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Beyond the Panama Papers. The Performance of EU Good Governance Promotion

The Anticorruption Report 4

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6. Egypt: The Failed Transition

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Egypt's 2011 revolution seemed to have created a great improvement on the *constraints* side to corrupt governance, but this was offset by Egypt's underperformance in freedom of the press and judiciary independence. Under President al-Sisi, laws expanding corruption *resources*, particularly in the field of public procurement, and curbing *constraints* on corruption have thus proliferated with the result of even poorer control of corruption. The EU has had little impact on strengthening *constraints* on corruption, but Sector Budget Support (SBS) potentially contributed to increasing *resources*. There is no immediate perspective for Egypt to enter into some real transformation process away from a form of governance based on particularism.

Particularism rules

Over the 30-year rule of President Hosni Mubarak, Egypt's institutions and state services deteriorated into a highly personalist system of rule that was dominated by clientelism and patronage. Access to both the political and economic systems was progressively limited to the president's coterie. In Egypt, *particularism* has been the norm rather than the exception for many years and survived even after the 2011 revolution.

Relying heavily on the State Security Agency, the president maximised internal security expenditure at the expense of the military, which was given increased financial autonomy in exchange (Soliman 2012). Mubarak's "you are either with me or against me" governing style meant that, in practice, the president had the arbitrary power to remove or nominate anyone he pleased and even transferred the authority of independent institutions to the executive (Osman 2011). Through the use of electoral manipulation tactics the regime's well-oiled election-rigging machine, Mubarak strengthened his ruling National Democratic Party's (NDP) control over parliament as a way to secure his re-election and tighten his grip on state institutions (Lesch 2012, Fahmy 2012). In the last parliamentary elections before Mubarak's fall, the NDP won over 90% of the seats, a number that contributed to the political disillusionment that fuelled the revolution.

The two waves of privatisation of the early 1990s and again in the 2000s further eroded the state's autonomy and substantively increased resources for corruption, resulting in widespread state capture that helped trigger the 2011 uprising. The first wave took place at the beginning of the 1990s and the second in the early part of this century, when a new generation of technocrats led by Hosni Mubarak's youngest son, Gamal, took over the financial and human resources of the aging NDP (Soliman 2012). The rise of the business elite and its infiltration into the political system culminated in the 2004 appointment of a neoliberal government headed by Ahmed Nazif, where all the ministers in charge of economic portfolios were either business tycoons or relatives of wealthy businessmen close to the Mubaraks (Fahmy 2012). Mubarak's last decade in power, characterised by unprecedented levels of corruption and nepotism – together with the outrageously fraudulent 2010 parliamentary elections –, led to his demise. The

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success of the popular uprising rested on the army, which had grown incredibly wary of the neoliberal technocrats threatening the independent economic military complex, ultimately siding with the protesters (Ashour 2015, 16).

The immediate post-revolution period was marked by constant political instability. The first relatively fair and democratic parliamentary and presidential elections were held in 2011 and 2012. In both cases the Muslim Brotherhood (MB) won the elections, and in both cases the MB failed to stay in power. After a series of controversial political decisions that stirred up massive popular discontent, General Abdel Fattah Al-Sisi deposed the first civilian president Mohamed Morsi in the July 2013 popularly backed coup d'état. Al-Sisi won the following presidential elections after Adly Mansour's interim presidential term. Currently, the country is undergoing an authoritarian reversion with the regime gradually suppressing any *normative constraints*.

Evolution of Egypt's anticorruption legal and institutional framework

The control of corruption model has to be understood as equilibrium between *constraints/deterrents* (legal and normative) on corruption and *resources/opportunities* for corruption (power discretion and material resources) (Mungiu-Pippidi et al. 2011).

