

K-PACT
2007 Annual Report



Let's Spread Out

Clean Sound, Great Resound

The Council for the Korean Pact on Anti-Corruption and Transparency

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Korean Pact on Anti-Corruption and Transparency

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The K-PACT is a national alliance composed of representatives from civil society, the public, private, and political sectors, committed to promoting and improving anti-corruption and transparency in Korean society. The K-PACT Council is committed to the United Nations Global Compact. Since our council joined the compact in September 2006, the 10 principles of the compact have become an integral part of our philosophy. We are aware of our responsibility toward society and will continue to play an active role in the diffusion of the Global Compact principles within our sphere of influence.

“The UN Global Compact is an international initiative that brings together companies, UN agencies, and labor and civil society organizations in support of ten principles covering human rights, labour, and environment. The ten principles are based on the Universal Declaration of Human Rights, the International Labour Organizations Declaration of the Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development.”

As a member of the Global Compact and a board member of the Global Compact Korea Network, we believe that our policies incorporate the ten principles since we participate in the Global Compact meetings and workshops as both a board and steering committee member. Below is an index of our performance in living under the ten principles.

Since the signing of the K-PACT in March 2005, sectoral pacts have been concluded in the fields of construction, health, social welfare, finance, and education. Regional pacts have been signed in Busan, Gyeongnam, Daegu,

Chungnam, Ulsan, and Gyeonggi. The K-PACT Council is continuously encouraging the conclusion of additional pacts and is pursuing activities to improve problems associated with anti-corruption and transparency efforts in our society.

Due to the active efforts to implement the K-PACT, 16 K-PACT-related anti-corruption laws have been enacted or revised, including the Corruption Prevention Act and the Political Funds Act, since the signing of the K-PACT. These efforts are helping to increase transparency in Korean society. The level of transparency in Korea has been scoring an average of 3~4 points(out of a top score of 10) in the Corruption Perception Index (CPI) published by Transparency International (TI). However, the score was raised to 5.0 in 2005 and 5.1 in 2007 due to the strong support of the K-PACT.

The K-PACT is a governance model based on horizontal cooperation among each sector of society to solve the problem of corruption that has been hindering Korea. If successfully rooted in Korean society, the K-PACT will help rid Korea of its corruption problems and allow democracy to develop into a new phase. In 2007, the K-PACT Council worked hard to expand and further the K-PACT. Incheon, Ulsan, and Gyeonggi-do recently signed regional K-PACTs, and the forestry field also agreed to a transparency pact.

In particular, the K-PACT Council, together with UNDP Korea, played a leading role in the preparations for the establishment of the UN Global Compact Network Korea(UNGCKN). As a result, the UNGCKN was established on September 17 with the participation of approximately 80 companies.

This annual report is a summary of the efforts of each sector of society and major regional players over the past year in implementing the K-PACT. Through this report, we hope that our arduous efforts to improve transparency in our society through the K-PACT will be known to many people. In the future, we will move a step closer to the public as we continue to strengthen anti-corruption in Korea. More information and data are available throughout this report and will be published shortly on our website. www.pact.or.kr/english


Lee Hak-Young,
Chairman of the K-PACT Council

The Ten Principles of the UN Global Compact



- Human Rights

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 make sure that they are not complicit in human rights abuses.

- Labour Standards

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 the elimination of all forms of forced and compulsory labour;

Principle 5 the effective abolition of child labour; and

Principle 6 the elimination of discrimination in respect of employment and occupation.

- Environment

Principle 7 Businesses should support a precautionary approach to environmental challenges;

Principle 8 undertake initiatives to promote greater environmental responsibility; and

Principle 9 encourage the development and diffusion of environmentally friendly technologies

- Anti-Corruption

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Global Compact
Communication on Progress:
“Statement of Continuing
Support for the UN Global Compact”



Transparent **Sound**
Touch our Heart

Cooperation and Participation for the UN Global Compact Korea Network

The K-PACT Council, together with UNDP-Korea and participating domestic companies and organizations, initiated activities to establish the United Nations Global Compact Korea Network

Pursuant to Article 21(Corporate Social Responsibility) of the K-PACT(Korean Pact on Anti-corruption and Transparency), "The private sector should make the best efforts to bear corporate social responsibility through job creation, support for the neglected class, etc. It should participate in the UN Global Compact based on the ten principles of human rights, labor standards, environment, and anti-corruption areas." The K-PACT Council, together with UNDP-Korea and participating domestic companies and organizations, initiated activities to establish the United Nations Global Compact Korea Network (UNGCKN) from June 3, 2006. Below is the summary of such activities.

On June 3, 2006, the K-PACT Council and UNDP-Korea agreed to maintain a cooperative relationship for the promotion of the UN Global Compact in Korea. On July 10, 2006, the K-PACT Council and UNDP-Korea recognized the need to establish the UNGCKN and agreed to make working level preparations, such as the organization of a task force, establishment of the articles of association, and the opening of a road show.

On September 14, 2006, the K-PACT Council joined as the 13th member (second non-profit organization member) of the UN Global Compact in Korea. On November 17, 2006, UNDP Korea and the Korea Chamber of Commerce and Industry (KCCI) co-hosted the seminar on "Global Trends and Best Practices of the UN Global Compact," which was sponsored by the Ministry of Commerce, Industry, and Energy (MOCIE) and the K-PACT Council. Over 100 people from UNGC member organizations and the executives and employees of organizations pursuing membership participated at the event.

On November 28, 2006, the K-PACT Council and UNDP-Korea jointly hosted a breakfast meeting to discuss preparations for the establishment of the UNGCKN. A total of 12 organizations participated at this event, including the K-PACT Council, the National Human Rights Commission of Korea, Daeyang E&C, KCCI, the Ministry of Foreign Affairs and Trade, the Federation of Korean Industries, File Electronics, POSCO, the Federation of Korean Trade Unions, TI Korea, the Ministry of Environment, and UNDP-Korea. The need for more participation from companies and organizations for the establishment of the UNGCKN was confirmed.

On February 1, 2007, the K-PACT Council and UNDP-Korea invited UNGC Executive Director, Georg Kell, to Korea and hosted the "UN Global Compact Road Show." Over 60 working level officials from member organizations and organizations pursuing membership in the Global Compact were present at this event.

On March 21, 2007, the UNGCKN T/F Team was organized to support the establishment of the UNGCKN and encourage the participation of local companies. The members of the team, included representatives from the K-PACT Council, the Ministry of Foreign Affairs and Trade, Yuhan-Kimberly, Korea Land Corporation, MBC, and UNDP-Korea. Later KICAC, the Korea

Federation of Banks, Samjong KPMG, and KCCI participated in the TF as observers.

On April 11, 2007, the "T/F Team Workshop for the Launching of the UNGCKN" was held in the presence of Fredrick Dubee, senior advisor to the Global Compact, in which the K-PACT Council, Yuhan-Kimberly, and KICAC participated. Presentations and a Q&A session on the "Case Examples of the UNGC Networks of Other Countries" took place at this workshop.

On May 25, 2007, it was decided at a TF meeting to hold a sponsors rally for the launching of the UNGCKN on July 2, 2007. Moreover, it was recognized that the participation of the heads of UNGC member organizations at the UNGC Summit to be held in Geneva, Switzerland on July 5 should strongly be encouraged.



On May 29, 2007, the "Seminar on the Current Status of the UN Global Compact and Establishing a Korea Network" was held amidst the participation of the K-PACT Council, 60 working level officials from member organizations and organizations pursuing membership in the UNGC. At this event, former Ambassador in France and UNGCKN Steering Committee Chairman, Ju Cheol-gi, from the Ministry of Foreign Affairs and Trade gave a speech on "Trends of the UN Global Compact and the Establishment of a Korean Network." Also, Yuhan-Kimberly addressed "Trends of the UN Global Compact in the Asia Pacific Region and the Network Status," and the Korea Land Corporation, Korea Rail Network Authority, and Woori Bank each gave presentations on "Best Practices."

On June 15, 2007, it was decided to hold the launching ceremony for the Global Compact Network Korea in September 2007. On July 2, 2007, the UNGCKN sponsors rally was held. Dignitaries from approximately 50 major public corporations, including K-PACT Council Chairperson, Hak-young Lee, and CEOs from leading private companies participated in this event.



Labor Standards

After joining the UNGC as a member organization, the K-PACT Council increased the annual holiday of its employees to a minimum of 15 days per year, an increase from the previous 10 days. This is a requirement of the labor law of Korea that the K-PACT Council respects and abides by accordingly. The K-PACT Council also respects the freedom of association and

upholds the effective recognition of the right of collective bargaining.

The elimination of all forms of forced and compulsory labor.

The employees of the K-PACT Council have willfully chosen their employment and are free to leave the council upon due notice.

The elimination of the discrimination in respect of employment and occupation.

In relation to recruitment or conditions of employment, the K-PACT Council does not engage in a support discrimination based on race, national origin, religion, disability, gender, union membership or political affiliation.

Anti-Corruption

K-PACT Council has been a major cornerstone of Korea's efforts to curb corruption and continuously improve transparency. Our very mandate and mission is born out of a commitment to these activities in partnership with the four major sectors of society; public, political, private, and civil society sector. The K-PACT Council oversees the social pact between these four sectors, pursuant to Article 6 of the K-PACT, and signed by representatives from all four sectors on March 9, 2005.

These representatives included the president of Korea, leaders from all major political parties, chairmen of Korea's largest corporations, and key leaders from civil society. The K-PACT, more specifically the K-PACT Council, is itself an expression of the Global Compact's commitment to partnership, peer review, and multi-stakeholder involvement through its internal and external horizontal cooperation practices.

1. Expanding Participation for a Transparent Society

1) Summary

In 2007, the K-PACT Council mandated "The Establishment and Development of the K-PACT Network" as one of its major project goals through the K-PACT Convention. Accordingly, expansion of the K-PACT in each sector, field, and region was an important agenda in 2007.

The K-PACT(hereinafter referred to as the Pact), which was signed in 2005 by members of the four sectors - public, political, private sectors and civil society - laid the foundation for building transparency in Korea. This Pact was soon expanded into fields closely connected to the lives of citizens, such as construction, finance, health, education, and social welfare. Regional metropolitan governments, including Busan, Gyeongnam, Daegu, and Chungnam, adopted the K-PACT to bring transparency closer to the everyday lives of its residents.

Based on these achievements in 2007, the K-PACT Council(hereinafter referred to as the

Council) is extending the K-PACT into the legal, press, and labor fields, which are vital areas in raising transparency in Korea. Overcoming corruption and improving transparency in the forestry and athletics field is expected to greatly improve the quality of life for citizens through efficient allocation of resources and use.

In 2007, not only did the K-PACT expand into new fields, but new efforts were made to spread the K-PACT into various regions based on the achievements of establishing previous regional pacts. The Ulsan and Gyeonggi regional K-PACTs established in 2007 are quite different from previous regional pacts in terms of scope and agenda.

In the case of Ulsan, not only did the metropolitan government participate, but the lowest levels of local government participated as well. In the political and private sectors, regional political parties participated together with the regional council, and trade unions participated together with employers. In Gyeonggi-do, a regional K-PACT covering six sectors was concluded by separating K-PACT tasks for the regional council from the political sector and strengthening the agenda for political parties. This is a new development that shows the depth and scope of the K-PACT is strengthening and expanding at the regional level. In 2007, the K-PACT took an enormous step forward in the expansion of the Pact in other fields and regions. It was not a mere proliferation of the Pact we saw this year, but the limitations and problems of previous field and regional pacts were addressed, and the scope and depth of the pacts were enhanced.

