



Dear Friends,

It is a great pleasure to present Annual Report 2001 of Transparency International - Korea. TI-Korea is a young organization, launched in 1999. But it succeeds to Korean people's struggle for democracy and social justice in last century.

On behalf of all members, I would like to extend a warm invitation to Seoul, Korea. In the year of 2003, Seoul will be host to the 11th International Anti-Corruption Conference. And it will be run in conjunction with the Global Forum III. This combination seems to be a symbol of co-operative approach of TI. The fight against corruption needs a coalition among all sectors of society. I believe that you can find some examples in such coalition building from this annual report of TI-Korea. And all members of TI-Korea would like to exchange ideas and best practices to curb corruption.

I look forward to seeing you in Seoul, Korea.

With my best wishes,
Sincerely yours,

Seong-Soo Kim
Publisher,
Chairperson of
Transparency International-Korea

Activity Report 2001

Transparency International - Korea

1. Clean Korea 21

The second Clean Korea 21 Fair will be held at Kyong-Bok-Goong subway station in Seoul, Korea (12-14 Dec 2001). TI-Korea is participating in this 'Fair Preparation Committee' with the Federation of Korean Industries (FKI), Korea Employers Federation, Korea Chamber of Commerce and Industry, Korea Federation of Small and Medium Business, Korea Foreign Trade Association, Council of Public Companies, including Korea Electric Power Corporation (KEPCO), Presidential Commission on Rebuilding Korea (REKO), Ministry of Government Administration and Home Affairs, Seoul Metropolitan Government (SMG) and other municipalities. Private, public sectors and civil society organizations will exhibit their most effective practices to curb corruption and to make clean society.



The first Clean Korea 21 fair was held at the subway path in front of Seoul City Hall (8-15 Dec 2000). The intention of this fair was to promote possible benchmarking among them. Exhibitors were REKO, Shinsegae Company, Korea Highway Corporation, Korea Racing Association, Ministry of Construction and Transportation (MOCT), National Tax Service (NTS), Korea Customs Service (KCS),

SMG, Chon-Nam Province Government and Song-Nam municipality. Mr. Tunku Abdul Aziz (Vice President of Transparency International), Dr. Michael Wiehen (Chairman of TI-Deutschland) Ms. Rosa Ines Ospina Robledo (General Secretary of TI-Colombia) and other foreigners visited there as some Koreans did.

2. People Ombudsperson Network

NGOs can take part in making transparent public administration in government and in local autonomy. Participation, cooperation and traction also can be the alternative paths for NGOs in prevention of corruption.

To make 'participation infrastructure' of civil society, TI-Korea is organizing 'People Ombudsperson Network in Korea (PONK)' now. In municipalities in general, most of commissioners or ombudspersons were to be appointed only by the executives. Without the participation of NGOs, it is very hard to promote transparency through those committees themselves. The concept of PONK is to prepare a kind of human resources pool before the request of recommendations from municipalities and government bodies, including public companies. In the end of 2001, TI-Korea will get about 500 people in that network.

Already TI-Korea nominated one (from three) civil ombudsman and 2 (from five) IP ombudsmen for SMG. PPS, MOCT, municipalities and other government bodies asked to recommend some people for committee members or for ombudsmen.

3. Clean Business Culture Campaign

In 2000, TI-Korea had a research on business ethics system in business sector in Korea. The private sectors adopt the Business Ethics System. It investigated the top 30 companies to determine whether they had a Code of Ethics (or equivalent) and to then investigate the specific contents of any such Codes. It was reported that only 9 companies of them have Code of Ethics. Furthermore the contents of their Code of Ethics were almost not concrete but formal.

In 2001, it made a same research again. Now, 14 companies of major 30 have their own Code of Ethics or Code of Conducts. It shows a meaningful change on business culture. But until now, those codes are only in drawers of businessmen's table. Thus the national chapter of Transparency International in Korea asked business sector to make them as operating codes.

Shinsegae and Hyundai Department Store were selected as best companies in clean business culture. TI-Korea prepared a book that contains the results and business ethics programs (including codes of ethics) of 7 companies as examples.

The results were opened at the press conference of TI-Korea on 27 Oct 2001. And the abstract of this research was uploaded on TI-Korea's website: <http://ti.or.kr/>.

4. "People's Shinmungo"*

TI-Korea is managing the "People's Shinmungo" at that anyone can report cases of corruption, can receive and give advice about how to fight against corruption. The "People's Shinmungo" takes three

forms - regional centers that people can visit, the internet, and a mobile "People's Shinmungo" in the form of a bus which travels to various sites.



Good examples of the use of "People's Shinmungo" and their results were published as a form of books and also on its own homepage: <http://smg.or.kr/>.

* Originally, "Shinmungo" was the name of the big drum that was located in front of the royal palace in past Korean history. If anyone who had suffered heavily by corruption or had been falsely accused, she or he could hit the drum, and could tell stories directly to the king. But in democratic age, people can pose problems and solve by itself with the help of governmental bodies.

5. Integrity Pacts

Integrity Pact (IP) is a device that was designed by Transparency International (TI) to safeguard public procurement, privatization, government license or concession from corruption. Adopting this concept in each municipality can make a strong impact onto bribery and graft in public business.

In Dec 2000, TI-Korea held an international



seminar on TI's Integrity Pact (IP). TI-Korea introduced IP and proposed to implement IP to government bodies, municipalities and public companies. SMG adopted the IP (Jul 2000). Other municipalities and Public Procurement Service (PPS, Mar 2001) followed that way.

TI-Korea is stressing the point that civil participation is one of most important factors in IP operating. Some municipalities and government bodies like to adopt no real contents of IP, but only the shape of it.

6. Anti-Corruption Comics for Youths and Adults



In 2000, TI-Korea published two comic books (20,000 copies each), one for youths and the other for adults with the help of Mr. Si-baek Park, a famous Korean Cartoonist. This project was sponsored by Korean Information

Service(<<http://www.allim.go.kr/>>). And other teaching materials were prepared for teachers and students of school.

Some web pages of TI-Korea explain the way to curb corruption. Furthermore, with the help of a teacher group, TI-Korea is preparing ways to develop a school curriculum that will show the ways to fight against corruption more actively and to promote anti-corruption movement.

7. Activities in Cyber Space

Since its launch in 1999, TI-Korea has managed own homepage. It can be reached at: <<http://ti.or.kr/>>. The contents are: introduction, announcement, public data bank, DB for closed user group, selection of reports, search, Q&A, free bulletin board, links, guest book, site map, vote and join. Its public DB



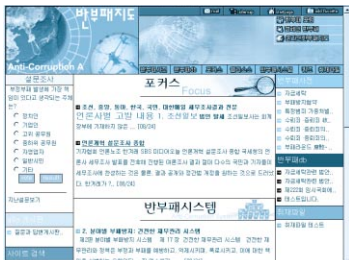
<<http://smg.or.kr/tikbbs/zboard.php?id=pds>> is one of the most well known storage for corruption related documents. And useful web sites are introduced easily.

TI-Korea is operating Korean language version of TI homepage also. Some of working papers or documents, including 3rd edition of TI Source Book, were translated into Korean already. And those were accessible through <<http://transparency.or.kr/>>. It is a convenient way to introduce TI and its movement for general people.

Electronic mailing is used not only for ordinary members but also for mailing members. E-mails are sent to thousands addressees.

8. Anti-Corruption Atlas

Anti-corruption atlas aims to measure corruption prevalence, to analyze and evaluate that in public and private sector, and to shape an effective NIS in Korea. Some best practices are introduced through the AC atlas own web sites: <<http://acatlas.org/>> and <<http://acatlas.net/>>. TI-Korea is introducing best practices to curb corruption in each area, including OPEN system of SMG, reformation programs of NTS, PPS, KCS, et al. And some examples of private sector are gathered for making other companies' benchmarking enable. Furthermore, NGO's anti-corruption activities are also explained. Such efforts are prepared for understanding the problems in each sector, including people's mind, and some needed progresses to make clean society.



TI-Korea is seeking fruitful ways to evaluate the transparency score of each person oneself. And AC atlas will show the present position of each area in relation with corruption matters. Those tools will provide stimulus to increase transparency both in every sector and in mind of people in general.

To capture the whole system of corruption, TI-Korea holds forum and seminars, and will have researches with its policy committee members. General citizen can join with them through the web boards interactively.

AC atlas will be printed on paper also in the shape of booklets, posters and manuals. Those will be distributed through public agencies, private companies, schools, civic groups et al. But those results will not be the final one but the beginning of next progress.

9. Main Events and Fora

1) Public Hearing on the Second Phase National Anti-Corruption Program

TI-Korea held a public hearing on the second phase anti-corruption program of Korean Government (23-24 Oct 2000, Auditorium of National Assembly Library, Seoul). Topic areas were education, municipalities, finance and public procurement, policy fund, social welfare and disclosure of information.