Table 1. Evolution of integrity components in time for Egypt (2004–2014):

Year	RESOURCES			CONSTRAINTS			
	EB SB (0–100 best)	EB Trade (0–100 best)	OBI (0–100 best)	Internet users (% share of population)	Broadband (% share of population)	Judicial independence (1–7 best)	Press freedom (0–100 worst)
2004	39.72			11.92	0.11		68
2005	40.05		19	12.75	0.19		61
2006	43.24	48.32		13.65	0.35	4.82	62
2007	48.52	54.09	43	16.03	0.64	4.86	59
2008	82.89	63.10		18.01	1.01	4.95	60
2009	86.32	64.74	49	20	1.40	3.87	60
2010	86.70	65.82		21.60	1.85	3.91	65
2011	87.92	69.45	13	25.60	2.32	4.76	57
2012	87.99	70.06		26.39	2.83	4.14	62
2013	87.99	70.65		29.39	3.26	3.45	68
2014	88.08	71.14	16	31.70	3.67	4.00	73

Sources: **EB SB** : World Bank's (WB) Ease of Doing Business: Starting a Business Index; **EB Trade**: WB Ease of Doing Business: Trading across Borders Index; **Internet users**: WB Internet Users score; **Broadband**: WB fixed broadband subscriptions; **Judicial independence**: World Economic Forum's Judicial Independence score; **OBI**: Official Open Budget Index score; **Press freedom**: Freedom House's Freedom of the Press score. The cells highlighted in red show the year during which the most sudden change occurred for each indicator. Legend: Sudden change signaled in pink.

Once a governance order reaches a certain equilibrium, it is extremely difficult to alter even when regime change occurs (Mungiu-Pippidi 2014). Despite, the opportunity window created by the revolution that has clearly upset the equilibrium and President Al-Sisi's pledge to make the fight against corruption one of his top priorities, control of corruption has indeed stagnated and even worsened since 2015. Over the past decade, *constraints* have remained weak and *resources* not been substantively reduced.

Under resources, major progress in each of the three indicators was induced by the economic liberalisation initiated by the Nazif government. The World Bank praised the tax and property-registration reforms and ranked Egypt as one of the world's top reformers (Ramalho 2007, Haider 2008). However, the *de jure* improvements in the area of tax administration did not affect the pace of implementation, and Egypt's then Minister of Finance himself observed that "it was easier to change laws than the attitudes of those implementing them" (Fayyad 2010). It is specifically the "marriage between wealthy businessmen and corrupt politicians in the ruling party" and the resulting economic policies of the Nazif government that further led to state capture by the governing elite and increased the rich-poor divide (Essam El-Din 2008). The same nepotistic patterns ultimately pervaded the lower echelons of the public administration, where recruitment and promotion were not based on merit but rather on particularistic criteria (Moussa 2013). It was in this context that the cabinet passed resolution No. 24 in February 2007, thereby placing the fight against administrative corruption high on the government's agenda in an attempt to buttress Egypt's anticorruption machinery. The government created a smokescreen of administrative reforms leaving grand corruption, the core of particularism, unimpaired.

As regards budget transparency, progress was made in 2008 by making available the executive's budget proposal, but fiscal transparency plummeted after the revolution. The transparency deficit further indicates that resources for corruption have not been substantially weakened and may even have increased in some areas. Many public bodies, including anticorruption agencies, have a special budget called "special funds" that can be spent without any accountability (Puddephatt 2012). Two investigative journalism reports suggest that billions were lost in these special funds by 2013 and uncovered the involvement of anticorruption agencies (Manek and Hodge 2015a and b). Numerous illegal practices in the allocation of public contracts have also surfaced post-January 25th to the point where public procurement is regarded as an instrument of extraction and one of the most corrupt fields in Egypt (Moussa 2013, Egyptian Lawyer 2015). However, far from improving transparency and accountability, a 2013 presidential decree granted the state the right to "directly award government contracts in cases of emergency" (El Dahshan 2014). In practice, it allowed the army to progressively take control of the bidding process for major public procurements – where calls for tender are now virtually absent – and to expand its non-defense-related activities to private sectors, which were conventionally the big business preserves (European Diplomat 2015, Adly 2014).

On the *constraints* side, improvement in e-citizenship was counterbalanced by Egypt's underperformance in freedom of the press and judiciary independence. While the revolution opened up the public sphere, the Freedom of the Press indicator rapidly deteriorated to reach its lowest score in 2014 despite the abolition of the Ministry of Information (Mansour 2015). By the end of 2011, the state security apparatus had already reverted to curtailing the capacity of civil society actors by imposing restrictions on civil liberties, while repression under the cover of the war on terror intensified (Sika 2012). The crackdown culminated in November 2016 with the Parliament passing a controversial law on NGOs that many deem unconstitutional.