2) The K-PACT for Ulsan Region



On March 27, 2007, the 45 representative organizations in Ulsan's public, political, educational, economic, and civic society sectors signed the Ulsan K-PACT and pledged to raise the standard of living. Upon examination of Ulsan's long-lasting culture of corruption, the representatives signed and pledged to faithfully deliver the pact on "Creating a Transparent Ulsan" at home and abroad.

The public institution specifically aims to develop an overall plan for the anti-corruption process and stipulate the actual practice, establish the anti-corruption promotion planning bureau of the organization, secure the internal audit system, improve the protection of whistle-blowers for the public good, and strengthen the functions of the code of ethics for public officials.

The political institution promised to: Preserve dignity, establish an internal committee for ethics, prohibit the exercising of influence through the use of official status, improve transparency for the audit system of education institutions, enforce integrity in education, and reject illegal contributions.

The economic sector exerts a strenuous effort in strengthening the organizations charged with

ethical management, creating an anti-corruption report on the staff in charge, selecting the types of businesses to concentrate ethical management practices on, and stipulating organizational transparency. The civic society looks to extend citizens' participation in anti-corruption monitoring and employ a residents' participation system.

The participating organizations had concerns that the Pact may end as a one-time event and decided to create a council to oversee the continuous implementation process, extend efforts for such matters, and disclose the performance evaluation information to citizens.

The mayor of Ulsan said, "Ulsan has now begun to develop the foundation needed to grow into an advanced economic city by pledging for a clean public administration, politics of hope, an excellent educational system, and ethical management." About 300 individuals, including representatives from forty-five organizations, and citizens participated in the convention.

3) The K-PACT in Gyeonggi Province



On June 4, 2007, the Provincial Government of Gyeonggi held its regional K-PACT Convention. The event was sponsored by the K-PACT Council and was presided over by the Gyeonggi K-PACT Promotion Committee. Some 200 participants, including the civil society sector, signed the pact and joined for "Connecting the Band of Promise" performance.

The March 2005 K-PACT Convention for the central government (which includes participation from the public, political, private, and civil society sectors) has resulted in the spread of regional conventions of the pact under the sponsorship of K-PACT Council. The convention also devised specific measures for implementation in documentation. It consists of the preamble, the main text and the supplementary provision. The documentation highlights the importance of the convention in the preamble and lists specific measures of implementation for the public, local assembly, political, educational, private, and civil society sectors throughout the main text.

36 organizations from six different sectors participated in the convention. The civil society sector had already proposed to hold the convention in October 2005 and eventually reached a communal agreement through the process of adjustment, agenda promotion, and sectional agreement among the participating organizations and associations.

4) The K-PACT in Ansan City

On November 2006, mayor of Ansan City signed the K-PACT, along with the leaders of thirty-nine organizations in the public sector, local assembly, regional economy sector, civic society, and media sector, in hopes of creating a clean and transparent city. Ever since then, Ansan has established various sorts of regulations and provisions for the K-PACT and on May 18, 2007, the mayor, along with several institutional heads, signed for the inauguration of the Ansan K-PACT Council.

Ansan looks forward to creating an environment for a clean and transparent city with the K-PACT Council and thirty-nine other participating organizations. The representative committee takes charge of the administration tasks and is supported by a steering committee, administration assembly, and an executive office. In addition, the K-PACT Council oversees the interested parties' network formation and counsels active participation and cooperation with related organizations to develop overall transparency. Ansan has engaged in various dynamic efforts to promote citizens' pride. As a result, it recently ranked first in the Ministry of Construction and Transportation's "Livable City Project".

5) Forest Field Signs the K-PACT



In October 2006, when 11 organizations in the forest field met, they came to an agreement for the establishment of the K-PACT in the Forest Field in the near future. In May of this year, they began working on this objective. As the K-PACT Promotion Team in the Forest Field launched, promotion meetings were held regularly. During these meetings, specific contents of the K-PACT in the Forest Field were discussed in detail. After six consecutive meetings, the representatives from 25 organizations in the forest field expressed their strong desire to sign the K-PACT. At last, in October of this year, the 25 representatives of the forest field signed the K-PACT.

6) K-PACT Promotion Fields

(1) Athletics Field



The movement for the K-PACT began in the athletics field. "1st Discussion for Promotion of the K-PACT in the Athletics Field" was held on June 26, 2007, with participants from all related associations. A total of 17 participants in the event included 12 athletics field-related management staff members. After hearing the presentation by K-PACT Secretary General Kim Chong-Su, the participants agreed to collectively put effort into promoting the K-PACT. However, some doubted the effectiveness of the K-PACT since it does not guarantee influence on the member organizations. The 2nd Promotion Discussion Conference was held on July 11, 2007, to discuss "the participant units of the Pact" and "the contents of the agenda".

(2) Legal Field



Discussions for a K-PACT in the legal field began in 2006. The legal broker scandal that broke out in August of that year, which led to the arrest of an incumbent presiding judge, only reinforced the immediate need for a pact. In 2006, the Court and Public Prosecutor's Office issued a statement of apology to the people and announced measures to eradicate legal scandals, but failed to reach a consensus on a K-PACT in the legal field.

In April of 2007, the K-PACT Council met with the Minister of Justice and asked for the establishment of a K-PACT in the legal field. The public sector was passive in signing a pact with outside private organizations and was conducting its own efforts for strengthened transparency and anti-corruption. In October, a proposal for the signing of a K-PACT in the legal field was sent to the Ministry of Justice, the Supreme Prosecutor's Office, the Korean

Bar Association, and the Korea Judicial Agent Association to be reviewed internally by each organization. In November, a gathering of civic groups with monitoring functions was held for the strengthening of transparency in the legal field, and participants expressed their will to participate in monitoring the legal field in 2008. It was agreed to continue to discuss projects consistent with the purpose and budget of the K-PACT Council.

(3) Media



The preparative meeting of the K-PACT in the media field started. During the first term of this year, the People's Coalition for Media Reform (PCMR) conducted a research project on the "Agenda of the K-PACT in the Media and its Task for Development." The PCMR suggested a draft of the K-PACT in the media in the project report that was published in July of this year. In September, the K-PACT Council held a roundtable on the "Strengthening of Transparency in the media," where experts from academic and media circles presented papers, that lead to active discussions.

7) K-PACT Promotion Regions

(1) Seoul



On May 17, 2006, the candidates for the mayor of Seoul gathered and held a ceremony at Seoul Plaza where they pledged to build a transparent Seoul. At this ceremony, co-hosted by Transparency International Korea and sponsored by the K-PACT Council, the candidates signed a pact promising a clean and transparent election focusing on the policies and conclusion of a Seoul Pact for Anti-Corruption and Transparency involving the participation of public, political, private sectors, and civil society.

On February 2, 2007, members of civil society gathered together and held a representative meeting of civic groups where it was decided to launch the Civil Society Steering Committee. Finally, on February 7, 2007, the Civil Society Steering Committee was launched, and the Committee hosted a discussion on "Building a Transparent Seoul" to review the transparency and integrity of Seoul.

From February to May, the Civil Society Steering Committee opened four working level meetings to discuss the content and scope of the Seoul Pact for Anti-Corruption and Transparency. After several discussion meetings with Seoul City representatives, the Civil Society Steering Committee held a meeting with representatives from Seoul City, the Seoul Metropolitan Office of Education, and the Seoul Metropolitan Council, where city officials and council members agreed to consider participation in the Pact. On December 12, 2007, it was decided to make the Seoul Pact for Anti-Corruption and Transparency official.

(2) Jungbu Regions

Daejeon City

In Daejeon, discussions to pursue a K-PACT began in late 2006. Public, political, educational, economic, and civil society sectors exerted efforts towards this end for a period of five months. However, prior to the confirmation of the final statement, the proceedings came to a halt due to disagreements. To continue, changes need to be made concerning the public sector's tasks and responsibilities.

This problem stems from participants' differences of understanding in a pact and shows that trust among parties was not fully developed. It also exemplifies the fact that the process of settling on a pact, which involves concessions and agreement, is not an easy one. The standstill has continued for several months, but efforts to resolve differences have also been pursued. Discussions will soon be launched between the public sector and civil society, as well as among the five sectors to resolve the issues.

Chungbuk Province

In Chungbuk, activities to lay the foundation for establishment of the Chungbuk K-PACT, such as seminars, the UN Anti-Corruption Day Campaign, and regional transparency surveys have been conducted since 2006. It was expected that the Pact could be concluded within this year. However, a conflict surfaced within the community that made it difficult for the public sector and civil society to engage in dialogue for quite some time. Recently though, civil society has been operating the Citizen's School for a Transparent Society and hosting seminars for local residents to raise interest in regional transparency. With improvements made in the issues that caused the standstill, it appears the activities to establish a pact will soon recommence.

Gangwon Region



The noteworthy achievement of the Gangwon regional K-PACT in 2007 was the launching of the Gangwon Transparent Society Network. Since the beginning of the year, civic groups in the Gangwon region agreed on the resolution to pursue a Gangwon K-PACT, but due to unfortunate circumstances the movement progressed slowly. However, civil society continued to discuss ways to pursue a regional pact for Gangwon while strengthening their understanding of the K-PACT.

On October 18, 2007, the Gangwon Transparent Society Network was launched to concentrate efforts on establishing a pact. The Gangwon Transparent Society Network plans to host a workshop and seminar to pursue the establishment of the Gangwon K-PACT and to strengthen activities in improving anti-corruption systems and capabilities of anti-corruption activists.

(3) Honam and Jeju Regions

Gwangju Region

The discussions for the Gwangju K-PACT, which began in late 2005, stagnated in 2006 due to local elections. In late 2006, the movement regained momentum through the reestablishment of the Gwangju Anti-Corruption Network.

The Gwangju Council of Citizens Movement stepped up as the secretary organization did discussions for the organization of a Civil Society Steering Committee for the Gwangju Pact gain momentum. With renewed strength, the Civil Society Steering Committee for the Gwangju K-PACT was officially launched in October, and a press conference was held to announce this to the local community. After two years of prolonged discussions, efforts by the civil society to establish the Gwangju K-PACT have been progressing through the use of internal workshops and the strengthening of a network among sectors with the goal of signing the Pact early next year.

Jeonnam Region



A conference discussion forum on "Finding Methods for Creating a Transparent Jeonnam" was held on June 15, 2007. The event was hosted by Jeonnam Civil Society Promotion Committee and sponsored by Jeonnam province, Jeonnam provincial assembly, Yeosu Chamber of Commerce and Industry, and Jeonnam Civil Society Organizations' Network. It took place with the hope of developing activities and systems for sustainable implementation of the K-PACT and to provide an opportunity for information interchange and mutual cooperation.

The discussion forum, held under the direction of the Dean of Natural Science at Sunchon National University, was followed by presentations by the General Manager of the K-Pact Coordination Team and representatives of Jeonnam Civil Society Organizations' Network. Other discussants were Director of Jeonnam Regional Society Institute, a member of Jeonnam Provincial Assembly, the administrative official in charge of ethics in the public office of Jeonnam Provincial Government, and the Secretary General of Jeonnam Civil Society Organizations' Network.

Representatives of Jeonnam Civil Society Organizations' Network claimed that promotion of both structural and awareness reform is effective for building a transparent regional society. They emphasized the need for voluntary participation in institutionalizing new governance of the K-PACT. He added comments on the significance of securing citizens' participation in the policy decision process through the information disclosure system and strengthening the corruption monitoring system in public offices through the establishment of a corruption investigation office in the Korea Independent Commission Against Corruption.

