated in the statute. Each member shall individually and collectively be liable for the debts incurred by the agricultural cooperative within a limit stipulated in the statute, constituting financial responsibility of members to the agricultural cooperative.

**Article 31**

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

- To attend general meetings and have equal voting rights regardless of the number of shares held in the agricultural cooperative;
- To abide by the resolutions passed by the general meetings;
- To elect and stand as candidate for election in the organizational structure of the agricultural cooperative in accordance with the provisions of this Law;
- To be informed of the financial status of the agricultural cooperative and agricultural market information by the board of directors or supervisory committee;
- To put in requests for an extraordinary general meeting to discuss and resolve any issue deemed necessary pursuant to the statute and internal regulation of the agricultural cooperative; if agreed, 1/3 (a third) of the total number of members could call the meeting;

- To propose for including any issue that is beneficial to agricultural cooperatives into the agenda of the general meetings;
- To receive share dividends;
- To rent or use services and facilities which belong to the agricultural cooperatives as other members do;
- To participate in all activities of the agricultural cooperative;
- To put in a request for resignation from the membership of the agricultural cooperative by submitting a written notification to the board of directors pursuant to the agricultural cooperative statute;
- To receive the share(s) paid plus interest when he/she resigns or is dismissed from the agricultural cooperative. In case the agricultural cooperative incurs business loss, members who resigns or are dismissed shall be liable for the loss in proportion to the number of shares held, pursuant to the provision of the statute.

**Article 32**

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

**Article 33**

In case any member commits any act against the interests of the agricultural cooperative or other members severely, he/she shall be suspended or dismissed after justifying his/her committed act to the board of directors. The dismissal shall be decided by the general meeting. In case of urgency, the board of directors can declare a temporary suspension, and an extraordinary general meeting shall be immediately called to deliberate and decide whether to keep or cease his/her membership.

**Article 34**

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

- Bankruptcy or dissolution of the agricultural cooperative;
- Death or disappearance of members pursuant to the statute of the agricultural cooperative;
- Transfer of all shares to other members;
- Dismissal pursuant to the decision 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) To carry on business within agricultural production systems, agro-industry, agri-business or related services for the members' benefit;
- (2) To represent the members in making contracts and carrying out contracts with the private sector or development partners;
- (3) To ensure the members' rights to take part in pursuing the economic, social and cultural goals;

- (4) To serve technical assistance and training to enhance capacity of its members and to provide information to members so that they can engage in the economic activities of the agricultural cooperative;
- (5) To apply for or receive technical or financial assistance from the Royal Government and from other legitimate sources;
- (6) To be responsible for financial management, accounting, auditing, retaining and accruing capital as well as other resources of the agricultural cooperative in line with the laws and regulations in force;
- (7) To pay taxes and fulfill other financial obligations in line with regulations and procedure in force;
- (8) To carry on other affairs relating to the agricultural cooperative's objectives.

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

### **Article 36**

An agricultural cooperative shall keep documents or records at its central office and at other places as defined by laws. The documents or records to be kept include:

1. The statute and internal regulations of the agricultural cooperative;
2. List of agricultural cooperative's members, comprised of:
  - Name and office address of the agricultural cooperative;
  - Name, nationality, date of birth, and address of members of the agricultural cooperative
  - Date of membership admission;
3. List of members' shares, comprised of:
  - Name and office address of the agricultural cooperative;
  - Name of members holding shares, value of shares, the number of shares and the paid up shares.
4. Annual balance sheet of the agricultural cooperative;
5. The agricultural cooperative's annual report outlining the outcomes of the agricultural cooperative's operation;
6. Minutes and all types of reports;
7. Other documents of the agricultural cooperatives.

## **SUB-SECTION 2: GENERAL MEETING OF AGRICULTURAL COOPERATIVES**

### **Article 37**

The general meeting is the highest body vested with the authority to adopt and pass resolution in the process of forming and functioning of the agricultural cooperative. The general meeting is comprised of the founding general meeting, annual general meeting, general meeting of delegates, and extraordinary general meeting.

The general meeting shall perform duties as follows:

- To adopt or amend the statute and internal regulations;
- To elect, from among the agricultural cooperative members, the chairman and members of the board of directors, and members of the supervisory committee by

secret ballot.

