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Anti-Corruption Symposium 2001: The Role of On-line Procedures in Promoting Good Governance

Seoul, 2003

Notes

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The term “dollar” normally refers to the United States dollar (\$).

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Foreword

Seoul, the capital of the Republic of Korea and nicknamed the “the Miracle of the Han River”, was one of the engines of rapid growth in one country among the “Asian Tigers”. As in many large cities, however, rapid economic growth was accompanied by growing corruption. In response, the Seoul Metropolitan Government launched comprehensive and systematic measures to eradicate as well as to prevent corruption.

Among the many measures, the Online Procedures ENhancement for civil applications or the OPEN system has been cited for its effectiveness. This web-based system allows citizens to monitor corruption-prone applications for permits or approvals and to raise questions in the event any irregularities are detected. The experience of Seoul is a good example of how new information technology can be utilized in fighting corruption, improving the transparency of urban administration, and bringing services closer to the citizens.

In May 2001, the Seoul Metropolitan Government and the United Nations signed a *Joint Statement of Cooperation* to work together to introduce the OPEN system to the Member States of the United Nations as a good practice. As outlined in the *Joint Statement*, the two organizations co-hosted the *Seoul Anti-Corruption Symposium 2001* on 30 and 31 August 2001. The Symposium was organized by the Seoul Institute for Transparency and supported by the Asia Foundation. It was well attended by representatives from international organizations such as the Organisation for Economic Cooperation and Development, the Asian Development Bank and Transparency International as well as from countries from the various regions of the world. During the two-day meeting, the participants experienced directly the features of the OPEN system and reviewed a draft manual on how to operate it. The manual, to be jointly produced, will be available in the six official languages of the United Nations to its Member States. The Symposium also served as a forum for participants to exchange general information and experiences on how to reform urban administration.

The current publication is the final report of the Symposium, containing a summary of the discussions and background papers. It is our sincere hope that our joint efforts will contribute to the fight against corruption, better public administration and ultimately good governance everywhere.

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The report has been prepared by Elia Yi Armstrong, Nirjhari Delong and Hye-Jong Chang (intern) from the Division for Public Economics and Public Administration, Department of Economic and Social Affairs, United Nations. From the Seoul Metropolitan Government, we would like to acknowledge Chan-Gon Kim, Director-General for Digital Media City Project, and from the Bureau of Audit and Inspection, Jang-Ha Jun, Director-General; Dol-Bong Park, Director; Jae-Ryong Yoo, Deputy Director; and Yoon-Jae Lee, Programme Staff. From the Seoul Institute for Transparency, the University of Seoul, we would like to acknowledge Seong-Sup Shim, Director of Planning, and Jung-Soo Park, Director of Research. We would also like to thank Scott Snyder, Korea Representative of the Asia Foundation, who provided valuable support. Other individual contributors have been acknowledged in the following papers.

It is our sincere hope that this report will contribute to the ongoing international policy discussions on utilizing information technology for promoting transparency and accountability and bringing services closer to citizens.

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Introduction

by

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The Seoul Anti-Corruption Symposium 2001 provided an opportunity to municipal level leaders and administrators to explore the intersection of three interlinked areas of interest in anti-corruption initiatives: transparency, accountability and e-government. Local governments are much closer to the citizens than regional or central governments. This proximity and constant interface brings opportunities for innovations in more responsive service delivery, whether it be for the state of the art urban planning or better waste disposal. However, this closeness also brings more interface for rent seeking and soliciting or being offered bribes. These and other corrupt acts can only flourish “in the dark”, where information about proper administrative procedures and decision-making is lacking or unclear.

Governments and their administrations, no matter what level, have an obligation to the taxpayers to make transparent and facilitate the understanding of their decision-making processes. Transparency in government does not mean old or obsolete information. It does not mean information that is hard to access or hard to understand once it has been obtained. It means accurate, reliable and relevant reporting based on reliable and regular records, freedom of information acts which allow access to records of and rationale for decision-making, publicized legislative deliberations and so on.

Based on this information, accountability in government can be enhanced – that is, the public can better judge whether the activities and outputs of the public sector meet intended goals and standards. The introduction of e-government is an opportunity to better achieve transparency and accountability. Divulging information about government decision-making facilitates accountability or the approaches, mechanisms and practices used by governments to ensure that their activities and outputs meet the intended goals and standards. Without adequate information on performance, outputs and justifications, not only is it difficult to hold governments accountable for their actions, but the public has difficulties in detecting corrupt acts.

Public administrations at all levels no longer have an excuse for withholding relevant information by which the citizens can judge their performance. Over the last decade, the dynamic advances made in information and communications technology have transformed much of the world into a digitally interconnected community that is increasingly functioning on a 365 / 24 / 7 basis. Throughout this period and particularly over the last five years, the predominant drivers of change have been the Internet and the World Wide Web. Both have added a new and arguably indispensable “e” dimension to commerce, academia and now government. Considerable resources, both human and financial, are being committed to launching and perfecting the delivery of government services online that are intended not only to improve administrative operations but to involve citizens more deeply in the governing process, including scrutinizing their transactions.

The principles of e-government are relatively straightforward and succinct. They include building services around citizens’ choices, making government and its services more accessible, providing information responsibly, and using government resources effectively and efficiently. These principles are also compatible with the goals of rendering government services more transparent and accountable.

Among the main findings of the Third Global Forum on Fostering Democracy and Development through e-Government held in Naples in 2001 is the recognition that at the core of good governance lie the principles of accountability and transparency. It was agreed that nothing is more powerful in combating corruption than conducting transactions openly and with public knowledge of the rules and criteria to be applied. This is not only important at the national and regional levels but locally also, in relation to the transactions between the citizen and the state, whether they involve permits, the collection of taxes or the receipt of benefits. Through its ability to spread accurate and comprehensive information, to automate processes and to provide a record of each transaction, information and communication technology can be a powerful tool for good governance.

Despite these benefits of information and communication technology, there is speculation in the international community that e-government will further exacerbate the digital divide among the economically affluent and poor countries. There is significant variation in using the new information and communication technology to carry out government activities among the different regions of the world. However, it cannot be denied that information and communication technologies are central to a globally emerging knowledge-based economy and can play an indispensable role in the economic and social development of nations.

Given this trend, the United Nations Department of Economic and Social Affairs is fostering an international exchange of information and experience in adopting e-government measures for all aspects of good governance and sound public administration. It is our sincere hope that the experiences presented in this volume can be informative and useful to those countries contemplating introducing or increasing the use of information and communication technologies to provide and carry out government services and activities.

Part 1: Summary of Discussions

Report of the Seoul Anti-Corruption Symposium 2001

Background

Seoul, the capital of the Republic of Korea, has led the development of its country as its center of politics, economy, education and culture. As such, it has fostered a rapid economic growth of the country. However, like many metropolitan cities, it faces the problem of corruption, which accompanies such rapid growth.

Recognizing that the issue of corruption is not only one of good will or ethical behaviour on the part of an individual official but also one of creating an administrative system that effectively eliminates the causes of corruption and prevents wrongdoing, the Municipality adopted a systematic approach to combat corruption. This approach simultaneously pursued four major lines of action, namely, preventive measures, punitive measures, ensuring transparency in administration and enhanced public-private partnership. One of the initiatives taken by the City of Seoul to combat corruption is the Online Procedures ENhancement for Civil Applications, which is known as the OPEN system. The OPEN system was developed to achieve transparency in the city's administration by preventing unnecessary delays or unjust handling of civil affairs on the part of the civil servants. This web-based system allows citizens to monitor corruption-prone applications for permits or approvals and to raise questions in the event any irregularities are detected.

In May 2001, the Seoul Metropolitan Government and the United Nations signed a *Joint Statement of Cooperation* to work together to introduce the OPEN system to the Member States of the United Nations as a good practice (see Annex 1). As outlined in the *Joint Statement*, the two organizations co-hosted the *Seoul Anti-Corruption Symposium 2001* from 30 to 31 August 2001. The Symposium was organized by the Seoul Institute for Transparency and supported by the Asia Foundation. It was well attended by representatives from international organizations such as the Organisation for Economic Cooperation and Development, the Asian Development Bank and Transparency International as well as from countries from the various regions of the world. During the two-day meeting, the participants experienced directly the features of the OPEN system and reviewed a draft manual on how to operate it. The manual, to be jointly produced, will be available in the six official languages of the United Nations to its Member States.

The main objective of the Symposium was to assist major urban centers to increase transparency in their public administrations and thus reduce corruption through sharing the experience of Seoul, in particular its OPEN system. At the same time, the Symposium enabled participants to share their own experiences and practices on various anti-corruption measures that have been successful or not so successful. It is hoped that this exchange of experiences will assist participants to gain a new perspective on anti-corruption measures that might be effective in their respective cities and/or countries.

In view of the *Conclusions and Recommendations* adopted (see Annex 2), the participants and organizers have embarked on the achievement of these goals. This document shows that the participants reaffirmed the importance of transparency, accountability and responsiveness in public administration; recognized the advances in e-government and the need to effectively integrate innovations into an administrative framework; and stressed the importance of political leadership in demonstrating a commitment to clean government. They recognized the Seoul OPEN System as a useful tool for parties interested in improving the transparency and accountability of their administrations and suggested the distribution of a manual on the System, in preparation by the Seoul Metropolitan Government and the United Nations. They recommended continued technical cooperation by the Seoul Metropolitan Government and the United Nations and the promotion of bilateral technical cooperation for interested parties. They also recommended that a follow-up meeting be considered within two or three years. Finally, they suggested

that the Korean authorities bring the findings of the Symposium to the attention of the 56th Session of the United Nations General Assembly. This was done by the Permanent Representative of the Republic of Korea to the United Nations (see Annex 3).

This current publication is the final report of the Symposium. A summary of the discussions, reported by session, follows below. The background papers are then reproduced under the themes of the session during which they were presented.

Session I: Corruption and Development

This opening session was devoted to an exploration of the link between corruption and development. Four presentations were made by participants representing the Organisation for Economic Cooperation and Development (OECD), New York University, the Asian Development Bank (ADB) and the Korean Association for Corruption Studies. No discussions were scheduled.

The first presentation by OECD shared some experiences and lessons gained through efforts in fostering good public governance, promoting good governance in the corporate world and fighting bribery in business transactions. In addition, the importance of taking full advantage of the opportunities offered by developments in Information and Communication Technology (ICT) was highlighted.

The next presentation, *The Electronic Government, Transparency and Performance Management in the Public Sector*, was made by Professor Dennis Smith of New York University. He argued that for the full fruits of e-government and transparency to be realized, they must be combined with another innovation, which is performance management. While e-government, transparency, and outcome measurement and management all have something to contribute to the good governance of cities, together they can be a truly powerful form of “managing for results”.

The Asian Development Bank’s presentation looked at the role of Multilateral Development Institutions (MDIs) in combating corruption through supporting and promoting the principles of good governance. The three roles of MDIs were pointed out: increasing awareness of corruption and its impact on society, ensuring that controlling corruption is relevant to its member countries and setting an example of good governance to the public.

Finally, Professor Young-Jong Kim of Sungsil University made the presentation, *Anti-Corruption System in Korea: Toward Integrated Strategies for Local Governments*. He brought up the issue of corruption in the Korean context and made various suggestions on strategies for local governments to control corruption. Also, the importance of establishing an integrated strategy at both the local and national levels for an effective fight against corruption was emphasized.

Session II: Transparency Mechanism of Seoul Metropolitan Government – the OPEN System

The presentation made by the Seoul Metropolitan Government (SMG) followed the evolution of the Seoul OPEN system by explaining its background and situating it among the other anti-corruption initiatives introduced by SMG. Like many other rapidly developing urban centers, the City of Seoul experienced a need to tackle its corruption problem. The SMG was once described as a “pandemonium”, due to local officials abusing their discretionary power, particularly when granting various permits and licenses. To remedy the situation, the SMG adopted a systematic approach to eradicate corruption: preventive measures, punitive measures, increased transparency in administration, and enhanced public-private partnership.

First, radical deregulation was carried out, abolishing and revising 80% of regulations that were unduly confining. Furthermore, to prevent illicit ties with business, the long-standing practice of assigning jurisdiction over a specific area to one individual was abolished, and officials are regularly rotated.

Second, city officials are punished for every act of wrongdoing. To ensure the implementation of the principle of ‘zero tolerance’ for corruption, Seoul City has introduced various reporting measures, including e-mail, hotlines, and direct report card to the Mayor. Third, the Online Procedures ENhancement for Civil Applications was introduced. This system allows the public to monitor the process of their applications through the Internet. Open records of all stages of an administrative procedure eliminate the need for personal contact with a particular official. It does away with the so-called “express fees”. Since the OPEN system began operation in April 1999, the transparency and integrity of the Seoul Metropolitan Government has greatly improved, according to the feedback received from Seoul residents. Finally, there is an Anti-Corruption Index. Through this index, the Seoul administration evaluates the level of integrity of each administrative unit and makes the result public on an annual basis. The City administration actively involves citizens in its various anti-corruption activities.

In the following discussion, the panelists raised some key points. An observation was made that Seoul’s anti-corruption initiatives, and the OPEN system in particular, seem to be working in those sectors or services where the jurisdiction is at the city level. The question of their effectiveness arises where the jurisdiction is shared with other regional or central governments, in the absence of a similar system on their part. So the issue of the introduction of similar or complementary systems in other jurisdictions was raised. Another panelist brought up the issue of how to increase the usage of the reporting mechanisms by the public to report corrupt acts and the need for methodologies for accurately measuring the efficacy of these and other anti-corruption measures of the SMG. Finally, the need to sustain the momentum of these anti-corruption initiatives, even in the face of a change of government, through non-partisan support was stressed.

Session III: Effective Ways to Combat Corruption in Municipal Governments

Session III aimed to distil some lessons on effective ways to combat corruption in general, and at the municipal level in particular. Three presentations were made by: 1) the United Nations on its role, 2) the Asia Foundation on the role of businesses, and 3) Transparency International–Korea on the role of non-governmental organizations (NGOs).

The United Nations made a presentation that corruption can be seen as one symptom of poor administration and mismanagement. Through this optic, corruption is primarily due to a structural problem of institutional weaknesses that can be overcome by strengthening institutional capacities and training citizens about their rights. The role of the United Nations is to facilitate the exchange of experiences and practices among national and sub-national governments and other interested stakeholders in the private sector and civil society and promote mutual cooperation.

The presentation by the Asia Foundation focused on the importance of involving businesses in counter corruption efforts, since they are both perpetrators and victims of corrupt acts. Because corruption increases the cost of doing business for everyone and shuts out some groups from certain lines of business altogether, there is a strong incentive for the business community to become involved in counter corruption activities. The example of the involvement of the Makati Business Club in the Philippines in a programme called *Transparent Accountable Governance* was highlighted to illustrate the active engagement of one business organization.

TI-Korea made a presentation which highlighted how NGOs can be involved in non-adversarial, cooperative partnerships with governments in anti-corruption initiatives. In addition to their traditional watchdog role, NGOs can also suggest new policy measures, such as those suggested by TI-Korea to the Korean public sector: integrity pacts, the people ombudsperson network, research to monitor the progress of anti-corruption measures, etc. The participation of NGOs is crucial to increase the transparency of local administration. At the same time, the NGOs themselves need to organize suitable participation structures to facilitate public involvement.

During the panel discussion that followed, the observation was made that until now, policy-makers have been more focused on *what* to do rather than on *how* to reduce corruption. The panelists proposed that successful anti-corruption efforts need to sequence activities, such as prioritizing among even United Nations anti-corruption resolutions for implementation. Next, attention was also drawn to the need for NGO independence. If NGOs receive their funds primarily from their governments, their role in integrity pacts, in appointing ombudsmen, such as those introduced by the Seoul Metropolitan Government, may be limited. Another point was made that if corruption is seen as a problem of costs and benefits, it is better to reduce opportunities for corruption rather than detecting or punishing it. For example, the OPEN system has many technical benefits. However, its economic benefits are less clear. An impact study after several years may be highly useful. The success of the OPEN system is due to the highly desirable characteristics of individuals – the incumbent Mayor and his staff. However, the long-term success of any anti-corruption policy rests not only on individuals but also on a good governance system.

Special Session: The Role of Information Technologies in Transparency, Service Delivery and Citizen-Centered Administration in Metropolitan Governments

During this special session, four case studies of incorporating information technologies in public administration were presented. The Swedish Agency for Public Management described the *Kontakt-N* system, a simplified registration process of business enterprises via the Internet. The City of Vancouver's use of information technologies, ranging from web pages to electronic local maps, was described in the second presentation. The third presentation by the Korean Ministry of Planning and Budget gave an overview of the various information technology initiatives introduced in Korea and the legislative and institutional framework they required. The final presentation also looked at the case of the City of Seoul in using information technology to improve the performance and participation in its administration.

The participants' discussion focused on the latest developments in e-government and citizen-centered administration. The new ICTs are thought to be a powerful tool in bringing administrations and their citizens 'on-line'. Government-citizen relations cover a broad spectrum of interactions at each stage of the policy-making cycle: from policy design, through implementation to evaluation. There are one-way relationships in which the government produces and delivers information for use by citizens. There are two-way relationships in which citizens provide feedback to the government. There are also relationships based on a partnership with the government in which citizens actively engage in the policy-making process.

The main questions discussed were as follows: How can ICTs be applied and utilized in public administration? What role is expected of active citizens participating in e-governance? What are the beneficial or harmful influences of ICTs on governance? All participants recognized the merits of the operation, performance, and effectiveness of the cases presented. But they raised questions such as: How can these systems be easily adopted? How much do they cost and how much time is required in establishing them? And what are the priorities in introducing these systems?

The session concluded that e-governance can utilize active citizen participation, and ICTs can be useful for good governance. The concrete requirements identified are strategically establishing a social infrastructure, providing proper legal system for a new ICTs environment, simplifying administrative processes and business process re-engineering, strengthening the citizen-government partnership based on active citizen participation, consciousness-raising for citizens and public officials, and enforcing on-line and off-line measures simultaneously.

Part 2: Background Papers

Session I: Corruption and Development

Anti-Corruption and ICT for Good Governance

Anti-corruption work of the OECD to improve transparency and accountability: using information and communication technologies (ICTs) to establish a modern public service culture

by
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Introduction

It is an honour to be here, especially since this is the first time that a senior official of the OECD has had the opportunity to address this forum of major metropolitan cities. Today, I would like to share with you some of the experience and lessons we have gained through our recent work in three key priority areas identified by our member countries, namely:

- Fostering good public governance;
- Promoting good governance in the corporate world; and
- Fighting bribery in business transactions.

I will then conclude by outlining how our future work on the use of new information and communication technologies (ICTs) in public administration can contribute to the fight against corruption.

Promoting good public governance in member countries

High standards of public governance are seen by all OECD member countries as the essential foundation for achieving sustainable economic growth, social cohesion and a healthy environment. Without high standards, there can be no trust or confidence in the integrity of public institutions or indeed of the value of democratic processes in promoting and protecting the interests and well-being of citizens. The result is instability and unpredictability, and under such conditions, neither business nor citizens can prosper.

Putting it bluntly, good governance means above all, clean government. There are other important aspects: respect for laws, responsiveness to citizens and sound budgetary management, for example. But probity and integrity in the public service and in public life generally are central to the proper functioning of public administration. It is not just a matter of fraud or financial misappropriation. Essentially, it is a question of applying the principle of honesty to all that government, whether national or municipal, does. That includes its dealings with citizens, their elected representatives and the conduct of its internal affairs.

Corruption is like a deadly disease. Left unchecked it weakens economies, creates huge inequalities and undermines the very foundations of democratic government. Additionally, the international business community is increasingly coming to realize that a culture of corruption is a disincentive to investment and trade.

But how to achieve the state where honesty and integrity are taken as given and where departures from the highest norms are the rare exception rather than the common rule is far from easy. Hence, in OECD, we have not seen it as our role simply to preach but to try to understand the factors that determine the standards of integrity achieved and the means by which they can be raised and, then, maintained.

First let me say that all OECD countries strenuously reject bribery and have strict laws and rules applying to their public officials. Most also have codes of conduct which seek to encourage honesty. But it is not

really a question of laws, rules and codes, nor even of enforcement, important though that is. Achieving high standards depends on many elements and requires a comprehensive approach to establishing a culture in which high expectations of good conduct are the norm. This involves such things as providing strong leadership and setting clear standards for the acceptance of gifts and hospitality and for the conduct of private affairs, backed as necessary by disclosure. It involves reviewing systems for public appointments and recruitment to and promotion within the public service to ensure that they are open and fair. It means establishing clear lines of accountability and reporting, supported by transparent and auditable financial management procedures. It means open procurement processes and much more. And it means, not least, dealing with citizens in an open, fair and objective way. Training can help but encouragement and example from the top are even more powerful in setting the right cultural framework.

What we have learned from our studies has enabled us to draw up a checklist and set of principles against which administrations can review their systems. This was also reflected in the “Recommendation on Improving Ethical Conduct in the Public Service” adopted by the OECD Council, by which the member countries committed themselves to review regularly their policies, procedures and practices. I take this Symposium as a welcome sign that this process is taken in Korea with the seriousness it deserves, and I can promise that we in the OECD will continue to deepen our work in this field and to share the results not just with OECD members but with a wider audience.

Promoting good governance in the corporate world

The OECD, as an economic organization, has a vital interest in promoting good corporate behaviour. One of the most important exercises that the OECD has undertaken over the past few years has been the Review of the Guidelines for Multinational Enterprises. The OECD Guidelines are recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from the 33 countries that have agreed to adopt them. First published in 1976, they have been regularly updated since then. The new Guidelines contain recommendations on core labour and environmental standards, as well as sections on combating corruption and safeguarding consumer rights. Their adoption marks a significant step forward in the process of creating a consensual framework for a global economy. In essence, the new Guidelines will help to reinforce a framework for responsible business conduct in the rapidly changing global economy.

The revised Guidelines were adopted in June 2000 by all OECD Members as well as by three non-members: Argentina, Brazil and Chile. Designed to ensure the continued relevance and effectiveness of the Guidelines in the rapidly changing global economy, the revisions followed extensive consultations with the business community, labour representatives, non-governmental organizations and non-member countries.

While many businesses have developed their own codes of conduct in recent years, the OECD Guidelines are the only multilaterally endorsed and comprehensive code that governments are committed to promoting. The Guidelines express the shared values of the governments of countries that are the source of most of the world’s direct investment flows and home to most multinational enterprises. They apply to business operations worldwide.

The revised Guidelines have been warmly welcomed as a timely initiative. Public concerns about the impact of the activities of multinational enterprises on home and host countries are clear, as evidenced by the now-familiar protests at major international conferences. The new Guidelines represent an important step in responding to some of these concerns while improving the climate for international investment. The basic premise of the Guidelines is that principles agreed internationally can help prevent conflict and build an atmosphere of confidence between multinational enterprises and the societies in which they operate.

The Guidelines are not, of course, a substitute for the law. They represent supplementary principles and standards of behaviour. The chapter on disclosure and transparency has been updated to reflect the OECD Principles on Corporate Governance and to encourage social and environmental accountability. Adopted by OECD Ministers in May 1999, these Principles on Corporate Governance, are non-binding and are intended to serve as a reference point for countries' efforts to evaluate and improve their own legal, institutional and regulatory framework.

Fighting bribery in business transactions

The OECD is widely acknowledged as playing a leading role in the fight against corruption. Our anti-corruption activities have especially targeted the "supply side" and have produced such internationally esteemed guidelines as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the OECD Principles of Corporate Governance. The OECD Anti-Bribery Convention, which entered into force in February 1999, makes it a crime to offer, promise or give a bribe to a foreign public official in order to obtain or retain international business deals. A related recommendation effectively puts an end to the practice according tax deductibility for bribe payments made to foreign public officials and defines a public official very broadly in order to cover all persons exercising a public function.

Until now, 33 countries have ratified the Convention and 28 have adopted implementing legislation. 29 of those countries that have ratified have already undergone a peer review process. The overall assessment of evaluated countries' compliance with the Convention has been positive, although there are serious concerns about deficiencies and potential gaps in some cases and some specific issues of varying magnitude need to be addressed for almost all countries reviewed.

I would also like to note that the OECD also hosts the Secretariat of the Financial Action Task Force on Money Laundering (FATF), established by the G-7 Summit at its meeting in Paris in 1989. In 1990, the Task Force formulated forty recommendations that cover all relevant aspects of the fight against money laundering. They were revised in 1996 to take into account the experience gained over the years. The principle objective of the FATF is to foster the establishment of a worldwide anti-money laundering network based on appropriate expansion of its membership, the development of regional anti-money laundering bodies in various parts of the world, and close cooperation with relevant international organizations. The Task Force also monitors countries' progress in implementing the recommended measures to counter money laundering and reviews money-laundering trends, techniques and counter measures. The latest FATF report that listed tax havens not cooperating with the Task Force received prominent press coverage early this summer.

Using new information and communication technologies (ICTs) to enhance transparency and accountability

This symposium asks the important and timely question, namely: how can new ICTs promote good governance? The simple answer is that ICTs offer a step-gain over other conventional communication and information management systems in several important respects. They allow greater accessibility, the facility for wider instant multi and two-way communication and the dissemination of information, automatic record keeping, the systematic classification and recovery of data and generally better knowledge management and the sharing of information.

These characteristics have the power to transform the way public administration is conducted and the relations between government and citizens. This is why the OECD has recently launched a new programme of work on e-government which will look at how governments can best exploit 21st century ICTs to promote greater efficiency and deliver responsive, cost-effective services to citizens within the framework of good governance principles.

The new possibilities offered by harnessing ICTs to public administration provide a powerful tool to combat corruption. Provided the right procedures are in place, they have the ability to make transactions, whether financial or administrative, traceable and open to challenge. There is no longer any excuse for not publishing the rules and criteria governing decisions and entitlements. Those responsible for particular decisions or activities can be readily identified. And by providing enhanced accounting, monitoring and auditing systems, they ensure that public finances are fully open to senior managerial and external scrutiny. More generally, the power of ICTs as a vehicle of communication means that citizens can be more fully involved in all aspects of government, including policy-making, thus reinforcing the creation of a culture of trust and mutual interest.

Indeed, ICTs are already transforming relations between governments and citizens in many fields. Earlier this year, I attended the Third Global Forum in Naples, to which the OECD contributed actively. This brought together, at the invitation of the Italian government, representatives of 122 countries, including many ministers, multilateral agencies, the business community and non-governmental organizations. The final communiqué of the Meeting acknowledged that: “Nothing is more powerful in combating corruption than conducting transactions openly and with public knowledge of the rules and criteria to be applied...[and] ICT can be a powerful tool for good governance.”

From our project, we hope to be able to offer some useful wider lessons and thoughts. But for now, I would like to mention two of the concrete measures that the OECD recommends governments explore in this area:

- Firstly, governments should increase the information on administrative procedures that is available on-line. Here, we are talking about all forms of regulation and administrative procedure. This might include tax returns, TV and road licenses, the registration of births and deaths, the registration of property rights, building permits, commercial permits, the renewal of passports and residential permits, parking permits and social security programmes. The point is not just the replacement of forms but the fact that the rules of entitlement and the procedures for applying, etc. can be made more transparent and open to question. The OPEN system of Seoul provides an excellent example from which others can learn, as it provides citizens with on-line information on the processing of their applications for licenses and permits. At present, while all governments in OECD countries provide an increasing amount of information on-line (e.g. via government web sites and portals), the quantity, quality and range vary greatly.
- The second practical step I would encourage governments to consider is providing on-line information on policy proposals and draft legislation to enable citizens and civil society to provide their input in the policy-making process. The use of ICTs for feedback and consultation is still in its infancy in all OECD countries, and very few OECD countries have begun to experiment with on-line tools to actively engage citizens in policy-making (e.g. on-line discussion groups).

When seeking to harness the potential of ICTs, governments must also address risks to privacy and security. For example, governments need to develop criteria for the release of public information that may contain personal or sensitive data. Governments also need to develop standards for identifying users and ensuring the validity of official documents. Governments will need to address these concerns in order to encourage citizens to use new ICT channels for service, participation and accountability.

While all OECD member countries are making significant efforts to bring their governments and their citizens on-line, few expect new ICTs to completely replace traditional methods for information, consultation and active participation in the foreseeable future. Integration with established, ‘off-line’ tools and approaches is needed to make the most of ICTs. Nevertheless the cultural impact will be great.

Conclusion – fostering dialogue to strengthen measures for good governance

To conclude, allow me to underline three key points:

- Firstly, the success of reforms and innovations in public governance will ultimately be judged not by governments or international organizations but by citizens. It is citizens who are demanding greater transparency and accountability from government as well as greater public participation in shaping policies that affect their lives.
- Secondly, I would like to stress again the importance of taking full advantage of the opportunities offered by developments in ICT. ICTs are, of course, not a goal in themselves. However, they do offer powerful tools that, if well managed, will help to achieve a more open, transparent and accountable government.
- Finally, while new ICTs now enable us to take part in on-line discussions from around the globe, I firmly believe that opportunities for policy dialogue and direct exchange, such as that offered to us today by the Seoul Metropolitan Government, are of enduring importance. In the future, as in the past, the OECD will continue to work together with representatives of governments and private enterprises to promote integrity and good governance around the world.

Thank you for your attention. I look forward to what promises to be a fruitful discussion.

