

# State Capture Assessment Diagnostics on Economic Sector Level

## Computation of indicators and analysis of the results

**Alexander Gerganov**

Senior Analyst, Center for the Study of Democracy; Assistant Professor at the Institute for Philosophy and Sociology, BAS

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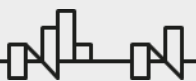
**GTI**

The R2G4P project, coordinated by the Center for the Study of Democracy, Bulgaria benefits from a € 1.5 million grant from Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Regional Cooperation. The aim of the project is to implement shared anti-corruption and good governance solutions in Southeast Europe through innovative practices and public-private partnerships.

state capture  
assessment diagnostics

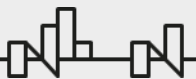


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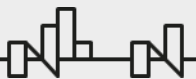


# SCAD ESL Key Steps

- ▶ **Step 4. Computation of the State capture indicators** - the data processing step where indicator scores from the SCAD ESL expert survey are computed together with complementary indicators.
- ▶ **Step 5. Analysis of the results and integration with the other instruments** - the analytical step where the indicator scores are interpreted and vulnerabilities are outlined.



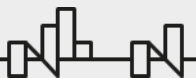
# Computation of State Capture indicators



# Computation of State Capture indicators

Level one concept	Institutional enablers	Level three indicators
Level two indicators	Lack of Integrity	Activities are not transparent
		Not accountable for its actions
		No checks and balances
	Lack of Impartiality	Often serves private interests
		Would never sanction certain people/firms
		Its rules of operation are violated often
	Private Interest Bias Ineffectiveness of Anti-corruption Policies	Estimated External Corruption Pressure
		Estimated Pressure from Above
		Estimated Involvement in Corruption

Indicators and questions are formulated negatively in order to make interpretation of values easier – the higher the value, the more unfavorable the status of the respective capture aspect is.



# Computation of State Capture indicators

Level one concept	Business State Capture pressure	Level three indicators
Level two indicators	General monopolization pressure	Assessed overall level of monopolization of the sector
	Ineffectiveness of antimonopoly laws	Laws regulating the sector help/hinder/not related to the formation of monopolistic, oligopolistic or cartel structures
	Specific monopolization pressure	A specific company or a small number of companies win too many public tenders
		Laws provide illegitimate competitive advantage
		Selective application of control and/or sanctions
		Concentration of public funds in the sector (euro funds, direct subsidies, etc.)

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# Computation of State Capture indicators

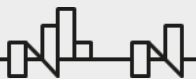
Level two indicators	Computation:
<b>General monopolization pressure</b>	percentage of experts who believe there is any reason to suspect the existence of a monopoly/oligopoly/cartel in the sector.
<b>Ineffectiveness of antimonopoly laws</b>	percentage of experts who believe that the laws for the sector rather help the monopolization of the sector
<b>Specific monopolization pressure</b>	percentage of all experts who think that the sector suffers from at least one of the four specific problems: (1) a specific company or a small number of companies that win too many public tenders, (2) laws provide illegitimate competitive advantage, (3) control and/or sanctions are applied selectively which helps particular companies, and (4) a high concentration of grants and subsidies in the sector

## Italy, Wholesale of solid, liquid and gaseous fuels

Level one concept	Level two indicators	Score
<b>Business State Capture Pressure, Italy, Wholesale of fuels = 57%</b>	<b>General monopolization pressure</b>	85%
	<b>Ineffectiveness of antimonopoly laws</b>	21%
	<b>Specific monopolization pressure</b>	60%