- To elect for removing the elected chairman and members from their positions and determine remuneration for them, if any;
- To determine the responsibilities of the board of directors and the supervisory committee;
- To select auditors or inspectors and approve auditing reports of the agricultural cooperative;
- To set a ceiling of debts for the agricultural cooperative by retaining its autonomy;
- To authorize investments or enter into contracts, take loans and mobilize funds;
- To determine procedures, amount of loan and interest rate that members shall comply with;
- To approve annual net profit after contributing part of the profit to the reserve fund, training fund and other funds pursuant to the statute of the agricultural cooperative and payment of the agricultural cooperatives' debt in previous year;
- To determine dividend distribution to members;
- To rebalance the distribution of shares to each member in the event of changes in the number of members;
- To check and approve the balance sheet and report of the results of the business operation of the agricultural cooperatives;
- To deliberate and approve the annual report of the supervisory committee after the report has been checked;
- To approve the minutes of the board of directors or the supervisory committee;
- To approve liquidation report of the agricultural cooperative;
- To approve action plans and financial plans of the agricultural cooperative for the next fiscal year;
- To make decision on admission of new members, suspension and dismissal of members;
- To make decision on the changes such as division, amalgamation, and dissolution of the agricultural cooperative;
- To check, approve or make decision on other tasks within the scope of functioning of the agricultural cooperatives.

#### **Article 38**

The founding general meeting of the agricultural cooperative has a duty to pass resolution on key documents and requirements as stipulated in Articles 17 and 18 of this Law for the purpose of registration request and for the operation of fiscal year of the agricultural cooperative.

#### **Article 39**

The general meeting shall be held once a year and has with some important duties including reviewing the annual report, showing the results of business operation, presenting balance sheet, distributing dividend, adopting next year's business operation, approving the resignation of members, approving the admission of members, amending statute, and checking, deliberating, and making decision on other tasks.

#### **Article 40**

In the event that an agricultural cooperatives has more than 200 (two hundred) members, it may choose delegates to participate in the general meeting. In this case the general meeting is called the general meeting of delegates.

**Article 41**

An extraordinary general meeting of the agricultural cooperative shall have a primary duty to resolve urgent issues and can be held several times per year based on requirements of the agricultural cooperatives.

The extraordinary general meeting can be called pursuant to the procedure and provisions of this Law.

**Article 42**

The general meeting shall be called by the chairperson of the board of directors, and the specific venue, date, and agenda for the meetings shall be notified to all members at least 10 (ten) days in advance. Notification of the meeting shall be disseminated and shall be put out at the agricultural cooperative's office.

The general meeting can discuss, adopt, and pass resolutions only if there is a quorum of two thirds (2/3) of the agricultural cooperative members. If the quorum is not present another general meeting with the same agenda shall be called within ten (10) days from the date of the first call. The second general meetings shall not require the quorum.

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 by the general meeting by attaching the attendance list to the minutes. The secretary and chairman shall sign the minutes of the general meeting.

**Article 43**

One member shall have only one vote and cannot be replaced by a representative or a family member who has no right to make a decision for their rights.

Decisions relating to statute, internal regulations, division, amalgamation, or dismissal of members shall be made by two thirds (2/3) majority of votes of the members present in the general meeting. Other decisions of the general meeting shall be made by a majority of votes of the members present.

**SUB-SECTION 3: BOARD OF DIRECTORS OF AGRICULTURAL COOPERATIVES****Article 44**

The board of directors is the executive body of the agricultural cooperatives. The chairman and members of the board of directors shall be selected in the general meeting. The board of directors shall consist of three (03) members or more with odd number including the chairman, depending on the number of members and business activities of the agricultural cooperatives as stated in the statute. Spouse, biological parents, parents-in-law, and biological children shall not be allowed to serve on the board of directors together.

The members of the board of directors shall be elected in the general meeting for a mandate of 5 years.

Members of the board of directors can seek re-election pursuant to the agricultural

cooperative's statute.

#### **Article 45**

The elected board of directors shall appoint one accountant and one secretary from amongst its members. In case the appointment cannot be made from among its members, the board of directors may appoint from among agricultural cooperative members.

The chairman of the board of directors is the representative of the agricultural cooperative and shall call the meeting of the board of directors' meeting once (01) a month or may call an extraordinary meeting as required. The board of directors may deliberate and make a decision on any matters only if there is a quorum of two-thirds (2/3) of the board members.

Decisions made by the board of directors shall be deemed valid provided that they are made by a majority of votes of the members. In case of equality of votes, the decision of the chairman shall prevail.

Members of supervisory committee may join the board of directors meetings.

