

Egypt anti-corruption drive will broaden military role

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The president has made anti-corruption a key pillar of his presidency, but proceedings seem to favour the military

In the lead-up to presidential elections scheduled for March 26-28, President Abdel Fatah el Sisi's re-election campaign has focused on his anti-corruption efforts. Campaign posters promise to 'purify the country of terrorism' and 'wage war on corruption'. Since his first presidential bid in 2014, Sisi has championed anti-corruption as a central pillar of his presidency. His multi-year campaign, which includes state-sponsored television advertisements, has targeted several businessmen and high-ranking officials.



A banner with an image of Egyptian President Abdel Fattah al-Sisi in Cairo, which reads "No to terrorism, Not corrupt" (Reuters/Amr Abdallah Dalsh)

What next

Lacking independent oversight, the regime's anti-corruption campaign will likely focus on non-military outsiders, such as civilian local governors. This will increase the presence of military affiliates in local government. As a consequence, the military may increasingly monopolise control over the allocation of state lands and ensuing rents.

Subsidiary Impacts

- The role of the Administrative Control Authority (ACA) will expand as Sisi channels state resources to the body.
- The ACA is likely to assume an increased presence in conducting business deals.
- Efforts by foreign governments to support the anti-corruption campaign will strengthen the military's rising influence.

Analysis

The ACA is the main body pushing forward the government's anti-corruption campaign and one of the most powerful state institutions.

The body -- whose leadership is dominated by high-ranking members of the police and armed forces - - used to be the military's check on business and civilian politicians. Sisi has empowered it further with increased resources and public presence.

Controlling the anti-corruption bodies

The ACA has replaced the Central Auditing Authority (CAA) -- another governmental body charged with largely overlapping duties of regulating state institutions and checking corruption -- as the uncontested 'anti-corruption' body.

This is problematic as the ACA lacks the power to check the executive. The body's chairperson is appointed by the president and its actions fall under the purview of the prime minister.

The new anti-corruption body is not independent

In contrast, the CAA previously commanded relative independence. This changed with a July 2015 presidential decree in which Sisi gave himself the power to dismiss the CAA chairman -- a position that once enjoyed constitutional protection from executive interference.

By March 2016, Sisi had dismissed the head of the CAA, Hisham Geneina, after Geneina accused the military of squandering 76 billion dollars of public funds through unfair land allocation. In his reports, Geneina detailed instances of graft in major gas exploration and production contracts between foreign investors and military-led state institutions. The evidence was never made public, as the government appropriated the report and placed a media gag on Geneina.

To investigate the allegations, Sisi created a special committee led by the chief of the ACA. However, prior to the gag order, Geneina gave an interview where he questioned the government's appointments to the committee to lead the investigation. He noted they included "representatives from some ministries such as Planning, Finance and Interior" who, as part of the executive, had a conflict of interest. Geneina also said that leading officials in the ACA were involved in financial improprieties, as detailed in the report.

The committee found that the report exaggerated the corruption claims and Geneina was subsequently sentenced to one year in jail -- suspended to three years' probation upon appeal in December 2016 -- for spreading false news.

By January this year, Geneina had become an advisor to retired Chief of Staff of the Armed Forces Sami Anan, who announced his candidacy for the presidential elections before being quickly barred from the poll and arrested on charges of incitement against the army and running for a political post without obtaining the necessary permissions (see EGYPT: Political arrests suggest military is divided - February 14, 2018).

Geneina was then beaten near his home in Cairo and detained in mid-February after he said he would release documents Anan had in his possession revealing misconduct of senior government figures.

Sidelining opponents

The most recent target of Sisi's anti-corruption campaign was the former governor of Egypt's Menoufia governorate, Hisham Abdel Basset. Basset was arrested on January 14, hours before Sisi's visit to Menoufia for the inauguration of national development projects there.

The charges against Basset concerned the allocation of land in Menoufia's Sadat City -- one of Egypt's largest industrial cities where the national projects were to commence. Plans for Sisi's national projects depend on the military's ability to allocate state land freely. Along with a military hospital, national projects planned for Menoufia involve multi-billion dollar deals with international investors, including plans for Egypt's largest textile and clothing city, to be executed by a Chinese company. Around 3.1 million square metres of state land are to be allocated for the 2-billion-dollar endeavour.

As governor, Basset technically would have had considerable power over Menoufia's budget. Perhaps more significantly, the fact that he sat as president of Sadat City for nearly a decade -- and as a government official in the inspections office for 16 years before that -- means he would have strong social connections in both Menoufia and the civilian bureaucracy and could thus have posed a significant obstacle to military-led national initiatives (see EGYPT: Military sway in the economy will grow - January 10, 2018).

Basset took office as governor in February 2015, in the first governor reshuffle under the Sisi presidency -- when much was made of the fact that only three of the 17 new governors were from the military. Yet in 2016 another reshuffle brought in six more former senior military officials, and even more former generals were appointed in 2017.

The military seems set to reclaim positions lost after 2011

Basset's position as Menoufia governor had been occupied by retired generals for over a decade prior to former president Hosni Mubarak's ouster in 2011: his removal may be part of a push by the military to reclaim local government positions lost in the aftermath of the 2011 uprising.

Reconciliation deals

Corruption is endemic in Egypt, which received a score of 34 out of 100 -- with 0 highly corrupt and 100 very clean -- on Transparency International's 2016 Corruption Perceptions Index. The use of connections (wasta) as a form of capital pervades national life.

However, several of the most egregious cases of foul play surfacing in the aftermath of the 2011 uprising have resulted in settlements with the Sisi regime under a reconciliation programme with businessmen who fled Egypt during 2011 to avoid prosecution.

In 2012 Egyptian businessman Hussein Salem was sentenced to 15 years' imprisonment for graft that cost the state an estimated 714 million dollars while exporting gas to Israel. Salem, who had fled the country during the uprising, offered to contribute 75% of his wealth to Sisi's Tahya Masr ('Long Live Egypt') charity fund in exchange for acquittal. In 2016, Salem returned to Egypt following a 5.3-billion-pound (597 million dollars in 2016) reconciliation deal with government. The business tycoon later gifted his private jet to Egypt's intelligence agency in appreciation of the settlement.

Similarly, real estate mogul Hisham Talaat Moustafa received a presidential pardon from his life sentence in 2017. Alongside cases of illegal land acquisition, the Mubarak-era favourite was found guilty of murder. Moustafa has since returned to his position as CEO of Egypt's leading real estate developing company, which is working in close partnership with the military-backed regime on Sisi's 45-billion-dollar new administrative capital project (see EGYPT: New capital will not alleviate housing crisis - January 29, 2018).

Such reconciliations shed doubt on the regime's commitment to the anti-corruption campaign, which seems instead to provide justification for the removal of opponents while bolstering the president's image as a protector of the state.