

ACRC

ANTI-CORRUPTION &
CIVIL RIGHTS COMMISSION
2016 Annual Report



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ACRC KOREA

2016

Annual Report



Anti-Corruption &
Civil Rights Commission

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*Annual
Report*

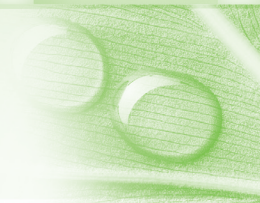


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ACRC KOREA ANNUAL REPORT 2016

Anti-Corruption & Civil Rights Commission





Greetings from the Chairperson

The Anti-Corruption and Civil Rights Commission (ACRC) is a central administrative organization to protect people's rights and interests through ensuring appropriate public service, serving as a government agency of last resort for protecting people's rights. Illegal and unjust dispositions, irregularities and corruption are described as faulty administrative service, which distorts the planned policy purpose, resulting in inconvenience, dissatisfaction, distrust and other various and complex types of complaints by the public. Therefore, to effectively prevent and remedy the faulty administrative services, there needs to consolidate mandates of prevention of corruption and protection of people's rights and interests.

With these intentions, the ACRC was launched on February 29th, 2008 through the integration of Korea Independent Commission against Corruption, the Ombudsman of Korea, and the Administrative Appeals Commission.

Since then, the ACRC has put various efforts into protecting people's rights and interests by further extending and strengthening its function in the areas of protecting people's rights and interests such as complaint handling and administrative appeals system, and implementing anti-corruption and integrity policies.

With the 10th anniversary of its launch, this publication of 2016 annual report will enable the ACRC to look back on its accomplishments of 9 year works and prepare for the upcoming 10 years.

Major accomplishments since its launch are briefed in Chapter 1, Part 1 of the book.



One of such accomplishments is the Improper Solicitation and Graft Act which was finally put into force on last September 28th. The enforcement of the law was a milestone in our efforts to root out corrupt practices linked to nepotism and favoritism in Korean society. The report describes the status of the first year of its enforcement in a separate chapter of "the Improper Solicitation and Graft Act, a New beginning as a Country of integrity."

In 2017, the ACRC will continue to push forward policies to enhance people's rights and interests with an aim to realize a transparent and fair society and trustworthy government.

The ACRC will focus on addressing people's grievances in their daily lives through on-site visits and at the same time implement anti-corruption and integrity policies that have more substance such as strengthening efforts for the Improper Solicitation and Graft Act to take a firm root in our society and expanding the support of mandatory integrity training for public officials.

The ACRC will implement policies to meet people's demands through active two-way communication with the public, and strengthen follow-up measures so that ACRC's recommendations and resolutions could bring about tangible changes.

This annual report contains the faithful record of efforts the ACRC has made so far. I hope that it can serve for the people who have an interest in ACRC's activities and be utilized as a useful material for policy development and research.

