
KEYNOTE SPEECHES

The Anti-Corruption Initiative

Seiichi Kondo

I am pleased to welcome you to Seoul for the second annual conference of the Asian Development Bank/Organisation for Economic Co-operation and Development (ADB/OECD) Anti-Corruption Initiative for Asia-Pacific. I would like to thank the Government of the Republic of Korea (henceforth referred to as Korea) for hosting this important event, which specifically targets corruption in the Asia-Pacific region in the new millennium.

This conference brings together an impressive gathering: senior politicians, officials, anti-corruption experts, and civil society leaders representing citizens' interests in integrity in government and transparency in the private sector. I am sure that this conference will support the development of concrete principles, strategies, and commitment to fighting corruption and safeguarding integrity. I am honored to be part of this meeting.

In the past few years, OECD countries and countries of the Asia Pacific region have recognized the negative economic and political effects of corruption. Corruption has crossed the divide between North and South, leaving as victims in its wake countries' citizens, institutions, and democratic processes. Effective action requires a broadly based approach that involves all countries and, within them, all social partners: government, civil society, enterprises, trade unions, and the media. Only by acting together can we safeguard our common interest in promoting respect for the rule of law and protecting our citizens from corruption.

THE ADB/OECD ANTI-CORRUPTION INITIATIVE

About 14 months ago, leaders from more than 35 nations and international organizations assembled in Manila at a conference jointly sponsored by the ADB and the OECD to launch a unique partnership between countries of the Asia-Pacific region and the international community: the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific. At this meeting the countries' representatives agreed to develop comprehensive national strategies for combating corruption, improve conditions for international investment, and develop public-private partnerships to promote integrity and greater transparency, while the international community representatives pledged to define a regional anti-corruption agenda.

The objectives of this conference are to report on progress achieved since the Manila meeting, deepen understanding of the problem by focusing on corruption-prone areas, and lay the groundwork for strategic partnerships. To achieve these objectives the meeting will debate the following topics:

- How to tackle corruption in corruption-prone areas
- How to implement international standards of integrity in government and businesses
- How to achieve good public and corporate governance and how to improve disclosure and accountability in government and business operations
- How to generate support for anti-corruption initiatives through business groups, civil society, the media, and aid agencies.

IMPORTANCE OF REGIONAL COOPERATION

Fighting corruption is a complex undertaking. In an increasingly interdependent world, regional cooperation can be a powerful policy tool for curbing corruption as shown by the experience of the OECD countries, which negotiated the Convention on Bribery in International Business Transactions and adopted the Recommendation on Improving Ethical Conduct in the Public Service.

Good public sector and corporate governance can play an important role in promoting stable economic, social, and political environments. Reducing corruption can also help eliminate distortions in resource allocation and enhance competition in the marketplace. The OECD anti-corruption instruments attempt to address these issues both from the supply side, by taking action against bribe givers and promoting ethical standards in business, and from the demand side, by working on public service ethics and governance.

Because this conference draws on the collective experience of both OECD and Asian and Pacific countries, I am confident that it can help the region's nations review the different tools that governments, businesses, and civil society can use to prevent corruption and promote integrity. Korea can take particular pride in its comprehensive anti-corruption program and the high-level political support it gives to the fight against corruption. By sharing the example of this successful national anti-corruption initiative, it can provide useful lessons and experiences for others.

THE PRIVATE SECTOR AND CIVIL SOCIETY

Governments cannot fight corruption alone. The private sector and civil society are critical players in the fight against corruption and since the 1997 financial crisis, civil society activity in Asia and the Pacific is clearly on the upswing. While this is encouraging, much more needs to be done.

LEADERSHIP AND PARTNERSHIP

Fighting corruption requires both leadership and partnership. It requires many leaders in national and local governments, in the judiciary and security forces, in the tax administration, in corporations, and among citizens in every community. It also requires partnership. When we look at today's most successful societies we find densely integrated networks of public and private activity. Such partnerships draw on the shared interests of citizens, businesses, elected officials, and civil servants. They all aim at breaking up the monopolies, the unchecked discretion, and the lack of accountability that lie at the heart of corruption.

On behalf of the conference organizers, I would also like to thank our many partner organizations, which have become major players in corruption prevention, for their assistance. The Department for International Development of the United Kingdom, the Konrad Adenauer Stiftung, the United Nations Development Programme, and the US Agency for International Development played an important role in putting together the sessions on the media and civil society and securing the participation of representatives of nongovernment organizations and the media. The Pacific Basin Economic Council provided invaluable assistance in identifying appropriate private sector participants. Other donors and nongovernment organizations, including the National Development Institute, Transparency International, and the World Bank, also provided assistance and advice.

Combating Corruption in the New Millennium

Byoung-Woo Ahn

Following the 1997 financial crisis, Asian countries recognized corruption as a serious problem that hinders the development of democracy and market economies. Increasingly governments in the Asia-Pacific region began to share this view with the OECD, the ADB, the World Bank, and other international organizations, and embarked on efforts to uproot corruption.

In Korea, corruption has been one of the primary obstacles to economic development. In response to Koreans' desire for a corruption-free society, in August 1999 the government set up a number of comprehensive anti-corruption programs. These programs are based on three basic principles: the emphasis should be on prevention rather than on punishment, the approach should be comprehensive and systematic, and the feasibility and effectiveness of programs should be given priority. Under these principles, the government has adopted the following three strategies to maximize the programs' effectiveness:

- Establishing an anti-corruption infrastructure that will enable Korea to fight corruption systematically and consistently
- Promoting administrative reforms in corruption-prone areas such as law enforcement, the construction industry, tax administration, housing, environmental management, and the food and entertainment industry
- Building local and international partnerships among governments, enterprises, and civil society.

