First Annual Summer School:
Methodologies for monitoring anticorruption policies,
state capture and public procurement integrity. October 7th-8th 2021

Session 2: State capture assessment diagnostics on economic sector level

Theoretical approach towards measuring state capture

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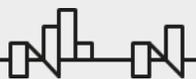
7 October 2021

Implemented by:

State Capture Concept

▶ Initially state capture is used to denote an evolution in the understanding of corruption, which is experienced by companies when they face problems as a result of policies, legislation, law enforcement or court decisions. (Helman, Jones & Kaufman, 2000)

Hellman J., Jones G., Kaufmann D., *Seize the State, Seize the Day: State Capture, Corruption, and Influence in Transition Economies,* World Bank Policy Research Working Paper No. 2444, World Bank, Washington D.C., 2000

▶ Gradually the concept of SC evolved to the understanding that it is an **illegitimate monopolization of the governance** and the economy.

SCAD Approach

▶ The State Capture Assessment Diagnostics (SCAD) defines "state capture" as an exploitation of the power of government for private benefit in **systematic and permanent manner**, involving various forms of corruption and illegitimate activities;

▶ **Captors**: actors with privileged status, which enjoy undue advantages in economic and/or political terms;

▶ State capture is a **hidden** phenomenon;

▶ State capture affects public policies and thus, it leaves **observable public traces** or effects, which can be discovered by suitable pattern-finding methods;

▶ SCAD is designed to:

    ▶ identify and measure state capture results and effects

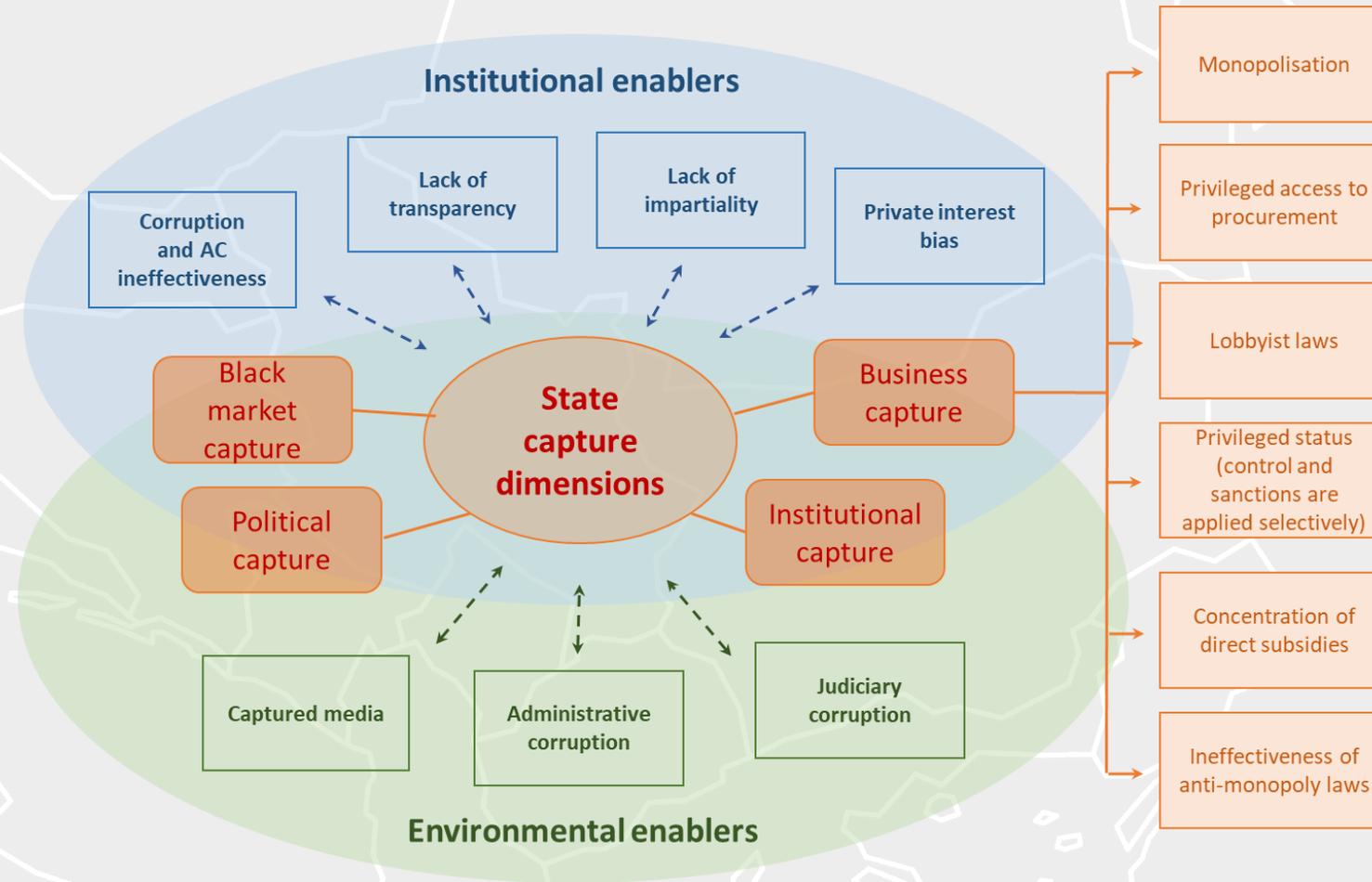   ▶ recommend policy adjustments for improving the resilience of institutions to state capture pressure