Egypt's fair performance in Judicial Independence has to be taken with caution. For one, the country launched its first National Anti-corruption Strategy in 2014 and has a relatively strong anticorruption legal framework. However, it has largely been ineffective due to the

courts and anticorruption agencies' lack of independence and the absence of real scrutiny (Johnson and Martini 2012). Anticorruption bodies have been closely linked to the executive and the legal framework, which further deters the reporting of corruption cases as no whistle-blowing protection is in place. The independence of the judiciary has been further undermined by the successive post-revolution governments. For instance, a presidential decree granting the president the power to remove the heads of supervisory bodies – among them the Central Auditing Organization (CAO), was passed. Less than a year later, the head of the CAO was removed from office and jailed for publicly estimating EGP 600 billion were lost in corruption between 2012 and 2015. Secondly, the 2016 Global Corruption MENA survey shows that Egypt has the second highest bribery rate in the region and the sector the most affected is the judiciary followed by the permits and the police (Pring 2016). Finally, while the Index for Public Integrity indicator shows that judicial independence increased since 2014, there has concurrently been a surge in military trials of civilians (Human Rights Watch 2016).

Despite President Al-Sisi rhetorically placing the fight against corruption as one of his priorities, Egypt is, in practice, still deprived of an effective system of checks and balances with too many public bodies neither accountable to the citizens nor independent from the executive. While a national anticorruption strategy was launched and 22 corruption cases involving state officials (including ministers) were investigated during the first year of Al-Sisi's presidency (El-Fekki 2015), recent developments indicate the regime is repeating a pattern observed in other countries that have not yet reach ethical universalism: a crackdown on “anticorruption heroes” who try to challenge the status quo (Persson, Rothstein and Teorell, 2010, Mungiu-Pippidi 2015). Laws expanding *resources*, particularly in the field of public procurement, and curbing *constraints* on corruption have proliferated.

Promoting governance reforms: A top priority in the EU-Egypt ENP Action Plan

Started in 1966, EU–Egypt relations have evolved against the backdrop of Euro-Mediterranean cooperation, which resulted in the 1995 creation of an all-encompassing strategy, the Euro-Mediterranean Partnership (EMP). With the rather daunting experience of the EMP, the European Commission revamped its regional strategy and incorporated the Mediterranean into its new initiative, the European Neighbourhood Policy (ENP), initially designed for its neighbours to the East. The primarily financial and economic relationship took on a more political dimension with the goal-oriented ENP, which has sought to boost reforms in partner countries by adopting a differentiated approach.

1. Funds allocations

Under the ENP, financial assistance depends on the commitments to reform that the recipient countries have jointly agreed upon with the EU in the bilateral action plans (APs). With the shift to positive ex-ante conditionality, recipient countries can be rewarded economically or politically for achievements in the reform process, while benchmarks or pre-defined indicators help measure and evaluate progress (Del Sarto and Schumacher 2013).

Egypt began negotiations with the EU in 2005, and the EU–Egypt Action Plan entered into force in 2007. The 2007–2013 Country Strategy Paper (CSP) for Egypt further details the financial plan, and good governance became a priority area for the first time rather than just an issue to be discussed within the political dialogue. Following the 2005 Paris Declaration on Aid Effectiveness, the EU has undertaken a shift in aid modality towards budget support, considered to be an effective mechanism to boost reforms in partner countries, and

has become the only international donor to provide Sector Budget Support (SBS) to Egypt (European Court of Auditors 2013b). The EU and Egypt, to which ownership is transferred and is responsible for implementing reforms, participated in a policy dialogue to negotiate the wording of the general conditions, the timing of the implementation, the disbursement method, and the specific provisions that determine the disbursement of the various tranches and against which progress is assessed (European Commission 2007a).