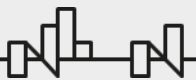
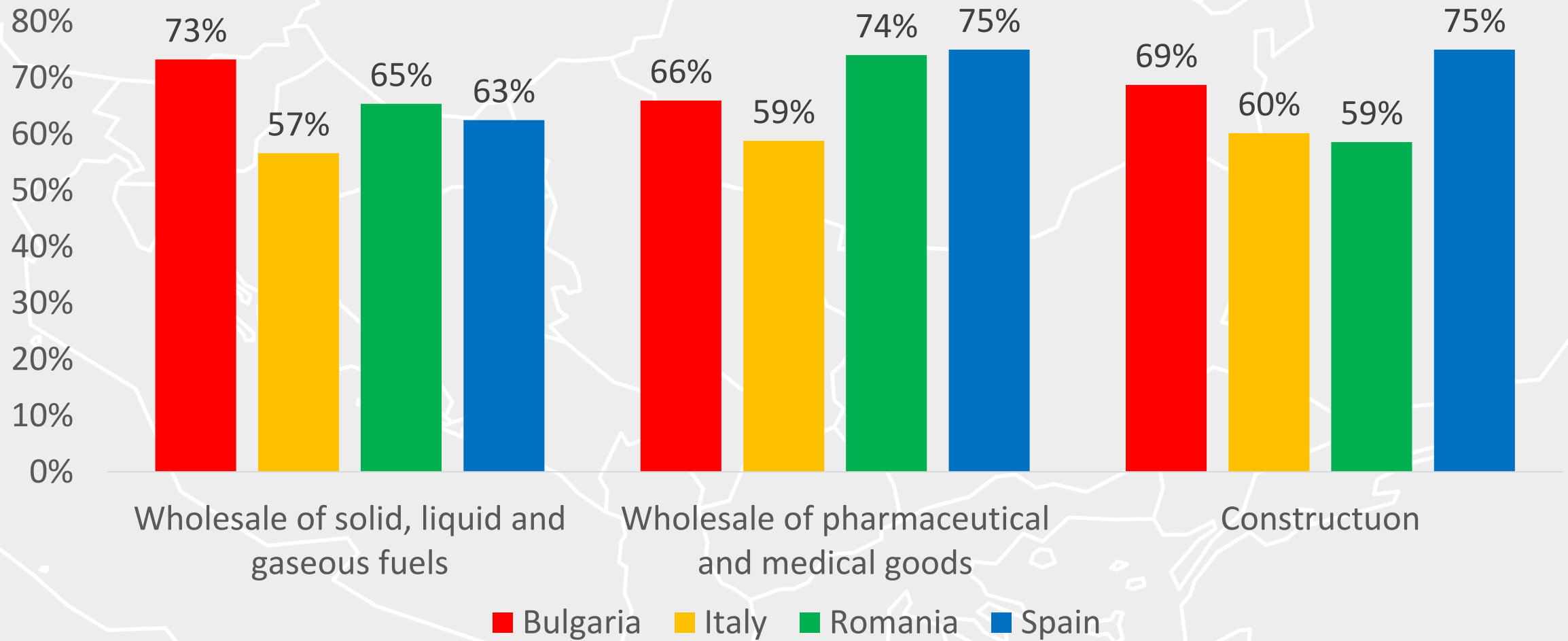
# Analysis of the results