2) Forum on the Corruption Case in Dongbang Financial Bank and Uprooting Corruption

On the corruption case in Dongbang Financial Bank and uprooting corruption, CSO Coalition for making anti-corruption acts held a forum (11 Dec 2000, Auditorium of People's Solidarity for Participatory Democracy Bldg, Seoul). Rev. Geo-Sung Kim, Secretary General of TI-Korea, presented a paper in that anti-corruption act was called as the base of National Integrity System (NIS).

3) Forum on Effective National Integrity System



TI-Korea invited some professionals from various sectors to discuss how to make effective NIS in Korea (23 Nov 2000, Conference Hall of Sejong Culture Center, Seoul).

4) Anti-Corruption Awards

TI-Korea established Anti-Corruption Awards for private persons, including whistle-blowers, organizations, companies and media programs that have fought against corruption.

First Awardees were 2 citizens (Ms. Jin-Hee Suh and Prof. Cheong-Kyu Park of Chungbuk Univ.), 5 public servants (Mr. Suk-In Kang and Mr. Doo-An Lee, both from National Police Agency, Mr. Tae-Hyung Kim of NTS and Mr. Soon-Ho Kwon of MOCT) and 'PD's Notebook, of Munhwa Broadcasting Corporation (MBC-TV).

Korea Daily News company

(<<http://www.kdaily.com/>>) had sponsored for common anti-corruption campaign with TI-Korea, including this awards.

10. Activities for making Anti-Corruption related Acts

TI-Korea has participated in common activities for making anti-corruption related acts with other civic groups, including PSPD and CCEJ. PSPD was the first CSO that asked to legislate anti-corruption law since 1996.

In the end of June 2001, at the 222nd extraordinary session of the Korean National Assembly, the anti-corruption bill was passed. And anti money-laundering law was made also later. But Korean CSO did not satisfied with those acts themselves. Those are just on the start line for Korean anti-corruption movement. TI-Korea will do its best to make effective National Integrity Systems, in accordance with the holistic approach of TI.

- TI-Korea was accepted as the national chapter in South Korea at the Ottawa AGM of TI on 30 Sep 2000.

- TI-Korea was registered as a legal person on 2 Nov 2000. (Reg. No. 3306)



Activity Report 2000

Transparency International - Korea

1. Background

Transparency International - Korea (TI-Korea) was established in August 1999. This organization's former name was the Anti-Corruption Network in Korea (ACNK). And it was jointly founded by 27 organizations to actively pursue the fight against corruption. Including the branches, there is now an established network of more than 900 citizens' groups. The main groups of them had been fought for social justice, human rights and democracy during past 3 decades from 60's to 80's. Thus this anti-corruption movement in Korea is in succession to Korean democratic movement.

During a couple of decades (1960-1979), so-called 'development' or 'industrialization' stage, most of Korean people thought that state and international institutions were good partners and main constants of corruption system with multi-national cooperation's and strong countries. But now, their roles are seen as quite different than those in earlier ages. Especially after the change of political powers in Korea, now the state and international institutions are well known to people as symbols of the reformation and anti-corruption as NGOs are. In relation to this subject, one of the topics, we have to discuss, is 'Sustainable Reformation'. International institutions and some 'well developed' countries have to ask themselves how to support anti-corruption movement and how to build 'Sustainable Reformation', especially in 'less developed' countries.

The problem commonly experienced by such networks of cooperating organizations after a certain period of time is that they lose their enthusiasm, leaving the secretariat as the only active part. TI-Korea, however, is addressing this

problem by grouping city and provincial branches into regional headquarters again, thereby strengthening their activities. As a result, there are currently 11 regional headquarters; furthermore, we are establishing sub-regional branches on a city/province basis.

And TI-Korea was accepted as TI's national chapter in South Korea at the Ottawa AGM of TI in Sep. 2000.

2. Basic Foci of Activities

TI-Korea's basic foci of activities for the year 2000 can be summarized as popularization, everyday activity and nation-wide effort. First, popularization aims at overcoming the defects of past citizens' movements which limited their activities to a few specialists and activists. We want our movement to be not just one which the public only hears about, but a movement in which the public actively participates. Second, until now the issue of corruption has received attention only after a particular large-scale corruption or bribery case has been revealed; not much attention has been given to it otherwise. TI-Korea aims to overcome the tendency to regard corruption as only a periodic incident, and to instill the view that the elimination of corruption is an everyday goal. Lastly, most NGOs have concentrated their activities in the metropolitan area, making it difficult to efficiently fulfill their goals. NGOs have had the further weakness of being overly dependant on media coverage. Our nationwide movement is an effort to overcome these limitations.

3. Activities

1) People's Participation in Anti-Corruption Activities

*"People's Shinmungo"**

TI-Korea manages the "People's Shinmungo" where anyone can report cases of corruption, and receive and give advice about how to fight against corruption. The "People's Shinmungo" takes three forms - regional centers that people can visit, the internet, and a mobile "People's Shinmungo" in the form of a bus which travels to various sites. Good examples of the use of "People's Shinmungo" and their results will be published in the Shinmungo web site and as a book also.

* Originally, "Shinmungo" was the name of the big drum located in front of the royal palace in

past Korean history. If anyone who had suffered heavily by corruption or had been falsely accused, hit the drum, he or she could tell the story directly to the king.



Making Year 2000 the Foundation of a Clean Society

Last year TI-Korea proposed an anti-corruption movement in which citizens, government and private sectors could all participate. Together with the Presidential Commission for Rebuilding Korea Movement and other sectors, TI-Korea declared the first day of the new millennium as the beginning of a new society. We are continuing to carry out the anti-corruption

movement in each sector, through regular meetings between the private sector, public sector, and civil society.

Business Ethics System

TI-Korea recommends that the private sectors adopt the Business Ethics System. In particular, TI-Korea began at the beginning of this year to investigate the top 30 companies to determine whether they had a Code of Ethics (or equivalent) and to then investigate the specific contents of any such Codes. It was reported that only 9 companies of them have Code of Ethics. Furthermore, the contents of their Code of Ethics were almost not concrete but formal. TI-Korea is planning to research the perception of the Ethics System among employees and also their actual practices within the business activities.

Integrity Pacts

In accordance with the recommendation of TI to adopt the Integrity Pacts (IP) in public procurement, TI-Korea is continuously urging the implementation of the IP. As its results, the Dongjak District Office of the Seoul Metropolitan Government (SMG) adopted the IP for the first time in Korea (Mar. 2000). Furthermore the SMG itself (Jul. 2000) and Dalseo District Office of the Taegu Metropolitan Government followed TI's guidance by accepting the IP. All HO's and branches of TI-Korea are giving recommendations for every municipalities, acceptance of IP. Public Procurement Service of Korean government will also implement IP in the near future.

Evaluation of Candidates and Promoting Participation in Elections

For the general election of April 13th, TI-Korea organized 'the Voters Movement for Evaluation of Candidates and Participation in the Elections'. Last year, TI-Korea contributed to the amendment of Korean election laws by requesting the disclosure of past criminal records of candidates. Accordingly, records providing background information about the candidates were revealed to the public for this election, and will be provided in future elections as well. Taking these into account, TI-Korea developed an evaluation sheet by which voters can rank candidates and consequently choose the best candidate, thus fully participating in the election. A source at the National Election Commission expressed the view that this was one of the best way of activities in the voters' movement.

Pledge Against Corruption

Since last year, government officials, private sector employees, and ordinary citizens can make a pledge against corruption. Citizens can publicly declare their intention not to engage in corruption; these kinds of pledges can also be made through the Internet.

Clean Korea 21

TI-Korea held an anti-corruption fair on 8 - 15 December 2000. The private, public sectors and civil society jointly organized that fair. During the period, some of governmental bodies, public enterprises, private enterprises, economic organizations and civil society organizations, including TI-Korea, exhibited their most effective practices for anti-corruption. The intention of this fair was to promote

possible benchmarking among them.

Anti-Corruption Awards

TI-Korea established Anti-Corruption Awards for private persons, including whistle-blowers, organizations, companies and media programs that have fought against corruption.

2) Educations for Anti-Corruption

Developing Anti-Corruption Teaching Materials

We are currently developing teaching materials, which will be differentiated into materials for ordinary citizens, government officials, employees at private businesses and elementary, middle and high school students. We have prepared two comic books (for adults/children) with the help of one famous Korean cartoonist, Mr. Si-Baek Park.

Fostering Anti-Corruption Teachers

Nearly 300 people from various areas of the nation were selected and trained, and then commissioned to provide education in fighting corruption. At first, 90 selected people took the course in Seoul.

