



Conference of the States Parties to the United Nations Convention against Corruption

Distr.: General
10 January 2020
English
Original: Arabic

Implementation Review Group
Eleventh session
Vienna, 8–10 June 2020
Item 4 of the provisional agenda**
**State of implementation of the United Nations
Convention against Corruption**

Executive summary

Note by the Secretariat

Addendum

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* Reissued for technical reasons on 31 March 2020.

** [CAC/COSP/IRG/2020/1](#).



II. Executive summary

Egypt

1. Introduction: overview of the legal and institutional framework of Egypt in the context of implementation of the United Nations Convention against Corruption

Egypt signed the United Nations Convention against Corruption on 9 December 2003, and it was ratified pursuant to Presidential Decree No. 307/2004 of 11 September 2004, which was published in Official Gazette No. 6 of 8 February 2005. Egypt deposited its instrument of ratification of the Convention with the Secretary-General of the United Nations on 25 February 2005.

The implementation by Egypt of chapters III and IV of the Convention was reviewed in the fourth year of the first review cycle, and the executive summary of that review was published on 26 May 2015 (CAC/COSP/IRG/I/4/1/Add.13).

Egypt has adopted the principle of direct implementation of international conventions. The first paragraph of article 151 of the Constitution stipulates that “treaties shall acquire the force of law following their publication in accordance with the provisions of the Constitution”.

The national legal framework for preventing and countering corruption includes provisions from a number of laws, notably the Civil Service Act (Act No. 81/2016), the Public Procurement Act (Act No. 182/2018), the Criminal Code, the Code of Criminal Procedure, the Illicit Gains Act and the Anti-Money-Laundering Act. Egypt is also a party to a number of international agreements on international cooperation, crime control and crime prevention.

Egyptian authorities cooperate at the international level through different mechanisms and networks, including the Middle East and North Africa Financial Action Task Force (MENAFATF), the Egmont Group of Financial Intelligence Units and the International Criminal Police Organization (INTERPOL).

Egypt has a number of bodies and agencies that are involved in preventing and combating corruption, including the Administrative Control Authority (ACA), the Public Prosecution Office, the Administrative Prosecution Authority and related specialized prosecution offices, the Accountability State Authority, the Illicit Gains Department of the Ministry of Justice, the Directorate-General for Combating Public Financial Crimes of the Ministry of the Interior, the Unit for Combating Money-Laundering and the Financing of Terrorism and the National Council for Payments. The Public Prosecution Office plays a key role in international cooperation. Egypt has established a National Coordinating Committee for Preventing and Combating Corruption (NCCPCC) and a National Coordinating Committee for Combating Money-Laundering. It has also established a National Committee for the Recovery of Funds, Properties and Assets Located Abroad, headed by the Prosecutor General.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

Egypt adopted the National Anti-Corruption Strategy (NACS) for the period 2014–2018. The NACS focused on priority areas and addressed recommendations from the first implementation review cycle and other mandatory provisions of the Convention. It included a detailed implementation plan accompanied by a monitoring, evaluation and reporting framework. Principles of good governance, the rule of law and the importance of combating corruption are also enshrined in the Constitution. Egypt adopted a new NACS in 2018 for the period 2019–2022, which builds on the progress made during the first strategy, identifies new challenges and emphasizes the need to achieve objectives not met during the first strategy. NCCPCC, chaired by the Office

of the Prime Minister under the supervision of ACA, coordinates the oversight and implementation of the NACS and the development of practices for preventing corruption.

NCCPCC is responsible, inter alia, for carrying out periodic assessments of laws and regulations related to preventing and combating corruption in order to determine their adequacy and compatibility with international agreements ratified by Egypt. It is also responsible for submitting proposals, recommendations and draft laws in this area to the relevant ministries and authorities. Recommendations for legislative amendments are submitted to the Supreme Committee for Legislative Reform. The Supreme Committee is supported by a technical secretariat consisting of judicial authorities and academics, who provide legal guidance and advice.

