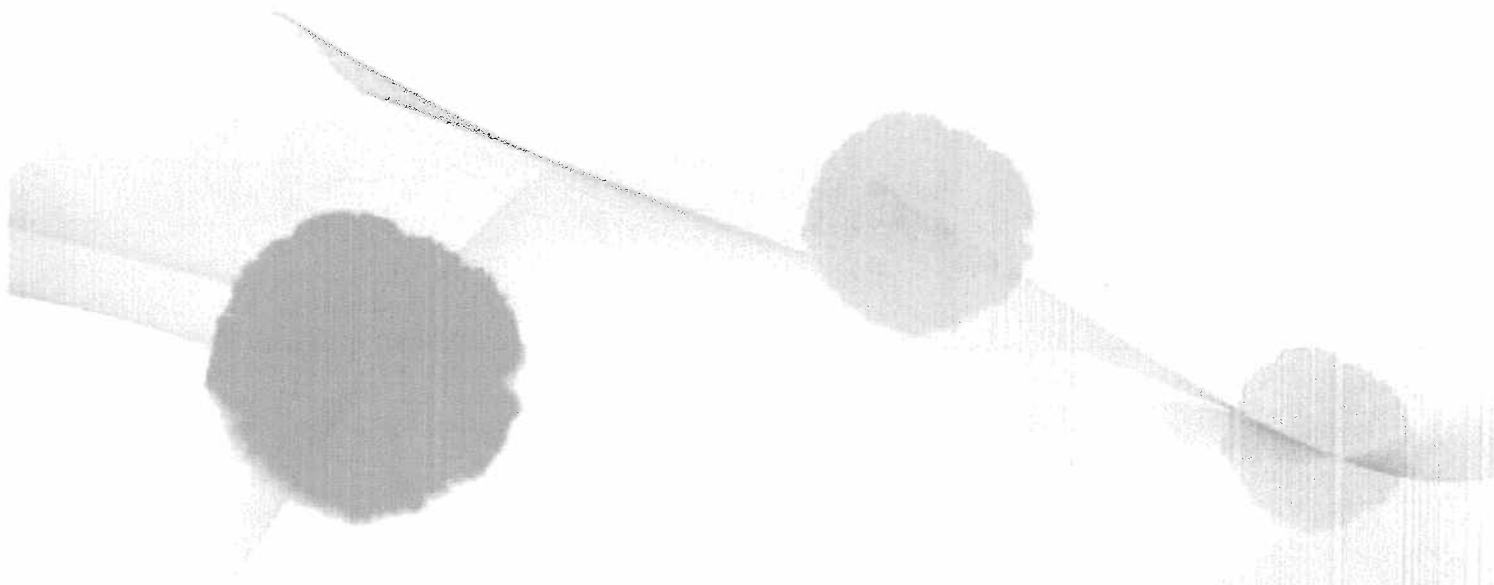


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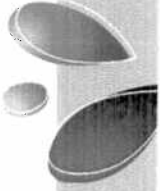


Corruption Impact Assessment

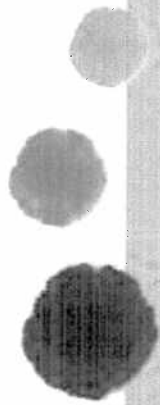


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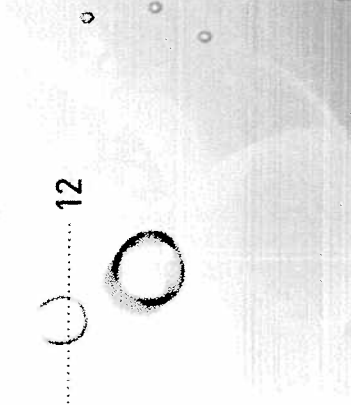




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1. Why was Corruption Impact Assessment introduced?

Previous anti-corruption strategies were geared toward detecting corrupt acts and punishing those responsible. They had a limited impact on preventing corrupt practices in that they did not address corruption-causing mechanisms and therefore failed to formulate effective countermeasures.

