

ROBUST, RELEVANT AND USEFUL MEASUREMENT

MEASURING STATE CAPTURE

Elizabeth David-Barrett
Daniel Kaufmann
Juan Camilo Ceballos

INSIGHTS
BRIEF

08

October 2023

Acknowledgements

The Global Programme on Measuring Corruption team would like to thank the co-designer of the expert ‘think-in’ and co-author of this brief, Daniel Kaufmann, as well as all the participating individuals and organisations (see list of participants) who generously shared their time and thoughtful reflections.

Insights Briefs

Insights Briefs are interim papers reporting on the Global Programme for Measuring Corruption’s research activities. Briefs are different from the programme’s planned Research Papers in that they offer a short description of key insights, developments, and methodological considerations arising from the country visits or expert think-ins. They are based on background research into secondary literature and on the content of in-person facilitated discussions with a range of stakeholders (in the case of country research visits) or among participants (in the case of expert ‘think-ins’). Briefs are written and formatted in a style that is more broadly accessible compared to standard Research or Working Papers.

The GPMC will produce a series of eight briefs covering the programme’s country research visits and expert thematic workshops during the period October 2022 – July 2023.

This brief presents key insights from the GPMC’s expert ‘think-in’ on measuring state capture in May 2023.

The GPMC is funded by the Oversight and Anti-Corruption Authority of the Kingdom of Saudi Arabia (Nazaha).

© International Anti-Corruption Academy, October 2023

Legal Notice

All papers are copyright of IACA and can be used solely for personal educational, non-commercial purposes, provided that they are used in their original form, as published by IACA, and that the source (IACA), including its copyright, is acknowledged in an appropriate manner. Any other use is subject to prior written permission of IACA. Unless otherwise indicated, all views, opinions, conclusions or interpretations of any kind, reflected in the papers represent the views of the authors. They do not necessarily reflect the views, or official policy of, or any endorsement by or on behalf of IACA and/or its officials.

Imprint

Publisher and Layout: International Anti-Corruption Academy (IACA),

Muenchendorfer Str. 2, 2361 Laxenburg/Austria.

www.iaca.int

Laxenburg 2023

Overview

This Brief was produced by the Global Programme on Measuring Corruption (GPMC) hosted by the International Anti-Corruption Academy (IACA). It presents key insights from the GPMC's Expert 'Think-In' on Measuring State Capture.

The GPMC works with international organisations, governments, civil society, the private sector and academia to collaboratively design a robust, relevant and useful approach to measuring corruption. Since the 2017 G7 summit, the international community has highlighted a need to develop new means of measuring corruption and corruption control. Key milestones include the United Nations Convention Against Corruption's (UNCAC) Conference of the States Parties Resolution 8/10 on Measurement of Corruption in 2019; the prioritisation of measurement at the G20 Academic Roundtable on Anti-Corruption in 2020 and the publication of a G20 Compendium of Good Practices on Measuring Corruption in 2021. The GPMC was initiated in May 2022.

For any new corruption measure to be truly useful and relevant, it is important to understand how different stakeholders use indicators, how useful they are for the purposes, and to identify gaps. The GPMC is conducting a series of expert 'think-ins' on different aspects of corruption measurement, taking a broad approach to what is measured to encompass the prevalence, risk and control of corruption, and recognizing that there is no 'one-size fits all' approach to corruption control.

Purpose

This is one of eight Insights Briefs and summarises the key insights arising from the Expert 'think-in' on measuring state capture, which took place in May 2023. The participants explored several aspects of state capture and possible data sources that might be used in measurement. Insights briefs will be of primary use to organisations or researchers working on corruption measurement, countries currently developing tools or systems to measure corruption, and civil society.

The remainder of this Brief is organized as follows. First, the case for improving measurement of state capture is presented. Second, four distinct approaches to measuring state capture at the organizational and country levels, drawing on administrative data and survey instruments are briefly described, including their major advantages and limitations. Third, the brief explores ways in which new process and outcome indicators for different aspects of capture might be developed. Finally, the group's key insights over the course of the think-in are summarized. The annex provides a range of existing data sources that might be used by innovators in this area.

Approach

Measuring state capture was selected as a theme for three reasons. First, it has been identified in the GPMC mapping of corruption measures as an area underserved by producers of cross-country corruption indicators, with existing measures heavily based on expert judgement and lacking a clear definition of state capture. Second, in a context of increasing data availability and methodological development related to aspects of state capture, it is crucial to identify the main challenges and gaps and propose options towards refining or developing new measurement approaches with clear links to reform. Third, since state capture may have particularly long-term and harmful consequences, measuring it is important to ascertain its actual costs, as well as to assess trends and effectiveness of remedial actions.

Participants were selected following a mapping process which identified experts based on their academic and/or practical experience on researching and working on state capture matters, including in institutional and policy implementation aimed at detecting and mitigating the phenomenon or developing measurement methodologies. Each think-in follows a standard co-creation and facilitation methodology. This includes pre-event engagement and preparation, plenary and group discussions to identify gaps or limitations of existing measures, structured brainstorming on likely data sources for new measures, and critical exploration of new methods.

