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Revealing Full Inventory of State-owned Firms up to **August 2024 ... 42%** of Firms Posting Losses



The Cabinet's Information and Decision Support Center issued the second report following up on the implementation of the State Ownership Policy Document until August 2024. The report highlights important results, including an inventory of all state-owned firms and assets up to August 2024. The inventory was conducted in cooperation with all State agencies.

[Link](#)

The State Asset Ownership Policy Document issued in December 2022 lays the foundations and pillars for the **State's presence in economic activities**, ensuring that there is a logic behind such presence. The document complements reforms adopted by the State within the framework of enhancing the role of the private sector in economic activity. The document includes criteria for state ownership of assets, identifying three directions for state ownership: Withdrawal, continued presence (by stabilization or reduction), or continued presence (by stabilization or increase).

The Egyptian Center for Economic Studies (ECES) commented on this document more than once, as well as on the subject of government IPOs.^{1,2,3} In this edition of "Views on News," the emphasis is on the second report, which tracks the implementation of the document issued by the Information and Decision Support Center.

It should be noted that the continuous issuance of follow-up reports regarding implementation of the document is a positive matter, as it shows clear commitment toward evaluation, as mentioned in the final version of the State Asset Ownership Policy Document. However, a number of technical observations are in order, as follows:

1. While the report aims to follow up on the implementation mechanisms contained in the final version of the document, it includes other elements **that are not directly related to the report's objective**. Specifically, procedures and policies for improving the business environment. Although these procedures complement the state ownership policy, they are not one of its implementation mechanisms.

¹ [Final version of the State Ownership Policy Document following approval by the President of the Republic.](#)

² [Final version of the State Ownership Policy Document following approval by the President of the Republic \(Part Two\)](#)

³ [Assistant Prime Minister reveals details of the Egyptian economy's orientation document until 2030.](#)

2. The report includes an inventory of state-owned firms, the implementation status of the government IPO program and a number of indicators for evaluating performance. However, it does not touch on some evaluation elements included in the final version of the document, especially in connection with the usage of the proceeds of government IPOs, and indicators reflecting efficiency and profitability of state-owned assets compared to the private sector—deemed a direct reflection of the implementation of the state ownership policy.
3. Relying on macro indicators, especially the **private sector's share of GDP, investment, employment, and exports** is inaccurate as these indicators do not reflect progress in implementing the state ownership policy, but rather the impact of a wide range of economic and non-economic policies and developments locally and internationally, and therefore do not present an accurate picture.
4. The indicators that may reflect the implementation of the state ownership policy are used inaccurately because improvement in these indicators may be linked to other elements. It is, therefore, more realistic to isolate the impact of implementing the state ownership policy to know the actual impact of its implementation through scientific methodologies, including artificial intelligence. The absence of such evaluation leads to an exaggerated assessment of the impact of the state ownership policy.

For example, an improvement in the stock exchange index also reflects devaluation of the pound, rise in interest rates, and deterioration of asset values. The same goes for improvement in foreign direct investment, which also reflects foreign investment flows beyond the implementation of the state ownership policy. Finally, raising the targets for the private sector's contribution to total investments for 2024/2025 also reflects setting a

ceiling for public investments at EGP 100 billion in accordance with IMF requirements.

5. Although addressing business environment reforms is not directly related to the implementation of the State Ownership Document, addressing them by monitoring the number of business environment improvement measures is inappropriate, given their diversification and variations in their impacts. What is more important is to focus on their effectiveness and the extent to which they facilitate the business environment, which can be assessed through several indicators that the report does not address. Some of the most important indicators in that regard are, increasing the share of private investment in total output and in total capital formation, and continuous improvement in the purchasing managers' index for the non-oil private sector, and the business barometer.
6. Finally, including the Ras Al-Hikma deal in the document's evaluation is inaccurate, given that it is not related to the implementation of the State Ownership Policy Document, and thus leads to unrealistic exaggeration in the volume of investments implemented as part of the document (a total of nearly \$30 billion) and in the percentage of achievement realized with regard to the divestment proceeds (288.5%).

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