Types of corruption-causing factors and corruption prevention measures

Type	Corruption-causing factors (examples)	Corruption prevention measures
Laws and institutional systems	Unrealistic standards, excessive regulation, non-transparency in handling procedures, etc.	Corruption Impact Assessment and Institutional Improvement
Culture and behavioral patterns	Practices of entertainment, grafting and influence peddling, lack of ethics, self-centered attitude, etc.	Education and innovation
Monitoring and control	Lack of corruption-control means, absence of concrete, stringent, and timely punishment, etc.	Detection and punishment

So Corruption Impact Assessment was introduced through the amendment of Corruption Prevention Act, and we enforce it from April 1, 2006.

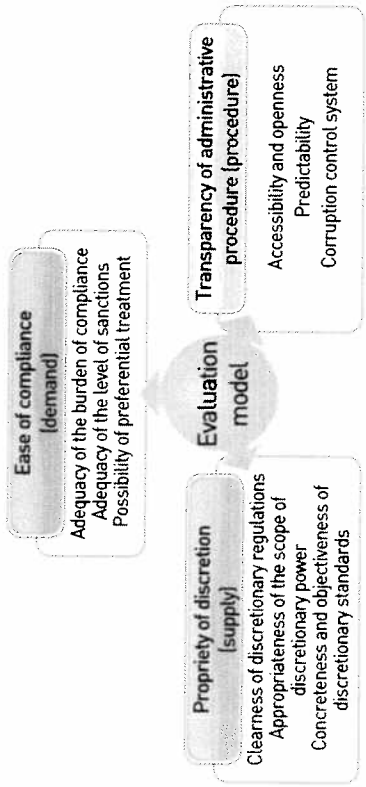
2. What is Corruption Impact Assessment?

Corruption Impact Assessment is an analytical framework designed to identify and remove corruption-causing factors in laws and regulations. In other words, it is an institutional mechanism to analyze and eliminate factors that are highly likely to contribute to corruption from the very stage of drafting laws and regulations. In this sense, the Assessment can be considered a corruption prevention mechanism that seeks possible solutions to corruption from an institutional, not individual, perspective. The targets of the assessment are legislations, administrative rules and autonomous laws.

3. What is the assessment criteria of Corruption Impact Assessment?

Corruption Impact Assessment is based on a systemic model, which was designed to examine corruption-causing factors in regulations or laws in terms of "demand," "supply," and "procedure." The evaluation model consists of three corruption-causing factors: ease of compliance with laws and regulations, propriety of discretion, and transparency of administrative procedures. Each of these three factors is further broken down into three criteria.

Evaluation model for Corruption Impact Assessment



4. What are the procedures for Corruption Impact Assessment?

1 Corruption Impact Assessment on legislation to be enacted or amended

1 Application for assessment

Government agencies responsible for enacting and revising legislations must prepare a legislative proposal subject to evaluation as well as basic materials necessary for such evaluation.

The assessment form contains a self-assessment checklist to reduce the burden of assessment, make it easier to identify corruption-causing factors, and facilitate objective and standardized evaluation by legislation type.

2 Review and recommendation by the ACRC

The evaluation by the ACRC is conducted within the time frame for existing legislative procedures in order to prevent any delay in such procedures. However, in case of emergency, preliminary announcement of legislation may precede the completion of the ACRC's evaluation.

