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The Second Clean Korea 21 Fair**The participants and main aims of Clean Korea 21 Fair**

The second Clean Korea 21 Fair will be held at Kyong-Bok-Goong subway station in Seoul, Korea (13-15 November 2001). TI-Korea is participating in this Fair Preparation Committee with the Federation of Korean Industries (FKI), Korea Employers Federation, Korean 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 is 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) and Ms. Rosa Ines Ospina Robledo (General Secretary of TI-Colombia) visited there.

**A case of exhibition at the Second
Clean Korea 21 Fair: PPS****REFORMS IN THE PUBLIC PROCUREMENT
ADMINISTRATION****1. Reform Programs****● Background**

Previous anti-corruption measures were enforced passively and devoid of clear-cut objectives and a unified purpose.

The focus has changed from administrative expediency to a customer-centered paradigm, based on the nature of public procurement administration.

When reforming all the systems and procedures to be customer-centered there will be no room for irregularities and wrongdoings.

● Current Status.

- Establishment of Five Reform Objectives:

- i) Customer-centered procurement service
- ii) Transparent and fair system and procedures
- iii) Efficient and economical procurement service
- iv) Establishment of electronic information base including e-commerce system

v) Implementation of procurement administration in harmony with overall economic policies of the government

- In November 1997, based on a survey of PPS officials and customers, a total of 180 detailed reform tasks were selected, to be addressed in phases.

- In September 2000 a reform task force was established. After comprehensively re-examining the achievements of previous reform programs and the underlying problems, efforts are being made to introduce organizational reforms.

2. Improvements in systems and procedures.

- Enhancing competitiveness by changing specific procurement specifications to more general ones.

- Publicizing for a period of 7 days the specifications submitted by the end-user organizations, then gathering opinions from concerned parties.

- Using this input to improve specifications and make them more competitive.

- Conducting independent examinations of purchase specifications and endeavoring to make them more general, without creating any impediment to the end-user organization.

- Reducing the number of private contract and restricted competition tenders.

- Raising the threshold for entering into private contracts by increasing the required number of private contract evaluation points to greater than 60.

Share of construction projects going to private contracts:

1990 : 14% → 1995 : 6% → 1999 : 4%

- Reducing the number of restricted competition tenders by formulating stricter criteria for adopting performance-based restricted competition tenders.

- Active publicity of tender information.

- Prior announcement of tender schedule at the beginning of the year.

- Publicizing specific tender information on the Internet, in government gazettes etc., including types, quantities, tender date and estimated budget for the purchase of goods requested by end-user organizations.

- On receiving purchase requests from end-user organizations, publicizing them in every detail on the Internet and at the customer service center at PPS headquarters.

- Providing on a real-time basis information on the current status of purchases, tender information, enforcement criteria for relevant laws and regulations, and updates on improvements to the purchasing systems.

- Establishing execution criteria for contract procedures to prevent arbitrary implementation.

- Formulating implementation criteria for each type of contract and for each purchase procedure, establishing a code of conduct for contract officers, and distributing these to all officials for the purpose of guaranteeing business uniformity and fairness. Setting up criteria on price negotiations for private contracts and preventing arbitrary exercise of authority.

- Clearly defining criteria for the selection of a successful bidder in each invitation for tender, and publicizing in advance detailed pre-qualification criteria for tenders relating to commodity procurement and construction projects.

- Establishing a 8-hour rule governing payment method
If the 8 hour rule is violated, public end-user organizations will be exempted from the supply commission normally imposed, and the officials involved will be subject to disciplinary measures

3. Online digitalization of the procurement process

- Commencing this year, the purchase of commodities and all accounting transactions conducted among the PPS, public organizations, and private supply firms will be via Electronic Data Interchange (EDI).

- Starting from 2001, all tasks will be executed through the EDI system.

- The early establishment of an infrastructure for the use of e-commerce in the government procurement service sector.

- Currently cyber shopping is in operation for the procurement of office supplies, cultural products, and recycled goods.

- E-commerce for the procurement service will be greatly expanded.

- Computerization of contract data and the use of automation to simplify procedures, thus reducing the opportunities for contact officers to contact customers for illegal purposes.

- Setting up data bases for the pre-qualification and cost accounting processes, and for storing information on supply firms.

- Documents from contractors, including performance records, to be obtained using computer networks of relevant organizations instead of receiving such documents directly from contractors. This will help prevent prospective contractors from submitting false documents.