Electronic Government, Transparency and Performance Management in the Public Sector

by
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Introduction

In the twenty-first century, most of the people of the world are denizens of cities, and many millions live in mega-cities like New York and Seoul. Whether they are also “citizens” depends on the conditions of governance under which they live. Therefore it is highly appropriate for the United Nations to focus attention on the governance of cities, given the commitment stated in the preamble to the Charter “to promote social progress and better standard of life in larger freedom” and “to employ international machinery for the promotion of economic and social advancement of all peoples”. It is also fitting that this conference be held jointly with the Seoul Metropolitan Government, which during the administration of Mayor Goh Kun has become a pioneer in innovation in the governance of cities. If I may so, I believe it is also appropriate to include in the explorations of this conference the experience of New York City, which in the last decade has also blazed new trails in urban public management, with dramatic results. I hope, thereby, to add explicitly the issues of public sector performance measurement and management to e-government and transparency on the agenda.

Governance and public sector performance

Good governance of cities is a very broad topic. It includes all the concern of the structures and functions of a democratic polity, including the institutional designs and electoral processes necessary for a free and responsive government. While the United Nations has to attend to the full range of issues, coming as I do from a School of Public Administration, I am prepared to address only the latter stages of the complex process in which public will is converted into public action – the delivery of public goods and services to the community. My topic is the role of public management in good governance.

The goals of the good governance of cities are closely linked to the everyday life of citizens. In many states and increasingly throughout the world, local governments in general, and cities in particular, are critical to the life of citizens’ welfare, including their enjoyment of human rights. Cities were created to provide safety and order, health, education, economic growth and prosperity, quality of community life. “Good” governance requires effective, responsive, efficient, equitable performance of collectively mandated functions. The term governance reflects recognition of the role of private and non-profit sector agencies in achieving public objectives. It also recognizes the role of citizen consumers of public services.

For far too long, the field of public administration in the United States and elsewhere focused almost exclusively on official actors, either political leaders or civil servants, without recognizing the extent to which the production of public services depends upon the private sector, non-governmental and voluntary organizations, and especially citizen consumers as participants in the process. E-government, transparency, and outcome measurement should all be designed with co-productive governance in mind.

The concept of citizen “co-production” of public goods and services recognizes that public safety, public health, education and most of the other services expected from government depend upon citizen inputs for effective, efficient, responsive and equitable delivery. The dependence of urban police forces on citizens for law-abiding behaviour, reporting victimization or serving as witnesses is widely recognized, as is the critical contribution of students and their families to the efforts of educators. Similarly, health status in the

community depends more on environmental policies and conditions, and on citizens' lifestyle decisions than on physicians, nurses and pharmaceuticals. Even the clinical contribution to health depends on patients' self-diagnosis of health problems and adherence to medical prescriptions. Therefore, any systematic approach to urban governance today takes into account the reality of co-production. In listing the critical contributions of transparency to good governance, in addition to helping hold officials accountable, properly constructed, it also enables citizens to be effective co-producers of public goods and services.

The goal of good governance (measured in terms of effectiveness, responsiveness, efficiency and equity) is not *e-government*, *transparent government* or *measured government*. As important as these are, they are all means to other ends. The achievement of public safety, health, economic growth and prosperity, quality of community life depends today on e-government, transparency and outcome measurement, but they should not be confused with the things they were created to produce. As I will explain in more detail, New York City introduced the measurement of its agencies' performance in a transparent way in 1977 and operated that measurement system for almost two decades without substantially improving public sector performance. Although New York is in no sense a leader in e-government and lags behind Seoul in that area, in most respects, its use of some elements of action associated with e-government in the last eight years produced some major advances in City governance.

From performance measurement to performance management in New York City

For more than two decades, the City of New York has utilized a planning and management tool called Mayor's Management Plan and Report System (MPRS). In 1975, a fiscal crisis in New York City (bankruptcy, in fact), brought major reforms in the way the City managed its business. New York City nearly crashed because it had in effect been flying blind: it did not know how much money it was collecting in taxes and could not predict tax revenues, and it did not know what services it was providing at what cost. Virtually all records of the City's business were manually processed. The City's creditors, and the state and federal government that fund many City services demanded stringent financial control systems, and multiple layers of regulation were put in place to plan and monitor the City's revenue collection, budgets and expenditures. Some City officials were concerned that an imbalance was being created that would confuse a balanced City budget with a well performing City government. They created the Mayor's Management Plan and Report System and a new agency, the Mayor's Office of Operations, to attend to the effectiveness of City government.

As originally conceived by its creators, the MPRS is carried out by individual agencies under the direction of a designated Management Plan Coordinator, and monitored and administered by the Mayor's Office of Operations. The MPRS allows for development of an annual agency plan, including a review of agency *mission* and *programmes* which define the job of the agency; *performance plans* which determine how well and how much of the job is to be done; and planned *improvement projects* which detail efforts being taken to upgrade service delivery or operations management.¹

The MPRS was designed to be both a management tool and ultimately a mechanism for public accountability. It provides leverage for management control for agency commissioners and the Mayor. The MPRS also provides the City's oversight agencies (e.g. the Office of Management and Budget, and the Mayor's Office of Operations) with a means to coordinate the large array of service requirements across agencies and to ensure adherence to the City's overall service delivery priorities. The importance of this coordination is expressed through the annual process of budget preparation, which by the late

¹ Mayor's Office of Operations, "Mayor's Management Plan and Report System Manual," 1986. Consistent with the low level of investment by the City in training managers to use the MPRS, by 1989, virtually no actor interviewed, including staff in the Mayor's Office of Operations, had ever heard of this highly informative manual.

1980's was based on both resource and service issues. Finally, through the semi-annual *Mayor's Management Report*, the system provides for accountability to the public. When first created, it was the most comprehensive and the most transparent system of performance reporting of any big city in the United States.

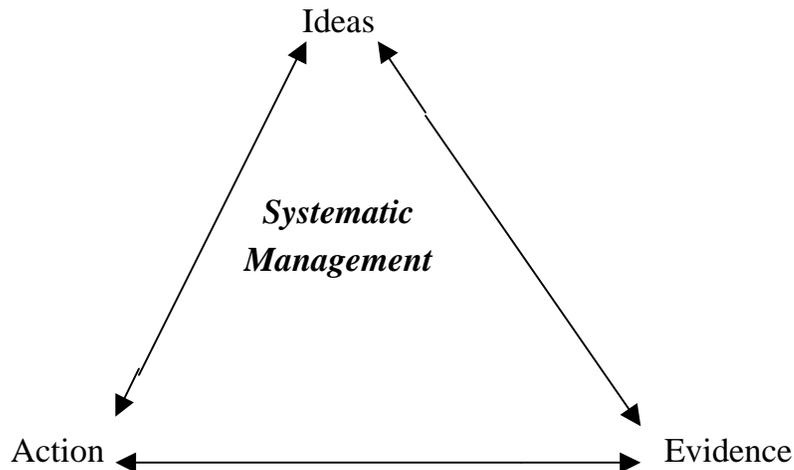
In 1989, after studying the use of the MPRS in twelve City agencies, I reported that the agencies were regularly measuring inputs and activities, and in a few cases outputs, but almost never measuring the outcomes of their agencies. Further, I found that the agencies were reporting indicators of agency "performance" but were *not using those measures to plan or manage their agencies*. I recommended that the City require that each agency identify *and measure* the key outcomes it was committed to achieving, and focus its inputs, activities and output production on achieving those outcomes. Further, in terms of management for achieving intended outcomes, I recommended that:

The missing piece of the original design for the MPRS, the Agency Management Plan, should be established in all agencies. The absence of a systematic process of translating Executive Management Planning and Reporting into sub-unit targets and regular reporting means that the MPRS is not being utilized to its full capacity.

In my update to that study (1993), I reported that I could find no evidence that there had been any progress toward measuring and managing outcomes. Managing for results, the cornerstone concept in the "reinvention of government" had not yet come to New York City. In 1994, with the election of Mayor Rudy Giuliani, who had run on a campaign to reduce crime, City government finally began to realize the promise of performance in one agency, the New York City Police Department (NYPD), through an innovation called COMPSTAT.

COMPSTAT and public management reform in New York City

Police management reform in New York City included all the elements of systematic performance management. Systematic management requires closely woven connections between ideas, actions and evidence.



Ideas include strategic assumptions amounting to theories about what works, and actions represent the implementation of those ideas. Evidence is the systematic feedback on how well the ideas are supported by experience in action. Together, they form an ongoing learning system.

The innovation in police management called COMPSTAT was introduced in NYPD by the management team assembled by William Bratton when he became the Police Commissioner at the start of the

administration of Mayor Rudy Giuliani in 1994². After reaching a peak in the early 1990s, and after a historic build-up in police personnel carried out by Police Commissioners Lee Brown and Raymond Kelly from 1991-1994, index crime in New York had begun a small but steady decline.

Under Mayor Giuliani, the new Police Commissioner William Bratton's approach to management departed from both the traditional model of a highly centralized, reactive bureaucracy and from community policing. Bratton's model, which came to be known as COMPSTAT, differs in philosophy, structure and management process from its predecessors. To oversimplify, the philosophical change involved the belief that police action can affect crime and levels of public safety.³

Commissioner Bratton had his own reasons to believe in this approach. When he had served as the head of the New York City Transit Police, he succeeded in dramatically reducing serious crime by enforcing the laws against "fare beating". The rationale was that persons entering the subways with the intent of robbery and other crimes in the subways were unlikely to pay to ride. By stopping fare beaters, searching them for and confiscating weapons, and prosecuting those with weapons for the more serious charges, they drove knives and guns out of the system. This kind of strategy-based law enforcement, more akin to "problem solving policing" than community policing, became a cornerstone of COMPSTAT. Behind each success in crime reduction was an idea of what would work to reduce the particular crime problem in focus.

The structural change in COMPSTAT involves the "discovery" of precinct commanders as the appropriate locus for operational authority and accountability. In the traditional NYPD structure of command, information and accountability was centered on higher-level officials and on functionally specialized units. Under the old system, the job of precinct commander was either the icing on the top of a long career at NYPD or a short stopover on a fast track in the career of upwardly mobile officers. In either case, the performance goal was to escape the position before an incident or scandal marred your record. Community policing could have empowered precinct commanders, but in fact, as practiced in New York City, the focus was on empowering individual police officers as problem-solvers.

At the beginning of the Bratton administration, precincts typically did not have personal computers, and it usually took weeks for the crime and activity data precincts produced and sent to headquarters to come back to them.

Under COMPSTAT, precincts are the locus of performance management. Precinct commanders are given the tools, including computers, to analyze up-to-date statistics, are expected to find patterns of crime and police activity, and to devise solutions to problems they identify within the context certain priorities and strategies for crime reduction that are provided by the central administration. Precinct commanders know that COMPSTAT staff members have the same data they do, and are analyzing it for top command review.

A 1996 article appearing in NYPD, published by the police department, entitled "Managing for Results: Building a Police Organization That Dramatically Reduces Crime, Disorder and Fear" described the *internal transparency* introduced by COMPSTAT:

For the first time in its history, the NYPD is using crime statistics and regular meetings of key enforcement personnel to direct its enforcement efforts. In the past, crime statistics often lagged events by months and

² See Howard Safir, Police Commissioner, "The COMPSTAT Process," prepared by the Office of Management Analysis and Planning, the Police Department of the City of New York, n.d.

³ In particular, the new philosophy was informed by the idea of "broken windows" articulated most clearly by James Q. Wilson and George Kelling. They argued that effective crime control starts at the bottom of the scale of seriousness, not the top.

so did the sense of whether crime control initiatives had succeeded or failed. Now there is a daily turnaround in the COMPSTAT numbers, as crime statistics are called, and NYPD commanders watch weekly crime trends with the same hawk-like attention private corporations paid profits and loss. Crime statistics have become the department's bottom line, the best indicator of how police are doing precinct by precinct and citywide.

At semi-weekly COMPSTAT meetings, department's top executives meet in rotation with precinct commanders and detective squad commanders from different areas of the city. These are tough, probing sessions that review current crime trends, plan tactics and allocate resources. Commanders are called back to present their results at the COMPSTAT meetings at least every five weeks, creating a sense of immediate accountability that has energized the NYPD's widely scattered local commands. The meetings also provided department's executive staff with a way of gauging the performance of precinct commanders who have a better opportunity to be recognized for what they have accomplished in their commands and how effectively they are applying the NYPD strategies.

Each of the ten NYPD strategies or key ideas guiding police inputs and activities and tracked in terms of outputs and outcomes (getting guns off the streets; curbing youth violence in the schools and on the streets; driving drug dealers out of New York City; breaking the cycle of domestic violence; reclaiming the public spaces of New York City; reducing auto-related crime in New York; rooting out corruption; reclaiming the roads of New York; courtesy, professionalism and respect; and bringing fugitives to justice) is not merely a focus for action but embodies the Department's best, most up-to-date thinking about how to achieve the stated goal. NYPD changed the answer to all the key information management questions: who (which officials) need to know, what they need to know, when they need to know, and why they need to know.

Since the introduction of COMPSTAT, crime in all categories has gone down, in some cases including homicide, to 1960's levels. Since COMPSTAT was introduced, in New York City's relative crime rate ranking among the nearly 200 US cities with populations of 100,000 or more has improved from 88th place to 165th. More specifically, from 1993 to 1999 in New York City:

- Murder and non-negligent manslaughter declined 66% [whereas the United States, *excluding NYC*, was down 34%];
- Larceny theft declined 40% in NYC [11% in the US]
- Motor vehicle theft is down 66% [US: 24%];
- Burglary is down 59% [US: 26%];
- Robbery declined 58% [US: 35%];
- Grand larceny decreased 37% [US: 6%];
- Aggravated assaults dropped 36% [US: 19%]; and
- Forcible rape declined 40% [US: 17%].

The total crime index FBI reported in New York City, 1993 to 1999, declined 50%, compared to a drop of 17% (again excluding the NYC numbers) in other major cities in the United States.

The detailed tracking process cast a much wider net than just major reported crimes. It includes indicators believed to be warning markers, like shooting incidents, shooting victims and gun arrests, all displayed in geographically pinpointed detail.

There is plenty of debate about how much credit the police in general and NYPD management in particular deserves, since crime has gone down in many major American cities. NYPD points to the fact

that New York City's relative crime rate ranking among the nearly 200 US cities with populations of 100,000 or more, has improved from 88th to 157th since COMPSTAT was introduced.

One of the weaknesses in COMPSTAT was that it did not particularly attend to the need of police for citizen co-production. Had that been included, the NYPD might have avoided some of the police community relation scandals of the past decade. Governments that recognize the need for co-production, as Metropolitan Seoul has in its OPEN procurement and permit process, include the collection of citizen feedback in their strategy for gathering evidence of performance. New York has, until recently, strongly resisted pressure to survey its citizens about police and other government agency performance.

On the positive side, additional evidence of the effectiveness of COMPSTAT-based ideas of public service performance management can be found in two New York City Departments that first attempted to follow the model of NYPD in areas other than policing, the Department of Correction (DOC) and the Parks and Recreation Department. At Correction, the elements of accurately and timely intelligence combined with effective tactics, rapid deployment, relentless follow-up and assessment, as well as decentralization of management accountability, enabled it to achieve a major turnaround in its key outcome, prisoner safety (reduction in violence in the jails) and one of its important administrative goals, reduction in overtime expenses. From 1995 when its COMPSTAT-like management reform was introduced in the DOC through 2000, the number of "violent incidents" (stabblings and slashings) was cut from 593 to 54. The Rikers Island Jail went from being among the more dangerous facilities in the nation to one of the safest (Smith, 1997).

Using the principles of COMPSTAT, the City Department of Parks and Recreation created PARKSTAT, which converted a very good method of annually *measuring* the park safety and cleanliness conditions into a system for intensively *managing* those conditions: when the measurement tool was introduced, the Department reported declining performance for two consecutive years. Converted into a management tool in 1996, the Department used COMPSTAT management principles to double the percent of park facilities rated as safe and clean, from 39 to 87 percent.

That these performance successes occurred immediately after the introduction of COMPSTAT management principles provides additional weight to the argument that a change in police management deserves significant credit for the safer New York City of the new millennium. They combine with the New York City Police Department experience to suggest that complex urban services can achieve significantly higher performance through improved management. A number of other New York City agencies are applying COMPSTAT management principles and the City of Baltimore, Maryland has launched CITI-STAT, the use of the COMSTAT model to all city agencies, but none have been systematically studied.

Systematic performance management

The New York City experience of management reform shows the power of linking ideas, action and evidence together. New ideas of police intervention were used to create new modes of action that both informed initially and revised subsequently by evidence about performance, particularly about the outcome, citywide crime reduction. While the introduction of personal computers and GIS mapping of activities, outputs and outcomes, and the sharing of this information in precinct and headquarters, and COMPSTAT review meetings represented a transformation in longstanding patterns of information hoarding in every unit and at every level of the Department represent a quantum leap in intra-organizational transparency, there was no comparable opening up of information to the citizens and communities by the police except data about crime reduction. In fact the Giuliani administration has been challenged in many lawsuits, often successfully, for its failure to give access to information to the press and even other government agencies, such as the independently elected City and State Comptrollers auditors. This might suggest that we should be concerned, given this lack of external transparency, about corruption in New York City.

However, offsetting the lack of transparency about process is the heavy emphasis on managing NYPD for crime reduction results. The pressure to produce desired outcomes/results has, as a by-product, a propensity to reduce corruption. Corruption is the appropriation of public resources for a private use. If a system has a considerable slack, the disappearance of corruptly appropriated resources tends to go unnoticed. When there is intense pressure to produce outcomes with inevitably scarce resources, the absence of slack makes corrupt action more obvious and detectable. The weakness in this corrective effect of performance measurement is if the full range of performance criteria are not used. Equity in the treatment of citizens was not part of the performance measurement agenda in NYPD, and the corrupt use of police authority in police encounters with black and Hispanic citizens may have been the result.

COMPSTAT is a significant advance over the pressure to perform, exerted by the MPRS, because it provided within NYPD (and in other agencies that have used the approach) clear direction regarding what performance information has priority, who needs to receive it and when. At its best, when strategies have been clearly spelled out, it also makes clear the theory behind the action: why the action is being taken and why specific information is required. This is theory-based performance management.

Innovation in Seoul Metropolitan Government: OPEN

Many at this conference know far more than I about the municipal reform innovations that are underway in Seoul Metropolitan Government in the administration of Mayor Goh Kun. However, because of the remarkable transparency of the Seoul government, and because of some energetic research by Korean scholars, much is already known about the success of this City in improving performance and reducing corruption. The City's pursuit of improved performance through simultaneous development of e-government and transparency strategy can be learned from the City's web site.⁴

A set of scholarly articles presented at a panel of the American Society for Public Administration's annual meeting last March in Newark, New Jersey, examined service improvement, anti-corruption policy and citizen access to information. While they were generally favourable in their conclusions, they found many areas of potential improvement.

The OPEN System has also been reviewed and praised in a recent paper on comparative government procurement practices by the lead author of *The Pursuit of Absolute Integrity: How Corruption Control Makes Government Ineffective*, Frank Anechiarico. The thesis of that study was that public administration often was guilty of putting systems in place to control corruption without considering the impact of those reforms on public sector performance. Because of the combined focus on performance and integrity of Seoul's OPEN System, it warranted a "not guilty" verdict. Instead, he concluded that it needs further study for other cities and other services.

That a programme that has only been in operation for less than three years has received so much scholarly attention is a tribute to a different kind of openness: openness to systematic evaluation that includes citizen feedback through regular, on-line reporting mechanisms and citizen survey. To place this in comparative perspective, New York City, after nearly eight years of internationally acclaimed success in police reform, is only now willing to open its practices to the scrutiny of publicly reported citizen survey results!⁵

⁴ A recent Time Magazine article also recognized Seoul's "Recipe for Clean Government". It cites high praise from the usually skeptical Transparency International for the innovativeness of the Seoul approach to accountable government.

⁵ Earlier in the Giuliani administration a survey on police performance was done for the Mayor's Criminal Justice Coordinator, but its existence was not publicly acknowledged – nor, of course, were its results released.

Combining New York and Seoul: models for good governance and cities

In January of 2002, New York City will have a new Mayor and a new administration. Given the politics of the City, it is likely, if not certain, that there will be significant turnover in the leadership of City agencies. In the past, political change has been followed by substantial policy and management re-direction. While there will certainly be some policy shifts, it is safe to say that the trend toward COMPSTAT-inspired performance management will continue and even accelerate under new leadership. This prognosis is based in part on statements of the candidates for Mayor during the campaign. With one exception (Bronx Borough President Ferrer), all the prominent candidates have explicitly expressed a commitment to continuing COMPSTAT. The candidate currently leading by a substantial margin in the public opinion polls has taken on William Bratton as an advisor and has expressed an interest in the Baltimore CITISTAT experiment of applying the COMPSTAT principle in all city agencies. These campaign commitments have often been evoked by questions from the press and from ordinary citizens at public meetings.

To take the management reform in New York City to a new level, I believe it should follow the lead of Seoul Metropolitan Government by investing in e-government as an integral part of a strategy of increasing co-productivity and accountability. It should also make a commitment to the kind of qualitative leap forward in external transparency that has occurred in Seoul through the OPEN System and other reforms. The combination of creatively expanding e-government in a way that brought the vast New York City bureaucracy within the reach of communities and citizens and providing timely information for citizen use would, I believe, not only increase accountability but also unleash a vast reservoir of co-productivity not now tapped. New York City needs to study carefully how Seoul Metropolitan Government implemented the OPEN System so quickly and effectively. New York's e-government Task Force in 1997 included bold ideas that are mostly still on the drawing board. A multi-year pilot project offering information kiosks just ended without any action plan to continue or expand it. The Mayor's Management Report can now be read on-line but it is not designed for citizen uses or feedback. Clearly, New York City could learn from Seoul.

If the agencies of Seoul Metropolitan Government have already discovered and begun to use the principles of performance management, I extend my congratulations. If not, I strongly urge the Seoul government and Korean scholars of urban public administration to examine carefully its potential to strengthen the management reform effort already well underway here. I also encourage the United Nations Department of Economic and Social Affairs to take the lead in exploring and disseminating the power of combining e-government, transparency and performance management as part of its mission to improve urban governance.

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Resolving a Dilemma: The Role of Multilateral Development Institutions in Controlling Corruption

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Just three years ago, in July 1998, the Board of Directors of the Asian Development Bank (ADB) – a regional multilateral development institution – adopted an Anti-corruption Policy. It placed responsibility for investigating allegations of corruption and fraud with the Office of the General Auditor, which created an Anti-corruption Unit. The staff of that unit helps ADB to maintain its integrity and reduce the burden that widespread, systematic corruption exacts on the governments and economies in the region.

But corruption did not start just three years ago. The problem of corruption is one of the most enduring dilemmas confronting society throughout history. The nature and scope of corruption may change, but one can find the phenomenon at all times and everywhere. As with any problem, to get to the point where multilateral development institutions (MDIs) began their offensive against corruption in the past few years, it had to start with the recognition of the problem.

Even before its Anti-corruption Policy, ADB adopted a Governance Policy – the first multilateral development institution to do so. It knew then that the development process is consistently more successful in environments of:

- Transparency in decision-making,
- Accountability among government officials, and
- Stakeholder participation in decision-making.

Today, MDIs have a common approach to fighting corruption, founded on supporting and promoting the principles of good governance. But good governance in their member countries is not enough. Unfortunately, corruption is endemic and systemic in many countries. It often involves public and elected officials as well as the private sector. No matter who they are, though, the corrupt will not willingly relinquish their power or influence.

Eradicating corruption may involve broad political, legislative and cultural reforms. Yet MDIs are constrained with limits to the influence they may wield on matters of sovereignty in their member countries. Supporting legal, institutional and policy reforms does not provide a mechanism to enforce the standards donor countries expect. Understanding these constraints is important.

There are many high-profile examples of the misuse of donor funds. In South Africa, Swedish support for the Reverend Allan Boesak's Foundation for Peace and Justice found its way into Boesak's personal account. The South African Supreme Court upheld his conviction of theft and fraud, and he served a year in prison.

In the Philippines, more than 20 years ago, the country built a nuclear power plant at a cost that was triple what other such plants built by the same company cost. The cost included USD 80 million that allegedly went to Philippine President Ferdinand Marcos in kickbacks. The Philippine government today still pays thousands of dollars a day in interest on the loans taken out to finance that project

In Cambodia, the Cambodian Mine Action Center, which is financed in large part by the United States, Canada, Japan, Australia and Great Britain, is accused of misusing millions of dollars of their foreign aid.

The organization's goal is to clear hazardous tracts of land fit for habitation or cultivation. Interestingly, a major beneficiary of some major clearance efforts is a member of the deposed military regime.

Even more recently, a film crew captured evidence of possible misappropriation of Gujarat earthquake relief when they interrupted a group of men removing aid material from a warehouse at night. A watchman, who witnessed the event, explained that he did nothing to stop the men because a local city Councilor was among them.

These examples of corruption infringing on donor aid illustrate a dilemma that all MDIs face. They fulfill their objectives by investing substantial sums of money in their member countries. Yet it is that money that often fuels the corruption that holds the member countries hostage to underdevelopment. Still, even if there is a high risk that corruption will divert development money, one cannot merely cut off all financial assistance.

So while trying to fulfill their purpose through their substantial investments, MDIs also unintentionally become part of the problem. Certainly corruption is becoming more difficult as more countries pass laws and adopt the Organisation for Economic Cooperation and Development's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. But this is not enough. MDIs have a responsibility to contribute to the worldwide fight against corruption. They must contribute to the solution.

To fulfill their role as part of the solution to control corruption, MDIs need to find ways to bring about the changes they all know need to occur. Policies aren't enough to undertake the fight. All MDIs operate on a consensus basis, which may dilute policies. Nonetheless, this is a sure way toward progress, although it may be slower than some people want or expect.

They can do this in three ways. MDIs should:

- Increase awareness of corruption and its impact on society;
- Ensure that controlling corruption is relevant to its member countries; and
- Set an example.

Increase awareness

Confronting a problem as longstanding as corruption is a daunting challenge. Corruption undermines the development, poverty reduction and common good of countries. Corruption reduces or even reverses economic growth. It steals resources from education and health. It rewards the incompetent and the dishonest. It penalizes enterprising and honest citizens. It aggravates political and economic inequalities. It deters or absorbs private sector investment. And it deprives ordinary people of responsive and even-handed public administration. Corruption concerns all of society.

ADB and other MDIs recognize that centuries-old attitudes toward corruption are now changing in character. These institutions today see corruption as the most important obstacle to development in the new millennium. We have come to realize that attitudes toward corruption must change. And this change in attitude must extend to and include civil society and the private sector.

Kofi Annan, Secretary-General of the United Nations, has said, "Without the private sector's active commitment and support, there is a danger that universal values will remain little more than fine words, documents whose anniversaries we can celebrate and make speeches about but with limited impact on the lives of ordinary people." MDIs can work to ensure the current commitment to controlling corruption is more than fine words by helping to raise public awareness and promote civic participation in the fight against corruption.

One valuable tool in raising civil society awareness about corruption can be working with an independent, professional mass media. The local, national or international press can be effective in stirring interest in corruption cases. MDIs and other international organizations can support public awareness and civic participation through widely disseminating issues of corruption and success stories of combating corruption. But worldwide, MDIs must be cognizant of different media environments. Though the mass media can play a role in combating corruption by promoting public awareness through reporting on corruption cases, business conglomerates with connections to the powers that be now control a growing number of media establishments. This can work against efforts to promote good governance.

Countries with free media and freedom of information can expose public scandals and fraud. In other countries, such scandals escape media scrutiny. In developing countries, especially in Southeast Asia, big companies wield considerable influence over the local newspapers that depend so much on advertisements. The public also does not necessarily support good quality newspapers that expose corruption.

The educational system can also raise public awareness by introducing students to new values and making them sensitive to corruption and abuse of authority. MDIs' aid to and support of educational infrastructure and programmes can help.

The anti-corruption campaign is not confined to individual countries. It now is part of the international community. It is important to coordinate anti-corruption legislation and to strengthen international links to prevent cross-border bribery. The opportunities provided by developed economies that induce spiraling borrowing boost corruption. MDIs and other international organizations can provide technical assistance apart from financial assistance in the development of anti-corruption mechanisms.

ADB knows that it is essential to raise awareness about corruption issues as an indispensable part of efforts to prevent and combat corruption. Therefore, it is strengthening its efforts to elevate accountability issues to the top level of the development agenda in the countries in the region. ADB intends to intensify its efforts at promoting accountability mechanisms in the Asian Region. As the regional development bank, it is in a privileged position to take on the lead role in supporting country efforts to combat corruption.

Developing countries are in the driver's seat. MDIs and international organizations can only support countries' efforts. Partnership is essential. Sharing information on developments and initiatives taken by countries, international organizations, civil society and private sector is a key component of an effective campaign to fight bribery and corruption. MDIs need a commitment to the exchange of experience and ideas. The job of MDIs is not to lecture developing countries on the virtues of good governance, but to expand the dialogue on best practices.

ADB's Anti-corruption Unit fully supports the open exchange of experience and information with other multilateral development banks. Our Anti-corruption Unit has worked cooperatively throughout this year with their World Bank investigators. We have also conducted investigative missions in several countries concurrently with the World Bank and have worked jointly with a United Nations investigation this year. Although these were cooperative efforts, each international institution had its own policies and standards. Yet we were able to work effectively, to share our ideas and our own experience. This type of cooperation will help all MDIs deal with issues of corruption.

Studies have confirmed a strong link between better development outcomes and good governance, which is recognized as a key facet to control corruption. ADB and other MDIs recognize that the quality of governance is critical to sustainable development. Good governance ensures the transparent use of public funds, encourages growth of the private sector, promotes effective delivery of public services and helps to establish the rule of law.

A governance assessment examines the strength of a government's commitment to good governance, including sound macroeconomic and financial management, participatory and pro-poor economic policies, effective delivery of public services, and enforcement of contractual and property rights. Since the poor depend heavily on basic services in the public sector – such as basic health and education – weak governance affects them the most. Publication of these governance assessments is another way that ADB supports increasing awareness of corruption and the awareness of the benefits of good governance, which are vital to controlling corruption.