The Presidential Commission on Anti-Corruption was established in October 1999 to oversee the implementation of the anti-corruption programs. It has been engaged in setting up educational programs and publicity campaigns.

The Basic Law on Anti-Corruption, currently under review by the National Assembly, is expected to be enacted in 2001. The law protects whistle-blowers, provides a code of conduct for civil servants, and promotes public information campaigns to strengthen public awareness of the need to fight corruption.

Finally, the government raised the salaries of government officials to discourage them from taking bribes.

One of the most effective initiatives for securing transparency is Seoul's Online Procedures Enhancement for Civil Applications, which will be adopted nationwide. This system makes administrative practices vulnerable to corruption open and transparent.

In March 2001 the government planned to announce anti-corruption measures in seven additional areas: education, budgeting, administration of public subsidies, government procurement, and various aspects of local government. The government is also developing a corruption statistics infrastructure to indicate whether it is making progress against corruption.

Civil and business society have begun to participate actively in the government's anti-corruption efforts. In addition, Transparency International has now established a chapter in Seoul.

Korea is also strengthening its role in international cooperation against corruption. The National Assembly ratified the OECD's Anti-Corruption Convention and enacted relevant national law for implementation in February 1999, a bill to prevent money laundering is currently under review at the National Assembly, and the authorities are working with the World Trade Organization to increase transparency in government procurement activities.

The results of these efforts have been encouraging. For instance, in a recent survey 78 percent of respondents believed that corruption had been substantially reduced since 1999. The National Tax Service and the National Police Agency have seen a sharp drop in corruption charges.

While Korea's anti-corruption efforts are making progress, the reform process is still at an initial stage, and much remains to be done.

The Fight against Corruption: How a Regional Development Bank can Help

John Lintjer

Centuries old attitudes toward corruption in the Asia-Pacific region are changing, and today corruption is seen as the most important obstacle to development in the new millennium. Only a decade ago corruption was still treated in a relatively relaxed way, and sometimes even valued as an indispensable lubricant for economic growth. The main reason for the new attitude is the unprecedented change in the world's technical environment. Technological advances and information and telecommunications innovations now link regions, countries, governments, the private sector, the financial sector, and civil societies in a process commonly referred to as globalization. While globalization is a new phenomenon, the region has already had the doubtful privilege of experiencing the first crisis resulting from globalization: the 1997 Asian financial crisis, a crisis of confidence and of credibility that affected some of the fastest-growing economies in the region, one in which corruption and the lack of good governance played a determining role.

The costs of corruption are high, and in a globalized world will become insurmountable. No longer are these costs limited to the unequal distribution of wealth in a society and a lack of essential public services for the deprived. To alleviate the disproportionate burden on the poor segments of society resulting from corrupt behavior already constitutes a major challenge for the ADB and other development partners, but in addition, the effects of globalization, if not properly addressed, threaten the region's prospects for economic development. The ease with which foreign direct and portfolio investors and speculators can move money into and out of countries in the region might engender financial crises of unprecedented proportions, and preventing this from happening is an important challenge. Thus the region has to build up its credibility within the context of globalization, and based on transparent and well-functioning institutions, which while they can maintain their diverse Asian characteristics, must be based on the rule of law.

The quality of both public and corporate governance will increasingly determine both the quality and the quantity of a country's economic growth. The rule of law, the adoption of the right legal framework and of the necessary legislation, and the predictable implementation of the law are crucial. In addition, good corporate governance is important for shareholders and other

stakeholders in a company, particularly for its access to new sources of financing.

In October 1995 the ADB adopted a policy on governance that specified four necessary conditions for good governance: transparency, accountability, predictability, and participation. Three years later the ADB supplemented this policy with its anti-corruption policy.

The ADB's anti-corruption policy is centered on the following three objectives:

- Supporting competitive markets and public administration reform, that is, efficient, effective, accountable, and transparent public administration
- Supporting promising anti-corruption efforts and anti-corruption legislation in member countries on a case-by-case basis, for example, by supporting the establishment of dedicated national agencies to combat corruption
- Ensuring that ADB-financed projects and ADB staff adhere to the highest ethical standards.

The ADB intends to intensify its efforts to promote accountability mechanisms in the Asia-Pacific region. While the individual countries are in the driver's seat, as the regional development bank, the ADB is in a privileged position to take the lead role in supporting countries' efforts to combat corruption.

The ADB's specific medium-term objectives are

- To strengthen efforts to elevate accountability issues to the top of the development agenda in the region's countries. This is essential, because raising awareness about the issues is indispensable to efforts to prevent and combat corruption.
- To develop a consensus on country benchmarks embedded in a regional context, on codes of conduct and best practices, and on indicators of accountability. Often a lack of action is not equivalent to a lack of willingness to fight corruption.
- To support efforts to enhance the quality of governance in individual countries through structured and expanded sets of activities on a case-by-case basis.

To achieve these objectives, the ADB will develop a regional program of governance and anti-corruption initiatives, with the aim of identifying and implementing effective methodologies, demonstrating the positive impact of good governance, and creating momentum for an expanded set of activities.

The ADB will base its work with individual member countries on structured and comprehensive assessments of the overall governance issues in collaboration with domestic civil society and other development agencies. While the ADB's action plan to combat corruption in the region is ambitious, together with its strong allies in the member countries, the plan is to eradicate this most taxing burden on society.