

Korea

Project 1: Corruption Impact Assessment

1 Project Summary

Project Title:

Corruption Impact Assessment

Priority Area for Reform:

Pillar 1: Developing Effective and Transparent Systems for Public Service

Implementing Institution:

Korea Independent Commission Against Corruption (KICAC)

Contact Person:

Yoon-jung JUNG, Deputy-Director of Legal Analysis Planning Team

Beginning and End of the Project:

Beginning: April 2006

End:

2 Project Context

Which deficiencies and/or problems that allow corruption to proliferate does the project address and aim to resolve? Please outline the related current legal or institutional framework and its weaknesses or the exact circumstances that require improvement:

Building a sound legal and institutional framework is one of the prerequisites for the prevention of corruption. The importance of institution building can be noticed from the findings of the Corruption Perception Survey conducted by KICAC in March 2003: 26.9% of the respondents regarded "improvement of institutions including laws and regulations" as one of the top priorities for the Korean government to enhance integrity.

However, although the government has conducted preliminary reviews of new bills and proposed amendment of laws and regulations, these reviews have not addressed the matter of how a certain bill or law would affect the level of corruption.

To address this problem, the Corruption Impact Assessment was introduced in April 2006. It is a systematic mechanism to close legal and institutional loopholes by analyzing and removing corruption factors at the stage of legislation.

3 Expected Outcome of the Project

In relation to the above mentioned deficiencies and/or problems, which concrete improvements are expected to be achieved through the project? In which way does the project help to curb corruption?

The Corruption Impact Assessment is expected to fill the gap in the previous corruption control system which focused on detection and punishment.

By serving to close legal and institutional loopholes, the assessment is expected to greatly enhance the efficiency of corruption prevention mechanisms.

The accumulated and typified assessment results will allow each department of government to easily select policies with a lower possibility of corruption among policy options.

4 Components – Main Activities – Method

What are the project's components, implementation steps, main activities and/or methods to achieve the above mentioned outcome and objectives?

The Assessment is an analytical tool developed to enhance the efficiency of corruption prevention mechanisms by removing corruption factors from regulations or laws. It zeros in on corruption factors in just about every regulation and law, ranging from statutes to administrative rules.

The Assessment is based on a systematic model, which was designed to examine corruption factors in regulations and laws on "supply," "demand" and "procedure" sides. As shown in the table below, the assessment model is made up of 3 fields and 9 sub-fields.

<i>Perspective</i>	<i>Field</i>
Easiness of Observance (Demand)	Appropriateness of the burden of observance
	Appropriateness of the degree of sanctions
	Possibility of privilege-induced corruption
Propriety of Discretion (Supply)	Clearness of discretionary regulations
	Appropriateness of the scope of discretion
	Objectivity and concreteness of the standards for exercising discretion
Transparency of Administrative Procedure (Procedure)	Accessibility and openness
	Predictability
	Controllability of corruption

- (A) **Corruption Impact Assessment for Legislation to Be Revised or Enacted**
Every government agency, which intends to revise or introduce legislation, is required to submit a "corruption assessment report" to KICAC. Within 30 days from receiving the report, KICAC and its advisory body, consisting of legal experts, pitch in to check whether there is any factor that might contribute to the occurrence of corrupt practices. Then, the Regulatory Reform Committee and the Ministry of Government Legislation will undertake a thorough review of the legislation.
- (B) **Corruption Impact Assessment for Existing Legislation**
The Corruption Impact Assessment for the existing legislation will be conducted on the basis of a long-term plan starting from the latter half of 2006. In consultation with each government agency, KICAC will select the areas prone to corruption and then examine relevant laws and regulations to remove corruption factors.

5 Involvement of non-governmental actors and donors

In which way does the project involve civil society actors or other stakeholders and have they been consulted during the project development phase?

None

6 Related Projects under the 2nd Implementation Cycle

Is the project linked to reforms accomplished under the Action Plan's 2nd Implementation Cycle? In which way does this project follow up previous activities?

The basic framework of the Corruption Impact Assessment was designed in 2004. The methodology and procedures for the Assessment were elaborated through thorough reviews by relevant government agencies and legal experts between 2004 and the first half of 2005. The Anti-Corruption Act, which was amended in July 2005, has granted KICAC the legal authority to conduct the Assessment.

7 Project Financing and Budget

Approved or estimated overall project budget:

Approximately KRW150 million (USD150 thousand)

* Expense for operating an advisory body and conducting research projects

Is external funding required?

No

If external funding is required, have donor organizations been approached yet, and have any commitments been made?

N/A

If external funding is required, what percentage of the total project costs requires external funding?

N/A

8 Technical Assistance

Is external technical assistance required? Have relevant agencies been approached and have they made any commitments?

KICAC developed the basic assessment framework in cooperation with a university research center. It also consulted with relevant government agencies and outside experts to upgrade the assessment mechanism.

To increase the objectivity and reliability of the assessment, KICAC operates an advisory body consisting of outside experts who are responsible for reviewing existing or proposed legislation to identify corruption factors.