ADB also increases awareness of good governance as a tool to control corruption through ADB-assisted studies. The Cambodia Development Resource Institute and ADB conducted one for Cambodia earlier this year in Phnom Penh in close consultation with all stakeholders, including the private sector and civil society. The analysis showed how Cambodia is staging a remarkable economic turnaround, thanks to the coalition government's avowed commitment to poverty-reducing economic development. With ADB's assistance, Cambodia has put in place important building blocks towards establishing a land law and an audit law. The land law will define boundaries and enable people to establish legal title to the land they occupy. The audit law will set up a national audit authority aimed at establishing financial integrity and accountability in government departments.

ADB is also working to establish a regional partnership network on governance and anti-corruption, comprising representatives from governments, civil society, private sector and development agencies. The overall aim is to build a consensus on relevant benchmarks, best practices and codes of conduct, and to review progress on achieving better results in the region.

With all of these efforts, ADB recognizes that information and communication technology (ICT) is a powerful force shaping the social and economic development of the Asian and Pacific region. ADB is helping its developing member countries benefit from the new opportunities created by ICT and is committed to help bridge the growing digital divide and reap digital dividends within and across its member countries. ADB's ICT strategy includes a specific thrust to develop ICT applications and information content for Asian Development Bank projects and activities, including its technical assistance projects. Also, creating an enabling environment for ICT is inherent in ADB's efforts to strengthen public institutions.

Similar efforts by other MDIs can help increase public awareness of corruption issues.

Although ADB will intensify its efforts to promote accountability in the Asian region and can take the lead in supporting country efforts to combat corruption, it is the countries themselves that bear primary responsibility in this all-important exercise. MDIs can only support efforts to address and control corruption.

Make controlling corruption relevant

MDIs must consider many economic factors when making development investment decisions. But with evidence that corruption can double the cost of procurement, controlling corruption is a key element that any multilateral development institution has to consider.

Increasing awareness of corruption and its impact on society is not usually enough. Admittedly, grassroots uprisings against corruption can bring significant and needed change. Perhaps this past January's events in the Philippines – where the President of the Republic was effectively removed from office based on a massive, fortunately peaceful uprising of the citizens – can be counted as such an event.

MDIs need to find a way to make their investments in a way that discourages corruption. At the same time, MDIs need to ensure they allocate their limited development resources to countries that make the best use of them. Of course, recipient countries also need to ensure they use the development resources they receive efficiently and effectively.

The successful achievement of these several goals requires MDIs to form strong partnerships with their member countries. While increasing awareness of corruption and its impact on society is one factor in developing such a partnership, MDIs must do more. To make controlling corruption work in different countries requires recognition by MDIs that each country is unique, and there are several variables to address. Each country has its own bureaucracy, and overcoming a possibly overwhelming established structure can hinder the process of establishing effective governance and controls over corruption. Cultural issues are another factor when trying to make societal changes to address corruption.

Associating development investment with real performance toward controlling corruption gives developing countries a strong incentive to work toward necessary changes or risk losing the fuel of their corruption. It also integrates a solution to the corruption predicament into the development decisions that MDIs make.

Performance-based allocation can be a powerful management tool for MDIs. With the right balance of criteria, it places strong emphasis on demonstrated performance, including commitment to promoting good governance, sound fiscal choices, participation and empowerment of civil society – all of which leading studies have shown convincingly are essential for the effective use of scarce development resources.

Performance-based allocation can help MDIs focus on making a difference where efforts stand the best chance of success and placing resources where they can be most effective. Just as they need to tailor their development programmes to each unique member country, MDIs need to tailor their response to their member countries – their partners – when evaluating anti-corruption efforts. Where commitment by a member country is strong, MDIs can help the member country strengthen its capacity to tackle corruption. Where commitment is less certain, MDIs may need to work more on establishing the necessary awareness and acceptance that must precede action.

ADB recently introduced a performance-based allocation system that enables ADB to effectively direct scarce Asian Development Fund (ADF) resources to countries in which they will have the greatest impact. The performance factors place particular emphasis on good governance, vital to controlling corruption. With this step, ADB links these investments to its member countries' efforts to control corruption.

The ADF is one of ADB's special funds. It consists mainly of contributions mobilized under periodic refreshments from ADB members. The fund's resources exceed \$20 billion (USD). The ADF provides loans on concessional terms to the developing member countries with the lowest per capita gross national product and limited debt-repayment capacity. There are 28 ADF borrowers. ADF loans account for slightly more than a quarter of the cumulative lending of ADB.

By establishing performance-based allocation of this part of its lending, ADB established a clear link between aid effectiveness and the institutional and policy environment in the recipient developing member country. Member countries that perform well benefit from differential access to resources, and ADB uses donor funds most effectively.

Criteria in ADB's performance-based allocation system include an assessment of government policies and actions to promote general aspects of good governance: rule of law; anti-corruption and accountability institutions; and merit-based, accountable civil services. This covers the whole gamut of property rights (private and common), impartial dispute resolution mechanisms, independent audit and vigilance institutions, accountability, and enhancing institutional capacity for policy formulation and programme implementation.

Other criteria evaluate the quality of public financial management. This covers a wide range: efforts to enhance revenue mobilization; improve budgetary processes; and enhance financial control, public

investment programmes, and the thrust and efficiency of public expenditures; as well as efforts to reduce targeted subsidies and nonproductive expenditures.

ICT can provide a great opportunity for developing countries to advance their economic development. As the only regional multilateral development institution in the Asia and Pacific region, ADB intends to help bridge the digital divide within and across its member countries. ICT has an ever-increasing role in promoting sustainable economic growth through increases in productivity, promotion of exports, especially of services, improved markets, and quality and efficiency of government services. Yet ADB's financial and human resources are limited. Thus, ICT development assistance must be selective. Member countries must manage their own ICT strategies and activities to achieve their development agenda. Although not an inherent part of the performance-based allocation criteria, ICT development assistance to members will be affected to the degree each receives ADB support from the ADF.

Corruption will thrive where there is opportunity, and the vast investment of development funds by MDIs often provides great opportunity. With the correlation between achieving good governance, including appropriate public sector management, and the control of corruption, MDIs can create a link between potentially being part of the fuel for corruption and establishing a role as part of the solution. Performance based allocation can be a valuable tool to make dealing with corruption relevant to member countries.

Set an example

No society is more or less prone to corruption. It is wrong to think that Western democracies are immune to bad governance, corruption, large-scale fraud or infiltration by organized crime. Donor countries and MDIs also need to set an example. If the public cannot view these institutions as exhibiting the high standards of good governance and dedication to battling corruption that they expect developing countries to exhibit, then something has to be done to change that viewpoint.

For any multilateral development institution to effect change, it must be credible. No institution can take the position of "do as I say, not as I do." In such a case, the institution's credibility is completely lost, and its developing countries are not likely to accept its advice.

As with all MDIs, the principles of good governance – transparency, accountability, predictability and participation – are valid as much for ADB as for any of its member countries. ADB communicates a great deal of its policies and operations openly, particularly through its Internet web page.

The implementation of a performance-based allocation system is one way ADB is improving its internal governance. The system improves participation of the Board through its setting allocations at the country level. It also improves accountability of the Board to endorse decisions relating to the direction of the operations set out in ADB's Charter.

Its Anti-corruption Policy delineates ADB's guiding principles for dealing with corruption and fraud. The policy has three objectives:

- Support competitive markets and effective public administration;
- Support explicit anti-corruption efforts; and
- Ensure ADB-financed projects and its staff adhere to the highest ethical standards.

ADB recognizes that its integrity is one of its strongest assets. It affirms a zero-tolerance policy when credible evidence of corruption exists among any Asian Development Bank-financed activity. The policy explicitly covers not only all firms and individuals associated with Asian Development Bank-financed projects but also all Asian Development Bank staff.

ADB demonstrates its support of ICT with its well-developed web page. The public worldwide can find documents and information not only on ADB's Governance, Anti-corruption and ICT policies, but also on all aspects of ADB operations.

The future

MDIs cannot act autonomously to enact the changes needed to battle corruption. But they have a responsibility to accomplish their own goals effectively and efficiently, and that obligates them to ensure corruption does not diminish their operations and accomplishments. Working with their member countries, MDIs can

- Increase awareness of corruption and its impact on society;
- Ensure that controlling corruption is relevant to its member countries; and
- Set an example that effectively manages their resources while supporting necessary actions to deal with ubiquitous corruption.

Today, there is an international consensus that corruption is a major problem for society, one which harms the stability and security of countries and which threatens social, economic and political development. Global and regional initiatives are not only increasing in number, but are broadening their impact. Anti-corruption initiatives of MDIs are a vital element of this world consensus to battle corruption. ICT is a vital tool supporting that crusade.

If today we have achieved acceptance of the problem and begun our action, then with the worldwide efforts to battle corruption, including the efforts of MDIs, in the future we can:

- Trust that our aid to earthquake-devastated countries will reach its intended recipients;
- Be assured that efforts to clear minefields will not unfairly benefit any special person or group; and
- Be free of the corruption that people like Allan Boesak and government officials like Ferdinand Marcos commit.

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**Session II: Transparency Mechanism of Seoul Metropolitan
Government – the OPEN System**

Anti-Corruption System in Korea

by
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Introduction

Ladies and Gentlemen, it is my great pleasure and honor to speak to you as a representative of the Korean Association for Corruption Studies at this wonderful international conference. We started this Association in 1995. So far, we have participated in the opening of a total of ten national and international conferences, published in a total of five official journals, and recruited approximately 250 members including professors, lawyers, high-ranking public servants and researchers.

What comes to your mind when you hear the word ‘corruption’? Is it bribery? ‘Grease money’? Favours? Then what do you think are the consequences of corruption for an individual or for a nation?

For Korea, one of the huge consequences of corruption almost brought this country to a halt. Just a few years ago, this country faced economic catastrophe and eventually endured the disgraceful intervention of the International Monetary Fund (IMF). The unemployment rate sky-rocketed, and the economy was so slow that it almost stopped. Not only the economy of the country but rather Korea as a nation saw the bitter aftermath of the consequences of corruption.

The rampant phenomenon of corruption in Korea is a serious obstacle in the process of its democratic development. This is demonstrated by the world’s leading non-governmental organization fighting corruption, Transparency International. While countries such as Finland, Denmark, New Zealand, Iceland, Singapore and Sweden received 9 or higher out of 10 in the new Corruption Perception Index (CPI), Korea received the score of 4.2 out of 10 in the CPI.¹ Although this year’s score was slightly higher, compared with last year, Korea did not receive a satisfactory score, to improve its international image.

Of course, the issue of corruption in Korea has been debated for many years, even before the period of IMF intervention. During those times, some failed to realize the enormous impact of this phenomenon. Others tried to fight against it, but their efforts fell short of any sound strategies. Previous South Korean Presidents pursued an anti-corruption policy in the beginning of their political regimes, but all failed to control rampant corruption problems. In fact, the South Korean government itself was sometimes in the midst of scandals that involve taxes, bank-related illegal loans and construction.

In the attempt to control corruption, local governments are increasingly emerging as important participants. This is true because as Korean urban population surpasses the rural population, local governments are carrying greater responsibilities.²

I will first briefly examine the current anti-corruption system of Korea, in general, and then discuss possible anti-corruption strategies for local governments.

¹ www.transparency.org

² Young Jong Kim (1998), *Korean Public Administration and Corruption Studies (2nd ed.)* Seoul: The HakMun Publishing Inc (1994), pp.35-450.

Current anti-corruption system in South Korea

In Korea, the major institutions for controlling corruption currently consist of the President's Secretariat, the Prime Minister's Secretariat, the Board of Audit and Inspection, the Public Prosecutor, the Commission for Preventing Corruption (CPC), the Inspection General of each Ministry, the Public Official Ethics Committee in the Government, and the Presidential Commission on Anti-Corruption (PCAC).³ These eight bodies try to control corruption in the nation's various sectors.

The most important anti-corruption agencies would be equivalent to the Public Prosecutor and the Board of Audit and Inspection (BAI). The BAI was established on the basis of the Constitution and the BAI act. The BAI is the most important supreme audit and inspection organization among the governmental organizations for preventing corruption in Korea. The BAI retains an independent status, although it has been established under the President. The BAI's duties and functions are to confirm the closing accounts of revenues and expenditures of the State, to audit the State, local autonomous bodies, government-invested organizations, and other entities. The Public Prosecutor is the official governmental agency to investigate and indict the State in criminal and corruption cases on the basis of criminal law, the Criminal Procedures Act and the Public Prosecutor Act.

Nationwide anti-corruption headquarters and investigation departments were established within the Prosecutor's offices. Many professionals and resources were put into these departments, forming a strong line-up for the investigation of structural and chronic corruption in corruption-prone areas. They launched a crackdown on corruption of high-ranking as well as mid- or low-level public officials.

The Prosecutor's Office also traces the assets of public officials accused of corruption for the effective confiscation and forfeiture of illicit proceeds under the Special Act on the Confiscation concerning Public Officials.

Once or more often every year, the Prosecutor's Office⁴ holds a meeting of senior prosecutors in charge of special investigation. Several times a year, it holds seminars for rank-and-file prosecutors in charge of special investigation. These meetings and seminars provide opportunities for developing and disseminating investigative techniques and promoting close working relationships among local prosecutor's offices. In February 2000, the Supreme Prosecutor's Office and the Seoul District Prosecutor's Office established computer crime investigation departments and teams. This was aimed at effectively assisting investigation on corruption with modern computer techniques.

President Kim Young Sam established the CPC (Commission for Prevention of Corruption) in 1993 as a purely advisory body of mostly private citizens to help the Chairman of the BAI. The Commission's functions include analyzing the causes of misconduct, corruption, and preventive measures; developing ways to correct defects in laws, decrees, and institutions that tend to foster irregularities; and developing recommendations on how to improve the activities of the BAI to stamp out misconduct and corruption. Also, he established the Public Official Ethics Committee in the Government to prevent public officials from increasing illicit assets, to secure the fairness in executing public services and to establish thereby the ethical principles for the conduct of public officials as "servants" of the people.

President Kim Dae Jung's government organized the Presidential Commission on Anti-Corruption (PCAC),⁵ an advisory group, as another tool for the President. The PCAC focuses on ways to improve existing government programmes in the direction of preventing corruption and improving public relations and education on anti-corruption matters. In addition, the Prevention of Corruption Act was recently

³ <http://www.pcac.go.kr>

⁴ Keebong Paek (Dec.11-13, 2000), "Combating Corruption: The Role of the Ministry of Justice and the Prosecutor's Office in Korea," presented at *the Seoul Conference on Combating Corruption in the Asia-Pacific Region*, pp.1-6.

⁵ <http://www.pcac.go.kr>

passed in Congress. This enactment is to strengthen the preventive measures for corruption. The effectiveness of such measures will have to be evaluated later on. However, the current anti-corruption system in Korea is too complex and diversified.

In addition to all the efforts by the government, citizen participation is also a key to fighting corruption. According to public opinion surveys, nearly 80 percent of the respondents agreed that the anti-corruption investigation should begin with the power-wielding organizations. If this is carried out, it is certain that the general public will welcome the anti-corruption campaign as a realistic effort by the government.⁶ When citizens perceive the government as trustworthy, they too will become involved in formulating and implementing policies.

Anti-corruption strategies for local governments

An effective anti-corruption strategy must make participants of corrupt acts recognize that corruption is a 'high risk' and 'low return' activity. Although anti-corruption strategies vary from country to country, most policies include:

- Public sector anti-corruption strategies (this includes ethical codes, administrative reforms, disclosure of income or assets, special education of public officials and training programme);
- Private sector anti-corruption strategies (this includes businesses both national and international);
- Impartial and independent watchdog agencies (this may include anti-corruption agencies or audit institutions);
- Public participation and awareness of corruption; and
- Media coverage

National anti-corruption systems are aimed at controlling corruption at the national level. This approach can be viewed as a top-down approach to fighting corruption. In contrast, anti-corruption strategies for local government can be viewed as a bottom-up approach. This bottom-up approach has many advantages. These include:

- Corruption management becoming more realistic and manageable, due to the smaller size of the local government;
- Local governments helping control the central government as a watchdog and vice versa;
- Participation of citizens improving; and
- Citizens being easily more impacted by an effective anti-corruption strategy.

Despite these advantages of a bottom-up approach to anti-corruption strategy, there are several disadvantages as well. These include the fact that:

- More responsibilities are shifted from national level to the local level, some are being moved to bodies of institutions that are not capable of handling these duties and are even less dependable than the central government; and
- At the local level, there are closer relationships among decision-makers or actors. At this level, there is a greater possibility of corruption due to nepotism and favouritism.

⁶ *The Korea Herald*, November 25, 2000.

If these disadvantages can be reduced, an effective anti-corruption strategy can help control corruption. The Transparency International Chapters have already begun to focus their attention on controlling corruption at local levels in Central and Eastern Europe.

The emphasis should be on developing a local government integrity system as an essential part of the overall national anti-corruption strategy. I suggest the following measures for local governments:

- A special anti-corruption education training programme for public servants. The seven principles of public life (as articulated in the UK) – selflessness, integrity, objectivity, accountability, openness, honesty, and leadership – should be taught and emphasized. This programme should also be adopted at the national level. (From the “First Report of the Committee on Standards in Public Life,” London: HMSO, 1995).
- A handbook on local government integrity system. This would reflect ideas of various organizations, including civil society groups, the mayor, business associations, community associations, citizens, etc. This is one of the first steps to creating the ethical environment needed.
- Participatory workshops or hearings to encourage participation by civil society. This allows local governments to help citizens understand their policies and to assure accountability. On the other hand, citizens may help the local government to improve its management. Overall, this will improve the relationship between citizens and local governments.
- The political will to stop corruption at the local level. An anti-corruption campaign and social movement is continuously needed in order to prevent corruption problems from happening. Successful campaigns must involve the people. Leaders should know that these improvements are possible without political damage.
- The improvement of inadequate public sector salaries. In addition, a drastic government downsizing is needed in order to form a much smaller civil service workforce. With savings in personnel costs, the salary levels of the civil servants should be made comparable to those in the private sector, as in Singapore.
- Information should be made public. This will improve transparency and accountability. Information should be available through a simple and easily accessible means like the Internet.

These measures to counter corruption at the local government level cannot succeed without the support of a national integrity system. The national integrity system and the local government integrity system must exist in parallel. Each must sustain the other in order to be an effective anti-corruption system. For instance, Mayor Goh of Seoul Metropolitan City, declared an all-out war on corruption by adopting a systematic approach: preventive measures, punitive measures, increased transparency in administration and enhanced public private partnership. In April 1999, the Seoul Metropolitan Government developed the OPEN system⁷ (Online Procedures Enhancement for Civil Applications). This on-line system was provided as a free access to civil service procedures. It is a sophisticated measure to prevent corruption through ensuring transparency in city administration. His anti-corruption campaign looks very promising. However, no one alone can bring corruption to a halt. There must exist cooperation and mutual understanding between the local and national governments, and among the citizens.

⁷ Hong Bin Kang (Dec.11-13, 2000), “Cleaning Up the City Government of Seoul: A Systemic Approach,” presented at Seoul Conference on *Combating Corruption in the Asia-Pacific Region* Seoul: Office of Prime Minister, pp. 5-6.

Conclusion

Developing a sustainable anti-corruption paradigm is urgent, especially when great changes for democracy and reform are taking place. It is fortunate that the economic crisis of 1997 seems to be over. However, another economic crisis can take place if we are slow to combat corruption in South Korea. Democracy in Korea will be difficult to sustain if the corruption continually increases. We hope that the current drive does not repeat past failures.

The key difference in this new paradigm is that we consider both the local and national levels. We emphasize less the role of the top political leaders to solve corruption problems since we realize that corruption is not just a problem for the government. People are part of the problem as well as part of the solution to problems of government. Therefore, successful solutions must actively involve all people, including politicians, bureaucrats, businessmen and citizens.

In conclusion, anti-corruption measures should adopt various interdisciplinary methods, both from the academic and the practical world. All of us are stakeholders. The fight against corruption starts with you and me as individuals.

Cooperation can make a positive difference in our communities.

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Cleaning Up the City Government of Seoul: A Systematic Approach

by
Hong-Bin Kang
Vice Mayor I of Seoul, Republic of Korea

Distinguished Participants, Ladies and Gentlemen,

It gives me great pleasure to outline Seoul City's anti-corruption policies for the past three years in the presence of officials from international organizations and anti-corruption experts. Three years ago when the incumbent administration took office, no one had expected that anti-corruption leaders from around the world would one day gather here to discuss the achievements of Seoul.

I recall an incident that occurred two years ago at about the same time of the year. The publisher of Harvard Asia Pacific Review asked Mayor Goh Kun, who had just completed his first year in office, to contribute an article to the journal. At the time, I was President of Seoul Development Institute, and Mayor Goh contacted me to prepare an article, introducing the anti-corruption policy of Seoul City. I expressed an objection to running such an article. Of course I fully sympathized with and understood the strong position of Mayor Goh on eliminating corruption. His crusade against corruption, standing steadfast against government pressure, had already led to his resignation ten years earlier. I was reluctant to put in print the not-so-positive issue of corruption in Korea in a foreign academic journal. Further, although the anti-corruption policy had ambitiously been initiated by the Mayor, I harbored doubts about the tangible results of the policy.

Nevertheless, the Mayor was firm and determined. Eventually, the Harvard Asia Pacific Review ran an article, which introduced Seoul City's anti-corruption policies. And the rest is history.

During the past three years, Seoul City has aggressively implemented anti-corruption measures, and as a result, it no longer bears the nickname of "pandemonium" - the unseemly gathering of bureaucratic corruption and irregularities. Looked at as a model case of ethical reform, the anti-corruption measures of Seoul City are eagerly emulated by other governmental authorities, both in Korea and around the world. The Seoul Metropolitan Government's (SMG) OPEN system has received international acclaim and has become the trademark of Seoul.

Today, I would like to take this opportunity to give you an overview of the anti-corruption initiatives of Seoul City. Before that, I would like point out that although the OPEN system is the main theme of this symposium and the major element of the systematic approach adopted by Seoul City to combat corruption, it does not account for the whole policy of the City.

There are historical reasons for Seoul City being dishonorably labeled "pandemonium". Korea achieved astounding economic growth out of the rubble of war in a short time span through government-led economic development policies. During that time, the government exercised total control over the economy, including resource allocation. In an environment where the market is controlled by the state, there is no room for civic society and market forces to mature. This led to a collusion between the politically powerful and economic elite, with bureaucracy acting as a nexus between the two forces. Political corruption gave birth to bureaucratic corruption, and the corruption of higher-ranking officials who accumulated wealth justified the irregularities of lower-ranking officials who took bribes to improve their living standards. Seoul was the center and locomotive for this condensed development. Thus, it may have almost been inevitable that Seoul City emerged as "pandemonium" in such a turbulent time.

The development model of the past 30 years proved incapable of adjusting to the needs of changing times and collapsed in the face of a globalizing world economy. The authoritarian dogmatism of the past could not survive the rapid growth of civic society and market economy. People realized that collusion between politics and business, which was once deemed a necessary evil for economic growth, was actually an obstacle to development. Collusion between politics and business hinders administrative efficiency, causes citizens' mistrust of the government, wastes resources and distorts the distribution structure, thereby bringing about a crisis in democracy. The present government and present city administration were inaugurated soon after the country was hit by the economic crisis. On top of the list of tasks for both was the uprooting of corruption in public administration.

Previously, there had been other anti-corruption efforts by Seoul City. These were periodic all-out campaigns, implemented especially when the regime changed hands. However, they remained ineffective because they lacked an institutional and systematic approach, based on a practical understanding of corruption. In other words, there are limitations in focusing on irregularities and unethical performance of individual public officials.

Upon taking office, Mayor Goh took a systematic approach for combating corruption, placing emphasis on fully understanding the administrative system. As in the case of the 'Susuh Scandal', the Mayor is at the forefront of the initiative based on the firm determination to prevent corruption of high-ranking officials, resulting from collusion between politics and business. Concurrently, various efforts are being implemented to combat bureaucratic corruption, each according to its cause.

The most common cases of corruption occur in areas such as sanitation, housing and construction, fire fighting, and tax administration. These areas require special knowledge, and public officials assigned to these areas are in frequent contact with the public. Corruption occurs when approval is granted where it should not have been, when speedy processing is provided, and when preferential treatment is given.

The anti-corruption policy of Seoul City can be summarized as follows: (1) Eliminating all factors that may cause corrupt or unethical behaviour; (2) Institutionalizing supervision over areas prone to corruption; (3) Severely punishing acts of corruption; and (4) Creating an environment where all administrative units engage in benign competition to implement anti-corruption measures.

Corruption stems from unclear or excessive regulation and from public officials having inordinate administrative power at their disposal. It also occurs when civil applicants collude with public officials. Foremost among measures to prevent corruption is deregulation. The "Regulatory Reform Law" was enacted as a result of Mr. Goh's initiative when he served as Prime Minister. Also, around 80 percent of the excessive municipal regulations were either abolished or amended during his tenure.

As an old saying goes, "stagnant water breeds disease." A public official assigned to one position for an extended period of time may develop a patron-customer relationship with interested parties in his or her jurisdiction. To eliminate potential collusion, the practice of assigning jurisdiction over a specific area to one individual was abolished. Now, officials are assigned on a daily basis to handle applications submitted from different areas. In addition, a personnel reshuffle on a massive scale was carried out across 25 district offices. Some 4,000 officials were transferred, the largest move in the city's history. Another effort to purify this metaphorical stagnant water was the setting up of specialists to supervise small-scale construction work – a task traditionally performed by public officials.

As Benjamin Franklin remarked, "sunshine is the best disinfectant." Transparency is indeed the most effective corruption deterrent. It is important to have a transparent administration, which encourages continued public scrutiny of decisions made by public officials. To this end, Seoul City has introduced various measures. Where a citizen believes that a wrongdoing has occurred, he or she may directly send an e-mail to the Mayor or report it via a hot-line. Anyone submitting applications to or signing a contract with Seoul City receives a return postcard. They are requested to mail the cards back to the Mayor with

any information of wrongdoing. Currently, a significant amount of the Mayor's time is spent reading and reviewing such information. An inspector investigates the reported areas as categorized by the special secretary to the Mayor and recommends punishment where necessary. The civil applicant is subsequently notified of the result of his or her petition.

Seoul City adopted the Integrity Pact (IP) of the Transparency International (TI) in July 2000, which aimed at preventing any irregularities in the area of public procurement. When signing a contract, administrative offices and companies also sign the IP which states that parties to the contract shall not offer or take bribes and shall be subject to punitive measures in case of violations. All processes from bidding to construction completion shall be monitored and supervised by the five independent IP Ombudsmen and experts recommended by the IP Ombudsmen. The IP has been expanded to contracts signed between contractors and sub-contractors.

The OPEN system, or the Online Procedures Enhancement for Civil Applications, best represents Seoul City's initiatives to institutionalize citizen-watch of public administration on a wide-reaching and sustainable basis. The OPEN system enables citizens to monitor, through the Internet, the entire process in the handling of civil applications.

Let's say that a person has applied for a building permit. He or she can check from a personal computer screen whether the application has been received properly, who is handling the case now, how the case is being reviewed, when final approval is to be granted, whether there are any complications and, if so, why.

The system requires that all relevant officials input the date and time when they handle each application. With real-time information available to everyone, no official can sit on a case without justifiable reason or make arbitrary decisions. Free access to all stages of administrative procedures eliminates the need for personal contact with a particular official and for the paying of 'express fees'. Without making telephone calls or visits, citizens can monitor the processing of their civil applications through the Internet whenever they want and wherever they are.

From April 15, 1999, OPEN began to make public 26 fields of civil applications that were predisposed to corruption, given complicated administrative procedures or which required a lengthy period of time to process. In 2000, an additional 28 fields were made available to the public, and currently, 54 fields of civil applications are public. The contents made public are the date and time the permit was approved by the Director and Director-General for each of the review stages of the document, the details of the review, future plans, identity of the departments and staff entrusted with the application, telephone numbers and e-mail addresses.

Since its introduction, the OPEN system was received favourably by citizens and has won praises from international and national anti-corruption organizations. The number of daily visitors to the web site, which stood at around 1,000 in the initial stages of implementation, has increased to 3,500. To date, more than two million visits have been recorded. In an opinion poll, 84.3% of the respondents answered that the OPEN system contributed to transparency in the city administration and 72.3% answered that they are satisfied with the administrative handling by public officials.

At the invitation of Transparency International, the OPEN system was introduced at the 9th International Anti-Corruption Conference, from 10-15 October 1999 in Durban, South Africa, as the best practice for detecting corruption and has won much acclaim. The United Nations, OECD and World Bank have all recognized the merits of the OPEN system. The system has been adopted by all branches of local government in Korea and is being introduced to many units of the national government.

Seoul City is currently in the process of developing a programme to unite the OPEN system with the Electronic Approval System. This programme will be completed by the end of this year. Then, citizens will be able to check through the Internet the very documents being processed in real time. They can also submit a civil application as well as receive the result on-line.

Strict punitive measures are just as important as preventive measures in rooting out corruption. Where an act of wrongdoing is handled in a lukewarm manner, the wrongdoer may get the impression that he or she was exposed due to bad luck. In baseball, a batter is called out after three strikes. In Seoul, the principle of “zero tolerance” is strictly applied, and thus city officials are reminded that every single wrongdoing will accompany punishment corresponding to the severity of the transgression. However, in light of the fact that excessive emphasis on punishment may backfire and produce more wrongdoers, Seoul City opened the ‘Center for Clean Hands’. The Center was set up for public officials to voluntarily report cases of receiving gifts or money. When a public official receives gifts or money unintentionally, the official can report to the Center and return the gifts or money. The official is not disadvantaged and maintains his or her integrity. The official also receives a commendation from the Mayor for his or her actions.