May 2017

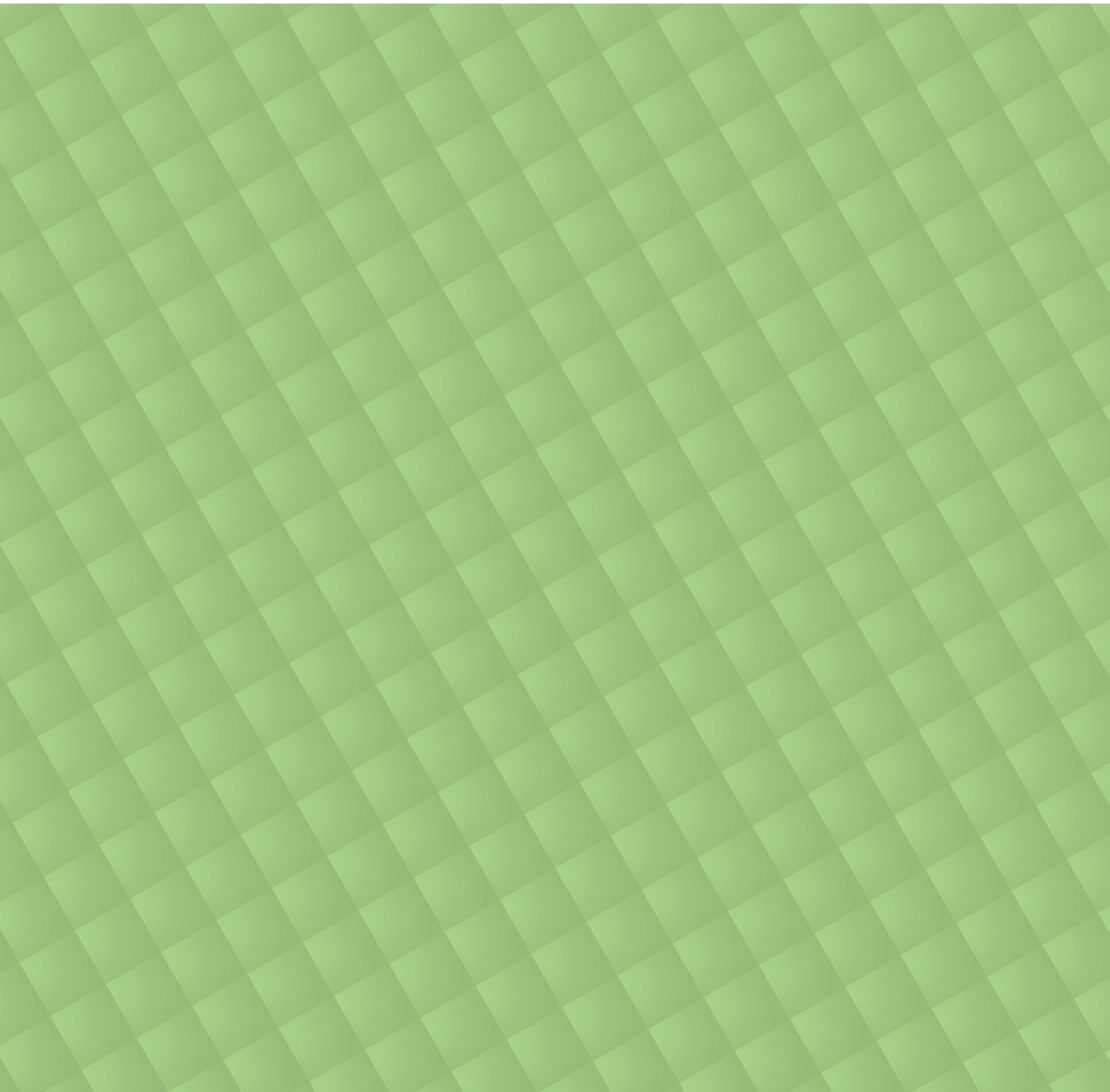
A handwritten signature in black ink that reads "Sung Yung-hoon". The signature is written in a cursive, flowing style.

Sung Yung-hoon

Chairperson

Anti-Corruption and Civil Rights Commission

Republic of Korea



Part 1

Assessment and Future Direction of the ACRC

Chapter 1. Major Achievements and Developments since the
Launch of the ACRC

Chapter 2. Establishment and Operation of the ACRC

Chapter 3. Major Local and International Cooperation
Activities

Major Achievements and Developments since the Launch of the ACRC

Section 1. Major Achievements of the Past Nine Years

The Anti-Corruption and Civil Rights Commission (the ACRC) has striven to integrate windows for protecting the rights and interests of the people by way of e-People, its online petition and discussion portal, and its government call center, for a better communication. In addition, the ACRC has protected the socially vulnerable with a field-centered approach and established individual and institutional policies for the creation of an ecosystem based on anti-corruption and integrity.

1. Vitalization of Point of Contact with Citizens

First, the ACRC has worked to integrate and connect communication windows and to improve its functionality and service.

The ACRC's government-wide petition and discussion portal known as e-People (www.epeople.go.kr) was integrated with the petition and communication windows of 910 other organizations. The 110 government call center was also integrated with 316 other organizations, providing a convenient one-stop service to citizens.

The number of organizations integrated or connected with e-People increased significantly from 20 before the ACRC's launch, to 910 in 2016. Portals of other organizations have also been connected with e-People, including Safe People in March 2015, Bokjiro in September 2015, Regulation Free in January 2016, and Facts about Korea in June 2016.

