In Development – Call for Evidence

Submission by the Centre for the Study of Corruption University of Sussex to the International Development Committee

Professor Elizabeth David-Barrett e.david-barrett@sussex.ac.uk

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The **Centre for the Study of Corruption** (CSC), founded in 2011, is the UK's foremost academic centre for studying corruption. Located within one of the world's leading universities, CSC is regarded as a highly credible source of independent and objective research and ideas. It is widely recognised for combining world-class academic approaches and research with the practical experience of how corruption can be addressed in the real world. We operate in three broad areas:

- **Research**: undertaking rigorous academic research to address the world's major corruption issues
- **Courses & Teaching**: training the next generation of anti-corruption professionals around the world from undergraduates to PhDs, with campus-based and online Masters courses
- **Policy**: ensuring that our research informs evidence-based policy and helps change the world.

Full details of the published and current research undertaken by our core faculty can be found in the detailed biographies of each faculty member at www.sussex.ac.uk/scsc

Important Note

Consultation submissions made by academic staff at the University of Sussex do not represent official university views or policy unless explicitly stated. This submission should therefore be taken to represent the view(s) of the author(s).

Consultation submitted December 2024

Centre for the Study of Corruption University of Sussex, Falmer, Brighton BN1 9QE https://www.sussex.ac.uk/research/centres/centre-for-study-of-corruption/policy

In Development – Call for Evidence

Submission by the Centre for the Study of Corruption, University of Sussex

State Capture as a priority area

In November 2024, the Foreign Secretary <u>announced a new campaign</u> to tackle the impacts of corruption, kleptocracy, and illicit finance, at home and overseas. This welcome commitment should be considered as a component of the IDC's oversight agenda. Specifically, the Centre for the Study of Corruption (CSC) proposes that **the Committee should investigate the risk and impact of state capture** in relation to the achievement of the Foreign Secretary's five missions **and the ways that HMG can support states in preventing and recovering from state capture**.

State capture is a type of systematic corruption whereby narrow interest groups take control of the institutions and processes through which public policy is made or held to account. This results in directing public policy and regulatory processes away from the public interest, shaping them instead to serve the captor group's interests.

State capture around the world poses significant risks to growth, security, climate and development. State capture has particularly harmful consequences for emerging democracies and open societies, and is a salient topic in, for example, Bangladesh, Sri Lanka, South Africa, Kenya, Angola, and many post-Soviet countries. It skews economic activity towards sectors and networks that the captors can best control, hinders competition, and leads to public money being wasted on substandard – or non-existent – goods, works, and services. State capture also has transnational dimensions, as money from captured states is frequently moved offshore through illicit financial flows (IFFs) while captured states are more vulnerable to influence from hostile powers. A detailed account of what state capture is and how it impacts development is <u>here</u>.

It is a critical time to examine this issue given efforts by the UK and its development partners to mobilise more development finance to tackle entrenched poverty and the climate crisis. State capture subverts a range of different functions, from procurement processes to accountability systems, which are critical to the achievement of HMG's diplomatic objectives and to the successful implementation of its international development programmes. If not alert to the existence and mechanisms of state capture, HMG's work may be ineffective, or may even exacerbate state capture. By contrast, targeted action by HMG and its allies, including by raising awareness of this problem with International Financial Institutions where the UK has a voice, could help develop effective resilience in many countries and assist others that are trying to recover from state capture. It is imperative that HMG develops a good understanding of the risks and nature of state capture, in order to ensure its policy interventions and spending are as effective as possible. The FCDO has invested over many years in an Anti-Corruption Evidence (ACE) programme to build an evidential basis for how more targeted, problem-driven interventions can be applied. This programme includes a growing body of research on how to identify, prevent and tackle state capture. The Centre for the Study of Corruption, which hosts the Governance & Integrity element of the ACE programme, would be pleased to support the committee in identifying relevant research on this theme. [499 words]

Helpful information

- Have you ever engaged with Parliament before (e.g. made a submission to a select committee)?
 - Yes Faculty members at the Centre for the Study of Corruption have presented written and oral evidence to committees including IDC.
- Do you have personal or field experience related to international development issues?
 - Yes Faculty members at the Centre for the Study of Corruption have extensive experience in multiple countries.
- If you are invited to pitch your idea to the Committee, would you be able to travel to London and back within the same day?
 - o Yes