Another important factor is creating an environment where each member of the administration and each administrative unit compete with one another to promote their integrity. We have introduced an Anti-Corruption Index (ACI) in 1999. Through this index, we evaluate the level of integrity of each administrative unit, make the results public on an annual basis, and therefore prompt the government departments to enter into a competition for integrity. Whereas Transparency International’s Corruption Perception Index is derived from international opinion polls, Seoul’s ACI is calculated on the basis of opinion polls of those who submitted civil applications during the past year.

The efforts of Seoul City to combat corruption brought about astounding results. The ratio of civil applicants who offered gifts or money to process civil applications in five major areas prone to corruption, including construction and sanitation, which stood in between 13 to 38 percent in 1998, dropped to 7.9 percent 1999 and again to 6.7 percent in 2000. In an opinion poll conducted on the citizens, more than half of the respondents answered that corruption in the city’s administration decreased from the previous year. International organizations including the United Nations, OECD, World Bank and TI have all recognized the effectiveness of Seoul’s anti-corruption initiatives – in particular, the OPEN system. Once dubbed the hotbed of bureaucratic corruption, Seoul City is now looked at as a model case of transparent administrative reform.

Of course, there is still a long way to go. But all of us at the Seoul Metropolitan Government are proud of our achievements of the past three years. According to Greek mythology, Hercules cleaned out the manure-covered stables of King Augeas in a single day by diverting two rivers through the stables. Likewise, Seoul City is in the process of cleaning up its bad reputation with the help of civic society, which will keep an eye on the city’s administration.

How was such an achievement possible? First of all, there was the systematic implementation of anti-corruption initiatives. But good means will not always guarantee satisfactory results. There are many instances where outstanding means have led to mediocre results. Of course, means are important, but the manner of utilizing them to bring about the targeted effect is more important. In other words, the key element to the success of a system is not its set-up but how the system is operated.

Above all, members of the organization should be fully aware of objectives and priorities of the organization. In the case of Seoul City, Mayor Goh has clearly relayed to all city officials that the highest priority of the Seoul Metropolitan Government is securing integrity. He is setting an example to his staff by ensuring that his actions correspond to his words. As a result, all city officials whether they are low or high ranking, are fully aware of the key objective of Seoul’s policy. They also have no doubt in their minds that the Mayor is steadfastly determined to achieve that objective. Determination and the sharing of clear objectives are one of the factors behind the success of Seoul City’s efforts.

Another important factor is the provision of detailed and feasible guidelines to city staff. Even if the leader of an organization has the strong determination and will to sustain integrity and eliminate corruption, the organization members cannot act or perform according to leader’s intention if they are not given detailed action guidelines. Noble lectures and ornate slogans lacking practical methodology are like

empty, echo-less sounds. The anti-corruption policies of Seoul City are the products of redesigning the city's administrative procedures and processes. Anti-corruption policy and administrative activity are not independent from each other but are parts of a whole. In other words, an important factor in the policy's success is integrating normal administrative processes with the higher objective of sustaining integrity.

It is also noteworthy that Seoul City actively sought partnership from civic society to monitor corruption in public administration. People are easily overcome by temptation. Maintaining one's integrity requires not only individual effort but also continued and wide-reaching monitoring and auditing by outside sources. Knowing that such monitoring exists and bearing in mind that someone is keeping an eye on one's actions at all times and in all places will help the individual overcome temptation. Seoul City is actively seeking partnership from citizen groups for its anti-corruption policies. Any individual citizen or civic organization can monitor the administration of Seoul City. To this end, Seoul City has made all administrative processes transparent, allowing for the effective and easy monitoring of activities. Hence, the third factor in this city's success is the inducement of partnership from civic society. This is quite different from the limited efforts made within a bureaucracy.

Lastly, the most significant factor in the success of Seoul City's initiative is the fact that all members of Seoul City actively took part in and led the anti-corruption effort. Frequently, bureaucrats consider themselves the targets rather than initiators of administrative reforms. Such mentality is more evident when the reforms are imposed from the top. In such cases, public officials tend to become skeptical. Even though they seem outwardly to be following the reforms, they are not sincere. The anti-corruption movement in Seoul was initiated from the top by the Mayor. Regardless of this fact, the tangible results of the effort helped city officials to gain confidence and pride in their work. There is no motivation stronger than pride. Although, at first, public officials passively followed the reform initiatives of the Mayor, they now feel that it is their responsibility to promote a crystal clear city administration. Clear and tangible results have helped to foster a sense of pride among them. And this pride has helped officials to realize that they must lead the reform effort. This is the fourth factor in our success.

I have outlined Seoul City's anti-corruption measures of the past three years. Some measures, like the OPEN system, are invented, whereas others are adapted from known cases. Each and every policy is practical. Seoul is implementing the measures systematically and strategically in order to gain a synergy effect. It is my hope that my presentation has been useful to the members of international organizations and cities who are here today.

Thank you for your attention.

**Session III: Effective Ways to Combat Corruption in
Municipal Governments**

The Role of the United Nations in Improving Integrity in Public Administration

by

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Introduction

As has been discussed so far at this Symposium, corruption is a concern among all levels of government around the world today. Corruption is a universal issue. It is not new, as history can bear witness. Corruption, as the abuse of public office for personal gains, is a perversion of the obligation of government officials to uphold public interest. As stewards of public resources and guardians of the special trust that the citizenry has placed in them, they are bound by duty to put public interest above self-interest.

The United Nations has been involved at the international, national and sub-national levels in promoting effective ways to combat corruption. It is within the context of the sub-national level that the United Nations is also addressing this issue in local governments.

At the international level, the United Nations General Assembly has adopted resolutions to condemn corruption and organized different fora to seek international cooperation in exchanging ways to deal with it. These types of activities fall within its broad, overall mandate. The United Nations was established to maintain international peace and security; to develop friendly relations among nations; to cooperate in solving international economic, social, cultural and humanitarian problems; and to be a center for harmonizing the actions of nations.

At the national and sub-national levels, the United Nations and its sister agencies have been striving to assist Member States to improve the integrity and the effectiveness of their public administrations. The United Nations has been providing technical assistance and facilitating peer cooperation to assist Member States in establishing effective and enabling governments. Further, both the United Nations system and the Member States have recognized the need to involve the private sector and civil society in this process, to ensure a solid foundation for peace, good governance and development.

I will cover the United Nations role in promoting effective ways to combat corruption by examining four questions. First, what are the reasons for the United Nations involvement in this area? Second, what issues are addressed? Third, what are the current conditions that public officials are facing, particularly in developing countries? Finally, what are the policies and activities of the United Nations that are the most prominent in this area?

Reasons for United Nations involvement

The Charter of the United Nations not only lays the foundations for the United Nations organization but also embodies its underlying values. This document and the *Universal Declaration of Human Rights* identify values which promote human rights, peace and security, and socio-economic development of nations and peoples. They identify, in effect, international ethical standards for all Member States to follow.

The preamble of the Charter shows that the United Nations was created, among other reasons, “to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small” and “to promote social progress and better standards of life in larger freedom.” Chapter IX lays out the principles for international economic and

social cooperation, where the United Nations shall promote higher standards of living; solutions for economic, social, health and related problems; and universal respect for the observance of human rights and fundamental freedoms for all. To attain these goals, Member States need to encourage one another to work towards promoting government integrity in carrying out related activities.

Further, the *Universal Declaration of Human Rights* acknowledges in Article 21 that “everyone has the right to take part in the government of his country”; “everyone has the right of equal access to public service in his country”; and “the will of the people shall be the basis of the authority of government.” This acknowledgment places a moral responsibility upon governments to ensure and facilitate the participation of their citizens in the governance process as well as to provide fair, impartial and equal public services.

Because of these ethical values and standards, which were fundamental to its creation and which it has upheld since its inception, the United Nations continues to be involved in promoting transparency and accountability and fighting corruption.

Issues addressed by the United Nations

The causes of corruption are complex, and the approaches to dealing with the problem are many (e.g. economic, political, legal, social, etc.). From a good governance and public administration analysis, corruption is one symptom of poor administration and mismanagement. These allow unscrupulous public officials to exploit the opportunities for putting self-interest above public interest, contrary to the requirements of their positions. Moreover, there is a need to preserve the integrity of other “honest” public officials by putting into place systems to not only exhort good conduct but also to promote scrutiny by citizens, thus increasing transparency and accountability. Further, administrative sanctions for misconduct and punishments of corrupt acts through criminal and civil procedures need to demonstrate that corruption will not be tolerated.

As many anti-corruption experts diagnose, corruption is often due to a structural problem of institutional weaknesses. An inadequate legal system to spell out and enforce standards of behaviour, under-resourced oversight bodies and unclear reporting procedures, a shortage of professional training in the civil service, or low levels of public sector pay and a lack of career structures will allow corruption to take root and grow. By not prosecuting corrupt acts and recovering illegally obtained assets, a sense of impunity can develop among those engaging in corruption. But a major part of the solution to these problems is to educate the public about its rights and to increase transparency and thus accountability of the actions of public officials at all levels. The United Nations is promoting approaches which address these underlying structural problems, as reflected in its relevant resolutions.

Corruption and development

In many parts of the globe, however, there are many challenges and resource constraints in addressing institutional weaknesses. Large segments of the population face crushing poverty. There are not enough infrastructure and services to meet basic needs. Vast numbers of people are unemployed or under-employed. Many countries have recently experienced or are experiencing strife and conflict. In many cases, they do not have guarantees for their basic human rights. When a breakdown of law and order and extreme social dislocation occur, the moral fabric of a society can be torn apart. When survival becomes the paramount value, corruption can become a way of life.

In this context, public officials in many parts of the world are asked to settle conflicts, rebuild nations, set up infrastructure, and develop prosperous societies from meager or borrowed public funds. Many times, civil servants are pressured to become partisan in carrying out their duties. They are not paid for months or underpaid, sometimes not allowing them to support their families. These conditions make corruption seem an inevitable and necessary evil.

But experience has shown the costs of corruption are too great to bear. Financially, public officials' diverting funds into their own pockets means less money for the development of nations and peoples. Politically, the erosion of confidence in and cynicism toward government can break down fragile peace and order in a society. Economically, a lack of predictable public institutions and a sense of fair regulations will deter investment and trade. Socially, all these factors will lead to a general deterioration of trust between citizens.

United Nations activities

Given the important link between corruption and development, the United Nations system has been active in this area. Through its organs and agencies, it has been concerned about corruption. To mention only its major activities in this area, the General Assembly has adopted a number of resolutions to set international standards in fighting corruption. The Secretariat carries out programmes in combating corruption and organized crime and strengthening preventive measures in public administration and finance in Member States. I will briefly expand on these.

Relevant United Nations resolutions

There are eight recent United Nations resolutions that deal with corruption. They can be found on the United Nations web site: www.un.org.

First, the General Assembly adopted resolution A/50/225 in April 1996 on *Public Administration and Development*. This resolution broadly recognizes that the United Nations system contributes to supporting the public administration of interested Member States, through assisting in various aspects of governance and democratic, judicial and legal reforms; and strengthening civil society. It reaffirms that democracy as well as transparent and accountable governance and administration are indispensable to sustainable development.

The second resolution is *Action Against Corruption (A/51/59)*, adopted in December 1996. This resolution recognizes that corruption is a serious problem, which "endangers the stability and security of societies, undermines the value of democracy and morality, and jeopardizes social, economic and political development." It adopts an *International Code of Conduct for Public Officials* and urges Member States to take appropriate action.

The third resolution, A/51/191: *United Nations Declaration Against Corruption and Bribery in International Commercial Transactions*, was also adopted in December 1996. The Declaration urges Member States to take action to criminalize bribery of foreign public officials and to consider establishing illicit enrichment by public officials as an offence. It encourages best practices in prohibiting corruption in the private sector and cross-border cooperation in investigations.

Related to this resolution, the fourth resolution, A/52/87: *International Cooperation Against Corruption and Bribery in International Commercial Transactions* was adopted in December 1997. It takes a step further in urging all States to implement all relevant international declarations and ratify appropriate international instruments against corruption.

The fifth resolution, A/53/176: *Action Against Corruption and Bribery in International Commercial Transactions*, was adopted in December 1998. It addresses the bribery actions of foreign public officials, and urges Member States to develop or maintain accounting standards and practices that improve the transparency of international commercial transactions.

The sixth resolution, A/54/205: *Prevention of Corrupt Practices and Illegal Transfer of Funds* was adopted on December 1999. It recognizes the important role of the private sector in the economic growth and development of developing countries. It also urges the international community to support all efforts

aimed at strengthening institutional capacity for preventing corruption, bribery, money laundering and the illegal transfer of funds.

The seventh resolution, A/55/61: *An Effective International Legal Instrument Against Corruption*, was adopted in December 2000. It addresses the corrosive effect of corruption and calls for a broad legal instrument that takes into account existing international conventions against corruption. It urges the Secretary-General to convene an intergovernmental open-ended expert group to examine and prepare draft terms of reference for the negotiation of a future legal instrument against corruption.

The eighth resolution, A/55/188: *Preventing and Combating Corrupt Practices and Illegal Transfer of Funds and Repatriation of Such Funds to the Countries of Origin*, was also adopted in December 2000. It recognizes the importance of international cooperation for combating corruption in international commercial transactions. It urges member states for further international cooperation and iterates its request for an international legal instrument against corruption.

Centre for International Crime Prevention (CICP)

With reference to the request for a meeting to prepare the terms of reference for a future international legal instrument against corruption, this meeting was held during the week of 30 July to 3 August 2001. The meeting was held under the auspices of the United Nations Centre for International Crime Prevention in Vienna. At the meeting, it was decided that a United Nations Convention against Corruption was necessary, and over the course of the week, the delegates agreed on the framework for the substance and process to guide an Ad Hoc Committee, tasked to forge the new international legal instrument. This instrument is targeted for completion in 2003. In the deliberations, the issue of protecting national sovereignty and respecting the integrity of domestic legal systems was one of the more actively debated topics, particularly in the context of monitoring implementation of the future legal instrument. Prevention was strongly pushed to the top of the list of indicative elements. Measures to prevent corruption were perceived to include the promotion of integrity, transparency and good governance. The meeting also acknowledged the suggestion of the Republic of Korea to use the occasion of the joint session of the 11th International Anti-Corruption Conference and the Third Global Forum in Seoul in 2003, as preparatory venues.

To get back to the Centre for International Crime Prevention, it is the United Nations office responsible for crime prevention, criminal justice and criminal law reform. It is collaborating with Member States to strengthen the rule of law, to promote stable and viable criminal justice systems in post-conflict societies, and to combat the growing threat of transnational organized crime. The Centre has prepared proposals for three global programmes, including the Global Programme Against Corruption. This Programme provides technical cooperation to a selection of developing and transitional countries. It provides assistance in such areas as the introduction of mechanisms to monitor public sector tendering and commercial transactions for the promotion of anti-corruption measures.

Activities of the United Nations Department of Economic and Social Affairs

I have described the relevant United Nations resolutions and some follow-up activities. I would like to conclude by talking about the work of the United Nations Department of Economic and Social Affairs, the Division for Public Economics and Public Administration. The Division exists to assist Member States' governance systems, administrative and financial institutions, policy development processes and human resources to function in an effective, transparent and accountable manner. Among our many activities, those aimed at preventing corruption include promoting public service integrity and strengthening transparency and accountability.

The Division has cosponsored a series of conferences on public service professionalism and ethics, an area mandated by the Group of Experts who advise on the United Nations Programme on Public

Administration and Finance. With the role of the State scrutinized and the size of government being questioned in the face of globalization, the experts felt that public servants needed to re-examine these bedrock principles. The Division has also supported the process of adopting the *African Public Service Charter*, which took place this February in Namibia during the 3rd Pan-African Conference of Civil Service Ministers. As a model Charter and Code of Conduct for public officials, it will serve as a reference tool for the countries in the region to introduce or improve their public service charters and codes. These activities are intended to assist in setting standards and implementing them to prevent public officials from soliciting bribes and stemming the “demand” side of corruption.

To highlight some technical cooperation activities, the comparative study on *Public Service Ethics in Africa*, focuses on Cameroon, Gabon, Ghana, Kenya, Madagascar, Namibia, Nigeria, Senegal, South Africa and Uganda. The aim of the study is to get a “snapshot” of the state of public sector ethics policies and programmes in the region through a sample of countries representative of the geographical, linguistic and administrative diversities. The comparison of such a sample focuses on any regional gaps and best practices, providing a basis for the countries to evaluate and take action on the day-to-day implementation of their existing legal and administrative measures. Such a study also assists governments, their development partners and the general public to identify priority anti-corruption areas for intervention and financing.

In the area of strengthening transparency and accountability, the Division organized an on-line ad hoc expert group meeting on effective transparency and accountability in government financial management over the Internet. Experts from eight African countries chatted in cyberspace about improved accounting, auditing and financial controls to prevent corruption. In addition, it is examining the impact of e-government on service delivery to the citizens and in achieving better transparency and accountability. The Seoul OPEN system would fall under this category.

Conclusion

As you can see, I could go on at great length, covering the United Nations anti-corruption work. This is clearly an area of major concern to our Member States. The Division is continually seeking to expand our services to them in this very important cause.

Gatherings such as this stimulate ideas of ways in which we can cooperate to share effective strategies in combating corruption. Enough studies have shown that the costs of corruption take too great a toll on development and eat away at the very foundations of governance. Corruption is a global problem and not linked to a specific country or a region. The United Nations role is to mobilize common interests, facilitate the exchange of experience, and foster dialogue between stakeholders at all levels.

Civil Society and Business in Counter-Corruption Efforts

by

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The Asia Foundation

Corruption is a complex problem requiring many different approaches to reducing the levels of abuse. Some counter-corruption advocates focus on the need for the creation of new, over-arching counter-corruption institutions – the building of counter-corruption commissions, for example – that can impose credible sanctions against corrupt practices once they have occurred. Others focus on the need for structural and administrative reforms that increase transparency and remove opportunities for corrupt behaviour in the first place. Still others emphasize the need for reform of campaign and political finance or for better reform of corporate governance, both of which help to reduce the secretive, collusive arrangements that too often exist between politicians and favoured business interests. In this conference, we are focusing on a very promising new set of reforms having to do with e-government and the power of technology to increase transparency and accountability while decreasing the opportunity for corruption abuses.

Implementing any of the approaches requires strong, committed leadership. However, it also requires the participation and support of the people most affected by the reforms. In most countries, we have come to understand better the critical role that *civil society* has to play, both as advocates for counter-corruption reform and as participants in helping to make reforms work. Non-governmental organizations (NGOs) and an informed and active mass media are playing important roles. Equally important, but often less recognized as a potential partner in counter-corruption efforts, especially at the municipal level, is the business community. The business community, as one element in civil society, is where I would like to focus my brief comments.

Business roles in corruption are mixed – both as active perpetrator and as passive victim. Some individual firms actively seek special treatment or get special access to government procurement, subsidies or other favours, and they are willing to pay for it. But businesses are also one of the chief victims of graft as a form of extortion. They miss opportunities and waste resources, only to lose out when another firm wins through corrupt means. Scarce entrepreneurial talents get siphoned off, focusing on maintaining relationships with corrupt officials and politicians rather than on building competitiveness of the firm. Security suffers when police can be paid off by thieves and embezzlers. And the overall economic environment suffers when corruption in public contracting leads to poor infrastructure. These points suggest that, under the right circumstances, the business community may have an interest in playing a role as a major constituency for counter-corruption reforms.

Why would business want to help in the fight against corruption?

Under what circumstances and in what roles can business play a part in counter-corruption efforts? The truth is that many businesses, most of the time, simply treat corruption as a *cost of doing business*, like utility costs or taxes. However, even if they are currently engaged in corrupt practices, most would rather reduce the incidence of overall corruption – either because it cuts into their bottom line or because they recognize that a heavy burden of corruption on an economy slows and distorts growth and therefore reduces opportunity for all businesses. Large businesses have substantial resources which could be brought into play in counter-corruption efforts – they have strong communications networks and they have first hand experience of countries where corruption is minimal.

This is not to suggest, of course, that all businesses would have an interest in participating in counter-corruption efforts. In countries where corruption is particularly pervasive, most very large politically well-connected businesses are likely to be more a *definite* part of the problem than a *possible* part of the solution. Yet, in all countries, there are large numbers of medium and small-scale firms that depend primarily, or entirely, on their own performance in competitive markets. For those *independent* businesses, official graft and corruption is a major drain on firm productivity.

In what ways can the business community be helpful?

First, corruption is a pervasive and complex problem in many countries – where do you focus attention; what aspects of corruption in what sectors are most important? One important goal of counter-corruption efforts is to reduce inefficiencies and distortions in the economy, and it is essential to focus limited resources and energies on counter-corruption efforts that will yield the most impact in terms of increasing market competitiveness. While economists can draw up a long list of priorities, only the businesses directly impacted by corrupt practices can identify the most costly and commercially damaging abuses. They can also provide a relatively clear picture of exactly what the corrupt practices and procedures are, giving insights that few others would know. The first reason for bringing businesses directly into the counter-corruption efforts is, therefore, the unique knowledge that they bring to the problem.

Second, while advancing counter-corruption reforms is partly a technical challenge and to some a problem of attitude and value change, it is *primarily* a political problem. On the technical side, experts can generally design reforms that would quickly clean up a corrupt bureaucracy and political system. The main challenge is not knowing what to do but actually moving forward with those reforms. Organizational and procedural changes that reduce lucrative opportunities inevitably mean “stepping on very powerful toes.” Corrupt officials – entrenched bureaucrats, venal politicians, favoured businesses, corrupt police and military leaders – will not stand by idly while changes are designed and implemented that fundamentally undermine their interests. They always resist change. Leaders who would promote significant counter-corruption reforms need the support of powerful political constituencies.

Who are those constituencies? Along with activist NGOs, independent media, consumer advocates, and sometimes unions, farmers and others, businesses can also be an important part of those constituencies. Unlike most other counter-corruption interest groups, businesses tend to have the resources, knowledge and political standing to challenge existing institutions.

However, there are limitations in how far most business people are willing and able to speak out against corruption. A business person’s primary day-to-day task is to keep his firm profitable and growing. Unlike ambitious politicians or activist NGOs, most business people frequently prefer to keep a low profile on highly politically contentious issues like anti-corruption efforts. Individual businesses – which need permits and licenses and face tax audits, can be very vulnerable to actions by bureaucratic officials and powerful politicians. One important way for individual businesses to avoid problems is to work through business associations, including both Chambers of Commerce and sectoral associations, which can be an important means for publicly channeling business views to government. A second approach is for business associations to work in a publicly supportive role with a broader coalition of organizations committed to counter-corruption reforms, which allows other civil society groups to take the more high-profile lead role.

So the second role that business can play in counter-corruption efforts is as a powerful constituency, especially when acting in concert with others in support of committed leadership.

A third role that business can play is monitoring the implementation of counter-corruption reforms once they have been put in place. Passing new laws, setting up new counter-corruption commissions, or frying a few big fish is only the first stage – the easy step. After that, as we say in English, “the devil is in the details”. The history of counter-corruption efforts is filled with cases of leadership promises to implement

reforms that were never really implemented; of tough counter-corruption laws that were made useless through a few twists of wording in actual implementation regulations; or through selection of crooked men to run key anti-corruption institutions. The truth is that corrupt officials can always find ways to get around even the best counter-corruption plans.

Making counter-corruption efforts work requires ongoing monitoring of results by groups with strong interests in reducing abuses and the detailed knowledge needed to assess results. In part that role has to be filled with technical experts, counter-corruption activists, media and others. But the best source of information on progress in actually reducing levels of corruption is from those actually affected by corrupt practices. Again, in many cases, that is the business community.

The Philippines case

Moving from the general point to concrete cases, there are many examples from around the world, and particularly from around Asia where my own Foundation works, that I could draw on to illustrate how business can play a more effective role in counter-corruption efforts. Let me give you one example from the Philippines.

The Makati Business Club is an influential, independent organization that includes some of the most powerful corporations in the Philippines. Many of these businesspeople suffered years of corruption under President Marcos in the 1970s and 1980s. For the past few years, the Makati Business Club has been actively engaged as a key partner in a programme called “Transparent Accountable Governance”, or TAG. TAG initially consisted of a group of five organizations, including the Makati Business Club, the Philippines Center for Investigative Journalism and the Social Weather Stations, an independent polling organization. Today TAG has evolved into the Transparency and Accountability Network with over twenty-five core members and growing. Many of the TAG partners played important roles in exposing high-level corruption that led to the recent change of administration in the Philippines. I urge you all to take a look at the TAG Internet site (www.tag.org.ph)

From the outset, it was recognized that, in the Philippines, no serious effort to reduce pervasive corruption in that country could be successful without the support and active participation of the business community. The Makati Business Club has filled this role. Over the past few years, the Makati Business Club has sponsored research and a series of surveys, working closely with businesses to identify the corruption abuses that most affect commercial activity. This information has been providing the foundation for building both awareness and involvement of the broader Philippines business community, including many small and medium-scale enterprises, in counter-corruption advocacy. These efforts have helped to focus attention of officials and the public on the most economically damaging dimensions of corruption as it affects commercial activity, economic growth, and jobs creation. The next step is to focus more narrowly on specific institutions, such as the Bureau of Internal Revenue, working to link bureaucratic reformers on the inside with key business reformers on the outside to develop a concrete agenda for institutional reform.

In a striking number of countries and territories in Asia – Korea, Taiwan, Thailand, India and elsewhere – the business community is coming to play a growing role as both advocate for counter-corruption efforts and as a unique source of information and insight into what dimensions of corruption are most damaging and how corruption can best be addressed. In most counter-corruption campaigns, whether at the national or municipal level, it is essential to bring the business community into the process as a key partner.

NGOs and Transparency in Local Autonomy

by

Geo-Sung Kim

Secretary-General, Transparency International–Korea

Introduction

The Anti-Corruption Network in Korea (ACNK) was launched as a network of (sectional and local) networks in 1999. But its roots can be found in the democracy movement of the 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 question. But all chapters of TI should not “name names” or attack individuals. Instead of exposing cases, TI is focusing on building systems that combat corruption at the national and international level. It is very popular in Korea for non-governmental organizations (NGOs) to attack government bodies, including municipalities. TI-Korea cannot work in this fashion. Are there any paths for NGOs in the anti-corruption movement other than criticizing, investigating and accusing?

In so far as NGOs are concerned, they feel that they can only take the *ex post facto* approach; other approaches cannot be adopted. But NGOs can take part in making transparent public administration in government and in local authorities. Participation, cooperation and negotiation also can be alternative paths for NGOs in the prevention of corruption.

Some effective ways to increase transparency in municipalities

The OPEN system of Seoul Metropolitan Government (SMG) is not a panacea in itself. We need not only the OPEN system but also other factors to improve transparency in public administration. I would like to introduce some examples from among the Korean NGOs’ activities with the public sector.

Integrity Pacts

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

People Ombudsperson Network

To make a ‘participation infrastructure’ for civil society, TI-Korea is currently organizing the ‘People Ombudsperson Network in Korea (PONK)’. It was one of the main objectives in creating the broad national coalition, ACNK. One of three civil ombudsmen of SMG was recommended by TI-Korea, and the Mayor appointed him. And two of the five IP Ombudsmen were recommended by TI-Korea and the other three by the organization the People’s Solidarity for Participatory Democracy. But in other municipalities, in general, most of the commissioners or ombudspersons were to be appointed only by executives. Without the participation of NGOs, it is very hard to promote transparency through those

committees. The concept of PONK is to prepare a human resources pool in anticipation of a request for recommendations from municipalities and government bodies, including public companies.

Monitoring and Recommendations

Last year in October, TI-Korea carried out a research on the civil use of the OPEN system in Seoul Metropolitan City. (Please see the report which follows.) Monitoring studies by NGOs of public administrations can be a useful way to detect problems. 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 advice to PPS and the Chunggu District Office of Seoul.

Clean Korea 21

In 2000, some municipalities, government bodies, public companies and one private company made an anti-corruption fair with TI-Korea. Now, the 2001 fair is being prepared. Private and public sector and civil society organizations can participate. 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.

Conclusion

For the local government, the participation by NGOs is a crucial factor to increase transparency and reliability in public administration. Thus municipalities should invite civil society organizations to monitor and watch their performance and ask for recommendations or consultations.

NGOs should organize ‘infrastructures for participation’, such as the People Ombudsperson Network of TI-Korea. But a working approach of participation, cooperation and negotiation should not be confused with or neutralized by an approach of criticism, investigation and accusation.

Finally, we cannot completely replace the role of municipal councils or audit/inspection bodies in government as watchdogs with other civil society entities such as NGOs and the media. The efforts of public servants themselves are the most essential to curb corruption. However, civil society participation can be a powerful facilitator or partner in these endeavours.

Transparency International–Korea Report (summary) of the Survey on the OPEN System

Transparency International–Korea carried out a survey of public opinion on the Online Procedures Enhancement for Civil Applications (OPEN) system on October 12-14 last year. On the basis of random sampling, 1,000 respondents were selected from among adult residents of Seoul Metropolitan City.