A member of the Jeonnam Provincial Assembly argued that while harsh penalties for defaulters on the K-PACT are required, penalties should be strictly limited to only social and moral criticism since the K-PACT itself is a voluntary measure.

The Director of Jeonnam Regional Society Institute stressed that the public sector; consisting of the government and local autonomous entities, as well as the private sector, including corporations, should take the initiative in creating a transparent society. Also, the local autonomous entities, having the most intimate relationship with the public, should actively take a stand on this matter. He argued that conduction of a transparency evaluation index in various fields and the involvement of internal organization in regard to self-purification and reform of the public sector, as well as transparency of the media, should apply in the case of the regions.

Jeju Region

This year, Jeju Island, which started working on preparations for a Jeju K-PACT since 2006, focused its efforts on laying the foundation, such as establishing an ordinance. At the Jeju System Reform Debate, held in April, it was discussed to conclude the Jeju K-PACT and to establish an ordinance to support this goal. In addition, a series of gatherings were held to solicit opinions on the conclusion of the Jeju K-PACT. These gatherings included a gathering

(4) Yeoungnam Regions
Gyeongbuk Province



of public sector officials in May, a gathering of provincial assembly members in July and in September, separate gatherings of Jeju Office of Education members and Jeju Chamber of Commerce & Industry members. Finally in October, at the first working level committee meeting, in consideration of various schedules, it was decided to sign the Jeju K-PACT in March of 2008.

Discussions for a regional K-PACT for the Gyeongbuk province began at the first Private-Public Sector Meeting in February 2007. At this meeting of officials from the Provincial Auditors Office and the Anti-Corruption Gyeongbuk Network, the province expressed its commitment and plans for a regional K-PACT and opinions were shared on unifying the positions of civil society.

In April, nine organizations within the Anti-Corruption Gyeongbuk Network held an extended meeting and resolved to pursue the Gyeongbuk K-PACT on a network level. In June, another Private-Public Sector Meeting was held with the participation of officials from the Provincial Auditors Office, Provincial Council, Provincial Office of Education, and the Anti-Corruption Gyeongbuk Network. At this meeting, it was decided that the public sector would pursue the conclusion of the Gyeongbuk K-PACT together with civil society, and administrative meetings would be held with the goal of signing a pact in October.

In August, “The Administrative Meeting for Pursuing the Gyeongbuk K-PACT” was held with participation from 19 agencies and organizations from the public, political, private, and press, and civil society sectors in the Gyeongbuk region. A working level subcommittee was organized, composed of the administrative directors of eight organizations, with the goal of signing the Pact within October of this year.

In September, the working level subcommittee was held with participation from the administrative directors of seven agencies and organizations. The private sector stated that it needed time to align views due to a lack of consensus towards the Pact and announced that it would promote the Pact and collect opinions by mid-November. Considering the situation of the private sector, the date for the Pact Signing Ceremony was decided to be in early 2008. In November, another working level subcommittee meeting was held where it was decided to 1) prepare a draft statement by referring to the pact statements of other regions, 2) review the possibility of enacting an ordinance, and 3) review the possibility of shared expenses from the private sector.

2. Strengthening of the K-PACT

1) Sectors in the K-PACT
(1) Public Sector

The public sector participates in the establishment and implementation of Ulsan, Gyeonggi, and Incheon regional K-PACTs from the metropolitan level to the lowest level of local

governments, public agencies beneath the local governments, and regional education offices. It is also active in supporting pacts underway in Seoul, Jeju, Gwangju, Gyeongbuk, and Daejeon. As for new fields participating in the K-PACT, the K-PACT in the Forestry Field, which included the participation of the Korea Forest Service, was concluded and the athletics field is awaiting the signing of a pact early next year. Furthermore, the K-PACT Council of Public Corporations is expanding membership into the UNGC for the realization of ethical management and social responsibility.

As for institutional improvements, “The Act on the Operation of Public Agencies” was enacted, which improved HR policies at public companies and quasi-government entities and strengthened institutional devices for raising transparency in agency operations. Also, the revised draft of the Public Service Ethics Act was approved at the cabinet meeting. This act offers greater efficiency in anti-corruption activities through the integration of corruption prevention and public service ethics work. In addition, the Korean Anti-Corruption Act underwent its second revision after its enactment in 2001 to address insufficient aspects of the current system by strengthening measures against corrupt action and protection for whistleblowers.

Furthermore, related departments, such as KICAC, organized a response team for institutional improvements and established “the comprehensive plan for the eradication of customary public office irregularities.” KICAC recommended the operation of various review committees and an agenda to improve transparency in construction work for relevant organizations. It also plans to operate an Integrity Education Professionals Course where it will discharge around 2,000 graduates.

(2) Political Sector

The 2007 main objectives on the agenda for the political sector are reorganization of the K-PACT Special Committee within the National Assembly (KSCNA), legislation activities in relation to the K-PACT, and legal and systematic activities to promote a transparent presidential election. In 2006, 61 MPs unsuccessfully proposed to reorganize the KSCNA. Since the presidential election takes place at the end of the year, MPs of both ruling and opposition parties set less priority on the reorganization of the KSCNA. Nevertheless, owing to the active efforts to implement the K-PACT, the 16 K-PACT-related anti-corruption laws have been enacted or revised. This includes the Act on Management of Public Corporations and the Act on Regulation of Monopoly and Fair Trade.

(3) Economic Sector

In 2007, the economic sector established the voluntary expansion of ethical management within the business community as its practical goal. Continuous efforts were made to expand the base for corporate ethics training and to share the most effective practices while developing a checklist to monitor the ethical management progress by industry.

With the Securities Class Action System coming into force this year, the practical goal for

open and aboveboard management was to raise accounting transparency and improve corporate governance structures to advanced levels. Active efforts were made to establish an environment where members could voluntarily practice open and aboveboard management. Also, the goal in social contribution activities was to increase practical programs for the marginalized and enhance public understanding of corporate social contribution activities. The K-PACT Council and the KCCI participated in the preparatory body for the establishment of the UN Global Compact Korea to accelerate the growth of UN Global Compact membership, and in this process, the KCCI became the first economic organization to join the UN Global Compact.

(4) Civil Society



The results of the civil society sector were less than expected in 2007. Although civil society played an active role in the implementation of regional K-PACTs, the network for the sector was not as active as anticipated. This is because civil society requires complete voluntary agreements to move forward on decisions due to its horizontal relationship structure being independent from other sectors. There is also a lack of sufficient manpower or budget to actively pursue K-PACT activities as a separate business area because of structural conditions.

The K-PACT Council held two meetings with civic groups that were early participants in the K-PACT in the first half of 2007, but could not accomplish the organization of a network. However, after two civic group executive director meetings in November, it was agreed to organize a civil society network that is expected to be established in 2008.

2) Fields in the K-PACT

(1) Public Corporation

The K-PACT Council of Public Corporation (KPC) has chosen a new chairman from the Korea Land Corporation this year. In March, the KPC held a working level workshop where they set the agenda for 2007, which included the following topics: Promotion to join UNGC, spreading of ombudsmen system, development of ethical management model and ethics index, development of ethical management text book, strengthening of PR activities, and monitoring the integrity of senior officials. As a result of such efforts and other projects, 15 (out of 19) public corporations joined the UNGC before the launching of the UNGCKN on September 17. The Korea Airports Corporation joined the K-PACT in June. In November, the KPC held a general assembly and discussed the evaluation of 2007 activities, as well as planned for 2008.

(2) Construction Field

Despite the importance and role the construction industry plays in the national economy, it is vulnerable to corruption due to the long and complicated construction processes and a high dependency on subcontracting. Therefore, on April 29, 2005, the Minister of Construction and Transportation and 17 heads of construction-related organizations gathered together and signed the K-PACT in the Construction Field to strengthen the construction industry and practice ethical management.



On April 30, 2007, the K-PACT Council celebrated its two year anniversary of the K-PACT in the Construction Field by hosting a seminar under the theme of “Transparency in the Construction Field: Current Status and Future Tasks.”

On May 31, 2007, the Ministry of Construction and Transportation hosted a gathering of K-PACT construction field members to select a chair organization to lead and promote the activities of the Council for the K-PACT in the Construction Field. On this day, the Korean Federation of Construction Industry Societies (KFCIS) was nominated for the position and its appointment was confirmed at a council meeting held afterwards.

On August 24, 2007, the KFCIS held the 1st Working Level Meeting. On this day, members from 13 organizations gathered to discuss current work, entry into the UN Global Compact, granting incentives to companies with a good performance in ethical management, organizing workshops, training at overseas sites, and the monitoring of ethics charters. In December 2007, a working level workshop was held by the Council to discuss the results of 2007 and set new plans for 2008.

(3) Finance Field

The K-PACT Council in the Finance Field held a representative meeting in December 2006. At this event, the Korea Federation of Banks was elected as the chair organization and the business plan for 2007 was established. The Pact in the Finance Field has a unique organizational structure with only 10 monetary associations as its members that are separated from other fields. Due to this, implementation tasks were selected for each individual association and financial institute.

The following tasks were proposed for the main agenda: Open and aboveboard management, introduction of international accounting standards and strengthened responsibility in accounting transparency, active public notice of management decisions, improved governance structure, operation of a whistle-blower system, education of watchmen of law observation, and the introduction of advanced auditing methods.

The main issues in ethical management were the establishment and operation of a code of ethics, advancement of internal control functions, ethics and law observation education, development of an ethical management evaluation index, and strengthened protection for financial consumers. Tasks to raise social responsibility included the operation of a social contribution body and the issuance of its report and systemization of activities by area.

(4) Health and Medical Field

In January 2006, the K-PACT Council in the Health Field held “The Public Briefing of the K-PACT in the Health Field for 2006” and introduced its significant achievement for that year; The Shared Voluntary Code of Ethics(also referred to as the code). To secure public trust internally and externally, the Code was submitted to the Fair Trade Commission for review.

The Shared Voluntary Code of Ethics defines the scope of activities to be restricted and



allowed in regards to the distribution and handling of pharmaceuticals. It stipulates the organization, operation, and functions of the Voluntary Purification Committee and the Distribution Investigation Team. It also offers instructions on the investigation and punishment for code violations. In March, the Distribution Irregularity Report Center was created on the National Health Insurance Corporation's(the chair organization) website.

The Distribution Investigation Team shall investigate all submissions made to the Distribution Irregularity Report Center, and the Voluntary Purification Committee will determine the appropriate punishment. If the violation is of an especially severe nature, the charges will be reported to the Fair Trade Commission and other competent authorities for proper measures to be taken. Despite these efforts, there were several unfortunate cases in the health sector in 2007. This desperately calls for the active participation of each organization to secure transparency. Currently, 20 organizations, including the Ministry of Health and Welfare, participate in the K-PACT Council in the Health Field.

(5) Social Welfare Field

On October 17, 2006, the Minister of Health and Welfare and 14 heads of social welfare-related organizations gathered and signed the K-PACT in the Social Welfare Field. Discussions for a pact in the social welfare field began on April 19, 2006, to raise transparency in the operation of social welfare facilities, improve the rights of users of social welfare facilities and the working conditions of employees, and encourage social contribution activities.

In 2007, the Executive Committee held three meetings from January to March to establish business plans and a budget. On April 4, 2007, the business plan for 2007 was decided by the heads of member organizations committed to the Pact. Major plans for 2007 included continuous operation of the evaluation system for greater integrity, human rights education, establishment of a social volunteering team, recommendation for better treatment of social welfare workers, establishment and promotion of ethical guidelines for social welfare organizations and facilities, and hosting a discussion seminar to commemorate the 1st anniversary of the Pact.