Project 2: Korean Integrity Survey

1 Project Summary

Project Title:

Korean Integrity Survey

Priority Area for Reform:

Pillar 1: Developing Effective and Transparent Systems for Public Service

Implementing Institution:

Korea Independent Commission Against Corruption (KICAC)

Contact Person:

Kyung-hoe CHUNG, Director of Evaluation & Survey Team

Beginning and End of the Project:

Beginning: 2002

End:

2 Project Context

Which deficiencies and/or problems that allow corruption to proliferate does the project address and aim to resolve? Please outline the related current legal or institutional framework and its weaknesses or the exact circumstances that require improvement:

Introduced in 2002, the Korean Integrity Survey is a scientific, systematic tool to assess the levels of corruption and identify corruption factors in the public sector. This annual survey was designed to encourage public organizations to step up their anti-corruption efforts by ensuring that their levels of corruption are evaluated by the public service users.

Unlike other surveys on corruption, it surveys ordinary citizens who “experienced first-hand” the services of public sector organizations.

3 Expected Outcome of the Project

In relation to the above mentioned deficiencies and/or problems, which concrete improvements are expected to be achieved through the project? In which way does the project help to curb corruption?

The integrity assessment will assist public institutions in identifying the areas susceptible to corruption and removing the causes of corruption in their systems and administrative procedures.

By ensuring that their integrity and corruption prevention systems are evaluated by ordinary citizens, it will serve to encourage public institutions to step up their anti-corruption efforts.

4 Components – Main Activities – Method

What are the project's components, implementation steps, main activities and/or methods to achieve the above mentioned outcome and objectives?

Methodology for Korean Integrity Survey

(A) Target organizations

The 2006 survey will measure the level of integrity in about 400 public-sector organizations.

* The number of target organizations increased from 71 in 2002, to 77 in 2003, to 313 in 2004, and to 325 in 2005.

(B) Target areas

KICAC selects risk areas of public service where discretionary power may affect citizens' interests and organizational decisions; the other areas where civil affairs are handled in a simple procedure are not subject to the integrity assessment. The risk areas concern the issuing of licenses and permits, control, supervisory tasks, the use and management of government subsidies, etc.

(C) Subject of survey

Those surveyed are about 87 thousand ordinary citizens who have had firsthand experience with target public services for the preceding 12 months or so. To obtain survey samples, KICAC asks the public organization to submit a list of public service users in accordance with Article 21 of the Anti-Corruption Act, and commissions research centers to select subjects and conduct a phone survey.

(D) Methodology

The level of a public official's integrity is defined as the extent to which a public official abides by law, refrains from corrupt practices and performs his or her duty in a proper and impartial way.

The assessment framework consists of two integrity factors, namely "Perceived Integrity" and "Potential Integrity." "Perceived Integrity" reflects the level of corruption perceived or experienced by public service users. "Potential Integrity" refers to the prevalence of potential factors causing corruption as perceived by the citizens. While the former reflects personal experience or perception of corruption, the latter indicates the presence of factors that are likely to correlate with actual incidences of corruption in the future. These factors are further broken down into 11 items as seen in the table below.

<i>Field</i>	<i>Integrity Factor</i>
Perceived Integrity (49%)	Perceived level of offering gifts
	Frequency of offering gifts
	Amount of gifts
Potential Integrity (51%)	Common practices of offering gifts
	Necessity for additional counseling
	Practicality of standards & procedures
	Degree of information disclosure
	Fairness in performing duties
	Expectation for gifts
	Level of anti-corruption efforts
Easiness in raising objections	

The higher the level of integrity is, the less likely is it that public service users experience or perceive corruption and that factors in the administrative system contribute to corruption.

5 Involvement of non-governmental actors and donors

In which way does the project involve civil society actors or other stakeholders and have they been consulted during the project development phase?

None

6 Related Projects under the 2nd Implementation Cycle

Is the project linked to reforms accomplished under the Action Plan's 2nd Implementation Cycle? In which way does this project follow up previous activities?

None

7 Project Financing and Budget

Approved or estimated overall project budget:

KRW1 billion(USD1 million)

Is external funding required?

No

If external funding is required, have donor organizations been approached yet, and have any commitments been made?

N/A

If external funding is required, what percentage of the total project costs requires external funding?

N/A

8 Technical Assistance

Is external technical assistance required? Have relevant agencies been approached and have they made any commitments?

KICAC commissions research agencies to conduct a phone survey of ordinary citizens.

Project 3: Offering Financial Rewards & Awards for Whistleblowers

1 Project Summary

Project Title:

Offering Financial Rewards & Awards for Whistleblowers

Priority Area for Reform:

Pillar 1: Developing Effective and Transparent Systems for Public Service

Implementing Institution:

Korea Independent Commission Against Corruption (KICAC)

Contact Person:

Ju-young LEE, Director of Reward Team

Beginning and End of the Project:

Beginning: 2002

End:

2 Project Context

Which deficiencies and/or problems that allow corruption to proliferate does the project address and aim to resolve? Please outline the related current legal or institutional framework and its weaknesses or the exact circumstances that require improvement:

The rewarding and awarding system was intended to reward whistleblowers for their contribution to increasing or recovering revenues or reducing costs of public organizations and to compensate for any damages that they may have suffered.