There is no single anti-corruption agency. ACA chairs the NCCPCC subcommittee, which oversees all anti-corruption activities in Egypt. The Central Auditing Organization is an independent oversight body for the management of public finances and identification of irregularities. Other institutions with preventive functions exist to regulate financial institutions, the private sector and administrative authorities, including the Ministry of Foreign Affairs. ACA, as a body whose independence is ensured by law, has a broad mandate to prevent corruption, including the investigation of issues in places of work and production and the monitoring of the implementation of laws. It also operates the National Anti-Corruption Academy, which offers a comprehensive technical curriculum.

Coordination takes place through NCCPCC, which is tasked with ensuring a unified approach to preventing corruption in Egypt. The Committee also follows up on the implementation of the Convention and other relevant international instruments. Its subcommittee is supported by a panel of national experts who provide advice and submit reform proposals to ACA.

Egypt participates in regional and international initiatives and organizations that assist in preventing corruption, including the Egmont Group, MENAFATF and the International Anti-Corruption Academy.

On 12 June 2014, the Ministry of Foreign Affairs officially informed the Secretary-General of the names and addresses of the Egyptian authorities that may assist other States parties in developing and implementing specific measures for the prevention of corruption.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

Act No. 81/2016 regulates all matters related to appointment, promotion, delegation, remuneration and other operational aspects of the public service. It also provides a process for persons to appeal any administrative decision relating to conditions of service. Article 14 of the Constitution sets forth the principle that appointments in the public service are to be based on merit, with no favouritism or other interference. Recruitment takes place through a competitive process, which is overseen by the Civil Service Council and includes the administration of an examination and interviews. Appointments are made on a fixed-term basis that is subject to renewal based on the outcome of regular performance reviews. Performance reviews that fall below the acceptable standard for two consecutive years can result in rotation or termination, including for leadership positions (arts. 27–28 of Act No. 81/2016).

Training programmes exist for public service employees, both upon general appointment and at the unit level (arts. 7–8 of Act No. 81/2016). All ministries have training departments which are in charge of raising the standard of training and performance of work, the acquisition of skills and experience with regard to performance and awareness of the duties, tasks and responsibilities entrusted to them. These departments also ensure compliance with regulations and directives governing work, the fight against all forms of corruption and awareness-raising regarding the

risks of corruption. Positions considered vulnerable to corruption are identified and subject to regular rotation as governed by the law.

The criteria for the qualification and disqualification of persons standing for elected public office are outlined in the Constitution (arts. 200 et seq.), including eligibility criteria to run for President and for Parliament. Criteria for various national, administrative and local elected positions are set forth in various laws, including Act No. 46/2014, Act No. 22/2014, Act No. 43/1979 and Act No. 81/2016. Act No. 40/1977, as amended, governs political parties, regulates party donations and sets forth record-keeping requirements and periodic audit and oversight measures. The Exercise of Political Rights Act (Act No. 45/2014) regulates the funding of candidates standing for public office and includes requirements for record-keeping and registration, although donor identities are not made available to the public.

A general code of conduct – an administrative document to guide the conduct of public officials – exists for all public officials and provides disciplinary measures for non-compliance, including dismissal (arts. 57–68 of Act No. 81/2016). The code was updated in 2018 and is in the final stage of publication and distribution, with training programmes to be developed and implemented. A system has been implemented to ensure asset disclosure by designated officials, including candidates standing for elected office in Parliament (see art. 52 (5) below). Codes of conduct for public officials in specific ministries and sectors are being developed. They will include standards of conduct for the correct, honourable and proper performance of public functions, in addition to systems to facilitate the reporting by public officials of acts of corruption to the appropriate authorities. Codes of conduct have been developed for some specialized bodies, including the Public Prosecution Office, the Administrative Prosecution Service, the Forensic Medicine Service, the Foreign Service and the Central Bank. Act No. 106/2013 prevents and regulates conflicts of interest involving public officials. Although implementing regulations are currently being prepared for this legislation and will provide operational guidance on preventing and reporting conflicts of interest, disciplinary proceedings have already been brought in some cases as a result of the Act.