Each member organization conducted human rights education for employees and public servants individually, and the Korea Association of Social Workers conducted training for ethical management experts. In November 2007, a seminar on “The Current Situation and Future Tasks for Transparency in the Social Welfare Field” was held in commemoration of the 1st anniversary of the Pact.

3) Regions in the K-PACT

(1) Chungnam Region

The Main agenda of the Chungnam regional K-PACT (CRK) are as follow: Organization of the secretariat and strengthening of the network across all sectors. By doing so, the CRK is able to prepare a foundation for a stable and systematic implementation of the K-PACT. The public and civil sectors planned and promoted these activities, as well as encouraged participation

and cooperation from other sectors.

In order to achieve these goals, the CRK held various discussion meetings that delegations from the education field and the public and civil sectors participated in. The CRK held a workshop for working level officials from these areas. Participants learned about the K-PACT, held discussions regarding their roles and agenda, and exchanged opinions about how to consolidate communication among different sectors. Within this year, the CRK has put forth all of its effort in establishing the secretariat, raising funds for its budget and daily operation, setting an action plan, and promoting the enactment of ordinance.

(2) Busan Region



Early this year, the Busan K-PACT Council organized “The Citizen’s Walkathon for a Transparent Busan.” The event attracted over 1,100 participants. More than 500 citizens signed the Busan Citizen’s Charter for a transparent society. The 2007 Action Plan of the Busan K-PACT Council was announced in April at the Steering Committee meeting held at the Busan City Council. Major activities of the plan include the execution of a Busan integrity perception survey, promotion of the Busan K-PACT, research and education activities, evaluation activities, and proliferation of the Pact.

In May, the Busan K-PACT Council supported the Integrity Teacher Development Program. In September, it hosted a seminar for the promotion for the implementation of the Busan K-PACT. Government and business organizations participated at this seminar, and each sector agreed to work towards the achievement of a common agenda. Moreover, in September, Korea Railroad Busan signed its own K-PACT. Starting from the end of this year to early next year, the Busan integrity perception survey, educational discussion play performances, Walkathon for Making a Clean & Clear Busan, and an evaluation of the Busan K-PACT will take place.

(3) Gyeongnam Region

On May 30, 2007, there was an opening ceremony for the Office of Gyeongnam K-PACT. Some forty individuals participated in the ceremony, including the twenty-one representatives from five related organizations, officials from other major cities, and the Secretary General of the K-PACT Council. The Deputy Director of Gyeongnam Province Clean Public Office started with a progress report, followed by an address from an Executive Committee member, and greetings from the Secretary General of the K-PACT Council.

Gyeongnam K-PACT Council presented an operation plan for 2007 on the following sectors:

- **Public Sector** Strengthen the code of ethics for public officials and foster a culture of dedication to performing the required duties.
- **Local Assembly** Create a citizens' report center to monitor performance.
- **Education Field** Operate an anti-corruption monitoring system.
- **Regional Economy Sector** Declare ethical management for the construction industry.
- **Civil Society** Implement a campaign for electing an upstanding president.



On June 28, 2005, the Gyeongnam K-PACT Council created a promotion committee and signed the Gyeongnam Province K-PACT on August 12, 2005, with representatives from twenty-one participating organizations and associations. This was the first major step towards delivering and expanding Gyeongnam K-PACT for creating a transparent society. After the event, there had been four execution committee conferences and also an announcement of a sectional operation plan on April 19, 2007.

(4) Daegu City

In September 2005, 30 representatives from the public, political, private sectors, and civil society in Daegu signed the Daegu Regional K-PACT. In January 2006, Daegu became the first region to enact a K-PACT support ordinance. In November 2006, the secretariat was established, which laid the foundation for steady implementation of the Pact. In 2007, the Daegu K-PACT Council held four steering committees to deliberate and decide on the business plan and budget for 2007, as well as to settle the budget for 2006.



In July, the Transparent Teacher Development Program, which had 20 participants, was jointly held with civil society. Major programs included a lecture on the causes of corruption and various examples, a quiz show, and a workshop involving discussion and education methods. In September, the Daegu K-PACT seminar was held. With 20 officials present, the public and private sector and civil society reported the results of 2007 along with their future plans.

In the evaluation for 2006, it was reported that the public sector had excelled in raising awareness of the Pact and establishing an implementation plan. The civil society, when compared to the public sector, lacked in these areas. From October to November, 400 citizens participated in the Clean City Daegu Citizens' Campaign. Activities during the campaign included the introduction and promotion of the Daegu K-PACT, receiving signatures for the Citizen's Participation Charter for a transparent Daegu, and a bicycle parade.

In November, the Youth Transparent Society Camp was opened with the participation of 40 middle school students in the Daegu region. Programs included discussion class and art class. In December, the 2007 General Assembly and workshop were held to share the results of 2007. The participants included 20 steering committee members and working level officials from the Daegu K-PACT Council. Also in December, a survey on the corruption awareness level of Daegu citizens was conducted.

(5) Ulsan City

The Ulsan K-PACT Council held an administrative meeting on May 4, 2007, in the Ulsan Metropolitan City Hall. Discussion of each sector's plan of operation and an evaluation on the present conditions took place during the meeting. The participants assigned Ulsan People's Solidarity to conduct research for the political sector's plan of operation and agreed to reinforce the K-PACT operation plan.

Ulsan Metropolitan City Council held the 2nd plenary session of the 100th meeting on May

23, 2007. The standing committee voted for the original regulations, which were related to support and implementation of the K-PACT, during the session. The city of Ulsan is the second metropolitan city after Busan to establish K-PACT follow-up measures.

On March 6, 2007, the Gyeonggi Citizens' Network Center Against Corruption, the Korea Independent Commission Against Corruption, and the Gyeonggi Provincial Government co-sponsored a debate forum on "Creating a Transparent Gyeonggi-do." The event took place to discuss the progress of the Gyeonggi K-PACT and develop feasible solutions for the anti-corruption movement.

The forum started with greetings from the Gyeonggi Lieutenant Governor for Political Affairs' and proceeded under the direction of a representative from the Citizens' Coalition for Economic Justice. A series of presentations was delivered during the event, including "The Analysis of the Gyeonggi Anti-Corruption Movement and Recommendation, The Responsibility of the Public Sector for the Gyeonggi Anti-Corruption Movement, and A Counter-Proposal to the Gyeonggi Anti-Corruption Movement."

(6) Gyeonggi Province



In November 2006, the Ansan K-PACT was signed by representatives from 39 organizations from the public, political, private, and press sectors, and civil society in Ansan. In 2007, from February to April, the secretary's meeting of the five sectors was held four times to prepare for the launching of the secretariat. As a result in April, the K-PACT support ordinance was approved by the city council for the first time by the lowest level of local government.

In May, around 130 participants took part in the Inaugural General Assembly of the Ansan K-PACT Council and the opening ceremony for the secretariat. Afterwards, from June to July, working level meetings for each sector were conducted to collect opinions on the business plan for 2007 and to request payment for contributions from participating organizations. In June, an Internet blog was opened for the promotion of the Ansan K-PACT to provide information. Also, each month, a newsletter is sent to member organizations and citizens.

(7) Ansan City

Furthermore, the K-PACT was advertised in local newspapers, and brochures were made to heighten public awareness. In September, a meeting was held with the participation of about 50 officials from the Ansan K-PACT. The Ansan K-PACT progress report and business plans for 2008 were presented on this day. "The Pact is not dominated by the city or the mayor, but all participants must practice the Pact and pay contributions. The shortage will be filled by the city," said the mayor of Ansan. The private sector, upon recognizing ethical management to be a new investment for stronger competitiveness, promised to pay contributions. From October to November, the Transparent Ansan Slogan & Poster Contest was held for elementary, middle, and high school students, and young people. A total of 24 winners were announced, including the winners of the Ansan Mayor Award and the Ansan Superintendent of Education Award.

4) Strengthening Solidarity and Education

In June and November 2007, the 10th lecture and the completion ceremony for “The Civil Society-Corporations Communication Reinforcement Programs” were held at Kyunghee University. Approximately 40 students of the program, the Principal of Kyunghee NGO graduate school, professors, the Managing Director of the Federation of Korean Industries (FKI), and the Secretary General from the K-PACT Council participated at the event.

(1) The Civil Society-Corporations Communication Reinforcement Program



The event started with greetings by the Principal of Kyunghee NGO graduate school, followed by congratulatory addresses by the Secretary General of the K-PACT Council and the Managing Director of the FKI. Next was the program progress report by a professor. A group workshop presentation and discussion took place during the second part of the program. Prizes for exceptional groups and certificates of achievement were presented during the completion ceremony that took place in the third session.

38 students, from a total of 44 participants, completed the course; tremendous achievement for the first series of the recently created program. There were over 30 students for every session throughout the 11-week program, and the participants firmly believed that it was an opportunity to set the basis for communication and cooperation.

In order to strengthen local government transparency and anti-corruption education for local residents, “Citizens’ School for a Transparent Society(CSTS)” opened from September 17 to October 11 in six cities and counties. Since Korea introduced the local government system 13 years ago, a considerable distribution of power took place from the central government to the local government.

(2) Opening of “Citizens’ School for a Transparent Society”



Ironically, as a result, a new form of corruption emerged to create a clash between the land proprietors and the leaders of local government. Both the local councils and civil societies monitoring roles are weak and only growing weaker, which has not helped anti-corruption activities. The K-PACT Council proposed the CSTS to each region of the civil societies.

Five regions applied for establishing the CSTS. The programs of the CSTS varied according to each region, yet the main programs are similar and listed as follows: Why anti-corruption activities are essential and what types of corruption takes place in the local government, How to improve the anti-corruption system in the local government, Specific corruption cases in our regions and how to improve it, and How to make a sustainable anti-corruption system. The CSTS won the overwhelming sympathy of the participants regarding the importance of monitoring the activities of the local government’s daily administration.

(3) Workshops

The First National Workshop

In April, the K-PACT Council held a national workshop. The event consisted of approximately 80 staff members in charge who participated for K-PACT. The first day began with a brief address by Standing Executive Officer Geo-Sung Kim saying, “We hope this workshop will be an opportunity to strengthen the collective efforts of both sectional and regional staffs in



The Second National Workshop



The Sectors’ Workshop

charge, as well as to build closer relationships among the participating sectors.”

The event was then followed by a report from the Head of the Pact Coordination Team on the present conditions, a video presentation on the 2006 performance evaluation, and an oral presentation on the 2007 Operation Plan and Vision by the Secretary General, Chong-Su Kim. It was certainly a meaningful time to discuss the future of K-PACT and the details involved in the process. The National K-PACT Workshop offered a great opportunity to present the performance report and a vision for the future, as well as to share the staff members’ different perspectives in fulfilling the agreed upon pact.

From November 1 to November 2, the 2007 K-PACT Workshop for the Second Half was held. A total of 70 officials from each sector, field, and region participating in the K-PACT took part in this workshop to discuss the current status and future of the Pact. Participants received a briefing on the activities of the K-PACT in 2007 and discussed the blueprint for the K-PACT in 2008.

Some of the ideas and efforts deducted through brainstorming were for new projects in 2008, joint projects between the K-PACT Council and the councils of each sector, field, and region, increased of education and promotional activities, strengthening of the K-PACT network, and provision of organizational and individual incentives for best practices. The workshop provided an opportunity for participants to share concerns and seek specific methods of improvement together.