#### **Article 46**

Members of the board of directors are required to be regularly present at the board meetings. In the event that any member of the board of directors was absent three times (3) in a row without justification, he/she shall be temporarily suspended from board of directors.

The next general meeting shall deliberate and make a decision on the membership of that suspended board 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 the agricultural cooperative and shall have the duties and obligations as follows:

- To be responsible for financial management in accordance with the accounting principles for agricultural cooperatives;
- To organize general meetings;
- To submit to the general meeting an annual report including balance sheet, approved by the Supervisory Committee;
- To submit to the general meeting the action plan, including the training of members and staff, as well as a financial plan for the next fiscal year;
- To prepare necessary documents for auditing as required by relevant laws and for submission to the general meeting;
- To convene an extraordinary general meeting when necessary;
- To send to the respective registration entity a copy of balance sheet and annual report;
- To manage the assets of the agricultural cooperative;
- To fulfill other duties as determined by the general meeting.

The Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Model Accounting Format for Agricultural Cooperatives.

**Article 48**

The board of directors may appoint an executive manager on a contract, who may be a member or non-member of the agricultural cooperative. The executive manager shall not be a member of the 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 cooperative.

The executive manager may join the meeting of the board of directors in an advisory capacity

The executive manager shall receive salary and shall abide by the term and conditions stated in a written employment contract in carrying out his/her terms of reference entrusted by the board of directors and shall be responsible for any wrongdoing that may occur while performing his/her duties.

**Article 49**

The board of directors may recruit support staff on a contract basis as needed in order to assist with business operations of the agricultural cooperatives in accordance with the Law on Labor.

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

**SUB-SECTION 4: SUPERVISORY COMMITTEE**

**Article 50**

The supervisory committee is the permanent internal monitoring body of agricultural cooperatives, which is tasked with monitoring the activities of board of directors and the executive manager, ensuring accountability to members of the agricultural cooperative. The supervisory committee shall be elected by the general meeting. The chairman of the committee shall be elected from among members of the committee.

The supervisory committee is composed of three (03) to five (05) members who shall not be spouses, biological parents, parents-in-law, or biological children of any members of board of directors and not-be paid staff of the agricultural cooperative.

Supervisory committee's members shall be elected by the general meeting for a term of office of 5 years.

Members of the supervisory committee may be re-elected pursuant to the statute of the respective agricultural cooperative.

**Article 51**

The supervisory committee shall convene as called by the chairman or at the request of at least two thirds (2/3) of the members. In case of equality of votes, the chairman shall prevail. Members of the supervisory committee may attend the meetings of the board of directors in an advisory capacity.



#### **Article 52**

The supervisory committee shall enjoy rights and fulfill duties as follows:

- To check or order the checking of the agricultural cooperative's accounting books;
- To check inventory list and balance sheet as required;
- To inform board of directors of its notice and findings and incorporate them into the annual report to be submitted to the general meeting.

In the event that there is an urgent issue, or most members of board of directors are unable to carry out their duties and obligations, the supervisory committee shall request the chairman of the board of directors to call an extraordinary general meeting in order to settle the issue.

#### **Article 53**

Members of board of directors and supervisory committee shall not be paid. However, the general meeting may set aside a portion of the budget for mission expenses and allowance for members.

### **SECTION 5 CAPITAL, FUNDS AND PROPERTIES OF AGRICULTURAL COOPERATIVES**

#### **Article 54**

Capital of an agricultural cooperative comes from:

- Shares subscribed and paid for by members;
- Reserve fund deducted from total profit;
- Grants or contributions to be included in the agricultural cooperative assets which is kept in a separate account;
- Loans from third parties;
- Loans from members in the form of deposits or savings;
- Other legal contribution;
- Other funds.

#### **Article 55**

The capital of the agricultural cooperatives can be accrued as a result of the admission of new members or more shares subscribed. The drop in capital results from refunding and withdrawal of shares in accordance with the statute of agricultural cooperatives.

The first price of share and the deadline of share payment either full payment at one time or payment in installments shall be determined by the statute.

#### **Article 56**

Share cannot be split and sold to non-members, but may be transferred from one member to another of the agricultural cooperative or to his/her heir pursuant to the Laws concerned.

#### **Article 57**

The agricultural cooperative shall create a reserve fund by deducting at least twenty (20) percent from the gross profit until the reserve fund is as much as five times of the total value of shares. This fund shall not be allocated to members.

