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PREACH REACH KRAM
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Law
on
Commune/Sangkat Administrative Management

CHAPTER-1
General Provisions

Article 1:

This Law has its purpose to establish administrative management of all communes/ Sangkats in the Kingdom of Cambodia following a policy of decentralization.

Article 2:

A Commune/Sangkat is a 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/Sangkats are derived for the general, universal, free and fair, equal, direct and secret elections within the framework of each commune/Sangkats.

Article 5:

A commune/Sangkats governs local affairs of its territory in accordance with the Constitution, laws, Royal decrees, sub-decrees, proclamations (Prakas) and legal instruments concerned. Legislative power and Executive Power shall be vested to Communes/Sangkats and these Powers shall be implemented in consistence with the Constitution, laws, Royal Decrees, sub-decrees, -proclamations and legal instruments concerned.

Article 6:

The establishment, disestablishment, the adjustment of boundary and the change of name of Communes/Sangkats in case of not affecting the boundaries of provinces/municipalities concerned, shall be determined by sub-decree following the proposal of the Minister of Interior. In case of affecting the boundary of a province/municipality concerned, such establishment, disestablishment, adjustment of boundary, and change of name of the Commune/Sangkat shall be determined by a Royal-Decree following the proposal of the Prime Minister based on the proposal of the Minister of Interior.

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Article 7:

If any consequence occurs after such establishment, disestablishment or adjustment, the Minister of Interior shall issue a proclamation to resolve the consequence in accordance with the applicable laws and rules.

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 temporarily manage that commune/Sangkat and the election of that commune/Sangkat shall be held when the situation becomes normal.

CHAPTER-2
Commune/Sangkat Councils

Article 9:

Each commune/Sangkat shall have a council called the Commune/Sangkat Council. The Commune/Sangkat is a body representing citizens in its commune/Sangkat and has missions to serve the general interests of its commune/Sangkat.

Article 10:

A Commune/Sangkat Council is elected by the citizens in its commune/Sangkat in accordance with the procedures prescribed in the law on the Elections of Commune/ Sangkat Councils.

Article 11:

A Commune/Sangkat Council shall have 5 years mandate, and shall be expired when the new Council takes office. During the transitional period, the expired Commune/Sangkat Council shall carry out its duties on a daily basis only.

Article 12:

A Commune/Sangkat Council shall have from 5 to 11 councilors depending on its demography and geography. The actual number of councilors of each commune/ Sangkat shall be determined by a sub-decree following the proposal of the Minister of Interior.

The already determined number of councilors may be changed by sub-decree following the proposal of the Minister of Interior depending on the change of demography and geography. The additional councilor or councilors of a Commune/ Sangkat Council shall be elected by following the same procedures applied to other councilors.

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Article 13:

A Commune/Sangkat Council shall have a chairman called the Presiding Councilor of the Commune/Sangkat Council. The Presiding Councilor shall have duties to:

- Preside over the meeting of his/her Commune/Sangkat Council;
- Ensure that the Commune/Sangkat Council must meet at least once a month;
- Ensure that the meeting of his /her Commune/Sangkat Council is properly held in conformity with the rules and regulations stipulated in the internal rules and regulations of the Commune/Sangkat Council and provisions of Article 24 of this Law,
- Maintain good order of the meetings.

Article 14:

Khmer citizen who is eligible and intends to stand as a candidate for the Commune/ Sangkat Council election shall meet following conditions :

- Khmer nationality at birth,
- Able to read and write Khmer script;
- Is registered in the voters' list in the commune/Sangkat where he /she stands as the candidate for the election,
- At least 25 year of age on the Commune/Sangkat Council election day,
- Is qualified 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 be disqualified due to one of the following cases.

- He/she deceased;
- Loss of professional aptitude as certified by a competent ministry or institution. He/she resigns in writing from being a commune/Sangkat Councilor;
- He/she is sentenced by a court to imprisonment for felony or misdemeanors,
- The member is dismissed for contravening the internal rules and regulations of the Commune/Sangkat Council as specified in Article 85 of this law,
- Commune/Sangkat Council to which he/she is elected is dissolved.