Table 2 NIPs' planned allocations, 2007–2010/2011–2013

Priority areas	NIP 2007–2010		NIP 2011–2013	
	Total NIP (EUR million)	% budget	Total NIP (EUR million)	% budget
I-Supporting Egypt's reforms in the areas of democracy, human rights, justice	40	7%	50	11.1%
Support for political development, decentralization and promotion of good governance	13		5	
Promotion and protection of human rights	17		15	
Support for modernization of administration of justice	10		10	
Upgrading of regulatory, institutional and legislative environment			20	
II-Developing the competitiveness and productivity of the Egyptian economy	220	40%	189	42.2%
Support for implementation of the Action Plan Programme (SAPP)	220			
Technical support	70			
Targeted support for sector reforms	150			
Transport sector reform			85	
Energy sector reform			84	
Trade enhancement			20	
III-Ensuring the sustainability of the development process with better management of human and natural resources	298	53%	210	46.7%
Support for education reform	120			
Support for public health reform	120			
Support for investment in the transport, energy and environment sectors	58			
Support for education reform as well as technical and vocational education and training (TVET)			105	
Water-sector reform			50	
Solid waste management			20	
Local community development			35	
Total	558	100%	449	100%

Source: Bauer, 2011.

In the post-revolution context, the EU organised a task force meeting with Egypt in November 2012. Here, several EU institutions committed to provide Egypt with a EUR 5 billion additional aid package, most of it conditioned on approval of a stand-by agreement between Egypt and the International Monetary Fund (IMF), a EUR 90 million grant from the Support to Partnership, Reform and Inclusive Growth (SPRING) programme, and €163 million from the NIF (Delegation of the EU in the USA 2013, Burke 2013). Following the revolution and given the constant political instability, the EU–Egypt Action Plan was extended until March 2014 and a single framework agreement for 2014–2016 was implemented. However, since 2012 no payments for SBS programmes have been approved due to a lack of reform implementation.

2. EU assistance in the fight against corruption: An ill-designed approach to Egypt's corruption problems

Within the Action Plan, the EU followed its standard promotion of external governance, although only few programmes and projects tackling indirect and direct anticorruption reforms were envisaged in the NIPs.

While the assessment of the state of corruption control in Egypt has shown major shortcomings on *constraints*, the EU's activities have mainly been focused on limiting *resources* for corruption. With the shift to budget support, the EU undertook a Public Expenditure and Financial Accountability (PEFA) study to evaluate the state of Public Finance Management (PFM) reforms, which praised Egypt's progress since 2005 but also underlined shortcomings particularly in relation to the special funds, the lack of independence of budget oversight bodies, the opacity of public procurement awards and lack of a complaint mechanism during the bidding process (Biggs 2010). Building on the PEFA, the EU planned in its 2010 Annual Action Programme (AAP) the Support to Public Administration Reform and Local Development project aimed at ameliorating civil service and enhancing PFM. The EU's "eligibility criteria" for approval of SBS programmes itself seeks to foster indirect anticorruption reforms as it requires "a well-defined sectoral policy", "a credible and relevant programme to improve public financial management" and "a stability-oriented macroeconomic policy" either in place or under implementation, and more recently "budget transparency and oversight". Three out of the five SBS – Energy, Water and Education – included PFM elements targeting fiscal transparency and accountability enhancement and the SBS Education envisaged the undertaking of a Public Expenditure and Tracking Survey (PETS).

On the *constraints* side, the EU foresaw the Modernization of Administration of Justice and Enhancement of Security project – also planned in the AAP 2010 – aimed at enhancing the efficiency of the judiciary rather than its independence, which entailed two anticorruption related objectives, namely "capacity building of the Ministry of Justice (MoJ) and court professionals to increase the quality and reduce delays within the public service of Justice" and "capacity building of the Ministry of Interior (MoI) to fight against new forms of crime". The only EU project directly addressing corruption, Supporting Measures to Combat Corruption and Money Laundering, and to Foster Asset Recovery in Egypt, implemented by the United Nations Office on Drugs and Crimes (UNODC) entailed four main objectives, namely "Institutional capacity to combat corruption and money laundering and to recover stolen assets enhanced"; "National anti-corruption strategy developed and implemented including anti- money laundering and asset recovery"; "National legal framework on anti-corruption, anti-money laundering and asset recovery established"; and "Public awareness on the negative effects of corruption and money laundering raised" (UNODC 2015).