#### **Article 58**

The agricultural cooperative shall create a fund for the training of members, managers and

staff by deducting at least three (03) percent from gross profit annually. This training fund shall be used exclusively for the mentioned purpose.

#### **Article 59**

The gross profit earned by the agricultural cooperative shall be allocated based on the following principles:

- To retain for a reserve fund and training fund or other funds created by the agricultural cooperative;
- To give patronage refund to members in proportion to the business activities done with the agricultural cooperative; and
- To distribute dividend to members according to the number of shares held.

#### **Article 60**

Properties of an agricultural cooperative include funds, land, buildings, equipment, all facilities, contributions, donations, and other assets created by the agricultural cooperative.

#### **Article 61**

The Agricultural cooperative can use the reserve fund to cover their business losses.

### **SECTION 6 AUDIT OF AGRICULTURAL COOPERATIVES**

#### **Article 62**

Agricultural cooperatives shall be audited annually. Audit report shall be submitted to the general meeting by the board of directors. Decisions on the audit report which is approved by the general meeting shall be incorporated into the annual report.

Auditing shall not be conducted with any agricultural cooperative that has working capital less than 100,000,000 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**

All agricultural cooperatives shall be dissolved on any of the following grounds:

1. By an agreement to dissolve through the resolution of the general meeting of the agricultural cooperative
2. On the condition of any cause of dissolution as prescribed in its statute;
3. When members resign their membership until the agricultural cooperative has less than six members;
4. Upon being bankrupt or heavily indebted amounting to more than half of total capital;
5. Upon the court order;
6. Upon the withdrawal of legal registration certificate by the respective Provincial/Municipal Department 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 in writing to the respective Provincial/Municipal Department of Agriculture within a

period not exceeding thirty (30) days from the date of dissolution by submitting a proposal to the respective Provincial/Municipal Department and a copy to the commune/sangkat offices and municipal/district/khan offices 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 Department of Agriculture in charge of agricultural cooperative registration has the power to withdraw the registration certificate when it appears that:

- (1) The registered agricultural cooperative has not functioned or operated within eighteen months (18 months) from the date of its registration, or has suspended its operation over two consecutive years from the date of cessation;
- (2) The agricultural cooperative flagrantly violates the Law on Agricultural Cooperative or other Laws concerned.

#### **Article 67**

Any agricultural cooperative whose certificate of the registration was withdrawn by the Provincial/Municipal Department of Agriculture 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 issue its decision regarding the appeal filed by the agricultural cooperative.

If not satisfied with the decision, the agricultural cooperative can file a complaint to ministries/institutions concerned or with the court within thirty (30) days from the date of receiving decision made by the Ministry of Agriculture, Forestry and Fisheries. The decision shall be temporarily suspended while awaiting the court's decision.

### **SECTION 8 LIQUIDATION OF AGRICULTURAL COOPERATIVES**

#### **Article 68**

If an agricultural cooperative is dissolved, a general meeting shall select one or more qualified liquidators within a period not exceeding thirty (30) days from the date of dissolution or the date when the Department of Agricultural Cooperative Promotion issues its decision on the appeal.

In case where the general meeting fails to select a liquidator within the said period, the Provincial/Municipal Department of Agriculture in charge of agricultural cooperative registration shall appoint one or many liquidators to conduct liquidation for the agricultural cooperative.

#### **Article 69**

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

appointment.

#### **Article 70**

When an agricultural cooperative is dissolved, the liquidator shall take over all powers from board of directors and supervisory committee for exercising in the course of auditing.

Chairman of the board of directors has the duty of taking care of all properties of the agricultural cooperative until the liquidation is completed.

#### **Article 71**

The liquidator shall have the rights as follows:

- To require the board of directors to show assets together with the accounting books, lists or other relevant documents of the agricultural cooperative as deemed necessary;
- To carry on the affairs for the dissolved agricultural cooperative, looking after the interests of the agricultural cooperatives until the liquidation is fully completed;
- To call a general meeting as required;
- To manage the property of the agricultural cooperative with the approval of the Provincial/Municipal Departments of Agriculture;
- To take measures to pay the agricultural cooperative's debts or to claim debts payment;
- To take on all proceedings concerning civil cases and to make compromise in any matter on behalf of the agricultural cooperative;
- To carry out other tasks deemed necessary for a smooth settlement of the liquidation.