4. Reforms concerning officials' awareness on corruption and thus improvements in the execution of the procurement administration process.

- Organizing inspection teams headed by leading deputy directors of each division, adopting measures to root out irregularities, and strengthening inspection activities within vulnerable sectors.

- Avoid favoritism and impose strict punitive measures for wrongdoers, and reinforce joint liability system.

- Introduce a prior inspection system when formulating major policies for which post correction is difficult, thereby removing in advance corruption and inefficiency.

- Encouraging voluntary awareness reform by revitalizing education programs including "Tuesday Forum" and in-office study groups.
- Enhancing control of procurement administration by civilians.

- Implementing continuous monitoring through open communication channels on the Internet, including "Dialogue with Administrator", "Report Center on Wrongdoings and Discourteous Officials", "Appeal, Suggestion, and Query Center".

EVALUATION AND EFFECTIVENESS OF ANTI-CORRUPTION MEASURES

- Recent reports in the mass media attest to the fact that the PPS implements transparent tender procedures.

- In their issues of 5 January and 7 January 2000 respectively, Hankyurae Daily and Munhwa Daily reported that the PPS executes a very transparent tender procedure by publicizing all the processes on the Internet. This report was based on the results of a survey of contractors in relation to public procurement.

- PPS will exert continued efforts without becoming complacent.

- According to a survey by the Korea Development Institute, end-user organizations also praise the transparency and fairness of PPS. However, PPS is doing its best to continue to establish even more transparent systems and procedures.

- PPS will be a model for other procurement organizations and ensure that the public procurement sector will be in the vanguard, creating a "Clean Korea".

- PPS will be prepared for the full-scale opening of the public procurement market by contributing to making all the public sectors' procurements clean.

Exchange Between President Kim Dae-jung and Chairman Peter Eigen of Transparency International at a Meeting at Cheong Wa Dae

President Kim Dae-jung met with Peter Eigen, Chairman of Transparency International at Cheong Wa Dae from 11 to 11:45 a.m. on August 31. Also attending the meeting from Transparency International Korea was Vice-Chairpersons Lee Nam-joo and Hyorim, and Secretary-General Kim Geo-sung. The following is a transcript of the meeting.

President Kim: Chairman Eigen, I wholeheartedly welcome you and the members of your delegation to the international symposium jointly sponsored by the City of Seoul and the United Nations. I am glad to meet the members of one of the world-renowned authorities on eliminating corruption.

I believe that your visit to Korea is an opportunity for the anti-corruption campaign in Korea to gain impetus. I hope the chairman will offer us good recommendations.

Chairman Eigen: Thank you very much for your time. Transparency International is a non-profit organization with about 80 branches around the world.

Before taking up the issue of the anti-corruption campaign, I would like to congratulate you on receiving the Nobel Peace Prize. As a German, I understand well the ardent wishes of the Korean people for unification and am watching closely the developments in their efforts for unification. That is why I am fully supportive of your North Korea policy.

I am deeply moved by the efforts being made by the Korean Government and civic organizations to excise corruption. Corruption is a problem for all nations. In the age of globalization, corruption is spreading across border and emerging as a serious threat to efforts to build transparent and fair societies. I am very gratified by the fact that at a time like this, the Republic of Korea is taking the lead in anti-corruption campaigns and demonstrating new models.

In particular, various civic groups and non-government organizations are undertaking anti-corruption activities while the City of Seoul is setting examples that could be models for other countries.

President Kim: I am grateful that you are commending our anti-corruption efforts. We also are aware that the role of civic organizations is important, and my Administration is trying to assist them in all possible ways.

As part of such efforts, we have enacted the law on the prevention of corruption in response to demands by the people and civic organizations. We also plan to push the anti-corruption campaign by establishing an

anti-corruption commission under the presidency. When we do so, we will be able to carry out an effective anti-corruption campaign and provide opportunities for the public to directly participate.

On the other hand, however, I regret that the Republic of Korea ranked 42nd on the Corruption Perception Index (CPI) issued recently despite anti-corruption efforts by the Government and civic organizations. We will continue our anti-corruption campaign with renewed determination.

One of the important goals of our anti-corruption campaign is to raise the level of transparency. As part of such efforts, the City of Seoul introduced what is called the open system. Citizens with complaints are able to deal directly with the officials concerned, rather than going up the ladder of the bureaucracy. This on-line service for citizens has attracted attention from the rest of the world. I believe it is contributing greatly to efforts to eliminate corruption.