The mismatch between the EU's intervention and Egypt's corruption problems becomes evident in that the EU did not seek to increase *normative constraints* on corruption with the

involvement of civil society, instead limiting it to only one component of the anticorruption project. While none of the programmes targeted public procurement nor directly addressed the issue of special funds, the EU's efforts at establishing a sound framework for the disbursement of SBS programmes could have yielded positive results in the area of PFM. However, as the next section demonstrates, the EU scrambled to uphold its own conditional approach during the implementation phase.

Diagnosis and conclusions

This section assesses the impact of the EU projects and programmes on the balance between *resources* for and *constraints* on corruption before proceeding to explain the reasons behind the EU's failed intervention according to Mungiu-Pippidi's four-step intervention logic.

1. Impact of EU projects and programmes on the particularist status quo

With its overly ambitious roadmap, the EU has in practice failed to uphold governance as a key priority. None of the three governance-related projects were launched before January 25th and the “softly softly” approach, which has seen the EU be too flexible on tying its aid to reforms, has proven to be ineffective. The EU's absence of country-specific approach furthered Brussels' lack of impact on the balance of *constraints* on and *resources* for corruption.

On the *constraints* side, the EU has either not addressed the key areas of concern and/or failed to sufficiently involve the relevant stakeholders. For instance, the real obstacle to an efficient judiciary in Egypt is rooted in its lack of autonomy and law enforcement as well as its bribery problem. However, the EU's attempt at modernizing the administration of justice, which was delayed only to officially commence in 2015, mainly revolved around activities such as trainings and assistance to the improvement of strategies.

The implementation of the mere EUR 3-million direct anticorruption project was also delayed and delegated to UNODC and its anticorruption toolkit. From the onset, the objectives of the project – and their vagueness – denote an evident lack of tailor-made approach, which the Egyptians strongly criticised:

There were actually ongoing national anticorruption projects but the real problem was that the EU did not look into a proper assessment of these projects and see how they could build on them or boost them. (Egyptian official 2015)

The issue with the objectives targeting the establishment of a national anticorruption strategy and the legal anticorruption framework relates to the implementation. In practice, the adoption of new laws does not necessarily translate into their actual enforcement, especially when the recipient country is incited to import international legislation. The insistence of UNODC to be involved in the drafting of the strategy is precisely what led the project to almost being called off (Egyptian official 2015). Furthermore, the decision to include the assets recovery component in response to the growing post-revolution public interest for retrieving the Mubarak and his cronies' stolen assets was not the most appropriate in that it could have arguably increased resources for corruption. In practice, however, the activities for achieving “institutional capacity to combat corruption and money laundering and to recover stolen assets” have mainly revolved around trainings – on how to prepare requests for mutual assistance and on investment techniques – which, in a context of particularism may not compel the trainees to actually use this knowledge. The Egyptians themselves criticised the lack of expertise of the lecturers and the trainings for being too theoretical overall, where the same people were giving presentations and the same people were being trained. Another major issue was the strong inter-governmental dimension of the project and the lack of direct involvement of civil

society even though the role and engagement of civil society organisations (CSOs) was highlighted as a priority in the project's action plan (UNODC 2013). CSOs have largely remained confined to a spectator role and having their "awareness raised" on the negative effects of corruption for the general public according to the fourth component of the project. Beyond the inadequacy of the objectives, the independent mid-term evaluation of the project highlighted the weakness of the performance indicators (enhanced, improved, supported, strengthened) "achievable with very minor effort" (ibid.).

While the EU does not appear to have affected the *constraints*, its impact on *resources* for corruption is more problematic. The Support to Public Administration Reform and Local Development project was officially launched in 2015 but the PFM sub-objective is not even mentioned by the agency in charge of implementing the project (VNG International 2015). As a result, the EU's intervention is unlikely to produce substantial results in transparency and accountability. Even when the EU funded effective projects or programmes, it has not built on those successes to further reforms. For instance, the Egyptians were very pleased with the undertaking of the PETS for the SBS education (Egyptian expert 2015). Other ministries were interested, but there was no follow-up; and, as a result, Egyptians considered this exercise to be merely another procedural requirement for receiving the second tranche of the SBS allocation (ibid.).