#### **Article 72**

The liquidator shall notify in writing all creditors whose names appear in the account books or are known by the dissolution of the agricultural cooperative so that they can claim the payment of debts within sixty (60) days from the date of appointment of the liquidator.

The liquidator shall prepare a balance sheet of the agricultural cooperative and submit it to the auditor for making an assessment. After the balance sheet is approved by the auditor, the liquidator shall submit the balance sheet to the Provincial/ Municipal Department of Agriculture for approval.

#### **Article 73**

Creditors of the agricultural cooperative shall declare and inform the liquidator of their loan they have granted to the agricultural cooperative and they shall have the rights to claim payments within six (06) months from the date when notification is issued by liquidator.

After the period stated in Paragraph 1 above is over, all debts shall be erased and fund left over shall be distributed as follows:

- To cover liquidation expenses;
- To pay taxes;
- To pay debts of the agricultural cooperative and salary of staff working for the agricultural cooperative ;
- To pay back shares in proportion to the number of shares held.

**Article 74**

After the payment of all debts of the agricultural cooperative is done, in case there is property left over, the general meeting is entitled to hand over the property to another agricultural cooperative within the same agricultural cooperative union or to the Cambodian Agricultural Cooperative Alliance or to the Agricultural Cooperative Development Fund.

If the general meeting cannot be convened, the liquidator shall make a request to Provincial/ Municipal Department of Agriculture and the Department of Agricultural Cooperative Promotion under the Ministry of Agriculture, Forestry, and Fisheries to distribute the leftover property.

**Article 75**

Following completion of liquidation of an agricultural cooperative, the liquidator shall prepare and submit a report on liquidation together with a summary of the liquidated accounts to an auditor for assessment. After the auditor approves the liquidation report, the liquidator shall submit it to the Director of Provincial/Municipal Department of Agriculture for approval on the conclusion of the liquidation, after which the agricultural cooperative shall be removed from the registration list. The removal shall be publicized as the registration shall be.

The Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Procedure for Liquidation of Agricultural Cooperatives.

**Article 76**

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

The entity in charge of registration shall keep these account books and related documents for another two years from the date of removing the agricultural cooperative from the registration list for inspection or auditing by any member or other interested 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 a general meeting of each agricultural cooperative. The amalgamated agricultural cooperatives 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 cannot propose to amalgamate.

**Article 79**

The application for registration of the new agricultural cooperative as a result of amalgamation shall be signed or thumb-printed by representatives of each member

agricultural cooperative designated by the board of directors and shall be accompanied by the following documents:

1. A letter from each amalgamating agricultural cooperative confirming that they have already paid up their debts or given guarantee for the payment of thereof;
2. Statute of the new agricultural cooperative to be registered;
3. The minutes of the general meeting of each amalgamating agricultural cooperative.

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

#### **Article 80**

After the amalgamation, a new agricultural cooperative shall hold its founding general meeting to elect a board of directors and supervisory committee, and to adopt the Statute and other regulations pursuant to the provisions of this Law.

#### **Article 81**

The new agricultural cooperative shall apply for registration by attaching the documents as listed in Article 19 and additional documents as stated in Article 79 of this Law.

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

#### **Article 82**

The 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 the boundaries of administrative locality, or a division of business organization in the agricultural cooperative.

A request for division of an agricultural cooperative can be considered if it is a request made by at least one half (1/2) of all members.

#### **Article 84**

The board of directors shall call a general meeting when there is a request for division of the agricultural cooperative. The general meeting shall consider the request, by taking into account; the division of properties and other obligations of the agricultural cooperative to be divided.

The decision of the general meeting on division of the agricultural cooperative shall be made by having at least two thirds (2/3) of the votes of the members or delegates of members present in the general meeting.

**Article 85**

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

**Article 86**

A new agricultural cooperative to be established as a result of division of 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. A letter of request for division of the agricultural cooperative, and minutes of the general meeting approving the division of the agricultural cooperative;
2. A letter informing all creditors concerned, together with the evidence showing that all debts have been cleared.

**Article 87**

The properties of the original agricultural cooperative to be divided to a newly established agricultural cooperative shall be transferred with attaching its inventory assets to the new agricultural cooperative when the registration of the new agricultural cooperative comes into force.

**Article 88**

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

## **CHAPTER IV AGRICULTURAL COOPERATIVE UNION**

**Article 89**

Two or more agricultural cooperatives with similar economic activities or with economic relationship within common business operation system may jointly form on a voluntary basis an "Agricultural Cooperative Union" in order to mobilize production capacity, production means, and to expand capacity in agricultural production, agro-industry, agri-business, or services related to the agricultural sector.