In August, a K-PACT workshop for the sectors was held with the participation of 25 K-PACT-related administrators from the public, political, and private sectors, and civil society. At the workshop, the past achievements of the K-PACT and the future direction and tasks for the K-PACT in 2008 were reviewed. Various ideas to facilitate its implementation were also discussed.

The Secretary General of the K-PACT Council reported in his presentation entitled, “The Tasks Ahead for the K-PACT in 2008” that: “The major results of the K-PACT were the enactment and revision of 15 anti-corruption related laws, ethical management in the corporate sector, open and aboveboard management, improvement of social contributions, the conclusion of additional pacts in different regions and fields through the cooperation of participating parties, and increased transparency... In 2008, measures to strengthen transparency will be reinforced on a global level and the expectations and requests for social transparency will increase, which means we should accelerate implementation of the K-PACT and create a foundation to realize our vision.”

In July, 30 participants from the construction, health, finance, education, and social welfare fields and the forestry field, which is in the process of concluding a pact, took part in a K-

The Fields’ Workshop



The Regions' Workshop



PACT workshop for respective fields. The workshop included a special lecture, a presentation on the current status and future of pacts by field, and a discussion session.

The former KICAC chairman gave a special lecture on the level of transparency in Korea and the meaning of the K-PACT, and called for the responsible activities from each sector of society. Following this, representatives of each field gave their presentations. Afterwards, participants broadened their understanding of each other's areas through breakout sessions and vowed for joint development through the sharing of views on the need for cooperation and exchange.

The K-PACT Council held the 2007 Regional K-PACT Workshop in June. The workshop, consisting of 66 participants from various regions throughout Korea, was an opportunity to diagnose problems in the regional K-PACT and find possible methods for improvement. The workshop held a discussion forum in groups to point out the problem of double standards in society where "what others do is considered corruption, while what I do is general practice." Although eight different groups held their own discussions, the common issues were related to "insufficiency of human resources, financial resources, and awareness." The participants were enthusiastic about discussing problem-solving scenarios.

The idea receiving the most attention was "A Project for Securing Anti-Corruption Funds: Spreading a Clean Card (K-PACT)." It was dedicated to raising independent funds to ease the problem of insufficient financial resources in the hope of increasing citizens' awareness and encouraging citizens to be the main force behind the anti-corruption movement.

The project was also meant to contribute to the regional development of the K-PACT through a well-defined balance between regional society contribution funds and direct reserve funds. However, a joint partnership with profit-seeking credit card corporations may be difficult to put into effect, and such a program may only benefit the corporations. Nevertheless, the group which thought of the idea indicated the anticipated effect in detail, and claimed that 0.1% contribution from the credit card sales could raise at least \$100,000.

The workshop participants also had a serious discussion on the need for strengthening and spreading the K-PACT, establishment of relevant legislation, and evaluation of implementation. In addition, each group brain-stormed problems and their causes and shared possible problem-solving scenarios and plans for the future through a series of presentations.

3. Policy Development and Research

1) Activities for a Transparent Presidential Election

On March 16, 2007, the K-PACT Council held a discussion forum on "Is It Possible to Have a Clean Presidential Election?" in the National Assembly dining room. During the K-Pact

(1) A Discussion on "Is It Possible to Have a Clean Presidential Election?"



(2) A Discussion Forum on Presidential Election Policy Reform

convention on March 9, 2007, each political party leader signed a pact for a transparent presidential election and all participants, including President Roh Moo-Hyun and the leaders of the economic sector, signed the Citizens' Charter for a Transparent Presidential Election.

Since then, the K-Pact Council has put forth effort in various forms for a clean presidential election, such as a discussion forum after the convention. During the event, a panel of experts was selected to discuss different methods to both improve and reform the systematic structure in controlling political funds and the political party law for the presidential election this year.

On May 23, 2007, the K-PACT Council held a series of discussion forums on the possible reforms to improve the use of political funds and the means to eradicate illegal political funds for a transparent presidential election. The morning discussion forum reviewed the 2004 political fund reform legislation and offered an analysis of the achievements and the limitations presented so far.

The discussion panel, including academics and legislators, had a serious conversation about the likelihood of holding the presidential election in a transparent manner under the current system. The panel also discussed the appropriateness of the amount of money authorized by law for election campaign expenses and the potential methods for improving transparent fundraising activities.

(3) Survey of Professionals on the Revision of the Political Affairs Acts

From April 20 to May 2, a total of 312 professionals, including national assembly members' aides and secretaries, political party officials, political scholars, political press journalists, civic group activists, and corporate ethical management officers, were invited to participate in the "Survey of Professionals on the Revision of the Political Affairs Act."

According to the survey, if the presidential election is conducted under the previous Political Affairs Act (Election Law, Political Party Law, and Political Funds Act), there will be a high possibility of regulation violations, such as violations on the limit on election funding or legal election budget. Therefore, in order to prevent illegal election campaigns, fund-raisers for presidential candidates and political parties must be allowed. Many professionals suggested that transparency of political financing should be strengthened.

(4) Solicits the Opinion of Political Parties and Civic Groups

The K-PACT Council solicits the opinion of political parties and civic groups on the revision of the Political Affairs Act for the 17th Presidential Election. The K-PACT Council submitted a written opinion on the revision of the Political Affairs Act to political parties and civic groups from May 17 to May 31 in an effort to ensure a transparent presidential election.

The written opinion suggested support for primary election funds for presidential candidate nominees of political parties, an increase in the legal election budget, allowance of corporate

donations, insurance of government subsidy effectiveness, strengthening of transparency in political financing, expansion of fund-raisers and resurrection of fund-raisers for political parties, improvement of the Internet election environment, and increased commissioning of election office duties.

2) 2007 Policy Experts Group

The 2007 Policy Experts Group was organized to review K-PACT-related issues and study further tasks, as well as create a think tank for the K-PACT through the solicitation of professional opinions. The Policy Experts Group was organized and operated in two groups; “The Research Group for K-PACT Agenda” and “The Research Group for Implementing Presidential Election Pledges.”

(1) Research Group for K-PACT Agenda

“The Research Group for K-PACT Agenda” was organized in the first half of 2007, and from April to September, it held several meetings and interim briefings. In September, it submitted its final report.

(2) Research Group for Implementing Presidential Election Pledges

“The Research Group for Implementing Presidential Election Pledges on Anti-Corruption and Transparency” conducted its research from July to November 2007, and after several meetings and interim briefings, submitted its final report.

3) Research for Furthering the K-PACT

Further tasks for the K-PACT according to its expansion in each sector, field, and region were identified through the research of professional researchers. In order to conduct legislative activities and discover and suggest tasks, “The Research of Tasks for the K-PACT in the Construction Field” and “The Research of Tasks for the K-PACT in the Financial Field” were conducted.

(1) Research of Tasks for the K-PACT in the Construction Field

This research was conducted for the purpose of furthering the tasks of the K-PACT in the Construction Field, which was signed in April of 2005, and to use as evidence for legislative activities. The research focused on investigating the current status and system of “The K-PACT in the Construction Field,” the status of systems related to anti-corruption and transparency, problems of the K-PACT, overseas examples of anti-corruption and transparency practices, future direction of the K-PACT, and deeper development of previous tasks and the discovery of new ones.

(2) Research of Tasks for the K-PACT in the Financial Field

This research was conducted for the purpose of furthering the tasks of the K-PACT in the Financial Field, which was signed in November of 2005 and to use as evidence for legislative activities. The research focused on investigating the current status and system of the K-PACT in the Financial Field, the status of systems related to anti-corruption and transparency, problems of the K-PACT, overseas examples of anti-corruption and transparency practices, future direction of the K-PACT, and deeper development of previous tasks and the discovery

of new ones.

(3) Investigative Research on Transparency in the Social Field

This research was conducted in recognition of the need for the development of a nationwide transparency index through the collection of various surveys and statistics from the private sector, civil society, research organizations, and local autonomous bodies separate from the public sector. The purpose of this research was to create data to be used in the Corruption Perception Index (CPI) published by Transparency International (TI) by developing and analyzing transparency in Korea. Considering that the index data of PERC in Hong Kong and the World Bank has been reflected in the development of the corruption index by country, it was attempted through this research to establish a foundation to include the data developed and investigated by the K-PACT Council in the national integrity index evaluation.

The activities of the research conducted from August 2007 to late November 2007 included the collection of various index data related to transparency in the social field, the development of an index model for transparency in the social field, and a pilot test based on the developed index model. Furthermore, suggestions were made on how to include these results in the development of the future corruption index by nation and the development of an index to measure transparency in Korean society.

(4) Research of Legislation to Raise the Integrity of the Public Sector

In order to raise the integrity of the public sector, a research project was initiated based on the proposal of the Korea Independent Commission Against Corruption (KICAC) that suggested the proper classification of public agencies according to legislative characteristics and appropriate control of these agencies based on this classification was not sufficient.

Accordingly, the purpose of this research was to clarify various legislative issues and effectively construct a clear legal system to supervise and control the accounting and operation practices of public agencies, which is integral in raising the integrity of the public sector. The problems with the legal system addressed in this study are problems in accounting supervision due to improper classification of public agencies, problems with administrative contracts, problems with responsibility in civil hearings due to bad management, manpower and labor cost issues, and security of transparency in the decision making process.

(5) K-PACT Implementation Evaluation Model

The K-PACT Implementation Evaluation Model was first developed in 2006 to secure a means to evaluate the level of compliancy and to raise the executive faculty of the Pact. According to the results of the evaluation in 2006, issues were raised about the need to simplify and reduce redundancy in the evaluation index. Therefore, this research was conducted with the aim to establish a more objective and feasible evaluation model through the modification and supplementation of the K-PACT Implementation Evaluation Model.

4) Public Opinion Poll

(1) Survey of the Corruption Level in Korea

“The Korea Corruption Perception Survey” was conducted from October to November of 2007 with the participation of 500 respondents from the general public, 200 professionals, and 100 foreign residents living in Korea to investigate the perception of the level of corruption in Korea, the comparative perception of the corruption level between Korea and other countries, the perception of efforts by the government to prevent corruption, the causes of corruption in Korea and the solutions, corruption experience, expectations on resolving the corruption problem, and awareness of the K-PACT.

(2) Survey of the Integrity of Social Leaders

The survey on the perceived integrity of leaders in our society was conducted from November 2007 with the participation of 700 respondents from the general public and 300 professionals. This survey has been conducted annually since 2005 and was conducted for the third time. The purpose of this survey was to investigate the change in the general public and professionals' view of the integrity of social leaders.

The main agenda of the survey was to investigate the characteristics of a desirable social leader, the ratio of leaders in our society, the integrity of leaders in each field, the problems of social leaders, the integrity of social leaders compared to that of other nations with similar national economies, and the priorities to improve the integrity of social leaders.

4. Public Relations and Education

1) Public Relations

(1) Production of Promotional Video and Bus Advertisement

The K-PACT Council produced a promotional video and bus advertisement to raise awareness of the K-PACT with the general public. The video promotes the message of building a transparent society, and the bus advertisement was placed on eleven Seoul city buses for one month, from October 29 to November 28, to publicize the K-PACT.

(2) Activities Related to the Presidential Election. SBS Joint Broadcast



(3) Newsletter

The K-PACT Council engaged in various efforts to hold a clean presidential election in 2007. One of the efforts was a joint broadcast with the media. From April 2007, the K-PACT Council prepared to host a joint broadcast with SBS and signed an agreement on May 23, 2007. From June 2 to June 9, the joint media production by the K-PACT Council and SBS aired eight times on the SBS 8 o'clock news.

