

Self Assessment Report on Project Implementation

Korea:

Managing channels of communication with foreign companies to prevent corruption and bribery

Pillar 2 – Strengthening Anti-bribery Actions and Promoting Integrity in Business Operations

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Project budget: n.a.

Starting date: January 1, 2003

Closing date: December 31, 2003

Project description:

Corruption and bribery involving public officials and foreign companies is not only an obstacle to business operations, but impairs the international image of a nation, causing a negative effect on attraction of foreign capital. In this context, KICAC has taken active measures aimed at solving and preventing corruption problems by building and managing channels of communication with foreign companies within the nation.

Project objectives

The objectives of the project are:

- To provide the foundation for predictable, transparent business environment for foreign companies by reflecting their opinions in setting up anti-corruption policies and resolving corruption problems.
- To actively prevent corruption and bribery involving foreign businessmen by promoting such global anti-corruption regulations as the OECD Anti-Bribery Convention as well as relevant domestic laws and regulations.
- To enhance the international image of the nation through the ongoing promotion of the government's anti-corruption initiatives and their outcomes.

Project inputs

The project focuses on gathering information about corruption in the nation perceived and experienced by foreign businessmen by employing various channels of communication such as:

- Holding regular meetings with foreign companies and business organizations to collect their opinions and suggestions;
- Operating online service on the KICAC website that allows foreigners to report corruption they experienced; and
- Creating and managing a database of foreign companies and business organizations as a primary target for promoting the government's anti-corruption policies and their outcomes.

Project outputs

Starting from January 2003, KICAC visited foreign economic organizations based in Korea including American Chamber of Commerce and EUCHAM and held more than thirty speech sessions and discussions with foreign businessmen with a

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view to opening a channel to share ideas about the ways to stamp out corruption involving foreign business operations. On June 25, KICAC held its first anti-corruption conference with foreign business organizations. KICAC is planning to hold this event on a regular basis and will cooperate with other governmental departments to reflect collected opinions in establishing anti-corruption policies and resolving corruption problems.

To promote the government's anti-corruption efforts and encourage foreign businessmen to voluntarily report corruption they experienced, KICAC has sent newsletters by e-mail and post to foreign companies and business organizations on a regular basis. KICAC is currently preparing an online service that allows foreigners to report corruption through the KICAC website.

Project benefits & risks

The project is expected to encourage foreign companies' active involvement in preventing corruption and bribery while promoting Korean government's anti-corruption efforts, thereby improving the national image. The benefits from the elimination of corrupt practices and corruption-triggering factors and improvement of regulations in relation to the foreign business operation can also be shared with domestic companies without additional costs.

Output evaluation

The establishment of regular conferences with foreign businessmen has provided an opportunity to examine and discuss the corruption issue in the Korean society from the standpoint of foreigners. It would require close cooperation among related departments to reflect collected opinions in the government policies. Enhancement of foreign businessmen's recognition of the government's anti-corruption initiatives and encouragement of voluntary report of corruption will need more concrete and more easily perceptible system of promotion, report and inspection.

Project overall assessment

The establishment of a channel for cooperation with foreign companies is expected to serve to gain their confidence in the economic environment of Korea, thus having positive effects on many areas including the attraction of foreign investment.

Follow-up action and recommendation

In order to encourage transparent and fair competition in both the domestic and international market, global anti-corruption initiatives such as the OECD Anti-Bribery Convention and UN Anti-Corruption Convention, which is to be finalized, should be promoted not merely to foreign companies, but also to domestic ones.

To effectively promote the government's anti-corruption policies, local governments will have to play a more active role. For example, local governments can consider organizing workshops on anti-corruption when dispatching delegates overseas to attract foreign investment.