Second, the ACRC has also incorporated the voices of citizens into its policies.

The ACRC has analyzed complaints filed through nationwide communication windows on both a weekly and monthly basis since 2011. The results of their analyses, and public complaints related to livelihood and hardship, have been communicated to the relevant organizations. A total of 1,264 cases were delivered to such organizations in the past six years, of which 355 cases were utilized in the removal of complaint causing factors, thus leading to

fundamental systematic improvements.

In May 2013, e-People's Civil Proposal was reorganized as an online-offline collaborative space called the People's Happiness Center for Policy Suggestion. A total of 368,423 ideas for administrative improvements were suggested over four years, from which 14,972 cases have been selected and incorporated into policies.

In addition, e-People Policy Discussion collected 423,030 opinions over nine years. Ideas about topics related closely to livelihood, such as private education expenses, sexual violence against children and unsanitary food, were openly posted on the portal for nationwide discussion and policy development.

In order to maximize the effects of complaint analysis results, the Complaint Early Alert System was introduced in 2014, by which relevant organizations are notified if a certain complaint occurs repeatedly and is likely to spread further. A Complaint Forecast System was also adopted in 2015, through which relevant organizations are provided necessary information in order to respond in advance if a certain complaint is repeatedly filed during a specific period.

In March 2016, an idea platform for fostering participation in policy-making called the People's Idea Box was constructed. Through this platform, anyone can propose ideas and devise policy alternatives through discussion and vote. In a nine-month period, 562 ideas were posted to the platform, and 15,985 opinions were stated regarding these ideas.

2. Multilateral Remedy of Violated Rights and Interests Focusing on the Socially Vulnerable and with a Field-Centered Approach

First, the ACRC has resolved difficulties affecting public livelihood.

Between its launch in 2008 and the year 2016, the ACRC received 279,649 civil complaints, among which 34,601 cases were accepted. It has resolved 378 group complaints through on-site mediation, and has given on-

line consultations regarding 13,366 complaints from the socially vulnerable through 399 on-site outreach programs.

One example of the successful resolution of a group complaint is the arbitration regarding the connection of Iksan Station's underground roadway on the Honam KTX line to inner city streets after a four-year suspension of construction. In 2009, the Korea Rail Network Authority (KR Network) began an extension on an underground roadway connecting Iksan KTX Station from east to west; however, as the city of Iksan had failed to secure a budget for inner city streets, construction in some areas ceased. In May 2013, after a lengthy period of neglect leading to significant inconvenience to the public and the undermining of the business district, over 30,000 Iksan citizens signed a petition to the ACRC. In response, the ACRC convened an on-site meeting with the Ministry of Land, Infrastructure and Transport (MOLIT), KR Network and the government of Iksan. It was decided that MOLIT would allocate budget for infrastructure and road construction on newly extended blocks in the central underground roadway, and that the Iksan city government should proceed with construction and purchase land extending 500 meters up the road prior to construction. Construction to connect the central road began, improving the quality of life for not only the 30,000 petitioners, but for all 300,000 of Iksan's citizens.

Second, the ACRC has also provided prompt and convenient administrative appeal service.

A total of 235,687 cases for administrative appeals have been handled over nine years, among which 37,629 cases have been accepted. An Online Administrative Appeal Hub System was developed between 2013 and 2016, connecting 63 administrative trial committees representing cities and provinces. This online hub system not only allows users to monitor the overall process from filing to checking results, but it also allows organizations to more quickly and efficiently share data.

Thanks to continuous guidance and promotion, the online administrative appeal rate increased from 15.9% in 2013 to 27.5% in 2016.

3. Promotion of Anti-Corruption and Integrity Policy

First, the ACRC has established an institutional foundation.

In order to protect those who report violations of public interest that harm public health, safety, the environment, consumer interest, or fair competition, the ACRC enacted

and enforced the Act on the Protection of Public Interest Whistleblowers on September 30, 2011. Under this act, 21,844 public interest whistleblowing cases have been received and processed, and 87 requests for protection have been received. A revision of the act increased the number of legislations subject to the act from 180 to 279, and inserted new regulations to reinforce the protection of whistleblowers, including charges for compelling performance and special protection for inside whistleblowers.