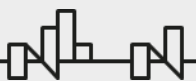
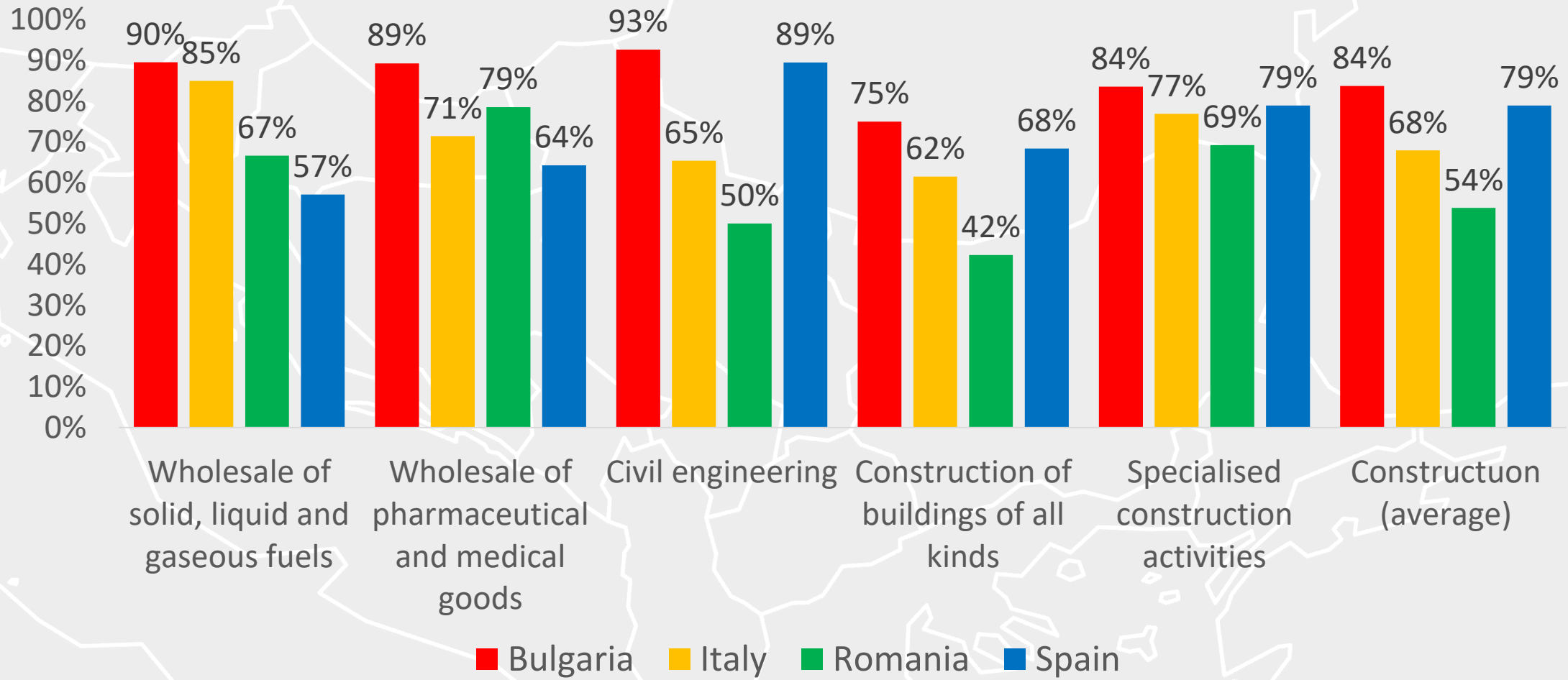
# Analysis of the results

## Business State Capture Pressure



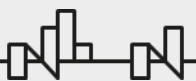
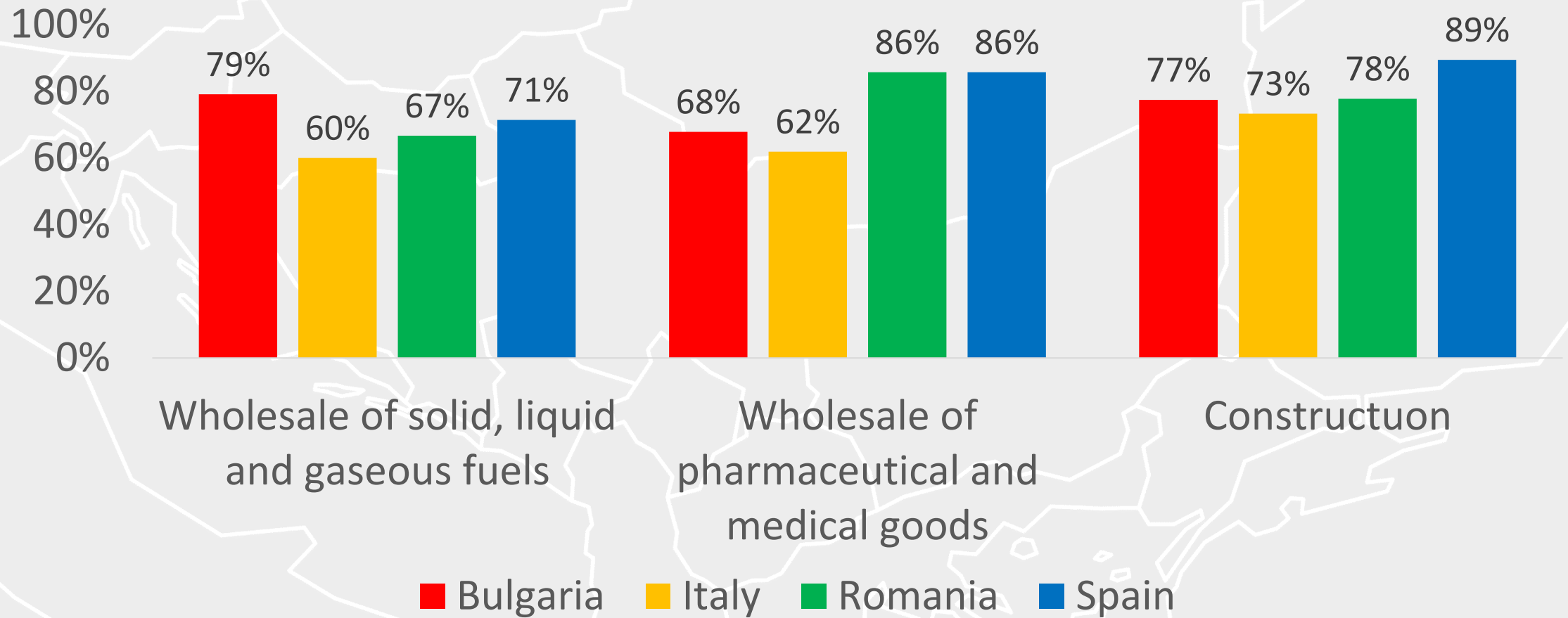
# Analysis of the results