If any Commune/Sangkat Councilor is disqualified, the candidate whose name is in order from the top of the same candidate list shall be selected for replacement without holding an election.

Article 17:

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

- The commune/Sangkat is newly established in term of Article 6 of this Law,
 - The Commune/Sangkat Council is disestablished in terms of Article 58 and 59 of this law.
- The above by-election shall be held in conformity with formalities and procedures provided in the Law on the Elections of Commune/Sangkat Councils.

The mandate of a 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

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180 days. Within this period, the Minister of Interior shall appoint a composition and determine the competency and methods to manage that commune/Sangkat until the election of the Commune/Sangkat Councils for the next mandate is held.

Article 18:

Commune/Sangkat boundaries or names may be adjusted or changed only if it does not change the number of elected councilors of the Commune/Sangkat Council. A new commune/Sangkat may be established only if it does not change the number of the councilors of the Commune/Sangkat Councils concerned. In case that a commune/Sangkat is established, disestablished or its boundaries is adjusted which results in the change of number of the elected Commune/Sangkat councilors, such establishment, or change shall take effect at the elections of the Commune/Sangkats Councils for the next mandate.

Article 19:

The first meeting of a Commune/Sangkat Council shall be convened within 14 days after the announcement of official results of the elections and the meeting shall be presided over by officials designated by the Minister of Interior in order to declare the validity of Commune/Sangkat Councilors, the name of the presiding councilor of the Commune/Sangkat and the commune/Sangkat chief and deputy chiefs.

Article 20:

Before taking its office, each Commune/Sangkat Council must prepare and adopt its internal rules and regulations to determine rules for its meetings and work proceedings. The Minister of Interior must issue a guideline as a basis of preparing the above internal rules and regulations.

Article 21:

A Commune/Sangkat Council must meet at least once a month. The Commune/Sangkat Council must meet in its commune/Sangkat office or if it is necessary, the Chairman of the meeting may choose any place in its commune/Sangkat to hold the meeting. I

Article 22:

A meeting of Commune/Sangkat Council shall be valid only if it is attended by the absolute majority of the entire Commune/Sangkat Councilors. The following matters shall be adopted if they are voted for by the absolute majority of the entire Commune/Sangkat Councilors

- Commune/Sangkat Development Plans;
- Commune/Sangkat budget-,
- The imposition of local fiscal taxes, non local fiscal taxes and other service charges;
- Internal rules and regulations and resolutions of the commune/Sangkat-,
- Any other matters prescribed by the Minister of Interior.

If upon any adoption, there is an equality of votes, the vote of the chairman of the meeting shall be superior.

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Article 23:

The meeting of a Commune/Sangkat Council shall be held in public following a democratic manner. The meeting of the Commune/Sangkat Council may be held secretly. The Minister of Interior shall issue a guideline on the above meeting.

Article 24:

A Commune/Sangkat Councilor shall have freedom of expression at the meetings of Commune/Sangkat Council as long as he/she complies with the provisions of the internal rules and regulations of the Commune/Sangkat Council and the provisions of this Law. No Commune/Sangkat Councilor shall be arrested, detained, or liable for civil or criminal proceedings because of expression of opinion as long as such expression is exercised in compliance with the provisions of this Law.

CHAPTER-3

Structure of a Commune/Sangkat Council

Article 25:

A commune/Sangkat administration shall be governed 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 is the commune/ Sangkat chief (*MekhumlChav-Sangkat*)

Article 26:

A commune/Sangkat chief shall have assistants as follows
The commune chief (*Wkhum*) shall have two assistants.
One first deputy chief (first Chomtop);
One second deputy chief (second Chomtop).
The Sangkat chief (Chav-sangkat) shall have two assistants:
One first deputy chief (first *chav-sangkat romg*);
One second deputy chief (second *chav-sangkat rorng*)

Article 27:

A commune/Sangkat chief shall have the right to appoint various committees to provide advice and to assist affairs as it is necessary. Any councilor or any citizen, other than councilor, who is entitled to vote, may become the chairman of the above committees.