Box 1. Research/guiding questions

- What is state capture?
- What are the boundaries of state capture as a subset of corruption and misgovernance? Conversely, what is corrupt and poorly governed, but outside of what we would consider as state capture?
- Who are the key actors that engage in capture? Can a dictator (or a powerful political party) also be regarded as the main captor, and if so, under what conditions?
- Which aspects of capture are most important? Or does their importance vary enormously across settings (and over time)?
- How can measurement be leveraged for reform?
- Which existing databases, raw data or repositories can be harnessed to facilitate measurement of state capture?
- What ongoing data/empirical efforts are taking place, and what additional data may be worth collecting to enhance measurement of state capture in the future?

What is state capture, and why focus on it?

State capture is a concept which builds and expands on the older literature on regulatory capture and has been used since the late 1990s to describe a pattern of corruption that is distinct from petty or administrative corruption. Whereas administrative or bureaucratic corruption relate to individual transactions that subvert the implementation of existing policy, legal and institutional norms, state capture, as it was originally defined when the term was coined by Hellman, Jones and Kaufmann in their seminal 2000 paper, is both more systematic and more consequential: it involves improper influence by a narrow interest group to change the rules of the game and the way that policy is formed. In other words, rather than influencing the implementation of the prevailing rules of the game, as in administrative corruption, state capture refers to undue influence by vested interests to shape the rules of the game themselves.

Box 2. State capture manifests in different ways in different contexts:

- The captor can be a powerful economic actor, such as an oligarch or a mighty conglomerate, a business interest or industrial group, or also a segment of the political elite.
- The functions of the state which are captured vary, but typically include the (i) shaping of policy-making, legislation and regulation, (ii) mis-allocation of resources to benefit the captor(s) (budget, public procurement, natural resources and land, positions and salaries, subsidies), and (iii) shaping and disabling of accountability institutions (e.g., connected appointments in the judiciary, the media and other regulators).

State capture is more complex (and multi-dimensional) than traditional notions of corruption (such as bribery and fraud). State capture should not be viewed as a binary phenomenon but rather as a dynamic process where different degrees and forms of capture may be discerned over time and space. Regarding the latter, different governmental functions, sectors of the economy, public entities or regions might experience varying levels of capture.

Despite sustained interest in state capture, and the *a priori* concern that since it fundamentally alters the rules of the game its costs may trump those of administrative corruption, many measurement tools continue to largely focus on more easily quantified forms of administrative, petty or bureaucratic corruption, distorting our understanding about the global prevalence and significance of different forms of corruption. If we were

able to measure state capture better, this might help refocus priorities among the myriad governance challenges and catalyze more effective policy and institutional responses to the phenomenon.

“Rather than focusing on getting around the implementation of the prevailing rules of the game, as in administrative corruption, state capture focuses on undue influence by vested interests in shaping the rules of the game themselves”

Participant

State capture appears to be becoming more common and is taking on new forms. At least in part this may reflect the evolution of the concept, since in recent years the notion of state capture is also used to depict undue vested influence in shaping the rules of the game by state actors, including high level politicians. This contrasts with its early incarnation decades ago, when the focus was exclusively on non-state actors – particularly powerful private sector actors – engaging in capture of state policies,

regulations and institutions.

Political leaders and related state actors may abuse their power over resources and processes to entrench their privileged position, as well as to enrich themselves and secure impunity in the face of serious charges of corruption. Indeed, resistance to state capture can pressure captor groups to expand their efforts to capture intelligence services, policing, and prosecuting authorities, to help sustain captors' operations. Further, state capture may often have transnational and geopolitical dimensions, with captors in one country exerting undue influence in others, while captors in other countries may be supported by (or learn) from captors in another, creating alliances that destabilise international norms.

Because state capture involves subverting the rules of the game, it can have a much greater and longer-term impact than other forms of corruption, creating national security threats, undermining democracy and exacerbating inequality.

Improved measurement of state capture is a necessary precursor to building an evidence base about its costs and consequences, as well as informing the design of appropriate responses. More specifically, collecting rigorous empirical evidence on state capture can serve as an early warning system with potentially large benefits to society. State capture takes place in a continuum, and preventing a descent into a fully captured system at a relatively early stage is likely to be easier than dialling back from full capture.

Some practices associated with state capture exhibit a globalisation dimension, although causal connections remain unclear, and the path of some countries point to the risk of capture under increasing autarky. Multinational companies have been implicated in state capture in many countries, lending reputational cover to domestic captor groups through providing consultancy services to orchestrate their improper influence over organs of the state. Meanwhile, the proceeds of such systematic corruption can easily be laundered through global networks of legal and financial service providers, benefitting some global companies as well as a few in the domestic elite. At the same time, increasing recognition that political leaders may also lead state capture processes, and that many of them thrive in increasingly non-democratic settings with illiberal economic policies, suggests that capture can also prevail in anti-globalization contexts.

Several approaches for measuring state capture

Although there are a variety of approaches to measuring the incidence, risk and outcomes of state capture, most rely on indirect proxies, from single country-level to a few cross-country measures. Established proxy measures of corruption and administrative data sources are feeding into emerging metrics of state capture, providing insights into particular manifestations of the phenomenon as well as into a more general and global notion that is comparable across space and time. Four such approaches with which workshop participants were involved were discussed, and are described below, exploring their promise and challenges. For a more detailed list of useful data initiatives see Tables 4 and 5 in the Appendix.