The major findings are as follows (margin of error is $\pm 3.25\%$):

- 1) Those who answered positively to the question of whether the city administration made an effort to ensure administrative transparency and to reduce corruption take the lead with 45.6%, greatly exceeding the 15.1% who answered negatively.
- 2) 55% of the respondents answered that they knew or heard of the OPEN system. On the question of whether they have any intention of using it in the future, 72% of them answered, “Yes, if necessary” or “Yes, I will use it actively.”
- 3) The degree of satisfaction respondents felt with the city and district offices’ processing of civil petitions recorded 60.8 out of 100. The results do not deviate very much from the average grade given to 6 administrative services in surveys conducted by Gallup at the request of Seoul City (62.2 in the second half and 62.1 in the first).
- 4) Among the respondents, 9.4% answered that they have used the OPEN system before. Among those who have submitted civil petitions before (74.0%), the percentage of OPEN system users records a higher 12.3%. Considering that the OPEN system was introduced only one and a half years ago, it has secured a relatively large user-group.
- 5) The respondents pointed out the merits of the OPEN system as follows: easy access (29.3%); reduced time taken for civil processes (26.9%); and greater administrative transparency (25.1%). These seem attributable to links opening up administrative work process and enabling real-time monitoring of civil petition processing, and to the provision of e-mail addresses of officers-in-charge.
- 6) Among the respondents who have used the OPEN system, those who showed a degree of satisfaction (“very satisfied” and “satisfied”) accounted for some 66%, while those who were dissatisfied took up a much lower percentage of 4.1%.
- 7) Furthermore, 80.8% of the respondents answered that the OPEN system served to reduce civil petition processing time, and 70.0% believed that it would help prevent irregularities.

Nevertheless, some problems were pointed out as follows:

- 1) Difficulty in searching for information (38.3%); inconvenience in using the links (26.3%) or the user manual (21%). Users also pointed out the need to make available a greater variety of services (13.8%).
- 2) Some respondents also indicated that the OPEN system needs to be more widely publicized and that more concrete information should be made accessible in order to improve transparency. Continued efforts should be made toward development and improvement to enhance user-friendliness.

In conclusion, the results of the survey on citizens’ perception of SMG’s OPEN system show a positive overall impression, recording 67.3 points. But it also highlights future challenges: launching wide and active publicity; securing easier access; and removing the digital divide between lower and high-income groups, which may disadvantage the former.

Summary of the analysis

This is an analysis of the results of the survey on the OPEN system run by Seoul City Administration. Transparency International–Korea conducted the survey among 1,000 people living in Seoul, based on random sampling.

The questionnaire of the survey is divided into various items to discover what the citizens think of the OPEN system: the extent of citizens' knowledge of the system, its efficiency, evaluation of its functions, desired improvements, recommendations and so on.

We made a detailed analysis of the survey findings, classifying respondents according to gender, level of education, etc. Through this, we were able to discover the general impression Seoul citizens have of the OPEN system. In addition, by analyzing the extent of public awareness of the OPEN system and its major user group, we obtained the basic information needed to make further improvements on the system and to broaden its user groups.

The sample was 1,000 Seoul residents, picked out at random from 10 of the city's 25 districts.

The survey was carried out by trained researchers through personal interviews. After due consideration of the feasibility and accountability of the 1,000 interviews, 939 were analyzed as valid samples.

Because there were relatively few respondents who used the OPEN system (88 persons), 32 persons who were making use of the system were added to the sample from question 7 onwards. These 32 persons were not included in question 6 regarding actual usage of the system.

Programmes used in the analysis were SPSS and Excel. Pi graphs were used to show frequencies and cross-analysis diagrams to show group differences.

Basic information about the data

The total number of respondents is 939. Men accounted for 572 (60.9%), and women 367 (39.1%).

With regard to education, there were 55 (5.9%) who had finished middle school or below, 222 (30.6%) high school graduates, 141 (15%) college students, 426 (45.4%) college graduates, and 29 (3%) with post-graduate degrees.

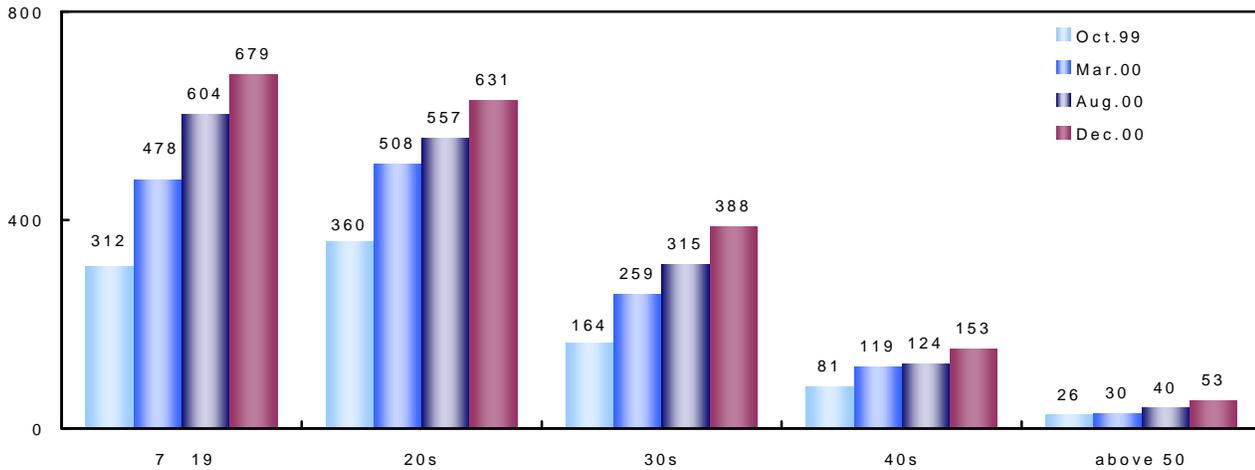
Men took up a higher percentage of the respondents than women, and there was a relatively higher percentage of high school and college graduates.

| Age | Internet utilization rate | | | | Number of users (unit: 10,000) | | | | | |
|---------|---------------------------|--------|--------|--------|--------------------------------|--------|--------|--------|--------|------------------------|
| | Oct.99 | Mar.00 | Aug.00 | Dec.00 | Growth rate as of Aug. | Oct.99 | Mar.00 | Aug.00 | Dec.00 | Growth rate as of Aug. |
| 7-19 | 33.6% | 51.5% | 65.9% | 74.1% | 12.4% | 312 | 478 | 604 | 679 | 75 |
| 20s | 41.9% | 59.1% | 65.9% | 74.6% | 13.2% | 360 | 507 | 557 | 631 | 74 |
| 30s | 18.5% | 29.2% | 35.4% | 43.6% | 23.1% | 164 | 259 | 315 | 388 | 73 |
| 40s | 12.8% | 18.6% | 18.5% | 22.7% | 22.7% | 81 | 119 | 124 | 153 | 29 |
| Over 50 | 2.9% | 3.3% | 4.3% | 5.7% | 32.5% | 26 | 30 | 40 | 53 | 13 |

Reference (1): Internet users according to age

Internet users between the ages of 7 to 19 take up the highest proportion of Internet users, recording some 6.79 million. But those in their twenties rank first in terms of Internet utilization rate, recording 74.6%.

Growth rate of Internet users (as of August) in each age bracket are ranked in the following order: 50 and above, 32.5%; thirties, 23.1%; forties, 22.7%; twenties, 13.2%; and 7-19, 12.4%



Reference (2): Age bracket of Internet Users

Source: Survey report on number of Internet users and patterns of usage, Jan. 13, 2000, Ministry of Information and Communications

**Special Session: The Role of Information Technologies
in Transparency, Service Delivery and Citizen-Centered
Administration in Metropolitan Governments**

Kontakt-N



One Contact

Simplified Registration of Business Enterprises via Internet

By
Olov Ostberg
Head of Division, The Swedish Agency
for Public Management

Easier to get in touch with the authorities!

Make it less complicated!

Maybe you are among those who have hesitated about starting their own business? And the reason is that you thought it seemed complicated and difficult with all the paperwork and contacts with the authorities, which have been necessary up to now.

Kontakt-N is the first step towards our vision of a future where citizens and entrepreneurs can use our common Internet solution in order to report certain information just once to the public sector. By that we mean authorities such as the National Tax Board, the Patent and Registration Office, etc.

It could hardly be simpler!

Cooperation between authorities

Kontakt-N is a joint project for cooperation between the Swedish National Tax Board, *Riksskatteverket (RSV)*, and the Swedish Patent and Registration Office, *Patent-och registreringsverket (PRV)*, with the Swedish National Board for Industrial and Technical Development (NUTEK), whose participation is in the form of financial backing.

The aim of the project is to make it easier to start a business enterprise by providing an Internet solution, which will coordinate the registration procedure carried out by the authorities.

In addition to this, a parallel processing of applications will mean that a decision from the authorities will reach the entrepreneur with less delay.

All to make the process as smooth and simple as possible!



Kontakt-N paves the way for a general simplification and standardization of the reporting of information from business enterprises. This can lead to great benefits in the long run, since information can be given to the authorities both more simply and more effectively.

Submit the information once, in one place!

Easier for you as a business owner!

The authorities working, together with business owners, have developed Kontakt-N, to make things simpler for the business owners.

We have compiled here information and links that can be of use to you in your work. And we have opened a channel for fast, two-way information, where you can register your business and report to the tax authorities.

This can certainly be useful, both when you start your business and when you need to carry out changes in your business activities.

Easier and faster with Internet

As a business owner, you should only need one single contact with the authorities in order to register your business.

Via Kontakt-N, you will have access to quick and direct information, and you will be able to register with the authorities relevant to your business activities.

You will also have access to many useful links to authorities and organizations that you may need, as a business owner.

This is how it is done:

Send in your information

Via Internet you register your tax and contributions report:

- F-tax
- Value added tax
- And yourself as employer (if you have employees)



Choose your form of business enterprise

Via Internet, you can also choose and register the most common forms of business enterprise:

- Limited company (*aktiebolag*)
- Trading partnership (*handelsbolag*)
- Limited partnership (*kommanditbolag*)
- Sole trader (*enskild firma*)

This is how it will work soon:

In the spring of 2001, you will be able to work via Internet, get support and, of course, print the various forms on your own printer after filling them in.

After that, you can sign them and post them to the respective authorities.

This is how it will work when everything is ready:

In later versions of Kontakt-N, you will be able to do the entire job via the Internet. This means that you will then send your information electronically and sign the form by using your personal electronic signature. After that, your information will be sent, via Internet, directly to the relevant authority.

The information is yours alone!

Kontakt-N provides you with your own tools, enabling you to work with your own information and allowing access only to you.

This is the case even if you store your information on the Kontakt-N server!



Facts on the Kontakt-N project:

Goal

The aim of Kontakt-N is to make it easier to submit information in connection with the registration of a business enterprise and to pave the way for a general simplification and standardization of the reporting of information from business enterprises to the authorities.

Background and organization

PRV and RSV work out a common solution for simplifying the registration of business enterprises. NUTEK contributes with financial backing to obtain an IT solution, which is possible to develop and to use in other connections.

Their cooperation is carried on in the form of a project, in which researchers and the owners of small businesses take part. The project management group consists of representatives of RSV and PRV.

A reference group including representatives for trade and industry is attached to the project.

A group led by NUTEK is also available for consultation. This group includes representatives for several authorities that collect information from business enterprises.

It also includes representatives for local and regional government, for trade and industry, for the Swedish Government Offices and the Agency for Administrative Development.

Previous reports

Various efforts have been made within the European Union (EU) to help small and medium-sized enterprises (SMEs). As examples of this, we can mention the work done by Directorate-General XXIII over a number of years on a programme for SMEs and also the recommendations made by the European Commission. The Business Environment Simplification Task Force, or BEST, as it became known, prepared a special SME report for the EU. In Sweden, the questions have been examined by the Small Enterprise Delegation and by the cooperation group Top Management Forum. PRV and RSV have presented a report on the result of their joint analysis of the present information requirements and processing routines for the registration of business enterprises ("Simplified registration of business enterprises", 1999-03-15).

The new information technology makes it possible for the authorities to give the public more service of higher quality. Attention must be focused on the everyday situation of citizens and business enterprises. This is expressed, for example, in the following:

- SOU (Report of Government Commission) 1997:146, Basic information in the service of society
- Government Bill 1997/98:136, Public administration in the service of the citizens
- The EU work for a common framework for electronic signatures, etc.
- The Agency for Administrative Development's general agreement on Systems of Dissemination and Collection and services for smart identity cards.

Would you like to know more?
It sounds interesting, doesn't it?

Contact us for more information.
www.kontakt-n.nu
webmaster@kontakt-n.nu

Visit our web site!
You will find our current information on the project web site,
www.kontakt-n.nu and you can also send us your comments from there.

The City of Vancouver's Use of New Information Technologies

by

Catherine B. Clement
Director of Corporate Communications
City of Vancouver, Canada

Introduction

The way information technology is used reflects the values of the organization.

In Vancouver, our goal has been to use technology to reinforce public expectations for open, responsive and accountable government.

With more than 70 per cent of Canadians on-line, utilizing Internet technology to serve residents has become an efficient and effective tool for the City of Vancouver. In fact, it has become the main tool for exchanging information with the public.

The City's web site, which records approximately 210,000 visitors a month, is being used in a variety of ways to increase transparency; promote public involvement; provide education; and improve access to services.

Background

Vancouver is the third largest city in Canada and is located on the Pacific Coast in the province of British Columbia. The city is the gateway for Asia-Pacific trade: Vancouver's port ranks number one in North America for total foreign exports, and number one on the West Coast of the continent for total cargo volume.

It is a relatively young city, having been incorporated in 1886. While its actual population is only about 600,000, the City is part of a larger metropolitan region called the Greater Vancouver Regional District, where approximately 2 million people reside.

Vancouver is often rated as one of the most livable cities in the world. Most of these ratings are due to its magnificent physical surroundings – ocean on one side with a backdrop of mountains and pristine forests – and to the City's moderate climate and focus on a healthy, outdoor lifestyle. But the City also gets high ratings for its quality of life in terms of amenities, transportation, etc.

The city is far from homogenous in terms of its population, and this presents challenges for communications between the City and its residents. Only 52 per cent of people living in Vancouver have English as their mother tongue. About 25 per cent of the population speak Chinese, and the remainder other languages such as Spanish, Korean, Vietnamese, etc.

The political structure consists of a Mayor and 10 Councillors elected at large for three-year terms. The civil service is led by a City Manager, to whom several department heads report.

The City government has a broad mandate. It is involved in everything from social housing and day care, to roads and sewers and fire services. Some other key services such as police, libraries and community recreation centres are overseen by independent community boards, but receive their funding from, and are accountable to, the City government.

Vancouver is one of the few Canadian cities with its own charter (i.e., legislation that grants the City certain exclusive powers above and beyond that of other municipalities). It is the Charter that provides much of the foundation and values that govern how the City government interacts with its citizens.

For example, the Vancouver Charter requires that all Council meetings be open to the public. It also ensures the public has opportunities to address issues before Council and has a role in decision-making.

Not all of the processes or rules of conduct for engaging citizens are written down, but they are expected by the public nevertheless. For it is not only the outcome of the decision that matters to residents; the process for reaching that decision must be perceived to be open and fair.

Vancouver residents have an expectation that they will be consulted on issues that affect them – whether it is a road, a new building or a new service in the area. Vancouver residents will not think twice about publicly criticizing the City government when they feel they have not been adequately consulted. And often, this criticism will be picked up by the media and widely publicized. In this way, the media also plays a role in keeping the government open and accountable.

Although it is not possible to avoid all criticism once a decision is made, the City government certainly has considerable experience and makes a concerted effort to undertake decisions in a way that will minimize complaints and opposition.

Besides feeling they should be consulted, Vancouver residents also have an expectation that their City government will provide quality services for their tax dollar. Increasingly, they expect services to be provided in a way that is convenient to their schedules. This is one reason that more government services have started to migrate to the Internet.

The expectations of our public, and the rules that govern activities within the City, have affected the way Vancouver politicians and the civil service operate. Ingrained into our political culture is the notion that everything we do should be designed to improve the lives of our citizens.

In recent years, information technologies, particularly the Internet, have played a critical role in helping the City of Vancouver improve the way it undertakes community processes and the way it delivers services and information to its public.

Vancouver's use of information technology

The growth in the Internet in Canada has been significant. Today, about 70 per cent of Canadian adults are on-line compared to 55 per cent just one year ago.¹

Besides having a large number of Internet users, Canadians also tend to spend more time on the Internet compared to Europeans, Asians or even Americans.² The most popular reasons for going on-line are email and to research or access information.

The City of Vancouver's web site was created in 1994. Back then, it was a single page. Today, the site comprises more than 20,000 pages. And although it is not necessarily the most attractive or the most innovative web site created by a municipality, it has extensive content, which reflects the City's belief in open government.

¹ Ipsos Reid survey, Spring 2001.

² Price Waterhouse Coopers Canadian Consumer Technology Study 2000.

The growth in the number of monthly visitors has been outstanding: 210,000 visitors in June 2001 compared to approximately 80,000 visitors for the same period a year earlier. We can only anticipate that the use of the web site will continue to grow as it expands and more services are provided on-line.

To promote awareness and use of the site, the City heavily promotes the URL on its materials (e.g., posters, brochures, news releases, stationery, etc.) and other communications vehicles such as advertising, videos, etc.

Public access is also supported through free computers in City Hall, as well as on-line terminals in the 22 civic libraries located throughout the city. Not surprisingly, we find links to our URL on hundreds of other web sites throughout the world.

Transparency and public involvement

A main feature of the City of Vancouver's site is that it is designed to promote citizen awareness of, and involvement in, municipal decision-making. By providing residents with timely and detailed background information about upcoming policy or programme debates, the Internet has improved citizens' understanding of issues. The result is more informed input from stakeholders and increased participation in city government.

Council agendas, reports and minutes

Reports for consideration by the Council are uploaded to the web site several days in advance of a Council meeting. These reports contain detailed background information on an issue as well as recommendations.

Providing the reports in advance not only enables residents to understand an issue that will be debated before the Council, but also offers them an opportunity to decide whether or not they wish to speak to the Council about a particular report.

As well as current reports, the web site also contains a vast archive of Council reports, minutes and decisions from the past six years.

A special calendar of upcoming Council meetings with agenda items is produced every week by Corporate Communications. The calendar is uploaded to the web site and also sent to interested individuals and organizations, as well as the media.

The site is also used to advertise and provide information on various public consultation exercises that may be taking place. Everything from selecting new street furniture to deciding on rules for anchoring in our waters not only involve the public, but are widely advertised in newspapers, on the web site and through direct mail notifications.

Internally, web technology is used to assist staff in developing the skills to undertake public consultation exercises. Our intranet (i.e. the internal staff web site) provides links to readings, guidebooks and courses that staff can use to improve their understanding of how to involve the public in decision-making or how to facilitate negotiations or problem-solving.

Community web pages

The community web pages were established as part of an internal exercise called the Public Involvement Review. The Review's goal was to look at ways to improve citizens' involvement in municipal government.

One of the findings was that the public wanted information in a timely manner. In particular, they wanted to know more about their local community/neighbourhood and they wanted a better method for finding out about projects in their community that affected them.

The result was the community web pages. These pages, which are divided up into geographical neighbourhoods, offer background information such as the history and demographics of an area. The community web pages list various civic facilities in the neighbourhood, such as the location of community centres, libraries, and police and fire services as well as services offered by other public bodies (e.g., schools). As well, the pages provide information and links to key services, programmes, resources and public consultation exercises currently underway.

Interactive features, such as the community calendar, enable residents and not-for-profit groups within the community to let others know about a local meeting, event or festivity. This helps residents to be more involved in their local community. Another area of the site keeps residents up-to-date on building developments and road construction occurring in the neighbourhood.

Response to the community web pages has been overwhelmingly positive. The number of visitor sessions per month is about 48,000, and growing rapidly. And each day, dozens of e-mails arrive through these pages, requesting more information or offering praise to the City for creating such a valuable resource.

The community pages are creating efficiencies for both the public and the City. The public can save time in searching for local information or accessing on-line services by going to a single area of the web site. For staff, the pages have reduced duplication and maintenance of numerous databases by having a single database for tracking City projects and events. The pages also act as a first line of contact, helping to answer and provide information up front to the public.

Education

New technologies are also used to educate residents on issues – to build awareness of a programme, service or policy or to help citizens understand the City's history.

The City produces a television show that explores an issue through a 5-6 minute documentary-style story. Shooting on location and featuring interviews with both City staff and third party experts, the programming examines municipal and regional issues not generally of interest to the mainstream media. Stories have ranged from the history of Vancouver's Chinatown district to the effect of free trade on civic libraries.

These stories, besides being aired on the local community channel, also are compressed and uploaded as video clips to the City's web site. The video clips are a popular means by which residents get background on a story and receive it in an entertaining format. The clips are linked not only on the pages devoted to the show but throughout the City's web site.

We receive dozens of responses to each story and the comments are often the same: residents express appreciation that they learned something new about their city. Frequently, they suggest ideas for future stories that they would like to see on the programme.

The City's web site also contains dozens of other pages of educational information and instruction. It includes information on such things as safe cycling, how to conserve water or how to prepare for an emergency, such as an earthquake.

Services and routine information

In recent years in Canada, there has been more public demand for services to be not only of top quality but also to be more accessible. There is a growing expectation that information should be easy to find and residents should not have to spend enormous amounts of time locating and obtaining basic government information.

In a survey conducted last spring,³ about 80 percent of Vancouver residents said they were satisfied with the City's services.

Despite these relatively high levels of satisfaction, the City of Vancouver continues to explore ways to improve service delivery – particularly access to services and routine information.

To this end, Vancouver has been gradually offering more basic services on-line. Today, our residents can use the City's web site 24 hours a day, seven days a week to do such things as:

- Pay parking tickets;
- Order archival photos;
- Renew dog licenses;
- Request engineering services to fix a pothole or a sidewalk, etc.; and
- Download application forms for tax instalment payments, permits and licenses, environmental health complaints, freedom of information requests, reports to the Police, etc.

These basic services are being supplemented by new tools that pull together information and data from a variety of sources. The result is that we now offer our residents some completely new services that are only available on-line.

VanMap

Recent improvements to our web site have enabled us to provide mapping and database information that once involved a trip to City Hall and to several different service counters to obtain.

The project, called VanMap, puts various levels of detailed information into maps that residents can view, save or print out. There are dozens of features that can be activated with the click of a button.

Now, from the comfort of their home, residents and businesses can view aerial photos, research property lines, determine zoning districts, locate sewer and water mains, find property addresses and view the exact location of public facilities (e.g. parks, fire halls, community centres).

VanMap also links directly to the community web pages that offer details on amenities, services, and events in Vancouver's neighbourhoods.

Road work

Another database allows City engineers to list and provide updates on construction projects of all sizes that affect roads and sidewalks. Tied into the community web pages, this database brings together project information that was once located in separate work units of the Engineering Department. Today, staff working on sewer and water main construction, as well as those repairing roads or upgrading light fixtures, can now inform residents through a single communications tool.

A major road works page, called the Road Ahead, also provides visitors to the site with a map of the City and the location of major road construction projects.

Such information makes it easier for residents, as well as public transit operators, taxis, businesses and visitors, to know where major road construction is taking place in order to avoid

³ MarkTrend survey of Vancouver residents, Spring 2001.

these routes. This area of the web site is also well publicized and includes a marketing campaign directed to traffic reporters and the public.

Since the City began using this tool for informing the public about roadwork, the number of complaints regarding the inconvenience of road construction has dropped dramatically.

QuickFind

QuickFind is a web-based directory of contact information that helps people contact staff directly rather than having to call the City Hall switchboard. It is essentially an inquiry dialog box that makes it simpler for residents to find the right department or staff person to discuss a problem.

As well, QuickFind contains a directory of local community organizations, childcare facilities and schools. Community groups are encouraged to use the on-line form to add their contact information.

Future directions

To date, the City of Vancouver's approach to web development has been measured and pragmatic. The City recognizes there is still much more that could be offered to our citizens through this and other emerging technologies. The web site continues to be a work in progress.

Resourcing/staff time to develop new applications has been a key challenge, as is the ability to assure residents that any information they provide is secure. Another issue is the limits to the information that can be made available to the public due to privacy concerns. In some cases, such as VanMap, more information could be provided, but privacy regulations have removed some pieces of data from the public version.

In terms of future plans, the City of Vancouver will continue to expand e-commerce opportunities and provide more City services and information on-line. For such things as licenses, the first priority has been to focus on renewals. The next step will be to offer new licenses through the Internet.

Discussions concerning a redesign of the web site are currently underway in an effort to provide visitors with faster access to the information they may be seeking. Like some other sites, we are investigating how we might provide information for different "types" of visitors such as residents, builders, businesses, tourists, etc.

The City also will look for ways to use the Internet more effectively as a feedback mechanism. While most web pages have a contact e-mail address specific to the page that enable visitors to instantly comment on or query what they have read, currently the strategic use of the web site for surveys or feedback is sporadic. (There are various reasons for this reluctance to gauge public opinion through the web site, most notably the fact that the results are not a random sampling.)

As well, the City of Vancouver is interested in interactive, digital TV technology and the promise it holds of being able to direct information to designated households.

Interactive, digital TV technology would enable the City to communicate with a target group of residents on, for example, a new development that could impact their area; a road closure; changes to their garbage collection schedule, etc. The benefit of such technology is that it would allow us to better target information that affects only a particular geographical area of the city. As well, it would give us an opportunity to improve the way we consult with communities on issues: it could enable more residents to "have a voice" and not just those citizens who are motivated enough to appear at public meetings.

As yet, there is not a large enough market of digital TV viewers to justify the development expenditures. However, as the market grows, Vancouver would like to be the first Canadian city to use this technology.

Strengthening Government-Citizen Connections: A Case Study of Korea

by

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Introduction

The use of new information and communication technologies (ICTs) in Korea has grown rapidly since the 1990s. Yearly growth rates of Internet diffusion, cellular phone subscriptions, and personal computer diffusion are 43%, 103%, and 22% respectively.¹ Relations with citizens in Korea have undergone great changes with the development of information technologies. During the 1960s and 1970s, Korea's fast economic growth was against the backdrop of a government-driven society. Most of the general public was excluded from the policy-making process. In contrast, nowadays, the Korean Government is facing a new problem. An explosion of public participation in the policy-making process has become a new issue, raising unexpected problems including policy delays and continuous disputes among interest groups.

The information revolution has had a significant impact upon the public administration in Korea. Every civil servant now has his or her own personal computer and e-mail address, while three-quarters of the Central Government administrations have appointed their own Chief Information Officer (CIO), and the use of electronic approvals² within the Central Government administrations amounts to half of all such transactions. All Central Government ministries and agencies as well as local governments have web pages, although their quality and contents differ widely. By connecting to these home pages, citizens and stakeholders can access public information more easily and efficiently.

The Korean Government is trying to utilize information and communication technologies (ICTs) not only to obtain high efficiency in administration but also to strengthen citizen-government connections. Dialogue rooms³ on some central government homepages provide important windows for citizen-

¹ As of August 2000, there were 16.4 million Internet users in Korea, according to the Korea Network Information Center (KRNIC). A phenomenal leap when compared with the same figure for October 1999 of 9.43 million reported by the National Computerization Agency (NCA). The Ministry of Information and Communication (MIC) announced that the number of broadband users in Korea reached 2.2 million on August 2000. Classified by access services, the number of ADSL subscribers and home PNA subscribers has already surpassed 1.4 million and continues to rise rapidly. Meanwhile, the once explosive growth of cable modem subscribers has slowed down. Additionally, 16,000 IDs for satellite Internet access service and 2,000 for B-WLL were registered as of August 2000. Demand for high-speed data transmission is growing, as the use of web-casting, video on demand and e-learning increase.

² This is a new type of system for securing approvals within a government bureaucracy. When a staff member wants the signature of his or her senior, paper documents are no longer needed. He or she just inputs what is to be approved into the computer and sends it through an electronic line connected to his/her manager, so that they can make a 'cyber-approval' on it.

³ For example, Nara Sallim Daewha Bang (Dialogue Room), on the homepage of the Ministry of Planning and Budget, is a dialogue system on governance. Allim Madang (initiated by the Ministry of Government Administration and Home Affairs) is designed to introduce people to governmental activities and policies and to receive their opinions on them.

government interaction. The field of ICTs is one example in which promising practices can be found, which include key factors and conditions contributing to transparency and democracy.

The Seoul Metropolitan Government offers several outstanding practices in strengthening citizen-government connections through the use of ICTs. Seoul operates an On-line Procedures Enhancement (OPEN) system to deal with civil applications (e.g. licensing and permits). The whole process – from the submission of an application to the decision itself – is conducted in full public view as citizens can obtain full information about the decision process via the Internet. This system enhances accessibility to administrative information by providing information on civil applications 24 hours a day via the Internet. It promotes transparency in administrative procedures and eliminates the possibility of corruption through direct public scrutiny and supervision. With increasing use of the Internet, these effects will be further reinforced.

OPEN began locally but was designated by the Central Government as an advanced tool to foster innovative management in the public sector in November 1999. The outcomes of OPEN have proved satisfying for citizens as well as public officers. To date, all local governments have introduced this system in the period 1999 to 2000 while some central government units intend to introduce this system under current plans to construct an e-government in Korea.

The purpose of this report is to focus on how the government of Korea tries to inform, consult with, and engage citizens using ICTs. It consists of three main parts:

- An overview of the general context for e-government in Korea;
- A case study of the OPEN system as applied in Seoul City;
- A brief presentation of new initiatives, including the G4C (Government for citizen) project.

This report is written based on government materials, reports from research institutes and interviews with officers and staff in charge of e-government and/or relations with citizens.

Background of the Korean political system

For a generation, the Republic of Korea was an outstanding example of state-led economic development. Its proponents cited it as proof that a modernizing military regime could create popular satisfaction through rapid economic growth (Rose 1999: 22-23). But the side effect of state-led economic development has been to place obstacles on the path of democracy, for example in the citizens' exclusion from the policy-making process. The place to start was with the Presidency, an office that held too much power for the country's good. Although a cabinet existed, the President could rule practically alone if he decided to.