A number of systems have been set up to enable civil servants to report acts of corruption to the relevant authorities through hotlines, websites, social networks, fax and mobile phone numbers that are accessible to the general public. Offices for receiving complaints also exist within all regulatory bodies and in some units of the administrative apparatus. Presidential Decree No. 314/2017 established a unified complaints system for the whole of Egypt for receiving, examining and redirecting all government complaints and responding to them electronically. The system is in the process of being implemented. A draft law on the protection of reporting persons has been proposed.

The Constitution guarantees the independence of the judiciary and prohibits any attempt to interfere in judicial matters. The Public Prosecution Office is an integral part of the judiciary. The Supreme Judicial Council, composed of senior judges, oversees all judicial affairs. The Judicial Authority Act (Act No. 46/1972) sets forth the procedures for appointments, promotions and transfers and the conditions of service and provides for the establishment of a disciplinary board composed entirely of judges in order to ensure accountability. Article 67 prohibits the dismissal of judges. The Act also sets forth numerous rules which judges must follow, including with regard to political activities, conflict of interest and dignified conduct. The Minister of Justice oversees appointments, conditions of service and the accountability of the prosecution service in minor matters, and the Disciplinary Board oversees accountability in more serious matters. Although the Supreme Judicial Council may remove judges from office for professional incompetence, such decisions are based on a series of criteria and are subject to several layers of review. On 28 April 2016, the Prosecutor General approved a code of conduct for the Public Prosecution Office. In addition, a criminal research and training institute responsible for the periodic training of prosecutors, including in integrity and ethics, has been established as part of the Public Prosecution Office.

Public procurement and management of public finances (art. 9)

In Egypt, the procurement system is decentralized. Act No. 182/2018, which superseded previous procurement legislation, promotes transparency and fairness in government procurement and encourages competition on the basis of objective criteria. An electronic government portal for government procurement has been set up to ensure transparency in competition. Calls for tenders are advertised publicly, both in newspapers and online, and include the relevant criteria to be met and the deadlines for the bidding process. Bids are submitted in two sealed envelopes, one containing the technical proposal and the other the financial proposal. The contracting authority is required to establish both a bid examination committee and an awards committee, which must issue a comprehensive report on the process and the outcome. Procurement personnel must obtain special qualifications and undergo special training.

For contracts with a value exceeding 1 million Egyptian pounds (LE), a representative of the Ministry of Finance must sit on the awards committee; for contracts whose value exceeds LE 2 million, the committee must also include a representative of the Fatwa Department of the State Council. The Ministry of Finance, through the General Authority for Government Services, inspects government contracts, conducts domestic reviews and hears appeals against procurement decisions. In addition, a special office for complaints related to the procurement process has been established. The courts of the State Council also have jurisdiction to hear and settle procurement disputes.

At present, sole-source procurements account for 10 per cent of total procurement. Additionally, State-owned enterprises do not have to follow many of the current rules.

The Constitution sets forth the process for reviewing and approving the annual State budget, which is published on the website of the Ministry of Finance. In accordance with Act No. 53/1973, the Ministry issues guidelines and data relevant to the preparation of the budget shortly after the start of each fiscal year. The draft budget is submitted first to the Council of Ministers for approval and thereafter to the President. Following internal approval, the draft budget is sent to the People's Assembly for further debate, hearings and final approval.

Act No. 127/1981, as amended, on government accounting regulates internal control systems, the publication and analysis of results produced by finance departments and the final accounts of all administrative bodies of the State. Although each administrative authority has established internal control bodies, the Ministry of Finance oversees all public finances and the implementation of public budgets by administrative authorities through its financial inspection units. The Ministry of Finance prepares monthly, quarterly and annual financial accounting reports in line with international accounting standards and the related decisions of the Central Auditing Organization.