## General Monopolization pressure



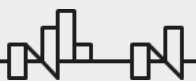
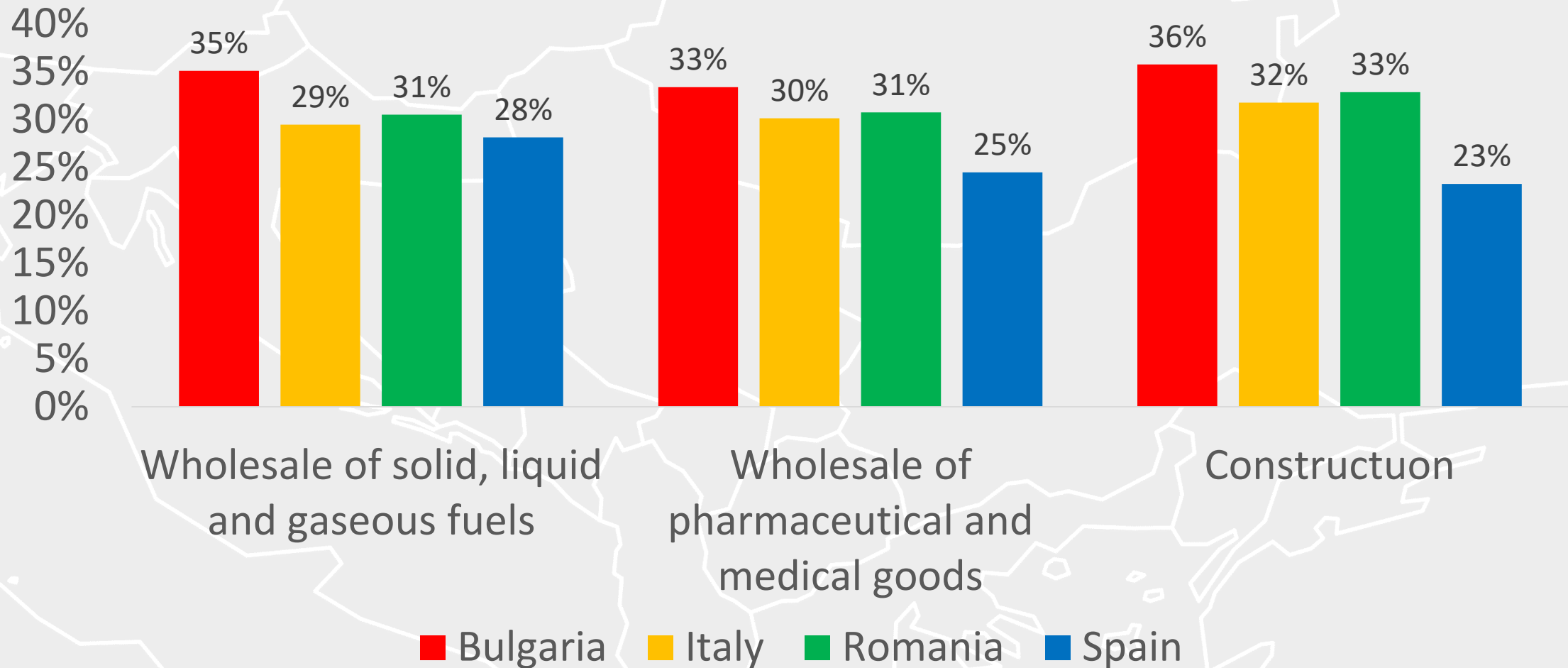
# Analysis of the results

