

**Approved
by the Decree of the Government
of the Kyrgyz Republic
of February 2, 1996 #52**

REGULATIONS

ON RURAL CREDIT COOPERATIVES AND ASSOCIATIONS

These Regulations on rural credit cooperatives and associations have been drafted in accordance with the Decree of the President of the Kyrgyz Republic of November 3, 1995 On measures for further development and support of land and agrarian reform in the Kyrgyz Republic and with the aim of regulating activity of rural credit cooperatives and associations in issues of allocation, use and repayment of state credits, investments and other resources (hereinafter referred to as the state resources).

1. General Provisions

1. Rural Credit Cooperatives (hereinafter referred to as RCC) shall be established for settlement of issues, allocation, target use and repayment of the state resources.
2. RCC shall be a legal voluntary entity established by free and good will of heads of families, heads of peasant farms and possess the Certificates (State Acts) for the Right to use land plots (shares).
3. RCC shall be established by no less than 50 heads of families regardless of their territorial location but within the boundaries of one rayon.
4. RCC shall be established in accordance with the principle that every member of the cooperative enjoys the right:
 - to be economic and business independent and self-financed and self-governed;
 - to participate equally in its management.

Every member of the cooperative shall bear a collective responsibility for target use and timely repayment of the state resources.

5. Heads of families, heads of peasant farms shall be entitled to be a member of only one RCC.

II Organisation and Managerial Bodies of RCC

6. Every head of the family, head of peasant farms wishing to join RCC shall fill an application form in (application form is attached in Appendix 1).
7. Heads of families, heads of peasant farms wishing to establish RCC shall hold a foundation meeting and adopt the Charter (see Appendix 2) with obligatory participation of representatives of rayon land and agrarian reform centre.
8. Members of RCC shall elect by secret voting the Board consisting of 5-7 people for a three-year term. Annually one third of composition of the Board shall be replaced at the meeting of RCC.
9. The General meeting of RCC shall elect the Control Commission (3-5 people) and the Chairman of the Board from the members of the Board.
10. The General meeting shall determine an amount of membership fees for the members of RCC. Collected fees shall be used for crediting needs of the members and tax payment.
11. Every member of RCC shall be registered free of charge in rayon centre of land and agrarian reform by presentation of application on registration made by RCC (Appendix 3) and protocol of foundation meeting (Appendix 4).
12. When registering, the name as well as location of RCC shall be defined (with no repetition). After registration RCC shall have its seal and settlement account in a bank.
13. RCC shall be registered not later than 10 days as of the moment of the application on registration was made. Refusal in registration shall be justified just in written.

Rights and Duties of the Chairman of RCC

14. RCC shall provide its members with the credit books of a pattern designed by the Ministry of Agriculture and Food of the Kyrgyz Republic.
15. RCC shall keep recording of collateral property of the members and amounts of the state resources.
16. The Board of RCC shall distribute the allocated state resources between the members subject to their production programme and submit to the general meeting for approval.
17. RCC shall render assistance to its members in getting the state resources, drawing up their production and formalising other documents.
18. The members of RCC shall be entitled to claim for reporting on the allotted state resources.

Terms of Reorganisation and Liquidation of RCC

19. RCC shall be reorganised or liquidated by the decision of:
- the general meeting;
 - court bodies in case of its insolvency and other infringements of the legislation;
20. RCC shall be considered liquidated or reorganised as of the moment of exclusion from the registry of rayon centre of land and agrarian reform.

VI Organisation of Rayon Associations of RCC

21. Rayon associations of RCC shall be established by the Chairmen of the RCC Boards located on the territory of given rayon.
22. Councils of associations of RCC and their Chairmen shall be elected by the general meeting with recommendation of oblast and rayon representatives of centres for land agrarian reform.
23. Councils of rayon RCC associations shall employ the responsible person on a competition basis. It is possible to hire experts from rayon centres for land and agrarian reform.

Relations of RCC and Rayon Associations with the State Bodies

24. RCC and its rayon associations shall be entitled to assure timely allocation of the state resources subject to availability of land and livestock population, natural and climatic conditions and distance from the raw materials and distribution markets (Appendix 5).
25. RCC and associations shall bear the responsibility for target and effective use of allotted state resources.
26. Further allocation of the state resources to RCC and its members, associations shall be terminated in case they violated the terms of use and repayment of the state resources.
27. Should the Chairmen of RCC and rayon associations violate these Regulations and terms of allocation of credit resources, the oblast and rayon centres for land and agrarian reform shall recommend the general meeting of RCC and associations to consider the issue of their further tenure period of office.
28. Rayon centres for land and agrarian reform shall carry out control over the target use and timely repayment of the state resources received by RCC.

APPLICATION FORM

of an applicant joining the rural credit cooperative _____

name, location (village, rayon, oblast)

I, _____
Name

activity: farmer, member of peasant farm

agricultural cooperative

address _____

ask you to accept me into RCC. Hereby I state that I have familiarised with the Charter and Regulations on Rural Credit Cooperatives and their Associations and agreed to all the terms.

I have the land plots (shares) and non-land assets as follows:

1. Land: arable _____ ha, including irrigated _____ ha;
dry land _____ ha; hayland _____ ha; pastures _____ ha;
perennial plantations _____ ha.

2. Livestock Population: sheep and goats _____ heads, cattle _____; horses _____;
pigs _____ heads.

3. Machinery: tractor _____; vehicles _____;

4. Buildings and premises: _____

**CHAPTER
OF RURAL CREDIT COOPERATIVES**

1.1 The Rural Credit Cooperative (hereinafter referred to as the RCC) have been established by the heads of families having certificates for the rights to use land plots (shares).