Article 28:

A Commune/Sangkat shall have a staff within administrative framework of the Ministry of Interior as a clerk. The commune/Sangkat clerk shall be appointed by the Minister of Interior to assist the Commune/Sangkat and to ensure the sustainability of administrative affairs of commune/Sangkat. The commune/Sangkat clerk shall be changed as requested by the Commune/Sangkat chief following decision of the Commune/Sangkat Council.

Article 29:

A commune/Sangkat may employ staff who is not in the State framework to assist its affairs as it is required by the needs and necessity and decision of the ruling Commune/Sangkat Council and his/her employment may be extended as decided by the Council of the next mandate.

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Article 30:

To uphold the effectiveness of commune/Sangkat administration, each Commune/ Sangkat Council shall manage to have a village chief (Mephum) in each village under its commune/ Sangkat by holding a simple election and democracy is ensured.

- The village chief shall appoint a deputy chief and member as assistants,
- The village chief and assistant shall have no mandate.
- The Minister of Interior shall issue a guideline on the qualifications of candidates for village chief, formalities and procedures for election of village chief, taking office, the change of village chief and the appointment of assistants of village chief.

Article 31:

The village chief shall have the following duties:

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

The Minister of Interior shall issue an additional guideline on appropriate manners of working and carrying out duties in villages.

Article 32:

The presiding councilor of a Commune/Sangkat who is the commune/Sangkat chief shall be selected from the candidate on the top of the candidate list that receives majority of votes. The presiding councilor who is the commune/Sangkat chief shall have equal mandate with the Communes/Sangkat Council.

Article 33:

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

Article 34:

In case that official result of the election of a Commune/Sangkat Council supports only one candidate list which is entitled to all seats of the Council, the councilors form this only one list shall be selected to be a commune/Sangkat chief first and second deputy chief.

Article 35:

In case that the official result of the election of a Commune/Sangkat Council supports two candidate lists which are entitled to the seats of the Council, the councilor on the second top of the candidate list that receives majority of votes shall be selected as the first deputy chief while the councilor on the top of the candidate list that receives second majority of votes shall be selected as the second deputy chief.

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Article 36:

The positions of the presiding councilor of a commune/Sangkat as a commune/Sangkat chief shall disappear if the incumbent is disqualified from being a councilor in term of Paragraph 1 of Article 17 of this Law.

Article 37:

If any positions as the presiding councilor of a Commune/Sangkat Council, the Commune/Sangkat chief and the Commune/Sangkat councilor is disqualified, other positions shall also be disqualified at the same time. In this case, the councilor whose name is on the second top of the same list with the disqualified presiding councilor who is Commune/Sangkat chief, shall be selected to the position of the presiding councilor of the Commune/Sangkat Council who is Commune/Sangkat chief and another new councilor shall be selected to fill the vacant seat by following the provision of Paragraph 2 of Article 17 of the this Law. In case that the candidate list entitled to a position of the presiding councilor of a Commune/Sangkat Council who is a Commune/Sangkat Council, a new Commune/Sangkat councilor shall be selected from the same candidate list by following provision of Paragraph 2 of Article 17 of this Law and this councilor shall be assigned to the position of the presiding councilor of the Commune/Sangkat Council who is the Commune/Sangkat chief to replace the disqualified presiding councilor who is Commune/Sangkat chief. Based on the above terms, the disqualification and the holding of the position of the presiding councilor of a Commune/Sangkat Council who is Commune/Sangkat chief shall be made by a proclamation of the Minister of interior not later than 14 days.

Article 38:

The first deputy or second deputy chief of a Commune/Sangkat shall be disqualified from his/her position in case that incumbent ceased to be a Commune/Sangkat councilor in terms of provisions of Paragraph 1 of Article 17 of this Law. In case that the position of the first or second deputy chief of a Commune/Sangkat is disqualified, his/her position as the Commune/Sangkat councilor shall also be disqualified at the same time.