state **capture**
assessment diagnostics

Center for the Study of Democracy
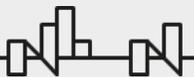
Stoyanov, A., Gerganov, A., and Yalamov, T., *State Capture Assessment Diagnostics*, Sofia: Center for the Study of Democracy, 2019.
https://csd.bg/publications/publication/state-capture-assessment-diagnostics/

SCAD Analytical Model

Stoyanov, A., Gerganov, A., and Yalamov, T., *State Capture Assessment Diagnostics*, Sofia: Center for the Study of Democracy, 2019.
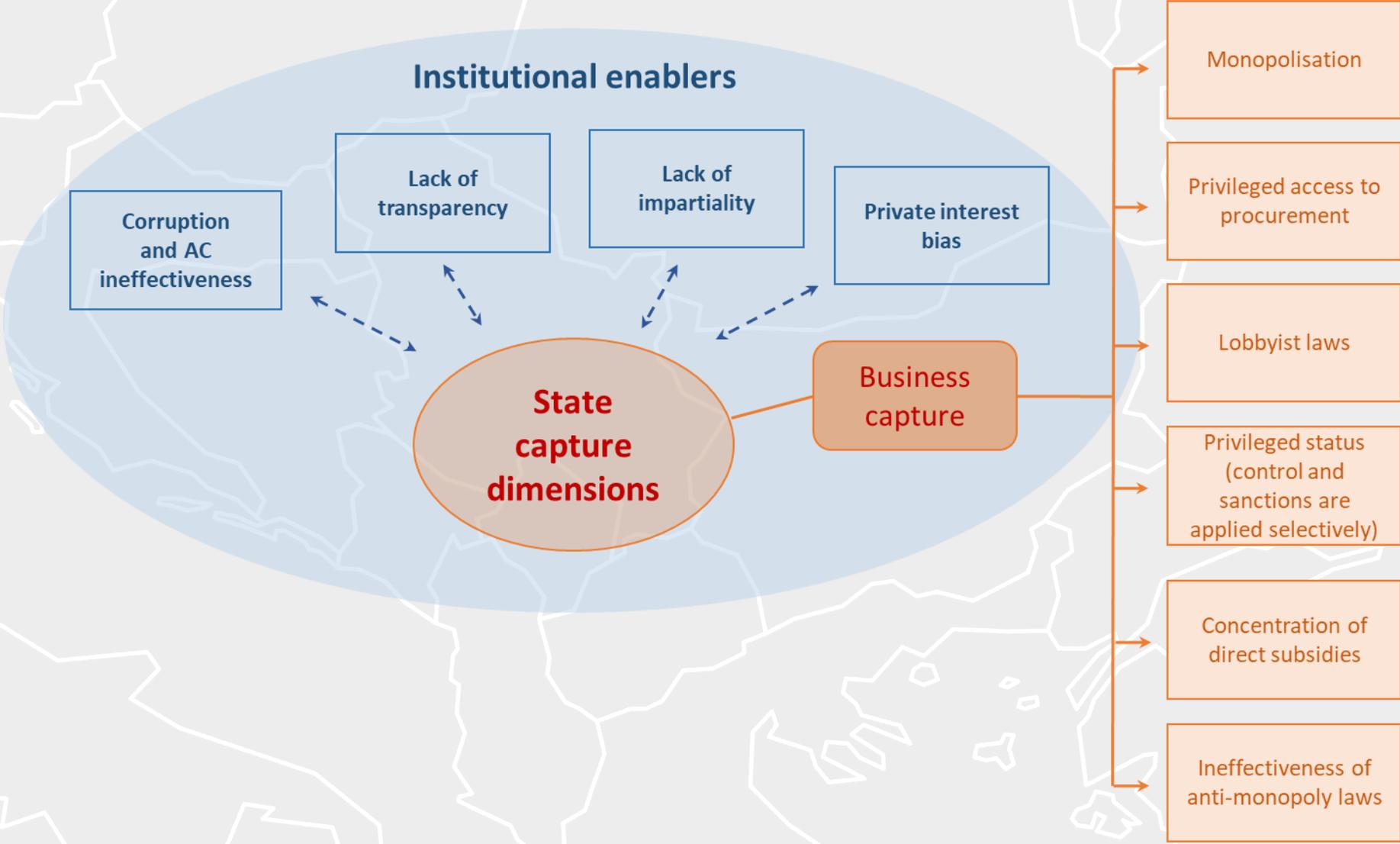https://csd.bg/publications/publication/state-capture-assessment-diagnostics/

