ECONOMIC LENS

Issue 21

9 August 2026

The Second Version of the State Ownership Policy Document 2026

Why now?

Our comment on the second State Ownership Document comes, first, in response to a request from the Information and Decision Support Center of the Cabinet to the Egyptian Center for Economic Studies to comment on the document as part of a consultation with think tanks on this important document, which is a positive and healthy approach. The interest in the document also comes from the fact that it is the second document on this issue. The Center had previously commented on the first document in the Opinion in Brief series and therefore, it is important to follow up on the issue and the developments that have taken place since then.

Since the document was issued about a month ago, it has received increasing comments from many experts. This was followed by clarifications and additional information from the Prime Minister and the Information and Decision Support Center of the Cabinet, including a statement that most of the details will be provided as part of the detailed implementation plan to be issued next September. From this perspective, the Center believes that a proper assessment of the document can only be made once this plan is available. Therefore, a proper comment should follow the plan rather than precede it, especially given the general nature of the second document and the fact that it is based on principles that most people agree on. For this reason, in this issue of the Economic Lens, the Center limits itself to a few general observations concerning the document's underlying philosophy, the way it is presented, and the nature of the approach it adopts. These are followed by some specific detailed analyses that relate directly to the state's vision of its role in the coming period and the institutional framework through which it operates.

General observations on the document

- **The document issued in 2026 represents a fundamental shift from the State Ownership Policy Document issued in 2022.** Instead of serving as a continuation of the first document and a further development of its implementation program, as was expected, it presents a different philosophy and reformulates the framework governing the policy itself. It was expected that the implementation programs and mechanisms would develop while maintaining the original reform philosophy, rather than changing the intellectual framework on which the policy was based.
- **The document reflects a vision in which the state remains the dominant party in managing economic activity, despite declaring that the private sector is intended to lead growth.** The state is the one that identifies sectors, sets the criteria, determines areas for divestment, and sets the rules governing participation, while the role of the private sector remains tied to the framework established by the state. This creates a contradiction between the stated objective of having the private sector lead the economy and the implementation mechanisms that keep the initiative in the hands of the state.
- **The document focuses more on managing state ownership than on reforming the way the economy is managed.** The central issue is not who owns the asset, but how the economic system is managed and how a competitive environment can be built in which all actors operate under the same rules. In this context, the document appears to give greater attention to managing public assets, while its discussion of reforming the business environment and empowering the private sector is less detailed and less connected to clear implementation mechanisms.
- **The document lacks a balanced institutional and oversight framework.** Most powers are concentrated in the Cabinet and its executive bodies, **without clearly highlighting a role for the House of Representatives** or institutional oversight and accountability mechanisms that ensure that the implementation of the policy is monitored, and its results are independently assessed.
- **The document gives the executive branch broad powers to introduce new criteria and classifications without specifying the references or rules governing them.** This expands the scope for discretion and limits the predictability and measurability of the policy, especially in matters that have long-term investment implications.
- **In reviewing reform efforts, the document relies more on the number of measures and laws that have been adopted than on the nature of these reforms and their actual impact.** Measuring reform by the number of decisions or services *(for example, 1,008 reform measures supporting the private sector and 3,381 decisions to protect competition)* does not necessarily reflect the type or quality of the reform, or the extent to which it contributes to or is a priority in removing the obstacles facing the private sector or achieving the desired improvement in the business environment.

- **The document refers to what has been achieved since the launch of the first document and to benefiting from the lessons of the previous stage, but it does not provide a clear assessment of this experience or explain what these lessons were and how they were reflected in the development of the policy.** As a result, it is difficult to understand the reasons behind changing some of the directions or to assess the extent to which the first stage succeeded in achieving its targets.
- **The document mixes the presentation of public policy with a review of government achievements.** Instead of focusing on future policies and their implementation mechanisms, it devotes considerable space to listing measures, laws, and decisions that have already been adopted, without clarifying the direct connection between these measures and the objectives that the document seeks to achieve.
- **The document includes several principles and objectives that are generally not disputed in principle, such as improving governance, increasing the efficiency of asset management, and empowering the private sector. However, they are presented in general and open-ended terms, without specifying implementation mechanisms, the limits governing their application, or the criteria by which their achievement can be measured.** This leaves room for multiple interpretations and limits the ability to assess the policy and hold the bodies responsible for its implementation accountable.
- The document is more dominated by statements of intent than by measurable commitments. In several places, the document emphasizes achieving transparency, strengthening governance, and empowering the private sector, without linking these objectives to performance indicators or clear criteria that can be used to measure the extent to which they have been achieved or to hold the bodies responsible for their implementation accountable. The point here is not to require specific indicators, but rather to establish a clear framework for understanding what good governance and empowering the private sector mean.
- **Finally, the document largely treats the State Ownership Policy as if it were a separate policy that can be achieved on its own while everything else remains unchanged.** The basic principle is that all policies continuously affect one another, and therefore the responses of all relevant parties change as any policy or the framework governing it changes.