In the above case, a candidate whose name is on the top after the name of the first or second deputy chief of the Commune/Sangkat of the same candidate list shall be selected to replace the disqualified deputy chief of the Commune/Sangkat and a new councilor shall be selected to fill the vacant seat as provided in Paragraph 2 of Article 17 of this Law. In case that a candidate list entitled to the position of the first or the second deputy chief of a Commune/Sangkat is running out its Commune/Sangkat councilor, the candidate from that list be selected to be the Commune/Sangkat councilor as provided in Paragraph 2 of Article 17 of this Law and the position of first or the second deputy chief the Commune/Sangkat shall be offered to this newly selected councilor as replacement of the disqualified first or second deputy chief of the Commune/Sangkat.

Based on the above terms and provisions of Article 94 of this Law, the disqualification and the holding of a position as the first or the second deputy chief of a Commune/Sangkat will be made by a proclamation of the Minister of Interior not later than 14 days.

Article 39:

A commune/Sangkat chief shall perform the following roles and duties:

- Implement decisions of the Commune/Sangkat Council;

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- Implement rules and principles received from the Commune/Sangkat Council,
- Prepare reports on work performance to his/her Commune/Sangkat Council at least once a month,
- Raise recommendations and assist the Commune/Sangkat Council in preparing planning, finance and the implementation of roles, functions and powers of the Commune/Sangkat Council and other affairs assigned to him/her by the Commune/Sangkat Council.

Article 40:

The Commune/Sangkat deputy chiefs are assistants to the Commune/Sangkat chief in performing duties assigned to them by the Commune/Sangkat chief and shall act as Commune/Sangkat chief, in order of hierarchy of the Commune/Sangkat deputy chiefs in the absence of the Commune/Sangkat. The Commune/Sangkat deputy chiefs shall be assigned with duties followed

The first Commune/Sangkat deputy chief shall assist the Commune/Sangkat chief with financial and economic affairs.

The second Commune/Sangkat deputy chief shall assist the Commune/Sangkat chief with administrative, social, public services and public orders.

Commune/Sangkat chief may assign other additional duties to his/her deputies.

CHAPTER-4

Roles, Functions and Powers of a Commune/Sangkat Administration

Article 41:

A Commune/Sangkat administration shall have roles to uphold and support good governance by using all available resources to address the basic needs of its Commune/Sangkat to serve the common interests of citizens and respect the national in accordance with general policy of the State.

Article 42:

A Commune/Sangkat shall have two types of functions as followed:

- The function to serve local affairs for the interests of Commune/Sangkat and of citizens in its Commune/Sangkat.
- The agency function representing the State under designation or delegation of power of the State authority.

Article 43:

Within the roles of serving local affairs, Commune/Sangkat administration shall perform the following duties:

- Maintain security and public order;
- Manage necessary public services that these services work well;
- Encourage the creation of contentment and well-being of the citizens;
- Promote social and economic development and upgrade the living standard of the citizens;
- Protect and preserve the environment and natural resources;
- Reconcile people's concepts for the sake of mutual understanding and tolerance.
- Perform general affairs to respond to people's needs.

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Article 44:

Within the agency function representing the State, a Commune/Sangkat administration shall perform in compliance with laws, Royal decrees, sub-decrees, proclamations and other legal instruments concerned. In this case, the State Authority may delegate powers to Commune/Sangkats together with capacity building, ways and means, materials and budget for work performance. The above delegation of power shall be applied to the Commune/Sangkat Council as a whole only.

Article 45:

A Commune/Sangkat Council shall have no power with the following affairs:

- Forestry,
- Postal and telecommunication services;
- National defense;
- National security;
- Monetary;
- Foreign;
- Fiscal tax policy; and
- Other areas as provided in laws or legal instruments concerned.

Article 46:

The roles, duties and powers of a Commune/Sangkat provided in Articles 43,44 and 45 of this Law, shall be applied only within the territory of its Commune/Sangkat. In case that there are problems in connection with the competence of two or more Commune/Sangkat, the Minister of interior shall arrange for mediation between the administrations concerned.