The ACRC's Whistleblower Protection System was introduced as an exemplary system in the 2015 UN Guidelines on Whistleblower Protection, and has been praised throughout the international community for its achievements.

As part of a government-wide response against benefit fraud, the Government Welfare Fraud Report Center was opened in October 2013. In January 2015, the center was reorganized as the Center for Reporting Public Subsidy Fraud in order to cover all types of subsidies and prevent leakage of public finances. A total of 2,788 reports were received and resolved between the launch of the center and the end of 2016, from which KRW 98.4 billion was recovered.

In order to eradicate the abnormal culture of entertainment and solicitation and build a fair and transparent society, the ACRC enforced the Improper Solicitation and Graft Act on September 28, 2016. While surveys immediately following the passing of the bill in the National Assembly showed that just 58% of respondents approved, that number had jumped to 85% by December 2016, just two months after its enforcement.

Second, the ACRC has improved public officials' awareness of integrity.

The ACRC opened an Anti-Corruption Training Institute in October 2012, and several integrity programs have been operated in order to build a culture of integrity throughout the public service sector. Every year, 190,000 public officials receive integrity education in the center, and 370,000 public officials complete online integrity education in their own organizations utilizing the center's educational content. The revision of the Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission on September 30, 2016 made integrity education mandatory to all public officials; consequently, demand for integrity education is expected to grow in the future.

The ACRC also began to enforce the Code of Conduct for Public Officials, which was originally adopted in 2003, in a more systematic and active manner. This code has been revised four times in order to maintain relevance in a changing policy environment. In 2011, the Code of Conduct for Local Assembly Members was enacted and enforced, considering the characteristics of elected officials.

Under the Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission, anyone can report a public official's corruption or violation of a code of conduct to the ACRC, or to their own organization, and receive protection against reprisal. The ACRC has received 28,240 corruption-related reports since 2008, among which 1,394 cases were sent to the investigative authorities and 3,711 cases were forwarded to competent public institutions. A total of 165 requests have been made for the protection of corruption reporters.

Third, the ACRC has spread a culture of integrity.

The Anti-Corruption Initiatives Assessment of Public Organizations (including 266 organizations in 2016) and the Integrity Assessment of Public Organizations (including 733 organizations and 270,000 total participants in 2016) has supported the promotion of anti-corruption policies. The Integrity Assessment has received recognition across the world, winning the grand prize for Preventing and Combating Corruption in Public Service at the 2012 UN Public Service Awards.

The ACRC has also conducted the Corruption Impact Assessment, through which corruption-causing factors embedded in bills and legislation are systematically analyzed and assessed, and remedial recommendations are provided based on assessment. Both new and revision bills are subject to the assessment. Current laws closely related to public livelihood, such as the Enhancement of Transparency in Education-Related Expenditures of the Local Government (2013), and the Improvement of Collection and Transport of Domestic Waste (2014), have also been analyzed, and recommendations have been passed to relevant organizations.

Fourth, the ACRC has created a culture of integrity across society.

In September 2014, the Korean Network on Anti-Corruption and Transparency (KNACT), a public-private anti-corruption consultative group, was launched. The network includes 45 organizations and groups from four areas—civil society, local areas, public organizations, and

occupation-related groups—as well as a “Local Network” connecting the four regions of Daejeon, Daegu, Gyeongnam (Gyeongsangnam-do), and Busan. The ACRC has spread a campaign of integrity by utilizing this infrastructure and the active cooperation of both the public and private sectors.

The ACRC has also provided education on ethical management, in addition to developing an ethical management model for private companies. The Anti-Corruption Guidelines for Corporations were drawn up and distributed in December 2016 with an aim at building ethical management systems inside corporations.

4. Improvement of Systems Causing Complaints and Corruption

First, the ACRC has worked to repair systems causing complaints and inconvenience to citizens.

After reviewing reports of such unreasonable systems on e-People as well as through media coverage, the ACRC has recommended improvement in 527 cases (2,391 tasks). Some examples are the 2015 recommendation to include passport photos with documents being submitted to public organizations (e.g. driver's licenses and application forms), and the 2016 improvement of excessive marketing using brand names in the telecommunications market.