These general observations lead to several key issues that deserve further analysis, which can be addressed through two main areas:

- **First:** The definitions and concepts on which the document is based
- **Second:** The institutional framework responsible for implementing the document and the institutional developments that accompanied its issuance

First: Definitions and concepts

- **What enters the scope and what falls outside of it — a classification without a clear definition or known classifier:** "Strategic / non-strategic" is the term that separates a company subject to all governance, disclosure, and neutrality obligations from another that is exempt from all of them, without defining it according to a clear criterion. It is not enough in this regard for the relevant minister to refer the matter, as this must be preceded by clear and transparent criteria for determining what is beneficial to Egypt and what is not. The same logic applies to "entities whose continuation is decided" in the budget, using passive language that hides the decision: Who decided that they should continue, and according to what criterion is a continuing entity distinguished from one that is merged or liquidated? In both cases, the central question is not "what is the definition?" but rather "**what are the classification criteria, what is their scientific basis, and who decides them?**"
- **Terms that justify the continued role of the state rather than its exit — "public goods" and "market failures":** The document presents the role of the state as "providing public goods and correcting market failures." Both are concepts with established boundaries in principle, but they are left open-ended: "public goods" can be expanded to cover almost any activity, while the document does not say who determines whether a market failure exists or what its nature is — and when the state intervenes, it is itself a market participant. In the absence of a neutral body to decide this, such as the Competition Authority, any presence of the state can be labeled a "correction" or a "public good" simply by calling it so. The two terms therefore shift from being limits on state intervention to becoming open-ended justifications for it. This ambiguity is further increased by other roles assigned to the state, such as supporting economic resilience and innovation in government.
- **Missing measures for divestment and returns — "reducing the footprint," "national priority," and "strong competitive advantages":** "Reducing the footprint" is an objective without a baseline against which it can be measured, particularly given the lack of clarity about the extent to which the commitments made in the first document were implemented. The proceeds from divestment are directed toward "investments of national priority" without defining what is considered a priority or how this is agreed upon. Assets with "strong competitive advantages" are transferred to the Sovereign Fund without a definition or a limit on their concentration. Thus, every major decision — what is reduced, where the proceeds go, and what is retained — is tied to a term without clear limits. Even if the intention is to clarify the details in the detailed program that will be presented later, it is still necessary for the basic document to clearly define the criteria.
- **An unclear relationship between the state and the private sector:** When the document says that "productive and operational activity is entrusted to the private sector," the wording shows that the decision remains in the hands of the state, which can grant and withdraw this role, rather than it being a right guaranteed to the private sector and reached through clear market criteria and incentives. The term does not constrain the state as much as it confirms its dominant role. This reflects the state's view of the private sector: an important sector that

is expected to lead growth, but within the limits and through the mechanisms determined by the state. More importantly, it implicitly assumes that the state's exit from any area will automatically be followed by the entry of the private sector. This is not a sound assumption, because the private sector has its own considerations that guide its current and future investments.

Second: The Institutional Framework for Implementing the State Ownership Policy Document

The new document does in fact propose the establishment of a central framework for the governance of state-owned companies. This includes establishing the Central Unit for State-Owned Companies under Law No. 170 of 2025, as well as assigning several roles to the Information and Decision Support Center in monitoring the implementation of the document and preparing periodic reports to support decision-makers. **However, the framework needs to be completed and corrected in order to achieve proper governance. This requires several measures, most importantly the following:**

- **Clarity in the distribution of responsibilities and the relationship with other institutions:** The effectiveness of the institutional framework depends on defining the relationship between the Unit and the entities that own the companies, particularly as ministries and boards of directors continue to retain their legal powers, and the Unit's recommendations do not take effect until they are approved by the Cabinet. This requires clearer roles and decision-making mechanisms to avoid overlapping responsibilities and delays in reforms.
- **The concentration of responsibilities within the Central Unit for State-Owned Companies places it within the traditional government model that combines planning and implementation.** It also makes it unclear how its role differs from that of the former Ministry of Public Enterprise Sector, particularly given the absence of any announced assessment of the reasons why the ministry did not succeed in its previous role, as well as the lack of clarity regarding the relationship between the new Unit and other institutions, beyond a single statement that "its role complements all the institutional roles of the other relevant entities and operates under the direct and close supervision of the Prime Minister."
- **The absence of an independent assessment of the policy's impact:** The current framework focuses on planning, implementation, and monitoring, without an institutionally independent body responsible for assessing the extent to which the State Ownership Policy has achieved its strategic objectives. Although the document assigns the role of evaluation and monitoring to the Information and Decision Support Center on the basis that it is a "neutral" body, its subordination to the Cabinet, which is the executive body responsible for implementing the policy, undermines this neutrality and raises questions about the independence of this assessment and the separation between the implementing and evaluating bodies. The absence of independent evaluation is particularly concerning given the disappearance of any role for legitimate oversight bodies such as the House of Representatives.

Finally, it is important to note the expansion of the role of the Future of Egypt (Mostakbal Masr) Agency at the same time the document was announced, and the potential conflict this creates with the state's objective of reducing its economic footprint. More importantly, this direction sends negative signals to the domestic and foreign private sectors, particularly given the Agency's institutional advantages, including legal protection for contracts, financial independence, licensing powers, and certain regulatory advantages.