Article 47:

Roles functions and powers of a Commune/Sangkat administration provided in Articles 43, 44, 45 and 46 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 the Commune/Sangkat shall be exercised through resolutions of the Commune/Sangkat to manage affairs with the framework of its roles, functions and powers. Commune/ Sangkat resolutions shall be adopted by the Commune/Sangkat Council and shall be signed by the Commune/Sangkat chief. A Commune/Sangkat administration shall publicly and immediately publicize any adopted resolutions within its Commune/ Sangkat.

Article 49:

The Commune/Sangkat resolutions shall be effective for enforcement within its territory only. The Commune/Sangkat resolutions shall not be contradictory to international treaties and conventions, the spirit of the Constitution, laws, Royal decrees, sub-decrees and proclamations and other legal instruments concerned. Any resolution passed by a Commune/Sangkat administration and runs counter to international treaties and conventions, to the spirit of the Constitution, laws, Royal decrees, sub-decrees, proclamations and other legal instruments concerned shall be considered null and void by the Minister of interior.

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Article 50:

The Minister of interior shall provide Commune/Sangkat with forms and formalities to prepare resolutions in accordance with the situation within the Commune/Sangkat.

Article 51:

A Commune/Sangkat Council may delegate powers to the Commune/Sangkat chief following the instruction of the Minister of interior, except the following matters:

- The adoption of Commune/Sangkat budget;
- The imposition of local fiscal taxes, local non- fiscal taxes and service charges;
- The adoption of internal rules and regulations and resolutions of the Commune/Sangkat;
- The adoption of Commune/Sangkat development plans;
- Any other matters prescribed by the Minister of interior. The Commune/Sangkat chief to whom powers are delegated may not transfer these powers to any other persons.

Article 52:

A Commune/Sangkat Council that delegates power to the Commune/Sangkat chief is still responsible for affairs for which powers are delegated.

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

CHAPTER-5

Following-up Monitoring and interventions

Article 53:

The Minister of interior shall establish the procedures for following-up and monitoring general activities of a commune/Sangkat in order to:

- Examine the legality of management, exercise of powers and the implementation of roles and duties of each commune/Sangkat.
- Examine the evolvement of capacity of communes/Sangkats;
- Assess the interventions and supports to be provided to communes/Sangkats to strengthen the capacity of management, exercise of powers, and the performance of roles and duties. In following-up monitoring and intervening a commune/Sangkat, the Minister of Interior may share powers with officials representing the Royal Government at provincial/ municipal and district/ khan administration to assist him/her with these affairs as it may be required.

Article 54:

Any commune/Sangkat fails to implement duties required by laws, the Minister of Interior must intervene immediately so that the duties required by laws are implemented. Duties required by laws are ones that Commune/Sangkat Council is obliged to perform in accordance with the requirements of laws, Royal-decrees, sub-decrees, proclamations and other legal instruments concerned of internal rules and regulations and resolutions of the commune/Sangkat.

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Article 55: following up, monitoring and intervening shall be included:

- Reviewing and evaluation;
- Issuance of written instructions to a Commune/Sangkat Council to carry out duties as required by laws;
- Taking over the duties of commune/Sangkat for implementation as required by laws.

Article 56:

The interventions taken under Paragraph 1 of article 55 of this Law shall be reasonable and proportional to assignments that have not been carried out by the Council as required by laws and necessary instructions and supports shall be provided so that the Commune/Sangkat Council is able to normally perform there assignments. The Minister of Interior shall have the right to enter into a written agreement with any person or organization or issue written instructions to officials representing the Royal Government at provincial/ municipal and district/ khan administration to perform necessary assignments as an intervention on his/ her behalf.

Article 57:

In case that intervention which is taken to carry out any duties as required by laws fails to achieve its result within 6 months and the Commune/Sangkat Council is not able to perform assignments generally required by laws, the Minister of Interior shall decide to dissolve the Commune/Sangkat Council and by election shall be held in accordance with the requirements of this Law and the Law of the Elections of the Commune/Sangkat Councils.