Under the government accounting system, all government bodies must follow a documentary cycle and maintain a main book and a subsidiary book, which must be used in government accounting and financial supervision. This system is applied in all government agencies, including the units of the State's administrative apparatus, local government units, public economic bodies, public service providers, funds, private accounts and special units. Once a book has been filled, it is either stored in the institution's archive, in accordance with the government archiving regulations, or is converted to electronic form.

Public reporting; participation of society (arts. 10 and 13)

The right to access to information is enshrined in article 68 of the Constitution: "Information, data, statistics and official documents are owned by the people. The disclosure of such information from various sources is a right guaranteed by the State to all citizens. The State shall provide such information and make it available to citizens in a transparent manner. The law shall govern access to such information, its

availability and confidentiality, the procedures for depositing and preserving it and recourse for individuals refused access to it.” Although there is no specific law governing access to information in Egypt, there are several sector-specific laws that promote transparency in the provision of information about government decision-making processes. A draft law on access to information was prepared and has been submitted to the Supreme Committee for Legislative Reform for review before it can be discussed by the Council of Ministers in preparation for its submission to the House of Representatives for enactment.

Egyptian law prohibits public servants from disclosing information classified as confidential. Article 80 (b) of the Criminal Code also prohibits public servants from disclosing defence secrets, while article 102 bis prohibits the publication of false information.

Some ministries, such as the Ministry of Finance and the Ministry of Communications, have established online customer portals through which they publish information about their operations and functions. The Ministry of Planning, Follow-Up and Administrative Reform has coordinated with several ministries to streamline and digitize administrative procedures in order to allow many public services to be paid for electronically. This digitization process will continue under the current National Anti-Corruption Strategy. In addition, ministries, governorates and universities submit periodic reports on corruption risks to the NCCPCC technical secretariat at ACA as part of the follow-up to the implementation of the National Anti-Corruption Strategy. Institutions are reviewed on an annual basis and are ranked in terms of corruption risk and the measures taken to address such risks.

With regard to the participation of society in public decision-making processes, article 135 of the Constitution authorizes the National Assembly to hold hearings on draft legislation and matters of public interest and to invite relevant witnesses and experts to provide information or testimony. Citizens and stakeholders also participate in the public decision-making process through community workshops, online surveys and local community meetings.

Civil society representatives, as key stakeholders, were involved in drafting and implementing the National Anti-Corruption Strategy. Extensive efforts have been made to raise awareness of corruption and to empower the public to help combat the phenomenon through public media campaigns demonstrating the negative impact that corruption has on society and providing information on how to report acts of corruption to the regulatory and anti-corruption authorities. Several hotlines and online portals have been established to allow citizens to report acts of corruption, including anonymously. Another aim of the Strategy is to integrate anti-corruption curricula at all levels of education.

Private sector (art. 12)

Article 56 of the Labour Act requires employees to perform their duties with accuracy and honesty in accordance with the law, labour regulations and all individual and collective labour contracts. It also stipulates that they must accomplish such duties at the prescribed time and must exercise due diligence. Article 57 establishes a wide range of prohibited activities, including breach of confidentiality and the acceptance by an employee of gifts without the consent of the employer.

NCCPCC, in cooperation with the Egyptian Junior Business Association, has developed a code of conduct for private sector employees. The Egyptian Financial Regulatory Authority has issued a guide on corporate governance regulations and standards in Egypt, which provides guidance on best practices for good governance and transparency for all stakeholders in a company. It also includes an integrity charter for the private sector.

Article 15 of Act No. 106/2013 prohibits public officials, for a period of six months after leaving public service, from assuming a position or taking up employment in the private sector with any company or entity affiliated with or related to their previous

work or formerly subject to their supervision, from exercising a private professional activity related to the public entity that they directed and from dealing with that entity, except where granted approval to do so by NCCPCC. Former public officials are also prohibited from investing in areas included in their public service portfolio and from providing advice to companies that were subordinate to or supervised by the entity that they directed during their period of service.

