



STATE OWNERSHIP IN THE MIDDLE EAST AND NORTH AFRICA: INTERNATIONAL COMPARISON AND POLICY OPTIONS FOR REFORM

Main findings of the report

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Background

- Purpose: Shed light on the **state ownership landscape** in the MENA region and propose tailored policy options for reform, drawing on the *OECD Guidelines on Corporate Governance of SOEs*
- Focus: Examining state ownership practices mostly from a **transparency angle**, taking stock of what is publicly known, identifying gaps in information and proposing areas for further investigation and reform
- Collaboration: The focus group on state ownership comprised stakeholders from Algeria, Egypt, Iraq, Morocco and the United Arab Emirates (Hawkamah Institute for Corporate Governance)



Most MENA economies have decentralised ownership arrangements

Predominantly decentralised

- State ownership rights undertaken by line ministries also responsible for regulation
- Algeria, Palestinian Authority, Djibouti, Iraq, Jordan, Lebanon, Mauritania, Oman, Qatar, Syria, Tunisia, Yemen

Decentralised with coordinating entity

- State ownership rights undertaken by line ministries, but subject to monitoring and/or coordination by a central body
- Morocco is apparently the only MENA country with a central coordinating entity (the Department of Public Enterprises and Privatisation)

State holding company model

- A non-trivial number of SOEs have been transferred to a state holding company, where they are often subject to more stringent performance requirements
- Saudi Arabia, Bahrain, Egypt (hybrid model, with several holding companies), UAE, Kuwait

This departs from international trends, where centralised state ownership is increasingly common

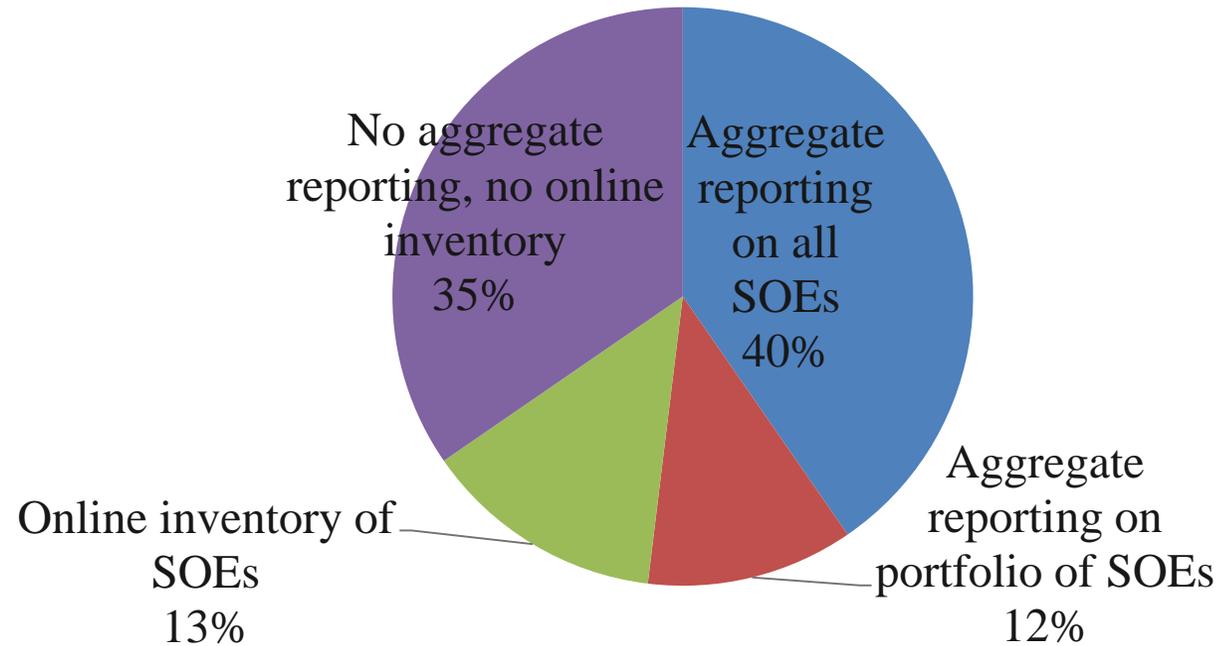


There have been limited efforts to collect and publish data on national state-owned enterprise portfolios in MENA

Exceptions:

An annual report on public enterprises and institutions in **Morocco** and an online inventory of SOEs in **Tunisia**

