

## THE PUBLIC POLICY HUB

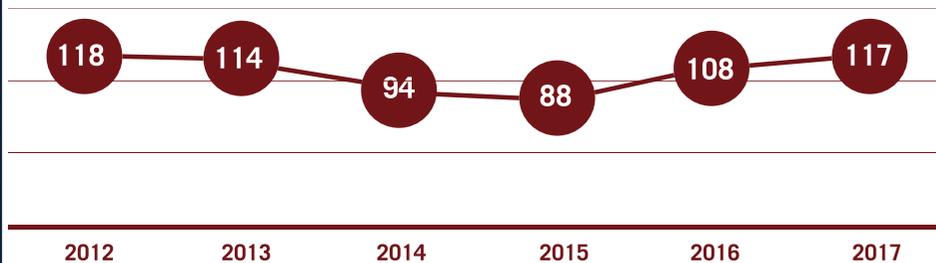
### Policy Brief **2**

# Curbing Corruption in Egypt: A Focus on Local Administration Reform

2018

Corruption is one of the major challenges facing Egypt, especially at the local level. It is limiting the productivity of public institutions, burdening the country's economic growth, discouraging investments, undermining development, and contributing to mistrust between the government and citizens.

#### Egypt's Rank in Corruption Perception Index (CPI)



#### How Does Corruption Impact Egypt?

- Affects Egypt's Worldwide Business Image and International Reputation:
  - Creates obstacles to local and foreign direct investment.
  - Damages potential opportunities for development.
- Increases the Trust Gap between the government and citizens:
  - Leads to dissatisfaction with any government efforts.
  - Threatens political stability.
- Encourages a culture of law violation and misconduct:
  - Endangers the rule of law.
  - Leads to systemic and structural corruption.

#### Fact Sheet\*

- ✓ Poor public utilities and low quality public services
- ✓ High rate of illegal buildings
- ✓ Mismanagement of the local "Five Development Programs"
- ✓ Low ranks in international indices:
  1. Government Effectiveness: 28 percentile rank in 2016
  2. Rule of Law: 36 percentile rank in 2016
  3. Control of Corruption: 32 percentile rank in 2016
  4. Wastefulness of Government Spending: 122/138 rank in 2016/2017
  5. Transparency in Government Policymaking: 129/137 rank in 2017/2018

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## What is Wrong Exactly?

### 1. Narrow Framing of Corruption

- The common perception of corruption is limited and puts greater emphasis on its financial-related forms, disregarding the political factors and administrative culture of the public sector.

### 2. Complexity of the Local Administration System

- Large number of local administration levels and units (27 Governorates- 186 Markaz - 225 Cities- 85 Districts- 4737 Villages) and number of local administration employees (apx. 3 million).
- Overlap of local and executive government supervision.
- Vague mandates and responsibilities of crucial, high-ranking positions in local administration system.
- Unclear line of accountability, which entrenches corruption and adversely impacts the effectiveness of the local system.
- Lack of clarity in the appointment process and career path of civil servants.
- Reluctance to delegate authority between central and local government.

### 3. Excessive Centralization

- Contributes to increased levels of complexity and corruption.

**“ The local administration is being blamed correctly or falsely for corruption or any irregularities in the system, even though, governors and executives do not have clear mandates in the law and the strength of their positions depends heavily on their characters. ”**

Key Official at Cairo Governorate

**“ There is considerable conflict between several laws that affect local administration in Egypt. The laws of State General Budget, Unified Building and Planning should be changed together, since they represent an interrelated chain. ”**

Key Official at MoLD

- Widens the developmental gaps and raises poverty levels.

#### 4. Constraining Legal Framework

- Attention is often directed towards the Local Administration Law, disregarding other important related laws.
- Local administration related laws and regulations lag behind practical needs for social and economic development.
- Laws weaken any monitoring and accountability mechanisms, due to the lack of clear-cut division of powers between the different tiers of government.

