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FIGHTING CORRUPTION OR PROTECTING THE REGIME?

Egypt's Administrative Control Authority

Jessica Noll

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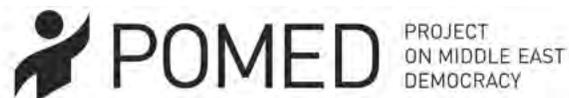
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AUTHOR'S NOTE

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EXECUTIVE SUMMARY

Popular anger over graft, cronyism, and nepotism in the regime of Hosni Mubarak helped to fuel Egypt's 2011 uprising, and corruption remains a serious problem in Egypt today. President Abdel Fattah al-Sisi, a strongman from the military, has declared that a “comprehensive” effort to eliminate government corruption is one of his priorities. In reality, al-Sisi’s so-called anti-corruption policies have been extremely narrow and motivated by darker concerns.

To “fight corruption” al-Sisi mainly has relied upon a powerful state agency that reports directly to him, the Administrative Control Authority (ACA). The ACA’s main official role is to gather information on administrative and financial violations in the state apparatus and to refer cases to prosecutors when wrongdoing is suspected.

Although the ACA is nominally a civilian body, it shares important features with the security institutions that are the backbone of al-Sisi’s authoritarian regime. The ACA has surveillance powers and can arrest, detain, and interrogate suspects. It has always been led by men from the military or intelligence services, and most of its personnel come from the military and the police. In addition, the ACA answers only to the president and typically operates in an opaque manner. For these reasons, al-Sisi, a career military officer and former defense minister who does not trust civilian institutions, likely prefers the ACA over other oversight agencies.

Al-Sisi has raised the ACA’s profile and assigned it new tasks, while strengthening his control over the agency. He not only had the law changed to put the ACA under his direct authority, he also has one of his sons working there. Since 2014, the ACA has investigated and arrested dozens of officials across the civilian bureaucracy for alleged corruption. At the same time, al-Sisi has made sure that he and his allies are protected from such scrutiny. Significantly, a 2017 law restricts the ACA’s scope to the civilian bureaucracy—excluding from the agency’s purview the military, whose expanding economic role lacks transparency, which encourages mismanagement or even corruption.

This report explains the role of the ACA as an instrument of power in al-Sisi’s regime, part of a wider system of repression and control. The report discusses how authoritarian rulers use corruption and anti-corruption campaigns to maintain their grip on power. It describes the ACA’s mandate and authorities, tracing its evolution from its origins under President Gamal Abdel Nasser through President Mohamed Morsi, whom al-Sisi overthrew in 2013. The report then considers the main functions of the ACA under al-Sisi: targeting certain officials for corruption while leaving others untouched, attracting foreign investment needed to deliver the economic turnaround he has promised, and consolidating his power over the state bureaucracy. It also discusses international assistance to the agency.

The report argues that because the ACA does not meet minimum standards of political independence, transparency, and accountability, treating it as the centerpiece of a genuine anti-corruption campaign is misguided and can even be counterproductive.

I. INTRODUCTION

Corruption, defined by Transparency International as “the abuse of entrusted power for private gain,” has been endemic in Egypt especially since President Gamal Abdel Nasser created its bureaucratic-authoritarian state in the 1950s.¹ Nasser led a “revolutionary movement” to topple Egypt’s monarchy and the corrupted *ancien régime*, only to establish a dictatorship with a state-dominated economy in which corruption became rampant. Corruption worsened under Nasser’s successors Anwar al-Sadat and Hosni Mubarak, whose liberalization of the economy brought new opportunities for illicit profits by those close to power. Anger over corruption by the Mubarak family and high-level officials helped to spark the January 2011 popular uprising that toppled Mubarak.² But state corruption hardly ended with Mubarak’s ouster. Fraudulent self-enrichment by high-level and lower-level officials alike remains widespread across the vast bureaucracy.³ Many Egyptians say they have to pay a bribe to receive government services.⁴ Donors continue to point to corruption as an obstacle to foreign investment and economic development.⁵ Transparency International said of the situation in 2018, “very few improvements exist on the ground” and “serious corruption issues are currently challenging the country.”⁶

Egypt’s current leader Abdel Fattah al-Sisi, a strongman from the military, says that he has made the fight against corruption a priority. Al-Sisi became president in 2014 after leading the July 2013 coup against Egypt’s only freely elected president, Mohamed Morsi of the Muslim Brotherhood. Al-Sisi asserts that under his leadership, the state finally has a “real political will to eliminate corruption.”⁷ He even warned on one occasion, “Anyone who draws close to the corrupt should heed me. . . . I know who they are very well. . . . I will never allow a corrupt person to come near [the presidency].”⁸

Al-Sisi’s regime has pursued some anti-corruption measures. In 2014, the government launched a national anti-corruption strategy.

Egypt also promised the International Monetary Fund (IMF) that it would implement government “transparency and accountability” as a “main pillar” of the \$12 billion financial assistance and related economic reform program begun in fall 2016.⁹ And, most notably, several dozen officials have been arrested for corruption since 2014. As a result, Egypt has garnered international praise and new donor assistance.

But a closer look shows that, as in many authoritarian regimes, these steps are not part of a real campaign to eradicate corruption, but are intended to shore up al-Sisi’s regime. A real fight against corruption requires transparent and impartial oversight bodies to investigate and disclose potential wrongdoing by any official, no matter how powerful; fair trials for those accused of corruption and equal punishment of those found guilty; and an independent media and civil society to expose violations and promote a new culture of accountability. It demands far-reaching legal and institutional reforms to deter corrupt behavior. None of these things exist in al-Sisi’s authoritarian system.

Instead, his “anti-corruption” policy has narrowly relied on empowering an oversight agency under his direct control called the Administrative Control Authority [*Hay’at al-Raqaba al-Idariyya*] (ACA). Under al-Sisi, the ACA has become the key institution tasked with uncovering corruption, and he has directed it to fight corruption “in all its forms.”¹⁰ The ACA’s main official role is to gather information on administrative and financial violations in government agencies, other parts of the public sector (such as state-owned companies), and private companies receiving state funds and to refer cases to prosecutors when it suspects wrongdoing.¹¹

Though the ACA is nominally a civilian agency, it has important characteristics in common with the powerful security institutions—the military, intelligence services, and police—that are the backbone of the regime. The ACA has



President Abdel Fattah al-Sisi speaking at the ACA's Cairo headquarters in October 2014. Photo: Administrative Control Authority

significant surveillance capabilities as well as a “judicial mandate” (*al-dabtiyya al-qada'iyya*) to conduct investigations and interrogations and to order and make arrests.¹² Its leaders have always been men from the military or intelligence, and most of its personnel are drawn from the military and the police.¹³ And like the security institutions, the ACA lacks transparency and answers only to the president. For these reasons, al-Sisi, a career soldier who served as defense minister and as head of military intelligence, likely prefers the ACA over other civilian-led oversight bodies. Indeed, at the core of al-Sisi's governance approach is a suspicion of civilian institutions.¹⁴

The ACA was created by Nasser as one of his autocracy's instruments of power but became less prominent under the al-Sadat and Mubarak presidencies. Al-Sisi, by contrast, has raised the ACA's public visibility, assigned it new tasks, and made it a focal point for foreign anti-corruption assistance. At the same time, al-Sisi has strengthened his control over the agency, including through a 2017 law that puts it under his direct authority. This law also formally restricts the ACA's scope to the

civilian bureaucracy—leaving the military, whose expanding economic role is shielded from public scrutiny and therefore greatly susceptible to corruption, outside its purview.

This report explains the role of the ACA in protecting al-Sisi's regime. It reviews some of the ways in which authoritarian rulers use corruption and anti-corruption campaigns. Next, it summarizes the ACA's authorities and roles, and traces the ACA's evolution from its origins under Nasser through the brief presidency of Morsi. The report then turns to describe the main purposes of the ACA under al-Sisi: punishing some officials for corruption while protecting others, enforcing his “rules of the game” in the state bureaucracy, and helping to bolster Egypt's reputation and attract foreign investment needed to deliver the economic turnaround that he has promised. It also discusses international assistance being provided to the agency. The report concludes that viewing the ACA as the centerpiece of a genuine anti-corruption campaign is misguided because the agency lacks sufficient transparency, accountability, and independence from the centers of power.

II. HOW AUTHORITARIAN REGIMES USE CORRUPTION

The primary goal of authoritarian rulers is to stay in power, which they try to achieve through different means. One of these is to cultivate corruption. Authoritarian rulers create networks of privilege and patronage within the state, through which they, their inner circle, and others in the regime can enrich themselves.¹⁵ Corruption creates material incentives for both elites and lower-level officials to join such networks, giving them a stake in perpetuating the status quo. Senior regime members can use their positions to gain access to state resources, financial deals, rents, and other privileges, while lower-level bureaucrats can benefit from everyday bribes.¹⁶ In short, corrupt money cements the loyal coalition that an authoritarian ruler needs to stay in power.¹⁷

If corruption networks are vital for authoritarian leaders to survive, then why do they sometimes undertake anti-corruption campaigns? They do so to manage corruption and to keep subordinates in line.¹⁸ By controlling the distribution of state resources, authoritarian rulers establish relations of mutual dependence with their subordinates, who rely on rewards from those resources, while the ruler depends on subordinates' loyalty. But these relations are fraught with tensions due to competing interests.¹⁹ To manage these tensions, especially in times of economic hardship and limited resources, authoritarian leaders cannot rely on the carrot of corruption alone—they also need a stick.