A part from agricultural cooperatives, private legal entities which have primary business within agricultural production systems, agro-industry, agri-business, or services related to agricultural sector may apply for membership in agricultural cooperative union on a voluntary basis.

**Article 90**

An agricultural cooperative union can be set up regardless of administrative boundaries in which the agricultural cooperatives are located.

An agricultural cooperative union is classified into three (03) levels:

1. Agricultural cooperative union at the national level that carries out economic activities throughout the Kingdom of Cambodia;

2. Agricultural cooperative union at the regional level that carries out economic activities in a certain region within the Kingdom of Cambodia;
3. Agricultural cooperative union at the local level that carries out economic activities in village, sangkat, commune, city, district, Khan, municipality, or province specifically within the Kingdom of Cambodia.

#### **Article 91**

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

The 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 establishing agricultural cooperative union shall follow the same procedures as the formation of an agricultural cooperative.

#### **Article 92**

An agricultural cooperative union to be set up shall register for official recognition at the Department of Agricultural Cooperative Promotion (DACP) of Ministry of Agriculture, Forestry and Fisheries, and the application for registration shall be certified by the governor of provincial/municipal council.

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

#### **Article 93**

An agricultural cooperative union fulfills the following duties:

1. To engage in economic activities among its members within agricultural production systems, agro-industry, agri-business, or services related to agricultural production;
2. To set up and manage funds for supporting business operations of its members;
3. To conduct agricultural marketing, assess demands, and collectively supply agricultural inputs, and provide information which serves the interest of production and business operation of its members;
4. To support and promote technical or professional capacity of its members;
5. To safeguard the interests of its members with public authorities and private partners;
6. To mediate disputes which may arise among its members or between its members and the third parties;
7. To give advice and direction of the business operations of its members to expand economic activities;
8. To fulfill other duties that serve the interest of business operations and interests of members as provided for under this Law.

#### **Article 94**

A general meeting of the agricultural cooperative union shall be joined by the representing delegates of agricultural cooperatives which are members of the union of agricultural cooperative in accordance with the statute of that agricultural cooperative union.

A private legal entity which is not an agricultural cooperative but which is a member of the



union shall have one vote (01) in the general meeting of the agricultural cooperative union.

**Article 95**

A procedure for establishing and operating the union of agricultural cooperative shall be the same as for the agricultural cooperatives stated in section 1 through section 10 of chapter 3 of this Law.

The Ministry of Agriculture, Forestry and Fisheries shall issue a Prakas on Model Statutes and Internal Regulation of the Agricultural Cooperative Union.

**CHAPTER V  
CAMBODIAN AGRICULTURAL COOPERATIVE ALLIANCE**

**Article 96**

Cambodian Agricultural Cooperative Alliance is the supreme organ of agricultural cooperatives and shall be established by the general meeting of representatives from agricultural cooperatives and agricultural cooperative unions, 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 agricultural cooperative unions in the Kingdom of Cambodia shall automatically become members of Cambodian Agricultural Cooperative Alliance.

**Article 97**

The Cambodian Agricultural Cooperative Alliance has obligations as follows:

1. Represents agricultural cooperatives within the Kingdom of Cambodia and protects members' rights and interests;
2. Provides technical advice to agricultural cooperatives and facilitates relationships between its members and government agencies, or the private sector, or development partners;
3. Provides technical training services relevant to agricultural cooperatives' activities;
4. Provides auditing services to members for the 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 agricultural cooperative alliance outside the country or 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 the genuine interests of agricultural cooperatives pursuant to national policies on agricultural cooperative development;
8. Performs other duties for the good sake of members.

**Article 98**

The Cambodian Agricultural Cooperative Alliance may set up a fund which is generated from the following sources:

- Membership fees paid by agricultural cooperatives and agricultural cooperative unions;

- Financial support from the government and national and international development partners;
- Gifts in cash and in-kind;
- Cash or properties left over after the dissolution of agricultural cooperatives or of agricultural cooperative unions under this Law;
- Revenues created from rendering of services by the Cambodian Agricultural Cooperatives Alliance; and
- Other revenues or properties of the Cambodian Agricultural Cooperative Alliance.

