

South Korea

2015 Country Summary

Recommendations

South Korea's GI ranking in Band C places it in the moderate risk of corruption category. The country's lowest corruption risk areas are Personnel and Political (both Band B). The highest corruption risk area is Procurement (Band D).

The Korean Government completed a government review of the GI 2015 research, which shows a willingness to open dialogue with an international NGO on defence corruption issues. To reduce corruption risk, TI suggests the following reforms of the security sector to build integrity.

Enhance Independence of External Oversight Mechanisms

The country's defence institutions are characterised by a high level of transparency. There is visible commitment to dialogue with the public, which is seen through public consultations on the development of defence policy and the involvement of think tanks in public debates. However, this framework for accountability is hindered by a lack of independence and activity by external oversight mechanisms.

There is also a need to improve defence procurement systems. Corruption in the defence procurement destroys public trust and wastes stretched public resources. But more importantly when the wrong or faulty equipment is bought it can cost lives or risks national security. The joint investigation team established to look into corruption in the defence sector has pointed to the lack of effective oversight systems, alongside collusion between former and incumbent officials. The government should look at options to strengthen and increased the capacity of external audits - the Bureau of Audit and Investigation (BAI) has been important in uncovering issues, but there are still concerns that its independence is limited by political influence. A more active and independent BAI, which publishes detailed findings which are then scrutinised by a dedicated and well resources parliamentary committee would increase public trust and provide an important deterrent to corrupt activity.

The government could also consider whether the powers of the Defence Ombudsman might also be strengthened to allow greater proactive independent oversight.

Improve Whistleblower Protections

While legal systems to facilitate whistleblowing and to protect whistle-blowers are in place, is likely that the military culture still views whistleblowing as an act of disloyalty and potential witnesses to wrongdoing may fear retaliation in coming forward. In response to

recent investigations, the MOD has put in place a training programme, which aims to improve protection for whistleblowers.

To improve reporting of corrupt practices we recommend that the government actively encourage whistle-blowing by reviewing whistleblowing legislation and mechanisms to ensure they are available and effective, have allegations pursued by an independent investigation unit, and put in place legal measures and mechanisms in place to rigorously defend whistleblowers.

Instigate Comprehensive Risk Assessment

The investigations into corruption in defence procurement found the main issues to be an inefficient monitoring system, collusion between former and serving officials and “blind spots” in investigations by the military. The BAI also found that state-run military research institute had conducted fake examinations of military equipment.

We recommend that a comprehensive risk assessment of Army, Navy and Air Force procurement procedures; that procurement officials be bound by strict codes of conduct regulating their engagement with former defence officials working in the defence industry and undergo building integrity training courses. The government should also consider introducing stronger restrictions on post-retirement employment options of defence personnel to avoid conflicts of interest.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	3
		Defence Committee	3
		Defence Policy Debated	4
		CSO Engagement	2
		International AC Instruments	3
		Public Debate	4
		AC Policy	3
		AC Institutions	2
		Public Trust	2
		Risk Assessments	2
	Defence budgets	Acquisition Planning	2
		Budget Transparency & Detail	4
		Budget Scrutiny	4
		Budget Publicly Available	4
		Defence Income	4
		Internal Audit	2
		External Audit	2
	Other Political Areas	Natural Resources	3
		Organised Crime Links	3
		Organised Crime Policing	2
Intelligence Services Oversight		2	
Intelligence Services Recruitment		3	
Export Controls		1	
Finance	Asset Disposals	Asset Disposal Controls	4
		Asset Disposal Scrutiny	3
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	1
		Secret Program Auditing	0
		Off-budget Spending in Law	4
		Off-budget Spending in Practice	
	Information Classification	2	
	Links to Business	Mil. Owned Businesses Exist	4
		Mil. Owned Business Scrutiny	
Unauthorised Private Enterprise		3	
Personnel	Leadership	Public Commitment	3
		Measures for Corrupt Personnel	3
		Whistleblowing	2
		Special Attention to Sensitive Personnel	3
	Payroll and Recruitment	Numbers of Personnel Known	3
		Pay Rates Openly Published	4
		Well-established Payment System	4
		Objective Appointments	3
		Objective Promotions	1
	Conscription	Bribery to Avoid Compulsory Conscription	3
		Bribery for Preferred Postings	2
	Salary Chain	Ghost Soldiers	4

		Chains of Command and Payment	4
	Values, Standards, Other	Code of Conduct Coverage	3
		Code of Conduct Breaches Addressed	3
		AC Training	3
		Prosecution Outcomes Transparent	2
		Facilitation Payments	1
Operations	Controls in the Field	Military Doctrine	2
		Operational Training	2
		AC Monitoring	1
		Controls on Contracting	3
		Private Military Contractors	4
Procurement	Government Policy	Legislation	4
		Transparent Procurement Cycle	3
		Oversight Mechanisms	2
		Purchases Disclosed	3
		Standards Expected of Companies	2
	Capability Gap	Strategy Drives Requirements	4
		Requirements Quantified	3
	Tendering	Open Competition v. Single-Sourcing	1
		Tender Board Controls	3
		Anti-Collusion Controls	2
	Contract Delivery / Support	Procurement Staff Training	1
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	3
	Offsets	Due Diligence	0
		Transparency	1
		Competition Regulation	1
	Other	Controls of Agents	2
		Transparency of Financing Packages	0
		Subsidiaries / Sub-Contractors	0
Political Influence		1	