The K-PACT Council publishes a newsletter to inform about Council activities and announcements. This is regularly mailed to the administrators of each sector, field, and region that have signed anti-corruption and transparency pacts and people with a high interest in anti-corruption and transparency efforts in Korea. The K-PACT Council expects the newsletter to communicate and disseminate the meaning and purpose of the Pact with hopes that it will contribute to its implementation and sustainability. In addition, the newsletter will serve as a barometer for the conclusion and proliferation of future K-PACTs and will contribute to the

strengthening of transparency in Korea.

(4) Website Operation

The K-PACT Council website, which publishes the activities, announcements, newsletters, and archives of the K-PACT Council, offers an online space to people supporting the proliferation and development of the K-PACT. In addition, the K-PACT results of 2007 have been published on the website to show new developments and information to K-PACT-related officials and to the many people who are interested in anti-corruption activities and integrity movements in Korea.

Cyworld Homepage

In November 2006, the K-PACT Council created a homepage on Cyworld, an internet social networking site, which allows members to register each other as friends. The K-PACT Council plans to use this online service to strengthen anti-corruption education and promotional activities. The K-PACT Council's Cyworld homepage currently has 7,399 visitors and maintains one of the top rankings for social issues-related homepages in terms of popularity. Moreover, 10 special events have been conducted online together with active members.

(5) <Together Transparent>

<Together Transparent> is a monthly magazine made by the K-PACT Council. It includes various contents, such as feature articles, news articles on anti-corruption and transparency, people in the spotlight, interviews, travel diaries, and a culture section. The magazine is distributed to anyone who subscribes to it, including metropolitan and municipal offices, listed companies, libraries, hospitals, banks, ethics education teachers at elementary and secondary schools, and lawmakers. Each month, 15,000 copies are printed and distributed for free. Since its first edition in July 2005, a total of 30 volumes have been published as of December 2007.

2) Youth Education and Consolidation

(1) Nationwide Discussion Play Performance for Primary School Students



Following its 2006 performance, the K-PACT Council had its second discussion play performance for primary school students nationwide in 2007. The purpose of this performance entitled “Together Transparent in a Fantastic Transparent World” was to breakaway from previous single track education approaches and to expand awareness of the need for a transparent society to children by supplying new cultural content, interactive classes, and case study based transparency education.

For this performance, the K-PACT Council solicited the applications of performance teams and plays and prepared for four months together with the selected drama company. During the month of May, school applications for the performance were received through education offices nationwide. For a period of five weeks, from June 11 to July 13, shows were performed at a total of 40 primary schools.

(2) Chosen as Recommended Site for Teenagers

The K-PACT Council created a teenagers' homepage and a web-magazine <CLEANI> (www.cleani.or.kr) on December 2006 dedicated to providing educational information about anti-corruption and interesting stories about a transparent society for a total of 30,409

(3) Youth Cartoon Contest

visitors. Upon recognition of such efforts, CLEANI was chosen as a recommended site for teenagers by the Korea Internet Safety Commission on May 18, 2007. CLEANI has offered cartoons and fun drawings describing the efforts of anti-corruption and transparency, and encourages teenagers to participate through various programs.

The Youth Cartoon Contest was hosted to raise youth awareness of anti-corruption and transparency in society by allowing young people to think seriously about transparency in society, as well as have them actively express their thoughts through a cartoon. By creating and promoting educational content, K-Pact intends to develop youth education in anti-corruption and transparency. This is expected to create social interest and a positive attitude towards the K-PACT, which will promote early education of anti-corruption and transparency.

Progress

In early May, the draft plan for the <Transparent Society> Youth Cartoon Contest was confirmed and titles for the awards were made with the cooperation of the Ministry of Education and Human Resources Development, the Korea Independent Commission Against Corruption (KICAC), the National Office of Education Council, and the Korea Federation of Teacher Associations.

Also, one internal judge and four external judges were appointed to judge the contest. Posters were created and distributed to elementary, middle, and high schools nationwide, as well as public agencies and related organizations. Entries were received from June 1st to June 30th. In early July, judges scored on completeness, subject originality, subject appropriateness, creativity, and technique. On July 11, an award ceremony was held for a total of 15 top prize winners and 15 winners. The winning cartoons were made into postcards and books and distributed to public agencies and elementary, middle, and high schools nationwide.

The <Transparent Society> Youth Cartoon Contest aroused interest in the K-PACT and anti-corruption efforts and provided an opportunity for young people to realize the purpose and importance of a transparent society through voluntary participation. Not only did the youth understand the reality of corruption in society, but they were able to cultivate a positive image by identifying social efforts to build a transparent society. In addition, the contest allowed young people, the next leaders of society, to gain a broad view of "transparency in society," as well as create an important agenda to build national competitiveness in a globalized world.

3) International Solidarity and PR

The K-PACT received great public favor from the international community as an initiative for strengthening anti-corruption and transparency through its coalition building among each sector of society. Instead, it pursues superior governance by creatively combining the elements from a variety of approaches.

The K-PACT Council is into its third year now and following its events in 2006, it hosted two

international forums this year. In addition, the Council introduced and informed about the K-PACT at various invitations to international conferences, such as the Annual Anti-Corruption Convention hosted by the Ministry of Justice in Taiwan, the APEC Anti-Corruption and Transparency (ACT) Workshop held in Canberra, Australia, Global Forum V held in Johannesburg, South Africa, the Transparency International (TI) Northeast Asia Regional Conference, the Annual General Meeting of Transparency International, the Anti-Corruption Agency (ACA) Malaysia Meeting, and the Annual General Assembly of the International Association of Anti-Corruption Agencies (IAACA).

In addition, the K-PACT Council was an active player in promoting the UN Global Compact as it continually strived to introduce the UNGC to different organizations and increase membership. As a result, the Council contributed greatly to the establishment of the UNGCKN and also participated at the Leader's Summit held in Geneva, Switzerland in July.

The international activities of the K-PACT Council aim to create synergy through the coordination of anti-corruption activities in Korea and abroad. Accordingly, the international activities of the K-PACT Council are divided into 1) the global promotion of efforts in Korea to improve transparency, 2) introduction of the K-PACT overseas, 3) introduction of exemplary overseas cases to Korea, and 4) support for the global trend in fighting corruption. These activities will not only improve the credibility of Korea by introducing domestic efforts to overseas counterparts, but will also raise the level of anti-corruption activities in Korea through the participation in global anti-corruption activities and the introduction of overseas success cases.

(1) Participation in International Conferences

Global Forum V

Upon the invitation from the South African government, Standing Executive Officer of the K-PACT Council, Geo-sung Kim, participated in the Global Forum V on Fighting Corruption and Safeguarding Integrity held in Johannesburg, South Africa in March and April 2007.

Under the theme of "Setting the Stage for Non-State Actors," Kim moderated the workshop entitled "The Role of Civil Society." The workshop proposed eight roles for civil society in raising the level of anti-corruption and integrity; 1) watchdog, 2) raising public awareness, 3) proposing alternative suggestions, 4) reservoir for civil participation, 5) coalition builder, 6) protector of whistle-blowers, experts, and victims, 7) monitor and/or evaluator, and 8) role model of integrity and good governance. In particular, in regards to "coalition builder," Rev. Kim introduced the initiatives of TI Korea for K-PACT proliferation and the initiatives of the K-PACT Council to encourage participation in the Global Compact as model cases.

The 2nd Annual General Assembly of the IAACA

In November 2007 in Indonesia, the 2nd Annual General Assembly of the IAACA held a workshop, "Cooperation with Civil Society and the Press." Standing Executive Officer of the K-PACT Council, Geo-sung Kim, attended and gave a presentation with the theme, "K-PACT: Building Coalition for Better Governance and Transparency."

Standing Executive Officer of the K-PACT Council, Rev. Geo-Sung Kim, conducted a presentation on “A New Paradigm for Anti-corruption Movement: The Korean Experience” during the 2007 International Conference on Anti-Corruption held in Taipei in January. In the presentation, he highlighted the importance of developing a cooperative system, as well as implementing a holistic approach and determining a long term plan for the anti-corruption movement.

Introducing K-PACT in APEC Workshop

In January, Secretary General Chong-Su Kim of the K-PACT Council participated in the APEC Workshop for Anti-Corruption and Transparency in Canberra, Australia. The Korean delegations conducted a presentation on the national experience of K-PACT as requested during the 2006 Vietnam Conference. The participants paid close attention to the presentation and called for an expansion of the pact on anti-corruption and transparency in the Asia-Pacific region. In addition, several nations, including Australia, Chile, and Indonesia, have begun studying the cases of K-PACT and are working towards promoting similar local pacts in their respective countries.

Visits to Overseas Organizations and
Other PR Activities

On August 31, 2007, after receiving an introduction on the K-PACT by K-PACT Standing Executive Officer Geo-sung Kim, the president of Mongolia dispatched a Mongolian official to Korea to participate as an observer in the Overseas Performance Evaluation of the K-PACT. Public officials dispatched from the Indonesian Corruption Eradication Commission (KPK) also visited the K-PACT Council. As a result, Indonesia (I-PACT) and Mongolia (M-PACT) have embarked on their own efforts to establish an anti-corruption and transparency pact modeled after K-PACT.

The K-PACT Council distributed a considerable amount of K-PACT material written in English to participants at international conferences. In addition, various promotional materials were sent via mail to participants of international anti-corruption meetings. K-PACT also introduced an English mail-zine. The KICAC also issues English materials to communicate public-private sector cooperation through the K-PACT to international communities. In an English article entitled “Supporting K-PACT, a Partnership with Civil Society,” the K-PACT was introduced with a description of the development process, results, and tasks ahead after the signing of the Pact.

Overseas Training



For a period of nine days, from September 2 to September 10, 2007, the K-PACT Council organized an overseas training program in Germany, the location of Transparency International’s headquarters, and Sweden and Finland, which are recognized as “developed nations in transparency.” Working level officials from each sector, field, and region participating in the K-PACT took part in the training.

The purpose of the training was to conduct a comparative analysis of the agenda and implementation process of social pacts in Europe, as well as to learn about the anti-corruption

systems, policies, and efforts of European nations, which are recognized for a high standard of transparency. In addition, the K-PACT was promoted to various organizations in Europe, and efforts were made to establish a network for international solidarity. While touring the three nations, the training team visited a total of eight organizations, including the Transparency International-Secretariat, the Headquarters of Alliance, Transparency International-Germany, the Extractive Industries Transparency Initiative (EITI), the Press Ombudsman of Sweden, the Parliamentary Ombudsman of Finland, and the Finnish Prosecution Service.

This training had significant meaning in that it laid the foundation for further development of the K-PACT and exchange with the social pacts of each country visited. The K-PACT Council published an article in its monthly magazine introducing information collected during the program and is currently pursuing its translation and publication.

(2) Global Promotion of Efforts in Korea to
Improve Transparency

The K-PACT Council communicated Korea’s fight against corruption by distributing English versions of its monthly magazine, annual report, and newsletters to over 3,000 organizations in Korea and abroad. In addition to the distribution of promotional material, the Council co-hosted forums with foreign consulates in Korea and directly communicated the anti-corruption efforts of each sector of society by holding regular meetings with members of the press and the business community.

Owing to these efforts, institutional improvements were made, such as the revisions of the Public Service Ethics Act and the Political Affairs Law. The anti-corruption activities of various sectors, including political, business, legal, defense, and religion, were introduced abroad through the ethical management of model companies in Korea and the active participation of civic groups.