Article 58:

In case that any Commune/Sangkat Council conducts activities against the Royal Government and national interests, the Minister of Interior shall immediately dissolve the Commune/Sangkat Council and by-election shall be held for that Commune/Sangkat Council in accordance with this Law and the Law on the Elections of Commune/Sangkat Councils.

Article 59':

A unit under the Ministry of Interior shall be established as a headquarter to dealt with local administration.

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 Development Plans

Article 60:

Commune/Sangkat Councils shall prepare, adopt and implement commune/Sangkat development plans in an effort to identify perception, program and the development of its commune/Sangkat.

Article 61:

Commune/Sangkat development plans shall be compatible with national economic and social development plans.

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Article 62:

Commune/Sangkat development plans shall be adopted by adopted by the Commune/Sangkat Council within the first year of its terms and shall be reviewed annually by its Commune/Sangkat Council to update new data.

Article 63:

To prepare commune/Sangkat development plans, Commune/Sangkat Council shall take measures:

- To evaluate the existing level of development and development activities within its commune/Sangkat;
- To assemble all needs in the Commune/Sangkat and prioritize those needs basing on available resources of the commune/ Sangkat and resources that already received,
- To prepare programs which may respond to the needs through providing services and development and there programs must be included in the annual budget of the commune/Sangkat.
- To deliver services and development in accordance with its budget.
- To monitor, follow up and evaluate the result of implementation of development plan,
- To report the results of implementation of the commune/Sangkat development plans to citizens in its commune/Sangkat. Commune/Sangkat Council shall perform in consistence with its commune/Sangkat development plans.

Article 64:

Commune/Sangkat development plans shall be prepared in writing and shall have maps, statistics and other relevant documents attached to it. Commune/Sangkat development plans must also establish ways and means to enable participation from citizens of its commune/Sangkat in the whole process.

Article 65:

If any commune/Sangkat development plan does not follow the requirement provided in this Law, the Minister of Interior shall instruct the Commune/Sangkat Council to rectify its plans not later than 45 days after receiving the copy of these plans. The Commune/ Sangkat Council must rectify its commune/Sangkat development plans in accordance with the instruction of the Minister of Interior.

Article 66:

Commune/Sangkat Councils shall follow-up, monitor and evaluate the implementation of plans, programs, projects and deliveries of services with transparency and great responsibilities.

Article 67:

A Commune/Sangkat Council shall remain responsible for following-up, monitoring and evaluating plans, programs and other projects regardless of whatsoever methods the Council has chosen for the implementation.

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Article 68:

The Minister of Interior shall instruct Commune/Sangkat Councils on implementing and monitoring plans and evaluating the use of funds for commune/ Sangkat development plans.

Article 69:

Commune/Sangkat Councils must prepare annual reports on:

- Prioritized affairs, target for service deliveries and Commune/Sangkat development plans in the past fiscal year;
- The results of work performance of the prioritized affairs, target for service deliveries and the projects of commune/Sangkat development plans,
- Measures to better other fields of work which have not been properly implemented so far;
- Prioritized affairs, target for service deliveries and commune/Sangkat development plans in current fiscal year. Commune/Sangkat Councils shall adopt this report within 45 days after the end of each fiscal year.

Article 70:

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

- Submitted to the Minister of Interior,
- Kept as public documentation,
- Distributed to important organizations, associations and publics with the cost of production is charged.

Article 71:

Commune/Sangkat Councils must take into consideration any comments made to the reports provided in Articles 70 and 71 of this Law and accept good comments as recommendations for Commune/Sangkat development plans.

Article 72:

The Minister of Interior shall consult with concerned Ministries/institutions to issue guidelines to implement provisions of Chapter 6 of this Law.

CHAPTER-7
Commune/Sangkat Finances

Article 73:

Communes/Sangkats must have its own financial resources, budgets and assets.