Since the introduction of free elections in 1987, Korea has been a rare Asian example of a new democracy. In 1992, Kim Young Sam became the first civilian President in more than three decades. In December of 1997, Kim Dae Jung became the first opposition party candidate to be elected President.

The basic role and mission of the bureaucracy in Korea is today being altered by the development of the political system. Government must now find a way of shifting from its traditional focus on the twin goals of economic development and national security to find new roles more suited to public administration under a democracy.

Nowadays, citizens' groups and other non-governmental organizations are demanding that the electoral process and political institutions become more transparent and accountable and that they downsize and decentralize (Shim 1999: 15-16). According to citizens' demands, the Korean Government should change its structure and personnel policies in order to deliver services effectively, but in doing so it must ensure that it also reinforces fundamental democratic values. The current efforts of the Korean

Government are aimed at becoming “a small, but efficient government”. The public sector reform programmes implemented under the Kim Dae Jung government have aimed to meet these demands through: restructuring of organization and personnel, and changes in the culture and mindsets of public sector employees.

Citizens have demanded easier access to public information and an opportunity to participate in decision-making from the late 1980s. Responding to this demand, the Korean Government announced plans to construct an ‘electronic government’. The goal of constructing an e-government focuses on better services for citizens and businesses, and a more effective use of the Government’s information resources. E-government has several guiding principles, which in the UK have been defined as: building services around citizens’ choices; making government and its services more accessible; social inclusion; and better use of information (UK Cabinet Office, 2000). The ultimate goal of constructing an e-government in Korea, as elsewhere, is to improve efficiency and citizens’ satisfaction in the public policy-making process.

Framework for government-citizen relations

Legal Framework

Four major laws have been adopted which establish the legal framework for government-citizen relations, while a law on e-government law was most recently adopted on 28 February 2001.⁴ The laws in question are the Act on Disclosure of Information by Public Agencies, the Administrative Procedure Act, the Basic Act on Promoting Computerization and the Act on the Protection of Personal Information Maintained by Public Agencies. The main objective of these laws is to uphold citizens’ ‘right to know’ and to encourage citizen participation in the administrative process. The ultimate goal of all these laws is to ensure justice, transparency, and confidence in government:

- The *Act on Disclosure of Information by Public Agencies (31 December 1996)* aims to ensure citizen access to information and to promote its dissemination. The Act describes agencies’ duties concerning information disclosure, the information disclosure process, and dispute resolution procedures.
- The *Administrative Procedure Act (31 December 1996)* emphasizes listening to citizens’ opinion prior to taking administrative decisions and ensures that the administration better understands and responds to citizens’ demands.
- The *Act on the Protection of Personal Information Maintained by Public Agencies (31 December 1996)* established provisions for ensuring privacy of personal information which the administration does not have the authority to make public.
- The *Basic Act on Promoting Computerization (4 August 1995)* aims to support the use of new information and communication technologies (ICTs) to strengthen government-citizen relations. The mandate of the National Computerization Agency is based on this law.
- The *Act on Electronic Government (28 February 2001)* promotes the introduction of new ICTs throughout government as well as the legislature, and administrative and judicial agencies. This law includes a total redesign of the current document management system of approval, distribution and maintenance, and redesign of administrative tasks for efficient internal

⁴ According to the National Computerization Agency, in addition to the four major acts, there are several laws concerning ICT in order to steer the Korean society into the information age. In 1999, the Basic Act on Electronic Commerce and the Act on Electronic Commerce and the Act on Electronic Signature were enacted to popularize and nurture Korea’s Internet assimilation. The Act on Information and Telecommunications Network use and the Basic Act on Information Promotion were revised to update the legal Internet governance references.

administration for the establishment of a paperless administration. The Government can also use electronic documents and authentication in its administrative processes.

Table 1. Main laws on government-citizen relations and on e-government

| Law | Objective | Target group |
|-----------------------------------------------------------------------------|-----------------------------------|--------------------------------------|
| Act on Disclosure of Information by Public Agencies | Transparency | Individual citizens |
| Administrative Procedure Act | Participation | Individual citizens, Interest groups |
| Act on the Protection of Personal Information Maintained by Public Agencies | Privacy | Individual citizens |
| Basic Act on Promoting Computerization | Information Infrastructure | Society |
| Act on Electronic Government | Operating system for e-government | Government |

Institutional Framework

In Korea, there are several public bodies and figures with responsibility for e-government projects, including:

- *The Government Computer Center (GCC)* in the Ministry of Government Administration and Home Affairs (MOGAHA), which manages the computer network, computerizes administrative office procedures, fosters government-wide use of public information and computer facilities, provides information technology to government agencies, and disseminates administrative information to the public;⁵
- *The Ministry of Information and Communication (MIC)*, which is in charge of developing an integrated and systematic policy to facilitate the information society and to develop the information and communication technology (ICT) industry;
- *The Ministry of Planning and Budget (MPB)*, which contributes to building e-government by way of restructuring and financial support to ministries;
- *Chief Information Officer (CIO)* within each Central Government body, who is charged with encouraging government officials to identify new ways of working in partnership with the private sector.

The Commission for National Computerization was established in April 1996 under the Vice President. A working team was established in the Ministry of Information and Communication. The commission has focused mainly on infrastructure issues, such as a super highway for information. But partnership and cooperation with other related ministries has been limited, and there is a need for better leadership by the Ministry of Information and Communication.

⁵ The GCC also conducts computer-related training for public officials. Its mission is to assist the government in using computer technology to achieve its goal of “better service, lower costs”.

In February 2001, a Sub-Committee for Electronic Government was established under the Presidential Commission on Government Innovation.⁶ This sub-committee aims at policy coordination and intergovernmental partnership in achieving public administration informatization. The function of the sub-committee is to establish strategies for constructing an e-government, i.e., to mediate in conflicts among related ministries and to evaluate the result of implementing informatization programmes, and to make alternative plans for government innovation by ICTs. The members of the sub-committee are external experts as well as the vice-ministers of the key ministries: Ministry of Planning and Budgeting; Ministry of Information and Communication; Ministry of Government Administration and Home Affairs; Ministry of Education.

The Sub-Committee for an Electronic Government held its first conference on 19 March 2001, at which evaluation and monitoring of major businesses for an electronic government were discussed. The results of this evaluation on businesses for an electronic government will be related to budget investment. Progress on e-government will regularly be reported the President.

Figure 1. Implementing system for e-government in Korea

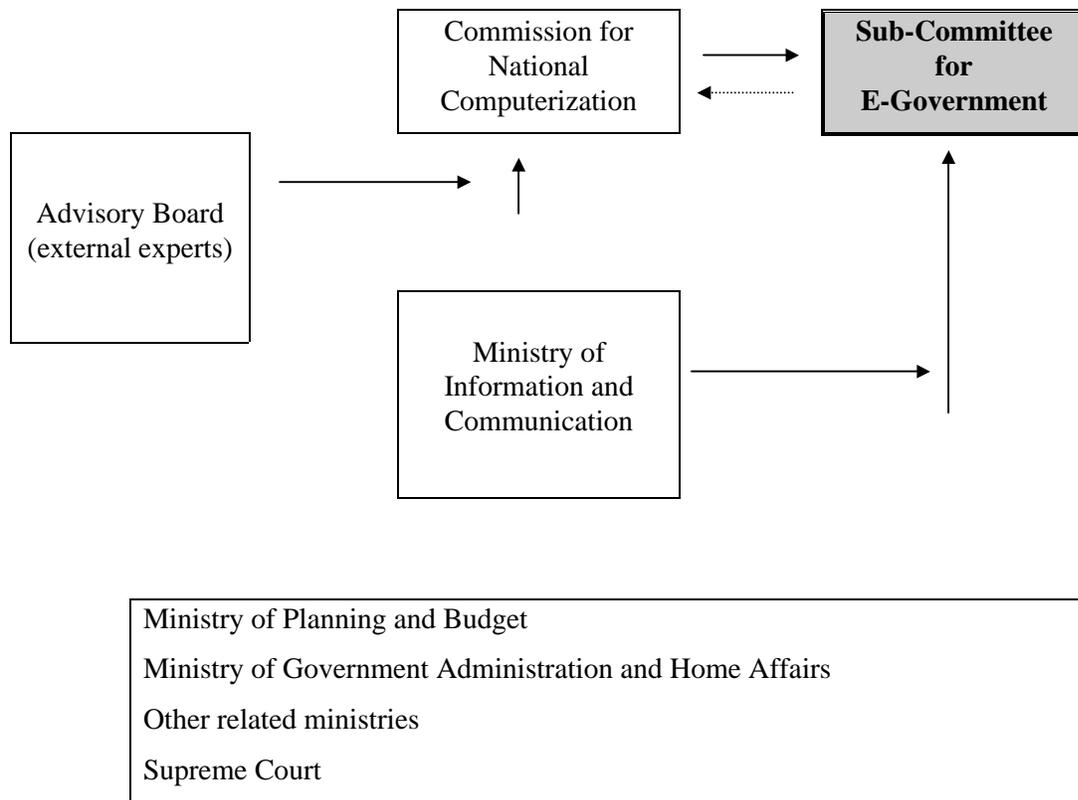


Table 2. Budget for civil administration and e-government in Korea (2000-2001) (in USD)

| | 2000 | 2001 |
|--|------|------|
| | | |

⁶ The Presidential Commission on Government Innovation was established in August 2000, with the aim of achieving government innovation. Its working team is based in the Ministry of Planning and Budget (MPB).

| | | |
|------------------------------|-------------|-------------|
| e-government | 207,833,000 | 307,333,000 |
| civil affairs administration | 78,333,000 | 110,750,000 |

Source: Korean Ministry of Planning and Budget press release (12 August 2000).

Overview of the Case Study

Background to the OPEN system

The first step on the road to application at the national level for the On-line Procedures Enhancement for Civil Application (OPEN) – developed by the Seoul Metropolitan Government – came with its selection as “Best Practice” in a cabinet meeting of November 1999. After that, the Ministry of Planning and Budget (MPB) and the Ministry of Government Administration and Home Affairs (MOGAHA) decided to proceed with the diffusion of the OPEN system. MOGAHA undertook the central development of a unitary software system in the period of January-May 2000, which allowed individual agencies to save budget resources. In 1999, 20 pilot local governments had introduced this system and by 2000, all the 208 local governments had done so. Some central government units handling many civil applications will introduce the OPEN system in 2001.

The On-line Procedures Enhancement for Civil Application (OPEN) was developed to prevent corruption in those administrative procedures, which handle citizen applications for municipal permits, licenses and other documents. Behind the OPEN system are administrative practices which are vulnerable to corruption, including the ‘Kwan-si (acquaintanceship) culture’, which may be found in oriental societies and which obstruct the consolidation of democracy and the rule of law in Korea. OPEN was developed to achieve transparency in the city’s administration by preventing unnecessary delays, arbitrary decisions, or the payment of ‘express fees’. This Internet-based system allows citizens to monitor progress in the processing of their applications for permits or approvals in areas where corruption is most likely to occur, and allows them to raise questions in the event of any irregularities being detected.

General Features

Launch: The OPEN system started operations on 15 April 1999, with 26 of the main fields to receive civil applications. After one year of operation and technical modifications of the system (on 2 March 2000), 15 additional applications with the potential for irregularities were included in the OPEN system and their processes made public. These included: 4 industry and economy-related areas, 5 transportation-related areas, and 6 environment-related areas (see Box 1). From July 2000, more government functions were made public, including 20 more civil affairs functions related to citizens’ daily life in areas such as sanitation, welfare construction, housing, urban planning, and fire emergency services. All civil application documents now show the name of the public official in charge, their telephone number and e-mail address so that citizens who wish to monitor the processing of their applications are able to contact the responsible official directly via the Internet (see Figure 1).

Box 1. Fields of Operation Covered by the OPEN System

- Transportation: assessment of influences on traffic, adjustment of taxi fares, installment and adjustment of village shuttle bus routes, settlement of city bus routes, and approval of express bus and inter-city bus terminal operations.
- Housing and Construction: housing construction business, approval and deliberation of construction projects, housing redevelopment projects, and city center redevelopment projects.

- Environment: purchase of land for parks, waste disposal business, and approval and agency contracts.
- Urban Planning: approval of Acts that will affect topography and soil, and decisions and changes in urban development plans.
- Construction Work: compensation, facility construction, changes to facility construction plans, construction technology services, and annual cost contract for facility maintenance.
- Industry and Economy: adjustment of city gas consumer rates, registration of opening and change of large-scale shops, and financial assistance to small and medium sized enterprises.
- Sanitation and Welfare: contract for social welfare facilities, and approval and sanctions of entertainment establishments and song bars.
- Fire Emergency Services: inspection on completion of fire stations.
- Miscellaneous: payment of logistics and construction charges, and inspection of compulsory installment of art objects for buildings.

Management: The system was designed to enable staff in charge of application permits to operate it with ease and convenience:

- **Data confirmation** by computer programme or manually: new input data is confirmed everyday, and the department inputting that data is notified in order to correct or improve them. A computer programme checks automatically whether the input of data is delayed or not. The system management is usually checked. A team is organized to check the system management. It confirms whether or not there is any omission or delay in the input of data and ascertains if the data is exact, so measures can be taken to correct them.
- **Cyber-inspection** is made through the Internet: First, a screen-inspection is conducted with regard to the data documents at the 'Internet Opening Room for Civil Appeal'. Then anything doubtful is reviewed by comparing the documents with the actual state of work, which enables an effective inspection of the work underway. In 2000, inspections resulted in a total of 42 irregularities detected, which led to 1 disciplinary punishment, 9 warnings, and 32 corrections.
- **Prizes** are awarded to public officials who best input data (e.g. 84 prizes in 2000) and it is planned to introduce prizes for those who visit the OPEN system.
- **Advertising** is carried out to encourage citizens to use the OPEN system, through leaflets, stickers, posters, subway train advertisements, electronic signs, guides on how to use the system (available in each district office), newspaper and broadcasting media.

Resources: when it was launched on 1 February 1999, the OPEN Development Team consisted of 3 persons specialized in policy analysis and 9 programme developers. In order to prevent corruption, the Seoul City Audit and Inspection Office is in charge of operating the OPEN system. To support it, a Task Force team was formed. Today, a total of 5,000 employees in 485 city departments dealing with applications have been trained to operate the system, input and change data. Following their training, IDs and passwords are assigned to allow each individual trainee to make entries at his or her department.

Figure 1. Example of OPEN On-Line Progress Report for Building Permits and Inspections

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------|
| <p>After a review of application, an occupancy approval is issued. Below is the description of this progress, including the current processing status.</p> <p>Project Name: Enlargement of Business and Neighborhood Facility (165, Nonhyon-dong)</p> | | | |
| Title | Occupancy Approval | | |
| Location | 165, Nohyon-dong, Kangnam-gu | | |
| Transaction Procedures | <p>Building Permit Application Completed (12/07/1999)</p> <p>Building Permit Completed (12/16/1999)</p> <p>Construction Beginning Notification Completed (01/25/2000)</p> <p>Occupancy Approval Application Completed (02/12/2000)</p> <p>Occupancy Approval Completed (02/12/2000)</p> | | |
| Transaction Status | Staff in Charge (02/12/2000); Junior Official (02/16/2000); Director of Architecture Division (02/16/2000) | | |
| Description | <p>Occupancy Approval</p> <p>Date of Approval: Feb 16, 2000</p> <p>Object of Approval: Same as specified in application</p> <p>Further Requirements</p> <ul style="list-style-type: none"> • According to the Building Code, Article 26, property owners are required to maintain the property, as specified in a building permit and an occupancy approval. • Property owners are responsible for paying Acquisition Tax at the tax division in the District office within 30 days after an occupancy approval is issued. • Property owners should pay Registration Tax at the tax division in the District office before applying for a structure registration. • Property owners are required to apply for a structure registration at the District's registry within 60 days after an occupancy approval is issued. | | |
| Place for Reference | Architecture Division | | |
| Department | Architecture Division, Kangnam-gu Office | E-mail | [e-mail address] |

| | | | |
|-----------------|-----------------|---------------|---------------------|
| Staff in charge | [Name, Surname] | Telephone | 02-530-1390 |
| Date of Entry | 02/16/2000 | Last Modified | 02/16/2000 16:58:52 |

Reviewing the benefits and limits of the OPEN system

OPEN will greatly serve to prevent arbitrary decisions and delays in the administrative service processes, thereby strengthening government-citizen connections and preventing corruption. The four main features of OPEN can be summarized as follows:

- *Strengthening government-citizen connections:* opening up the internal administrative processes can prevent public officials' misuse of their powers of discretion and enhance the transparency of the administration. Citizens and the administration become closer by means of quicker connections via the Internet. Positive and specific access to information on administrative procedures in 'real time' can satisfy the citizen's 'right to know';
- *Citizen-oriented administration:* citizens can submit civil applications and scrutinize the entire application process via the Internet whenever they want and wherever they are;
- *Securing transparency:* OPEN offers full information about the handling of civil applications. No official can sit on any case without justifiable reasons or make arbitrary decisions;
- *Preventing corruption:* free access to information on the administrative service process eliminates the need for personal contact with officials and the paying of 'express fees'.

Despite the many benefits, a number of limits must be overcome when expanding the application of the OPEN system from the local level to national level. These include:

- *Secrecy* requirements for certain types of information, which are a major impediment to citizens' easy access to public information. Considering the existence of Democratic People's Republic of Korea, disclosure of public information could be restricted for reasons of national security;
- *Traditional attitudes* which put public officials above ordinary citizens;
- *Other difficulties*, such as insufficient human resources to operate the information system, laws aiming to strengthen citizen-government connections which are too ambiguous, and an underdeveloped mindset for adopting such new ICT tools.

Measuring citizens' satisfaction

As of 20 January 2001, there have been 1.3 million visitors to the Internet Opening Room, while 62,000 cases of business registration, 338,000 cases of document registration, and 1,898,000 cases of document reference have been conducted. Citizens' use of the system has increased from an average of 1,000 visitors a day at the beginning to 25,000 recently.

An *on-line survey of citizens* was posted on the citizens' opinion section of the Opening Room for Civil Appeals, and a total of 1,245 visitors left their suggestions. The majority of these responded positively to the following questions:

- *Do you think that the Opening Room for Civil Appeals contributes to the clarification of the civil administration?* Of 1,167 respondents, there were 984 (84.3%) affirmative answers and 183 (15.7%) negative ones;

- *Are you satisfied with the handling of civil appeals by the staff in charge?* Among the 1,055 respondents, the majority (762) gave positive answers (72.3%) and 293 (27.7%) gave negative ones.

Korean Gallup survey. A questionnaire developed by the Korean Gallup research service was applied between 20 November and 13 December 2000 to 11,525 citizens who had in the previous year personally experienced the handling by staff of civil appeals in 7 fields of public welfare in City Hall and the district office. An average of 49% of respondents reported that inappropriate behaviour on the part of staff in charge had decreased with respect to the year before.

Table 3. Decline of citizens' reports of inappropriate behaviour by staff with respect to the year before (percentage decline with respect to previous year)

| Fields | House construction | Construction work | Fire fighting | Sanitation | Tax | Traffic administration |
|-----------|--------------------|-------------------|---------------|------------|-------|------------------------|
| % Decline | 55% | 52.1% | 52.5% | 44.4% | 40.8% | 49.2% |

Promising Directions

As the experience from the OPEN case shows, the introduction of ICT into the public sector has generated some positive effects such as transparency, efficiency, credibility and support to the consolidation of democracy.

OPEN was the first case in the “Best Practice Briefing” on 2 November 1999. The best practice of the public sector reform is reported at cabinet meetings twice a week. This programme provides incentives for reform and promotes benchmarking among government units.

After the best practice briefing, the Korean Government has accelerated work on a number of projects to construct e-government and benefit from ICTs:

- ***Single Window for Civil Applications.*** This project focuses on linking various departments and promoting the development of fully integrated Internet-based services for citizens.
- ***Project for Computerization in Local Public Administration.*** The Korean Government launched this project in 1997 to raise productivity and the quality of service by means of information technology. To implement the project, a fundamental plan was made in 1997, with 125 million USD being earmarked for investment between 1998 and 2002. In the first stage of this project, 10 fields concerning the everyday lives of citizens, such as citizen ID cards and land registers, were computerized. In the second stage of the project, the Ministry of Government Administration and Home Affairs (MOGAHA) plans to construct a one-stop Internet service system by means of developing an electronic signature certification system. On completion of the project in 2002, citizens will be able to access public administration services without visiting public offices.
- ***Introduction of G4C (Government for Citizen).*** The project establishing a “People-Oriented Civil Service Innovation Plan”, referred to as the “G4C Project”, is designed to contribute to the realization of a “Small but Efficient e-Korea”. It starts from the observation that people feel uncomfortable with complicated procedures, lengthy processing times, and submission requirements of multiple documents. In addition, people find that they may have to visit the same government agency several times, register repeatedly for the same issue or visit several

agencies to obtain certified documents for a given administrative procedure, all without the support of an information counter for administrative procedures and its processing standards. The lack of information exchange between agencies or sectors and coordination between related laws and regulations also causes serious waste of budget resources and reduces the efficiency of the administration. To resolve such problems, it was decided to redesign the procedures used by the administration and establish the Information Strategic Plan to build up an Information Sharing System for key information with a high frequency of use.

The G4C project is jointly promoted by the Ministry of Planning and Budget, the Ministry of Government Administration and Home Affairs, the Ministry of Information and Telecommunication, the Ministry of Construction and Transportation, and as well as the Supreme Court. The project aims to achieve administrative innovation using information technology, and the government expects it to significantly enhance the efficiency and productivity of the administration in providing swift, high-quality administrative services to citizens. The G4C project's planning phase was carried out from October 2000 to April 2001. The project has four main targets, namely to:

- Establish the administration system as a top-class business model, capable of responding quickly to changes in the international business environment and to cope with possible crises in the future;
- Build a basic model and infrastructure for key information sharing as well as set up an organization and administrative base for the expansion of information sharing;
- Establish a Government representative for e-service (single window), which can expand and execute plans and unify all service counters;
- Plan for the introduction of the laws and regulations required for the implementation of these new administrative procedures and standards (including identification, e-signatures, certification and fees).

Conclusions

In its initial stages, government computerization in Korea focused on suppliers and hardware – such as supplying every civil servant with a personal computer and constructing a network. The National Key Electronic Infrastructure project was a major effort during the period from 1987 to 1996 and included the:

- Establishment of a database with the main administrative information, such as citizen registration, real estate and vehicles;
- Development of a basic ICT environment for the government, such as a computer and communication network;
- Establishment of a national network through high-speed information network project (1995).

The Computerization Project has had positive effects on the construction of an ICT infrastructure, but the project has not been without its critics, who note:

- Insufficient use of computerization to conduct innovation in government;
- Limited impact due to the introduction of ICTs without redesigning tasks;
- Weak synergy effects throughout the whole government due to isolated initiatives.

As reviewed in the case study on the OPEN system, ICTs have dramatically affected the practice of government. The development of ICT has resulted in greater efficiency in government and in strengthening government-citizen connections by ensuring transparency, openness and participation via

the Internet. ICTs have also helped to fundamentally change the context of government. We are moving from a world of independent governments to one of a web of governance.

OPEN has been progressively introduced in all local governments during 2000 and will also be disseminated at the level of central government. After some time, we can expect the culture and behaviour of government in Korea to change dramatically. The OPEN system has already had an impact on Seoul City's policy-making process. Previously, policy-making was generally conducted by a few public officials in isolation with little public input, leaving room for distortions. Now, owing to citizens' participation and the introduction of OPEN, the decision-making process is becoming more transparent. The benefits of OPEN affect all policy fields to a greater or lesser extent. Generally speaking, information and communication technologies, more than any other tool or non-governmental organization (NGO), enables citizens to participate more actively in the decision-making process.

There are various opinions regarding the current e-government implementation system within Korea. Some criticize the separation of responsibility for building the e-government system which results in weakened intergovernmental cooperation and partnership, business delays, and duplication in investments (Kim, 2000). Others underline the need for an e-government implementation system, which covers both central and local governments, as well as the legislature.

Several obstacles lie in the path of the future development of e-government in Korea. First, rapid development of technology is deepening the information gap and digital divide. The older generation and citizens in rural areas are relative losers. Government investment and education for them is needed. Second, government lacks sufficient manpower with expertise in ICTs. In overcoming this obstacle, training for young people in the use of information technologies is necessary. Education not only addresses the shortage of ICT experts but also serves to change old mindsets and overcome negative historical legacies. Third, stricter criteria for secrecy will be recommended according to which secret information should be classified.

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Evaluating Municipal Reforms through Engaging Citizens: the Case of the Corruption Report Card to the Mayor and the Integrity Pact¹

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Introduction

The year 2001 marked ten years' experience of local autonomy in Korea. In order for a decentralized administration to take root, certain reforms in city governance were called for. The focus of these reforms was to instill a customer-oriented administration; and the effects of such administrative reforms need to be evaluated from the perspective of the customers, the end users of administrative services. This customer-oriented evaluation must examine the level of customer satisfaction with administrative services and measure the change in attitude of the bureaucracy towards the customers.

Following the inauguration of Seoul's popularly elected Mayor Goh Kun, on July 1, 1998, the Seoul Metropolitan Government (SMG) initiated a series of reforms in order to elevate the municipal government's credibility through "clear and transparent governance" and to enable the citizen-oriented administration to take root through the active participation of the citizens.

The objective of this study is to analyze and evaluate the cases of the Corruption Report Card to the Mayor and the Integrity Pact, among the series of participatory reforms being implemented by the SMG, from the perspectives of citizens and public officials. This study further endeavors to assess the accomplishments of city governance through a comparison of these two initiatives. In addition, this study seeks to uncover inherent problems and limitations in the implementation process of participatory reform and suggest measures for improvement.

This study examined the cases through questionnaire surveys regarding points of contention. The satisfaction levels of citizens and public officials were also surveyed. The cases were categorized, and their satisfaction levels were evaluated and strategies illustrated.

Prior to the main survey, a pilot study was conducted to evaluate the public's perception of and level of participation in the relevant reforms. Through the pilot test, the direction for the research of this study was established. The subjects of evaluation in this study are categorized into citizens and public officials. The evaluation elements comprise the perception level, experience of participation and satisfaction level of the citizens and the public officials. In particular, the evaluation elements regarding the satisfaction level are categorized into input and output. The evaluation indices of the input consist of the attitudes of the public officials, procedural fairness, environmental soundness and attitudes of customers while the evaluation indices of the output includes the accomplishment of the objectives of the services and the customer satisfaction with the services.

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The pilot test survey was conducted from August 1-4, 2001. The main survey was undertaken from September 21 to October 15 of 2001 through a survey by mail and direct visits to administrative offices. Frequency analysis and intersecting correlation analysis were conducted on the data collected by the research using the SPSS version 10.0 statistical package.

Engaging citizen reform of the Seoul Metropolitan Government

The backdrop of the introduction of participatory reform in Korea is the ‘new public management’ of governance, performance-oriented system and citizen-oriented administration. The SMG has embraced the feature of ‘participatory administration’ by adopting an ‘administration *of the citizens, by the citizens, and for the citizens*’ with the active participation of the citizens. The principle behind the reforms in city government is that the policies are implemented through the participation of the citizens, and that is the most expedient method towards achieving new governance in concert with the civic society.

Numerous examples of participatory reforms of the SMG, such as the ‘Responsible Management System of Offices and Bureaus’, ‘Management by Objectives’, ‘Performance-Based Budget System’, ‘Business Process Re-engineering’, ‘Regulatory Reforms’, ‘Re-organization of Committees’ and ‘Establishment of the Information Infrastructure’, etc., can be cited as part of the reforms designed to achieve performance-oriented city governance. Most of these reforms have been implemented within the administrative organization under the initiatives of the Mayor. In particular, the participatory reforms promoted through the participation of the citizens include the ‘Citizen Evaluation System’, ‘Saturday Date Programme with the Mayor’, ‘New Seoul Citizen Service Center’, ‘Cyber Citizen Center’, ‘Tearing Down the Walls of the City Hall’, and the ‘Ordinance on the Disclosure of Administrative Information’ from the perspective of an ‘Open Administration Reaching Out to the Citizens’ and ‘Clean and Transparent Governance’.

There are virtually no cases that bear a close similarity to the Corruption Report Card to the Mayor system in other advanced nations. Whereas, a search on the web sites of 16 municipal and provincial governments nationwide found that 14 city and provincial governments with the exception of Chungcheong Buk-Do and Jeolla Buk-Do (similar sites for reporting complaints do exist) have implemented the system, and their approach, methods and details are very similar to those being implemented in Seoul. However, the focus of the ‘Corruption Report Card’ system implemented by local governments lies in making reports of irregularities and corruption of public officials and is weaker in nature in terms of citizen participation than the ‘Corruption Report Card to the Mayor’ implemented by the SMG, under which the citizens make reports of wrongful acts regarding the overall municipal government.

Typical examples of the ‘Integrity Pact’ include the Integrity Pact of Transparency International, the Integrity Index of Ecuador and the Workshop on Public Procurement in Nigeria

Corruption Report Card to the Mayor

Background

The ‘Corruption Report Card to the Mayor’ was implemented January 22, 1999, in order to combat corruption practices in the five sectors of civil affairs that are most notorious for corruption – sanitation, housing/architecture, taxation, fire control/prevention and construction. These sectors are directly linked to the daily lives and well-being of the citizens. So achieving clear and open administration in such sectors is considered a high priority. Later the system was expanded to apply to other fields, and the ‘Corruption Report Center’ was installed in 2000.