Support for the Global Trend in
Fighting Corruption

On December 9, 2006, the K-PACT Council held a nationwide campaign for the ratification of the UNCAC and in 2007, urged the government and national assembly to ratify the UNCAC, which contributed to making this an official state agenda. In addition, the K-PACT Council pointed out the limitations of the current system and proposed an alternative as a follow-up measure at the legal public hearing of the Ministry of Justice for the redemption of assets hidden overseas. This was held to prepare for ratification of the UNCAC.

(3) Private-Public Sector Joint Seminar for
the Protection of Integrity

In October 2007, at the invitation of the Anti-Corruption Agency of Malaysia (ACA), the K-PACT Council introduced the K-PACT as a model example of joint efforts by the public and private sector to raise transparency. Anti-corruption agencies from Malaysia, Singapore, Hong Kong, Indonesia, and Egypt participated at this seminar celebrating the 40th anniversary of ACA Malaysia.

(4) The K-B Forum

The K-PACT Council and British Embassy in Seoul co-hosted the second K-B Forum under the theme of “Business and Political Parties: Increasing Transparency and Trust” on July



(5) The International Symposium 2007

25th. With the 17th Presidential Election coming up later this year, the particular focus of this year’s forum was building trust between political parties and businesses for transparent political financing and clean politics. Survey results showed that the two areas the South Korean public is most concerned about are politics and business.

The K-PACT Council has made efforts on multiple levels to make this year’s presidential election a transparent one with the belief that by having a fair and clean election, the transparency level in Korean society will improve. Its core activities include revising the Political Relations Act that is currently unrealistic. This would be done by pursuing legislative and institutional improvements to make presidential election funds realistic and transparent. This forum was also held as part of the K-PACT Council’s efforts to revise South Korea’s Political Funds Act.

“The K-PACT International Symposium 2007” was held at the KCCI in October under the theme of “Vision of a Transparent Society.” This year’s symposium discussed methods to ensure a transparent presidential election and offered an evaluation on the implementation progress of the K-PACT. In particular, the event was even more meaningful because international anti-corruption experts, taking part in the Overseas K-PACT Implementation Evaluation Team, participated as presenters. This was the 2nd K-PACT International Symposium hosted by the K-PACT Council and sponsored by the KCCI. At this event, the commitment for a transparent presidential election was confirmed and overseas investigators evaluated the progress of K-PACT implementation.



The symposium was separated into a morning and afternoon session. The morning session was dedicated to the theme of “Toward a Transparent Presidential Election.” Presentations were given by the K-PACT Council, Rev. Geo-Sung Kim, the US Embassy in Seoul, Todd Anderson, and Professor Hyuk-Jae Son. In addition, the Civil Society Organization Network representative, Man-Gee Min, participated as a discussant.

The afternoon session addressed the theme of “The Next Step of the K-PACT Initiative.” This session was arranged to conduct an objective evaluation and verification of K-PACT implementation by overseas experts, internationally promote the signing and implementation of the K-PACT, and encourage domestic participation in the K-PACT through the evaluation of the overseas investigation team. The former Deputy Commissioner at the ICAC Hongkong, Tony Kwok, and the Technical Director at Management Systems International, Dr. Emil Bolongaita, each gave presentations. The two presenters are international anti-corruption experts working as overseas investigators of K-PACT implementation this year.

In addition, the Secretary General of TI-Korea, the Secretary General of the Citizens’ Solidarity for and Self-Governance of Busan, and Mr. Jargalant Elbegsaikhan, a Mongolian lawyer working on the anti-corruption project at the World Bank, gave their comments as panel

(6) English and Chinese Website

discussants. Both sessions of this symposium received an enthusiastic response from the audience with heated questions during the Q&A session. “In next year’s forum, I hope that we may be able to review the transparency level of Korea through more specific and accurate overseas evaluation,” said one observer.

In May 2005, the K-PACT Council opened its English website (www.pact.or.kr/english) and in October 2006, the Chinese website (www.pact.or.kr/china) was created. Through its English website, the K-PACT Council announced the conclusion of additional Pacts and reported the activities of the Council, including transcripts of “The Public Briefing to the People.” On its Chinese website, the Council communicated the meaning and value of the K-PACT to Chinese users by introducing detailed content about the Pact, along with its meaning and importance.

(7) Future Tasks

The K-PACT is known in the international community as the Korean model for enhancing anti-corruption and transparency. According to a survey conducted by CRC upon the request of the K-PACT Council, not only in international conferences, but among foreigners living in Korea as well, awareness of the K-PACT was high at 75.3% having awareness of the Pact compared to the level of awareness of Korean natives at 39.8%. In addition, the results of PR activities are greater because not only does the K-PACT Council advertise the Pact, but related organizations such as KICAC and the Ministry of Justice also actively promote it.

However, as accurately pointed out by the Overseas Evaluation Team of the K-PACT, the Pact has been successful in several sectors and fields, but in most sectors, fields, and regions, it is still in its infancy. This means that if the K-PACT does not produce specific results in the future, it could be disregarded by the international community.

If the participants of the Pact devote greater interest in the promises set forth and live by the rules to raise the level of anti-corruption and transparency in society, the results will be realized, specifically through the continuous improvement of Korea’s score in the Corruption Perception Index (CPI) and greater international credibility. With this magnitude of influence, the K-PACT will secure its place as a true anti-corruption and transparency enhancement model as expected by the international community.

5. T/F Activities for a Transparent and Fair Presidential Election

The K-PACT Council organized and operated a Task Force for the preparation of a clean and fair presidential election.

The main activities of the K-PACT Council include reform of legal and institutional devices,

creation of a public voice for a clean and transparent presidential election, and through a pact, the acceptance of a social pledge for a fair and clean election involving the participation of each political party.

The K-PACT Council carried out its activities by creating a clean presidential election website and by operating a policy group for building a transparent Korea. The K-PACT Council attempted to suggest recommendations on the execution of campaign pledges and the process of the revision for the Political Affairs Act, but failed to do so due to circumstances within the National Assembly. However, it accomplished the task of highlighting the importance of having a clear and fair presidential election through political parties and civic groups.

6. 2007 K-PACT Convention



On March 9, 2007, the K-PACT Council held a convention at the Kim Koo Museum and Library in Seoul. During the event, the Council announced the 2006 Transparency Evaluation and pledged “A Vision for a Transparent Society.” In addition, political party leaders signed a pact for a transparent presidential election this year with the civic pledge being covered.

The Sectional Evaluation for Transparency put forth by the K-PACT Council resulted in an overall grade of “below average.” Established in March 2005, K-Pact consists of 35 clauses including: ► Eradication of illegal political funds and solicitation for the public sector ► Prohibition on politicians’ abuse of non-apprehension privilege for the political sector ► Elimination of accounting fraud from the private sector.

The assessment results show an “average” grade for the public sector, economic sector, public corporations, and civil society. The political sector and regional pact scored “unsatisfactory.” No sector scored “good” or “excellent” in the evaluation. In addition, public survey results demonstrate that only 17.3% of people recognize K-PACT.

The leaders of political parties signed a pact for a transparent presidential election. The leaders of the five political parties are in consensus in the pursuit of a clean and transparent 17th presidential election, which is a necessary and indispensable step forward towards establishing Korea as an advanced, transparent society. In this respect, the leaders of the five political parties agreed upon the six terms listed below.

- Execute a primary race involving candidate registration, screening, and selection in a transparent and fair manner to select a presidential candidate.
- Collect and use political funds in accordance with legal procedures, and make them public



- at all times in a transparent manner to ensure easy accessibility to people.
- Carry out a fair and open campaign free of unjust regionalism, undue financial influence, false propaganda, and ideological offensives.
- Guide and monitor presidential candidates in an active manner to ensure a transparent and just election.
- Cooperate to improve related laws and regulations to ensure a clean and fair election.
- Educate candidates and concerned persons to take part in efforts to build a transparent society while making the utmost effort to instill in them the importance of the pact and the realization of its goals.

After the signing ceremony, all participants of the K-PACT Council convention also signed a pact for a transparent presidential election. In a speech delivered during the convention, President Roh-Moo-Hyun stated: “Building a transparent society is a prerequisite for making Korea an advanced nation and yet, there has not been a formal institutionalization for investigating high-ranking government officials’ fraud. Therefore, it becomes essential to implement a well-defined system of checks and balances in the regional government. All members of society including the media and civic society are required to have a more responsible attitude.”

Taking the 2007 convention as an initiative, the K-PACT Council aims to expand the boundaries of anti-corruption beyond the public sector to every aspect of society as a way to build the competitiveness of Korean society, as well as to increase the quality of living for all members. The Council proclaimed, “We are hoping to decrease the bribery rate below 1% and reduce the number of regional governmen’s influence-peddling cases to one tenth of the present figure.” The convention is more likely to affect government leaders, politicians, business leaders, and representatives of civil society who signed the non-binding pact aimed at a clean presidential election. This implies a significant level of monitoring effort for actual implementation of the pact.

One of the most important issues emerging in the current generation is transparency and it has, therefore, become a means of competitiveness presented in society as a whole. In 2006, in the global Corruption Perception Index (CPI), Korea still ranked 42nd out of 163 nations. An increase in the transparency level is required for Korea to progress towards becoming an advanced nation and there should not be unlawful demands by authorities, financial influences, or any other illegal activities regarding this year’s December presidential election. In addition, it is required to achieve a higher level of social consciousness to prevent voters from being deceived by unethical election campaigns and to pay closer attention to the verification of candidacy.



Transparent

Sound

Wake us Up

Evaluation for 2007 and Tasks for 2008

2007 was a crossroad for Korea's transparency. The nation could continue to upgrade transparency, or face another setback and ordeal similar to 1997. The presidential election of 2007 and the general election of 2008 will be a principal touchstone for Korea's accumulated anti-corruption effort during the last 10 years.

After the 1997 financial crisis, Korea abolished the existing anti-corruption policy and established a new anti-corruption system. Due to failures of the public, political, and economic sectors to fight corruption, which led to overwhelming pressures from not only the international community but also from the local civil societies, Korea's only choice was to immediately tackle corruption and raise transparency.

Korea has made relentless efforts to raise transparency and anti-corruption in various ways, which were neglected during the rapid economic development period of the past. By introducing and revising anti-corruption law, ethics law for public officials, political law, law on outside auditors, and transparency of governance and accounts for the economic sector, the corruption-triangle of the political, public, and economic sector lost their institutional ground. As a result, not only institutionally, but also culturally, transparency in Korean society remarkably improved.

2007 was a crossroad for Korea's transparency. The nation could continue to upgrade transparency, or face another setback and ordeal similar to 1997. The presidential election of 2007 and the general election of 2008 will be a principal touchstone for Korea's accumulated anti-corruption effort during the last 10 years.

Unlike the previous public-centered and penalty-oriented anti-corruption policies, the K-PACT provided a comprehensive and voluntary coalition movement to improve transparency in Korea. The K-PACT Council set the year 2007 as the laying and development period of the K-PACT and made an effort to establish transparency in Korea at a sustainable level that is comparable to other advanced countries. In this respect, the K-PACT Council's task for 2008 will be closely linked to the task of Korea's effort to bring about a transparent society.

1. Evaluation of the K-PACT in 2007

1) Achievements of the K-PACT in 2007

First of all, the main achievement involved is developing social issues in regards to all matters related to transparency. The K-PACT Council conducted monitoring against corruption in the legal field, demanded disclosure of information from the local governments to raise their financial transparency and operation, recommended legislative improvement for ratification of the UN Convention Against Corruption, along with handling other social issues related to transparency.

Secondly, the K-PACT expanded the term of "transparency" for the public. Various regions and cities signed it, including the forest field, which broadly contributed to raising public awareness on transparency.