In the case of SBS programmes, the EU's assistance may even have increased opportunities for rent seeking through its overly flexible application of conditionality. The corruption risks associated with SBS in Egypt have not only been raised at the European Parliament, which believes the "Commission is throwing the EU money out of the window", but also by the 2013 special report of the European Court of Auditors (ECA) particularly blaming the EU for its soft application of conditionality and the slow implementation of the SBS programmes. The latter suggested that not all the EU funds could be traced because the EU had not used SBS to address major issues such as the lack of transparency regarding military and presidential expenditures, the "special funds", and the lack of transparency and independence of the supervisory bodies (European Court of Auditors 2013, 23). Furthermore, it underlined that the EU did not use budget support to address corruption despite the country's serious problems in this area and the fact that it did include specific conditions on corruption for such SBS in other ENP countries (ibid.). In its response to the ECA, the EEAS attributed the SBS's slow implementation to Egypt's low absorption capacity, and argued it had addressed the "special funds" with the inclusion of transparency and accountability-related indicators in the SBS Energy and Water (ibid.). However, during the behind-closed-doors policy/political dialogue that preceded the launch of the programmes, the EU substantially diluted the conditions in face of the resistance of their Egyptian counterparts. Former EU ambassador to Egypt, Marc Franco, recalls the negotiations on the SBS Energy, for which the EU pleaded very strongly:

We were unable to put in clear binding wording on this issue so we put in something that was more "wishy-washy". In the end you can always say yes it fulfilled the conditions. In the end of the negotiations the conditions were so watered down that of course it didn't really have an impact. (2015)

The means of verification on which progress has been assessed further hindered the traceability of EU funds because monitoring was based on reports by the same Egyptian ministries in charge of implementing SBS programmes.

Following the addition of "budget transparency and oversight" as eligibility criterion and in the absence of an Egyptian Parliament, the EU suspended the ongoing SBS programmes in 2012 and extended their closing date to the end of 2017. The EU is not inclined to abandoning budget support despite the inherent corruption risks associated to this aid modality

in Egypt, however, on the grounds that major external donors such as the World Bank, the IMF, the African Development Bank, Germany and France also have or are planning budget support operations in the country.

Flawed or Eurocentric intervention logic?

Given the short-term EU interventions that have relied almost exclusively on inter-governmental cooperation, targeting administrative corruption but turning a blind eye on the grand corruption issue, it is hardly conceivable that the EU established a full diagnosis of Egypt's state of governance. Even the indirect anticorruption reforms the EU undertook were too apolitical to have an impact on the deficient system of checks and balances in Egypt. For instance, the activities envisaged for the Modernization of the Administration of Justice project were ill-suited to effectively foster judicial empowerment from the executive. The lack of pre-assessment of the governance context in Egypt also seems evident in the direct anticorruption project, whereby the EU addressed corruption from a principle-agent perspective – rather than a collective action problem – and therefore downplayed the role of the state in the problem (Persson, Rothstein and Teorell 2010, Mungiu-Pippidi 2016). Following the principal-agent logic, the EU conceives corruption as a uniform problem irrespective of the country in which it operates and despite the ENP adoption of a differentiated approach.

