

Cambodia

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Cambodia's legal system is a mosaic of pre-1975 statutes modelled on French law, Communist-era legislation dating from 1979 to 1991, and statutes put in place by the United Nations Transitional Authority in Cambodia during the period 1991 to 1993. In the past few years, Cambodia has enacted several laws in order to build up its legal and judicial system.

However, at present Cambodia has no law on insolvency and bankruptcy. A draft has been prepared and was expected to be adopted by the National Assembly in 2005, but due to the current capacity of the National Assembly this timeframe has not been met.

While there is no specific insolvency or liquidation legislation, these matters are addressed in a desultory way in several laws. For example, the Law on Banking and Financial Institutions provides that, if an assessment reveals that a financial institution is solvent but will be unable to abide by prudential norms relating to net worth and liquidity within a period of three months, its licence may be withdrawn and a provisional administration may be converted into a voluntary liquidation. If the assessment reveals that the financial institution is insolvent, its licence will be withdrawn immediately and a provisional administration will be converted into a liquidation by order of a court of law.

Given the current lack of a structured insolvency law, Cambodia does not afford real security for businesses with regards to the management of their receivables.