A multilevel approach to assessing the prevalence and risk of state capture. The State Capture Assessment Diagnostics (SCAD) developed by Alexander Gerganov and colleagues at the Centre for the Study of Democracy is designed to evaluate the presence, risk, and outcomes of state capture at the national, sectoral, and organizational levels. The SCAD consists of two main components: (i) Business State Capture Pressure assesses monopolization pressure at the national, sectoral, and institutional levels and evaluates the effectiveness of anti-monopoly laws in place; and (ii) State Capture Enablers delves into national-level institutional and environmental factors, such as media capture, administrative corruption, and the integrity, impartiality of public institutions as well as the effectiveness of their anti-corruption policies. The SCAD collects data through an online and anonymous survey involving over 50 topic experts, as well as incorporating aggregate indicators, such as the Press Freedom Index and the Rule of Law Index. The SCAD was piloted in five EU countries, namely Bulgaria, Romania, Spain, Italy, and the Czech Republic and further applied in the Western Balkans (Albania, Kosovo, Bosnia and Herzegovina, Montenegro, Serbia, and North Macedonia) in 2018. The results indicate that Bulgaria is facing the highest vulnerabilities in terms of business pressure and institutional enablers, closely followed by Romania. In the Western Balkans, the assessments highlight pharmaceutical goods and the energy sector as the areas suffering from the most significant monopolization pressure.

Using administrative data and social network analysis to measure state capture in public procurement. Mihály Fazekas and colleagues at the Government Transparency Institute have developed an approach to estimate state capture in public procurement. The peer-reviewed methodology uses contract-level data from online public procurement systems and large-scale social network analysis of suppliers and buyers. It proposes a measure of state capture by identifying varying degrees and distributions of corruption risks in public procurement across suppliers and buyers. It defines state capture as the presence of densely connected clusters where

all transactions have a high corruption risk, favoring private interests over broader public goals. Through the analysis of the network structure of corruption, this method distinguishes state capture networks from ordinary corrupt networks. **The degree and strength of clustering are indicators of the extent of state capture, ranging from partial to full.** Full state capture occurs when high corruption risks permeate public procurement relations between suppliers and buyers, significantly impacting both individual organizations and larger segments of the public sector. The analytical framework has been applied to Hungary and Bulgaria and has potential to be used wherever granular procurement data is available.

“As in measuring phenomena in governance and corruption, the true extent of state capture is unobservable in a statistical sense (...) we are in a world of proxy indicators and need to recognize margins of errors.”

Participant

A novel composite index of state capture. Daniel Kaufmann is developing a global composite index of state capture. This index draws on well-established data sources, including Varieties of Democracy (V-Dem), the Worldwide Governance Indicators, and the World Inequality Dataset. The composite index (SCI) is expected to comprise three distinct components:

- Capture and Corrupt Rule of Law: the prevalence of high-level corruption and state capture in the Judiciary, Legislature and Media.
- Capture of the Polity and Policy: extent of undue influencing and state capture of politicians and of policymaking.
- Capture-Enabling Environment: extent of weaknesses in the legal, regulatory and anti-corruption regimes, as well as marked inequality of wealth and income as proxies for unequal influence – all as enabling factors of state capture.

Each one of these three main components is in turn informed by many specific disaggregated variables from the sources listed above. The measurement encompasses data from over 170 countries since the late 1990s. Following standardization of the variables from different sources into common units, the composite score is derived by averaging the three components. They are in turn an aggregation of the individual variables, via percentile ranking, with values ranging from 0 to 100. It was underscored that this index, as in every governance and corruption measurement initiative, serves as a proxy, and hence is subject to margins of error.

Initial findings based on the index reveal that when we focus on state capture measurement important differences arise compared to traditional measures of corruption. Thus, the latter are likely to be a misleading proxy of the former for many countries. The initial state capture measures suggest that high-income countries exhibit higher relative values than traditional corruption estimates, while the reverse is the case for low-income countries. The differences in measuring both phenomena are consistent with the differences in conceptualizing both notions and suggest that differential policy responses are warranted.

Devising indicators of bureaucratic capture at the organizational level. Ivor Chipkin suggests that state capture in South Africa primarily occurs within the bureaucracy, particularly in the implementation of laws and policies, where a lack of public scrutiny and interest facilitates such practices. To develop proxy indicators of state capture at the organizational level, Chipkin examines the case of Eskom, South Africa’s state-owned power company, and draws on organization-level data, including human resources, financial, and technical records from a specific period. He argues that state capture reveals itself through disruptions in bureaucratic institutions, which can be observed through changes in time series data or variations in data quality. These disruptions, in turn, can be utilized for modeling and analysis. By identifying and exploiting fluctuations in time series data relating to inconsistencies in hiring patterns over time or among divisions, Chipkin devises indicators of instability within the organization, which may be a proxy for bureaucratic capture.

Towards country-level indicators

The think-in also sought to identify potential routes to developing new indicators for state capture at the country level and focused on three core areas: (i) capture of policymaking and implementation; (ii) capture of the budget and allocation of state funds; and (iii) capture of institutions designed to uphold the rule of law and provide accountability checks on executive power. While there is an overlap between (i) and (ii), we keep them separate to maintain a distinction between shaping policy (which may lead to future financial benefits) and more direct capture of funding streams.

For each of these areas, the group has proposed potential indicators of *capture of the process* and of outcomes that may result from capture (see Tables 1, 2 and 3). It should be noted that much of the data on which these indicators are based is not readily available, at least not over long periods of time and/or for most countries, and comparability issues across countries may not be trivial. In many

cases data collection and research to collect the desired data would be required for each country of interest, demanding significant resources.