New Millennium Anti-Corruption Classes

TI-Korea organized several anti-corruption classes focusing on the current situation, the background of corruption, prevention of corruption, and anti-corruption activities. The classes, led by the above-mentioned 270 trained people, are educating citizens, government officials and other public sector workers. And those leaders are equipping them to guard against corruption and

to be the main participants in the anti-corruption movement.

Providing Ways to Reform School Curriculum

School education in Korea today does not deal adequately with the issue of corruption. TI-Korea is preparing ways to develop a school curriculum that will tell the ways to promote anti-corruption movement and to fight against corruption more actively.

Establishing the Korean Anti-Corruption Awards

The main goal of establishing the Korean Anti-Corruption Awards is to promote consensus against corruption and increase active participation in the anti-corruption movement.

3) Advertisement, Publication

*Publication of Bimonthly "BanBuPae"**

After launching this publication last December, we are currently distributing approximately each 11,000 copies of bimonthly "BanBuPae". We have already published 6 issues.

* "BanBuPae" is the Korean word, meaning "anti-corruption".

Publication of Books Related to Anti-Corruption

Apart from teaching materials for anti-corruption, TI-Korea is planning to publish many booklets and books. Among these is the TI Source Book that was translated by Mr. Chan-Gon Kim, a former auditor of Seoul Metropolitan Government. This

Korean

version of TI Source Book was published by TI-Korea, in the name of one publishing company.

Managing the Homepage of TI-Korea

Ever since its establishment, TI-Korea has managed its own homepage. The anti-corruption database is of special interest to many people. This website can be reached at:
<http://ti.or.kr/>

4) Investigation and Research on Anti-Corruption

The Policy Committee

TI-Korea's Policy Committee, composed with 32 members of scholars, researchers, managers of private businesses, government officers and activists, proposes anti-corruption policies and prepares ways to structure the national anti-corruption system.

Anti-Corruption Seminars

TI-Korea holds seminars on such issues as establishing an anti-corruption bill, the development of an Anti-Corruption (perceptions) Index, systematic integrity in the private sector, anti-corruption systems including the IP, and other issues.



Activity Report 1999

Transparency International - Korea

The Anti-Corruption Network in Korea

Activities & Programmes

1. Organization of The Anti-Corruption Network in Korea(ACNK) and establishment of nation-wide branches

- ACNK was founded upon the association of citizen's groups throughout the country, with the participation of 849 organizations representing diverse sectors of the society on August 24, 1999. It is meaningful in that it is an association among regions and different sectors of society. Not only will it become the foundation of citizen's movements to fight corruption, it will continue to serve as the anti-corruption and reform movement based upon citizens.

- Since then several regional headquarters and regional centers have been established throughout the country. Currently, there are 13 branches throughout the country which participates actively. There are also 4 regional centers.

- Organization of ACNK (August 24), participation of 26 organizations
- Chungbuk regional headquarter (September 27), participation of 12 organizations
- Chubuk regional headquarter (October 1), participation of 19 organizations
- Kwangju regional headquarter (October 7), participation of 28 organizations
- Kanglung branch (October 16), participation of 16 organizations
- Kangwon regional headquarter (November 11), participation of 23 organizations
- Cheju regional headquarter (November 23), individual membership
- Pusan regional headquarter (November 30), participation of 8 organizations
- Samchuk branch (December 2), individual membership
- Ulsan regional headquarter (December 6), participation of 13 organizations
- Sunghnam branch (December 10), participation of 8 organizations



- Incheon regional headquarter (December 16), individual membership
- Kyungki regional headquarter preparation meeting (December 1), participation of 20 organizations
- Taejon regional headquarter preparation meeting (December 6)
- Taegu regional headquarter preparation meeting (December 16), participation of 10 organizations

2. Providing measures for fighting corruption and raising public opinion about anti-corruption

- ACNK have participated in the formation of the anti-corruption bill, supervised symposiums sponsored by the Special Committee for Anti-corruption, which emphasized the necessity of the participation of private sector in the anti-corruption movement. Especially, it is raising public sentiment on the obligation for integrity pact to ensure integrity in the public sector and private businesses. Also the network has raised the common belief of the necessity for anti-corruption movement by holding discussions and forums.

- ACNK has also made efforts to shape its movement to be more effective and to make people more aware of our activities. To achieve this goal, we have appeared in radio and TV programs on 22 different occasions and articles related to our movement in the press amounts to 124.

3. Providing doors for citizens to participate in the anti-corruption movement

- ACNK has established a direct call line connecting 23 nation-wide regional centers through which citizens can participate in our movement. It has prepared postcards, which will facilitate the reception of suggestions and reports about corruption. There is an Internet home page as well, which was chosen as the most popular site by Korea Economy Daily (Dec. 14, 1999). We are also maintaining a mailing list of over 800 people to convey the immediate and important news to our members.

4. Petition for the amendment of the election law to reveal criminal records of candidates

- ACNK had proposed the amendment of the election law to make it obligatory to reveal the past records of corruption and criminal offence of the candidates. From October 5, 1999 the network went out into the streets to fulfill its campaign and get signatures from the citizens throughout the country. As a result, its bill was submitted to the National Assembly with the signature of 4,119 people on December 14. The bill was accepted by the National Assembly. And now, all candidates have to reveal their criminal records (tax and military records also) under the new election law that was amended at the end of December, 1999.

5. Education on anti-corruption, rearing active members, conducting discussions.

- ACNK had offered 3 workshops and anti-corruption activist training with the participation of 92 people. There was also an orientation for the 12 participants of public employment (October 4), and 4 training sessions (October 30, November 6,



13, 20) for internship of 50 college students as activists in the movement.

-As for the First Anti-Corruption School, held every Tuesday and Thursday from November 23 until December 14, there was a total of 7 lectures and among the 55 who attended, 12 who met specific qualifications were given certificates.

-An association with the Rebuilding Korea Movement, ACNK held workshops in which retirees can utilize their experiences and specialties for fighting corruption (December 3,4)

-Seminars and discussions were held in Seoul, Chungju, Kwangju, Pusan, Ulsan and Incheon.

6. Providing basis for achieving coercion among international anti-corruption movements

- With the initial proposal for the establishment of ACNK, there was an effort to form a national chapter of TI in Korea. After several

correspondences, TI sent three representatives to Korea and ACNK was selected as the national contact of TI. In October, TI supported the airfare of 2 of our members to participate in the 9th International Anti-Corruption Conference in Durban, South Africa. ACNK is expecting to have a formal agreement in the year of 2000 with TI. Discussion, Dinner with representatives from Transparency International (August 10-12) Participation in the Annual General Meeting, Durban, South Africa (October 8,9) Participation in the 9th International Anti-corruption Conference, Durban, South Africa (October 10-15)

Preparation for the establishment of the National Chapter of Transparency International

7. Creating a good example of cooperation between civil society and government for the anti-corruption movement.

- Close cooperation with the Rebuilding Korea Movement and the Special Committee for Anti-corruption (an advisory body for the President of Korea).

- However, the relationship is not only about cooperation and support. ACNK also criticizes and endure undauntedly the actions taken by the government. For instance, the network tried to enlarge the scope of the anti-corruption bill to private business symposiums as well, and thus it is predicted that the integrity pact will be adopted in the near future. Also in discussions dealing with the future prospects of ACNK, many representatives of the government participated and shared views and opinions. In this respect, ACNK concludes the network has successfully realized a cooperative example between the civil society and the government.

Minutes of TI-Korea AGM

The 3rd Annual General Meeting 2001 Minutes

Aug 30, 2001
Francis Hall,
The Anglican Cathedral in Seoul, Korea

■ Present

There were 53 delegates present.
(85 delegates were assigned for member organizations by the AGM preparing committee of the board.)



■ Welcome

Mr. Nam-Joo Lee, Vice-Chairperson of TI-Korea, gave welcome remarks.

■ Congratulatory addresses

Rev. Sang-Keun Kim, Chief Commissioner, The National Commission for Rebuilding Korea
Mr. Sung-Nam Kim, Chairman, Presidential Commission on Anti-Corruption

■ The Temporary Secretary

Call Rev. Hae-Yong Song to secretary

■ Acceptance of Audit Report

Auditor Mr. Seok-Jin Moon's written audit report, indicated 2 errors, was accepted.

■ Acceptance of Activity Report

Activity report, read aloud by delegate Rev. Geo-Sung Kim, was accepted.

■ Acceptance of Accounts Report

Amounts reports were accepted.

(Korean Won)

Period	Jan-Dec 2000	Jan-Jul 2001
Own	292,049,975	96,067,041
Projects	229,453,440	On-going
Sum	521,593,415	96,067,041

■ Amendment of By-Law

Amendment proposal, requested by the AGM preparing committee of the board, to change organisation's Korean name from 'Anti-Corruption Network in Korea' to 'Transparency Korea', was reserved to the next AGM.