An “anti-corruption” agency under an authoritarian ruler’s direct control is one such stick. An institution like the ACA that monitors the activities of government officials can keep regime supporters in check, punish those who do not follow the rules, and deter potential challengers.²⁰ A ruler can use compromising information acquired through such monitoring to discredit and intimidate opponents as well as competing elite networks.²¹ Anti-corruption

campaigns also can protect regime loyalists and others who follow the rules in corruption networks by shielding them from investigation. Going after someone who breaks the rules of a corruption network can reassure those regime supporters who toe the line and help ensure their fealty. Rulers also can set up multiple control agencies with overlapping roles, allowing them to increase their intelligence-collection capabilities while checking the power of these agencies by playing them off one another.²²

“**Authoritarian rulers can use anti-corruption campaigns to appease the public by creating the impression that they are combating corruption, while deflecting attention from other illicit practices.**”

At the same time, authoritarian rulers can use anti-corruption campaigns to appease the public by creating the impression that they are combating corruption, while deflecting attention from other illicit practices.²³ Such campaigns are often seen during times of fiscal pressure when resource allocation through corruption needs to be recalibrated in the regime’s patronage networks.²⁴ They are also common when a new regime seeks to consolidate its power. A new ruler can use anti-corruption actions to build legitimacy and to establish new rules of the game.²⁵ Finally, an authoritarian leader of a developing country who is perceived to be fighting corruption often can attract valuable international backing, as al-Sisi has done with the ACA.

THE ACA: FUNCTIONS AND POWERS

Most of the ACA's functions and powers are delineated in *Law 54/1964* or in *Law 207/2017*, which substantially amended *Law 54/1964*.²⁶

- The ACA falls **directly under the authority of the president**,²⁷ who also appoints its chairman.²⁸ Its **official mission** is “to combat corruption in all its forms and to take all necessary measures to stop it, in order to ensure the quality of public services and to protect public funds and other state money.”²⁹
- The ACA's **vast information-gathering and monitoring jurisdiction** extends across “the governmental apparatus and its branches, public bodies, public institutions and affiliated companies, public and private associations, private-sector bodies that carry out public works, and all entities to which the state contributes in any way.”³⁰ But by law the ACA can look only into **civilian entities—not the military**.³¹
- The ACA can launch investigations on its own. The agency also is required to look into complaints filed by citizens and alleged violations reported by the media.³²
- The ACA's **investigatory powers are significant**, reportedly including the use of wiretapping, other forms of surveillance, and informants. ACA officers can **seize documents and files**, even if classified, and summon people for questioning.³³ They also have **arrest powers**.³⁴ The ACA reportedly has its **own detention facilities**.³⁵ If the ACA suspects wrongdoing, it is supposed to transfer the case to prosecutors, who decide whether to bring criminal charges.³⁶
- The ACA may **confiscate and return to state coffers** illicitly acquired funds.³⁷ The ACA can **recommend to the prime minister the suspension or dismissal of government employees** “if it serves the public interest.”³⁸
- According to the ACA's website, the agency vets **those in high-level government positions**.³⁹ The ACA also is tasked with **facilitating investment** in Egypt.⁴⁰ Finally, the ACA is supposed to assist in making government more efficient.⁴¹
- The ACA **lacks transparency**. For instance, its **investigations and other reports are not made public**; they are provided only to the president, the prime minister, and the parliament.⁴²
- The ACA has a Cairo headquarters and **26 governorate offices**.⁴³ According to some sources, the ACA has **1,700 staff, including some 300 law enforcement officers**.⁴⁴



III. THE ACA FROM NASSER TO MORSI

THE ACA'S ORIGINS UNDER THE NASSER REGIME (1956–1970)

Today's ACA bears a close resemblance to the organization that Nasser founded six decades ago, after leading the 1952 Free Officers' "revolution" and becoming president of the newly founded Republic of Egypt four years later. Nasser established the ACA's precursor, the Control Department of the Administrative Prosecution Authority, in 1958.⁴⁵ In 1964, after the Department's officers apparently prepared a corruption report on his close ally, Prime Minister Ali Sabri, Nasser turned the ACA into a separate institution.⁴⁶ Law 54/1964 tasked the ACA with the disclosure of administrative, financial, and criminal offenses in the state bureaucracy.⁴⁷ The law stated that the ACA was "independent"—yet it gave the president the role of appointing its head and placed the agency under the authority of the prime minister, a position controlled by the president.⁴⁸ Nasser chose intelligence officer Maj. Gen. Kamal al-Ghar as the ACA's first chairman, stamping the agency with the security character that it has to this day.⁴⁹

Nasser needed the ACA to monitor a state apparatus that he expanded dramatically: between 1952 and 1969, the number of state employees more than tripled. This expansion was a result of his socialist policies, which nationalized key sectors of the economy and promised every university graduate a government job.⁵⁰ Nasser also built up the public sector to serve as a counterweight against the military, where his main rivals lay.⁵¹ Yet this large bureaucracy was inefficient and even unwieldy. Indeed, Nasser attacked it as an "obstacle to the revolution," a frustration that al-Sisi has echoed.⁵² One of Nasser's purposes for the ACA, therefore, was to monitor ineffective or fraudulent administration that could thwart his goal of rapid state-led socio-economic development.⁵³ The ACA in addition might have helped Nasser to detect those in the state apparatus who might be conspiring

against him. At the same time, however, the ACA was part of Nasser's transformation of Egypt into what Anouar Abdel-Malek termed a "military society."⁵⁴ The ACA staff was involved in recommending high-level military officials for important civilian positions, thereby helping the military to penetrate the state.⁵⁵

“Nasser chose intelligence officer Maj. Gen. Kamal al-Ghar as the ACA's first chairman, stamping the agency with the security character that it has to this day.”

Nasser did not want the ACA to actually root out corruption, since allowing it was part of his ruling strategy. As John Waterbury wrote, "High-level corruption has nearly always paid in Egypt. Important figures are rarely prosecuted, never mind convicted."⁵⁶ Indeed, various accounts indicate that since its inception the ACA was not fulfilling its official function. A public prosecutor from the Nasser years described the ACA as "the 'graveyard' of accusations of high-level wrongdoings."⁵⁷ An article in the state-owned magazine *Rose al-Youssef* claimed the ACA was hampering the prosecution of corruption cases.⁵⁸ Another source noted that during the Nasser regime the public brought far more corruption complaints to the ACA and other oversight agencies than they actually looked into.⁵⁹

The ACA was one of multiple judicial bodies, oversight agencies, and security institutions that Nasser set up to control the state and, by extension, society. After the Administrative

