
Part V

CONCLUSIONS

Promoting Regional Cooperation in Corruption Prevention

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Corruption is a global problem and exists everywhere, in the private and public sectors, in rich countries and poor. Bribery takes place in all kinds of businesses, local as well as international. Thus corruption is not only a national, but also an international problem. Some countries have succeeded in tackling this problem; others have not. Why did some succeed while others failed? Most likely the unsuccessful countries lacked sufficient political will and local mechanisms such as effective programs and infrastructure to prevent corruption. In some other instances the momentum needed to curb corruption has not been sufficient. Local ability to combat corruption might have been constrained either by a lack of resources, a lack of skills, or insufficient efforts.

In these circumstances countries will be able to cope with corruption more effectively through either international or regional cooperation. International cooperation can provide countries with the resources necessary to initiate anti-corruption programs. It can also help individual countries develop the necessary political will and mechanisms. International cooperation can be bilateral in the form of assistance by international organizations or multilateral in the form of regional cooperation among neighboring countries. International society can play an important role by providing aid to support democratic reforms, more competitive economies, and improved governance.

Some encouraging examples of regional cooperation are available. In March 1996 the Organization of American States (OAS) adopted the Inter-American Convention against Corruption in Caracas, Venezuela. Of the OAS's 34 members 26 signed the convention. Recognizing that corruption is one of the major obstacles to business and to economic development in Latin America, the OAS General Assembly adopted the Comprehensive Plan against Corruption at its meeting in Lima, Peru, in June 1997. Under the plan the OAS will provide support to its member countries and cooperate with local

governments and with other international organizations to prevent and control corruption.

Similarly, in February 1999, 11 African countries meeting in Washington, D.C. adopted 25 principles to combat corruption. They emphasized national action and encouraged countries to develop strategies in accordance with national realities and circumstances. The principles cover prevention, enforcement, public participation, and the establishment of government-to-government mechanisms to monitor the implementation of these principles. At the Ninth International Anti-Corruption Conference held in Durban, South Africa, in October 1999, African countries agreed to integrate the 25 key principles into the national policy frameworks of states that are committed to fighting corruption.

THE KOREAN EXPERIENCE

Korea's experience provides an example of international cooperation supported by an international organization, namely, the World Bank. Since the 1970s various Korean administrations have tried to eradicate corruption by introducing such mechanisms as the Public Servants' Ethics Law, the Freedom of Information Act, and the Real Name Accounting System. However, these efforts were largely limited to measures taken after the fact, such as the detection of corrupt activities and the ensuing punishment of public officials. The failed attempts to combat corruption were an outcome of a lack of preventive measures and political will.

Many believed that the financial crisis that engulfed Korea in 1997 could be largely attributed to societywide corruption. As a result, Koreans wanted more decisive and comprehensive government measures against corruption. To ensure further economic growth and to successfully implement political and economic reforms, first stamping out corruption was imperative.

Soon after President Kim Dae-Jung's inauguration in February 1998, Korea implemented various initiatives to combat corruption, initially focusing on the public sector. In 1998, the government carried out a nationwide anti-corruption campaign to find and punish corrupt government officials. As a result thousands of government officials were fired, arrested, and/or prosecuted.

Many Koreans thought that detecting and punishing offending government officials was more effective than any other means of curbing corruption. Some of them have still not recognized the importance of carrying out systemic improvements to prevent corruption. In addition, Korea was not ready to allocate resources to establish any anti-corruption programs; it had little budget for them and lacked know-how and experts.

Under these circumstances, in 1998 the World Bank offered Korea a grant for developing anti-corruption programs. Korea accepted this offer and initiated the first stage of its anti-corruption programs. This stage involved reviewing both the extent and causes of corruption and the current corruption control system so as to build a more effective system. A priority was to carry out administrative reform in corruption-prone areas to improve transparency, accountability, and the integrity of public officials.

Soon, however, the government realized that Korea had neither the expertise nor sufficient know-how to formulate strategies and concrete countermeasure. While the government was aware of Hong Kong, China's; and Singapore's success in fighting corruption, detailed information was not available. Nevertheless, the government completed Korea's first comprehensive anti-corruption programs, which were based on three strategies: promoting administrative reforms in corruption-prone areas, establishing an anti-corruption infrastructure, and expanding citizen participation in anti-corruption efforts.

The programs were announced in August 1999 and have been undergoing implementation since that time. They include the establishment of a presidential committee on anti-corruption, the passage of new legislation on corruption prevention, the protection of whistle-blowers, an increase in salaries for public servants, the adoption of online procedures for interaction between the public and the civil service, and tax deductions for credit card payments. The Korean government is now preparing the second stage of its anti-corruption programs.

THE NEED TO IMPROVE INTERNATIONAL AND/OR REGIONAL COOPERATION

There is no doubt that the World Bank grant helped the Korean government initiate comprehensive anti-corruption programs. Thus Korea's experience demonstrates that international cooperation can provide not only financial assistance, but can help engender the momentum to initiate the fight

against corruption. Furthermore, international organizations can play an important role by taking initiatives in preparing for an international convention such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

The success of regional cooperation in both South America and Africa shows that this is a time of opportunity for the Asia-Pacific countries to try to tackle the problems of corruption together. Most of the region's countries recognize that corruption should be eliminated to build more just and fair societies and to promote economic growth; however, because of cultural differences and because of the range of stages of economic development, their political will and strategies to fight corruption might differ. Furthermore, some countries clearly do not know what steps to take, others have neither the requisite resources or skills, and others may simply lack the momentum to initiate any anti-corruption plans. In this situation, neighboring countries should try to help each other and to work as a group rather than as individuals.