Participants adopted a ‘menu of indicators’ approach, reflecting the need to adapt metrics to the many ways that state capture manifests in different contexts with different institutional frameworks. In some settings, there is either no need or no opportunity to capture certain state functions but capture in other areas can still cause considerable harm. Moreover, captor groups tend to adapt their strategies over time to exploit areas of weakness, again requiring flexibility in how capture is assessed.

A more comprehensive battery of specific indicators could in fact be an important complement to global composite indicators. Specific indicators may be more actionable, but they may not always be ‘action-worthy’, meaning that the specific measure under study may or may not matter significantly (or it may only matter in some settings).

Likewise, composite indicators may include some individual measures that matter more than others, although all those included do get some weight, and analysts can calculate different scenarios with varying weights (which can also be derived from the data itself via statistical techniques). Further, the likelihood of knowing a priori whether an indicator—composite or disaggregated—matters much or not will also depend on whether it refers to an input, outcome or impact indicator.

Another important complementarity in measurement rests between having both global indicators (to assess and monitor trends over time and differences around the world) as well as more in-depth country diagnostics, which can only be reproduced in a few countries at the time but permit drilling down in concrete detail. The combined usage of aggregate and country-specific views in the governance and anti-corruption diagnostics initiated by the World Bank in the late 1990s illustrated the benefits of such complementarity.

In the process of developing specific measures, participants naturally tended to propose indicators that were particularly relevant to the context where they work (and often indicators they have worked with). Some may be highly relevant in another context (say, another region of the world), some less so. Context matters significantly for determining a priori the main aspects of capture one may wish to try and measure.

Accordingly, the tables provided below should be treated as suggestions for possible indicators, rather than definitive or universal prescriptions, and should be developed and interpreted only with contextual knowledge. They identify a range of possible actors that might engage in capture and the processes which they might seek to capture, before suggesting menus of possible indicators of capture related to process and outcomes.

Similarly, the relevant sources of data are not standardized across countries, hence a range of possible sources is outlined but caution regarding cross-country comparative analysis is warranted. The tables are intended as an initial guiding source for reflection and consideration for those involved in developing context-specific indicators of state capture within countries to monitor change over time, and potentially in the case of some sources for comparative analysis across institutionally similar countries.

“Progress has been made in certain areas, such as procurement and certain administrative decisions (i.e., permits), where the evidence may be readily aware to identify if a certain economic group or business has benefitted improperly from government action. It is more challenging to identify state capture in areas such as lobbying, especially when the latter is not regulated”.

Participant

Table 1. Capturing policymaking and implementation

Actors		
Captured: The executive, Parliament, parliamentary staff, factions of parliamentarians, parliamentary committees, regulatory agencies, military leaders, judges	Captors: Business people (including tycoons, oligarchs), interest groups, political parties	
Goods and services captured	Process indicators	Outcome/Impact indicators
Text of the law/regulation/legislation	Lack of/biased Regulatory Impact Assessment (RIA)	Favorable treatment of certain economic actors/firms/party donors – economic concentration
Absence of law/legislation/regulation	Lack of/biased/shortened consultation period	Legal immunity / impunity
	Emergency procedures initiated	Weakened access to political institutions / weakened checks and balances
	Amendments	Political concentration
	- Timing (last-minute, hence little chance of scrutiny)	
	- Substance	
	Bill timing/voting timing (both last-minute and long windows)	
	Filibustering	
	Transparency impediments	
	Modification after ratification	
	Amendment of parliamentary rules and procedures (framework laws – those that determine Parliament's rules of procedure)	
	Use of delegated legislation	
	Control over appointments to key parliamentary committees (e.g., budget)	
Data sources ¹ : Parliamentary rules and procedures; Transcripts of parliamentary proceedings Laws and regulations (official gazette); MPs' data (CV, Col statements, asset declarations, registry of gifts, etc.); Political finance records; Committee membership and voting records and IADs; Committees' reports; Lobbying records; Judicial review reports; Investigative media reports; Public hearing reports; Firms' registry; Business association membership registry.		

¹ See table of data sources below for a broader description of potential instances of data for state capture measurement.

Table 2. Capturing the budget and allocation of state funds

Actors	Captors: Firms, NGOs, consultancies, political parties.	
	Captured: State-owned Enterprises (SOEs), Media, Local Government, Members of Local Parliament, the Executive, Parliament.	
Goods and services captured	Process indicators	Outcome/Impact indicators
Public budget	Skewed allocation of resources (e.g., allocation of budget to particular ministries and projects)	Unfair distribution of resources
Public procurement process (also privatization and public-private partnerships)	Contracts won because of favouritism rather than open competition (may relate to kickbacks, including in the form of party or campaign donations)	Firms without political connections begin to fail Poor quality of public goods and services
Developmental projects	Use of opaque lobbying practices	Socially wasteful projects
Public subsidy schemes	Unfair access to public goods and services	Overpaid projects
Investment credits and loans	Bribery, kickbacks	Quality of life worsens
	Nepotism and cronyism	Increased social and economic inequalities
	Intimidation and coercion	Increased regional inequalities
		Low economic growth and development
Data sources: Public procurement records, Subsidies records, Budget, Lobbying records, Political finance databases		