Act No. 159/1981 and Act No. 7/2017 govern the registration of commercial companies and investment companies, respectively. The Ministry of Investment operates a “one-stop” online portal to facilitate the registration of companies, owners and shareholders. In cases where a company is registered by a subsidiary, the parent company must also be registered. Additional measures must also be taken to ensure that beneficial owners are adequately registered. Articles 21 to 29 of the Commerce Act (Act No. 17/1999) stipulate that private sector entities must keep accounts of their commercial activities for a period of five years, in addition to the company’s financial statements and a record of its liabilities and assets.

Regulations promulgated by the tax authorities and the Ministry of Finance guide the preparation of financial statements. The financial statements of public companies must comply with international accounting standards and must be prepared by a licensed accountant (Act No. 159/1981).

While Egyptian law does not expressly disallow the tax deductibility of expenses that constitute bribes, bribery is criminalized under the Egyptian Criminal Code (Act No. 58 of 1937, as amended).

Measures to prevent money-laundering (art. 14)

The legal regime to combat money-laundering in Egypt consists primarily of the Anti-Money-Laundering (AML) Act (Act No. 80 of 2002, as amended) and its implementing regulations, as well as instructions and circulars issued by the Central Bank of Egypt, the Unit for Combating Money-Laundering and the Financing of Terrorism (EMLCU) and other regulatory authorities, including those applicable to banks, money exchange companies, money transfer companies, insurance companies and non-financial businesses and professions.

The implementing regulations specify which regulatory authorities are authorized to supervise financial institutions and designated non-financial businesses and professions. Those authorities include: the Central Bank, for banks, exchange companies and money transfer services; the Financial Regulatory Authority, for insurance companies and companies dealing with securities, financial leasing, real estate finance and microfinance; the competent ministries, for real estate brokers, traders of precious metals and stones and gambling clubs; the Ministry of Communications and Information, for the financial services provided by the National Postal Authority; the Bar Association, for lawyers; the Trade Union, for accountants; and EMLCU, for all other financial institutions and non-financial professions and businesses that are not subject to the oversight of any of the aforementioned regulatory authorities.

In 2002, a financial intelligence unit (EMLCU) was established and commenced its operations. The Unit receives and analyses reports of suspicious activities and transmits the results of its analyses to the Public Prosecution Office. The Unit joined the Egmont Group in 2004.

AML supervisory and law enforcement authorities cooperate and exchange information at the domestic and international levels.

Pursuant to Prime Ministerial Decree No. 63 of 2005, the National Coordinating Committee for Combating Money-Laundering was established with the aim of coordinating national efforts to combat money-laundering and the financing of terrorism and of contributing to the implementation of relevant laws and regulations.

In coordination with the relevant authorities, EMLCU has completed a draft national assessment of the risks of money-laundering and financing of terrorism, which has been approved by the National Coordinating Committee for Combating Money-Laundering and the Financing of Terrorism.

To comply with AML requirements, all financial institutions and designated non-financial businesses and professions must have internal AML systems that cover customer and beneficial owner identification; ongoing monitoring of transactions; the application of enhanced due diligence to high-risk customers, accounts and transactions; record-keeping requirements and the reporting of suspicious transactions (see art. 52 below).

The 2011 “know your customer” rules for banks and the 2012 “know your customer” rules for money transfer service providers, as updated by the 2019 “know your customer” rules, all issued by EMLCU, adequately cover the obligations of banks and other entities with regard to electronic transfers.

Cash or bearer negotiable instruments over a value of \$10,000 or the equivalent must be declared upon entry to or departure from Egypt (art. 12 of the AML Act; arts. 116 and 126 of the Central Bank, Banking Sector and Money Act). The legislation also establishes penalties for non-declaration or false declaration, including fines, imprisonment, seizure and confiscation.