Factors	Criteria	Contents
Ease of compliance (demand)	Adequacy of the burden of compliance	Whether the level of expense & sacrifice borne by people, businesses, organizations to comply with legal responsibilities is appropriate or not in light of social norms
	Adequacy of the level of sanctions	Whether the content and level of penalties, compared with those pursuant to similar laws, are appropriate
	Possibility of preferential treatment	Possibility of certain classes, businesses, groups or individuals enjoying favor or benefits thanks to application of laws
	Clearness of discretionary regulations	Whether discretion (who has it, the scope of it, process to exercise it) is clearly and firmly defined
Propriety of discretion (supply)	Appropriateness of the scope of discretionary power	Whether the scope of discretion given is appropriate in light of international and domestic norms
	Concreteness and objectiveness of discretionary standards	Whether discretion-related criteria or requirements to exercise it are specific enough to be applied to reality and objective enough to be translated as the same by the third persons
	Accessibility and openness	Whether participation by people, businesses, organizations in the exercise of discretion or performance of duties is guaranteed, and there is a special system for related information disclosure
Transparency of administrative procedure (procedure)	Predictability	Whether required papers & steps, administrative handling process, period and the results are easy to know and predictable
	Corruption control system	Whether a special system to control corruption exists such as one to regulate corruption caused by efforts to avoid compliance burden or to seek favor, or caused by face to face encounter while work of duties are being done.

The evaluation process of proposed legislation guarantees consultation with the relevant agencies, as well as collection of opinions from interested parties to ensure a fair and effective evaluation.

Also Corruption Impact Assessment Advisory Group has been in operation to promote professionalism and objectivity of the assessment.

After the assessment is completed, the ACRC notifies the agency concerned of the assessment results in writing. The assessment results are classified into four categories: agreement to the original bill, improvement required, withdrawal required, and referential remarks.

In case that the result of assessment is related to regulatory impact or can be used for reference for the review of bills and improvement of laws, the ACRC notifies the result to the Regulatory Reform Committee, and the Ministry of Government Legislation, respectively.

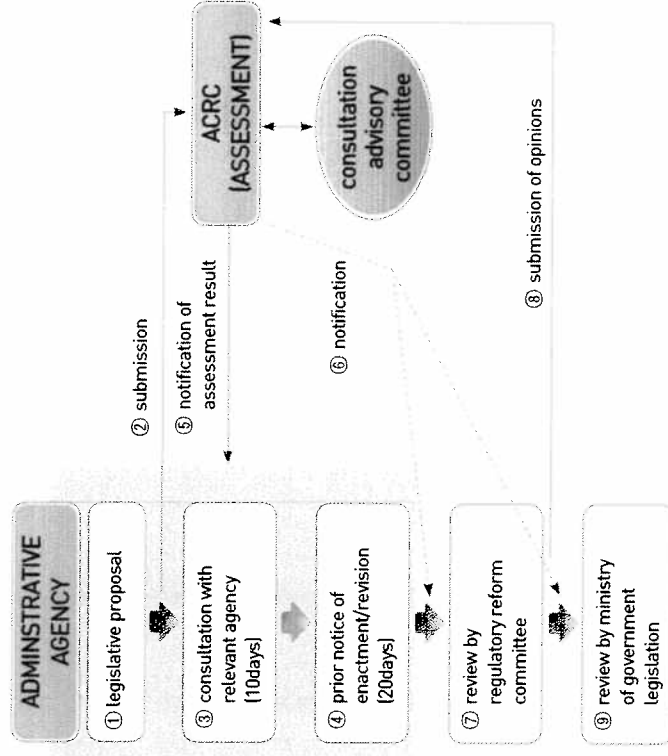
3 Implementation of the ACRC's recommendations

The agency concerned must notify the ACRC of any revisions made to follow the ACRC's recommendations before it applies for a review by the Ministry of Government Legislation. When the agency deems it difficult to follow the ACRC's recommendations, it must notify the ACRC of the reasons in writing and request re-assessment

The ACRC monitors the implementation of its recommendations by the government agencies concerned and reflects their performance in

Anti-Corruption Initiatives Assessment, an annual evaluation of anti-corruption efforts made by public sector organizations.