■ Election of Board Members

Newly elected board members for every 2 years term

- 1) Venerable Buddhist Monk Hyo-Rim, Vice-chairperson of Korean National Monks Association for Buddhists Praxis, as vice-chairperson
- 2) Rev. Geo-Sung Kim, Secretary General of TI-Korea
- 3) Mr. Yoo-Bo Sung, Co-Chairperson of Civil Solidarity for Mass-media Reformation
- 4) Mr. Hyung-Joo Kim, Chairperson of Korean Youth Corp
- 5) Rev. Hae-Yong Song, Director of Korea Christian Institute for Social Justice and Democracy
- 6) Mr. Young-Woo Jin, Executive director of TI-Korea's HQ in Ulsan Metropolitan City
- 7) Mr. Myong-Won Suh, Chairperson of TI-Korea's HQ in Kwangju Metropolitan City

Existing members for next 1 year term

- 1) Bishop Seong-Soo Kim, President of SungKongHoe (Anglican) University in Seoul, as chairperson
- 2) Mr. Nam-Joo Lee, Secretary General of National Council of YMCAs of Korea, as vice-chairperson
- 3) Mr. Jae-Yoon Lee, Professor of Joongang University
- 4) Rev. Hae-Hak Lee, Chairman of Korean People's Alliance for Social Reformation (KSR)
- 5) Rev. Kyu-Rok Whang, President of TI-Korea's HQ in Incheon Metropolitan City
- 6) Mr. Young-Gil Lee, Executive director of TI-Korea's HQ in Cheju Prov.
- 7) Mr. Jong-Huyn Hur, Executive director of TI-Korea's HQ in Chon-Buk Prov.
- 8) Mr. Kyung-Pyo Hong, Chairperson of TI-Korea's HQ in Pusan Metropolitan City
- 9) Mrs. Jae-Hee Lee, Vice-chairperson of TI-Korea's HQ in Chung-Buk Prov., Professor
- 10) Rev. Yon-Chang Rhyu, Chairperson of TI-Korea's HQ in Taegu Metropolitan City

Existing auditors for next 1 year term

Mr. Seok-Jin Moon, a Certified Public Accountant
Mr. Kwang-Woon Sonn, a Lawyer

■ Acceptance of Activity Plan (summary)

- 1) Good Governance Center
 - 2) Anti-Corruption Charter
 - 3) Integrity Pacts Adoption
 - 4) People Ombudsperson Network
 - 5) Anti-Corruption Class
 - 6) Anti-Corruption Ambassador
 - 7) TI East Asia regional meeting
 - 8) The 11th IACC preparation
- And other ON-GOING programs

■ Acceptance of Budget Plan

(Korean Won)

Period	Jan-Dec 2000	Jan-Jul 2001
Own	273,968,204	286,000,000
Projects	190,000,000	Tentative (250,000,000)
Sum	463,968,204	(536,000,000)

■ Adoption of a Special Resolution for Integrity Pacts Implementation

■ Adoption of Minute Book

Signed by:

Chairperson: Nam-Joo Lee

Secretary: Hae-Yong Song

Date: 30 AUG 2001



The 2nd Annual General Meeting 2000 Minutes

Aug 30, 2000

Korea Christian Building, Seoul

■ Present

There were 47 delegates from 11 local HQ's and 8 central organizations present. (70 delegates were assigned for 11 local HQ's and 15 central organizations.)

■ Welcome

Bishop Seong-Soo Kim, Chairperson of ACNK

■ Congratulatory addresses

Rev. Sang-Keun Kim, Chief of Planning Board, The National Commission for Rebuilding Korea

Mr. Sung-Nam Kim, Chairman, Presidential Commission on Anti-Corruption

Ms. Margit van Ham, Executive Director of TI-S (introduced by Mr. Song)

■ Words of encouragement

Mrs. Yong-Gil Park Moon, Emeritus Chairperson of National Alliance for Reunification of Korea

■ The temporary chair and secretary

Call Mr. Nam-Joo Lee to the chair.

Call Rev. Hae-Yong Song to secretary

■ Acceptance of audit report

Auditor Mr. Seok-Jin Moon's written audit report, indicated 4 errors, was accepted.

■ Acceptance of activity report

Activity report, read aloud by Sec. Gen., Rev. Geo-Sung Kim, was accepted.

■ Acceptance of accounts report

Amounts of 41,914 USD. (Without project funding / governmental - 62,301 USD)

■ Amendments of By-Law

1) Section 1 (name): The name of this nonprofit corporation shall be: [Transparency International - Korea], herein referred to as "the Network". (But in Korean, ACNK is also used.)

2) Section 12. (Terms):

A chairperson and vice-chairpersons shall serve for consecutive terms of 2 years. And they can be reappointed.

Board members shall serve for consecutive terms of 2 years. And they can be reappointed.

Auditors shall serve for consecutive terms of 2 years. And they can be reappointed.

3) Section 18. (Quorum for making decisions):

The greater part of members might be present for the opening of general meeting

The decision shall be made by the agreement of the majority of those present. In the case of a tie vote, the chairman shall cast the tie-breaking vote. A member may give his or her voting right to a representative with written document.

4) Section 23. (Agenda): The Board of Directors shall consult and decide the following agenda;
e. Deleted (To amend the By-law).

■ Election of board members

Newly elected board members for every 2 years term

1) Bishop Seong-Soo Kim, President of SungKongHoe (Anglican) University in Seoul, as chairperson

- 2) Mr. Nam-Joo Lee, Secretary General of National Council of YMCAs of Korea, as vice-chairperson
- 3) Mr. Jae-Yoon Lee, Professor of Joongang University
- 4) Rev. Hae-Hak Lee, Chairman of Korean People's Alliance for Social Reformation (KSR)
- 5) Rev. Kyu-Rok Whang, President of ACNK HQ in Incheon City
- 6) Mr. Young-Gil Lee, Executive director of ACNK HQ in Cheju Prov.
- 7) Mr. Jong-Huyn Hur, Executive director of ACNK HQ in Chon-Buk Prov.
- 8) Mr. Kyung-Pyo Hong, Chairman of ACNK HQ in Pusan City
- 9) Mrs. Jae-Hee Lee, Vice-chairperson of ACNK HQ in Chung-Buk Prov., Professor
- 10) - Two seats are reserved for other/new member organizations.

Existing members for next 1 year term

- 1) Buddhist Monk Hyo Rim, Vice-chairperson of Korean National Monks Association for Buddhists Praxis, as vice-chairperson (newly elected for next 1 year)
- 2) Rev. Geo-Sung Kim, Secretary General of ACNK
- 3) Mr. Jae-Duk Lee, Secretary General of Central Association of Agricultural Managers in Korea
- 4) Mr. Joo-On Kim, Secretary General of Civil Solidarity for Massmedia Reformation
- 5) Mr. Hyung-Joo Kim, Chairperson of Korean Youth Corp
- 6) Rev. Hae-Yong Song, Director of Korea Christian Institute for Social Justice and Democracy
- 7) Mr. Young-Woo Jin, Executive director of ACNK HQ in Ulsan City
- 8) Mr. Yong-Jun Choi, President of Korea Junior Chamber Inc.
- 9) Mr. Choong-Gil Han, commissioner of Hung-Sa-Dan on anti-corruption

■ Election of auditors

Newly elected board members for every 2 years term

Mr. Seok-Jin Moon, a certified public accountant
Mr. Kwang-Woon Sonn, a lawyer

■ Acceptance of activity plan

(Omission)

■ Acceptance of budget plan

Amounts of 207,438 USD. (without project funding / governmental - 183,185 USD)

■ Approval of a resolution for TI's national chapter

All delegates agreed to join with TI as a national chapter and also to follow principles, guidelines and Code of Conduct of TI.

■ Adoption of code of ethics

The meeting agreed on adoption of Ethics Program.

■ Adoption of a special resolution for an anti-corruption law

■ Adoption of minute book

Integrity Pacts in Korea

This is a revised part for IP status report of TI in 2001.

80. In the City of Seoul, KOREA, the Seoul Metropolitan Government (SMG) in early 2000 acknowledged that corrupt practices in the public sector lead directly to faulty construction and waste of the national budget. It also found that many businesses in Korea realize the fact that the chronically bribery-induced, high-cost business structures should be purged, but that they found it difficult to put such ideals into practice against the backdrop of a generalized bribery culture and fierce competition for business. SMG also noted the 'international trend' of adopting anti-corruption measures and to ensure transparency in the business sector, and decided it would adopt the TI Integrity Pact in several stages "in order to create an environment in which contractual transparency and the reduction of corrupt practices would be assured, hand in hand with the imposition of severe sanctions for corrupt practices".