The follow-up reports submitted to MENAFATF show that Egypt has satisfactorily addressed the shortcomings identified in the evaluation report prepared by the World Bank in 2009, including those related to preventive measures and supervision.

Egypt actively contributes to the development and strengthening of regional and international cooperation in combating money-laundering, particularly through its active participation in MENAFATF and the Egmont Group.

2.2. Successes and good practices

- Broad stakeholder participation in the adoption of the second National Anti-Corruption Strategy (2019–2022) (arts. 5 and 13)
- Development and implementation of the Corruption Perceptions Index for Egypt, in consultation with civil society, academia and the general public (arts. 6 and 13)
- Article 14 of Act No. 40/1977, which treats political parties’ funds as “public funds” for the purposes of the Criminal Code (art. 7)
- Egypt actively contributes to the development and strengthening of regional and international cooperation in combating money-laundering, particularly through its active participation in MENAFATF and the Egmont Group (art. 14)

2.3. Challenges in implementation

It is recommended that Egypt:

- Continue to strengthen quantitative reporting on progress in the implementation of the National Anti-Corruption Strategy for the period 2019–2022 as part of the comprehensive monitoring, evaluation and oversight mechanism (art. 5)
- Consider taking measures to strengthen the identification of persons who make donations to candidates for elected office and to political parties and to enhance transparency with regard to such funding (art. 7)
- Continue to develop and implement training programmes on the revised code of conduct for public servants, which was finalized in 2018 (art. 8)
- Continue to take the steps required to ensure that the implementing regulations for Act No. 106/2013 on preventing conflicts of interest are issued (art. 8)

- Continue to take steps, in the context of the National Anti-Corruption Strategy, to ensure the adoption and implementation of the proposed law on the protection of internal whistle-blowers and other reporting persons (art. 8)
- Continue to take steps to finalize and adopt the bill on access to public information (art. 10)
- Explicitly disallow the tax deductibility of expenses that constitute bribes (art. 12, para. 4)

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

There is no general provision in Egyptian law that regulates mutual legal assistance or asset recovery specifically. However, there are a number of legal texts on international judicial cooperation, which stipulate that cooperation in that area must be conducted either in line with the rules set out in the relevant international conventions or on the basis of the principle of reciprocity (art. 18 of the AML Act). Any instrument that has been ratified and published in Egypt has the same legal force as Egyptian law, and its provisions, except for those that impose sanctions or coercive measures, are directly applicable without the need for legislative intervention (art. 151(1) of the Constitution). A draft law on judicial cooperation in criminal matters is also in the process of preparation.

The Government has established an Office of International Cooperation, attached to the Office of the Prosecutor General. The Office of International Cooperation has several functions, including preparing requests for judicial assistance, which are transmitted to foreign authorities through the International Cooperation Department of the Ministry of Justice, and deciding whether or not to execute requests submitted to the Prosecutor General, including requests for asset recovery.

To date, Egypt has not refused any requests related to asset recovery. It has also made many requests for asset recovery in accordance with the Convention.

The Egyptian authorities transmit information without prior request, especially in cases of money-laundering. EMLCU has signed 27 memorandums of understanding on cooperation, including on the spontaneous exchange of information, with its foreign counterparts. The Public Prosecution Office has also concluded several memorandums of understanding on direct cooperation with its foreign counterparts. The Riyadh Arab Agreement on Judicial Cooperation and other instruments to which Egypt is a party include provisions on special cooperation. The Egyptian authorities also spontaneously exchange information through the Egmont Group and INTERPOL.

Egypt has concluded numerous bilateral and multilateral international cooperation agreements on crime control and the tracing of criminals and criminal proceeds.

