ADB/OECD Anti-Corruption Initiative for Asia and the Pacific

Anti Corruption Reform under the Action Plan’s 2nd Implementation Cycle (2005-2006):
Reform projects and implementation assessment

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:
Il-hong SUNG, Director of Evaluation & Survey Division

Beginning and End of the Project:
February 2004-2005

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. Although the Korean 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. From this perspective, an institutional mechanism is required to systematically analyze and evaluate corruption-causing factors at the stage of legislation to eliminate the room for corruption that could be left by the loopholes in institutions.

The importance of institution-building can be noted from KICAC’s Corruption Perception Survey conducted in March 2003. According to the survey, 26.9% of the respondents pinpointed “improvement of institutions including laws and regulations” as the top priority task that must be undertaken to enhance integrity.

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 current corruption control system which has focused on detection and punishment. By using this tool, one can evaluate and review institutions related to corruption-prone areas and thereby set up systematic measures to
improve problematic institutions. By accumulating and typifying the assessment result, each department of government will be able 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?

- Target of Assessment: Laws and regulations with a high possibility of causing corruption
- Assessment Criteria: Relevance of the extent of discretion, transparency, accountability, etc. (Assessment criteria are divided into supply and demand factors of corruption and procedural factors so as to analyze factors in laws that could generate corruption.)
- Assessment Procedures
  - 1st stage: The authorities operating a certain law or act assess its impact on corruption.
  - 2nd stage: KICAC examines the authorities’ assessment and reflects the examination result in legislation.
- Implementation Plans
  - To develop an assessment model and administer a trial assessment of the institutions in corruption-prone areas
  - To forward an amendment of relevant laws to introduce the Corruption Impact Assessment

5 Involvement of non-governmental actors
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 1st Implementation Cycle
Is the project linked to reforms accomplished under the Action Plan’s 1st Implementation Cycle? In which way does this project follow up previous activities?
None

7 Project Financing and Budget
Approved or estimated overall project budget:
A separate budget was not allocated for this project.
Is external funding required?
No
If external funding is required, have donor organisations 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?

The overall assessment framework is developed by a university research center. KICAC will implement the assessment after reviewing the proposed assessment procedure.

Implementation Assessment

9 Output Evaluation
Has the impact of the project on the identified deficiency (cf. item 2 above) been measured or evaluated? Please describe the evaluation method and the outcome.

Since the Corruption Impact Assessment was launched in April 2006, it is now too early to measure its impact. KICAC is planning to measure the effectiveness of the assessment system in closing legal and regulatory loopholes and preventing corruption at the end of this year. The evaluation criteria will include the number of laws and regulations reviewed, the number of recommendations made as a result of the reviews, and the number of the existing or proposed legislation revised in accordance with KICAC’s recommendation.

10 Overall Project Assessment
Did the project meet the defined goal (cf. item 3 above)? Did the project remedy the deficiency identified (cf. item 2 above)? Has the project been fully implemented in the foreseen timeframe (cf. item 1 above)?

11 Project Design Changes (if any)
Have any modifications to the project been made in the course of its implementation compared to the initial design of the project (cf. item 4 above)? What circumstances made these changes advisable or necessary?

12 Major Lessons Learned
Given the assessment of the project above, what experience can be drawn from the implementation of this project for future reform projects under the Anti-Corruption Action Plan?

13 Follow-Up
Is it planned to continue or extend this project or to continue a linked reform project? Which measures have been taken to ensure the sustainability of the outcome and the future assessment of the project’s impact?

Launched in April 2006, the Corruption Impact Assessment will continue to be implemented by KICAC.
1 Project Summary

Project Title:
Clean City Project

Priority Area for Reform:
Pillar 1 – Developing Effective and Transparent Systems for Public Service

Implementing Institution:
Korea Independent Commission Against Corruption (KICAC)

Contact Person:
Keun-sang KWON, Director of Institution & Practices Improvement Division II

Beginning and End of the Project:
February 2004-December 2005

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:

As government is becoming more and more decentralized, it is not effective enough to depend on a centralized system of monitoring corruption. While there has been an increased need for enhancing transparency in local administration, each local government must take proactive, self-controlling actions to stamp out corruption in its jurisdiction.

KICAC launched the Clean City Project jointly with local governments and signed a bilateral pact, which contains the local authority’s commitment to identify and improve corruption-prone areas in its administrative procedures.