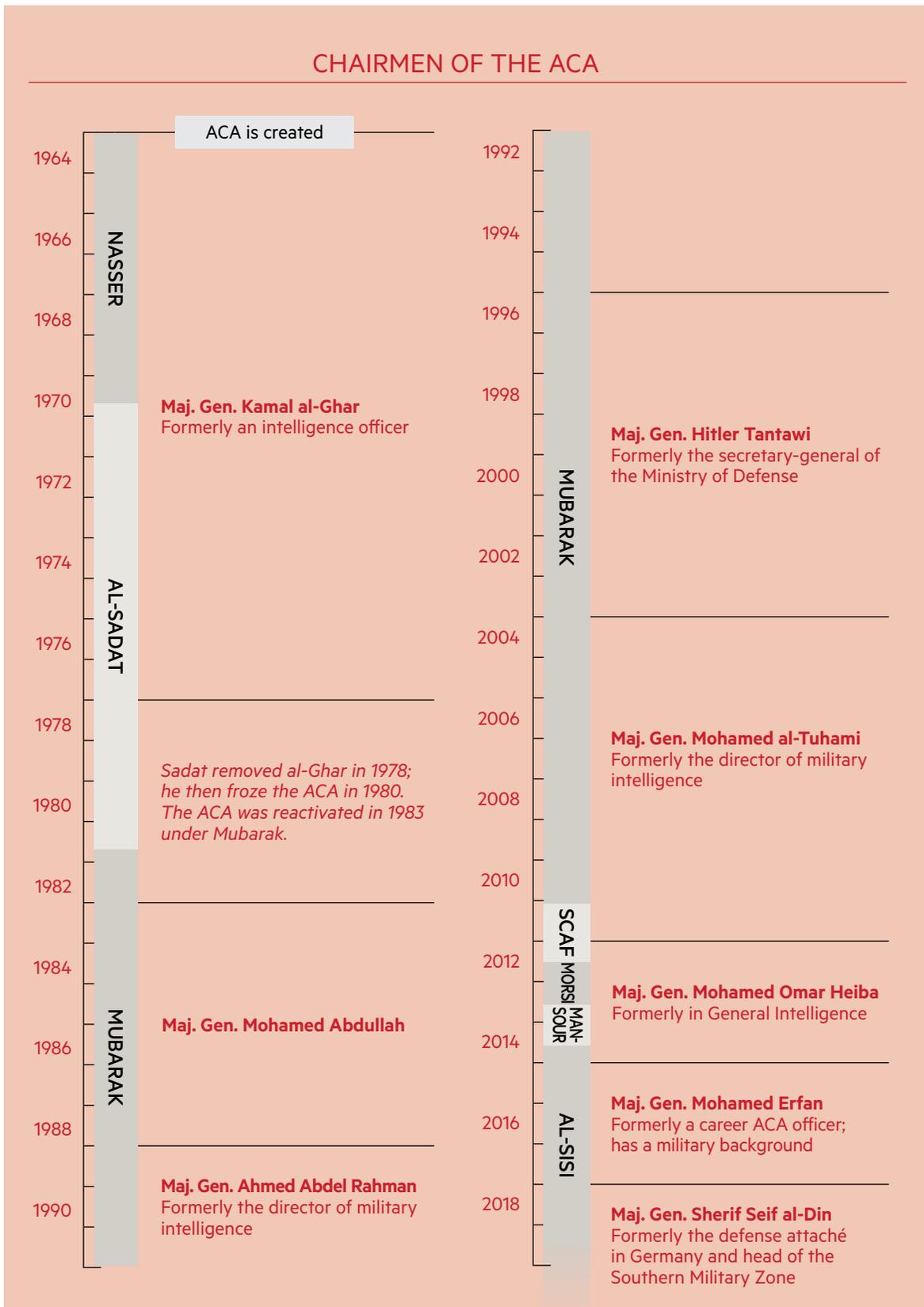


Left to right: President Gamal Abdel Nasser; Vice President Anwar al-Sadat; Ali Sabri, who as prime minister oversaw the ACA at its inception; and Vice President Hussein al-Shafi'i in August 1968. Photo: Bibliotheca Alexandrina and Gamal Abdel Nasser Foundation/Wikimedia

Prosecution Authority, he created the Central Auditing Organization (CAO) in 1964 to monitor the use of state funds by government bodies, agencies, and public companies.⁶⁰ In 1968, Nasser enacted a law on illicit gains that established several committees in the Ministry of Justice tasked with reviewing the assets of state employees who were suspected of earning illegal income.⁶¹ Nasser also maintained in his office the Presidential Bureau of Investigations (PBI), which surveilled ministers, military officers, and other high-level officials.⁶² The first decade of Egypt's republic (1953–1963), moreover, witnessed the rise of three different intelligence services created or reorganized by Nasser: the General Investigations Department (GID, later the State Security Investigations Service, or SSIS), the Military Intelligence Department (MID), and the General Intelligence Directorate (GID). With ultimate control over all oversight and security agencies, Nasser was able to play them off of one another as needed.⁶³ Except for the PBI, all of these institutions are part of the Egyptian regime today.

THE ACA UNDER THE AL-SADAT REGIME (1970–1981)

To consolidate power, Nasser's successor al-Sadat used corruption cases to eliminate Nasser loyalists such as Ali Sabri.⁶⁴ But al-Sadat hardly pursued a vigorous campaign against the corruption that had become rife in the Nasser era. To the contrary, illicit enrichment by those connected to power became an even more severe problem during al-Sadat's presidency. His shift from Nasser's socialist system to a mixed public-private sector economy that invited foreign investment, called the Open Door policy (*Infitah*), created new possibilities for state corruption. Al-Sadat also pursued a different strategy than Nasser to monitor the bureaucracy, including reducing the ACA's role. In 1972, Article 9 of Law 54/1964, which allowed the ACA to search persons and private homes, was repealed.⁶⁵ The change was part of al-Sadat's initial expansion of political liberties as a way of distancing himself from Nasser's dictatorship. In addition, al-Sadat established the Illicit Gains Authority (IGA) in 1975,



building on the Ministry of Justice committees formed by Nasser. (Unlike the ACA, the IGA is subordinated to the Ministry of Justice and does not have the authority to conduct criminal investigations in corruption cases.)⁶⁶ Al-Sadat also strengthened the capacity of the administrative court system, in which people could file complaints about corruption in the public sector.⁶⁷

For its first years under al-Sadat, the ACA showed just as little interest in exposing high-level corruption as it had under Nasser. Indeed, one source noted that between 1958 and 1975, the agency pursued just a single high-level corruption case that ended up being prosecuted. Moreover, in the mid-1970s there were only a small number of cases pending relative to the extent of corruption suspected in the state apparatus.⁶⁸ In a notable shift in 1978, however, it was revealed that the ACA was investigating al-Sadat's half-brother Esmat, who had grown very wealthy during al-Sadat's presidency, and Rashad Osman, a millionaire businessman and politician who was close to the president. It is not clear why the ACA went against al-Sadat's inner circle in this way; perhaps al-Ghar remained close to Nasserists who opposed al-Sadat's policies and his networks of privilege. In response, al-Sadat fired al-Ghar later that year, and in 1980 he froze the ACA's operations.⁶⁹

THE ACA UNDER THE MUBARAK REGIME (1981–2011)

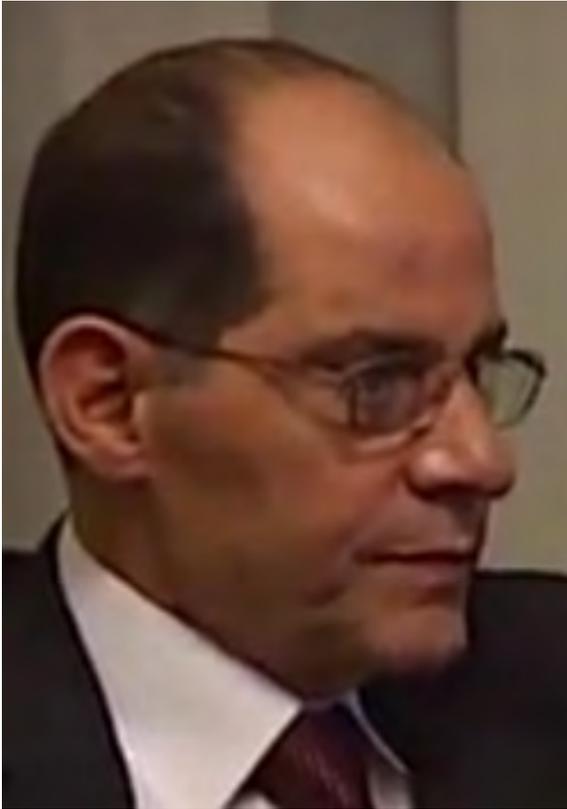
Right after coming to power following al-Sadat's October 1981 assassination, Mubarak pledged to tackle the corruption and nepotism that had become rampant under al-Sadat.⁷⁰ Despite his early rhetoric about clean government, however, Mubarak avoided any sweeping measures to root out and punish graft. Among the few steps he did take was to allow the corruption trial of Osman to move forward in early 1982 and that of Esmat al-Sadat in the fall of 1982; both were convicted and sent to prison.⁷¹ Mubarak used the high-profile trials to portray himself as a reformer and to bolster his legitimacy—and to build his own

power networks by redistributing gains and profits to his allies. For instance, after Esmat's conviction prevented him from obtaining a lucrative contract to import U.S. weapons, the contract went to a former intelligence officer named Hussein Salam. Salam became one of Mubarak's closest associates and a billionaire notorious for corrupt arms and gas deals.⁷²

“ Like al-Sadat's dismissal of al-Ghar, Mubarak's sacking of Abdel Rahman suggested that the ACA was expected to pursue corruption only when convenient for the ruler. ”

In 1982, Mubarak ratified legislation to reactivate the ACA the following year.⁷³ In 1983, he approved Law 112/1983, which emphasized the ACA's close ties to the military. The law allowed armed forces personnel who transferred to the ACA to maintain their military rank and seniority.⁷⁴ Mubarak assigned Maj. Gen. Mohamed Abdullah to head the newly reopened ACA, and he served until 1989. Abdullah's successor was former head of military intelligence Maj. Gen. Ahmed Abdel Rahman, who remained in the position for seven years.⁷⁵ In 1996, however, Mubarak forced him out after the ACA began an investigation of Housing Minister Ibrahim Suleiman, who was close to the president and rumored to be highly corrupt.⁷⁶ Like al-Sadat's dismissal of al-Ghar, Mubarak's sacking of Abdel Rahman suggested that the ACA was expected to pursue corruption only when convenient for the ruler.