Table 1. The Subjects of Application and Contents

| Subject of Application | Contents |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental Affairs/Sanitation | <ul style="list-style-type: none"> • A place of business discharging pollutants, waste-water, waste materials, etc., which go against the regulations and supervision of civil affairs • An owner, manager, and one under sanction (prosecution, fine, cancelled or suspended business permit) • An owner, manager, and one under sanction (prosecution, fine, cancelled or suspended business permit) of a sanitary business that is under inspection |
| Housing | <ul style="list-style-type: none"> • Individuals or architects who have obtained a new building permit or approval • Owners of buildings that have undergone inspection • A person concerned with construction work (drafter, architect, supervisor and subcontractor) • A person under sanction (prosecution, fine, cancelled or suspended business permit) |
| Taxes | <ul style="list-style-type: none"> • Taxed businesses which paid 3 million won or more in taxes and has undergone an inspection • Individuals who have paid 3 million won or more for composite land tax, acquisition tax, property tax or registration tax |
| Construction | <ul style="list-style-type: none"> • A corruption report is mailed to construction companies who have entered into a contract with the city government for construction work every month until the completion of construction • All related departments of construction are included Individuals involved in the construction work (drafter, architect, supervisor and subcontractor) |
| Fire Prevention and Control | <ul style="list-style-type: none"> • Owners of buildings that have undergone inspection of fire prevention • Individuals involved in the completion of buildings (including owner, supervisor, construction company). <ul style="list-style-type: none"> • Individuals involved in the completion of a dangerous building procedures (including enlargement, construction or alteration of use) • Individuals who have filed an application for a fire prevention facility completion certificate |
| Water Supply Facilities | <ul style="list-style-type: none"> • Water supply construction companies that have been hired by the individual in question • Individuals involved in the water supply construction |

Source: Yun (2001)

Contents

Irregularities that are likely to occur in those sectors directly linked to the daily lives of the citizens are rooted out, with the Mayor himself scrutinizing the reported cases of corruption and designating a specific department to deal with the problem. The result of the action taken is then reported back to the person who filed the report, following confirmation by the Mayor. The corruption report card is distributed to all public officials handling civil affairs, as well as to all those citizens and companies who have contacted public officials more than once with regard to administrative procedures in order to prevent corrupt practices on the part of public officials.

Operational procedures

The relevant departments at the City Hall, district offices, and autonomous units are supposed to submit a list of citizens who have had dealings with any administrative procedures with the city government by the 15th of every month to the official in charge of handling civil affairs. The Corruption Report Card form is then sent to each person on the list by the 30th of every month. When the cards are returned to the Mayor's office, the Mayor reads them himself and orders follow-up investigations. When the investigation finds that misconduct has indeed occurred, appropriate punitive measures are imposed on the public officials for each case. In accordance with the relevant ordinance, a reward may be awarded to the person who filed the report. The processing period of this investigation is ten days, and for simple issues, seven days.

Scope of application

Those eligible to file reports are owners, operators or managers of businesses that are targets of inspection, supervision or crackdown by public officials (businesses, buildings, construction sites, etc.). Also, designated civil affairs, including those for permits/approvals that have been neglected for three days or more are eligible. Those who file for payments for various construction projects, services or goods for more than 10 million won (US\$7,770) are also eligible to file the report cards. Related to the implementation of various construction projects, the corruption report card forms are also sent to the supervisors, designers and subcontractors in addition to the general contractors of projects.

Performance

Present figures of distribution: Annual distribution of Corruption Report Cards has increased every year from 1999 through July 31, 2001. Table 2 presents the annual figures for distribution of the Corruption Report Cards.

Table 2. Yearly Assessment of Distribution

| Year | Sanitation | Housing/ Building | Taxes | Construction Work | Fire Prevention and Control | Other* | Equip- ment* | Total |
|-------------|-------------------|------------------------------|--------------|------------------------------|--------------------------------------------|---------------|-------------------------|--------------|
| 1999 | 92,035 | 42,170 | 94,493 | 44,176 | 55,417 | - | - | 328,291 |
| 2000 | 53,802 | 63,530 | 93,190 | 65,691 | 45,421 | 50,341 | 38,958 | 410,933 |
| 2001** | 36,160 | 43,186 | 66,522 | 41,210 | 22,921 | 35,480 | 46,603 | 292,082 |

Source: Yun (2001)

* Other and Equipment were not added in 1999, because the corruption reports were distributed only to the five major civil affairs departments in 1999.

** The data for 2001 is drawn up from figures up to July 31, 2001.

Present assessment of received reports: Table 3 presents a chart of the present assessment of received reports. In 1999, 0.12 percent (382) of the cards distributed were returned with comments. The bulk of the comments (65 percent) were about a difficulty with civil affairs and no other category represented more than 20 percent. In 2000, 0.13 percent (546) of the cards distributed were returned with comments. Less than half of the comments (40 percent) involved a difficulty, and 29 percent were about a proposition. By July 31, 2001, 0.11 percent of the cards distributed had been returned with comments. Complaints about a difficulty with civil affairs dropped once again, to 30 percent, and complaints about a proposition rose again, to 46 percent. The other three categories (irregularities, gratitude and other) represented approximately the same percentage each year.

Table 3. Yearly Assessment of Receipt

| Year | Type | Road/ Traffic | Environment/ Sanitation | Housing /Building | Construction Work | City Plan/ Area | Finance /Taxes | Water Supply/ Administration | Other | Total |
|-------|--------------|------------------|----------------------------|----------------------|----------------------|--------------------|-------------------|---------------------------------|------------|------------|
| 1999 | Irregularity | – | 12 | 15 | 3 | 1 | 1 | 6 | 9 | 47 |
| | Difficulty | 55 | 40 | 79 | 13 | 7 | 13 | 19 | 21 | 247 |
| | Proposition | 6 | 7 | 6 | 2 | – | 5 | 7 | 7 | 40 |
| | Gratitude | – | 1 | 5 | 1 | – | 1 | 12 | 14 | 34 |
| | Other | – | 2 | 1 | 1 | – | – | 2 | 8 | 14 |
| | Total | 63 | 61 | 106 | 19 | 8 | 20 | 46 | 59 | 382 |
| 2000 | Irregularity | 10 | 10 | 27 | 7 | 2 | 4 | 17 | 12 | 89 |
| | Difficulty | 42 | 29 | 66 | 10 | 13 | 8 | 21 | 30 | 219 |
| | Proposition | 25 | 32 | 17 | 9 | 2 | 9 | 43 | 24 | 161 |
| | Gratitude | – | 1 | 3 | 1 | – | – | 18 | 25 | 48 |
| | The rest | – | – | 1 | 1 | – | – | 3 | 24 | 29 |
| | Total | 77 | 72 | 114 | 28 | 17 | 21 | 102 | 115 | 546 |
| 2001* | Irregularity | 1 | 10 | 9 | 10 | 0 | 1 | 10 | 6 | 47 |
| | Difficulty | 16 | 11 | 35 | 12 | 7 | 4 | 7 | 1 | 93 |
| | Proposition | 44 | 23 | 10 | 10 | 8 | 5 | 30 | 10 | 140 |
| | Gratitude | – | – | – | – | 2 | – | 12 | 6 | 20 |
| | The rest | – | – | – | – | – | – | 2 | 5 | 7 |
| | Total | 61 | 44 | 54 | 32 | 17 | 10 | 61 | 28 | 307 |

Source: Yun (2001)

*Data for 2001 is drawn up based on input up to July 31, 2001.

Present assessment of transactions: Table 4 presents a summary of the resolutions of the Corruption Report Cards. In 1999, almost half of the issues (43 percent) were negotiated and 26 percent were resolved with a primary settlement. In 2000, negotiations dropped to 42 percent and deferrals rose to 32 percent. In the first half of 2001, negotiations continued to drop (to 29 percent) and deferrals continued to rise (to 41 percent).

Table 4. Yearly assessment of transactions

| Year | Settlement | Secondary Settlement | Negotiation | Deferred | Rejected | Total |
|-------|------------|----------------------|-------------|----------|----------|-------|
| 1999 | 98 | 40 | 165 | 73 | 6 | 382 |
| 2000 | 67 | 79 | 227 | 173 | – | 546 |
| 2001* | 31 | 62 | 88 | 126 | – | 307 |

Source: Yun (2001)

* Data for 2001 is drawn up on figures up to July 31, 2001.

Present assessment of punishment: Overall, 171 officials were submitted to disciplinary action: voluntary dismissal (2), suspension from office (1), admonition (86), corrective education (75), retirement in the middle of an inspection (7). Officials subjected to financial punishment were fined 9,570,000 won, with an additional penalty of taxes (730,000 won), a fine of excessive taxes (3,840,000 won), and penalty for default (5,000,000 won).

The Integrity Pact

Background

In the wave of changes of international relations, such as the inauguration of the World Trade Organization (WTO) and the ratification of the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Officials in International Business Transactions, the Integrity Pact of Transparency International (TI) has been adopted by companies and nations in Europe as a means of ensuring reliability in international dealings. In Korea, rapid changes in the economic order brought on by the financial crisis of 1997 resulted in a paradigm shift toward integrity and a transparent corporate culture. Both the government and the private sector realized the necessity of ensuring transparency in commerce and eliminating the poor alliance between bureaucracy and business following an extended period of rampant corruption and irregularities. The Integrity Pact emerged as a necessary measure.

From an international perspective, the United States has enforced the Anti-Corruption Act since the 1970s. TI was organized as a part of civil society efforts to ensure transparency. In 1994, TI agreed to a proposal from the Equadorian Government to prevent bribery, spread over the country, especially in sectors of procurement and businesses related to the social services. This marked the first trial of the Integrity Pact model.

The TI model was applied to other countries, such as Panama and Argentina, and then spread to Germany, Columbia, Nepal and so forth, and later developed into the 'Integrity Pact'. From the end of the 1980s to the beginning of 1990s, the reform of administrative structure focused on small government and effectiveness to change patterns of public service to emphasize transparency and to combat the bureaucracy's discretionary power. The Integrity Pact as a new system made it possible to raise responsibility through civic awareness, as well as effectively control corrupt practices.

Contents

Unlike the existing contract system, the ultimate goal of the Integrity Pact is to achieve transparent and clear procedures during the entire process of the contract, complete disclosure of the procedures as well as the end result of the contract and fairness of the terms and conditions of the contractual environment.

The Integrity Pact of SMG is “an agreement between the administrative offices of the SMG and companies submitting bids that bribes will neither be offered nor accepted in relation to bids for any public contracts.” The primary objective of the Integrity Pact is to purge corruption in the bidding process for construction and procurement placed by the government and to reduce the political, economic and social costs by preventing companies submitting bids from offering bribes. As it is identical in procedural processes to the Integrity Pact of Transparency International, the operational procedures of the Integrity Pact of the SMG can be categorized into five stages: announcement of the bid offer, registration of bid submissions, conclusion of the contract, execution of the contract and verification. Table 5 describes these categories

Table 5. The Operational Process and Its Contents

| Stage | Contents |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Public announcement of bid | <ul style="list-style-type: none"> • Announcing the execution of the Integrity Pact System <ul style="list-style-type: none"> • Expressing clearly that a representative must sign “the written oath of the Integrity Pact Execution” to be able to bid • Promising publicly to follow the conditions of the contract, as written at the time of the contract’s closure. |
| 2. Bidding registration | <ul style="list-style-type: none"> • All enterprises which take part in the bid, promise no unfair conduct, such as rigged, prearranged bidding and coercion, gold and entertainment bribes to public servants concerned in the process of bidding, contracting and execution • In the case of violating the written oaths of the Integrity Pact, the parties concerned will be penalized according to their violation • The Contractor must promise to cooperate with the ombudsman’s requests, such as data presentation • All types of bribes and persuasion are prohibited, and the staff who violate this should be reprimanded through methods such as suspension. • All applicants can attend a bid only when they represent ordered and organized written oaths that show set business regulations making all business activities ethical |
| 3. Contract | <ul style="list-style-type: none"> • In this stage, when the contract has been drawn successfully and concluded, the other party of the contract and the managing organization mutually declare that they agree to the contents of the written oaths and recognize the special conditions of the Integrity Pact |

| Stage | Contents |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. Execution/ Disclosure | <ul style="list-style-type: none"> In this stage, the Integrity Pact Ombudsman continually monitors and verifies whether the enterprise concerned has bribed the executing civil servants of the Integrity Pact. If there is any violation, the Integrity Pact Ombudsman is required to correct and inspect the matter |
| 5. Verification (monitoring) | <ul style="list-style-type: none"> In this stage, the Integrity Pact Ombudsman of Metropolitan Seoul, from the perspective of a Seoul citizen, monitors the whole process from the organization of public works to the completion of the execution of the Integrity Pact, evaluating and reporting the results of execution of the Integrity Pact |

Source: Yun (2001)

The Integrity Pact Ombudsman System is a special system that only the SMG enforces. To prevent corrupt practices, the Integrity Pact Ombudsman monitors the whole process of the Integrity Pact and puts into effect three grades of public hearings: bidding, contracting and execution (supervision, completion, inspection). If the terms of the Pact are breached, the contract is canceled immediately, and the system deprives the bidder of the right to bid for the following two years. The Integrity Pact System of SMG is based on Section 1, Article 5 of the Act of National Contract, Section 2 of Article 3 of the Rule of Establishment of Integrity Pact Ombudsman and Operation, and Article 1 of The Special Conditions of Integrity Pact System Execution.

Sanctions

If someone violates the Integrity Pact, he or she would receive the following sanctions. First, he or she will be restricted to attend the bid, which is under the supervision of SMG. In the case that someone commits unfair conduct such as lobbying for the price of a bid, the right to bid is withdrawn for 1 or 2 years. In the case that someone bribes involved civil servants with money or entertainment during the process of bidding, contracting or execution of the contract, the right to bid is deprived for 6 months to 2 years (Article 3 of the *Special Conditions of the Integrity Pact Execution*).

Second, he or she is punished with contract termination. In the case that he or she bribes civil servants during the process of contract negotiations, if it is prior to the announcement of the contract, the agreement of the bid is canceled. If it is before construction has begun, the contract is canceled. If it is after construction work has commenced, the whole or part of the contract is canceled (Article 4 of the same conditions). If he or she is caught for unfair actions, such as lobbying for a bid, he or she can be penalized and fined by the Fair Trade Commission according to the Law of Monopoly Regulation or Fair Transaction (Section 2, Article 3 of the same conditions). At the time of registration for a bid, enterprises that attend the bid are presented with the written oaths of Integrity Pact, by which they promise not to bribe in the process of bid, contract or execution. Additionally, they can be monitored and evaluated by the Integrity Pact Ombudsman who has been recommended by the civil society organizations and appointed by the Mayor.

Performance

The performance of operation: The results of the execution of the Integrity Pact System of SMG may be examined differently during two periods. The first is from July 10, 2000 to December 31, 2000. During the first period, the Integrity Pact System was enforced experimentally in the head office of Seoul, in the headquarters and its subsidiaries. The second is from January 1, 2001, to the present. During the second period, the Integrity Pact System was expanded and enforced in 25 local autonomous entities and in other local public corporations. The second period is particularly different from the first period in that the

Integrity Pact system was applied to all contracts (including private contracts under the cost of 30,000,000 won). The distinction between the first period and the second period can be seen in the Table 6.

During the first period, only 644 contracts were executed under the Integrity Pact System (292 cases of construction, 144 cases of technical service (supervised), and 208 cases of goods purchased). During the second period, there were a total of 24,948 cases (through June 30, 2001), nearly 40 times the number during the first period.

Table 6. The Results of Integrity Pact System (July 2000 - June 2001)

| | Contents | | |
|-----------------------|--------------------------------|--------------------------------------------------|-------------------------------------------------|
| | | 1st period (July 19, 2000 - Dec. 31, 2000) | 2nd period (Jan. 1, 2001 - June 30, 2001) |
| Fields of application | Construction | 292 | 3,672 |
| | Technical Service (Supervised) | 144 | 1,900 |
| | Goods Purchased | 208 | 19,376 |
| Ordering Organization | City Hall | 142 | 2,130 |
| | Head Office | 389 | 2,294 |
| | Subsidiary | 113 | 2,979 |
| | Local Autonomous Entity | – | 15,304 |
| | Local Public Corporation | – | 2,241 |
| Contract Type | Open Competitive Contract | 534 | 3,832 |
| | Private Contract | 110 | 21,116 |
| Ordering Type | Self-Ordering | 576 | 23,416 |
| | Supply Ordering | 68 | 1,532 |
| | Total | 644 | 24,948 |

Source: Yun (2001)

Data collected from the contents of the two reports: *Report of Experimental Execution of the Integrity Pact System of Seoul Metropolitan Government* (2000), and *Report of Enforcement of the Integrity Pact System of Metropolitan Seoul* (2001)

We exclude 1,902 private contracts below the cost of 30,000,000 won from the target of the Integrity Pact System to apply (2000).

Extension and dissemination: After six months of trial enforcement in City Hall (July-December 2000), the Integrity Pact System expanded to the head office of Seoul and local public corporations, as well as 25 local autonomous entities in Seoul (from January 1, 2001). Not only local autonomous entities in other metropolises such as Jin Gu in Pusan, Dalseo Gu in Taegu, Kwangsan Gu in Kwang-ju, Yoosung Gu in Daejeon, but also the Public Procurement Service has benchmarked this system. Moreover, the SMG has opened and sponsored two big conferences of the Integrity Pact System. The one is ‘The Workshop for Development of The Integrity Pact System’, and the other is ‘The International Seminar About Integrity Pact of TI’. In these two conferences, Mr. Chun Jangha, Inspector General, and Professor Ha Taekwon, the Chief Integrity Pact Ombudsman, introduced the Integrity Pact System and showed the desirability of its future prospects.

Analysis and evaluation

In order to analyze and evaluate the cases of participatory reforms enacted by the SMG, a pilot test survey was conducted prior to this study. For the survey on public officials, 15 out of the 25 autonomous districts (“Gu”) were randomly sampled. The City Hall and three additional district offices were also chosen. As for citizens, exit polls were conducted on those having business with civil affairs desks of the organizations sampled. From the total of 500 survey replies received from public officials, 29 poorly answered surveys were rejected, and the remaining 471 surveys were used for analysis. A total of 527 people who had civil applications responded to the survey.

Two significant aspects were discovered as a result of the analysis of the pilot survey. While more than 80 percent of public officials knew of the participatory reforms, the perception level on the part of citizens did not reach 30 percent. Additionally, although the system had only been implemented for a short period of time, the findings of the survey indicated that the behavior and the satisfaction level of public officials and citizens regarding the system had improved during that short period.

The survey focused on those with intimate knowledge of the cases being studied. As for public officials, a mail survey was conducted focusing on departments with close relevance to the cases. As for companies submitting the oath of the Integrity Pact (who displayed a low tendency to return the questionnaire), exit polls were conducted on the day of the registration of bid submission.

The analysis focused on the performance of the cases and the criteria for the evaluation of the effect in terms of both quality and quantity. In other words, focus was placed on how much the citizens were aware of the system and their level of satisfaction, and how well the public officials understood the system and whether they were actually applying their knowledge in implementing the programme.

Corruption Report Card to the Mayor

Quantitative analysis

It is not easy to accurately determine the success of a policy in a quantitative sense. This is more so for cases related to irregularities and corruption. The quantitative success of the Corruption Report Card to the Mayor may be measured largely by changes in the operational status of the system, statistics on corruption in the areas of civil affairs administration of the SMG, the Anti-Corruption Index and the status of civil affairs registered with the Board of Audit and Inspection of Korea.

First, as regards the operational status and accomplishments, Table 7 shows the data compiled for the 1,146,852 cards distributed from January 1999 to October 31, 2001.

Second, the number of public officials subjected to disciplinary measures in the civil administrative affairs of the SMG from 1996 to 2001 was 157 (1996), 230 (1997), 253 (1998), 240 (1999), 99 (2000) and 40 (2001, as of Oct. 31). The significant reduction in the number of corrupt acts in 2000 and 2001 is

presumed to be related to the participatory reform system implemented upon the inauguration of the Goh Kun administration, including the Corruption Report Card to the Mayor.

Table 7. Data for the Report Card to the Mayor for January 1, 1999 to October 31, 2001

| Cards Received | | |
|----------------------------------|---------------|-----------|
| Corrupt practices | 193 | |
| Civil administration | 627 | |
| Recommendations | 405 | |
| Gratitude | 162 | |
| Total received | 1,387 | |
| Measures Imposed | | |
| Dismissed | 3 | |
| Suspended from office | 4 | |
| Admonished | 1 | |
| Corrective training courses | 102 | |
| Reprimanded | 80 | |
| Charged | 2 | |
| Relieved of post | 2 | |
| Early retirement | 6 | |
| Total measures imposed | 200 | |
| Financial Actions Taken | | |
| Penalties | 730,000 won | US\$560 |
| Additional imposition | 3,840,000 won | US\$2,950 |
| Restitution and negligence fines | 5,000,000 won | US\$3,850 |
| Total collected | 9,750,000 won | US\$7,360 |

Third, the Anti-Corruption Index (implemented in 1999 and 2000) for 2000 rose by an average of 4.3 points from 1999. All of the fields assessed by the ACI are closely related with the civil affairs administration (sanitation, taxation, fire prevention and control, construction, housing/ architecture). The rise in the ACI may be related to the implementation of the Corruption Report Card to the Mayor.

Fourth, an analysis of the civil applications registered with the Board of Audit and Inspection found that the civil affairs that were the subjects of the Corruption Report Card to the Mayor implemented by the SMG mostly consisted of civil administrative affairs and recommendations related to the interests of the citizens. These civil applications are similar to the civil applications filed at the Board of Audit and Inspection. By making comparison with the civil applications filed with the Board of Audit and

Inspection, the success of the participatory reform of the SMG can be indirectly evaluated. During the past three years (1998-2000, refer to the Annual Report on Audit and Inspection), the number of civil application cases has declined from 3,922 cases to 3,357 cases to 2,713 cases. Specifically, the trend of the Seoul Metropolitan Government, compared to the number of civil applications registered to local governments, is 1,314 cases (33.5 percent) to 909 cases (27.1 percent) to 725 cases (26.7 percent), showing a substantial rate of improvement compared with other city and provincial governments.

Qualitative analysis

An analysis of the survey results was conducted in order to assess the satisfaction level of the citizens before and after the implementation of the system. The changes in the behavior of the public officials and citizens, fairness of the procedures, the degree of disclosure of the implementation procedures and results are summarized in Table 8.

Table 8. Survey Results of the Corruption Report Card to the Mayor

N (Citizens 179/188 / Public Officials 470/531)

| Frequency Survey | | Very High | High | Average | Low | Very Low | No Response |
|-------------------------------------------------------------------------|------------------|------------|-------------|-------------|------------|-----------|-------------|
| Improvement in rooting out irregularities | Citizens | 30 (16.8%) | 63 (32.5%) | 32 (17.9%) | 39 (21.8%) | 11 (6.1%) | 4 (2.2%) |
| | Public officials | 55 (11.7%) | 157 (33.4%) | 134 (28.5%) | 97 (20.6%) | 19 (4.0%) | 8 (1.7%) |
| Interest and support after the implementation of the system | Citizens | 32 (17.9%) | 91 (50.8%) | 43 (24.0%) | 6 (3.4%) | 2 (1.1%) | 5 (2.8%) |
| | Public officials | 70 (14.9%) | 248 (52.8%) | 147 (31.3%) | 0 | 1 (0.2%) | 4 (0.9%) |
| Improvement in participating in city affairs | Citizens | 24 (13.4%) | 80 (44.7%) | 47 (26.3%) | 20 (11.2%) | 4 (2.2%) | 4 (2.2%) |
| | Public officials | 23 (4.9%) | 179 (38.1%) | 192 (40.9%) | 60 (12.8%) | 1 (0.2%) | 15 (3.2%) |
| Improvement in securing fairness in administrative process | Citizens | 15 (8.4%) | 88 (49.2%) | 55 (30.7%) | 5 (2.8%) | 2 (1.1%) | 14 (7.8%) |
| | Public officials | 69 (14.7%) | 270 (57.4%) | 116 (24.7%) | 3 (0.6%) | 0 | 12 (2.6%) |
| Improvement in disclosing the process and outcome to the general public | Citizens | 15 (8.4%) | 73 (40.8%) | 67 (37.4%) | 4 (2.2%) | 4 (2.2%) | 16 (8.9%) |
| | Public officials | 71 (15.1%) | 287 (61.1%) | 101 (21.5%) | 0 | 0 | 11 (2.3%) |
| Satisfaction with the outcome of administrative procedures | Citizens | 21 (11.7%) | 45 (25.1%) | 70 (39.1%) | 23 (12.8%) | 12 (6.7%) | 8 (4.5%) |
| | Public officials | 41 (7.7%) | 213 (40.1%) | 175 (33.0%) | 25 (4.7%) | 3 (0.6%) | 74 (13.9%) |

Source: Yun (2001)

As shown in the table, both citizens and public officials noted improvements following the implementation of the system. A summary of some of the noteworthy findings of the survey follows.

First, on the question of how much this system contributed to rooting out corruption, 52 percent of the citizens responded that the system was effective while 45.1 percent of the public officials replied that it was. More citizens were found to highly rate this system. On the question of why this system was ineffective, many of the citizens replied that 'the result of the proceedings were mostly matter of formality or for showy purposes' while the public officials replied that 'due to lack of understanding on the part of the citizens regarding this system, participation is taking place just out of formality'.

Second, on the question of the attitudes of the citizens in participating in city governance, 58 percent of the citizens polled chose 'active participation', while 43 percent of the public officials picked 'active participation'. As for the reasons for not actively taking part in the city governance, many of the citizens cited 'conservative attitudes of the public official in charge', while public officials polled cited 'lack of understanding on the part of the citizens regarding this system' as the reason. Both parties thought the other was responsible for the shortcomings of the programme.

Third, regarding the question on whether there has been any improvement in the procedural fairness of the system, 57.6 percent of the citizen respondents said that there was improvement while 72.1 percent of the public officials polled replied that there was improvement. On the question regarding the degree of disclosure on the implementation procedures and results of this system, 49.2 percent of the citizens said that there was improvement while 76.2 percent of the public officials said yes, which shows a significant difference in opinion between the two parties. Such a gap can be attributed to a lack of publicity regarding what kind of information can be disclosed.

Fourth, regarding the question on the level of satisfaction of the Corruption Report Card to the Mayor, 36.8 percent of the citizens replied 'satisfactory', while 54 percent of the public officials replied 'satisfactory'. Also, approximately 40 percent of the respondents (39.1 percent for citizens and 36.8 percent for public officials) chose 'average'. Since, by its nature, this system deals with civil applications related to civil affairs, the responses of 'average' can be interpreted as a considerable improvement in the satisfaction level of the system. Regarding the question on the factors that have the greatest impact on the satisfaction level of the citizens, both parties cited 'promptness in handling the procedures/fair procedures and systematization' as the primary factor, followed by 'the will of the citizens to participate' and 'professionalism and active attitudes of the public officials regarding their work'.

Limitation and improvement measures for the system

As previously mentioned, the outcome of the analysis comparing the pre-implementation and post-implementation of the new system shows satisfaction improvements. The major advantage of the Corruption Report Cards to the Mayor system is the fact that citizens' complaints and difficulties due to officials' inconsistency or wrong behavior can be handled directly by the Mayor, therefore preventing corruption. Due to the relatively short period of implementation, citizens' participation in the Corruption Report Card to the Mayor system reached only 12.3 percent and 16.3 percent among all cases reported in 1999 and 2000, respectively. Sixty percent of the people who submitted Corruption reports were not satisfied with the result of the transaction because of delay, insincere reply or no transaction. Rather, the Corruption Report Card to the Mayor was more frequently used as a means to file general civil complaints and suggestions for improvement, far from serving its original purpose. The number of corruption cases going beyond the legal scope of the system (those subject to criminal prosecution, cases that have legally been closed), and the low recognition and participation from the citizens have limited the utility of the system. In light of the current situation, the following suggestions are offered.

First, as part of a comprehensive strategy, to raise the level of awareness and participation of citizens, as well as the expertise and the accountability of government employees, a strategic approach is required.

The evaluation of effort made by public officials should be monitored from the viewpoint of the citizen. Resolving the complaints produced from these channels should involve more than simply rectifying individual cases, but a systematic approach for dealing with the source of complaints throughout the entire administrative mechanism.

More specifically, the implementation of the system should take place through a variety of channels in a systematic manner. While the advantages of the Corruption Report Card to the Mayor system, for example, should be fully utilized, a multi-channel approach incorporating digital technology should also be considered to fully exploit today's advanced technology.

Second, an aggressive and systematic campaign geared toward citizens is also needed. Taking full advantage of the media most frequented by the general public while presenting them with aggressive and direct incentives, as indicated in the survey, could be an example.

Third, a more systematic operation of the system through the disclosure of information must be guaranteed. The system should flow from awareness to participation, processing evaluation and disclosure (a circular process in the entire information disclosure process). The system should be operated in conjunction with the Online Procedure Enhancement for Civil Applications (OPEN) System and 120 report centers.

Fourth, the administration should take the initiative to approach the citizens, rather than waiting to be approached. Administrative practices engaging citizens will construct a coalition with the public. An honorable ID card or a badge is a simple way to give a sense of pride to public officials (i.e. National Tax Service Taxpayer Protection Official). Hard-working public officials should be brought to the public's attention through the media.

Fifth, officials assigned to a specific task should carry out their role as the breeder of innovative ideas. In order to promote voluntary production of ideas, the Government Employee Innovative Idea Contest should be expanded, as well as incentives on a personnel level, by awarding outstanding employees as well as their supervisors and colleagues (team compensation system).

The Integrity Pact

Quantitative analysis

The Integrity Pact (IP) was created to curb corruption related to the process of public procurement contracts. The analysis of IP, like that of report card system, focuses on the changes made in the operational practices of the system, statistics related to corruption in construction and budget account matters, and the Anti-Corruption Index (ACI) of construction and housing affairs conducted at the SMG.