Table 3. Disabling accountability institutions

Actors	Captors: same as above.	
	Captured: Judges, Prosecutors, Police, Judicial councils, public defender/public protector, ACAs, SAIs, Inspectors General, Electoral commission, National Statistical Offices, Census office, Media, Civil society.	
Goods and services captured	Process indicators	Outcome/impact indicators
Judicial function (e.g., referrals, prosecutions, investigations, sentences, confiscated assets)	Cases dropped without good reason	Biased judgements
Vertical and horizontal accountability mechanisms	Delayed progress of cases	Favouring certain individuals/firms
	Cases submitted with weak evidence so that it will not succeed	Failure to convict
	Cases submitted with excessive volume of evidence that cannot be sifted	Failure to sanction or low sanctions
	Delayed judgement post-trial	Failure to enforce sanctions
	Delayed process of negotiation in cases of plea bargain and delayed process of appeal	
Data sources: Expert survey – of judicial staff, lawyers, prosecutors, NGOs doing strategic litigation, judicial councils, Court records, Judicial data		

Data sources

There are many potential data sources that might be drawn upon to construct measures of state capture, and some suggestions are listed in Tables 4 and 5 in the Appendix. This is intended as a source of inspiration for those seeking to innovate in developing measures of state capture, rather than a definitive list. Nor is it an endorsement of the utility of any one tool on its own.

Many would serve as proxies, relating to other governance phenomena which may be linked at least in part to state capture, and as such, they rely on having an underlying model of state capture. These sources can be broadly characterized in terms of their availability in the public domain, and their structuredness, that is, the extent to which data is presented in standardized format for classifying the information provided. In view of these broadly defined features, potential measures of state capture can rely upon:

- Data that is **available** and **structured**, such as political party financial records, useful for identifying political connections, and public procurement records, which provide insights into the use of public procurement as a state capture mechanism. Other data sources come from composite measures informed by the aggregation of judgements of country experts along various dimensions, such as the perceived level of influence of firms on decision-makers, the use of clientelism in politics and the concentration of state resources in connected groups.
- Data that is **available** but **unstructured**, such as media reports, public service appointment records and lawmaking metadata, which are labour-intensive and tricky to turn into workable datasets but also informative of political and bureaucratic networks that benefit influential groups.
- Data that is **difficult to access** but **structured**, such as public registers of concessions, land ownership, investment credits, guaranteed loans, subsidies and public licences, which provide insights into state capture mechanisms.
- Data that is **unavailable** and **unstructured** – i.e., public service personnel records and conflict of interest statements, often difficult to manipulate as records are paper-based but potentially helpful to determine the use of bureaucratic appointments as a state capture mechanism.

Key insights

1. State capture relates to a high-level and systematic form of corruption, and possibly beyond, with long-term and far-reaching consequences. It is distinct from traditional notions of corruption, such as administrative or petty corruption. State capture can take place legally and can mean that corruption that occurs subsequently is legal, since the captors shape the legal framework itself.
2. State capture is a multi-dimensional concept. The dimensions are often linked and build on one another, with capture in one area facilitating capture in another. The dynamics and manifestations of state capture also vary according to context, with some dimensions being more easily exploited depending on institutional constraints and the balance of power among different players and institutions. This means that the measurement and assessment of state capture needs to accommodate variation across different countries, while maintaining overall coherence and consistency. Given the complexities and the measurement challenges, no measure of state capture will be without pitfalls and margins of error, which ought to be recognized in any data-driven initiative. This justifies the use of different complementary approaches, between the aggregate and the specific, between the global and the national or sectoral. Much of the data being used to study state capture are proxies of the phenomena, rather than a direct measure of it.
3. There is emerging evidence that the incidence of state capture differs from the incidence of administrative corruption. Thus, better measurement of state capture could help to re-focus policymakers' attention away from administrative corruption to an area which requires a distinct approach to prevention, mitigation and recovery. As with other measures of governance and corruption (among others), it may be more accurate to measure the degree and types of capture within countries over time, than to compare across many countries. The pitfalls on the latter can be mitigated by judicious selection of general indicators that apply broadly, and the caution in interpretation given margins of error.
4. Measures of state capture tend to focus on improper influence over processes or on outcomes that could plausibly be the result of capture. But neither process nor outcome indicators are likely to be sufficient in themselves to make claims that

state capture has occurred. Therefore, data permitting, there should always be triangulation among all indicators, and they should be linked with independent measures to test their predictive and explanatory power and increase validity.

5. Countries are the typical unit of analysis for measuring state capture, but there are interesting innovations at the level of organizations as well, utilizing data on operations, human resources, and spending patterns, for example. Likewise, there are important within-country variations due to differential extent of capture at the subnational level.
6. Transnational capture is also possible, where part of one state captures part of another state, e.g., as with state-supported paramilitary groups intervening as a third party in civil wars, or through state-sponsored donations to foreign politicians and political parties, as well as infiltration aimed at corrupting foreign countries. Further, transnational capture can also take place via powerful corporates as illustrated by Brazil's Odebrecht/Lava Jato scandal, which engulfed top leaders of several foreign countries.
7. There is a need for more analysis of the impact and costs of state capture, for example how it may affect levels of inequality in a society, the rights of minorities, human rights violations, economic development, security, and democratic governance.