To maintain the loyalty of important regime actors, Mubarak built up patronage networks through which they could enrich themselves. As a key part of this, he systematically “wedded” senior military leaders to his rule by having



Maj. Gen. Mohamed Farid al-Tuhami, who headed the ACA from 2004-2012. Photo: Muhammed adel007/Wikimedia

them appointed upon retirement from the armed forces to senior (and lucrative) posts in the civilian bureaucracy, public sector companies, and other state agencies. Here Mubarak continued a practice that began under Nasser.⁷⁷ The ACA helped to vet officers for cabinet positions, functioning, as Yezid Sayigh explained, “as a means of reproducing military penetration of the bureaucracy.”⁷⁸

Abdel Rahman’s successor, another senior military official named Maj. Gen. Hitler Tantawi, is said to have been more compliant with Mubarak’s wishes, and ended up running the ACA for eight years, until 2004.⁷⁹ In 2006, Tantawi allegedly told the U.S. Embassy in Cairo that Mubarak’s economic liberalization policies had expanded the opportunities for corruption at the highest levels of the government.⁸⁰ Egyptian media reports the

following year suggested that Tantawi himself may have been involved in illicit enrichment.⁸¹ (After Mubarak’s overthrow, a lawsuit was filed against Tantawi, accusing him of personally benefiting from illegal land deals in exchange for suppressing the corruption scandals of Mubarak family members and senior regime officials. The suit apparently went nowhere.)⁸²

The last ACA head to serve under Mubarak was a former director of military intelligence, Maj. Gen. Mohamed al-Tuhami, who ran the agency from 2004 until 2012. Under al-Tuhami—described as the “handpicked guardian” of Mubarak’s “system of corruption and impunity”—the ACA showed even less vigor in combating graft and fraud.⁸³ In 2007, Mubarak seemed to marginalize the ACA when he entrusted Minister of State for Administrative Development Ahmed Darwish, a civilian engineer, with forming a committee to develop anti-corruption policies.⁸⁴ During these years, the CAO was the only agency to issue critical assessments of state activities; in 2010 for example it reported to parliament on extensive mismanagement in desert reclamation projects.⁸⁵

The political opening after Mubarak’s February 2011 ouster saw a brief period of public discussion of what previously were whispered rumors of high-level corruption under his regime, including by Mubarak himself and his family, and of the ACA’s complicity. A former ACA officer Lt. Col. Mu’tasim Fathi spoke in detail to the media about the Mubarak regime’s corruption networks and how the presidency and the ACA leadership prevented ACA officers from investigating them. Fathi also filed a lawsuit.⁸⁶ Despite Fathi’s allegations, the lawsuit went nowhere, al-Tuhami remained in his job, and the ACA continued to shield Mubarak, his sons, and ex-high level regime members as corruption cases were brought against them.⁸⁷ Al-Tuhami allegedly refused to provide important ACA documents to prosecutors.⁸⁸ He also reportedly tampered with evidence in order to protect Mubarak’s housing ministers Ibrahim Suleiman and Ahmed al-Maghrabi and his tourism minister Zuhair Garana in corruption investigations

opened against them.⁸⁹ And al-Tuhami refused to investigate citizens' complaints of corrupt behavior by several Mubarak-era governors and heads of state agencies, many of whom were retired generals.⁹⁰

Despite emerging allegations that al-Tuhami himself might have been involved in corrupt practices, too, in December 2011 the interim ruling authority, the Supreme Council of the Armed Forces (SCAF), renewed his ACA appointment.⁹¹ (Al-Sisi, who was serving as director of military intelligence at the time, was an important member of the SCAF.) Under SCAF rule, laws also were issued giving active and retired military officers immunity from prosecution in civilian courts for illegal profiteering and making the military judiciary the sole authority responsible for investigating cases of illicit enrichment by officers.⁹²

THE ACA UNDER MORSI (2012–2013)

The June 2012 transfer of power from the SCAF to an elected president from the Muslim Brotherhood, which as an opposition group had long emphasized the problem of corruption, initially seemed to open new political space to tackle the issue.⁹³ In August 2012, the former ACA officer Fathi submitted a new legal complaint, directly accusing al-Tuhami of sabotaging the investigations of Mubarak and of concealing information about corruption during the Mubarak regime and under the SCAF.⁹⁴ In an interview, Fathi stated that he had waited until “the last thread constraining freedom in Egypt was cut”—meaning after the SCAF had left power—before coming forward with his new accusation after the SCAF buried his first one.⁹⁵ In September, Morsi removed al-Tuhami and appointed as ACA chairman Maj. Gen. Mohamed Omar Heiba, an official from General Intelligence.⁹⁶ The SCAF, which remained very powerful despite the elected president, did not support Morsi's sacking of al-Tuhami, likely viewing it as meddling within the military's traditional sphere of influence.⁹⁷ Soon after al-Tuhami's removal, an investigation

was opened into him, the first such inquiry into a former ACA head's activities.⁹⁸ Morsi also signaled a new approach to bureaucratic oversight by showing a preference for the civilian-led CAO. He appointed as its head Hisham Geneina, a prominent senior judge who was associated with the judicial reform movement under Mubarak and someone who the Morsi government viewed as serious about fighting corruption.⁹⁹ And Morsi's minister of justice issued Decree 8937/2012, which granted the CAO the same investigation and arrest powers as the ACA, thereby eroding the ACA's superior position.¹⁰⁰

“A former ACA officer accused the agency of sabotaging investigations and concealing information about corruption during the Mubarak regime and under the SCAF.”

Yet during his short presidency Morsi did not end up pushing any significant anti-corruption measures. When he first took office, Morsi was careful not to antagonize the remnants of Mubarak's regime and the “deep state,” and then just a few months into his tenure, opposition against him began to swell and he was soon fighting to stay in office. After the June 30, 2013 military-backed mass demonstrations against Morsi and the Brotherhood, al-Sisi, at the time serving as defense minister, forcibly removed Morsi from power on July 3. Two days later, the new regime brought al-Tuhami, one of al-Sisi's mentors, out of retirement and made him head of General Intelligence. In this post, al-Tuhami played a key role in directing the post-coup crackdown against the Brotherhood.¹⁰¹

IV. THE ACA UNDER AL-SISI

Like his predecessors, al-Sisi made “fighting corruption” an early focus of his presidency as part of his legitimacy-building. Although he came from the core of Egypt’s “deep state,” by declaring himself publicly to be against corruption al-Sisi could present himself as a reformer in contrast to the discredited Mubarak.

Al-Sisi has often emphasized the need for a comprehensive effort and a “complete framework” to eliminate corruption.¹⁰² In December 2014, seven months after taking office, al-Sisi launched the National Anti-Corruption Strategy, a four-year, interagency plan. The strategy’s goal was to “[create] a culture that rejects corruption and embraces justice, integrity and loyalty.”¹⁰³ A second four-year plan, announced in December 2018,¹⁰⁴ has as its “vision”

a society that recognizes and rejects the dangers of corruption with the support of an administrative body that upholds the values of transparency and integrity and is recognized for efficiency and effectiveness.¹⁰⁵

But the repressive measures that al-Sisi has overseen—centralizing his power; tightening the regime’s control over the media, judiciary, and civil society; harshly punishing government critics and independent voices—directly undermine transparency and integrity.¹⁰⁶ His regime has dealt with several of the important corruption cases of top Mubarak officials by striking non-transparent “reconciliation deals” in which the defendants escaped criminal prosecution by paying a sum of money to the state.¹⁰⁷ Instead, al-Sisi’s approach to “fighting corruption” has been limited to empowering the ACA in certain activities. As one observer put it, whereas Mubarak “restrained” the ACA, al-Sisi has “liberated” it for specific tasks.¹⁰⁸

Besides putting the ACA in charge of coordinating the implementation of the National Anti-Corruption Strategy, al-Sisi’s government

has given the ACA a seat on at least 16 official committees dealing with many different issues. The ACA today is represented on the Higher Committee to Combat Sectarian Incidents,¹⁰⁹ the National Agency for Organizing the Operation of Foreign NGOs,¹¹⁰ the Supreme Council to Combat Terrorism and Extremism,¹¹¹ the National Payment Council,¹¹² the Supreme Council for Tourism,¹¹³ the Supreme Council on Investment,¹¹⁴ and the cabinet-level committee in charge of legalizing unlicensed churches,¹¹⁵ among others.¹¹⁶ The involvement of the ACA in such a wide range of governance areas suggests the possible extent of corruption, mismanagement, facilitation payments, bribery, embezzlement, and fraud across the state.¹¹⁷ And it could indicate that al-Sisi wants the ACA, an agency under his direct control, involved, or *seen* to be involved, in all these issues (it is unclear how active these committees are).

“The repressive measures that al-Sisi has overseen—centralizing his power, tightening the regime’s control over the media, judiciary, and civil society, harshly punishing government critics and independent voices—directly undermine justice and integrity.”

