

## **ACRC Korea Transparency Newsletter (June. 2022)**

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## **Korea Made Outstanding Improvements in Open Budget Survey 2021 Issued by Int'l Budget Partnership**

*Korea scored 74, 59, and 87 points (out of 100), ranking 11th, 1st, and 3rd in Transparency, Public Participation, and Budget Oversight, respectively*

(June 13th, 2022, ACRC)

According to the results of the Open Budget Survey (OBS) 2021 released by International Budget Partnership (IBP) on May 31, Korea scored 74 points out of 100, ranking 11th in Transparency, 59 points, ranking 1st in Public Participation, and 87 points, ranking 3rd in Budget Oversight.

In particular, on top of ranking 1st in Public Participation and 3rd in Budget Oversight in the OBS 2021, Korea had a score of 74 points, ranking 11th in Transparency (Open Budget Index), up 12 points and 18 places, which is a remarkable improvement after ranking 29th among 117 countries with a score of 62 in Transparency in the OBS 2019. In transparency part which is classified into five levels, Korea was at the second highest level, classified as a country providing substantial level of budget information.

\* Sufficient (Extensive: 81-100 points, Substantial: 61-80 points), Insufficient (Limited: 41-60 points, Minimal: 21-40 points, Scant or No: 0-20 points)

The Open Budget Survey measures the extent to which public access to central government budget information is available.

Established in 1997, International Budget Partnership is a non-governmental organization conducting independent, comparative and fact-based research in collaboration with academic and civil society, and it has offices in Washington D.C., USA, New Zealand, South Africa, and Kenya. IBP has published OBS, which uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions such as the legislature and auditor in the budget process, biennially since 2006.

Specifically, the OBS assesses the appropriateness of government budget allocation and the existence of budget control system, etc. under the criterion of Transparency; the formal opportunities offered to the public for meaningful participation in the different stages of the budget process under the criterion of Public Participation; and the role that legislatures and supreme audit institutions play in the budget process and the extent to which they provide oversight under the criterion of Budget Oversight.

The OBS 2021 finds that Korea continues to stand out for implementing participatory budgeting at the central government level. An important aspect of this mechanism is the Citizen Committee ... The meetings of the Citizen Committee give the public, civil society and government officials the opportunity to work together and build consensus around ideas. ... Korea is at the forefront of efforts to expand the openness and use of public data.”

The Director General of the Anti-Corruption Bureau of the ACRC Han Sam-Seok said, “We can be closer to our goal of being on a par with advanced nations in terms of integrity if anti-corruption system works

effectively based on mutual cooperation between the government and the people in preventing the budget from being used for purposes other than those for which it is intended, etc. through operating more transparent budget system and offering formal opportunities to the public to participate in the budget process.”

## **ACRC-UNDP, Spreading Major Anti-Corruption Policy in Korea to Europe and Central Asia**

*On June 23, Korea shared the policy performance and lessons learned from implementing the Anti-Corruption Initiatives Assessment with four countries, including Kosovo, via an online conference*

(June 24th, 2022, ACRC)

On June 23, the Anti-Corruption and Civil Rights Commission (ACRC, Chairperson Jeon Hyun-Heui) and the United Nations Development Programme (UNDP) held an online video conference, sharing Korea's performance in implementing anti-corruption policy and discussing future direction with four countries, including Kosovo, Moldova, Montenegro, and Uzbekistan.

The conference was arranged for discussion about the performance of a cooperative project in which the ACRC and the UNDP have jointly spread anti-corruption policies across the world since 2015.

Anga Timilsina, the Global Programme Advisor on Anti-Corruption, UNDP, Gerd Trogemann, the Manager of Istanbul Regional Hub for Europe and Central Asia, UNDP, and representatives from the UNDP Country Offices in Kosovo, Moldova, Montenegro, and Uzbekistan participated in the conference and shared their progress and performance.

The participants agreed that Europe and the Commonwealth of Independent States that implemented Korea's Anti-Corruption policy have witnessed significant outcomes.

Moreover, they shared the same view that inter-regional forums play a significant role in establishing an anti-corruption system in each country by sharing stories about challenges and trials and errors as well as success stories.

In particular, representatives from Kosovo and Uzbekistan explained their country's progress and performance in implementing Korea's anti-corruption policy.