The revolution provided the EU with both a window of opportunity for action and potential agents of change. Not only have civil society actors burgeoned, but corruption was also one of the drivers behind the uprising and many street campaigns calling for the end of corruption erupted (Sika 2012). At first, the EU lingered to support the Egyptian people's revolutionary demands, but later on it issued three important communications stressing the need to thoroughly review the ENP by "strengthening conditionality, engaging more with civil society, and offering a more attractive package of incentives" for those partners who engage in "deep democracy" (Isaac 2012, Aydin 2012). These communications in line with the SPRING programme emphasised the need for greater accountability and fighting corruption. The EU's pledge to expand its support to CSOs and "increase their ability to monitor reform and participate effectively in policy dialogues" fell short when CSO representatives were ultimately denied participation in the main meeting of the 2012 EU–Egypt Task Force (European Commission 2011b, Pinfari 2013). Once again, the EU missed an opportunity to foster collective action. The volatile political environment and the EU's highly bureaucratic nature, which, for instance, requires prior government approval to involve civil society, prevented the EU from acting swiftly. Furthermore, the Egyptian well-known reluctance to any interference in its domestic affairs has also been a drag on the effectiveness of Brussels' intervention. On several occasions, Egypt has warned the EU not to intervene in the country's political affairs, the latest being last January in response to EU's criticisms of the new law regarding NGOs (Ahram Online 2017).

Perhaps, most importantly, the EU's failure in positively influencing the particularist status quo had less to do with a lack of assessment than a real interest in genuinely addressing corruption. In the ENP action plan, the fight against corruption was not included among the "Priorities for Action". The EU allocated as little as EUR 3 million to the only anticorruption project and delegated the entire implementation to UNODC. This was strongly criticised by the Egyptians who complained about the EU's lack of involvement in the project (Egyptian Official 2015). With the shift to SBS the EU did conduct a PEFA study and was well aware that, if conditionality were not enforced, the huge SBS allocations would do "more harm than good" by providing further resources for corruption, since Egypt's low capacity of absorption was raised by the EEAS (Johnston 2011). The latter has in fact been far from unanimous about

the use of SBS but an EU official (2015) stated “in order to spend the money, we had to do budget support”. The reasons for the EU’s overly flexible application of its own conditionality are two-fold. First, the effectiveness of EU conditionality rests on the political cost of implementing governance reforms for the recipient governments, which in authoritarian context triggers regime change and therefore explains Egypt’s resistance to conditionality (Lavenex, Schimmelfennig 2011). Second, corruption has never truly undermined the core of EU-Egypt relations primarily grounded in economic and geostrategic interests. In 2012, bilateral trade between the EU and Egypt reached its highest level ever since the inception of the Association Agreement in 2004 and has been the main source of FDI. While the revolution did not impact trade, the power vacuum it left increased security and migration concerns of the EU, which had suddenly found itself in dire need of a stable ally. Hence, it is unlikely that the EU did not assess the impact of its intervention, but rather it did so according to its own priorities. Simply put, the political and economic costs of pushing the new regime to implement good governance reforms would have overridden the benefits the EU may have derived from standing as a governance promoter.

The EU’s assistance to Egypt best exemplifies the limits of its influence and its highly bureaucratic nature. Following the revolution that has created a disequilibrium on the balance on *resources* and *constraints*, the EU’s rhetorical enthusiasm for bringing about change in the region and adopting a new approach contrasted with its actions, which did not substantially depart from the planned NIP for 2011–2013. While the constant political instability in the country has been a major impediment, the financial rewards provided by Brussels have remained extremely low, especially compared to those of other external actors such as the Gulf countries or China that do not attach any political conditions to their assistance unlike traditional Western donors. The EU included “cooperate in combating and preventing corruption” in the 2014–2016 Single Support Framework. Yet, no concrete measures or projects are planned in the near future, while the execution plan for Egypt’s national anticorruption strategy, which has remained undisclosed, will end in 2018. Despite significantly improved action programmes with more references to corruption introduced with the European Neighbourhood Instrument (ENI), the current EU priorities are geared towards security and migration concerns, as evidenced by the highly eurocentric 2015 review of the ENP. With the wave of terrorist attacks that have since taken place, the EU sees its interests currently lying in supporting an ever-expanding military regime that virtually has the control of both the political and economic spheres, rather than the promotion of governance reforms.

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Interviews

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Given the sensitivity of the topic and the job functions of most of the interviewees, their names have remained undisclosed. They are referred to in the text as “Egyptian official”, “Egyptian lawyer” or “Egyptian expert”.

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The fundamental purpose of ANTICORRP was to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue was how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP advanced the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis was laid on the agency of different state and non-state actors to contribute to building good governance.

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