Al-Sisi has assigned the ACA several other roles, such as helping to attract foreign investment (as discussed below) and combating illegal migration. ACA staff also have conducted trainings for officials from ministries, state agencies, governorates, and

universities on anti-corruption.¹¹⁸ In addition, his government put the ACA in charge of creating a Unified National Registry, which is supposed to help streamline Egypt's welfare programs and overhaul the food subsidy system, reforms that are being encouraged by the IMF and the World Bank.¹¹⁹ According to some accounts, the ACA also performs such work as inspecting apartments built by the Ministry of Housing and screening applicants for positions in the judiciary, universities, and other sensitive institutions.¹²⁰ Many of these roles would seem to exceed the ACA's capacity, if not its authority. As a U.S. Department of State analysis observed, the ACA "is routinely over-tasked with work that would not normally be conducted by a law enforcement agency."¹²¹

Even if it is overstretched, the ACA is politically useful to al-Sisi in several ways. Its investigations and arrests can make him appear to be cracking down on corruption, in contrast to Mubarak's inaction—even as his regime perpetuates many Mubarak-era corrupt practices and fosters new ones. An active ACA can help burnish Egypt's reputation, which can be important to attract foreign investment and aid to help boost the economy. Indeed, Egyptian officials have been explicit that a major reason for implementing anti-corruption reforms is to improve Egypt's image.¹²² Moreover, the ACA's return of stolen public funds to state coffers can allow al-Sisi to claim that he is fighting government waste at a time of IMF-mandated austerity measures, even as he directs the state to implement "megaprojects" of questionable need, such as the new administrative capital being built outside Cairo, and makes massive arms purchases from abroad.¹²³

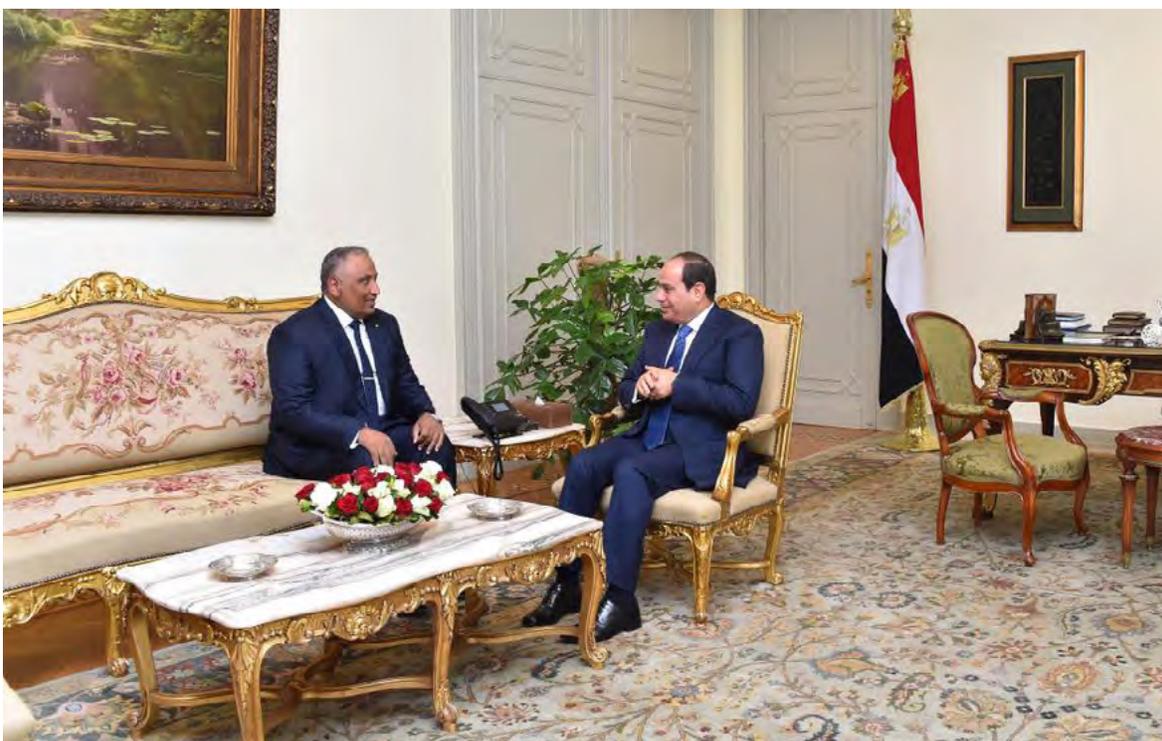
The ACA also has a function in al-Sisi's regime-building. As Amr Adly and Ashraf El-Sherif have explained, under al-Sisi, security institutions—especially the military—are playing the key role of managing the regime's relations with the state's administrative and bureaucratic bodies, replacing the Mubarak networks run by ruling party leaders and businessmen linked to Mubarak and his son Gamal.¹²⁴ According to Adly, the expansion of the ACA's role under al-Sisi is part of a broader effort to have the

military monitor the performance of state institutions.¹²⁵ In this regard, the ACA can help resolve roadblocks facing key initiatives, regulate patronage networks, and otherwise project power into the state apparatus. Because al-Sisi controls the ACA, he can supervise who is targeted for arrest or intimidation, while protecting himself and his allies from scrutiny.

“Because al-Sisi controls the ACA, he can supervise who is targeted for arrest or intimidation, while protecting himself and his allies from scrutiny.”

Against this backdrop, al-Sisi has undertaken various measures to ensure and strengthen his control over the agency. In April 2015, he appointed Maj. Gen. Mohamed Erfan to replace Morsi-appointed Heiba. Erfan, who joined the ACA in 1986 and worked his way up the ladder, graduated from the Military Academy with al-Sisi in 1977.¹²⁶ As the ACA's chairman, Erfan was well-covered in the media, including in an unusual 90-minute interview about fighting corruption aired on a television channel linked to the security services.¹²⁷ He was often seen at al-Sisi's side inaugurating government projects, where he would praise the president profusely and state that his administrative reforms were saving the country billions of Egyptian pounds.¹²⁸

In August 2018, without public explanation, al-Sisi suddenly removed Erfan and named him as a presidential advisor for government affairs and 'informatics.'¹²⁹ Erfan is one of several top regime officials with a security role whom al-Sisi has abruptly sacked since fall 2017.¹³⁰ Due to the opacity of the regime and with the demise of independent media inside Egypt, it is difficult to know what lies behind such firings;



President al-Sisi meets with current ACA Chairman Sherif Seif al-Din in August 2018. Photo: Spokesman of the Egyptian Presidency Facebook page

some authoritarian rulers purge or rotate persons holding sensitive security positions so that potential challengers cannot build up an independent power base.¹³¹ By contrast, al-Sisi's sacking of Morsi-appointed CAO head Geneina sent a very clear signal: public statements about corruption not sanctioned by the presidency are off-limits. Al-Sisi fired Geneina after he claimed in a December 2015 media interview that corruption had cost Egypt some 600 billion Egyptian pounds (\$76 billion) that year.¹³² Geneina was then put on trial, found guilty of "disseminating false news," and issued a one-year suspended sentence.¹³³

Erfan's successor, Maj. Gen. Sherif Seif al-Din, comes directly from the military, having previously served as defense attaché in Germany and as head of Egypt's Southern Military Zone. According to an Egyptian media report, "Seif al-Din possesses a unique level of experience due to his 'scientific qualifications' and service in combat, administrative, financial, technological, planning, and inspection units

in the armed forces."¹³⁴ Throughout these leadership changes at the ACA, al-Sisi's eldest son Mustafa apparently has worked there. (His other two sons have served in General Intelligence and his brother has led the Unit for Combating Money Laundering and Terrorist Financing at the Central Bank of Egypt.)¹³⁵ Few details about Mustafa's work are available publicly. According to one report, in 2015 he was involved in bringing a bribery case against officials in the Executive Agency for Drinking and Sewage Water.¹³⁶

In addition to giving the ACA new roles, naming military allies to run the agency, and exerting influence through his son's presence there, al-Sisi has exercised control in other ways. Most notably, the ACA is now officially under the president's direct authority, instead of under the prime minister. In October 2017, al-Sisi ratified Law 207/2017, which amended several parts of the original ACA law, Law 54/1964.¹³⁷ Although in practice the agency has always been under presidential control, the

amendment sent a clear signal about the ACA's important place in al-Sisi's power structure. The agency's roles and activities will now be discussed in more detail.

"FIGHTING CORRUPTION" IN THE BUREAUCRACY

Since 2014, dozens of ACA investigations and arrests across the public sector have been reported in the Egyptian media. So far, arrests have taken place of employees in at least nine ministries,¹³⁸ seven state agencies,¹³⁹ and six governorates.¹⁴⁰ The chief of the Customs Authority¹⁴¹ and officials of at least nine state-owned companies,¹⁴² including the heads of the Food Industries Holding Company, a pharmaceutical company, and a petroleum oil company, have been arrested.¹⁴³ The ACA reportedly precipitated the firing of the chief of the company managing EgyptAir, the state-owned airline.¹⁴⁴ Under al-Sisi, the ACA has gone after university and union officials for corruption, doctors for trafficking organs, and judges for taking bribes and other alleged financial improprieties.¹⁴⁵ Staff of several private-sector businesses also have been detained.¹⁴⁶ In December 2018, for example, the ACA arrested three people who supposedly forged documents at a tourism company.¹⁴⁷

Most of those targeted are not well known; only a very few senior officials have been arrested and prosecuted under al-Sisi. One of the three highest-level officials to be targeted so far was former minister of agriculture and land reclamation Salah Helal. ACA officers arrested Helal in September 2015, just six months after he had taken up his ministerial position. Helal was put on trial and sentenced to ten years in prison for a corruption scheme in which he allegedly allowed a businessman who had been in Mubarak's ruling party to take over state land illegally in exchange for several million Egyptian pounds in bribes.¹⁴⁸ An ACA report leaked to the media on Helal's alleged corruption when he had previously served as chief of staff in the agriculture ministry suggested that the ACA's vetting had not stopped al-Sisi from choosing him as



Former agriculture minister Salah Helal, who was arrested by ACA officers in September 2015, leads a meeting on August 22, 2015. Photo: Audio and Video Information Center/YouTube

minister.¹⁴⁹ As Assem Abdel Mo'ty, director of the Egyptian Center for Transparency and Countering Corruption, commented,