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 project is expected to make a significant contribution to a clean and transparent local government, thereby promoting the efficiency of administration and building public confidence in the government. The local governments participating in this project will serve as a model for a clean and transparent government, and their good practices will be disseminated to other public organizations. This will result in facilitation of ethical government throughout the nation.

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?

Each local government participating in the project will set up comprehensive anti-corruption measures including establishment of a system for corruption control, institutional improvements,
education and promotion, and sign a pact with KICAC to cooperate for an efficient implementation of these measures. The project is initially operated by a small group of local governments in order to develop a mechanism appropriate for local government, and then will be applied to all local governments.

**Implementation Steps**

**March – April 2004:** Signing of a pact between KICAC and local governments. Ten local governments were selected among those governments that had volunteered to join in the project. Each of the ten governments will operate a department in full charge of the project and draw up an elaborate plan to implement the project.

**February – December 2004:** Designation of institutions in need of improvement; implementation of the project

**January – December 2005:** Improvement of project methodology; amendment of higher-level laws

**End of 2005 – 2006:** Project evaluation; dissemination of the project to other organizations

**Project Goals**

- **Establishment of Corruption-Control Mechanism**
  - Creating audit & inspection committees
  - Enhancing effectiveness of a system that allows citizens to request for audit
  - Introducing a system that allows citizens to request for institutional improvement
  - Introducing a citizen ombudsman system

- **Institutional Improvement for the Prevention of Corruption**
  - Strengthening a system for disclosing administrative information
  - Increasing transparency and fairness in personnel management
  - Promoting effectiveness of the Code of Conduct for Public Officials
  - Enhancing transparency in contract-related works including permits/approvals

- **Anti-Corruption Education and Promotion**
  - Training public officials and citizens
  - Operating the Clean City Campaign

- **Other works that both KICAC and local authorities agree to perform**

**5 Involvement of non-governmental actors**

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

Citizen participation is required to build a system for controlling corruption as ombudsmen and as members of the audit & inspection committee so as to secure transparency and impartiality of government administration.

**6 Related Projects under the 1st Implementation Cycle**

Is the project linked to reforms accomplished under the Action Plan’s 1st Implementation Cycle? In which way does this project follow up previous activities?

None
7 Project Financing and Budget

Approved or estimated overall project budget:
KRW 90 million (US$ 75,000)

Is external funding required?
No

If external funding is required, have donor organisations 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?
None

Implementation Assessment

9 Output Evaluation

Has the impact of the project on the identified deficiency (cf. item 2 above) been measured or evaluated? Please describe the evaluation method and the outcome.

KICAC evaluated the outcome of the Clean City Project by reviewing the project report submitted by each local government after the completion of the project. KICAC examined whether the local government has set up and put into effect sufficient anti-corruption measures, how much effort it has made to achieve the project goals, and to what extent such effort has contributed to the prevention of corruption and enhancement of transparency in the municipality.

KICAC found that nearly all participating local governments have established and were actively managing their internal corruption-control mechanisms such as an audit & inspection committee and a citizen ombudsman system. Overall, they have improved their institutional frameworks to enhance transparency in administrative procedures. Besides, the local governments made vigorous efforts to raise public awareness on the risks of corruption and promote public involvement in the anti-corruption movement through various training programs and citizen campaigns.

10 Overall Project Assessment

Did the project meet the defined goal (cf. item 3 above)? Did the project remedy the deficiency identified (cf. item 2 above)? Has the project been fully implemented in the foreseen timeframe (cf. item 1 above)?

The Clean City Project served to elicit voluntary efforts of local governments to prevent corruption and disseminate best practices. Nowadays, more and more local governments are adopting the
good practices of the project, such as lowering the price limit on private contracts, increasing the use of electronic bidding, and expanding the disclosure of administrative information.

**11 Project Design Changes (if any)**

Have any modifications to the project been made in the course of its implementation compared to the initial design of the project (cf. item 4 above)? What circumstances made these changes advisable or necessary?

N/A

**12 Major Lessons Learned**

Given the assessment of the project above, what experience can be drawn from the implementation of this project for future reform projects under the Anti-Corruption Action Plan?

**13 Follow-Up**

Is it planned to continue or extend this project or to continue a linked reform project? Which measures have been taken to ensure the sustainability of the outcome and the future assessment of the project's impact?