Questions to be discussed
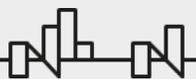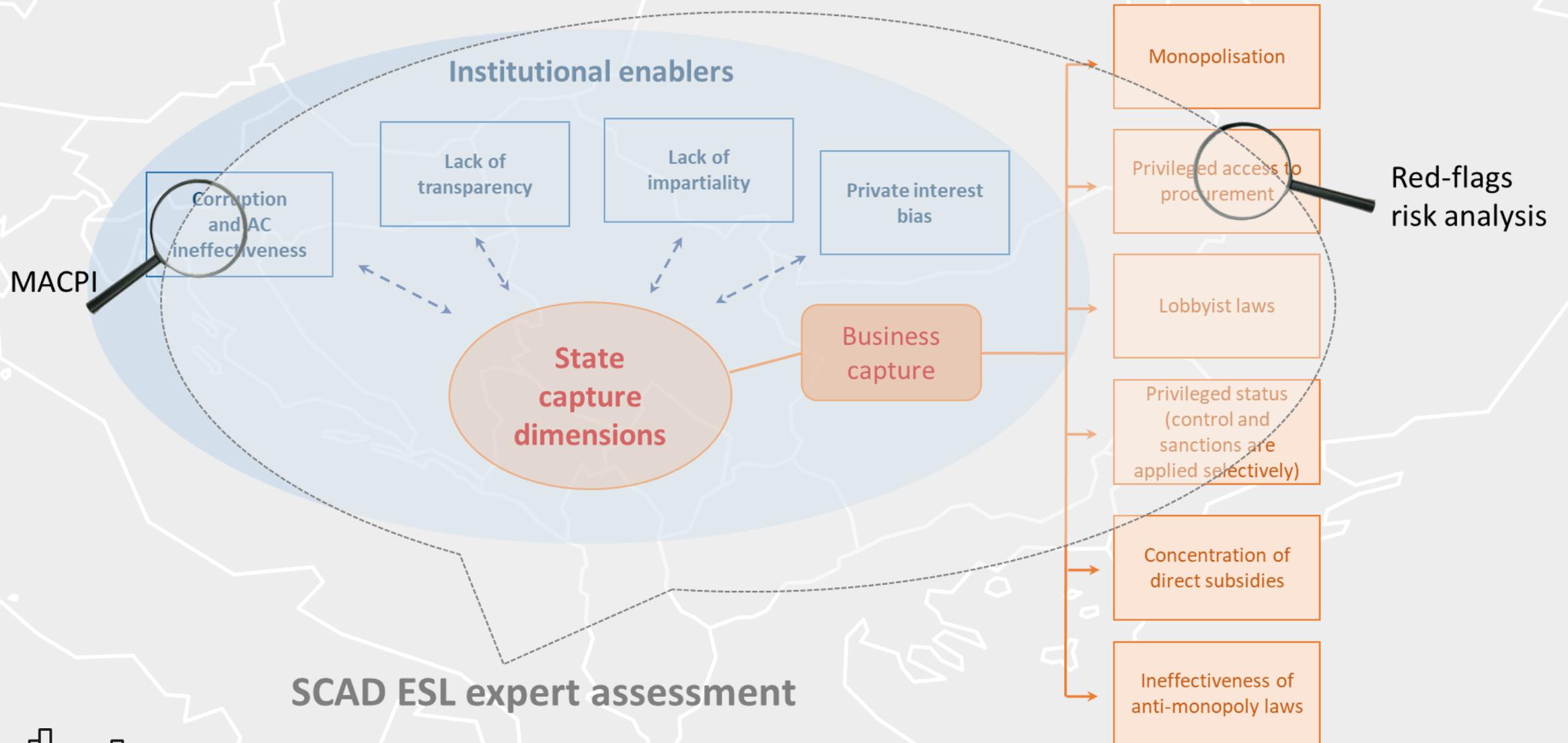
▶ Where should our analysis focus:

  ▶ Lack of integrity, impartiality and private interest bias in the public administration

  ▶ State capture and corruption in the judiciary and media;

  ▶ Political (and institutional) capture by private interests;

  ▶ Business capture and monopolisation pressure (from national and foreign companies, lobbyist laws, direct subsidies and anti-monopoly laws, use of legal gaps, political pressure by big investors);
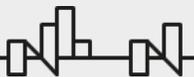
SCAD-ESL Model

SCAD-ESL Complementing Analyses

SCAD-ESL Methodology

▶ Practical instrument to empower policy makers, think-tanks, watch-dog organisations, investigative journalists, and researchers to monitor state capture pressure at the sectoral level.

▶ Designed to be:

  ▶ replicable and scalable across other economic sectors and countries

  ▶ applicable for both designing preventive measures and driving investigation of particular misbehaviour

  ▶ valuable and usable for a broad group of stakeholders – policymakers, civil society, watchdog organisations, investigative journalists, law enforcement officials, and researchers.

SCAD-ESL interlinkages to MACPI & OpenTender

► *State Capture Assessment Diagnostics on Economic Sector Level a*ssesses state capture risks and vulnerabilities at sectoral level, using index-based experts' assessments technique.

► *Monitoring Anticorruption Policy Implementation (MACPI)* evaluates the implementability, implementation, enforcement, and coverage of anti-corruption measures and policies on the level of individual public institutions, identified as key for the regulation of the sectors through **SCAD-ESL**.

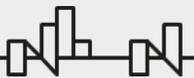See also: Stoyanov A. et al, *Monitoring Anti-Corruption in Europe. Bridging Policy Evaluation and Corruption Measurement*, Center for the Study of Democracy, Sofia, 2015. https://csd.bg/publications/publication/monitoring-anti-corruption-in-europe-bridging-policy-evaluation-and-corruption-measurement/

► Analysis of **risks of corruption in public procurement** through analysis of big-data (OpenTender, SceMaps).

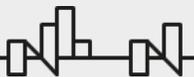# SCAD-ESL Benefits

▶ Sector specific characteristics of state capture

▶ Use of sectoral knowledge and know-how

▶ Addressing policy gaps on sectoral level

Questions to be discussed

▶ Are there any methodologies for state capture assessment in use?

  ▶ Are they efficiently used?

▶ What are the best sources of information, incl. "proxy"-data, for measuring state capture risks:

  ▶ Business capture

  ▶ Judiciary capture

  ▶ Media capture

  ▶ Political capture

Thank you!

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