## Specific Monopolization pressure



# Analysis of the results

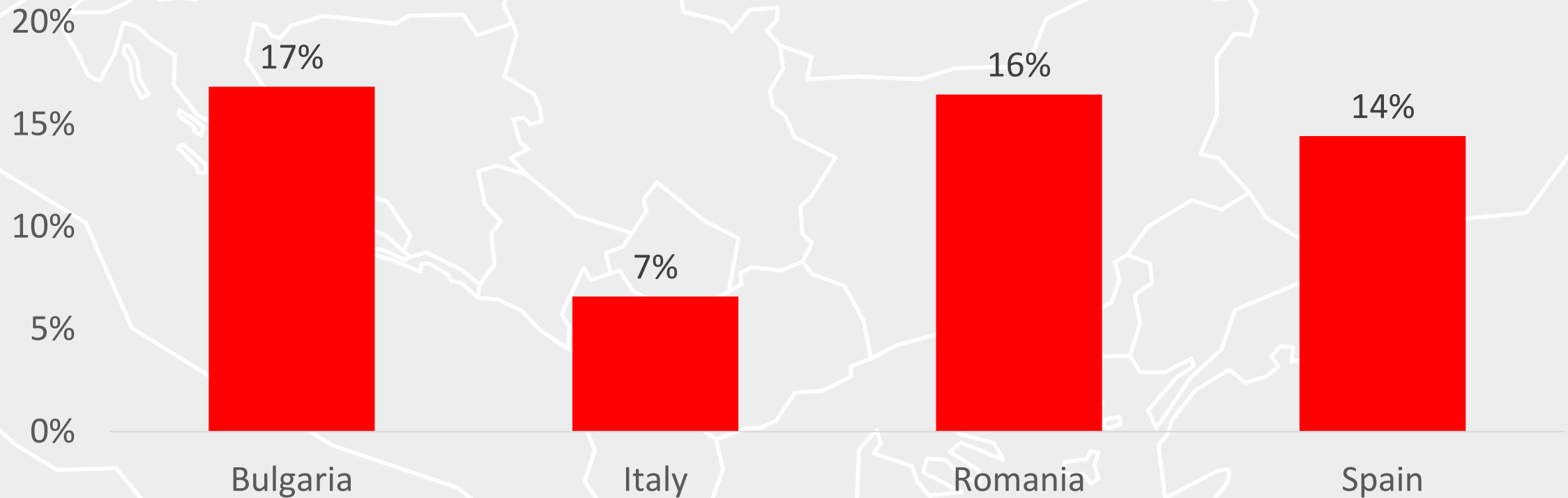
## Institutional enablers



# Analysis of the results

## Private interest bias of the public organizations related to the sector of Wholesale of solid, liquid and gaseous fuels

**Private Interest Bias** - % of respondents who answer that “control and imposing sanctions are done selectively, and the choice of whom to control/sanction follows private interests” to the question: “In your opinion, how effective is the control and puniti



# Analysis of the results

Organization, Bulgaria	Private Interest Bias	Base
Directorate for National Construction Supervision	33%	63
Municipal administrations	28%	82
Road Infrastructure Agency	26%	69
Commission for Combating Corruption and Confiscation of Illegally Acquired Property	25%	73
Energy and Water Regulatory Commission	21%	61
National Revenue Agency	20%	88
...		
General Labor Inspectorate Executive Agency	9%	71
National Audit Office	6%	73
Registry Agency	6%	73

