

Overview

Egypt presents high third-party corruption risks, with many governance indicators in the bottom third of countries worldwide. Successful FCPA enforcement actions have involved multiple cases of bribery to secure public contracts in the defense, civil engineering, and energy sectors.

Corruption Indicators Matrix *All indicators are scores/100 or are percentile ranks, 100=best. 1-33 34-66 67-100

Direct Measures of Corruption	Egypt	G7 Countries
Corruption Perceptions Index Score <small>Transparency International Corruption Perception Index</small>	32	73
Government Integrity Score <small>Heritage Foundation Economic Freedom Index</small>	33	70
Control of Corruption Score <small>World Bank Worldwide Governance Indicators</small>	33	88
Irregular Payments & Bribes Score <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	60	79
Favoritism in Government Score <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	50	60
Major Correlates of Corruption		
GDP Per Capita Score <small>Percentile rank, nominal, World Bank data</small>	27	89
Government Effectiveness Score <small>World Bank Worldwide Governance Indicators</small>	28	90
Survey Responses on Corruption	Egypt	Top 10 Countries
<small>World Bank Enterprise Surveys</small>		
Share of firms reporting at least one bribe request	15%	1.4%
Share of public contracts reportedly subject to bribe requests	14%	1.1%
Share of businesses reporting corruption is a major constraint	68%	7.5%

FCPA Enforcement Profile

FCPA Enforcement Actions	10	moderate concentration	Problem Sectors	Defense procurement Civil engineering Energy
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Illustrative FCPA Cases (as reported)

Lockheed—Regional executives were indicted for allegedly providing significant payments to a sitting member of Egypt’s legislative assembly as a “consultant” to influence Lockheed’s USD 78M sale of transport aircraft to the Egyptian military.

Former Bechtel Executive—An executive from a joint venture between Bechtel and an Egyptian SOE in charge of handling bid submissions allegedly established a kickback program from which he derived USD 5M by influencing more than USD 2B in contracts.

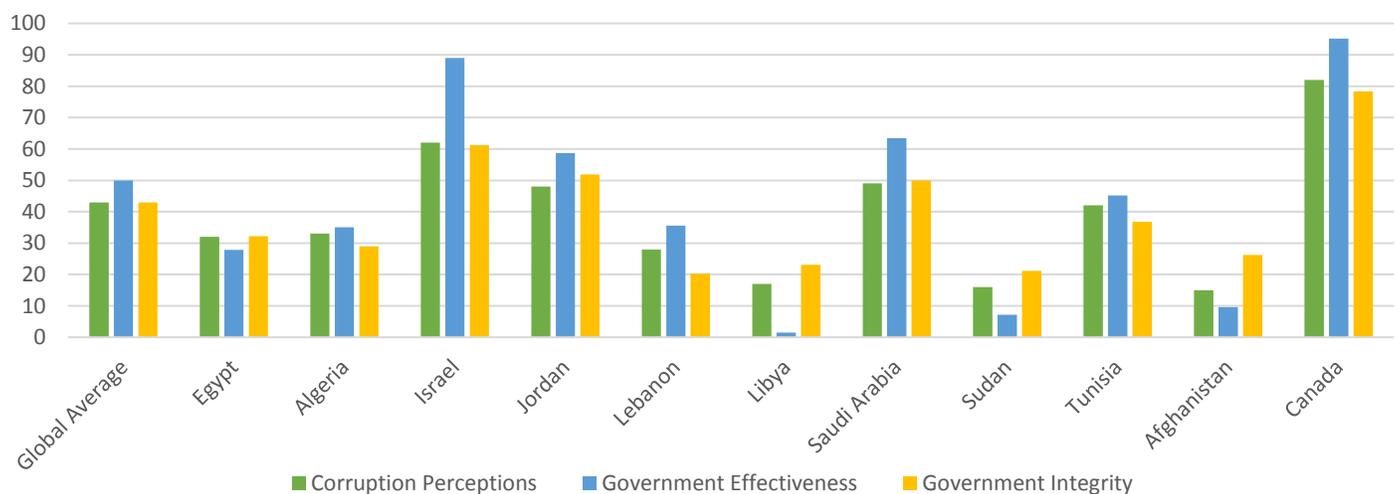
United Industrial Corp.— President of indirect subsidiary made payments to retired Egyptian Air Force official regarding a prospective construction project with presumed knowledge of or willful blindness to the likelihood that these payments would be used as bribes to current EAF officials.

Metcalf & Eddy—Engineering firm allegedly made payments to a local sanitation and wastewater official to influence him to support USAID infrastructure projects under his purview, projects which Metcalf & Eddy became joint or sole contractor.

The characteristics of a country’s information environment impact the risks within that jurisdiction as well as the degree of confidence or uncertainty in any risk assessment. These factors can affect the scope of an investigation, the means employed, and the degree of analysis required to properly understand research findings.

Information Source	Characteristics or Limitations
Corporate Registries	Information available online is limited to address, contact information and sector. Manually retrieved records are reasonably complete.
Litigation Searches	No comprehensive online database exists. Manually retrieved records are limited to ongoing cases only, and details are typically not disclosed.
Depth of News Media	Multiple news outlets provide coverage of business news and foreign networks provide some in-depth news. However, restrictions on press freedom, increasing restrictions on NGOs, and control of information limits available news on issues relevant to corruption.
Freedom of Press	Reporters without Frontiers rank 161/180 (180=worst) Freedom House score 77/100 (100=least free)
Linguistic Challenges	All records and media are in Arabic. Non-Latin script complicates machine translated desktop research.
Financial Disclosure Regulations	Tax Justice Network Financial Secrecy Score—no data.

Country Comparison



Analysis: Egypt Third Party Corruption Risk

Corruption is pervasive in Egypt and affects all areas of public administration. According to Transparency International, 50% of Egyptians have paid a bribe in the last 12 months, ranking it behind only Yemen in the region. Among 21 Arab countries ranked on the CPI in 2017, Egypt is one of 6 countries that has recently regressed. Third party corruption risks are high in government procurement and services, including the judiciary. Though volatility in Egypt’s political environment mean that current assessments are difficult, this situation has not changed, with bribery and facilitation payments remaining common practice and limited enforcement of the Anti-bribery Law. In 2016, Egypt’s chief anticorruption authority, Hesham Geneina, was removed from his post and for making public statements about the extent of corruption at the state level. The Egyptian military maintains control over much of the economy, introducing a multitude of political exposure risks. However, despite its political and governance challenges, Egypt remains by far the largest destination for foreign direct investment in Africa and the Middle East according to most measures.

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