Figure 1. SOE aggregate reporting practices globally

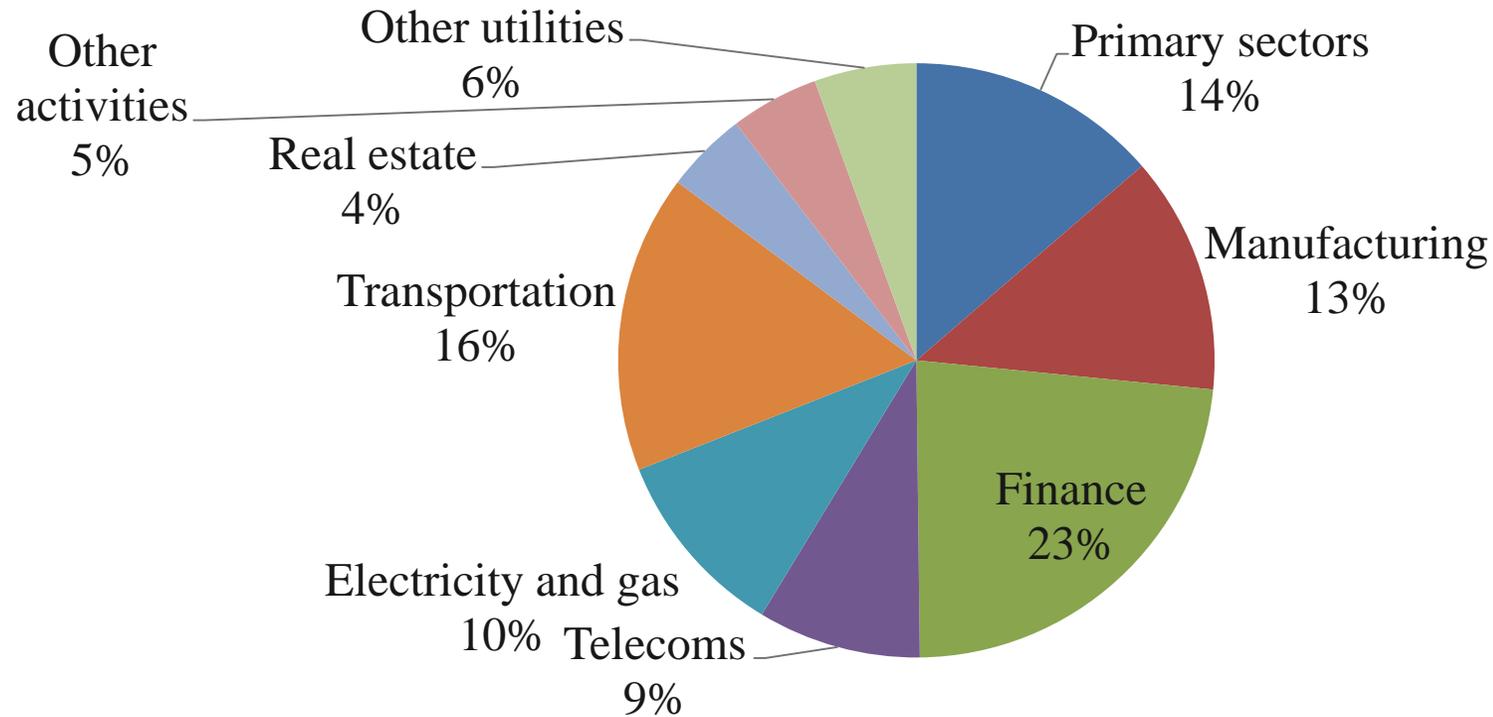


This is not unique to MENA. In 52 countries surveyed by the OECD, less than half produce publicly available aggregate reports on the operations and performance of all SOEs



Despite these data limitations, we know that SOEs in MENA operate in most sectors of the economy

Figure 2. Sectoral distribution of 271 strategic SOEs in 16 MENA economies



This makes their efficient and transparent operations decisively important for MENA markets, economies and societies



Proposed policy options for reform focus on transparency and defining the role(s) of state bodies overseeing SOEs

- Mapping national SOE portfolios and undertaking aggregate reporting
- Clarifying and disclosing SOEs' objectives
- Reorganising the state ownership function
- Clarifying the role of state audit institutions in monitoring SOEs' finances and performance



Future activities of the Working Group could include the following

- Monitoring developments and sharing good practices for state ownership reform, e.g. national approaches to listing SOE shares or establishing state holding companies.
- Strengthening data collection on SOEs in MENA economies, e.g. shedding light on the characteristics of MENA governments' listed shareholdings.
- Providing tailored support and recommendations for country-specific state ownership reforms, e.g. through *OECD Reviews of the Corporate Governance of SOEs*.



Thank you

For more information on OECD work on the corporate governance of state-owned enterprises, please visit:

<http://www.oecd.org/daf/ca/soemarket.htm>