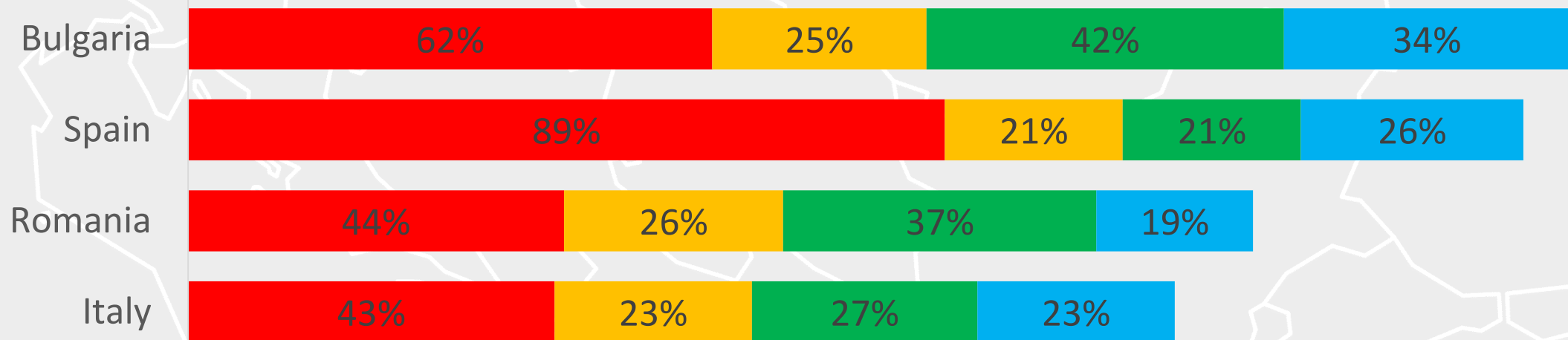
Source: SceMaps, SCAD ESL 2020



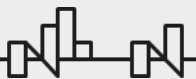
# Analysis of the results

**Types of specific monopolization pressure in Construction.** High procurement concentration in Bulgaria and Spain in this sector.

Types of specific monopolization pressure



- A specific company or a small number of companies win too many public tenders
- Laws provide illegitimate competitive advantage
- Control and/or sanctions are applied selectively which helps particular companies
- Concentration of grants and subsidies in the sector (euro funds, direct subsidies, etc.)





# Integration with big data indicators

Experts' assessments of the relevance of potential big data red flags to the particular sector in their country. **Wholesale of solid, liquid and gaseous fuels**

Indicator	Italy	Bulgaria	Romania	Spain	Average
Few companies or one company have a very large percentage of the turnover in the sector	1.7	2.6	1.9	2.6	2.2
One company or few companies have a large percentage of sector-specific permits (like building permits in construction, approved drugs in pharmaceuticals, registered excise warehouses in wholesale of fuels, etc.)	1.8	2.5	1.5	2.4	2.0
A single company participates very often in wining consortia	1.9	2.4	1.5	2.1	2.0
<b>One or few companies tend to win very often tenders issued by a single contractor organization (e.g. particular ministry, municipality, etc.)</b>	1.7	2.3	1.7	2.1	1.9
<b>Tenders are won by very few companies / ultimate owners.</b>	1.6	2.2	1.6	2.1	1.9
Largest companies in the sector are often mentioned negatively in the media in the context of corruption (administrative corruption, high corruption, nepotism) and other scandals	1.6	2.0	1.6	1.6	1.7
Number of additional documents (e.g. Annexes to the contract) after the tender contract is signed	1.8	2.2	1.1	1.8	1.7
Tenders are often won by offshore companies.	1.6	1.8	1.3	1.1	1.5
Largest companies in the sector have very few employees for the turnover	1.1	1.6	1.3	1.5	1.4
Tenders are often won by very new, unknown companies.	1.6	1.6	1.0	1.1	1.3



# Examples and exercises





Thank you!