Since I became President, one of the major goals of the Administration has been to realize an electronic government. As a result, government efficiency and transparency as well as the quality of services have been improved. Plans for an e-government are being pushed steadily and by the time my term ends in February 2003, the basic framework is expected to be completed. It is being operated partially at present. For instance, more than 80 percent of official purchasing by the Tourism Organization is done through e-commerce.

Meanwhile, I have made efforts to abolish various government regulations to help boost government efficiency. Thus, we have been able to scrap or simplify 8,000 out of some 11,000 regulations.

One thing that I can say for sure is that government-controlled financing and collusion between businessmen and politicians, both of which were practiced before, have disappeared. In the past, the Government was deeply involved in the financial business, to the extent that the Government advised banks to make loans to the individuals or corporations it named. Such a practice is now gone forever.

Although irregularities and corruption among those in

power have disappeared to a large extent, corruption is persisting among low-ranking officials who come in contact with ordinary citizens. My Administration is making efforts to resolve this problem.

To wipe out corruption, we need thorough and fair exercise of judicial power and education of government officials. But we also have to make efforts to forge a transparent society by realizing an e-government, as I mentioned earlier. E-government simplifies administrative processes, reducing the chances for government officials to deal directly with the public.

The Administration is also trying to excise corruption through such investigative bodies as the prosecution and the Board of Audit and Inspection. At the same time, civic organizations plan to establish a private committee against corruption within this year. Then, the Government and the private sector will be able to cooperate in wiping out corruption.

There is one difficulty. To eliminate corruption, we need a law aimed at preventing money laundering. But efforts to legislate such a law are encountering difficulties in the National Assembly.

As I said, I hope that your visit will be an opportunity for the Korean people to become more aware of the need to eliminate corruption. My Administration will continue to make efforts to live up to public expectations. I also hope that you will continue to take an interest in our efforts and support us.

Chairman Eigen: Thank you for your insightful remarks. I am deeply impressed by the detailed measures the Republic of Korea is taking to try and wipe out corruption. I would like to express my respect for your leadership.

At the anti-corruption conference held in Durban two years ago, the Mayor of Seoul introduced the open system that you mentioned, and some 1,600 participants in the meeting showed an interest in the system.

Consequently, our meeting yesterday and today is significant. When the 11th International Anti-Corruption Conference opens in Seoul two years from now, I am sure we will be hearing more about good Korean examples.

Since I worked for the World Bank for 25 years, I know some economics. I believe that the relaxation or abolition of regulations and restrictions that you have carried out are highly desirable for the development of the Korean economy.

At the meeting to be held in Prague next month, Seoul Mayor Koh Kun is expected to explain the open system of his city government once more, and President Fox of Mexico will explain a system that the Mexican government recently introduced for the electronic purchasing of supplies. Germany is pushing a method aimed at holding fairer and more transparent elections after taking the Korean model into consideration. I will publicize Korean models to other countries whenever there is a chance. What I would like to tell you, Mr. President, is that it takes a very long time to wipe out corruption and make society transparent. A longer time is needed to change the perception of the people with regard to corruption. The President of Nigeria, who is a founding member of his nation's TI, has carried out drastic anti-corruption measures in the past three years. But he has made little success. He is greatly disappointed because his country remained near the bottom of the CPI ranking. The same is true of Mexico. Meanwhile, the Republic of Korea is showing very rapid progress as it has climbed up the CPI ranking fast in the past three years. In contrast, Germany's ranking has plunged of late because of various scandals and suspected cases of money laundering.

You have expressed disappointment in Korea's CPI ranking, but I hope you will understand that it is based on objective facts. I feel it's fortunate that you said you saw it as a challenge. In some other countries I visited, leaders often express resentment against us or even threw invectives at us. I hope that you will understand that we are trying our best to issue the most fair and objective evaluations possible.

President Kim: Thank you very much for your valuable advice. I will not forget and will make further efforts to step up the anti-corruption campaign in Korea.

Although we have attained a degree of success in our anti-corruption efforts among government officials and political leaders, corruption still remains a serious problem among ordinary citizens.

This becomes apparent if you pay attention to television and newspaper reports. The Administration will make efforts to change this. People often criticize the Government for being corrupt but they do not hesitate to bribe public officials when their own interest is at stake. Therefore, it is important to change the public's attitude.