There are no criteria for the selection of ministers. They are appointed based on personal trust between the ministerial candidate and the prime minister or president of the republic, even if this involves disregarding the reports of the Administrative Control Authority.¹⁵⁰

The two other most senior officials to be arrested so far were the governor of Menoufia, Hisham Abdel Baset, and the deputy governor of Alexandria, Su'ad al-Kholy, both of whom were appointed by al-Sisi in 2015. Abdel Baset was caught in January 2018, reportedly through ACA surveillance, agreeing to take a bribe in exchange for issuing land permits to businessmen. In November 2018, he was convicted and sentenced to ten years in prison.¹⁵¹ Al-Kholy, who was serving in Egypt's second-largest city as deputy

governor, was arrested in August 2017 for bribery, profiteering, and “squandering public funds.”¹⁵² In January 2019, she was sentenced to 12 years in prison.¹⁵³ These two arrests and prosecutions are significant because governors are a key part of al-Sisi’s power structure, directly representing him in a political and security role at the subnational level.¹⁵⁴

One rather notorious ACA case involved senior officials at the State Council, Egypt’s administrative court system. In December 2016, Gamal al-Labban, head of the State Council’s procurement department, was arrested after the ACA revealed that he had allegedly received bribes worth several million Egyptian pounds in various foreign currencies.¹⁵⁵ Photographs of the seized cash were released to the media. A few days after al-Labban’s arrest, Deputy Chief Justice Wael Shalaby, who was accused of taking part in al-Labban’s corruption scheme, resigned. The following month Shalaby was himself arrested by the ACA, and days later died in his cell at the agency, supposedly due to suicide.¹⁵⁶ Al-Labban was sentenced to life in prison in September 2017 and ordered to pay a fine of 1 million Egyptian pounds (\$55,000).¹⁵⁷

As few details about ACA investigations are made public, it is not clear exactly how many of those who have been arrested are later prosecuted, and the reasons why particular officials are targeted and others left untouched are shrouded in secrecy. One such turbid incident involved an April 2017 ACA raid of the Berlin residence of the Egyptian ambassador to Germany, Badr Abdel ‘Aaty. The ACA reportedly conducted the unusual international raid to investigate alleged financial and administrative improprieties by the ambassador. The Egyptian Ministry of Foreign Affairs acknowledged that what it called “periodic monitoring procedures” had occurred at its Berlin mission, but denied that Abdel ‘Aaty was involved in any corrupt activities. He was not arrested and nothing else was said publicly about the incident.¹⁵⁸ Observers were left to speculate about whether the raid was part of a power struggle between civilian and security actors inside the regime and was meant to send a message to Foreign

Minister Sameh Shoukry that the security apparatus could reach directly into his domain. As part of the securitization of the state under al-Sisi, the foreign ministry is said to have come under increased military and intelligence influence.¹⁵⁹

“As few details about ACA investigations are made public, it is not clear exactly how many of those who have been arrested are later prosecuted, and the reasons why particular officials are targeted and others left untouched are shrouded in secrecy.”

All these moves by the ACA can advance al-Sisi’s consolidation of power in several ways. First, his regime can portray them as success stories to try to convince the public and the international community that it is serious about fighting corruption. Here, al-Sisi essentially seeks to receive legitimacy for his rule. Second, such investigations can create a climate of fear across the public administration by showing that the regime is willing to punish certain corrupt behaviors. Moreover, exposing selected cases within an institution warns others in the institution not to fall out of line. Third, they could help al-Sisi squeeze revenue out of the state in the face of IMF-imposed budgetary constraints. In 2018 alone, the ACA reportedly seized millions of Egyptian pounds in bribes and recovered 43.3 billion pounds (\$2.4 billion) in looted state funds.¹⁶⁰

At the same time, it is difficult to ascertain how many of the ACA’s cases legitimately involve corruption and how much money is actually returned to the state as a result of its investigations. Since the agency does much of its work in secret and its reports are not made

public, it is not possible to verify its findings or evaluate its effectiveness. Additionally, because Egypt's judiciary increasingly lacks independence and integrity, corruption prosecutions may be subject to political interference.¹⁶¹

Furthermore, as with al-Sisi's cryptic replacement of top military and intelligence officials, the ACA's choice of targets leaves the public guessing about the specific power dynamics playing out behind the scenes. The politics of these investigations are especially hard to read from the outside because the people targeted generally have been technocrats or bureaucrats who are not widely known, as opposed to the prominent political or business figures who had a public profile in previous Egyptian regimes. Indeed, many of those who gained influence and wealth under Mubarak have been marginalized under al-Sisi, so there are fewer obvious rivals to go after today. Al-Sisi has not even created a ruling party to replace Mubarak's outlawed one.¹⁶² He fully dominates the political scene, relying on a small inner circle of military aides and security men to run the state behind a facade of civilian technocrats. Networks of privilege and corruption revolve around these military-security power centers.¹⁶³ In this context, the ACA's anti-corruption campaign can hint at turf battles among security factions. They also could suggest how selective crackdowns are used to deter others within the bureaucracy, including potential opponents, from going against the rules of the game.

PROTECTING THE MILITARY

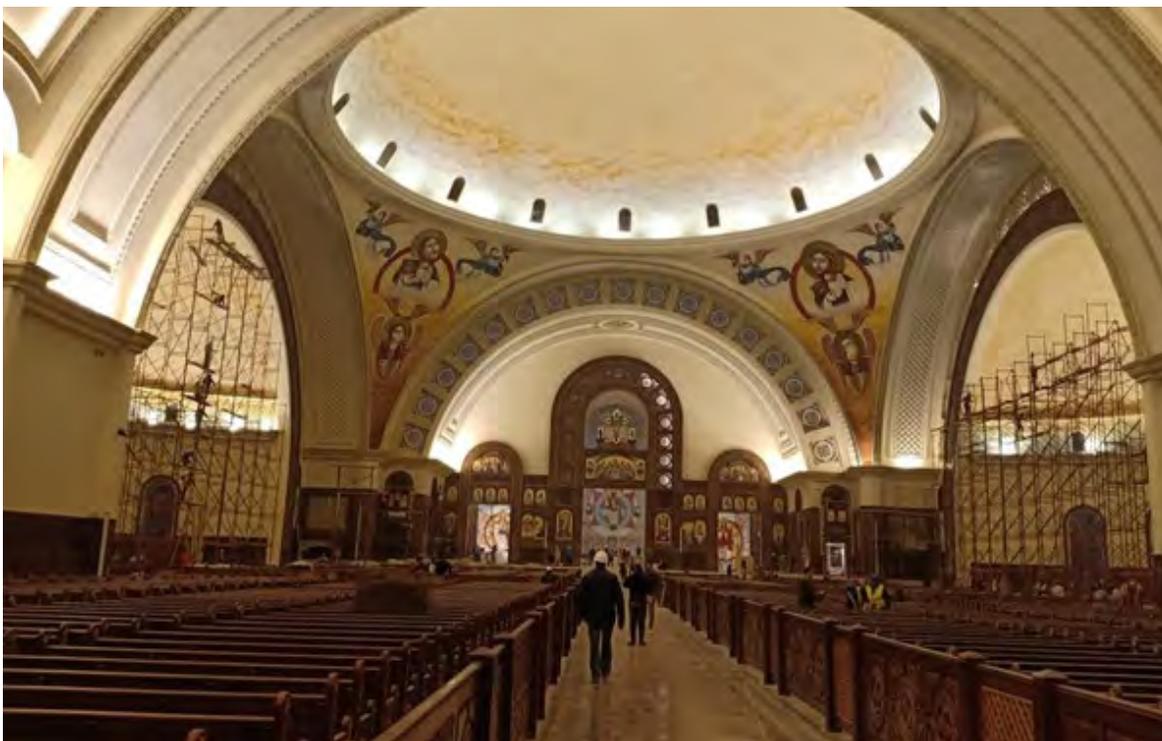
In order to understand the role of the ACA today and its limitations in combating corruption, it is also necessary to know that the most powerful institution in Egypt—the military—lies outside its mandate. The Egyptian armed forces are not only the Middle East's largest army, they also maintain a notable economic role. Law 207/2017 specifies that the ACA monitors only *civilian* state bodies, not the military. This language, which was not in the 1964 ACA law, formalizes the agency's longstanding practice

of not looking into the military, which Shana Marshall described as “the primary gatekeeper for the Egyptian economy.”¹⁶⁴ This carve-out is important because any corruption uncovered by the ACA in the civilian bureaucracy is likely insubstantial compared to what may be taking place within the military economy.¹⁶⁵ Indeed, Transparency International has categorized Egypt as being at high risk for corruption in the military.¹⁶⁶

“Al-Sisi fully dominates the political scene, relying on a small inner circle of military aides and security men to run the state behind a facade of civilian technocrats.”