81. The IP(Seoul) is being implemented through a public-private partnership system between SMG and NGOs, in particular with 'People's Solidarity for Participatory Democracy (PSPD)', one of the largest and most active civil organization in Korea. SMG and PSPD have entered into a joint cooperative arrangement to implement the IP. The Mayor of Seoul and many senior executives of the city were involved in the preparations, and the Mayor himself, jointly with the Secretary General of PSPD, launched the IP at a press conference on July 10, 2000.

82. The IP is being applied in 2000 to contracts offered by City Hall and three subordinate headquarters. A total of 62 contracts worth about

\$ 105 million is involved. Beginning in 2001, the IP will be applied also by Seoul's 21 ward offices and City Hall-affiliated public corporations.

83. The 'Integrity Pact of Seoul, July 2000' is reprinted in ANNEX D. It is a very close adaptation of the TI-IP. Anyone wishing additional information on this IP is also directed to the Website of the SMG www.metro.seoul.kr <<http://www.metro.seoul.kr>>.

84. The IP (Seoul) is a contract between the City and the bidders for a contract subject to tender. The IP is explained to the bidders in a 'Letter of Special Note for Bidding'. The commitment not to bribe etc. under the IP in fact is also made individually under oath administered by a city official. The IP is mandatory. Information on the bidding is made very transparent by publicizing it in real time on the Internet (in the OPEN System - Online Procedures Enhancement for Civil Applications).

85. The Oath to fulfill the IP states that the bidder shall not engage in bid-rigging, illegal price-fixing or any other fraudulent behaviour by bestowing favors on any particular person, offer any bribe, gifts or entertainment in the process of bidding, concluding and executing the contract to a concerned SMG official in the case of any findings of a violation of the IP, accept the restrictions to the qualification for bidding, termination of contract or other punitive measures cooperate with the Ombudsman in monitoring activities prohibit, preferably in a Company Code of Conduct, any form of bribery and bid rigging and announce that anyone reporting inside corruption shall not be subject to any retaliation. This oath is accompanied by an oath of a senior SMG official to the effect that no officials shall

*** The IP was also implemented by other cities, provinces (municipalities) and public companies, including the Korea Agricultural & Rural Infrastructure Corporation. In March 2001, Public Procurement Service (PPS) of Korean Government accepted the IP. With e-bid system (Government Bidding Integrated Management System), the IP is a sign of reformation in public procurement administration area. But some of them lack independent Ombudsmen or other monitoring system.

demand or accept any bribe, gift, entertainment or other undue benefits during the bidding process or the execution phase.

86. The IP is also valid for the execution of the contract by the winning bidder. In case of violation, severe sanctions apply, including blacklisting for up to two years and cancellation of the contract.

87. The IP specifically states that no punitive actions may be taken against anyone who reports inside corruption. Indeed, rewards (of up to 10% of any amount retrieved or saved by the information) are offered to those reporting inside corruption. This whistleblower protection and reward feature is particularly noteworthy.

88. Among the bidders having and submitting a Company Code of Conduct, the bidder with an outstanding compliance program will be given positive points to be considered in the evaluation of qualification. SMG has listed what it considers the major items that a Company Code of Conduct should cover.

89. For the monitoring and full implementation of the IP, SMG has introduced an IP Ombudsman System with five Ombudsmen, it employs the well-proven system of public hearings at three critical stages of the process for sizeable construction, supply or consultants contracts (project planning, selection of contractor / supplier / consultant and inspection results on the execution of the contract), and it has introduced an IP Organizational Committee.

90. For all sizeable contracts, Ombudsmen review, inspect and monitor all documents until the completion of the works, they organize the public

hearings and they demand corrective measures where needed. As qualification, the Ombudsmen must be persons with respectability, integrity and expertise; candidates are nominated by Civil Society (NGOs). In 2001, PSPD nominated three of them. And other two were nominated by TI-Korea. A term of each Ombudsman is 2 years.

91. Members of the IP Operational Committee are a Vice Mayor, the Director-General of the Audit and Inspection Bureau, the Director of Audit and Inspection and Ombudsmen. When necessary, the Operational Committee is expanded by Director-Generals of concerned Bureaus and civilian experts. Among the tasks of the Operational Committee are the choice of project for monitoring the IP, reporting, hearing and inspection of IP projects, and education and public relations on the IP.

92. The OPEN System has received the Innovative Management Award of the President of Korea and was presented as one of "best practices" at the OECD High Level Governance Outreach Seminar in Paris. Offices of the Central Government of Korea and several local authorities are presently preparing to introduce the IP system as well.

93. TI-Korea held a seminar on IP in December 2000. And TI-Korea continues to co-operate with the PSPD. A public exhibition in the Center of Seoul was designated to maintain interest in TI in general and in the Integrity Pacts. On May 14, 2001, a delegation from the PSPD visited TI-Berlin to discuss the Integrity Pact and its application in Seoul so far. Although an upcoming conference will determine its utilization in the future, the national government has indicated that the IP might be used by the national procurement and distribution agency.

TI - Korea in Newspaper

Korea Times / September 24, 2000

[NGOs in Korea21] ACNK at Vanguard of Fight for Transparency, Integrity in Korea

Children dying at a summer camp fire caused by the corruption of businessmen and public officials, a prime minister resigning over tax evasion, sons of politicians suspected of dodging military service called in for questioning, and high ranking officials sacked on charges of taking bribes or influence peddling.

Does this series of incidents ring a bell?

Corruption is so rife in Korea that people en route to work in the morning walk by the newsstands, assiduously glancing at the newspaper headlines filled with corruption-related stories. Does the "Republic of Corruption" sound befitting a country which has achieved a miraculous economic development in the latter part of the 20th century?

To reverse the trend, the Anti-Corruption Network in Korea (ACNK), acting as the Korean chapter of Transparency International, a Berlin-based anti-corruption body, has been fighting for transparency and integrity in Korea since August 1999.

The ACNK-released Transparency International's annual Corruption Perception Index (CPI) ranked Korea 48th behind Taiwan and Malaysia among 90 countries. The fact was revealed in a press conference at the Korea Ecumenical Building, downtown Seoul, on Sept. 14,

Korea has seen its CPI rise slightly from 3.8 out of a possible 10 points in 1999 to 4.0 this year. In last year's index, Korea ranked 50th out of 99 countries in terms of transparency.

"Korea has a long way to go before breaking the

chain of corruption prevalent in every sector of society," said ACNK president Kim Seong-Soo, former leader of the Anglican Church in Korea, in the press conference.

In a statement, Kim said that it was obvious that the government has failed to make sufficient efforts to fight corruption to create a clean and transparent society as Korea has ranked near the lower middle of the index for four years in a row since TI started issuing the index.

"Though the CPI looks at countries only based on perceived levels of corruption among public officials, many institutions and academics now echo our long-held view that corruption distorts development and ultimately hurts the people," the group's secretary general Kim Geo-sung told The Korea Times.

The Korean anti-corruption network was established in August, 1999 jointly with 27 local organizations to pursue the fight against corruption. Now, 900 citizens' groups across the nation have joined the cause of the ACNK.

"Corruption has been cited as an important factor that brought about the unprecedented economic crisis in the country in 1997. Collusive links long developed between government officials, politicians and businessmen have been blamed as the main cause of the crisis. Though the past and present governments have undertaken a series of measures to eradicate corruption from society, most people still believe that corruption remains rampant in many areas, especially in the government business of granting licenses and permits," said the student activist-turned Reverend Kim.

"Korea has been given the shameful nickname

‘The Republic of Corruption.’ The sad thing is that the stigma is hardly an overstatement. A total of 7,420 government employees were disciplined for bribery and other wrongdoing in 1998 alone. A more serious problem is public indifference to this chronic state of corruption. Perhaps the reason for the lack of public indignation is that the people have seen so many politicians and government officials imprisoned for corruption only to be pardoned a few months later under a special amnesty. In addition, many convicted politicians have returned to politics, claiming to be victims of political persecution by past governments.”

To increase public participation in the crusade against widespread corruption, the ACNK manages the People’s Shinmungo, where anyone can report cases of corruption and receive or give advice on how to tackle corruption.

“Originally, Shinmungo was the name of the big drum located in front of the royal palace during the Chonson Dynasty. People could talk directly to the king and tell him how they suffered from corruption after hitting the drum. Now, People’s Shinmungo makes people interact with each other by visiting our regional centers, our Internet homepage or our Shinmungo bus which travels nationwide. Amazingly, the online system completely opens up and makes transparent past practices vulnerable to corruption. Most of the wrongdoing posted on our website are subject to immediate investigation by the authorities,” said the 43-year-old secretary general.