1.2 The name of the RCC _____
Location _____
post code, village, rayon, oblast

1.3 Validity term of the RCC shall not be limited.

II. Objectives and Tasks of RCC

2.1 The RCC shall be established with the aim of target allocation, use and timely repayment of the state credit, investment and other resources (hereinafter referred to as the state resources).

2.2 The RCC shall assist its members in receiving the state resources, drawing up production programmes and formalising other documents.

III. Management of RCC

3.1 The high management body of RCC shall be the general meeting of the RCC's members.

3.2 The Board of the RCC shall be elected by its members to fulfil the designed objectives;

3.3 The Chairman of the Board and Control Commission shall be elected by the members of the RCC.

3.4 Decisions shall be made by a majority voting.

IV. Financial Resources of RCC

4.1 Financial resources of the RCC shall consist of membership fees and other receipts.

V. Reorganisation and Liquidation of RCC

5.1 RCC shall be reorganised or liquidated by the decision of:

-the general meeting;

-court bodies in case of its insolvency and other infringements of the legislation;

APPLICATION

ON REGISTRATION OF RURAL CREDIT COOPERATIVE

To the Director of the Centre for Land and Agrarian Reform _____
_____ of rayon.

I ask you to register the rural credit cooperative

location (village, rayon, oblast)

The main target of the RCC shall be to allocate, use and repay the state resources aimed at supporting of individual, peasant farms and agricultural cooperatives.

Protocol of the Foundation Meeting is attached.

Chairman of the Board of the RCC

Name

Signature

Date

**Protocol
of Foundation Meeting of Rural Credit Cooperative**

The Foundation Meeting was held on _____ 199__

with participation of the heads of families _____ people, the list is enclosed.

Agenda:

1. Establishment of the RCC and approval of the Charter.
2. Determination of the name and location of the RCC.
3. Elections of the Board of the RCC and its Chairman.
4. Elections of Control Commission

The decisions as follows have been reached:

1. To set up the RCC _____
name

_____ location

2. To approve the Charter of the RCC.

3. The Board comprises _____

4. To elect the Chairman of the Board _____

5. The Control Commission comprises _____

The Chairman of the RCC

_____ name

_____ signature

List of founders

1. _____
name

2. _____
name

PROCEDURE OF ALLOCATION OF STATE RESOURCES

1. The Ministry of Agriculture and Water Resources of the Kyrgyz Republic shall determine the requirements in the state resources, direction and use, forms and amount of material technical resources, form the order on their delivery in a competition basis with identification of point of destination and places of temporary storage.
2. The State Fund of Emergency Financial Support of Agriculture when allocating money shall keep it on a special settlement account, define the purpose of its use, make a decision on procurement of goods or release of cash credits to RCC by proposal of the State Commission for development and implementation of emergency programme of financial support of agriculture.
3. The State Fund of Emergency Financial Support of Agriculture shall allocate the released state resources among rayon associations of RCC subject to availability of land and livestock population, natural and climatic conditions and distance from the raw material and distribution markets.
4. The Councils of rayon associations of RCC shall allocate resources by rural credit cooperatives.
5. The Rayon Centre for Land and Agrarian reform shall make an agreement with the RCC on receiving, using and repaying of the state resources allocated by the Council of Rayon Association of the RCC.
6. When allocating the state resources, the below ratios shall be applied to the rayons with heavy natural and climatic conditions:

Rayon	Ratio
Ak-Tala	1,2
At-Bashy	1,3
Djungal	1,2
Kochkor	1,2
Tjen-Shan	1,2
Toktogul	1,2
Uch-Terek	1,2
Chatkal	1,4
Toguz-Torouz	1,5
Alai	1,2

Chon-Alay	1,4
Kara-Kuldja	1,2
Batken	1,2
Lyailyak	1,2
Suusamyr	1,2

7. Oblast and Rayon Agricultural Directorates shall render assistance to the RCC and association in delivery and storage of material and technical resources on a contract basis.
8. The Board of the RCC shall allocate the state resources between the members and formalise the corresponding documents for their receiving, use and repayment.

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ACTIONS ON ESTABLISHMENT OF RURAL CREDIT PARTNERSHIPS

No	Actions	Schedule Time	Responsible	Note
1	Drawing up proposals on basic principles of management of credit partnerships' activity	20.01 1996	The National Bank of the Kyrgyz Republic	
2	Development of Rules of regulation of credit partnerships' activity	20.01 1996	The National Bank of the Kyrgyz Republic	
3	Consideration of prepared documents at the meeting of Commission	01.02 1996	The Government of the Kyrgyz Republic	
4	Drafting of the joint resolution of the Government and National Bank of the Kyrgyz Republic on approval regulations on basic principles of arrangement of credit partnerships' activity	10.02 1996	The Government of the Kyrgyz Republic, the National Bank of the Kyrgyz Republic	
5	Development of Regulations on Licensing of credit partnerships	20.03 1996	The National Bank of the Kyrgyz Republic	
6	Drafting of the Law of the Kyrgyz Republic on Credit Partnerships	01.05 1996	The National Bank of the Kyrgyz Republic	
7	Submission of the Draft Law of the Kyrgyz Republic on Credit Partnerships to Jogorku Kenesh	01.06 1996	The Government of the Kyrgyz Republic	
8	Conducting of explanatory work among the population of the Republic on advantages of credit cooperatives	as of the moment of approval of drafted documents	Ministry of Agriculture and Food, The National Bank of the Kyrgyz Republic, the Ministry of Finance, Ministry of Economy	
9	Active assistance to organisation of credit cooperatives	as of the moment of approval of drafted documents	The National Bank of the Kyrgyz Republic, the Ministry of Finance, Ministry of Economy	