Our efforts to wipe out corruption can only be successful when the people change their attitude and cooperate with the Government voluntarily while strengthening the functions of citizen surveillance of the Government, along with the strict enforcement of laws.

Chairman Eigen: I would like to add one more thing. I know you are well aware of the demonstration staged by non-governmental organizations in Genoa and Seattle recently. What they were claiming is that there is no civil government that can protect the poor and underprivileged in the age of globalization. The demonstrators are demanding that they should be protected. They are demanding reform of their governments and the elimination of official corruption and irregularities. They are also making an issue out of the practice of bribing officials of other countries, which is reaching a serious level of late. This involves the bribing of government officials by multinational corporations. The practice is affecting nearly all nations including China, Japan and South Korea. It corrupts not only leading officials but also society as a whole.

On the other hand, it is highly commendable, I believe, that the Republic of Korea is trying to abide by OECD agreements while sending a team of officials to Finland to study that nation's anti-corruption measures. In sum, it is important for all nations to build up cooperative relations among them to prevent international bribery.

In addition to the CPI, Transparency International is issuing the Bribe Payers' Index. We have selected 19 major exporting nations and tried to measure how rampant the practice of bribing officials of importing countries is. South Korea is ranked 18th in that index, which is one level above China, but is, nevertheless, very bad and deplorable.

President Kim: Thank you again for your advice. The Republic of Korea Government will not rest in our efforts to wipe out corruption. Personally, I will keep what you told me in mind and continue to work to clean up corruption. I hope that you will cooperate with us whenever we need your help. I also hope your visit to Korea will be fruitful and that you will continue to do good work.

Chairman Eigen: Thank you, Mr. President. We have cooperated with various civic organizations and Transparency International Korea. We will continue to do so. I hope that the Republic of Korea will take the lead in international efforts to eliminate corruption around the world.

Corruption/Anti-Corruption News in Korea (October)

Best 3 Anti-corruption News were:

1) KCS (Korea Customs Service)

In the future, the KCS will reward or punish according to the evaluation of customs officials' integrity.

2) FKI (Federation of Korean Industries) to build up "Business Ethics Support Center"

The FKI is going to establish a "Business Ethics Support Center" in order to help domestic companies put business ethics into practice through the expansion of ethics management and program development and education.

3) 33 Judges founded forum to reform judiciary

In the future, the KCS will reward or punish according to the evaluation of customs officials' integrity.

Worst 3 Corruption News were:

1) Manipulation in the cost for the medical treatment

Some hospitals demand their patients the fraudulently manipulated cost for their medical treatment

2) Corruption of superintendent of education of Chonnam district

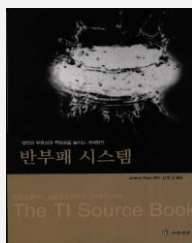
3) Corruption in reward for the wounded soldiers

Some public officials committed irregularities in the classification of wounded soldiers for reward.

Publication

Anti-Corruption System (TI Source Book 1999, translated into Korean)

Confronting corruption: The Elements of National Integrity System, by Jeremy Pope translated into Korean by Chan Gon Kim. A revised and expanded edition of TI's flagship publication is now available in print format. TI's Executive Director, Jeremy Pope, builds on the innovative concept of the national integrity system and its accountability "pillars" which form the basis of a country's accountability and transparency mechanisms. Released four years after the original edition in English, the **Anti-Corruption System** offers new perspectives on containing corruption and ponders some of the lessons learned from anti-corruption efforts to date. Policy makers, anti-corruption practitioners, academics and all those with an interest in governance and transparency issues will find the **Anti-Corruption System** an invaluable reference manual. The **Anti-Corruption System** is also available in electronic format in the website <http://acatlas.org> or <http://acatlas.net>.



Copies of the **Anti-Corruption System** can be ordered from: Transparency International-Korea, #508 KEB, 136-56 Yonji-Dong Chongno-Ku, Seoul 110-740, Korea Tel: +82 2 708 5858 Fax: +82 2 708 5859, Email: ti@ti.or.kr

Publication

Global Corruption Report 2001

Introduction by Peter Eigen, edited by Robin Hodess

The GCR is the new definitive annual overview of the state of corruption around the globe from TI. As well as expert analysis of party funding, money laundering and corruption in the diamond trade, the GCR 2001 will feature in depth regional reports from across the globe, and a comprehensive data and research section.

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More information is available at

<http://www.globalcorruptionreport.org>

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