Corruption Impact Assessment on legislation to be enacted/amended



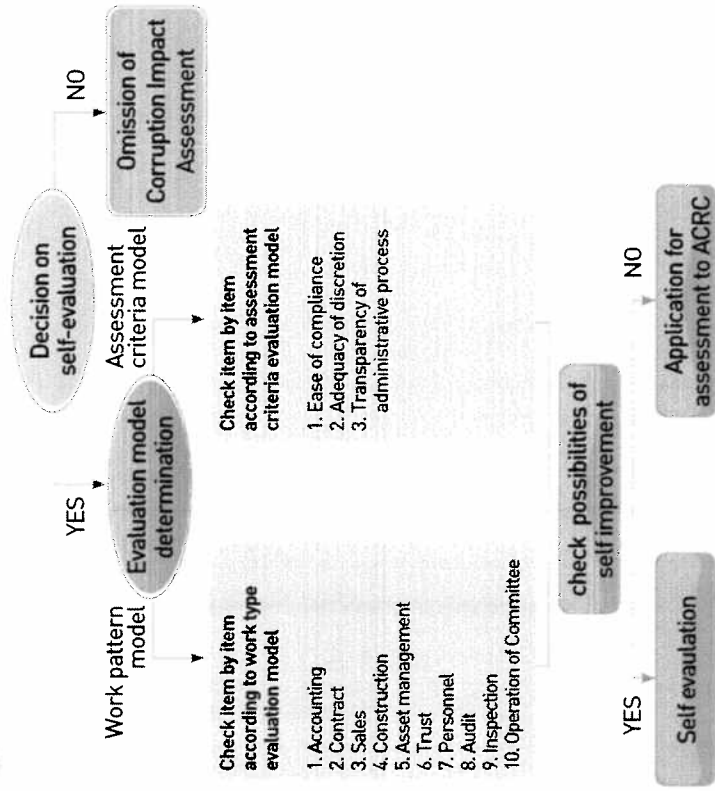
2 Corruption Impact Assessment on existing legislation

Corruption impact assessment on existing legislation is conducted on an annual basis according to comprehensive mid-and long-term assessment plans.

3 Corruption Impact Assessment on autonomous laws and regulations

More than 72,000 autonomous laws and regulations are now in force, and over 10,000 of them are enacted or revised annually, so a comprehensive evaluation by the ACRC was not feasible. Considering such a large volume and the purpose of local autonomy systems, the ACRC guides local governments to establish and operate assessment systems of their own.

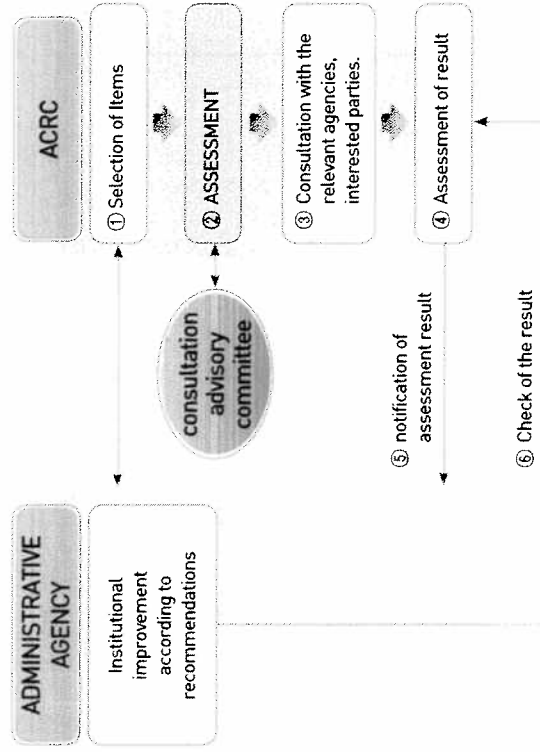
Self assessment flow chart



The ACRC finalizes the subject of assessment for each agency through consultation, establishes comprehensive mid-to-long-term corruption impact assessment plans, and accordingly performs Corruption Impact Assessment based on the basic materials prepared and submitted by each agency.

Every year, each agency determines the tasks for Corruption Impact Assessment and reports them to the ACRC, which in turn finalizes assessment tasks based on an overall review of the tasks reported by each agency and consultation with such agencies.