The Clean City Project was completed at the end of 2005. Currently, KICAC is encouraging other local governments to make voluntary efforts to tackle corruption by following the good practices of the Clean City Project. It is planning to disseminate best practices of the Clean City Project by incorporating them into the 2006 Anti-corruption Guideline and producing a video material distributed to local governments.
Project 3: Business Ethics Center

1 Project Summary

Project Title:
Business Ethics Center

Priority Area for Reform:
Pillar 2 – Strengthening Anti-Bribery Actions and Promoting Integrity in Business Operations

Implementing Institution:
Korea Independent Commission Against Corruption (KICAC)

Contact Person:
Young-bok LEE, Director of Business Ethics Team

Beginning and End of the Project:
2004 -

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:

Corporate corruption brings about a squandering of industrial resources and undermines their efficient allocation, which in turn, weakens the national and corporate competitiveness. Therefore, the need for business ethics arises to root out corrupt practices in the corporate sector.

Korean companies are still in the incipient stage of ethics management. They have not been provided with sufficient, relevant information necessary to adopt and spread ethical management. Nor is there enough support from the government.

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?

More and more companies will adopt ethics management and the level of ethics and integrity in corporate management will be enhanced as they will have an easier access to relevant information such as best practices of ethics management.

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 is going to open “Business Ethics Center” in late June 2004. The center will gather and compile all information about corruption prevention and business ethics from home and abroad, and will offer all its data to corporations.
The center will not only conduct research on business ethics, but also support business ethics education and undertake exchanges and cooperation with companies.

KICAC will also open “Digital Business Ethics Center,” an online channel, where a variety of information can be more conveniently shared. The information that you can find in the digital center is as follow.

- “Business Ethics Pact”
- Best practices of ethics management
- Video lectures on business ethics
- Materials about business ethics in the form of CD-ROM and PowerPoint
- Foreign best practices and websites, etc.

5 Involvement of non-governmental actors
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 1st Implementation Cycle
Is the project linked to reforms accomplished under the Action Plan’s 1st Implementation Cycle? In which way does this project follow up previous activities?
None

7 Project Financing and Budget
Approved or estimated overall project budget:
KRW 7,000,000 (US$ 6,000) (Cost for building a website)

Is external funding required?
No

If external funding is required, have donor organisations 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?
None
Implementation Assessment

9 Output Evaluation
Has the impact of the project on the identified deficiency (cf. item 2 above) been measured or evaluated? Please describe the evaluation method and the outcome.

Since its establishment in June 2004, the Business Ethics Center has provided comprehensive information and active support on ethical management for domestic companies. However, its impact on preventing corrupt practices in the private sector has not been assessed yet.

Since April 2005, the Center has published a monthly Business Ethics Brief that contains domestic and global trends and best practices on ethical management. It also published “Ethical Management for Public Corporations” and other publications on ethical management systems adopted in advanced countries. It also launched the Digital Business Ethics Center (http://ethics.kicac.go.kr) which accommodates wide-ranging contents regarding trends in business ethics, theories and practices in ethical management, on-line counseling, etc.

To assist businesses in training their employees on business ethics, the Center has recommended professional instructors to the requesting companies and developed training materials.

10 Overall Project Assessment
Did the project meet the defined goal (cf. item 3 above)? Did the project remedy the deficiency identified (cf. item 2 above)? Has the project been fully implemented in the foreseen timeframe (cf. item 1 above)?

Through diverse educational and promotional activities, the Business Ethics Center contributed to raising public awareness on ethical management and promoting the implementation of corporate ethics. It also served as a channel for exchange and cooperation among domestic corporations to enhance ethical management.

11 Project Design Changes (if any)
Have any modifications to the project been made in the course of its implementation compared to the initial design of the project (cf. item 4 above)? What circumstances made these changes advisable or necessary? N/A

12 Major Lessons Learned
Given the assessment of the project above, what experience can be drawn from the implementation of this project for future reform projects under the Anti-Corruption Action Plan?

13 Follow-Up
Is it planned to continue or extend this project or to continue a linked reform project? Which measures have been taken to ensure the sustainability of the outcome and the future assessment of the project’s impact?

The Business Ethics Center will intensify its research activities on ethical management and make greater efforts to strengthen cooperation with businesses to promote ethical management.