Proposals for Institutionalizing Regional Cooperation

The countries in the Asia-Pacific region do not have a convention or scheme for dealing with corruption at the regional level. To organize regional cooperation effectively both to prevent corruption and to enforce anti-corruption measures, the Asia-Pacific countries need to move toward institutionalization as seen in other parts of the world. This would be particularly useful in, for example, extradition procedures and the exchange of information on best practices and experiences. Those countries that are working hard in the fight against corruption should participate in drafting a convention and creating a regional organization such as an Asia-Pacific anti-corruption council.

The convention would include the basic framework and principles for countries to follow. The council could be organized within the framework of the Asia-Pacific Economic Cooperation, and could seek to promote anti-corruption cooperation in the region by facilitating the exchange of information, experts, and know-how.

International conferences and workshops could broach the idea of developing national strategies against corruption and provide examples and technical assistance to help other countries design their own strategies and programs. The council could organize conferences, seminars, and workshops on anti-corruption themes so that participants from member countries could discuss and share experiences and develop national strategies and programs

for reducing corruption; help assess countries' anti-corruption efforts and the level of cooperation among countries; identify best practices and publicize them; and establish an accessible regional information center and database on anti-corruption initiatives.

A permanent funding source for anti-corruption programs in the Asia-Pacific region would greatly benefit the promotion of public integrity throughout the region. I therefore recommend that we consider creating a fund in cooperation with such international organizations as the ADB and the World Bank. If a significant number of countries agree to this proposal, Korea will contribute to the fund. I hope that other Asia-Pacific countries and international organizations will participate in such an effort.

Initiatives

The enthusiasm and determination to fight against corruption shown by the participants at this conference will certainly contribute to uprooting corruption in the Asia-Pacific region and makes it all the more important that we devise an effective mechanism for institutionalizing regional cooperation as I have suggested. This will obviously take time; however, given the potential of such regional cooperation for stamping out corruption, we should begin the process now.

I announced at this conference that the Government of Korea is ready to cooperate with any countries or international organizations, either bilaterally or multilaterally, in sharing its experience and know-how and in exchanging personnel. In recent years Korea has acquired a good deal of experience with anti-corruption measures and would be happy to share this information. Collaboration and cooperation at the regional level will strengthen the capacity of individual countries to fight corruption. Let us work together to combat corruption and eventually uproot it from the Asia-Pacific region.

In 2003 Korea is planning to hold a large anti-corruption conference in Seoul. It will host both the Global Forum III and the 11th International Anti-Corruption Conference simultaneously. On consultation with the parties concerned, Korea plans to try to merge the two conferences.

Conference Conclusions and Recommendations for Action

Conference participants generally agreed and acknowledged that corruption is highly detrimental to the stability of all democratic institutions, erodes the rule of law, undermines citizens' trust and confidence in the fairness and impartiality of public administration, discourages domestic and foreign investment, harms countries' competitiveness, distorts the allocation of resources, hampers economic growth, and undermines poverty reduction efforts. They agreed on the need to fight all types of corruption at all levels.

Priority Measures

Delegates reaffirmed that political commitment at the highest levels is necessary, and agreed on the following priority measures:

- Taking effective measures on the basis of existing international instruments and standards, in particular, those of the OECD, the United Nations, the World Trade Organization, and the Global Anti-Corruption Forum
- Promoting good governance through legal, structural, and administrative reforms for better transparency and accountability of public administrations
- Strengthening the rule of law by ensuring the independence of investigative and judiciary bodies
- Promoting integrity in business operations through the enactment and effective enforcement of laws and regulations and the development of an anti-corruption corporate culture
- Developing proactive strategies to promote citizens' participation in anti-corruption efforts.

Regional Co-operation

Regional cooperation was generally recognized to be a powerful tool to support national efforts to curb corruption. Thus delegates agreed to continue to develop their cooperation on the priority areas identified at the Manila conference and to include the following topics in the agenda of future meetings: combating political corruption; promoting the integrity and independence of judicial systems; strengthening national audit institutions; and involving professional organizations, such as organizations for lawyers, accountants, and engineers, in the fight against corruption.

The participants called upon governments from inside and outside the region and international organizations to provide support and assistance in drawing up and implementing anti-corruption strategies at the national and regional levels. Furthermore, they welcomed the proposal made by the Government of Korea for countries in the region to develop a regional anti-corruption compact to promote cooperation to combat corruption both in terms of prevention and enforcement.

Implementation

To implement this initiative, the following mechanisms have been agreed on, to be taken in the framework of the ADB/OECD Initiative:

- *Annual conferences.* The purpose of the annual conferences is threefold:
 - To exchange experience among governments, business, and civil society organizations active in the fight against corruption in the Asia-Pacific region
 - To foster regional cooperation in combating corruption and poverty
 - To evaluate progress and problems encountered in the implementation of anti-corruption programs on the basis of country reports and case studies.
- *Knowledge sharing and capacity building.* The East Asia and Pacific Region of the World Bank joined the ADB-OECD initiative to promote knowledge sharing and capacity building activities using the distance learning centers, which are part of the Global Distance Learning Network initiative of the World Bank. The ADB and OECD plan to further expand the initiative's web site for the purpose of exchanging information and facilitating electronic discussion between the annual conferences.

- *Technical cooperation.* International organizations and governments participating in the ADB/OECD Initiative endeavored to provide assistance for capacity building within the region to develop and implement anti-corruption programs. The co-chairs welcomed the proposal of the Korean government that a special fund be established under the auspices of the initiative and hosted by the ADB. Donor countries and organizations are encouraged to contribute to this fund.