Corruption Impact Assessment on existing legislation



5. What are the achievements?

The ACRC received requests for assessment of a total of 5,534 legislative proposals for enactment or amendment since April 2006. Among these proposals, the ACRC identified 2,425 corruption-causing factors from 1,024 proposals and recommended that the competent agencies address these factors.

Assessments completed (06.4.1-'10.9.30)

Period	Bills received	Assessments completed	
		Agreed to original bills	Recommended bills (Recommended amendments)
2006 year	609	490	119 (359)
2007 year	1,168	909	259 (737)
2008 year	1,368	1,099	269 (496)
2009 year	1,394	1,165	229 (508)
2010 year	995	847	148 (325)
Total	5,534	4,510	1,024 (2,425)

Recommended amendments by criteria (1,024 bills, 2,425 cases)

Factors	Criteria
Ease of compliance (demand)	- Adequacy of the burden of compliance (136 cases) - Adequacy of the level of sanctions (127 cases) - Possibility of preferential treatment (181 cases)
Propriety of discretion (supply)	- Clarity of discretionary regulations (466 cases) - Appropriateness of the scope of discretionary power (216 cases) - Concreteness and objectiveness of discretionary standards (432 cases)
Transparency of administrative procedure (procedure)	- Accessibility and openness (136 cases) - Predictability (231 cases) - Corruption control system (500 cases)

The ACRC identified 402 corruption-causing factors from 24 existing legislations which were weak in the field of corruption since 2006.

Corruption Impact Assessment on existing legislation (06.4.1-'10.9.30)

Period	Recommended bills	Recommended amendments
2006 year	3	83
2007 year	6	117
2008 year	1	13
2009 year	8	124
2010 year	6	65
Total	24	402

Corruption Impact Assessment on administrative rules have been conducted from 2008 to 2009.

Of 11,577 administrative regulations in total under the jurisdiction of 37 central government organizations, the ACRC reviewed 8,064 excluding ones that were not related to the people such as regulations on personnel affairs and service rules, and found 1,684 improvement tasks.

Improvement tasks are classified by type

Category	Public notices	Instructions	Guide lines	Established rules	Announcement	Etc	Total
Recommended administrative rules	3,071	2,726	906	1,203	51	107	8,064
Recommended amendments	630 (37.4%)	391 (23.2%)	162 (9.6%)	253 (15.0%)	16 (1.0%)	232 (13.8%)	1,684 (100%)

In many cases, local governments found it difficult to carry out self-assessment due to insufficient professional workers. In 2009, given that autonomous laws and regulations of local governments are similar in nature and form, the ACRC selected 4 model organizations by their nature, and tried to disseminate improvement cases to other parts of the country.

After receiving application from local governments to become a model organization, the ACRC chose 4 organizations: Seoul Metropolitan City, Gyeonggi Province, Seoul Metropolitan Office of Education, and Gunsan City. Out of 1,492 autonomous laws and regulations subject to the Assessment, the ACRC came up with 87 improvement tasks.

Corruption Impact Assessment on autonomous laws and regulations

Organizations	Autonomous regulations	Improvement tasks
Seoul Metropolitan City	459	49
Gyeonggi Province	445	110
Seoul Metropolitan Office of Education	148	85
Gunsan city	440	87
Total	1,492	331

These improvement tasks were disseminated to all local governments through national auditors' meeting, helping remove corruption-causing factors in local governments' autonomous laws and regulations.

6. What are the expected effects?

As there is no exception to Corruption Impact Assessment, "policy transparency" is expected to improve substantially. It will also help make policies which are less likely to cause corruption, thereby solidifying policy-makers' anti-corruption commitment over the long haul. Moreover, it will make sure that each organization comes up with internal anti-corruption measures in the process of considering a checklist of points to identify corruption-causing factors.



Anti-Corruption & Civil Rights Commission (ACRC)

New Imgwang Bldg., 81, Uiju-ro, Seodaemun-gu, Seoul 120-705 Republic of Korea
Tel: 82-2-360-6598 Fax: 82-2-360-6867
<http://www.acrc.go.kr>