Egypt can cooperate in the area of asset recovery regardless of whether or not it is a party to a treaty with the cooperating partner. In the absence of a treaty or convention, cooperation is based on the principle of reciprocity. The same measures and procedures available in domestic criminal proceedings, including those relating to the tracing, freezing, seizure and confiscation of property, are available in the context of such cooperation. Egypt implements the provisions of the Convention directly in cases where no relevant agreement applies.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

Financial institutions and designated non-financial businesses and professions are subject to AML requirements, in accordance with the AML Act (arts. 1 and 7–11) and

its implementing regulations (arts. 22 and 29–40). These requirements cover customer due diligence, including customer identification and verification, beneficial owner identification, ongoing monitoring of transactions, record-keeping, periodic and continuous updating of data and reporting of suspicious transactions to the financial intelligence unit (EMLCU). The requirements also cover assessment of the risks of money-laundering and the implementation of appropriate measures to manage such risks, in addition to the application of enhanced scrutiny to high-risk customers, accounts and transactions, including accounts belonging to foreign and local politically exposed persons and their family members and close associates. EMLCU has issued “know your customer” rules and circulated them to financial institutions, including banks, exchange companies, securities companies and money transfer companies. These rules provide detailed instructions on how to use money-laundering risk management systems, specifying, inter alia, which persons, accounts and transactions must be given particular attention.

The licensing procedures for banks set out in the Central Bank, Banking Sector and Money Act and its implementing regulations prevent the establishment of shell banks. The “know your customer” rules for banks issued by EMLCU prohibit banks from entering into or continuing a correspondent banking relationship with a shell bank or with a bank that provides correspondent services to a shell bank.

According to the Illicit Gains Act (Act No. 62 of 1975), persons in various positions, including those in positions of public authority and other administrative State employees, except for those in third-level categories, must disclose their assets and the assets of their wives and minor children every five years and upon end of service. Depending on the person concerned, one of several entities may examine the financial declaration, assisted by the Illicit Gains Department of the Ministry of Justice. ACA also investigates cases of illicit gain upon the request of the Illicit Gains Department. The law provides for criminal penalties (imprisonment and/or a fine) if a person fails to submit a declaration or submits incorrect data. Although article 17 of Act No. 62 provides for the confidentiality of such information, this does not prevent relevant information from being shared with foreign authorities pursuant to a request for mutual legal assistance in relation to a foreign criminal investigation. However, the manual nature of the financial disclosure system hinders the optimal use of the information provided and the conduct of effective oversight and review activities.

Egypt does not require public officials having an interest in or signature or other authority over a financial account in a foreign country to report that relationship to the appropriate authorities.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

The provisions in the Civil Code on tort liability and compensation for damage (art. 163) establish the right of an injured party, whether a legal or a natural person, domestic or foreign, to initiate an action to establish ownership of property or a claim for compensation in the domestic courts. This right does not exclude foreign States.

The Code of Criminal Procedure permits those who have suffered damage as the result of an offence to pursue civil action (arts. 27 and 76). This also applies to foreign States. Article 102 of the same law requires that items acquired through or involved in the commission of an offence must be returned to those who lost possession of them as a result of the offence.

Egyptian legislation does not provide for the enforcement of foreign orders of confiscation, with the exception of those issued by competent foreign judicial authorities for the confiscation of funds resulting from money-laundering offences or the proceeds of such offences (art. 20 of the AML Act). The competent Egyptian authorities may, however, issue a domestic confiscation order pursuant to a foreign request (art. 14 of the Act). Confiscation without a criminal conviction is not provided for.

Egyptian legislation does not provide for the possibility of freezing or seizing property on the basis of a foreign freezing or seizure order. The competent Egyptian authorities can freeze or seize property upon a foreign request where the same measures and procedures applicable to domestic criminal proceedings are available in the context of mutual legal assistance. Several national laws, including the Code of Criminal Procedure and the AML Act, provide for the seizure or confiscation of property obtained through, or used in, corruption-related offences.