The ACRC introduced its Corruption Risk Assessment\* to Kosovo in 2019. Kosovo is currently piloting the Corruption Risk Assessment conducted by its Anti-Corruption Agency, and the country has reached the final stage of legalization.

\* It is a system, enforced in 2016, established to prevent corruption in the course of legislation by finding corruption-causing factors within laws.

The ACRC also shared Anti-Corruption Initiatives Assessment\* with the Prosecutor General's Office in the Republic of Uzbekistan in 2019. Uzbekistan institutionalized Anti-Corruption Initiatives Assessment by promulgating Presidential Decree No. 81 in January, and the country will enforce the pan-governmental Anti-Corruption Initiatives Assessment by the second half of this year.

\* It is a system that measures activities and performance in anti-corruption and integrity to enhance the integrity of public institutions. It took effect in 2002, and since this year, it has been reformed and integrated with the Integrity Assessment into the Comprehensive Integrity Assessment.

ACRC Assistant Chairperson of Planning and Coordination Office Lim Yoon-Ju said, “In the conference, we wanted to share the view that implementing anti-corruption policies alone cannot guarantee success, and each country should resolve problems depending on its political and social circumstances and increase consistency.

He added that being commensurate with more elevated global status, Korea will continuously forge an anti-corruption coalition by sharing practical knowledge we gained by overcoming corruption with developing countries.



First row (from left to right) Robert Bernardo, Team Leader of Governance and Peace-building at UNDP Istanbul Regional Hub, Anga Timilsina, the Global Programme Advisor on Anti-Corruption, UNDP, Anne Juepner, Acting director of the UNDP Seoul Policy Center

Second row (from left to right) Irakli Kotetishvili, Regional Advisor on Anti-Corruption and Public Administration at the UNDP Istanbul Regional Hub, Won Young Jae, Director of International Relations Division, ACRC, Ahjung Lee, Policy Specialist, UNDP Seoul Policy Centre

Third row (from left to right) Gerd Trogemann, Manager, Regional Hub for Europe and Central Asia, UNDP, Mato Meyer, Chief Technical Adviser on Anti-Corruption, UNDP Kosovo

## **ACRC Set Out the Integrity & Ethics Compliance Program Guidelines**

*Strengthening ESG Management of Public Institutions and International Anti-Corruption Standards Response, and Examining Agency and Providing Education for Institutions Planned*

(June 30th, 2022, ACRC)

The ACRC released *the integrity & ethics compliance program guidelines* on June 30 to meet the international anti-corruption standards, including ESG (Environment, Social, and Governance) Management of public institutions and foreign anti-corruption laws.

The Anti-Corruption and Civil Rights Commission (ACRC, Chairperson Jeon Hyun-Heui) distributed *the Integrity & Ethics Compliance Program (K-CP) guidelines* to public institutions in an effort to create a culture of integrity and ethics management in which public institutions minimize corruption risks in management and comply with anti-corruption laws.

As ESG disclosure and investment have become important, and violation of foreign anti-corruption laws by Korean companies persists, the ACRC judged that proactive actions by public institutions against anti-corruption, the key element of ESG, are needed.

- \* Among International ESG disclosure standards, such as EU's CSRD, the importance of "anti-corruption" is growing, and "anti-corruption" is among four pillars chosen by IPEF, launched in May.



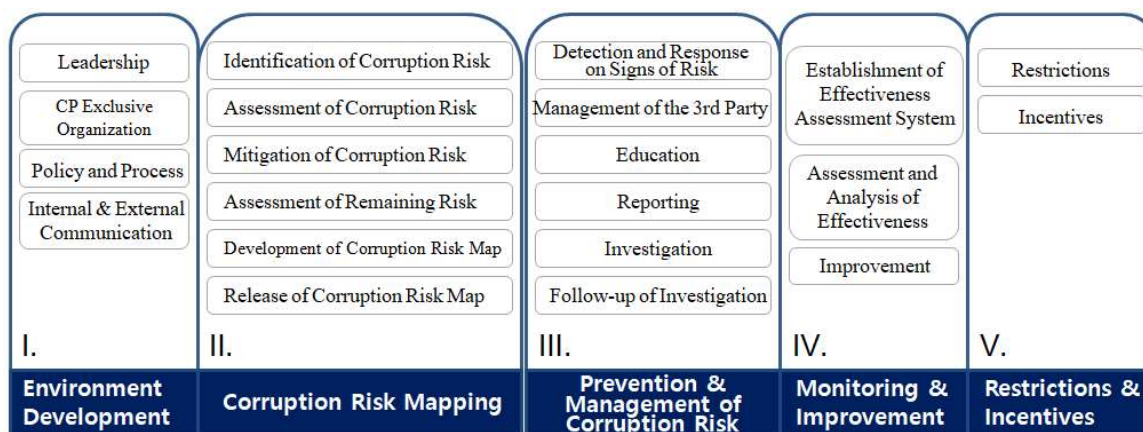
In the meantime, the ACRC has supported integrity and ethics management business in accordance with Article 3 (Support for Ethical Management of Private Enterprises) of THE ACT ON ANTI-CORRUPTION AND THE ESTABLISHMENT AND OPERATION OF THE ANTI-CORRUPTION & CIVIL RIGHTS COMMISSION, and since last year, has promoted the development of K-CP through the process of analysis of domestic and foreign documents, gathering opinions from experts and stakeholders, and open forums.