The military economy was born under Nasser and has grown continuously ever since as a way to generate off-budget revenues for the armed forces.¹⁶⁷ Al-Sisi, who depended on the armed forces' support to come to power, has expanded the military economy further and granted it even more advantages over civilian businesses.¹⁶⁸ The size of the military's share of the economy is not known,¹⁶⁹ but its role is significant because of its privileges and presence in many sectors. It has perks not available to the private sector such as tax exemptions, the use of conscript labor, control over wide swathes of land, and special access to government contracts and funding.¹⁷⁰ All of these help to generate substantial earnings, although the military does not reveal how it uses these revenues.¹⁷¹ Its activities are shielded from meaningful oversight.¹⁷²

One main part of the military economy is composed of military-owned companies that manufacture a wide range of products for sale in the market from appliances to pasta and of other commercial ventures such as



The interior of the cathedral built in the new administrative capital about 30 miles from Cairo. The cathedral, claimed to be the largest in the Middle East, is a centerpiece of the Egyptian regime's marketing of the new administrative capital, which is being built with heavy involvement from the armed forces. Photo: Egypt State Information Service

Egypt's largest cement plant.¹⁷³ Another main part is military agencies that implement infrastructure and other public works projects with government funding.¹⁷⁴

One such agency, the Engineering Authority of the Armed Forces (EAAF), has played an especially prominent role under al-Sisi. The EAAF has implemented a large number of the "national projects" that al-Sisi has launched since 2014. According to the prime minister's office, between 2014 and 2018, 7,770 such projects were completed at a total cost of 1.6 trillion Egyptian pounds (\$89 billion); 3,392 projects costing 1.1 trillion Egyptian pounds (\$61 billion) are still underway.¹⁷⁵ The projects include building roads, bridges, schools, hospitals, and social housing; renovating government buildings and churches; expanding the Suez Canal; and constructing the new administrative capital that is expected to open in 2019.¹⁷⁶ Detailed budget figures have not been released, but according to some reports,

the cost of the new capital alone, run by a holding company controlled by the military, may exceed \$45 billion—a massive expense for a country under such fiscal strain as Egypt.¹⁷⁷ Al-Sisi says that the armed forces must manage these projects because they can complete them more quickly and reliably than private businesses can.¹⁷⁸

In fact, the EAAF subcontracts much of the work on national projects to private businesses in a selection process that is totally opaque.¹⁷⁹ (Indeed, almost all activities of the armed forces are deemed a state secret.)¹⁸⁰ According to a Transparency International report, "the military has been given a free rein over subcontracting, consolidating a kleptocratic set-up characterised by secrecy and patronage."¹⁸¹ As Robert Springborg put it, "The military has been given the right to subcontract everything it does and subcontracting does not occur without bribes, point blank. This is the new game in town."¹⁸²



A new housing development in Daqalia built between 2014 and 2016, another of the thousands of “national projects” implemented by the military under al-Sisi. Photo: Ministry of Defense

The only body authorized to investigate corruption in the military is the Armed Forces Inspection Authority, and those accused of corrupt activities are tried by the military justice system, which lacks transparency.¹⁸³ The fact that over the decades only a small number of military corruption cases have ever become public illustrates the power, prestige, and protection that the Egyptian Armed Forces enjoy.¹⁸⁴

The military’s economic activities are important for al-Sisi because they keep officers materially bound to his rule and demonstrate economic accomplishments to the Egyptian public. And by protecting officers from ACA investigations and other outside oversight, he protects their economic interests. At the same time, because powerful regime actors, especially the military, might have competing interests, al-Sisi needs reliable mechanisms for monitoring important economic projects. For instance, since at least 2015, a joint committee of the ACA and the EAAF has monitored more than 2,500 EAAF projects and subcontracts worth 437 billion Egyptian pounds (\$24 billion).¹⁸⁵ In January

2017, then-chairman Erfan noted that since the activities under this supervision were civilian, there was no problem with the ACA’s role.¹⁸⁶

The joint committee is a way for an institution under al-Sisi’s direct influence to monitor at least a sample of the EAAF’s projects. It can help to exert control over some of the military’s civilian subcontractors, thereby advancing al-Sisi’s objective of subordinating the private sector. In doing so, he also denies it the political influence it enjoyed during the Mubarak regime. The joint committee additionally could be a way to bolster the credibility of the armed forces’ economic activities by presenting a facade of ACA oversight (since little is known about how much real supervision the ACA is providing). The military’s expanded economic role poses a risk of increased mismanagement or even fraud within its institutions, which could damage its public image and prestige, and by extension, that of al-Sisi.¹⁸⁷

Giving the ACA a role in monitoring military-run projects helps to create a clean image of the armed forces’ economic role and protect

it from allegations of mismanagement and corruption. Finally, the ACA strengthens the president's influence over the military's economic activities, which is important for his continued political dominance. Certain incidents in the past year and a half suggest that al-Sisi's relations with the armed forces may not be all that smooth. For example, two former generals sought to run against al-Sisi in the March 2018 presidential election (they were detained).¹⁸⁸ And inside the military there were reports of discomfort with al-Sisi's controversial 2016 agreement to transfer the Red Sea islands Tiran and Sanafir to Saudi sovereignty.¹⁸⁹

“The military's expanded economic role poses a risk of increased mismanagement or even fraud within its institutions, which could be damaging to its public image and prestige.”

Interestingly, although the ACA is not allowed to monitor the military directly, its officers have arrested some retired officers serving in the civilian state apparatus. As mentioned earlier, such appointments are usually lucrative and are one of the main ways to bind the military to the civilian bureaucracy. The highest-level such arrest reported so far was the May 2018 detention of Alaa Fahmy, a former general who ran the huge state-owned Food Industry Holding Company (FIHC), which oversees more than 30 companies heavily involved in the production and distribution of crucial commodities such as sugar, rice, and cooking oil.¹⁹⁰ In June 2018, Maj. Gen. Nader al-Sa'id, head of al-Dokki district in Cairo, was arrested by ACA officers on the accusation that he took a bribe of 250,000 Egyptian pounds (\$14,000) and an apartment in an expensive neighborhood; a verdict is expected in his case

in March 2019.¹⁹¹ And in January 2019, the head of Old Cairo district, Maj. Gen. Mohamed Zain al-'Abideen, and his secretary were arrested by the ACA and detained on the order of the Public Prosecutor. Zain al-'Abideen allegedly received a bribe of 1 million Egyptian pounds from a demolition company arranged through an ACA sting operation.¹⁹² These arrests—and possibly others not covered by the media—could be al-Sisi's way of warning the military establishment that there are some limits to its self-enrichment in his regime, of “shaking the stick” in the armed forces' direction without provoking a confrontation with his main power base.¹⁹³

SECURING INVESTMENTS

Increasing foreign direct investment (FDI) is one of al-Sisi's top stated economic goals, and he has involved the ACA in this endeavor. Egyptian officials have stated that corruption-related reforms should improve Egypt's position on global surveys, such as Transparency International's Corruption Perceptions Index, which can help efforts to attract FDI.¹⁹⁴ FDI is needed to reduce the current account deficit while helping businesses create jobs and bring down the perennially high unemployment rate—the government's target for this fiscal year is 750,000 new jobs.¹⁹⁵ FDI plummeted after the 2011 uprising and has not yet returned to anywhere near its peak of \$13.2 billion in fiscal year 2007–2008.¹⁹⁶ For the past two years, Egypt brought in less than \$8 billion in FDI. The government's ambitious FDI target for the 2018–2019 fiscal year is \$11 billion.¹⁹⁷ As most FDI remains concentrated in the oil and gas sector, which does not create many jobs, another goal is to attract investment for other sectors.¹⁹⁸

Given the importance that the Egyptian government attaches to boosting FDI, it is not surprising that in 2015 then-ACA head Erfan established a specialized department in the agency tasked with encouraging investment.¹⁹⁹ And in 2018, al-Sisi directed the ACA to communicate with investors and to report back to him on a weekly basis about business



President Abdel Fattah al-Sisi with Saudi Arabia's King Salman and Crown Prince Mohamed bin Salman, August 2018. Saudi Arabia is a crucial economic partner of Egypt and the ACA has helped to resolve disputes with Saudi investors. Photo: Saudi Press Agency

activities and obstacles faced by companies. He also has made the ACA responsible for inspecting the work of the new Investment Service Centers run by the Ministry of Investment and International Cooperation and for assessing their performance through a "follow-up and motivation group affiliated with the ACA."²⁰⁰ A representative of a foreign chamber of commerce in Cairo says that in recent years the ACA has been helpful in facilitating the complicated process of obtaining government approvals and permits needed to do business in Egypt.²⁰¹

Another part of al-Sisi's investment-generation strategy has been to give the ACA a role in settling disputes between foreign investors and the Egyptian government. For example, the ACA has been involved in solving disputes involving investors from Saudi Arabia, one of Egypt's most crucial economic partners.²⁰² According to the president of the General Federation of Egyptian Chambers of Commerce, Saudi investments are worth up to \$27 billion spread across some 2,900 projects.²⁰³

Following Mubarak's ouster, Saudi investments were endangered when Egyptian lawyers accused the investors of having manipulated tenders and auction laws during the Mubarak years.²⁰⁴ The disputes continued during the Morsi presidency but after his ouster, the new regime has resolved them, apparently with the ACA's involvement.²⁰⁵

The ACA also has forged international partnerships that can reinforce the regime's foreign economic connections, or its transnational patronage networks, so to speak.²⁰⁶ In 2016, for instance, the ACA signed a memorandum of understanding (MoU) on anti-corruption measures with its Saudi counterpart, the National Authority for Combating Corruption.²⁰⁷ This followed a 2015 MoU with Algeria's National Corruption Prevention and Control Organization (NCPKO). The stated goal of the Algerian cooperation was "to exchange best practices" in the fight against corruption through conducting "training, expertise exchange, enhancing personnel capabilities and developing academic

curricula."²⁰⁸ But protecting state-linked economic and business interests might be the main purpose. Algeria, which was the first country that al-Sisi visited after he became president, in recent years has been a significant destination for Egyptian investments²⁰⁹ and exports, including products like cement that are manufactured by the military.²¹⁰ Like the ACA, the NCPCO is controlled by a regime in which the military is a crucial pillar.²¹¹ The ACA's relationships with foreign counterparts illustrate the role that such state agencies play in regulating regime patronage networks both domestically and internationally.²¹² These relationships can protect important economic interests of the Egyptian regime, and can function as an extension of intelligence cooperation.

