

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED
BY THE REPUBLIC OF KOREA**

ARTICLE 5 UNCAC

PREVENTIVE ANTI-CORRUPTION POLICIES AND PRACTICES

REPUBLIC OF KOREA (THIRD MEETING)

Corruption Impact Assessment

1. Overview

In 2011, the Corruption Impact Assessment placed its focus on supplementing assessment items to address new corruption types such as interest conflict and inappropriate execution of budgets; and to remove loopholes in assessment, which helped remove corruption-causing factors from laws and regulations in a systematic and scientific way.

The ACRC also improved the criteria of the Corruption Impact Assessment to effectively detect corruption-causing factors which have become more varied and complicated; and to cover an increasing number of laws and regulations to be assessed in terms of consignment and entrustment to suit the changes in the environment, such as the expansion of the private sector.

The Commission also required public service-related companies to lay open the standards and procedures that pertain to their company's rules for main projects that are closely related to people's daily lives so that confidence in the companies and predictability of their behavior could be increased.

The acceptance rate of relevant organizations regarding recommendations (corrective measures) was 93.3% in October 2011, an increase over the previous year. The reason for the improvement lies in the facts that evaluators strengthened their expertise related to evaluation; the ACRC's recommendations were made after having conducted a thorough consultation with the organizations in the course of their assessment, which resulted in mutual trust being built between the ACRC and the organizations; and, the regular checking up on the implementation status of the recommendations.

Thanks to the ACRC's efforts such as the development of assessment items, the introduction of a comparative assessment method and close cooperation with public organizations for improving the acceptance rate, central government agencies and local governments highly acclaim the Corruption Impact Assessment as an effective policy tool in the fight against corruption.

2. Major achievements

Corruption Impact Assessment of enacted or amended bills

Over 2011, the ACRC conducted the Corruption Impact Assessment on 1,670 newly enacted or amended bills and recommended improvements for 505 corruption-causing factors inherent in 264 laws and regulations to relevant organizations.

Assessment of enacted or amended bills (2011):

Total	Agreement to original bills	Recommendations for improvement
1,670 bills (100%)	1,406 bills (84.2%)	403 cases out of 264 bills (15.8%)

(1) Improvement recommendation by type

Out of 264 bills which were in need of being improved, 66 were laws with 136 Presidential decrees, and 62 were Prime Minister's decrees and Ministerial ordinances. Compared to the number of target bills, the largest number of recommendations (percentage) were given to 66 laws out of 346 (19.1%), followed by enforcement decrees (136 out of 753, 18.1%) and Prime Minister's decrees and Ministerial ordinances (62 out of 571, 10.9%).

(2) Improvement recommendation by sector

By sector, the recommendations were given in the order of industry and development (212 cases in 99 laws), environment and public health (48 cases in 106 laws), and general administration (47 cases in 73 laws).

(3) Improvement recommendation by duty

By type of duty, public services such as "imposition and refund" occupied 23.4% of all recommendations for amendment, followed by "objectivity in forming various commissions and transparency in their administration" (13.5%); and consignment and entrust (8.3%).

(4) Improvement recommendation by assessment criteria

In terms of assessment criteria, the ease of compliance, the appropriateness of discretion, and transparency of administrative procedures accounted for 72 cases, 155 cases, and 176 cases respectively out of the total of 505 recommendations.

(5) Improvement recommendation by ministry

By ministry, bills of the Ministry of Land, Transport, and Maritime Affairs were recommended for improvement the most (34), followed by the Ministry of Knowledge Economy (31), the Ministry of Education, Science and Technology (26), and the Ministry of Public Administration and Security (25).

Improvement of Corruption Impact Assessment criteria

After introducing the Corruption Impact Assessment in April 2005, there have been lots of changes in policy environments such as the expansion of the private sector. Accordingly, the ACRC has also improved and revised the criteria of the Corruption Impact Assessment to effectively detect corruption causing factors which have become more various and complicated; and to cover the increasing numbers of laws and regulations to be assessed regarding consignment and entrust.