Article 74:

Communes/Sangkats shall have the right to collect direct revenues from fiscal taxes, nonfiscal taxes and other service charges. The above taxes shall include land taxes, taxes imposed on immovable properties, and rental taxes. In case that the Ministry of Finance and Economy collects the revenue of Commune/Sangkat, this collection shall be conducted in the name of commune/Sangkat. Categories, degrees and manners in which the above fiscal taxes, non-fiscal taxes and service charges are collected shall be established by a separate law.

Article 75:

Communes/Sangkats are entitled to the appropriation resources from the national revenues for its budget. The appropriation resources shall include:

- Total or partial transfer of specific tax incomes and non-tax income of the state.
- Financial endowment and appropriation, granting or allocation from the national revenues. The above appropriation resources shall be transferred to Communes/ Sangkats through provincial/municipal treasury. The arrangement and procedures of transferring the above resources shall be established by a subdecree.

Article 76:

Each Commune/Sangkat is entitled to receive fees when performing agency function representing the State that assigned to it by the Royal Government or any Ministry/institution of the Royal Government. The above fees are additional incomes of the Commune/Sangkat or of other appropriations that the Commune/Sangkat received from the national revenues. The Royal Government of any Ministry/Institution of the Royal Government shall provide reasonable fees to Communes/Sangkats when it plays an agent role representing the State as mentioned above. In case of designation of powers of functions of the State to Commune/ Sangkat on permanent basis, the Royal Government shall prepare a long term financial resources to be provided to the communes/ Sangkats. The establishment of above fees shall be determined by a subdecree.

Article 77:

Commune/Sangkat Fund shall be established. The Commune/Sangkat Fund is established for the purpose of transferring incomes from the national revenues and other incomes to commune budgets. The transfer of incomes from national revenues to the above Fund Shall be made following a formula of specific rate for at least three (3) years of for more that five (5) year as determined by a sub-decree. The procedures for practical implementation of this Article shall be determined by a sub-decree.

Article 78:

The Commune/ Sangkat Fund shall be accumulated from:

- A specific appropriation of the State revenues from the annual State budget determined by a sub-decree;
- Grants and loans from domestic and international sources, The appropriation of annual resources provided to commune/Sangkat through the Commune/Sangkat Fund shall be made in accordance with a formula determined by a sub-decree. The organization, rules of consuming and procedures of withdrawing expenses from the Commune/Sangkat Fund shall be determined by a sub-decree.

Article 79:

Commune/Sangkat must prepare and adopt its budget on yearly basis. Commune/ Sangkat budget shall be prepared and adopted within the period or before the period in accordance with the system of national budget. Commune/Sangkat budget must be balanced between total incomes and expenses. Commune/Sangkat may increase its expenditures, but the expenditures must be in consistence with its revenues. Commune/ Sangkat budget must reflect the priorities and needs of the Commune/ Sangkat development plans and investment programs. Procedures for preparing and adopting the above budget shall be determined by a sub-decree.

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Article 80:

Commune/Sangkat shall have no right to borrow money. Commune/Sangkat may have no assurance with loan or any financial obligation.

Article 81:

Commune/Sangkat shall be entitled to the transfer of part of the State's assets as the assets of the Commune/Sangkat. Commune/Sangkat shall properly manage assets that it earns by itself and assets vested to it by the State. Commune/Sangkat may use and generate incomes from assets vested to it by the State. Commune/Sangkat must well maintain and protect the assets vested to it by a sub-decree. the Commune/Sangkat have no right to sell or transfer ownership or transfer the use of these assets without prior approval from the Minister of Economic and Finance following the agreement of the Minister of interior. The procedures of management and use of above assets shall be determined by a sub-decree.

Article 82:

Commune/Sangkat shall establish a system to manage, follow-up and by a sub-decree.

- Financial standards and practical accounting practices, Asset management; Audit requirements;
- Financial management with transparency, efficiency and accountability. The system of management, follow- up and monitor of Commune/ngkat finance shall be determined by a sub-decree.

Article 83:

The financial regime and asset management of a Commune/Sangkat shall be under the Ministry of Finance and Economy after having agreed on principles with the Ministry of interior.