Third, by developing various coalitions and supporting activities across diverse sectors and

fields, the K-PACT Council reinforced the capability to implement transparency.

Fourth, in order to prevent corruption during the early stages and establish transparency as a social value, we developed various programs, such as education, surveys, and public relations' activities on anti-corruption and transparency. By doing so, the K-PACT Council developed an environment for anti-corruption culture.

Fifth, the K-PACT Council developed and proposed increased scientific analysis and alternative proposals regarding the level of corruption in Korean society. It conducted systematic research not only on corruption in general, but also for public officials, people in the social leadership class, and local governments. Together with experts of each field, it proposed tasks for each respective field, and made alternative proposals for a long term agenda.

Sixth, the K-PACT Council facilitated a coalition and activated a network to build a transparent society across various sectors, fields, and regions.

Seventh, by reporting on anti-corruption and raising transparency efforts for the global community, the K-PACT Council contributed to the improvement of the international credit rate of Korean society. The K-PACT Council introduced Korea's effort to improve transparency to the UN, OECD, APEC, Germany, the United Kingdom, Indonesia, Thailand, Mongolia, and Hong Kong.

2) The Limitations of the K-PACT in 2007

The K-PACT still has substantial limitations. In the case of some sectors and fields who do not yet have secretariats, although they signed the K-PACT, their follow-up measures and implementations are insufficient.

Secondly, the K-PACT still faces immaturity concerning the governance problem. The K-PACT Council had difficulty in bringing as much consensus, coalition, and synergy effects as it wished.

Third, limitations are due to a lack of promotion for voluntary participation to raise transparency, which hinders effective organizational abilities. The K-PACT Council showed its limitation of capability to provide various merits and incentives for the sectors, fields, and regions that signed and are actively involved in the K-PACT

Fourth, the K-PACT Council had difficulties in retrieving effective feedback regarding important pending questions. Having consensus and the K-PACT as its action tools, the K-PACT Council encountered challenges in dealing with urgent matters and participants' feedback.

Fifth, the K-PACT Council were not able to concentrate and effectively distribute our work. Although it needed a long term plan of operation in order to maximize the implementation effect of the K-PACT, it was not fully ready to perform such a plan smoothly.

2. The Current Assessment of Korea's Transparency and the K-PACT

Some of the corruption indices announced this year clearly show the task and level of transparency in Korean society.

According to the 2007 WEF's announcement on GCI (Global Competitiveness Index), Korea ranked 11th, indicating 12 stages of improvement compared to 2006.However, as we will see in the table below, a lack of transparency and corruption creates a negative effect on Korea's GCI. From the 2007 GCI, we can learn the following lesson: In order to improve the transparency of Korean society, we should make an overall effort, rather than concentrate on only one sector or field.

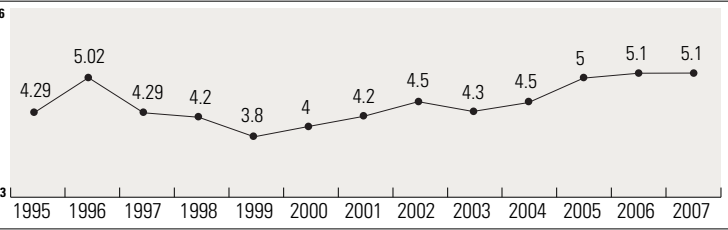
The GCI Disadvantage Fields of the WEF

Public, Political, and Legal Fields	Score	Economic Field	Score
Diversion of public funds	26	Ethical behavior of firms	25
Transparency of government policy- making	34	Strength of auditing and reporting standards	35
Favoritism in government officials' decisions	15	Protection of minority shareholders' interests	31
Wastefulness in government spending	22	Efficacy of corporate boards	30
Judicial independence	35		
Efficiency of legal framework	28	Soundness of banks	69
Public trust of politicians	22		

According to Transparency International's 2007 Corruption Perception Index, Korea scored the same as last year, 5.1. Apart from a temporary decline in 2003, the CPI score of Korea has improved steadily up to 2006. In 2007, the CPI score stagnated.

Corruption Perceptions Index of Transparency International

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Score	4.29	5.02	4.29	4.20	3.8	4.0	4.2	4.5	4.3	4.5	5.0	5.1	5.1
Rank	27	27	34	43	50	48	42	40	50	47	40	42	43
Countries	41	54	52	85	99	101	91	102	133	146	159	163	180



In 2006, the K-PACT Council announced its challenges and tasks for advanced transparency as stated below.

Challenges in Achieving Advanced
Transparency

The first obstacle faced by Korean society in becoming a sustainable, advanced transparent society is the repulsion of existing inertia. In other words, a corruption friendly culture, such as cronyism or paternalism and past dishonest customs, tolerated corruption at all levels. The second obstacle is the generation of the distorted desire of an underdeveloped society to become advanced in the process of transitioning into a developed society. In otherwords, the potential social desire to tolerate corruption if it will enable entry into a more materialistically rich and comfortable state can become a formidable obstacle in establishing a sustainable, advanced society.

Tasks for Achieving Advanced
Transparency

The following three tasks must be achieved to establish an advanced society. First, the strengthening of fundamentals. This includes the normal operation of checks and balances, fairness in law enforcement, and the establishment of transparency. Second, the strengthening of the core. In other words, establishing transparency in policy decision-making procedures and units, as well as in authoritative sectors, such as political, public, private, and legal. This also includes expanding the foundation of transparency to all sectors of society. Finally, the strengthening of social culture. Specifically, the establishment of a transparent social culture and the expansion of voluntary efforts to improve transparency.

The anti-corruption strategy should be changed as follows: From the public-oriented to the horizontal network-centered; from the system-oriented to the overall approach; from the center-oriented to the balanced style between the central organizations and the local organizations.

	Existing Anti-Corruption Strategy	New Anti-Corruption Strategy
Sphere	Public Sector	<< Other Sectors and Fields
Aim	Stabilization of Political Power +Improvement of Public Trust	<< Sustainable, Advanced Society + Raise Reliability of Korean Society
Main Body	The Government	<< Anti-corruption Stakeholder
Targets	The Government Agencies, Public Officials	<< The Government, Political Parties, Economic Sector, and Civil Societies
Strategy	Separated Policy (+Improving System) ÷ The Government-oriented	Improving System + Social & Cultural << Reforms + Individual Variation ÷ Governance of All Sectors & Fields
Trans- parency	Good	<< Essential

3. Tasks for the K-PACT in 2008

From 2000 onward, the global dimension of anti-corruption measure was systemized along with the verification process. Reinforce monitoring on the OECD Anti-Bribery Convention, and tighten sanctions on any violators of this convention. As ratification of the UNCAC increased

rapidly throughout the world, the global dimension of anti-corruption cooperation has been spreading.

(2) Spreading of Anti-Corruption and
Transparent Society Trend

Having seen various corruption scandals in the later part of the year, the K-PACT Council reconfirmed the importance of implementing an anti-corruption policy against unethical relations between politics and business.

(3) Greater Demand for Social Transparency

As can be seen in the scrupulous verification process of public hearings for high officials, Korean society has become intolerable towards corruption both socially and psychologically. Corruption is not accepted anymore as witnessed in the strengthening of election laws and internal rules for prosecutors. With the threshold of corruption lowered, expectations for greater transparency are increasing. While gradual, socio-cultural advancements are being made.

(4) Increase of Voluntary Responsibility

Another social change that the K-PACT must be conscious of in 2008 is the increase of voluntary responsibility. In 2008, the expansion and strengthening of voluntary responsibility and ethics standards, such as the establishment of codes of ethics or codes of conduct in the government, political, and business sectors, will increase.

(5) Change of Participants and Environment
of the K-PACT

In 2008, the participants of the K-PACT in the public and political fields will change significantly. In addition to the introduction of the strengthening of voluntary capabilities and major anti-corruption systems related to the K-PACT, the three basic conditions constituting the K-PACT must be changed. There is a need to change the weight among system improvement, voluntary responsibility, and environment improvement.

2) Tasks for the K-PACT in 2008

In considering the overall environment in 2008 for the K-PACT - the history of the K-PACT, the results and limitations of 2007, and the current status and tasks for transparency in Korea - the basic direction in 2008 can be summarized as 1) the solidification of K-PACT results, 2) quick response to the change in K-PACT participants and environment, 3) gradual evolution of the transparency strategy for Korea, and 4) the strengthening of capabilities for transparent society networks and individuals.

(1) Strengthening of K-PACT Execution

To strengthen the execution of the K-PACTs, an analysis of the K-PACT status is needed, as well as enhancement and establishment of an evaluation framework for executive networks.

- Completion of a K-PACT implementation - evaluation - recommendation - collection system
- Overall assessment of the level of K-PACT implementation by an evaluation of 2007
- Preparation of an implementation roadmap for unperformed tasks, such as the establishment of a body for high officials, the establishment of the National Assembly Special Committee on Ethics, and clemency or pardons
- Strengthening of the action plan, such as activities focused towards the National Assembly, public opinion generation, and the organization of related networks for the implementation of

1) Background of the K-PACT in 2008
(1) Strengthening of the Global Dimension of
the Counter Plan Regarding Transparency

unperformed tasks

- Strengthening the implementation of individual tasks for the K-PACT Council network, such as the UN Global Compact and UN Convention Against Corruption

**(2) Improvement of Environment for a
Transparent Society**

In 2008, the K-PACT Council will focus on the following tasks to improve the environment for a transparent society.

- The evaluation of the overall transparency in Korea
- Measurement of the economic and social results of transparency systems introduced after 1997
- Proposal and expansion of evaluation criteria to raise the level of integrity of social leaders
- Expansion of transparency education through the strengthening of educational infrastructure

**(3) Greater Network Role of the
K-PACT Council**

To overcome the limitations of governance and to increase voluntary capabilities, it is necessary to solve the problems of 2007 and achieve the tasks of 2008. This begins with a greater network role for the K-PACT Council.

**(4) Quick Response of the K-PACT on
Changes in Participants and Environment**

In order to respond to short-term changes in the environment, such as the 2007 presidential election and the 2008 general elections and long-term changes in the environment, the following must be established in 2008: Anti-corruption systems and verification strengthening on a global level, internal changes such as those within the K-PACT, and the establishment of a quick response system.

- Proposal of transparency tasks for 2008 in each field
- The organization of a Transparent Society Presidential Campaign Pledge Implementation Evaluation Team and the strengthening of monitoring activities
- The strengthening of voluntary efforts of each sector, field, and region in 2008
- Collection of the agenda of each sector, field, and region for a K-PACT upgrade in 2008
- The strengthening of K-PACT capabilities corresponding to global trends, such as the strengthening of citizens' capabilities and public-private sector cooperation

**(5) Creation of Foundation to Realize
the K-PACT Vision**

On March 9, 2007, the K-PACT Convention adopted the Transparent Society Vision 2020. The K-PACT Council will take preparatory steps to realize this vision in 2008.

- The strengthening of an expert pool on transparency issues and the establishment of a quick response system focused around alternatives
- Proposal of a step-by-step roadmap to achieve the Transparent Society Vision 2020

**(6) Strengthening of Transparency Strategy
Focused on Improvisation**

In line with the new developments and strategy of strengthening improvisation in transparency efforts, the K-PACT Council will set the following tasks in 2008 to accelerate this trend.

- Evaluation and improvement of the effectiveness of previous systems to raise transparency
- Strengthening of voluntary ethics initiatives focusing around professional occupations
- Expand the social network to provide incentives to people of integrity