“The ACA’s involvement in monitoring and facilitating investments should be understood as part of al-Sisi’s control strategy over the state’s rent income and revenues.”

Improving the economy for the benefit of Egyptian society may not be the main reason why al-Sisi has assigned the ACA such a prominent role in securing investment and foreign deals. The tough fiscal situation since 2011 has limited opportunities to provide perks to regime loyalists that he, like every previous Egyptian president, needs to use to survive in power. When less money flows into the government, less can be distributed through patronage networks, including through corruption schemes. Thus increasing investment is key to maintaining a patronage network that binds subordinates to the ruler through material benefits. The ACA's involvement in facilitating investments therefore should be understood as

part of al-Sisi's control strategy over the state's rent income and revenues.

INTERNATIONAL ASSISTANCE TO THE ACA

Under al-Sisi, the ACA has been a focal point for donors and international agencies working on anti-corruption issues from various angles. Egyptian officials have requested anti-corruption assistance from international organizations and foreign governments and often have directed them to the ACA as a partner.²¹³

Some multilateral organizations, such as the African Development Bank (AfDB),²¹⁴ the European Union (EU),²¹⁵ the World Bank,²¹⁶ and the United Nations Development Programme (UNDP),²¹⁷ have forged relationships with the ACA under the rubric of supporting economic development and good governance.

The AfDB project with the ACA, funded through the World Bank-managed Middle East and North Africa Transition Fund, “aims to support Egypt’s on-going efforts to fight corruption, and promote transparency and accountability, which will directly feed into the overall objective of fostering inclusive and sustainable development . . . establishing an attractive business environment . . . [and] enhancing economic governance.”²¹⁸ The World Bank, as part of its multi-billion-dollar economic growth and social development program in Egypt, has provided the ACA with technical support to create a Unified National Registry and in 2017 signed a cooperation agreement with the ACA, reportedly to “promote anti-corruption measures [and] develop the system of governance and means of management in Egypt.”²¹⁹ Cooperation with the UNDP intends to support the implementation of the UN Convention against Corruption and the National Anti-Corruption Strategy, and help to create “transparency and integrity for government institutions.”²²⁰ In January 2019, the EU signed a grant agreement with the ACA worth 34.5 million Egyptian pounds (\$1.95 million). The project, which the EU describes as part of its “efforts to promote and protect



A screenshot from the ACA's 2017 public information campaign, supported by several donors, with the message "You are your own mirror." Photo: *If We Look In the Mirror, This is the Beginning*, "Civil servant"/YouTube

the universal values of democracy, the rule of law, and human rights," will hold workshops with civil society and the private sector and develop a 'master class' on corruption, among other activities."²²¹

Other international partners are cooperating with the ACA under a broad law-enforcement framework, helping to build the agency's capacity to stop money laundering, combat illegal migration, and conduct transnational criminal investigations. Such partners include the United Nations Office on Drugs and Crime (UNODC), a leading donor working with the ACA in projects funded by Canada and the European Union.²²² Among the UNODC's activities has been to support the ACA's 2016-2017 national awareness campaign, which included public service announcements featuring the agency logo and a hotline to report corruption.²²³ The U.S. Federal Bureau of Investigation (FBI)²²⁴ and the U.S. Immigration and Customs Enforcement (ICE) have also assisted the ACA in recent years.²²⁵ Such law-enforcement related partnerships have provided international study missions, trainings, and other professional development

opportunities to ACA staff. These two different areas for international cooperation, economic development and law enforcement, reflect the ACA's dual identity as a governance- and a security-focused institution.

Donor support and other international cooperation is valuable for the ACA in several ways. First, it can provide resources that are especially useful at a time of budgetary constraints in Egypt. The AfDB project, for example, involves a \$3.5 million grant to the agency.²²⁶ Material support through purchases of computers and other equipment similarly boosts the ACA's resources. Donor-funded trainings and international travel provide patronage opportunities for the ACA. And the ACA's anti-corruption work can help, in an indirect way, to generate income for the regime, such as through facilitating foreign investment and business deals. The ACA's initiatives to curb illegal migration, including through recent cooperation with ICE and UNODC,²²⁷ can be understood in part as a strategy to secure international rents. In light of the refugee crisis in Europe, the Egyptian government has seen an opportunity to use the migration issue as

a bargaining chip for increased foreign aid in negotiations with European countries.²²⁸ Against this backdrop, it is useful for al-Sisi to involve the ACA to demonstrate his seriousness about clamping down on irregular migration.

Second, donor support can improve the ACA staff's skills and know-how to make the agency's work more efficient and effective. To this end, the FBI has conducted trainings with ACA officers in Cairo, and two ACA officers have graduated from the FBI Academy in Quantico, Virginia.²²⁹ The project funded by the AfDB aims to train 50 ACA officers on asset seizure, cybercrime, and new investigative techniques, as well as to upgrade the information technology skills of 200 ACA staff.²³⁰ Other donors have supported training for more than 2,000 staff from the ACA, the public prosecution, and the ministry of finance, all of whom apparently were selected for the trainings by the ACA.²³¹ As with much foreign assistance, of course, it can be hard to know what impact all this training actually has.²³²

Finally, working with international partners lends credibility to the ACA, and by extension to al-Sisi's anti-corruption policies, as do endorsements such as the U.S. Embassy in Cairo's statement that it is "impressed with the

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The ACA's anti-corruption work can help, in an indirect way, to generate income for the regime, such as through facilitating foreign investment and business deals.
 ”

ACA's professional abilities and dedication to improving life for the average Egyptian.”²³³ The Cairo representative of ICE similarly praised the ACA, stating that it “has evolved into one of ICE's top international partners due to [its] vast authorities, professionalism, and relentless pursuit of transnational criminal enterprise.”²³⁴ The UNODC's support for the ACA's public information campaign also conveys a stamp of approval.²³⁵ Foreign support could put al-Sisi's anti-corruption efforts in a positive light and legitimize them, even as the ACA continues to fall far short of the standards necessary for a genuine anti-corruption agency.

V. CONCLUSION

As this report has described, the ACA has been the centerpiece of al-Sisi's efforts to "eliminate corruption." After many years as a relative backwater in the Egyptian state, the ACA under al-Sisi indeed has become more visible and active. As discussed, al-Sisi has put the agency in the center of the government's anti-corruption strategy. The ACA is represented on a large number of government bodies dealing with issues from foreign NGO funding to counterterrorism to licensing churches. It has taken on new tasks such as helping to facilitate foreign investment and to prevent illegal migration and has forged new international partnerships with donors and with foreign law enforcement and anti-corruption entities. Most prominently, the ACA has arrested dozens of government employees.

Yet the ACA's higher profile and tempo of activity must not be confused with a serious effort to combat corruption. For all its military-style efficiency, the ACA lacks the crucial characteristics of a credible anti-corruption agency: transparency and impartiality. Much of the ACA's work is opaque, and the agency is under the direct control of the president. It is certainly possible that some or all of those targeted by al-Sisi's ACA have engaged in corrupt activities, but without greater transparency, its work is difficult to verify. Furthermore, the facts that so few top officials have been prosecuted for corruption, and that the ACA is not allowed to monitor the military's economic activities, show that its mandate is neither sufficiently comprehensive nor independent.

As this report has argued, the ACA should be understood primarily as an instrument of al-Sisi's power. It is a means to help him control the huge state apparatus, to regulate key patronage

networks, to help secure resources for the state, and to generate support and legitimacy for the regime. The expansion of the agency's remit under al-Sisi strengthens its ability to fulfill the same main function it did under Nasser, al-Sadat, and Mubarak: protecting the regime.

“The ACA should be understood primarily as an instrument of al-Sisi's power. . . to help him control the huge state apparatus, to regulate key patronage networks, to help secure resources for the state, and to generate support and legitimacy for the regime.”

Donors and international agencies are right to be concerned with corruption in Egypt, as it thwarts equitable economic development, degrades the functioning of the state, and erodes citizens' trust in institutions. But praising the ACA and focusing assistance there is unlikely to have much positive impact, and such an approach could even strengthen the presidency's and military's dominance. Institutions controlled by the most powerful security actors in Egypt cannot serve as real anti-corruption watchdogs. Instead, donors should support independent civil society groups, media outlets, and other entities that genuinely can help Egyptian citizens hold their government accountable.

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