Reflecting on some questions ahead

The quality of the experts and the think-in notwithstanding, some challenges and questions remain ahead. Unresolved issues include reflection on the fluid evolution of the study of state capture, being carried out by scholars in different disciplines in very different contexts around the world. Such diversity, differences, and circumspection at the lack of full answers to some key questions should be embraced. In this spirit, we submit three reflections.

Given the increased attention by many scholars to state capture perpetrated by state leaders (and other high-level politicians), in addition to the older notion that viewed state capture as carried out by non-state actors unduly influencing state actors, a pending challenge ahead is to suggest the boundaries of this expanding notion of state capture; specifically, what is not state capture? In this context, rather than viewing them as equivalent forms of state capture, further work in clearly distinguishing between capture of the state (by non-state actors) and capture by the state (leaders) of state institutions may be warranted, as they manifest in different ways and carry different strategic and policy implications. Relatedly, it is worthwhile to establish how state capture manifests in different political regimes, chiefly democratic and authoritarian or autocratic.

Another pending question refers to what constitutes the fundamental drivers of state capture, which would inter alia lead to further investigating the role of inequality of (political) influence and asymmetry in power dynamics. Exploration of this question would point to the need for further measures of inequality of influence and to exploring differences across country contexts.

Finally, the expanding notion of state capture, coupled with the observation that much of it takes place legally, raises the question as to whether both the study and measurement of state capture may be better anchored within political economy, political science and governance studies writ large, rather than being inextricably linked to the study of corruption. While we have been long aware that there are forms of corruption that are not state capture, the converse may also be increasingly the case, suggesting that state capture is not merely one manifestation of corruption or a simple subset of the corruption field.

List of participants

Raisa Annisa, Corruption Eradication Commission, Indonesia
Sarah Brierley, London School of Economics and Political Science
Juan Camilo Ceballos, Global Programme on Measuring Corruption, International Anti-Corruption Academy
Ivor Chipkin, The New South Institute
Liz David-Barrett, Global Programme on Measuring Corruption, International Anti-Corruption Academy
Pablo de Greiff, New York University
Roberto de Michele, Inter-American Development Bank
Mihály Fazekas, Central European University and Government Transparency Institute
Alexander Gerganov, Center for the Study of Democracy and Institute of Philosophy and Sociology at BAS
Daniel Kaufmann, Brookings Institution and Results for Development
Dušan Pavlovic, University of Belgrade
Zef Preci, Albanian Center for Economic Research
Anik Rahmawati, Corruption Eradication Commission, Indonesia
Francesca Recanatini, World Bank
The following participants joined online for part of the think-in:
Brigitte Seim, University of North Carolina-Chapel Hill
Rachel Sigman, University of Denver

Bibliography

- Brierley, Sarah. 2021. "Combining Patronage and Merit in Public Sector Recruitment." *The Journal of Politics* 83 (1): 182–97. <https://doi.org/10.1086/708240>.
- Dávid-Barrett, Elizabeth. 2023. "State Capture and Development: A Conceptual Framework." *Journal of International Relations and Development*, March. <https://doi.org/10.1057/s41268-023-00290-6>.
- Fazekas, Mihaly, Viktoriia Poltoratskaia, and Bence Tóth. 2023. *Corruption Risks and State Capture in Bulgarian Public Procurement*. Policy Research Working Papers. The World Bank. <https://doi.org/10.1596/1813-9450-10444>.
- Fazekas, Mihaly, and Istvan Janos Toth. 2014. "From Corruption to State Capture: A New Analytical Framework with Empirical Applications from Hungary." *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2531701>.
- Greiff, Pablo de. 2023. "A Framework Approach to Making Prevention a Reality."
- Hellman, Joel S., Geraint Jones, and Daniel Kaufmann. 2000. "Seize the State, Seize the Day: State Capture, Corruption, and Influence in Transition," September. <https://doi.org/10.1596/1813-9450-2444>. (and *Journal Of Comparative Economics*, 31(4), 751-773. <https://doi.org/10.1016/j.jce.2003.09.006>)
- Hellman, J. S., & Kaufmann, D. (2004). The inequality of influence. In Kornai and Rose-Ackerman, eds. *Building a trustworthy state in post-socialist transition* (pp. 100-118). Palgrave Macmillan, New York. https://link.springer.com/chapter/10.1057/9781403981103_6
- Kaufmann, Daniel, Francesca Recanatini, and Sergiy Biletsky. 2002. "Diagnostic Tools and Applied Methods for Capacity Building and Action Learning." The World Bank. <https://dokumen.tips/download/link/diagnostic-tools-and-applied-methods-for-capacity-building-and-action-2003-12.html>.
- Pavlović, Dušan. 2021. "State Capture in the Post-Communist Southeast Europe. A New Variant?" *Academia Letters*, August. <https://doi.org/10.20935/AL3032>.
- Recanatini, Francesca, Grace Morgan, and Mohamed Lagdhaf Cheikh Malainine. 2010. "Governance and Anti-Corruption Diagnostics: Guidance and Tools for Implementation, Monitoring, and Assessment in the Field." *The World Bank International Bank for Reconstruction and Development*.
- Stoyanov, Alexander, and Alexander Gerganov. 2019. "State Capture: From Theory to Piloting a Measurement Methodology."
- Stoyanov, Alexander, Alexander Gerganov, and Todor Yalamov. 2019. "State Capture Assessment Diagnostics." *Center for the Study of Democracy*.