K-CP focuses on letting public institutions, such as public companies, build integrity and ethics management system meeting the international anti-corruption standards and voluntarily prevent, detect, and mitigate corruption risks.

K-CP consists of five themes that are as follows: ▲ environment development, ▲ corruption risk mapping, ▲ prevention and management of corruption risk, ▲ monitoring and improvement, ▲ restrictions and incentives

- \* Five themes comprehensively took account of anti-corruption guidelines of international organizations, such as OECD, TI, and UNGC, and major countries, including the US, the UK, and France, and Anti-corruption Laws and system in Korea.

### <Structure of K-CP>



The ACRC expects that if public institutions proactively follow K-CP, they could prevent pursuing personal interests by using undisclosed information obtained in the course of performing duties, accounting fraud, and lax management, and transparency of public institutions and public confidence would increase.

The ACRC plans to provide consultation and education to public institutions willing to adopt K-CP in an attempt to resolve difficulties in their management.

Moreover, *the integrity & ethics compliance program guidelines* for private companies will be developed by the end of this year, actively supporting the integrity and ethics management among private companies to improve Corruption Perception Index(CPI).

ACRC Chairperson Jeon Hyun-Heui said, “As Korea’s international standing has been elevated, public institutions need to take the lead in being committed to practice integrity and ethics management in accordance with ESG management and reinforced international anti-corruption standards.

She added that the ACRC would actively support the practice of integrity and ethics management so that it runs effectively on the spot.

## **ACRC to Assess “Conflict of Interest Act Compliance Efforts” of Public Institutions as Part of the 2022 Comprehensive Integrity Assessment**

*ACRC informed 573 institutions of the Comprehensive Integrity Assessment Plan with finalized assessment items and indicators*

(June 10th, 2022, ACRC)

As the Act on the Prevention of Conflict of Interest Related to Duties of Public Servant (Act on the Prevention of Conflict of Interests) took effect on May 19th, Anti-Corruption and Civil Rights Commission (ACRC, Chairperson Jeon Hyun-Heui) plans to assess target public institutions’ efforts to abide by the Act on the Prevention of Conflict of Interests as part of its 2022 Comprehensive Integrity Assessment of Public Institutions for stable settlement of the conflict of interest prevention system in the public sector.

ACRC established and distributed to 573 public institutions the 2022 Comprehensive Integrity Assessment Plan that finalized assessment items and indicators for 2022.

From 2022, the Comprehensive Integrity Assessment of Public Institutions consists of three composite indicators: integrity perceptions measured by a survey of the general public who have experienced services of public institutions concerned and of the internal members about their perceptions and experiences of corruption in their institutions; integrity efforts measured based on public institutions’ anti-corruption performances and efforts for the year; and the status of corruption cases such as disciplinary measures imposed on corrupt officials the score for which is deducted.

ACRC finalized the classification of type of institutions, weight of each assessment criterion, scoring system, and variables for assessment of integrity efforts, etc. through collecting opinions from public institutions in workshops and conferences and conducting various simulations.

The total number of public institutions covered by the CIA this year is 573, which are classified into 15 different types, and the central administrative agencies are divided into the ministerial level (25 institutions) and vice-ministerial level (21 institutions) for the assessment.

