



Profit sharing structure and retained earnings:

In regard of the profit sharing structure and retained earnings of the SOEs, an SOEs cannot retained more than a total of 25% of their annual profit and calculation of 25% funds at the end of financial year after approval of financial statement (statement of profit & loss and Balance sheet) is based on Article# 23 of the SOEs law, SOEs shall make total 25% annual allocations to the following funds from its overall annual net profits for the purpose of growth, payment of bonuses to employees, and compensation of unexpected losses. To spend these fund, the SOEs obliged to have the approval of the MoF

Bonus funds - up to 15%

Development funds - 5%

Social and cultural funds - 3%

Reserve funds - 2%

By end of each financial year the SOEs must transfer the remaining (75%) of the net profit to the Ministry of Finance by the enterprise.

Reinvestment:

In regard to reinvestment SOEs are not permitted to invest in any other companies or corporation except a joint venture of public and private sector. Based on Article 16 of the SOEs law, an enterprise may not invest in other enterprises. Based on Article 17 of the SOEs law, an enterprise may invest in a joint venture (combined public and private) or private undertaking upon the agreement of the Ministry of Finance. And yet the MoMP SOEs have not reinvested in any other organization.

Third party financing:

About third party financing, SOEs have not sought financing from third party yet but they are allowed to do so with strict condition. Based on Article 26 of the SOEs law, an enterprise shall finance its investments in accordance with the approved plan, from the internal resources of the enterprise, development budget of the government, and loans from banks. According to Article 27 of the same law, an enterprise can obtain loan from banks in exceptional circumstances and that be approved by the Supreme Court of Afghanistan. However, MoMP SOEs have not been financed by the mentioned parties.

Government ownership in SOEs:

Under the State Owned Enterprises Law Article No 3, 1991 the government is the owner of state owned enterprise. This includes the Northern Coal Enterprise, Kod-e-Barq enterprise, Jabal Saraj cement enterprise and Afghan gas enterprise. Because all these four enterprises are State owned enterprises. MoMP manage and monitor the operations of these SOEs.

Account of loan or loan guarantees:

SOEs has not grant any loan to any extractive company yet.