Kim returned from Hannover, Germany on Sept. 13 one day before the group’s release of the index. At the conference, he introduced the activity of the ACNK as a way of explaining to the members of Transparency International (TI) the ongoing

effort to stamp out corruption in Korea.

TI is a non-profit NGO solely devoted to curbing corruption globally. The Berlin-based organization was established in 1993 with the aim of strengthening public support and understanding of anti-corruption programs through enhanced transparency and accountability in international business dealings and the administration of public procurement.

The ACNK will be formally recognized as TI’s Korean chapter in a TI general meeting to be held in Ottawa, Canada, in late September.

“Since TI’s inception in 1993, more than 70 national chapters have opened in the world. The ACNK has been acting as TI’s Korean chapter since June. TI has been very interested in what we do here because though almost all of the chapters are usually run by membership, the ACNK is operated in the form of networks rooted in local organizations,” said Kim.

In late 1999, the group launched a campaign to amend Korea’s election laws, making it mandatory for election candidates to reveal past records of corruption and criminal activity. The grass-roots campaign took the group members out on the streets to collect signatures for a petition to the National Assembly. In December, a petition bearing 4,119 names was presented and the Assembly passed the bill, which obligates election candidates to disclose their criminal records as well as tax and military records.

“The present government declared war on corruption, but I don’t think it has been successful. The anti-corruption bill is expected to pass the Assembly late this year, but the people are still dubious about whether it will make a

clean sweep of deep-seated corrupt elements,” Kim said.

Because the anti-corruption bill was not approved by the National Assembly last year, there is yet no institutional basis for battling corruption nor any way to protect those who have blown the whistle on cases of corruption, Kim said.

“It is a mark of shame for the nation that the government has yet to legislate such an anti-corruption law. Even though President Kim Dae-jung made a campaign pledge to push for the act, the political parties have been lagging in legislating the bill. Corruption is a structural and deep-rooted problem in Korea. A systemic and institutional effort to put Korea on a track toward a corruption-free country is in order to refurbish the tainted image of the corruption-infested nation,” said Kim, who serves as a minister at a Presbyterian church in Kuri, Kyonggi-do.

In late August, the ACNK recommended that the nation’s 30 largest companies adopt a corporate ethics code. Its advice came on the heels of IT’s release of the Bribe Payers Index (BPI), a measure of the propensity of corporations to offer bribes to local officials. On the BPI list, Korea ranked 18th among the world’s 19 leading exporting countries.

In its own survey, only eight out of the 30 largest conglomerates in 1999 had corporate ethics codes that detailed principles and guidelines for the companies’ operation. Even in these eight companies, however, the newly-established codes were discovered to be little more than a formality.

The 900 civic group-affiliated NGO plans to research the perception of the ethics codes among employees and their actual practices within

business activities.

“Ethical management is not an option, but has become a prerequisite for a company’s survival. Korean enterprises are now required to establish a tradition of ethical and transparent business operation to survive in the present age, as there are many restrictions in international trade, foreign investment and various public contracts,” Kim said.

Together with the Presidential Commission for Rebuilding Korea Movement and other sectors, the ACNK declared the first day of the new millennium the “beginning of a new society,” vowing to carry out the anti-corruption movement through regular meetings between the private sector, public sector and society.

The group is currently developing teaching materials, which will be adapted into materials for ordinary citizens, government officials, employees at private businesses and elementary, middle and high school students.

For anti-corruption education, 270 people will be selected and trained, and then commissioned to provide teachings in fighting corruption. Since last December, it has launched a bimonthly publication, Banbupae, which means anti-corruption in Korean.

“The sad thing is that Korea’s spiritual modernization has not kept up with its material development. By Korean traditional standards, it is quite difficult to tell a bribe from an expression of gratitude, which is common in Korean culture. We need to create an ‘anti-corruption infrastructure’ which includes education as well as a comprehensive system of anti-corruption laws and organizations,” said Kim.

By the end of this year, the NGO will establish the Korean Anti-Corruption Awards to heighten public awareness of and increase the public's active participation in the anti-corruption movement.

"I think it is time that we take into account the quality of development, not its quantity. This is why one of the main goals we are pursuing is sustainable reformation or development without corruption. The by-products of past illegitimate governments, such as corruption, bribery and unfair favors, have distorted the distribution of wealth, which should have been shared by everyone, not concentrated in the hands of a few selected individuals," Kim said.

Kim continued, "In reality, corruption has become a habitual practice. Even worse, corruption is the main source of distrust and conflict among people. It has impaired social development and people's cohesive power by permeating the notion that it would be a loss to live honestly, abiding by the law," said the former student activist who languished in prison for two years under the iron-fisted rule of Park Chung-hee.

The TI chapter in Korea works closely with Seoul City Hall in its anti-corruption efforts. Starting April 15, 1999, Seoul City has used technology in order to foster transparency with its OPEN system. The Online Procedures Enhancement for Civil Applications System makes available on the Web details of administrative procedures, such as building permits and inspections, making it easier to monitor the progress of an individual file and to report irregularities.

An ordinary citizen applying for a building permit, for instance, can check from a computer who is handling the application, when final approval is

expected and whether any complications have arisen and why.

In accordance with the recommendation by TI to adopt the Integrity Pact (IP) in the area of public procurement, the group continues to urge Korean government institutions to implement the IP. As a result, Tongjak-gu in Seoul adopted the IP for the first time in Korea.

In a decision to adopt the TI-devised Integrity Pact, Seoul City Hall announced a plan to sign a special anti-corruption pact with private contractors in a stepped-up effort to eradicate corruptive practices on July 10, 1999.

The pact is an agreement between a government institution and companies submitting bids that bribes will neither be offered nor accepted in relation to bids for any public contracts. The Integrity Pact, which was developed by Germany in the mid-1990s, was adopted by some 10 countries including Argentina, Columbia and Indonesia.

In line with this anti-corruption move, Seoul will host the 11th International Anti-Corruption Conference, the world's premiere global forum on fighting corruption, in 2003. The biennial forum, first held in Washington in 1983 by a number of anti-corruption law enforcement agencies from around the world, is now the global forum for exchanging experiences of fighting corruption and forging joint strategies to eliminate it.

Kim emphasized, "To rid our society from corruption is absolutely necessary to attract foreign investment and increase our global competitiveness. Corruption, individual or national, is the surest road to downfall. It is true that our government is trying to crack down on

these things as soon as it discovers them, but as long as the people themselves do not rid their hearts of corruption, Korea will never be anything but a backward nation. I think institutional housecleaning work must begin at the top with those in power and the wealthy. The upper waters must be clean for the lower waters to be clean," as a Korean saying goes."

The anti-corruption network welcomes donations from those interested in financing the group or helping put an end to corruptive practices in Korea. Its bank account number is 325-04-557471 at Chohung Bank. You can contact the group at 1588-1258. You can also get more information from its homepage at <http://ti.or.kr>.

- By Sohn Suk-joo : Staff Reporter

THE KOREA TIMES

NGO

MONDAY, SEPTEMBER 25, 2000

5

반부패연대 ACNK at Vanguard of Fight for Transparency, Integrity in Korea

Kim Geo-sung, Secretary-General
Anti-Corruption Network in Korea

By Sohn Suk-joo
Staff Reporter

Children dying at a summer camp fire caused by the corruption of businessmen and public officials, a prime minister resigning over tax evasion, sons of politicians suspected of dodging military service called in for questioning, and high ranking officials sacked on charges of taking bribes or influence peddling. Does this series of incidents ring a bell? Corruption is so rife in Korea that people en route to work in the morning walk by the newsstands, assiduously glancing at the newspaper headlines filled with corruption-related stories. Does the "Republic of Corruption" sound better to a country which has achieved a miraculous economic development in the latter part of the 20th century?

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Leaders of the Anti-Corruption Network in Korea (ACNK), an alliance of 900 citizens' groups, stage a campaign for realizing a clean parliamentary election on a street in Myeongdong, downtown Seoul, last March.

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The group's active participation in the anti-corruption movement.

mutual governments, such as corruption, bribery and favors, have distorted the distribution of wealth, which should have been shared by everyone, not concentrated in the hands of a few selected individuals," Kim said.

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- By Sohn Suk-joo : Staff Reporter

NGO and Transparency in Local Autonomy

By Rev. Geo-Sung Kim
Secretary General of TI-Korea

1. Introduction

The Anti-Corruption Network in Korea (ACNK) was launched as a network of (sectional and local) networks in 1999. But its root can be found in the democracy movement of Korean people in the past few decades. It was accepted as the national chapter of Transparency International (TI) in Korea in 2000. Now its English name is Transparency International-Korea (TI-Korea).