Egyptian law provides for a mechanism, based primarily on the provisions of the Civil Code, for retaining property for the purpose of confiscation. There is also a Public Department of Retained Funds, which was established by the Public Prosecutor in 1999, in addition to the Unit for Retained Funds in the Illicit Gains Department. These mechanisms can be used within the context of international cooperation for the purpose of asset recovery.

The Public Prosecution Office may, at its discretion, opt not to cooperate or may lift provisional measures if it does not receive sufficient and timely information from the requesting State.

Return and disposal of assets (art. 57)

The general principle applied in Egyptian law is that confiscated property should be transferred to the public treasury. There is no provision in the law that provides for the return of confiscated funds. However, article 102 of the Code of Criminal Procedure states explicitly that all confiscated items acquired through or involved in the commission of an offence must be returned to those who lost possession of the items as a result of the offence. In a ruling issued by a criminal court in 2017, the court explained that it had not confiscated the retained funds in question because the source of the funds had been proven: they had been embezzled from the account of a foreign ministry. The court had therefore ordered the funds to be returned to their source.

Egyptian law, in particular article 30 of the Criminal Code, article 14 of the AML Act and article 104 of the Code of Criminal Procedure, preserves the rights of bona fide third parties in relation to the seizure and confiscation of criminal proceeds. These articles also apply within the framework of international cooperation for the purpose of asset recovery.

When a decision to return assets has been taken, it is the policy of Egypt to return the assets without making any deductions, except in exceptional cases in order to cover reasonable expenses, as provided for in the applicable agreements. To date, there have been no cases in which Egypt has deducted expenses related to asset recovery.

Article 20 of the AML Act states that bilateral or multilateral agreements may be concluded in order to regulate the disposal of funds in respect of which Egyptian or foreign judicial entities have issued a final order of confiscation in relation to a money-laundering offence. Such agreements must include rules for distributing such funds among the parties to the agreement, in accordance with the provisions stipulated therein.

Egypt has not concluded any agreements related to asset-sharing and there have been no cases involving asset-sharing to date.

The provisions of the Convention are directly applicable in cases where no relevant agreement applies. Requests received from another State party in accordance with article 57 of the Convention are executed accordingly.

Egypt does not impose any conditions on the return of assets.

Egyptian law also allows victims of crime to be compensated if they so request during criminal proceedings.

3.2. Challenges in implementation

It is recommended that Egypt:

- Continue its efforts to adopt specific legislation to regulate in detail the issues of international cooperation, including mutual legal assistance for asset recovery, in line with the Convention (art. 51)
- Strengthen measures to facilitate financial disclosure by appropriate public officials and strengthen the related internal oversight and review processes by, for example, extending them to cover spouses (not only wives) and adopting an electronic system for the submission of disclosures (art. 52, para. 5)
- Consider requiring appropriate public officials having an interest in or signature or other authority over a financial account in a foreign country to report that relationship to appropriate authorities (art. 52, para. 6)
- Take such measures as may be necessary to permit its competent authorities to give effect to an order of confiscation issued by a court of another State in relation to offences established under the Convention (art. 54, para. 1 (a))
- Consider taking such measures as may be necessary to allow confiscation of property acquired through or involved in the commission of an offence without a criminal conviction in cases in which the offender cannot be prosecuted by reason of death, flight or absence or in other appropriate cases (art. 54, para. 1 (c))
- Take such measures as may be necessary to permit its competent authorities to freeze or seize property upon a foreign freezing or seizure order that provides a reasonable basis to believe that there are sufficient grounds for taking such actions and that the property would eventually be subject to an order of confiscation (art. 54, para. 2 (a))

3.3. Technical assistance needs identified to improve implementation of the Convention

- Capacity-building for prosecutors working on asset recovery (art. 51)
 - Legislation on the return and disposal of assets in States whose legal system is similar to the Egyptian system, in addition to capacity-building through workshops to highlight good practices used in similar legal systems in this field (art. 57).
-