Total	Central Admin.		Si-Do Police Office (Trial)	Local Gov't				Si-Do Education Office	Public Service-Related Organization					Public Univ.	Public Medical Institution
	I (Minister level)	II (Vice- minister level)		Upper	Lower-level				I Public Corp.	II General quasi-gov't	III medium & small quasi-gov't	IV Org. w/ priority	V Local Corp.		
					I (Si)	II (Gun)	III (Gu)								
573	25	21	18	17	75	82	69	17	36	57	37	30	39	33	17

Integrity perception indicator and integrity effort indicator would be weighted by a ratio of 60:40 (100 perfect score), and the extent of score deduction based on the assessment result of the status of corruption would range from 0 to 10 points + α (qualitative assessment).

Final grades of public institutions classified by organizational type will be published in January next year, and the grades for integrity perceptions and efforts will be also publicly available when necessary.

As this year marks the first year of implementation of the Act on the Prevention of Conflict of Interests, ACRC included institutions' efforts to comply with the Act on the Prevention of Conflict of Interests in all areas of the CIA.

As for the area of integrity perceptions, questions asking about privileges offered through personal connections or privately interested parties and the existence of profit-seeking in the course of performance of duties were included in the survey questionnaire.

In the area of integrity efforts, indicators to assess the level of efforts to stabilize the conflict of interest prevention system in the organization, such as overhauling relevant anti-corruption rules, training, and designation of conflict of interest and ethics officer, were included. In particular, a new indicator related to the submission of details of activities of senior officials in the private sector was established in order for the inspection of the operational status of the conflict of interest preventive rules of public institutions conducted by ACRC in the second half of this year to be strictly carried out.

For the assessment of the corruption realities of institutions, the compliance efforts including the existence of any acts of violation of the Act on the Prevention of Conflict of Interests will be also reflected as deduction from the total score.

The General Director of ACRC Anti-Corruption Bureau, Han Sam-Seok, said, “As we conduct the CIA, which was reorganized through integrating the existing integrity assessment systems that had been carried out over the past two decades, for the first time this year, we will make our utmost efforts to establish a stable base for the CIA to be smoothly conducted for the next twenty years.”

## **ACRC initiated Kazakhstan into Korea's advanced anti-corruption policies, including the Corruption Risk Assessment**

*At the Request of Kazakhstan, which has a high interest in Korea's anti-corruption policies, a training course for public servants newly opened*

(June 9th, 2022, ACRC)

A newly opened online training course for Kazakhstan instructed Korea's outstanding anti-corruption policies and experiences, such as Corruption Risk Assessment, Integrity Assessment, and the Protection of Public Interest Reporters.

The Anti-Corruption Training Institute under Anti-Corruption and Civil Rights Commission (ACRC, Chairperson Jeon Hyun-Heui) ran an online training course from June 7 to 9 for officials at the Anti-Corruption Agency of the Republic of Kazakhstan in order to support the country to increase its anti-corruption capability.

The training course was arranged at the request of Anti-Corruption Agency of the Republic of Kazakhstan on February, asking for the instruction of Korea's major anti-corruption policies, such as Corruption Risk Assessment and Integrity Assessment. Not only from the headquarter of Anti-Corruption Agency of the Republic of Kazakhstan but also from 10 local offices and 3 public companies, 44 working-level employees participated in the training course.

This year, the Kazakh government adopted a five-year anti-corruption

strategy and established a goal of making inclusive and in-depth efforts to eliminate corruption-causing factors, fostering a culture of integrity over the society, and fully taking strong and strict measures for the prevention of corruption.

Accordingly, the training course consisted of valid policies or laws relevant to the anti-corruption strategy in Kazakhstan, such as Corruption Risk Assessment, Integrity Assessment, and the Protection of Public Interest Reporters.

The training course, in particular, focused on the Corruption Risk Assessment. The Corruption Risk Assessment is a system that analyzes corruption-causing factors embedded in laws to eliminate and improve them. The ACRC assesses corruption-causing factors based on 12 criteria, including possibilities of conflict of interest among four areas, such as compliance with legislation and amendments, enforcement, administrative procedure, and control of corruption, and recommends improvement of inadequate areas.

In the meantime, the ACRC initiated six countries, including Indonesia, Mongol, and Myanmar, into the Corruption Risk Assessment, a flagship policy tool for anti-corruption.

ACRC Chairperson Jeon Hyun-Heui said, “I hope this training be an opportunity of sharing Korea’s anti-corruption system with Kazakhstan.”

She added that the Commission would expand exchange and cooperation in regard to anti-corruption with key partner countries of the New Northern Policy, such as Kazakhstan.