3 Expected Outcome of the Project

In relation to the above mentioned deficiencies and/or problems, which concrete improvements are expected to be achieved through the project? In which way does the project help to curb corruption?

The financial reward and award for whistleblowers is expected to encourage the public to report acts of corruption.

4 Components – Main Activities – Method

What are the project's components, implementation steps, main activities and/or methods to achieve the above mentioned outcome and objectives?

(A) Financial reward for informants

If a person's disclosure of corruption contributes directly to increasing or recovering revenues of a public organization or to preventing it from bearing economic costs to be otherwise incurred, or legal relations in that matter are established, then he or she may claim financial reward.

Until 2005, the amount of reward was anywhere between 2% and 10% of the financial benefits and did not exceed KRW200 million. However, with the Anti-Corruption Act

(ACA) and the ACA Enforcement Decree revised in July and December 2005, respectively, an informant may receive a maximum of KRW2 billion in rewards and the amount of reward ranges from 4% to 20% of the financial benefits.

(B) Financial award for informants

Award money may be paid, if a disclosure of corruption contributes to serving a public organization's pecuniary interest, prevents it from bearing economic costs to be otherwise incurred, or serves the public interest.

The award money shall not exceed KRW50 million. Yet, if a person reports his or her receipt of pecuniary gains, the person may receive 20% of the financial value (the amount of award shall not top KRW200 million).

5 Involvement of non-governmental actors and donors

In which way does the project involve civil society actors or other stakeholders and have they been consulted during the project development phase?

None

6 Related Projects under the 2nd Implementation Cycle

Is the project linked to reforms accomplished under the Action Plan's 2nd Implementation Cycle? In which way does this project follow up previous activities?

None

7 Project Financing and Budget

Approved or estimated overall project budget:

KRW430 million (USD430 thousand)

Is external funding required?

No

If external funding is required, have donor organizations been approached yet, and have any commitments been made?

N/A

If external funding is required, what percentage of the total project costs requires external funding?

N/A

8 Technical Assistance

Is external technical assistance required? Have relevant agencies been approached and have they made any commitments?

No

Project 4: Supporting the Implementation of the K-PACT

1 Project Summary

Project Title:

Supporting the Implementation of the K-PACT

Priority Area for Reform:

Pillar 3: Supporting Active Public Involvement

Implementing Institution:

Korea Independent Commission Against Corruption (KICAC)

Contact Person:

Woong-jung JUNG, Director of NGO & Business Cooperation Team

Beginning and End of the Project:

Beginning: March 2005

End:

2 Project Context

Which deficiencies and/or problems that allow corruption to proliferate does the project address and aim to resolve? Please outline the related current legal or institutional framework and its weaknesses or the exact circumstances that require improvement:

The landmark Korean Pact on Anti-Corruption and Transparency (K-PACT) was signed on March 9, 2005 by representatives from the government, political parties, businesses and civic groups to pledge their voluntary efforts to reduce corruption.

The Pact stipulates the obligations of each of the four sectors to make cooperative and voluntary efforts to overcome chronic corruption and achieve a transparent society,

Under the K-PACT, the government sector is required to play a central role in combating corruption in all sectors of society and provide administrative and financial support for K-PACT implementation.

3 Expected Outcome of the Project

In relation to the above mentioned deficiencies and/or problems, which concrete improvements are expected to be achieved through the project? In which way does the project help to curb corruption?

The concerted efforts to promote the implementation of the K-PACT will serve to raise the level of integrity and transparency of Korean society.

4 Components – Main Activities – Method

What are the project's components, implementation steps, main activities and/or methods to achieve the above mentioned outcome and objectives?

KICAC provides administrative and financial support for the K-PACT Council, which was established in April 2005 to enhance cooperation among the signatories of the K-PACT and play a fundamental role of monitoring, assessing, disseminating and renewing K-PACT implementation.

It promotes the signing and implementation of the Pact by central government agencies, local governments, and public corporations, and monitors and assesses K-PACT implementation in the public sector.

5 Involvement of non-governmental actors and donors

In which way does the project involve civil society actors or other stakeholders and have they been consulted during the project development phase?

The decision-making for the operation of the K-PACT Council involves representatives from the public, political, private and civilian sectors. The Council is provided with financial support from political parties and businesses as well as KICAC.

6 Related Projects under the 2nd Implementation Cycle

Is the project linked to reforms accomplished under the Action Plan's 2nd Implementation Cycle? In which way does this project follow up previous activities?

None

7 Project Financing and Budget

Approved or estimated overall project budget:

KRW530 million (USD530 thousand) including KRW500 million aid to the K-PACT Council

Is external funding required?

No

If external funding is required, have donor organizations been approached yet, and have any commitments been made?

N/A

If external funding is required, what percentage of the total project costs requires external funding?

N/A

8 Technical Assistance

Is external technical assistance required? Have relevant agencies been approached and have they made any commitments?

KICAC consults the K-PACT Council and related government agencies on the signing and implementation of the Pact by each public sector organization.