**Article 99**

The Cambodian Agricultural Cooperative Alliance shall elect its own board of directors consisting of not more than 15 members from among delegates of agricultural cooperatives or agricultural cooperative unions which are members of the Cambodian Agricultural Cooperative Alliance. This board of directors shall be decided in general meeting of the Cambodian Agricultural Cooperative Alliance.

The board of directors of the Cambodian Agricultural Cooperative Alliance shall have a term of office of five (05) years.

Members of the board of directors may have the right to seek re-election pursuant to the Cambodian Agricultural Cooperative Alliance’s statute.

**Article 100**

The board of directors of the Cambodian Agricultural Cooperative Alliance shall designate one (01) executive manager as a secretary of the board of directors.

The executive manager of the Cambodian Agricultural Cooperative Alliance shall carry out all tasks pursuant to the statute and internal regulations of the Cambodian Agricultural Cooperative Alliance.

**Article 101**

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

Procedures for the establishment and operation of the Cambodian Agricultural Cooperative Alliance shall be the same as the procedure for 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 VI  
MONITORING AND CONFLICT SETTLEMENT**

**Article 102**

Registration Entity of the Ministry of Agriculture, Forestry, and Fisheries shall exercise authority to monitor all business transactions and operations of agricultural cooperatives,

agricultural cooperative unions, and Cambodian Agricultural Cooperative Alliance for the purpose of promoting and directing the development of agricultural cooperatives.

**Article 103**

All conflicts arising among members of an agricultural cooperative, and between members and the agricultural cooperative shall be settled at the annual general meeting or at the extraordinary general meeting of the agricultural cooperatives.

If the conflicts cannot be settled by the general meeting, commune/sangkat council and district governor shall intervene in the conflict solving.

If the conflicts cannot be settled by commune/sangkat council and district governor, the Provincial/Municipal Department of Agriculture and Provincial/Municipal governor shall intervene in the conflict solving.

If the conflict still cannot be settled, the Department of Agricultural Cooperative Promotion shall intervene in the conflicts.

**Article 104**

Conflicts among agricultural cooperatives shall be settled by the Provincial/Municipal Department of Agriculture and Provincial/Municipal governor.

Where conflicts cannot be settled by the Provincial/ Municipal Department of Agriculture, the Department of Agricultural Cooperative Promotion shall intervene in the conflict solving.

**Article 105**

Conflicts between agricultural cooperatives and agricultural cooperative union or the Cambodian Agricultural Cooperative Alliance shall be settled at the annual general meeting or at an extraordinary general meeting of the agricultural cooperative union or Cambodian Agricultural Cooperative Alliance.

Where the general meeting cannot settle them, such conflicts shall be subject to intervention by the Provincial/Municipal governors and the Department of Agricultural Cooperative Promotion of the Ministry of Agriculture, Forestry and Fisheries.

**Article 106**

The Ministry of Agriculture, Forestry, and Fisheries shall intervene to settle all conflicts between:

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

Where parties involved are not satisfied with the decision made by the Ministry of Agriculture, Forestry, and Fisheries, they have the rights to file an appeal with the ministry/ institution concerned or the court within thirty days (30) from date of receiving the decision.

## **CHAPTER VII PANALTIES**

### **Article 107**

Penalties under this Law are comprised of written reprimand, withdrawal of registration certificate, and criminal penalty.

Penalties of written reprimands and withdrawal of registration certificate concerning agricultural cooperatives, agricultural cooperative unions, and Cambodian Agricultural Cooperative Alliance fall within the competence of the registration entity of the Ministry of Agriculture, Forestry, and Fisheries.

### **Article 108**

A written reprimand shall be sent to natural persons who are in charge of agricultural cooperatives, agricultural cooperative unions, and the Cambodian Agricultural Cooperative Alliance which have committed any of the following faults:

1. Failure to keep documents or records as stipulated by Article 36 of this Law;
2. Failure to hold annual general meetings;
3. Failure to submit an annual report and balance sheet to the registration entity of the Ministry of Agriculture, Forestry, and Fisheries as required by this Law;
4. Failure to carry out auditing or inspection of account books pursuant to Article 62 of this Law;
5. Failure to maintain a reserve fund and training fund pursuant to Article 57 and Article 58 of this Law;
6. Failure 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.

### **Article 109**

Withdrawal of certificate of registration shall be imposed on agricultural cooperatives, agricultural cooperative unions, and Cambodian Agricultural Cooperative Alliance which have committed any of the following faults:

1. Failure to hold an annual general meeting for two consecutive years without reasonable justification;
2. Failure to rectify any of the defects stated in Article 108 in compliance with the order of the registration entity of the Ministry of Agriculture, Forestry, and Fisheries.