Appendix 1

Table 4. Cross-country measures of state capture or aspects of capture with time-series data

Data source	Description	Sample size and time coverage	Frequency	Pros, uses, advantages	Cons, limitations	Source
Varieties of Democracy (V-Dem) dataset	The V-dem dataset provides a compendium of democracy indicators based on expert assessments, including measures of the influence of the private sector in policymaking. Every indicator normally results from aggregating the scores of five country coders across variables. The dataset covers, with	205 countries and territories; covering the 1900-2022 period.	Yearly	Time-series; good geographic coverage; based on the views of several country experts	Expert assessments might be prone to bias and tend to disagree substantially across variables (on average 1 point in a 0-4 scale); the ability of country experts to provide an assessment of remote periods is also questioned	Varieties of Democracy (V-Dem) Institute
Index of Neopatrimonialism	Assesses the level of patrimonialism in African political regimes and the extent to which it poses an obstacle to democratic development using expert-coder judgements from the V-Dem dataset (see above). The index captures three main dimensions: clientelism, presidentialism and regime corruption.	46 African countries, with yearly estimates between 1960-2016	It is an exercise conducted in 2016, with retroactive data. It has not been updated	While not a measure of state capture, it can be used to assess the effect of neopatrimonialism or its components on democratic development	Existing index covers 46 countries in Africa	Sigman and Lindberg (2017)
Fragile States Index (selected indicators)	Measures state fragility, including loss of control over the territory, erosion of legitimate authority, inability to provide reasonable public services and inability to interact with other states. The index stems from the Fund for Peace's Conflict Assessment System Tool (CAST), which measures conflict drivers and dynamics. CAST uses different data sources at the country level: media content, research reports, quantitative datasets from international organizations and qualitative review.	178 countries, covering the 2007-2023 period	Yearly	Includes outcome indicators of uneven economic development and resource distribution (concentration of wealth, control of resources by one group and fairness of resource distribution)	As an aggregate index, some indicators are based on the views of experts who might be subject to bias in their qualitative reviews.	The Fund for Peace

Legislative capture indicators	Large-scale micro-level datasets in selected core government areas (e.g., lawmaking and public subsidies). It provides indicators of the use of emergency procedures in lawmaking, omnibus legislation, modification of laws, and legislative initiator.	14 countries, with data from the 1990-2023 period.	Yearly, but dependent on data availability	Time series (1990-2023); provides a breakdown by sectors (subject of bill) and an aggregate risk level per bill.	Small sample (14 countries) and dependent on access to and quality of data in the countries of interest. Closed access – currently beta version	Global Corruption Observatory (GCO) GCO is a consortium of academic institutions that leverages large-scale micro-level datasets to assist stakeholders in their anti-corruption efforts through training, evidence and analytical tools.
Worldwide State Capture Index (in progress)	The index comprises three components: capture and corrupt rule of law, capture of the policy and polity, and capture-enabling environment. It draws on existing composite measures of corruption and governance.	Initially covering 170 countries, with data from 1997-2020, in progress and subject to update	Paper, Index and Data expected to be publicly available in late 2023	Global and over-time coverage. Expected to provide a global index permitting comparisons between countries and over time, and the monitoring of broad state capture trends in key dimensions. It will also allow comparisons with traditional measures of corruption.	Based on existing proxy variables from various sources, subject to margins of error (as all governance and corruption indicators). Not every possible dimension of capture will be covered, given data availability constraints.	Daniel Kaufmann
State Capture Assessment Diagnostics (SCAD)	Measures the state capture process and outcomes in given economic sectors and regulatory institutions drawing on assessments from topic experts, public officials, or businesspeople (over 50 ideally) knowledgeable of such economic sectors. It includes an analysis of business capture pressure and state capture enablers (both institutional and from the wider governance context)	11 countries, with data collection conducted between 2017 and 2018 for the EU countries and in 2021 for the Balkan countries.	It is a one-off exercise; hence a time series is not provided.	Enables comparison of capture in different economic sectors and regulatory agencies, providing good granularity	Coverage is limited to some European (Bulgaria, Romania, Italy, Spain, Czech Republic) and Western Balkan countries (Albania, Kosovo, BiH, Serbia, North Macedonia and Montenegro)	Center for the Study of Democracy

Appendix 2

Table 5. Potential data sources for constructing measures of state capture at the country level

Data source	Description	Access	Pros, uses, advantages	Cons, limitations	Source
Datasets on corporate financial performance and ownership					
Corporate financial data	Revenue, total assets, productivity, long and short-term debt, profits, employment data – mostly from private data providers.	Often behind a paywall	Enables an analysis of the effect of political connections on corporate financial performance; BO registers of companies and real estate are helpful to prevent, detect, and counter corruption and financial crime.	Registers remain incomplete due to legal issues and will miss straw men owners. Quality of data and verification differ considerably. Besides, there are different definitions of beneficial ownership and legal offenses. The international standards of BO information have long been considered inadequate	Bloomberg Global Company Financials Data Orbis dataset Datastream Compustat Worldscope Wharton research data services
Beneficial ownership (BO) registers	Documents information about the real, final beneficiary that owns or controls companies, thereby inhibiting use of companies as vehicles for hiding the proceeds of crime	Open in many cases			This 2020 U4 paper provides a list of BO registers in place before the European Court of Justice ruling of 2022.
Politically Exposed Persons (PEPs) lists	Identity of PEPs, such as heads of state, ministers of cabinet, members of Parliament, members of SOEs boards, senior public officials.	Often behind a paywall			Zigram provides a weekly PEP Tracker that records changes in the PEP landscape worldwide such as appointments, dismissals and regulatory updates. Lexis Nexis Thomson Reuters' World Check Watchlists of PEPs