TI is politically non-partisan. On this point, there can be no questions. But all chapters of TI, including TI itself, don't name "names" or publicize individual cases. Instead of exposing cases, TI is focusing on building systems that combat corruption at national and international level. It is very popular in Korea that NGOs attack some government bodies, including municipalities. TI-Korea could not do in that way. Are there any other paths for NGOs in anti-corruption movement than criticizing, investigating and accusing cases? In so far as NGOs are concerned only about the ex post facto approach, any other factors cannot be adopted. But NGOs can take part in making transparent public administration in government and in local autonomy. Participation, cooperation and traction also can be the alternative paths for NGOs in prevention of corruption.

2. Some Effective Ways to Increase Transparency in Municipalities

OPEN system of Seoul Metropolitan Government (SMG) is not a kind of panacea. It means that we need not only OPEN system itself but also other factors to improve transparency in public

administration. I would like to introduce some examples in Korean NGOs, activities with public sector.

1) Integrity Pacts

Integrity Pact (IP) is a device that was designed to safeguard public procurement, privatization, government license or concession from corruption. It is a multilateral and mutual pact against corruption among government office and companies submitting a tender for specific projects (bidders). Moreover, NGOs are invited to monitor the process. SMG adopted IP in Jul. 2000. Public Procurement Service (PPS) of Korea also began to apply IP from Mar. 2001. SMG and several municipalities have IP ombudsmen system. Adopting this concept in each municipality can make a strong impact onto bribery and graft in public business.

2) People Ombudsperson Network

To make 'participation infrastructure' of civil society, TI-Korea is organizing 'People Ombudsperson Network in Korea (PONK)' now. It was one of the main objects in making broad national coalition, ACNK. One of three civil ombudsmen of SMG was recommended by TI-Korea. And the Mayor appointed him. And two of five IP Ombudsmen were recommended by TI-Korea, as well as three were from People's Solidarity for Participatory Democracy. But in municipalities in general, most of commissioners or ombudspersons were to be appointed only by the executives. Without the participation of NGOs, it is very hard to promote transparency through those committees. The concept of PONK is to prepare a kind of human resources pool before the request of recommendations from municipalities and government bodies, including public companies.

3) *Monitoring and Recommendations*

Last year in October, TI-Korea had carried out a research on the civil use of OPEN system in Seoul Metropolitan city.

Monitoring of NGOs on public administration can be one of the useful ways to find some problems in it. And from the findings, government bodies and municipalities can take helpful recommendations not only from professionals but also from civil society. TI-Korea is giving special advices to PPS and Chunggu District Office of Seoul.

4) *Clean Korea 21*

In 2000, some municipalities, government bodies, public companies and one private company made an anti-corruption fair with TI-Korea. Now, 2001 Fair is being prepared. Private and public sectors and civil society can participate in that fair. Governmental bodies, private companies, economic organizations, as well as civil society organizations will exhibit their most effective practices for corruption prevention. This exhibition will promote possible benchmarking among them, including municipalities.

3. Conclusion

In local autonomy, NGO's participation is a crucial factor to increase transparency and reliability in public administration. Thus municipalities should invite civil society to monitor and watch themselves and to get recommendations or consultations. And NGOs should organize 'participation infrastructure', like People Ombudsperson Network of TI-Korea. But participation, cooperation and traction approach shall not be confused or neutralized with criticism, investigation and accusation approach. Furthermore, it should be referred that we cannot replace municipal councils or audit / inspection bodies in government with such watchdogs, like NGOs and media. The efforts of public servants themselves will be the most essential factor to curb corruption. Civil participation can only be a kind of facilitator or partner with those responsible posts.



Building Effective Coalitions

By Peter Eigen,

Chairman, Transparency International

Address at Annual General Meeting,
Transparency International - Korea (South)

Seoul, Korea
30 August 2001



In the year 2003, Seoul will be host to the 11th International Anti-Corruption Conference, a conference run by a civil society organisation, namely Transparency International. For the first time, the event will be run in conjunction with the Global Forum, a conference on fighting corruption organised by governments. Half of the agenda will be shaped by civil society organisations, the rest by governments.

Until now, these two conferences have been held separately, but their convergence in Seoul reflects a key element of the approach of Transparency International, which is coalition-building. At TI we neither shy away from confrontation if it is necessary, nor condemn other civil society organisations for pursuing different strategies, but we distance ourselves from the violence deployed by many anti-globalisation protesters in Seattle, Prague, Goteborg and most recently - with tragic

consequences - in Genoa. Their actions may grab the headlines, but their message is diffuse and their strategy is to some extent counterproductive. Civil society organisations need to engage with each other, and with governments and the private sector, so that our voice is heard and taken seriously by policymakers at all levels. That is the key to our approach at TI.

It is this co-operative approach that is essential to success in tackling an issue as complex as corruption in a global marketplace where corruption had become almost the norm. Businesses found themselves in a prisoner's dilemma: those who didn't want to bribe were at a competitive disadvantage because the back-handers paid by their competitors secured lucrative contracts. To survive, a company had to bribe.

The coalition-building approach enables the three parties - government, the private sector and civil society organisations - to find areas of common interest where no single government or company would otherwise be willing to unilaterally apply more responsible standards of behaviour.

Making the OECD Convention work

The OECD Anti-Bribery Convention is a striking example of the importance of this approach. The 34 signatories to the Convention account for more than 90 per cent of foreign direct investment worldwide. South Korea is one of the countries that has ratified and implemented the Convention. The key to securing support for the OECD Convention, which came into effect in February 1999, was the support of large companies. Twenty European companies signed a letter we drafted to

their ministers that encouraged them to sign the OECD Convention.

We managed to bring business on our side by offering an escape route from the prisoner's dilemma in which they found themselves. Many business people do not want to bribe, but they found that they had to because their competitors did - if they did not bribe they would endanger contracts in China and Indonesia, for instance, worth billions of dollars. Under the OECD Convention, all major competitors in the world market are legally bound to stop bribing simultaneously. For instance, German or Korean companies can now be charged under their home countries, laws for bribing European or Asian officials.

It is all the more important, therefore, that each country feels confident that the other signatories not only introduce the appropriate legislation to implement the Convention, but that they then effectively enforce that legislation. A follow-up process is underway at the OECD to translate this into law and practice, and civil society organisations, led by TI, are providing input and monitoring the follow-up. TI-Korea has contributed to this effort. In addition, TI is now working with the OECD to extend the agreement to cover small bribes paid to administrative officials - known as facilitation payments.

In the case of Korea, TI and the OECD Working Group on Bribery have reported that legislation has been implemented in line with the Convention. However, there is much work still to be done, as even in Korea doubts remain in borderline cases and bribery had not been made a predicate offence for money laundering. In addition, prosecutions have not been forthcoming

under the legislation. Any such outstanding shortfalls, in the case of Korea and elsewhere, will be tackled under Phase Two of the monitoring process, which is now beginning.

At the end of 1999, TI published a survey of the propensity to bribe of the world's 19 leading exporting countries. Unfortunately, out of the 19 countries in the Bribe Payers Index, Korea ranks second to last, only just ahead of China. So, irrespective of the situation domestically, Korean business still needs to adapt to the new rules of the game. A strong and effective enforcement of the OECD Convention will be necessary to aid that process. The OECD Convention signatories account for 70 per cent of the world's exports. If China and Malaysia were to follow Korea's example and sign up to the Convention, then its impact would be truly global.

Transparency International: a holistic approach

While it is of paramount importance that we build coalitions on a global level, the driving force of the coalition against corruption are the national chapters of Transparency International, supported by the TI Secretariat through collecting and sharing know-how and resources, gathering knowledge and disseminating tools, in particular supporting national chapters in the evaluation and strengthening of National Integrity Systems.

TI takes a holistic approach to corruption, recognising that society has many tools to protect itself, to maintain its integrity. These include, for example, criminal law but also the freedom of the press, the disclosure of the assets and liabilities of candidates for government, the independence of the judiciary and other institutions. We have

developed a system, which was initially tantamount to a check-list, to allow governments and civil society actors to go over the strengths and weaknesses of their own National Integrity Systems, an analytical framework, best illustrated in TI's National Integrity Source Book. In line with this framework, at the Global Forum II conference in The Hague this year, we launched 18 studies, evaluating the National Integrity Systems of countries around the globe, including Korea. That process is now gathering momentum, and will be extended to more countries.

The National Integrity System was pioneered by TI, and the Transparency International Source Book has been published in 20 languages, including Korean. We have used adaptation workshops for the Source Book to invite local players to get together and expand and replace the models described in the Source Book to fit the social, legal and economic situation in each society. There have been adaptations for Senegal, Mauritius, Ecuador, Bolivia, Colombia, Hungary and the Czech Republic. As well as providing examples of good practice, the Source Book allows actors to approach corruption in a holistic way by identifying its multiple elements.