CHAPTER-8 Penalty Provisions

Article 84:

Any Commune/Sangkat Councilor who does not comply with the provisions of this Law shall be liable for disciplinary actions while the criminal one is not yet taken into account. Disciplinary actions include:

- Reprimand at the meeting of the Commune/Sangkat Council at which precise minutes will be taken;
- In case that offence is still repeated, part or whole of his/her allowance shall be deducted. The disciplinary actions part of or whole of his/her allowance as mentioned above may be taken if prior approval is obtained from the Minister of interior following a proposal of the Commune/Sangkat Council. The deducted allowance shall be accumulated Commune/Sangkat budget. In case that these disciplinary actions have been taken but the incumbent does not resolve to cease committing such offences, the Commune/Sangkat Council may stop, his/her from being Commune/ Sangkat Councilor by absolute majority votes of the entire Commune/Sangkat Councilors and a new councilor shall be selected for replacement as provided in Paragraph 2 of Article 17 of this Law. In case disciplinary action

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is taken with the presiding councilor who is the Commune/Sangkat chief, any councilor shall be selected or an official shall be appointed by the Minister of interior to conduct the meeting of the Commune/Sangkat Council to enforce the above discipline actions. The official appointed by the Minister of interior to conduct the above meeting shall have no right to make decisions.

CHAPTER-9

Transitional Provisions

Article 85:

To have a basis of holding the elections of Commune/Sangkat Councils and managing Commune/ Sangkat, the Minister of interior shall issue a proclamation on the number, names and boundaries of Commune /Sangkats in the territory of the Kingdom of Cambodia within a period of nine (9) months prior to the date of the election of Commune/Sangkat Councils for the first mandate.

Article 86:

After the elections of Commune/Sangkat Council of the first mandate, the Minister of interior, following the proposal of the National Committee to Support Commune Sangkat, may request, to establish, disestablish or adjust the boundaries or name of Commune/Sangkat as provided in Article 6 and 19 of this Law for the process the elections of Commune/Sangkat Council for the second mandate.

Article 87:

To create qualifications for commune management following a system of decentralization, an inter-Ministerial Committee called "the National Committee to Support Commune/Sangkats" shall be established with the Minister of interior as the President. The National Committee to Support Commune/Sangkats shall be established by a Royal decree the proposal of the Prime Minister. The National Committee to Support Commune/Sangkat shall be established when this Law comes into forces and shall terminate its terms nine (9) months before the date of the elections of Commune/Sangkat Councils for the following mandate. The National Committee to Support Commune/Sangkat may establish sub-committees as necessary. The National Committee to Support Commune/Sangkats shall accept a unit established under Article 60 of this Law as a Secretariat.

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Article 88:

The National Committee to Support Commune/Sangkats, shall have competency to raise recommendations to the Ministry of interior and the Royal Government on the following matters:

- Research and reestablishment of boundaries of all Commune/Sangkat within the territory of the Kingdom of Cambodia-
- Division of functions, powers and duties between the Royal Government and Commune/Sangkats and arrange for cooperation between two or more Commune/Sangkat;
- Training for capacity building of Commune/Sangkat Council;
- Management of incomes and fiscal taxes of Commune/Sangkats,
- Provision of technical support to Commune/Sangkats;
- Seeking ways and means to provide information and to orient public administration on the process of Commune/Sangkat administrative management following the system of democracy and decentralization;
- Raising recommendations to the Royal Government on the implementation of decentralization policy under the power of this Law and on public administration reform.
- Preparation of legal instruments for the implementation of this Law.
- Sharing opinions on sub-decrees relating to Commune/Sangkat affairs.

Article 89:

After the election of Commune/Sangkat Council for the first mandate, the Minister of Interior may based on the proposal of the National Committee to support Commune/Sangkat create Commune/Sangkat, cancel Commune/Sangkat, change name of Commune/Sangkat Administrative Management for the second term.

CHAPTER-10
Final provisions

Article 90:

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