Public procurement datasets					
ProACT	Data platform on public procurement records for national and cross-country analysis of transparency and integrity risks. The tool provides access to open government procurement data from 46 countries as well as World Bank and Inter-American Development Bank-financed contracts from the 2006-2020 period for over 100 countries	Open	Useful to monitor and analyze the performance of public procurement systems and the extent to which public procurement is concentrated on connected business groups.	In addition to a relatively small sample, the majority of the data ranges from 2006 to early 2020, with some data sources updated until 2021	<u>ProACT</u>
World Bank's Global Public Procurement Database	Cross-country database on public procurement drawing from national e-procurement systems, desk research on country procurement reports and trusted online databases	Open			<u>Database</u>
Datasets on public sector personnel and policymaking					
Public service appointments records	Information, usually in unstructured format, about appointments to public office	Mostly open	Useful to determine if public appointments and political finance relate to patterns of concentration in certain groups, and the political connections of public officials. It is also key to monitoring the 'revolving door' and, more broadly, to studying nepotism and its distortive effects on public service delivery	The datasets are rarely standardized and available; the quality of data is often poor, requiring intense data cleaning. Also, this information might suffer from misreporting and lack of verification.	Central governments
Public service personnel databases	Public servants' biographic information, CVs, and disclosure of family ties (usually mandatory but confidential)	Mostly closed			Central governments Public Personnel Offices Congress/Parliament
Asset and conflict of interest declarations	Registers of any actual, potential and perceived conflict of interest between public officials and private parties, as well as their asset declarations.	Open in some cases			Central governments Public Personnel Offices Congress/Parliament
Political finance data	Political finance records including donors, private donations, legal nature of donors, spending records, type of donation and type of donor.	Mostly open			Electoral Councils NGOs <u>IDEA's political finance database</u>

Lawmaking metadata	Documents all edits made to bills throughout parliamentary discussion as well as voting records of Members of Parliament	Closed	Enables identification of provisions that may benefit a selected business group, who proposes such changes and at what stage of lawmaking	Limited accessibility and availability	Congress/Parliament (accessible via FOI requests) <u>Congreso Visible (University of Los Andes, Colombia)</u>
Data on public concessions, subsidies and licenses					
Public registries of concessions	Open access registry of concessions where different features can be consulted (e.g., concession-title holder, period, geographic scope, type of service, features of the concessioned good and characteristics of the process)	Open	Detailed information on subsidy beneficiaries; most land property databases are automated	Limited active transparency hence in most cases requiring access via FOI requests.	Central governments Subnational governments Ministries of Economy and Finance
Subsidy schemes registers	Present an overview of subsidies granted by government in a given period	Mostly open			Central governments Subnational governments Ministries of Economy and Finance
Investment tax credits registers	Registers of tax incentives that allow businesses to deduct a given percentage of certain investment costs from their tax liability, including granular data on beneficiaries, type of tax exemption, value, timing, eligibility conditions and flexibility.	Closed			Ministries of Economy Tax and Customs Authorities
Guaranteed loans registers	Loans guaranteed by the government in the event that a borrowing company defaults. These registers include who benefits, the contracts and the loan value.	Closed			Ministries of Economy Corporate datasets Bank supervision agencies Credit registers from private credit bureaus
Registers of public licenses	Enables a private entity to do something on behalf of the government or other constituted authority. Registers include the public license awardee and the conditions of the grant. The World Integrated Trade Solution software provides data on nontariff barriers for companies	Open in some cases			Central governments Ministries of Economy and Finance <u>World Integrated Trade Solution Software (exclusive trade licenses)</u>

Registers of sales or rentals of public assets	Records of transactions of public asset ownership transfer to the private sector in exchange for financial benefit, which include data on the type and value of assets, sale/rental justification, buyer characteristics and transfer conditions.	Open in some cases			Central governments Ministries
Registers of real state and land ownership	Provides access to information on legally binding property transactions	Mostly open			Land registries Public cadasters
Media reports					
Databases of media articles and reports	Repositories available through large data providers such as Factiva, and media outlets' websites	Open in many cases	Key to assessing media capture through a qualitative analysis of media reports. It can be used as empirical evidence of certain aspects of state capture.	Data is often unstructured; hence it is recommended to use text data mining techniques to construct datasets.	Media outlets
Factiva	Repository of over 32 thousand major global newspapers, newswires, industry publications, magazine, reports and other sources. It spans news on politics, current events and government data.	Behind a paywall	Aggregates sources from 200 countries, in 32 languages, with a focus on business and financial information.	Only commercially available	https://about.proquest.com/en/products-services/factiva/

IACA

GLOBAL PROGRAMME

ON MEASURING

CORRUPTION

+43 2236 710 718 100

gpmc@iaca.int

@GPMC_IACA

LISTEN
NOW



OUR
PODCAST

APPLE



SPOTIFY



Publisher & Layout:
International Anti-Corruption Academy

Muenchendorfer Strasse 2
2361 Laxenburg, Austria

+43 2236 710 718 100

mail@iaca.int

www.iaca.int