Integrity Pacts: an escape from the prisoner's dilemma

One element of the National Integrity System that deserves particular attention is public procurement. The tool developed by TI in this field, the Integrity Pact, offers an escape route from the prisoner's dilemma. Under an Integrity Pact, bidders competing for the supply of goods and services provide a binding assurance that they have not paid any bribes in order to obtain this contract, and an undertaking that they will

not do so in future. Pre-agreed sanctions come into force if this undertaking is breached.

This approach has been put into practice right here in Asia. For instance, TI Pakistan Karachi chapter's proposal to adopt an Integrity Pact for all procurement within the Karachi Water & Sewage Board has been accepted, and will now be implemented in all procurement by the Board. Similarly,

I am delighted to see the efforts in Korea to introduce and monitor the Integrity Pact in municipal procurement tenders.

Programmes of National Chapters

We are very proud of the activities of TI-Korea. It now plays a role in the work of the Ombudsman's office and had a significant input into 1999's Anti-Corruption Bill. In addition, the national chapter is also at the forefront in the age of the internet. As a member of the supervisory body of the OPEN (Online Procedures Enhancement for civil applications) system - a system acclaimed around the world - the national chapter is monitoring procurement and online applications submitted by citizens to the Seoul Metropolitan Government. There are training courses for teachers on shaping the school curriculum and call centres for citizens who need to raise a corruption-related problem.

The work of our national chapters is a source of strength and encouragement to us throughout the anti-corruption movement. In South America, earlier this year the Sao Paulo municipality and the World Bank Institute reached an agreement with Transparencia Brasil to launch an anti-corruption programme in the city administration. Meanwhile, many chapters are pooling their ideas and their resources to become even more effective. In this way, they are leading the way in re-

building fences between the former constituent parts of Yugoslavia. On 21 March this year, our chapters in formation in Bosnia and Herzegovina, Croatia and Serbia, together with TI's national contact in Slovenia, adopted the Initiative on Public Procurement in South-Eastern Europe. The initiative focuses on public procurement in a regional context and aims at mutual harmonisation among the participating countries, ultimately bringing procurement in line with best practices in the European Union. Only last week, TI Bosnia and Herzegovina presented a courageous report on corruption and the lack of accountability among the international community.

Another example where TI's national chapters are learning from each other is in the field of political accountability. Just as in Latin America there have been Visible Candidates campaigns, TI-Korea organised the Voters, Movement for Evaluation of Candidates and Participation in Elections, disclosing to the electorate background information on candidates. Earlier this month, our chapter in Germany injected into important state elections a process of party monitoring that was inspired by the Korean example.

At the international level, TI has also been working hard on the issue of party political funding. A meeting at La Pietra, Florence, Italy in October last year, led to a set of key recommendations, including the call for the OECD to ensure that bribe payments to foreign political parties and officials are prohibited, but also recommendations for greater transparency in disclosure requirements for political parties and corporations. South Korea was one of five countries featured in case studies on political party bribery submitted at La Pietra.

A coalition of mutual learning

The strength of the TI movement is exactly this community of mutual learning and support. It is a democratic movement, which will be much in evidence at the AGM in Prague in October. That meeting will provide us with an opportunity to re-assert this successful feature of TI. We will propose some minor modifications, such as changes in accreditation procedures, changes that become necessary as the movement matures. We will also attempt to graduate to a more sustainable funding system, whereby donors commit themselves to making a longer-term contribution to funding our efforts.

Prague will offer an opportunity to discuss with the membership at large our vision for the future, while the 10th International Anti-Corruption Conference will provide us with a forum for a wider exchange of ideas and experiences with other partners in the fight against corruption, not least other civil society organisations. The 11th IACC in Seoul in 2003 will present us with a chance to look even more closely at the experience of anti-corruption initiatives in Korea by TI-Korea and others.

TI has succeeded in putting transparency, good governance and the fight against corruption at the centre of the agenda of the world community. Everybody - from James Wolfensohn to Kofi Anan to President Kim Dae-Jung - is now talking about the devastating impact of corruption on development and the need to tackle the problem. We have to ensure that this level of awareness to the devastating effects of corruption does not fade away from public attention in the midst of the many pressing issues facing humanity today. Tackling corruption is indispensable if sustainable

Current Situation of Anti-Corruption Movement in Korea

By Mr. Chongsu Kim

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solutions are to be found to global issues such as poverty, inadequate health care provision and decent housing and education for all. TI will continue to fight to keep the spotlight of the global community on corruption and its appalling consequences.

TI has to focus on tasks that other players cannot credibly handle. Corruption is a clear example of an issue that governments and the private sector cannot tackle effectively alone. While government lacks the global reach, business is driven by the need to turn a profit. In this context, civil society and its organisation and institutions have to be invited to become equal partners alongside governments and the private sector in order to form a 'magic triangle'. As it is happening in Korea, civil society may be invited to fulfill this role, but it must also work itself into this position. In that sense, TI will continue to be a trail-blazer, not only in striving to create a world free of corruption, but also in demonstrating how constructive and how helpful civil society organisations can be in shaping better governance in a globalised economy, in building a world in which the poor and the weak have a fair chance to participate in a more prosperous world, one where democracy is a vibrant tool for calling governments to account - and where everyone has a full say, wherever they are born.

For a long time in Korea the corruption problem were regarded as a deviation from the lack of public officer's personal ethical consciousness and morality. It led to the emphasis on exposure of irregularities and punishment, but after the intensive control same types of corruption were repeated.

With the passage of time, at last in 1998 the efforts to build national anti-corruption system were taken. In 2000 there were also effort to change the atmosphere of corruption and system, while grand corruption scandals such as high-ranking officials' pressure for loan, and some venture companies, illegal funds raising and embezzlement attracted considerable public attention.

However it is obvious the effort to build a national anti-corruption system is forming a main stream in anti-corruption movement. Especially in 2000 the Korean the NGOs coalesced themselves into the Citizens' Coalition for Clean Parliament Election to solve the corruption of the politics considered one of the most serious problem of Korea by Korean people. It initiated the nationwide campaign for 'defeating the corrupt candidates and rejecting nominees for them', in January 2000. This campaign was backed far and wide by Korean who thinks the corruption in politics must be 'uprooted'. 59 candidates from 86(68.8%) 'nominated' by the Citizens' Coalition for Clean Parliament Election as corrupt were defeated in the election. Though it was criticized in the point that the campaign as negative one(contra, not pro) was negative

enough to overcome the disillusionment and indifference of people with and towards politics, but it is of great importance that the corrupt politicians can be 'punished' by citizens.

The government recognizing the need of national corruption control strategy is going ahead since August 2000 with the 'Comprehensive Plan to Prevent Corruption'(CPPC). The Office of the Prime Minister is taking the lead in this Plan. CPPC bases on 3 principles. First, it underlines prevention rather than *ex post facto* punishment. Second, it takes comprehensive and systematic approach to solve the corruption problem. Third, to win the accountability of citizen it try to find the policies which is applicable to In the second stage in 2000 this plan shows establishment of preventive measures against corruption and it's implementation in seven areas, education, corruption in local level, budget, procurement, financing small-medium industries, subsidy for facilities related to social-welfare and free access to administrative information.

Regarding preparation and improvement of law system for prevention of corruption, the government's and opposition's parties, and NGOs brought Anti-Corruption Law and Preventive Law of Money Laundry in parliament. Despite its long process of debate it was not easy because of political interests conflict to reach a agreement, but the establishment of anti-corruption law is irreparable.

Further with the Seoul cities, introduction of Integrity Pacts in July 2000, many local governments and public enterprises are introducing it and Public Procurement Service (PPS) is preparing for its introduction. Though there are some points to be complemented, for

example extension of citizen's participation and its control over the process, of contract's implementation are continually enlarged.

Since 1999 some institutions and NGOs began to publicize corruption indices that are significant to find the cause and provide the solution of corruption by showing its extend and trend. For the first time in Korea, TI Korea publicized a result of research in August 2000 whether the companies ranked in the highest top 30 in regard to sales size have Code of Conduct(business ethics). The findings revealed only 8 of this 30 companies have Code of Conduct. This research raised widely the need to establish Code of Conduct and educate employees by it and to set up secretariat for Code of Conduct in the company. After the publication of TI Korea's research the number of companies having Code of Conduct is increasing.

And TI Korea held a semi-expo for 'Clean Korea 21- 1st Forum for making clean society'. In this forum government's bodies, companies and NGOs displayed their model cases and systems to (have) prevent corruption through which each sector can promote benchmarking as a tool to create more effective anti-corruption system. This forum also presented a new model for 'Anti-Corruption Governance' in which the government, company, and NGO actively take part.

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