As more and more central government agencies have commissioned and entrusted to local governments and the private sector, the possibility of corruption has also increased due to the lack of accountability of the private sector or because of local corrupt practices. Therefore, the “appropriateness of the standards of consignment and entrustment” was also included into the assessment criteria.

In addition, in order to effectively respond to the more varied and complicated types of corruption, the new criterion of the “possibility of a conflict of interest” was set up to prevent any possibility of the intervention of personal interest in advance. Also, the “clarity of financial support standards” was added to prevent any damage to the property of public agencies (ex: budget waste), since the amount of financial support from the government, such as government subsidies has increased every year. Furthermore, some similar criteria were integrated into the “concreteness and objectiveness of discretionary regulation.”

Opening the internal regulations of public service-related agencies.

Public service-related agencies (quasi-government agencies) were established to invest in social overhead capital (SOC) or to be entrusted with government projects. In order to carry out these functions, the agencies set up and have implemented their own internal regulations. As the public service-related agencies are starting to occupy more and more parts of the Korean economy, the internal regulations play larger roles that affect people’s daily lives. But the details of the internal regulations, including standards or procedures of project operation, are not open to the public to the extent that would be desirable.

The ACRC drew up the “Guidelines on opening of internal regulations” in July 2011, and distributed them to 675 public service-related agencies to help them make their internal regulations transparent in a voluntary way so that their management would be ethical and transparent. The guidelines set forth the principle that some parts of regulations that are closely related to the people’ lives were to be disclosed openly but that some provisions that are business-related rather than public-related would not be disclosed.

Most of the agencies agreed on the importance of the openness, and introduced to implement the ACRC’s guidelines and promised to expand the extent to which they opened up in a consistent way.

Before distributing the guidelines, a total of 1,238 internal regulations were laid open to the public, but after the distribution, as many as 4,972 internal regulations, an increase of 3,689 (287.5%) have now been laid open.

Corruption Impact Assessment for local governments

After launching the autonomous local government system, the importance of finance in the local government is significantly growing, since it covers all financial activities, including the management and disposition of assets and liabilities, or income/expense management. However, there have been some cases in which the financial burden of local governments have increased or fairness has been impeded following the abuse of discretionary rules related to private contracts and unclear rules about financial support.

Accordingly, the ACRC conducted a Corruption Impact Assessment of the autonomous regulations of the local governments, particularly regarding their finances, so that fairness and transparency in budget execution could be secured and any preferential treatment or pork barrel prevented in advance.

In 2011, the Assessment focused on three parts (removing factors that cause preferential treatment, enhancing fairness in making contracts, and preventing pork-barreling budget execution) and endeavored to secure transparency in the administration of local governments.

Monitoring the implementation of improvement recommendations

The effect of the Corruption Impact Assessment is brought about when the agencies in question accept and incorporate the ACRC's recommendation. But the recommendations are not legally binding, so that the acceptance of the recommendations lies on the shoulders of the concerned agencies. It is therefore all the more important to monitor whether the agencies adopt the recommendations.

In order to increase the acceptance and implementation rates, the ACRC strengthens the quality of its assessments with the advice of experts and the training of officials in charge of the assessment; establishes a close network of cooperation with the concerned agencies by holding workshops and meetings; and regularly monitors the concerned agencies to see that their recommendations are incorporated into the revised or newly enacted laws and regulations.

The Anti-Corruption Initiative Assessment

Overview

The purpose of the Anti-Corruption Initiative Assessment (AIA) is to assess the appropriateness and effectiveness of the anti-corruption initiatives being implemented by each public organization. It can be thought of as a comprehensive assessment mechanism that covers various areas of anti-corruption and integrity initiatives. The fundamental objective of the AIA is to spread best practices across the public sector as part of the fight against corruption as well as to encourage each public organization to make an increased effort to enhance its integrity.