#### 5. Weak Follow-up, Monitoring and Audit System

- Preventive system falls short on taking proactive measures to curb corruption:
- Effective follow-up and monitoring processes are hindered by the weakness of support systems.
- Existing information gaps constitute a major obstacle that induces corruption.
- Absence of collaborative and participatory planning process stands against realizing an accountable and responsive local administration.
- The duality of affiliation of some service directorates undermines the monitoring and evaluation process.
- The common practice of Planning and Monitoring Departments in local units puts more emphasis on the input/output means of verification rather than input/outcome.
- Ineffective detection system contributes to maintaining the status quo of corruption:
- The audit institutions focus on detecting the irregularities undertaken by employees rather than the effectiveness of the processes and local governance system.
- Absence of Local Councils represents a clear distortion in the accountability mechanism.
- Lack of disclosure of information hinders any efforts to estimate economic and social cost of corruption, as well as its magnitude.

#### 6. Lack of Integrated and Locally Directed State Efforts

- Fragmentation of efforts and lack of integrated cooperation between the different government's institutions regarding curbing corruption.
- Egypt's Vision 2030 and the National Anti-Corruption Strategy 2014-2018, disregard the local level and the participation of local representatives in curbing corruption.



**“ The work of the Central Department for Information and Communication Technology is very weak. When the Governor needs to obtain any information, he requests it from the Ministries or their affiliated service directorates. ”**

Key Official at Giza Governorate



**“ Currently, with the absence of the Local Councils, the executive authority is undertaking oversight responsibility at the local level. This opens the door for corruption and leads to ineffective local administration. ”**

Former Governor



## What Needs to Be Done?

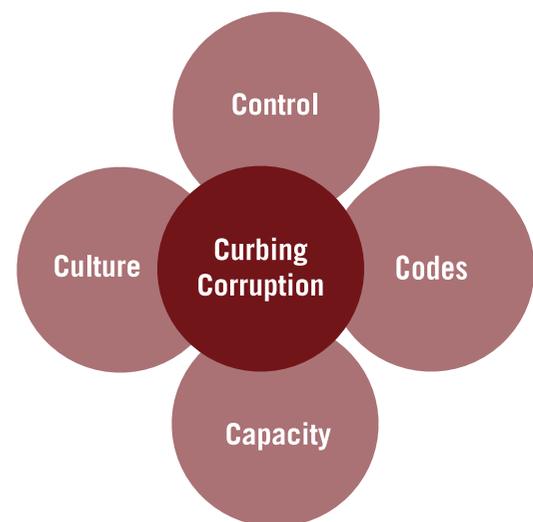
Curbing corruption effectively necessitates comprehensive reform that mainstreams good governance principles in the local administration system. This can be attained through undertaking two sets of recommended policy actions, both of which are interrelated, interdependent and mutually reinforcing, rather than being alternative policies to each other.

### Strategic Directions

- The Sustainable Development Strategy 2030 should be more detailed to reflect the local level and deepen the understanding of the existing gaps in the local administration system.
- The National Anti-Corruption Strategy 2014-2018 should allow for the participation of local representatives as an integral part in implementing the strategy.
- As the only responsible accountable entity, the Administrative Control Agency should lead the harmonization and coordination of anti-corruption efforts among the various government institutions.
- Fulfill the constitutional obligations of shifting towards fiscal and administrative decentralization.
- A dedicated, consistent and sustained political will throughout all levels of government is a prerequisite and the driver for real transformation in the local administration system.

### Engines of Change (4Cs)

- **Local Administration CODES**
  - Revising, harmonizing and consolidating all local administration related laws.
  - Adopting an Anti-Corruption Law.
  - Adopting a Freedom of Information Law.
- **Local Administration CONTROL**
  - Developing local indices to measure the magnitude and cost of corruption.
  - Establishing a vigorous coordination mechanism among audit institutions.
  - Ensuring the existence of social accountability mechanisms.
- **Implementation CAPACITY**
  - Building local organizational capacity.
  - Building local human capacity.
- **CULTURE of Rule of Law**
  - Promoting a culture of rule of law among both civil servants and citizens.



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