### **Article 110**

Penalties pursuant to the Criminal Procedure Code shall be imposed any due to the following acts:

1. Fraudulently using the name or logo or any part of “agricultural cooperative or agricultural cooperative union or Cambodian Agricultural Cooperative Alliance” in order to conduct economic or business activities for personal benefit;
2. Falsifying registered documents, trademarks, or product packages or other documents of agricultural cooperatives or agricultural cooperative unions in their business operation.

### **Article 111**

Officials in charge of registration of agricultural cooperatives, agricultural cooperative unions, and Cambodian Agricultural Cooperative Alliance who abuse their duties and

responsibilities by registering in violation of provisions and procedures of this Law shall be received administrative penalty as stated in Laws in force, not to mention other relevant penal punishments.

## **CHAPTER VIII TRANSITION PROVISIONS**

### **Article 112**

After this Law comes into force, the existing legal instruments which are not in conflict with or oppose to this Law to continue to be enforceable until new legal instruments replace. All programs and activities related to agricultural cooperatives shall be valid until the date of expiration of those programs and activities.

## **CHAPTER IX FINAL PROVISION**

### **Article 113**

Any other provisions contrary to this Law shall be abrogated.

### **Article 114**

This Law is declared urgently.

The Royal Palace, 06 June 2013  
Signature and Seal

PRL.1306-606

Submitted to His Majesty, the King

NORODOM SIHAMONI

Signature

Prime Minister  
Samdech Akka Moha Sena Padei Techo HUN SEN  
Submitted to  
Samdech Akka Moha Sena Padei Techo HUN SEN,  
Prime Minister of Kingdom of Cambodia  
Minister of Agriculture, Forestry and Fisheries  
Signature

CHAN SARUN

No. 591 S.N  
Copy  
Phnom Penh, 11 June 2013  
First Deputy Secretary General of Royal Government

Signature

SOY SOKHA

## APPENDIX TO THE LAW ON AGRICULTURAL COOPERATIVES

### Glossary

1. Liquidation of Agricultural Cooperatives: 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 the agricultural sector, such as agricultural inputs supplies (crop seeds, fertilizers, pesticides); supply of machinery and agricultural equipment; wholesale; retail; market setting up; 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 of Agricultural Cooperatives: Financial matrix status that shows the agricultural cooperative's properties/assets and liabilities.
5. Gross Profit of Agricultural Cooperatives: Total economic results at the end of an accounting period resulting from business transactions of agricultural cooperatives.
6. Net Profit of Agricultural Cooperatives: Money left over at the end of an accounting period resulting from subtracting, the reserve fund, training fund, and other funds set up by agricultural cooperatives from gross profit.
7. Agricultural Production Systems: 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 of Agricultural Cooperatives: Part of agricultural cooperative capital that members subscribe for the purpose of jointly doing business activities.
9. Agricultural Economic Enterprise: Any agricultural enterprise undertaking economic activities within the framework of the agricultural production system, agri-business, agro-industry, or services related to the agricultural production system.
10. Services related to Agricultural Production: All services that support the promotion of agricultural production, including loan services; savings; deposits; transportation of agricultural produce; marketing of agricultural produce, or agricultural technique training; agricultural equipment supply services; land preparation services; fuel supply services; pest elimination services; and other services used in agricultural production system.
11. Audit of Agricultural Cooperatives: Inspection and advice provided to agricultural cooperatives focusing on economic activities, the accounting books, and business activities of agricultural cooperatives.
12. Registration Entity: Provincial/ Municipal Departments of Agriculture and Department of Agricultural Cooperative Promotion which are tasked with the registration of agricultural cooperatives, agricultural cooperative unions, and the Cambodian Agricultural Cooperative Alliance.

## **Principles of Agricultural Cooperatives**

### **First Principle: Voluntary and Open Membership**

Agricultural cooperatives are voluntary organizations, 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.

### **Second Principle: Democratic Member Control**

Agricultural cooperatives are democratic organizations 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. Agricultural cooperative members have equal voting rights (one member, one vote).

### **Third Principle: Member Economic Participation**

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

### **Fourth Principle: Autonomy and Independence**

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

### **Fifth Principle: Education, Training and Information**

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

### **Sixth Principle: Co-operation among Agricultural Cooperatives**

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

### **Seventh Principle: Concern for Community**

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