First, as regards the operational status and accomplishments, one of the most prominent improvements is an increase in the number of Integrity Pacts agreed upon between January 1999 and October 31, 2001, the time in which the Integrity Pact system was implemented by the SMG. While the number of pacts entered into numbered 644 during the first period from July 2000 to December 31, 2000, the number rose sharply to 41,651 during the second period from January 1, 2001 to October 31, 2001. The target of inspection and accomplishments made by the Integrity Pact Ombudsman numbered as many as 54 cases (construction: 35 cases, technology services: 19 cases) as of October 31, 2001.

Second, in terms of spreading the system to other areas of society, the Public Procurement Service has benchmarked the Integrity Pact of the SMG as of March 2001, triggering an innovative movement in the public procurement contract practices. Local government offices and organizations have also come to benchmark the Integrity Pact. An Integrity Pact Ombudsman web site has been opened and operated to promote the activities and accomplishments of the Integrity Pact and the Integrity Pact Ombudsman.

Third, in terms of corruption in the public procurement contract practices of the SMG, there were 71 cases in 1996 (13 percent of all penalized incidents), 128 cases in 1997 (15.2 percent), 71 cases in 1998 (9.7 percent), 79 cases in 1999 (8.5 percent), 33 cases in 2000 (7.2 percent) and 20 cases as of October 31, 2001. Such figures indicate that corruption related to budget and construction affairs is decreasing by the year, along with the proportion of the corruption cases in this area compared to the total number of reported cases.

Fourth, the ACI related to construction and housing/building shows that significant improvements were made in construction (58.7 to 68.3, +9.6) and in housing/building (60.8 to 65.9, +5.1). As many as 55 percent of the respondents in the survey replied that corruption related to housing/building affairs decreased compared to the year before, indicating that the direct and indirect effects of the Integrity Pact have contributed to the overall improvement.

Table 9. Survey Results of the Integrity Pact

N (citizens 104/104 / public officials 143/150)

| Frequency Survey | | Very High | High | Average | Low | Very Low | No Response |
|-------------------------------------------------------------------------|------------------|------------|------------|------------|----------|----------|-------------|
| Improvement in eliminating bribery and corruption | Citizens | 7 (6.7%) | 58 (55.8%) | 38 (36.5%) | 1 (1.0%) | 0 | 0 |
| | Public officials | 44 (30.8%) | 62 (43.4%) | 34 (23.8%) | 0 | 0 | 3 (2.1%) |
| Interest and support after the implementation of the system | Citizens | 6 (5.8%) | 53 (51.0%) | 44 (42.3%) | 0 | 0 | 1 (1.0%) |
| | Public officials | 47 (32.9%) | 66 (46.2%) | 29 (20.3%) | 0 | 0 | 1 (0.7%) |
| Improvement in participating in city affairs | Citizens | 8 (7.7%) | 55 (52.9%) | 35 (33.7%) | 2 (1.9%) | 0 | 4 (3.8%) |
| | Public officials | 24 (16.8%) | 74 (51.7%) | 40 (28.0%) | 2 (1.4%) | 0 | 3 (2.1%) |
| Improvement in securing fairness in administrative process | Citizens | 5 (4.8%) | 69 (66.3%) | 27 (26.0%) | 1 (1.0%) | 0 | 2 (1.9%) |
| | Public officials | 47 (32.9%) | 66 (46.2%) | 27 (18.9%) | 0 | 0 | 3 (2.1%) |
| Improvement in disclosing the process and outcome to the general public | Citizens | 6 (5.8%) | 62 (59.6%) | 26 (25.0%) | 6 (5.8%) | 1 (1.0%) | 3 (2.9%) |
| | Public officials | 46 (32.2%) | 67 (46.9%) | 25 (17.5%) | 0 | 0 | 5 (3.5%) |
| Satisfaction with the outcome of the administrative procedures | Citizens | 4 (3.8%) | 47 (45.2%) | 34 (32.7%) | 8 (7.7%) | 2 (1.9%) | 9 (8.7%) |
| | Public officials | 22 (18.3%) | 40 (33.3%) | 44 (36.7%) | 3 (2.5%) | 0 | 11 (9.2%) |

Source: Yun (2001)

Qualitative analysis

Table 9 summarizes the reduction in corruption with the implementation of the system, the changes in the behavior of the public officials and citizens, fairness of the procedures, the degree of disclosure of the implementation procedures.

The data presented in the table indicates that most citizens and public officials felt that improvements had been realized after the Integrity Pact was enforced. On the question related to improvements in curbing bribery and corruption, 55 percent of the surveyed companies replied there was improvement, as did 74.2 percent of public officials. Those who replied that little improvement had been made cited ‘unchanged attitude of private companies involved in government projects’ as the major reason.

Second, on the level of attention and support given by public officials, 56.8 percent of the companies and 79.1 percent of the officials replied favorably, indicating a widespread recognition of improvements made in this area.

Third, regarding the question on whether there has been an improvement in the procedural fairness of the system, over 70 percent of both parties were of the opinion that improvement had been made

Fourth, on changes in the workload and processing time after the introduction of the Integrity Pact, 42.3 percent replied that both the workload and work time had increased, while 41.3 percent reported no change, showing that overall change was not significant. 76.9 percent of the public officials chose ‘increased’, as opposed to the opinion of private enterprises involved in the process. Both cited ‘additional process required by the Integrity Pact’ as the reason for such increase.

Fifth, on the attitude toward participating in the Integrity Pact, 60.6 percent of public officials reported an improvement among fellow employees. 52.7 percent also reported a more positive attitude among private enterprises engaged in the process. These figures show that the Integrity Pact has had an overall positive effect on both the government and the private sector.

Sixth, on the level of disclosure of information related to the procedure of contracts and outcome of the contracts, 65.4 percent of the companies and 79.1 percent of the public officials expressed satisfaction.

Seventh, on the level of awareness of the Integrity Pact Ombudsman, only 35.6 percent of the private enterprises were aware of the system, while the figure was 83.9 percent for public officials, suggesting the need for a more aggressive promotion campaign to the private sector.

Finally, on the overall satisfaction level with the Integrity Pact, 49 percent of private companies and 56 percent of public officials were satisfied. On the factor that bears the greatest effect in the satisfaction level of all citizens, 32.7 percent of private companies and 47.6 percent of public officials chose ‘ensuring fairness and integrity in the contract agreement process’.

Limitations and improvement measures for the system

Implementation of the Integrity Pact has had a significant effect on administrative practices. Due to its relatively short history, however, insufficient regulations regarding the implementation of the Integrity Pact and lack of expertise of the government officials in charge of operating the system have been cited as some of the shortcomings. Some even regard the Integrity Pact simply as a formality or added red tape to the existing public procurement process. Education and training sessions for those officials assigned to the task of the signing procedure are too short. The low level of awareness of this new system and insufficient experience and participation tend to limit its implementation. The following suggestions may help to resolve these issues.

First, as the core of the Integrity Pact can be summed up as fairness and integrity, it needs a more sophisticated systematic approach. More specifically, a concrete legal framework is needed to ensure the

effective implementation of the Integrity Pact. Rules and regulations should be fully prepared for consistency.

Second, in order to secure fair procedural accessibility, each step of the contract agreement needs to be understood as a single mechanism to draw the active participation of citizens through due process of the law. The equal standing between the private sector and the government must be guaranteed as well as the expertise on the part of the public official assigned to overseeing the implementation of the Integrity Pact.

Third, the current Integrity Pact Ombudsman System needs to involve outside experts and observers to guarantee the effectiveness of the Pact. Totally impartial outsiders also need to be included in overseeing the actual implementation of the Pact.

Fourth, in order to prevent corruption related to small contracts, the Electronic Disclosure System of Voluntary Contracts needs to be firmly established. The system was introduced on October 1, 2001 at the City Hall Accounts Department as an electronic bidding system, based on the open competition contract system. Beginning November 12, 2001, the electronic disclosure system came to include even voluntary contracts stipulated by the National Contract Law, Article 26, Clause 1 Number 5, leading the way for a major transformation in the contract practice. An effective implementation of this new system, however, requires careful examination of the legal, systematic, and procedural processes, exact outcome of the system, and the range of application.

Conclusion

Reforms and improvement of service cannot be achieved without changes in the attitude of the public officials responsible for delivering the service. Improvement in both the attitude and work practices of frontline public officials is a prerequisite. Government tasks, regulations, or systems that fall short of serving the citizens or prone to waste should be restructured, taking into consideration the opinions of the general public.

The two cases discussed in this article received favorable responses from both citizens and public officials. Compared to the corruption level before the implementation of the two systems, their effect on anti-corruption has also drawn positive responses. Other factors, including the attitude of public officials toward citizens and fairness in processing applications, also appear to have improved.

Nevertheless, many still chose 'average' or 'no change' in their response, indicating that there is still much left to be done. Due to the nature of the survey - comparing conditions before and after the implementation of each system - the 'average' or 'no change' responses might be attributed to the relatively short history of the systems and the low level of awareness and participation of the general public, rather than a real lack of effectiveness. Continuous efforts should be made to draw more positive responses from the citizens. The following suggestions are made to this end.

First, the Corruption Report Card to the Mayor system needs to

- Incorporate a variety of channels along with a systematic operation module;
- Conduct aggressive public relations for the system;
- Develop programmes to expand the opportunity to participate;
- Enhance public officials' expertise;
- Guarantee information disclosure at all stages of the process;
- Set ethical standards to close the gap between the satisfaction levels of the citizens and public officials;
- Expand on-site work experience of public officials;

- Streamline the decision-making process to reinforce the expertise of public officials;
- Transform the administration into one that actively takes the initiative to approach the citizens rather than one that passively waits to be approached;
- Reinforce the role of the government employee as the creator of innovative ideas.

Second, the Integrity Pact should

- Establish and continuously amend the legal framework to ensure its effectiveness;
- Guarantee equal standing of parties signing the pact;
- Secure the expertise of the government official assigned to the task of overseeing the entire procedure;
- Introduce outside committee members into the system to ensure the effectiveness of the signing of the pact;
- Introduce an outside members system to ensure the effectiveness in carrying out the pact;
- Establish an Electronic Disclosure System of Voluntary Contract to resolve conflicts stemming from corruption related to smaller contracts.

Notwithstanding the recommendations mentioned above, the SMG's reform policies to engage citizens could be considered as one of the best practices in local government administration. Efforts should be made to introduce the successful cases overseas as well as to set up a prototype system for the other major cities in Korea to follow suit.

In order to expand the scope of application of the two reform measures discussed above to the central government and/or other local governments, the measures should continue to encourage systematic participation by the citizens, rather than be considered as stopgap measures. While the process of benchmarking the measures largely depends on the differences in organization, task types and organizational environment, the general steps are establishment of plans, data collection, data analysis and execution of improvement. It is recommended that the benchmarking of the reform measures of the SMG be applied to other metropolitan cities, following the above-mentioned general steps.

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Annexes

Annex 1

Joint Statement of Cooperation

The United Nations and the Seoul Metropolitan Government,

Taking inspiration from the United Nations Millennium Declaration which recognizes the importance of good governance in pursuit of development and the elimination of poverty and calls for more inclusive political processes, allowing genuine participation by all citizens in the Member States in the promotion of human rights, democracy and good governance;

Recalling the General Assembly Resolution on Public Administration and Development (A/RES/50/225), underlining the importance of transparent and accountable governance and administration in all sectors of society that serve as indispensable foundations for the realisation of social and people-centred sustainable development;

Bearing in mind the Ministerial Declaration of the high-level segment of 2000 ECOSOC, recognizing that information and communication technologies are central to the creation of the emerging global knowledge-based economy and can play an important role in accelerating economic growth and social development;

Taking note of the findings of the Third Global Forum on Fostering Democracy and Development Through E-Government of 2001 that highlight the principles of accountability and transparency in combating corruption through conducting government transactions openly and with public knowledge of the rules and criteria to be applied at the national, regional and local levels;

1. *Decide* to jointly organize the Seoul Anti-Corruption Symposium 2001 with particular emphasis on the role of online procedures in promoting good governance and express mutual agreement to closely cooperate for the success of the Seoul Anti-Corruption Symposium;
2. *Welcome* the efforts of the United Nations Secretariat, through the Department of Economic and Social Affairs, for highlighting the need to enhance transparency and accountability at all levels of government in order to foster good governance and to disseminate good practices in this endeavour;
3. *Welcome* also the initiatives of the Seoul Metropolitan Government in enhancing accountability and transparency and combating corruption through its Online Procedures Enhancement (OPEN) system for civil applications through undertaking joint initiatives with the United Nations; and
4. *Agree* to disseminate practical information on the OPEN system and, within their mandate and capacity, to explore ways and means to follow up on the results of the Symposium, including, *inter-alia*, technical co-operation activities with interested Cities or States.

Annex 2
Conclusions and Recommendations
of the Seoul Anti-Corruption Symposium 2001

31 August 2001

Recalling the Joint Statement of Cooperation between the United Nations Department of Economic and Social Affairs and the Seoul Metropolitan Government,

Reaffirming the importance of transparency, accountability and responsiveness in public administration, particularly in promoting ethics and preventing corruption in local, state and central administrations,

Recognizing the advances in e-government that allow for more efficient, real-time, citizen-centered delivery of services,

Bearing in mind that innovations in these areas should be effectively integrated into an administrative framework, and

Stressing the importance of the role of political leadership in demonstrating commitment for clean and transparent governments;

The participants of the Seoul Anti-Corruption Symposium 2001 in their capacity as experts in local, state and central administration, public sector ethics, and anti-corruption policies:

Recognize Seoul's OPEN System as a useful example for parties interested in improving the transparency and accountability of their administrations and suggest the distribution of the manual, *Mechanism to Increase Transparency in Administration: OPEN System of Seoul*, by the United Nations and the Seoul Metropolitan Government,

Recommend that the United Nations and Seoul Metropolitan Government continue to provide technical cooperation in the spirit of the aforementioned UN-Seoul Joint Statement, including promoting bilateral technical cooperation, upon request from those parties interested in introducing or improving e-government measures not only to combat corruption and promote ethics but also to generally upgrade public services to citizens, using information technology to the betterment of humankind,

Suggest that the organizers of the Seoul Anti-Corruption Symposium 2001 and other interested parties consider a follow-up meeting in the near future, two or three years hence, to monitor the progress of technical cooperation in introducing or improving administrative measures such as the Seoul OPEN system, and

Also suggest that the Korean authorities take steps to bring the Conclusions and Recommendations of this Symposium to the attention of the 56th Session of the General Assembly of the United Nations in the context of its forthcoming discussion on the subject of "Public Administration and Development".

Annex 3

Letter Dated 23 October 2001 from the Permanent Representative of the Republic of Korea to the United Nations Addressed to the Secretary-General¹

I have the honour to transmit herewith the summary of the Seoul Anti-Corruption Symposium, held on 30 and 31 August 2001 in Seoul, Republic of Korea, co-hosted by the Seoul Metropolitan Government and the Department of Economic and Social Affairs of the United Nations Secretariat. The summary contains conclusions and recommendations of the Symposium.

It would be greatly appreciated if you could have this letter and its annex circulated as a document of the fifty-sixth session of the General Assembly, under agenda items 12, "Report of the Economic and Social Council" and 110, "Crime prevention and criminal justice".

(Signed) **Sun Joun-yung**
Permanent Representative

¹ This letter was issued as a United Nations General Assembly document (A/C.3/56/6) dated 26 October 2001.

**A. Annex to the letter dated 23 October 2001 from the Permanent Representative of the Republic of Korea to the United Nations
B. addressed to the Secretary-General**

C.

D. SEOUL ANTI-CORRUPTION SYMPOSIUM 2001

E. Executive Summary

(2 October 2001)

From 30 to 31 August 2001, the Seoul Metropolitan Government and the United Nations Department of Economic and Social Affairs co-hosted the *Seoul Anti-Corruption Symposium 2001* which was attended by representatives from international organizations (Organisation for Economic Cooperation and Development, the Asian Development Bank, and Transparency International) as well as representatives of countries from the various regions of the world. It was organized by the Seoul Institute for Transparency and supported by the Asia Foundation.

The main objective of the Symposium was to assist major urban centers to increase transparency in their public administrations and thus reduce corruption through sharing the experience of Seoul, in particular its Online Procedures ENhancement for civil application (OPEN) system. This web-based system allows citizens to monitor corruption-prone applications for permits or approvals and to raise questions in the event any irregularities are detected. At the same time, the Symposium enabled participants to share their own experiences and practices on various anti-corruption measures that have been successful or not so successful. It is hoped that this exchange of experiences will assist participants to gain a new perspective on anti-corruption measures that might be effective in their respective cities and/or countries.

The Symposium participants adopted important Conclusions and Recommendations, as follows:

Recalling the Joint Statement of Cooperation between the United Nations Department of Economic and Social Affairs and the Seoul Metropolitan Government,

Reaffirming the importance of transparency, accountability and responsiveness in public administration, particularly in promoting ethics and preventing corruption in local, state and central administrations,

Recognizing the advances in e-government that allow for more efficient, real-time, citizen-centered delivery of services,

Bearing in mind that innovations in these areas should be effectively integrated into an administrative framework, and

Stressing the importance of the role of political leadership in demonstrating commitment for clean and transparent governments;

The participants of the Seoul Anti-Corruption Symposium 2001 in their capacity as experts in local, state and central administration, public sector ethics, and anti-corruption policies:

Recognize Seoul's OPEN System as a useful example for parties interested in improving the transparency and accountability of their administrations and suggest the distribution of the manual, Mechanism to Increase Transparency in Administration: OPEN System of Seoul, by the United Nations and the Seoul Metropolitan Government,

Recommend that the United Nations and Seoul Metropolitan Government continue to provide technical cooperation in the spirit of the aforementioned UN-Seoul Joint Statement, including promoting bilateral technical cooperation, upon request from those parties interested in introducing or improving e-government measures not only to combat corruption and promote ethics but also to generally upgrade public services to citizens, using information technology to the betterment of humankind,

Suggest that the organizers of the Seoul Anti-Corruption Symposium 2001 and other interested parties consider a follow-up meeting in the near future, two or three years hence, to monitor the progress of technical cooperation in introducing or improving administrative measures such as the Seoul OPEN system, and

Also suggest that the Korean authorities take steps to bring the Conclusions and Recommendations of this Symposium to the attention of the 56th Session of the General Assembly of the United Nations in the context of its forthcoming discussion on the subject of Public Administration and Development.

Summary of Proceedings

Background

Seoul, the capital of the Republic of Korea, has led the development of its country as its center of politics, economy, education and culture. As such, it has fostered a rapid economic growth of the country. However, like many metropolitan cities, it faces the problem of corruption, which accompanies such rapid growth.

Recognizing that the issue of corruption is not only one of good will or ethical behavior on the part of an individual official but also one of creating an administrative system that effectively eliminates the causes of corruption and prevents wrongdoing, the Municipality adopted a systematic approach to combat corruption. This approach simultaneously pursues four major lines of action, namely, preventive measures, punitive measures, ensuring transparency in administration, and enhanced public-private partnership. One of the initiatives taken by the City of Seoul to combat corruption is the Online Procedures ENhancement for civil application, which is known as the OPEN system. The OPEN system was developed to achieve transparency in the city's administration by preventing unnecessary delays or unjust handling of civil affairs on the part of the civil servants. This web-based system allows citizens to monitor corruption-prone applications for permits or approvals and to raise questions in the event any irregularities are detected.

In May 2001, the Seoul Metropolitan Government and the United Nations Department of Economic and Social Affairs signed a *Joint Statement of Cooperation* to work together to introduce the OPEN system to the Member States of the United Nations as a good practice. As outlined in the *Joint Statement*, the two organizations co-hosted the *Seoul Anti-Corruption Symposium 2001* from 30 to 31 August 2001. The Symposium was organized by the Seoul Institute for Transparency and supported by the Asia Foundation. It was well attended by representatives from international organizations such as the Organisation for Economic Cooperation and Development, the Asian Development Bank and Transparency International as well as from countries from the various regions of the world. During the two-day meeting, the participants experienced directly the features of the OPEN system and reviewed a draft manual on how to operate it. The manual, to be jointly produced, will be available in the six official languages of the United Nations to its Member States.

The main objective of the Symposium was to assist major urban centers to increase transparency in their public administrations and thus reduce corruption through sharing the experience of Seoul, in particular its OPEN system. At the same time, the Symposium enabled participants to share their own experiences and practices on various anti-corruption measures that have been successful or not so successful. It is

hoped that this exchange of experiences will assist participants to gain a new perspective on anti-corruption measures that might be effective in their respective cities and/or countries.

In view of the *Conclusions and Recommendations* adopted, the participants and organizers have embarked on the achievement of these goals. This document shows that the participants reaffirmed the importance of transparency, accountability and responsiveness in public administration; recognized the advances in e-government and the need to effectively integrate innovations into an administrative framework; and stressed the importance of political leadership in demonstrating a commitment to clean government. They recognized the Seoul OPEN System as a useful tool for parties interested in improving the transparency and accountability of their administrations and suggested the distribution of a manual on the System, in preparation by the Seoul Metropolitan Government and the United Nations. They recommended continued technical cooperation by the Seoul Metropolitan Government and the United Nations and the promotion of bilateral technical cooperation for interested parties. They also recommended that a follow-up meeting be considered within two or three years. Finally, they suggested that the Korean authorities bring the findings of the Symposium to the attention of the 56th Session of the General Assembly.

A final report of the Symposium, containing a summary of the discussions and background papers, will be issued. The organizing framework of the report is the Symposium programme. The summary of the discussions, reported by Session, follows below.

Session I: Corruption and Development

This opening session was devoted to an exploration of the link between corruption and development. Four presentations were made by participants representing the Organisation for Economic Cooperation and Development (OECD), New York University, the Asian Development Bank (ADB) and the Korean Association for Corruption Studies. No discussions were scheduled.

The first presentation by OECD shared some experiences and lessons gained through efforts in fostering good public governance, promoting good governance in the corporate world, and fighting bribery in business transactions. In addition, the importance of taking full advantage of the opportunities offered by developments in Information and Communication Technology (ICT) was highlighted.

The next presentation, *The Electronic Government, Transparency and Performance Management in the Public Sector*, was made by Professor Dennis Smith of New York University. He argued that for the full fruits of e-government and transparency to be realized they must be combined with another innovation, which is performance management. While e-government, transparency, and outcome measurement and management all have something to contribute to the good governance of cities, together they can be a truly powerful form of “managing for results.”

The Asian Development Bank’s presentation looked at the role of Multilateral Development Institutions (MDIs) in combating corruption through supporting and promoting the principles of good governance. The three roles of MDIs were pointed out: increasing awareness of corruption and its impact on society, ensuring that controlling corruption is relevant to its member countries and setting an example of good governance to the public.

Finally, Professor Young-Jong Kim of Sungsil University made the presentation, *Anti-Corruption System in Korea: Toward Integrated Strategies for Local Governments*. He brought up the issue of corruption in the Korean context and made various suggestions on strategies for local governments to control corruption. Also, the importance of establishing an integrated strategy of both the local and national levels for an effective fight against corruption was emphasized.

Session II: Transparency Mechanism of Seoul Metropolitan Government - the OPEN System

The presentation made by the Seoul Metropolitan Government (SMG) followed the evolution of the Seoul OPEN system by explaining its background and situating it among the other anti-corruption initiatives introduced by SMG. Like many other rapidly developing urban centers, the City of Seoul experienced a need to tackle its corruption problem. The SMG was once described as a “pandemonium,” due to local officials abusing their discretionary power, particularly when granting various permits and licenses. To remedy the situation, the SMG adopted a systematic approach to eradicate corruption: preventive measures, punitive measures, increased transparency in administration, and enhanced public-private partnership.

First, radical deregulation was carried out, abolishing and revising 80% of regulations that were unduly confining. Furthermore, to prevent illicit ties with business, the long-standing practice of assigning jurisdiction over a specific area to one individual was abolished, and officials are regularly rotated. Second, city officials are punished for every act of wrongdoing. To ensure the implementation of the principle of 'zero tolerance' for corruption, Seoul City has introduced various reporting measures, including e-mail, hotlines, and direct report card to the Mayor. Third, the Online Procedures ENhancement for Civil Applications was introduced. This system allows the public to monitor the process of their applications through the Internet. Open records of all stages of an administrative procedure eliminate the need for personal contact with a particular official. It does away with the so-called “express fees”. Since the OPEN system began operation in April 1999, the transparency and integrity of the Seoul Metropolitan Government by Seoul has greatly improved, according to the feedback received from Seoul residents. Finally, there is an Anti-Corruption Index. Through this index, the Seoul administration evaluates the level of integrity of each administrative unit and makes the result public on an annual basis. The City administration actively involves citizens in its various anti-corruption activities.

In the following discussion, the panelists raised some key points. An observation was made that Seoul's anti-corruption initiatives, and the OPEN system in particular, seem to be working in those sectors or services where the jurisdiction is at the city level. The question of their effectiveness arises where the jurisdiction is shared with other regional or central governments, in the absence of a similar system on their part. So the issue of the introduction of similar or complementary systems in other jurisdictions was raised. Another panelist brought up the issue of how to increase the usage of the reporting mechanisms by the public to report corrupt acts and the need for methodologies for accurately measuring the efficacy of these and other anti-corruption measures of the SMG. Finally, the need to sustain the momentum of these anti-corruption initiatives, even in the face of a change of government, through non-partisan support was stressed.

Session III: Effective Ways to Combat Corruption in Municipal Governments

Session III aimed to distil some lessons on effective ways to combat corruption, in general, and at the municipal level, in particular. Three presentations were made by: 1) the United Nations on its role, 2) the Asia Foundation on the role of businesses, and 3) Transparency International-Korea on the role of non-governmental organizations (NGOs).

The United Nations made a presentation that corruption can be seen as one symptom of poor administration and mismanagement. Through this optic, corruption is primarily due to a structural problem of institutional weaknesses that can be overcome by strengthening institutional capacities and training citizens of their rights. The role of the United Nations is to facilitate the exchange of experiences and practices among national and sub-national governments and other interested stakeholders in the private sector and civil society and promote mutual cooperation.

The presentation by the Asia Foundation focused on the importance of involving businesses in counter corruption efforts, since they are both perpetrators and victims of corrupt acts. Because corruption increases the cost of doing business for everyone and shuts out some groups from certain lines of business altogether, there is a strong incentive for the business community to become involved in counter corruption activities. The example of the involvement of the Makati Business Club in the Philippines in a program called *Transparent Accountable Governance* was highlighted to illustrate the active engagement of one business organization.

TI-Korea made a presentation which highlighted how NGOs can be involved in non-adversarial, cooperative partnerships with governments in anti-corruption initiatives. In addition to their traditional watchdog role, NGOs can also suggest new policy measures, such as those suggested by TI-Korea to the Korean public sector: integrity pacts, the people ombudsperson network, research to monitor the progress of anti-corruption measures, etc. The participation of NGOs is crucial to increase the transparency of local administration. At the same time, the NGOs themselves need to organize suitable participation structures to facilitate public involvement.

During the panel discussion that followed, the observation was made that until now, policy makers have been more focused on *what* to do rather than on *how* to reduce corruption. The panelists proposed that successful anti-corruption efforts need to sequence activities, such as prioritizing among even United Nations' anti-corruption resolutions for implementation. Next, attention was also drawn to the need for NGO independence. If NGOs receive their funds primarily from their governments, their role in Integrity Pacts, in appointing Ombudsmen such as those introduced by the Seoul Metropolitan Government (SMG), etc. may be limited. Another point was made that if corruption is seen as a problem of costs and benefits, it is better to reduce opportunities for corruption rather than detecting or punishing it. For example, the OPEN system has many technical benefits. However, its economic benefits are less clear. An impact study after several years may be highly useful. The success of the OPEN system is due to the highly desirable characteristics of individuals -- the incumbent Mayor and his staff. However, the long-term success of any anti-corruption policy rests not on individuals but also on a good governance system.

Special Session: The Role of Information Technologies in Transparency, Service Delivery and Citizen-Centered Administration in Metropolitan Governments

During this special session, four case studies of incorporating information technologies in public administration were presented. The Swedish Agency for Public Management described the *Kontakt-N* system, a simplified registration process of business enterprises via the Internet. The City of Vancouver's use of information technologies, ranging from web pages to electronic local maps, was described in the second presentation. The third presentation by the Korean Ministry of Planning and Budget gave an overview of the various information technology initiatives introduced in Korea and the legislative and institutional framework they required. The final presentation also looked at the case of the City of Seoul in using information technology to improve the performance and participation in its administration.

The participants' discussion focused on the latest developments in e-government and citizen-centered administration. The new ICTs are thought to be a powerful tool in bringing administrations and their citizens 'on-line'. Government-citizen relations cover a broad spectrum of interactions at each stage of the policy-making cycle: from policy design, through implementation to evaluation. There are one-way relationships in which the government produces and delivers information for use by citizens. There are two-way relationships in which citizens provide feedback to the government. There are also relationships based on a partnership with the government in which citizens actively engage in the policy-making process.

The main questions discussed were as follows: How can ICTs be applied and utilized in public administration? What role is expected of active citizens participating in e-governance? What are the beneficial or harmful influences of ICTs on governance? All participants recognized the merits of the operation, performance, and effectiveness of the cases presented. But they raised questions such as: How can these systems be easily adopted? How much do they cost and how much time is required in establishing them? And what are the priorities in introducing these systems?

The session concluded that e-governance can utilize active citizen participation and ICTs can be useful for good governance. The concrete requirements identified are strategically establishing a social infrastructure, providing proper legal system for new ICTs environment, simplifying administrative processes and business process re-engineering, strengthening the citizen-government partnership based on active citizen participation, consciousness-raising for citizen and public officials, and enforcing on-line and off-line measures simultaneously.