The ACRC improved the AIA in 2012 so that it would take note of the voluntary efforts of public agencies and to feed back the results into the assessment in a practical way. To do this, efforts to assess the transparency of policies and efforts to improve corruption-prone duties (BPR) were integrated into one single "comprehensive countermeasure" item to be assessed. Also, the AIA enhanced its assessment about the connection between plans and performance of each agency.

An assessment team consisting of the ACRC's staff evaluated the implementation of major anti-corruption measures created by the ACRC. As for areas requiring qualitative evaluation such as action plans, best practices and voluntary efforts, the assessment was conducted by an external research agency.

Assessment criteria

In 2011, the AIA consisted of the three parts of common initiatives, voluntary initiatives, and performance results.

The common initiatives were divided according to the following six criteria, based on an analysis of the factors responsible for corruption in public organizations, including the nature of the duties and the characteristics of corruption. The six criteria are as follows:

a. *Establishment and management of anti-corruption systems*: the establishment of anti-corruption systems; the promotion of public-private partnerships; and, the introduction and dissemination of the best anti-corruption practices

b. *Leaders' determination to fight corruption*: determination of the leaders; transparency of business promotion expenses; and, the results of a survey of the internal staff

c. *Comprehensive measures for institutional improvement*: implementation and effectiveness of the recommendations made by the ACRC; voluntary efforts for institutional improvement; willingness to implement institutional improvement when corruption occurs

d. *Corruption Impact Assessment*: the degree of cooperation given to conducting the Assessment; and, the implementation of recommendations made by the ACRC

e. *Compliance with the Code of Conduct for Public Organization Employees and the promotion of whistleblowing*: the introduction and implementation of best practices of the Code of Conduct; the rate voluntary detections of violations of the Code of Conduct; and the giving of instructions and reviewing the implementation of the Code of Conduct

f. *Anti-corruption training and promotional activities*: completion of anti-corruption training; best practices of anti-corruption training and promotion; and utilization of the educational and promotional contents

Voluntary initiatives were divided using the assessment criteria of the appropriateness of action plans based on public agencies' own characteristics; the implementation of action plans; and best practices of their own anti-corruption measures. Also, the result of the Integrity Assessment of the year and the improvement compared to the previous year were incorporated into the measure of anti-corruption performance.

Target organizations (208 public organizations)

- Central government agencies (39): 17 ministries, 18 services, 1 office and 3 commissions
- Metropolitan governments (16): 16 cities and provinces
- Local governments (20): 20 cities, counties and districts
- Municipal and Provincial Offices of Education (16): the offices of education in 16 cities and provinces

- Public service-related agencies (115): 27 public corporations, 88 other quasi-government agencies

Results of the 2011 Assessment

The 2011 AIA categorized public organizations into the 5 categories of central government agencies, metropolitan and local governments, municipal and provincial offices of education, public corporations, and other public service-related agencies. The results of the AIA were also are divided into the 5 ranks by type.

A total of 4 central agencies, 2 metropolitan and local governments, 2 offices of education, 4 public corporations and 5 other public service-related agencies posted a “BEST” ranking. Individual contributors and “BEST” organizations received commendations and prize money.

Future directions

The ACRC sends a comprehensive report of the AIA, the assessment results by criteria, and an analysis of the best-performing organizations to the target organization. The Commission encourages them to make a voluntary effort to improve in the areas that the results revealed to be unsatisfactory and to benchmark the best practices of other organizations.

In 2012, the ACRC will change the title of the assessment to “Anti-Corruption Competitiveness Assessment” and revise it to cover not only anti-corruption efforts but also anti-corruption performance and best practices. Particularly, the number of target organizations will be reduced while separate assessment criteria will be developed to monitor corruption-prone sectors such as public agencies in the financial sector or local governments.