Second, the ACRC has also improved systems holding the potential to cause corruption.

Through the analysis of cases and audit data dealing with corruption and waste of budget, unreasonable systems and practices that held the potential to cause corruption were identified. Recommendations were sent regarding a total of 162 identified cases (1,583 tasks).

Examples of this type of case include the 2012 improvement of transparency in the operation of organizations invested in by local governments, the 2013 leveling of bribery charges against executives and employees of public service-related organizations and legal fictions acting as public officials, and the 2016 elimination of elements causing budgetary waste in the national scholarship program.

Section 2. Result of Integration of Organizations

The integration of several pre-existing organizations into one commission has led to a greater level of synergy. The ACRC has taken charge of resolving complaints, anti-corruption, administrative appeals, and institutional

improvement, improving the efficiency, professionalism, and effectiveness of operations. The ACRC has become the ultimate point of contact and governmental body in charge of public policy related service, anti-corruption, and integrity policy. Its positioning in the global anti-corruption and ombudsman community has also improved.

1. Improvement of Efficiency in Work Regarding People’s Rights and Interests

Since the ACRC was launched, it has consolidated planning, personnel affairs, budget, organization, audit, promotion, and informatization under its roof. This has led to increased efficiency as fewer public officials are able to respond to a greater number of demands and requests. In cases involving the resolution of rights and interests (resolving complaints, administrative appeals), 542 officials handled 40,007 cases in 2007, while 506 officials were able to handle 57,335 cases in 2016.

The number of handled cases in every area has significantly increased since the ACRC’s launch.

First, the ACRC has become more well-known since integration, resulting in the receipt of a higher number of complaints and corruption reports.

Complaints and Corruption Reports

| | | | |
|------------------------------------|--|---|------------------------------|
| e-People | 550,000 (2007) | → | 2.3 mil (2016) |
| 110 call center | 960,000 (2007) | → | 2.66 mil (2016) |
| Corruption report | 2,544 (2007) | → | 3,735 (2016) |
| Compensation for corruption report | 18 cases, KRW 300 mil (Introduced in 2008) | → | 90 cases, KRW 2.2 bil (2016) |

Second, public requests for the resolution of issues related to rights and interests have increased, and the ACRC has actively responded to such requests. The number of resolved cases has also increased.

Resolution of Rights and Interests Issues

| | | | |
|-----------------------|---------------------------------|---|----------------------------------|
| Civil complaint | 23,373 (2007) | → | 30,625 (2016) |
| Administrative appeal | 23,179 (2007) | → | 26,730 (2016) |
| On-site outreach | Annual average 309 (2003-2007) | → | Annual average 1,485 (2008-2016) |
| On-site mediation | Annual average 12.4 (2003-2007) | → | Annual average 42 (2008-2016) |

Third, anti-corruption and integrity policies have been actively promoted, and the scope of subjects to such

policies has expanded.

Anti-Corruption and Integrity Policies

| | | | |
|--|--------------|---|--------------|
| Organizations instructed about anti-corruption and integrity guideline | 185 (2008) | → | 1,361 (2016) |
| Legislations subject to corruption impact assessment | 1,150 (2007) | → | 1,843 (2016) |
| Subjects of integrity assessment | 333 (2007) | → | 733 (2016) |
| Organizations subject to anti-corruption initiative assessment | 96 (2007) | → | 266 (2016) |

2. Improvement of Professionalism and Capabilities in Handling

First, different departments in charge of resolving complaints, administrative appeals, and anti-corruption have benchmarked one another when developing new policies and improving professionalism.

In the case of administrative appeals, referring to the on-site outreach program for complainants, the administrative appeals bureau has operated an on-site oral statement and administrative appeal program for petitioners and the physically challenged living in metropolitan areas since 2011. Complaint investigation methodology has been also benchmarked when expanding the on-site examination of evidence in administrative appeal cases.

In the case of resolving complaints, since 2015, an integrity consulting service for public organizations has been implanted onto education and consulting programs for organizations scoring low in complaint evaluation.

Second, the ACRC has expanded the scope of subjects and tasks of anti-corruption and integrity policies.

After the launch of the ACRC, it extended the concept of “corruption etc.”, enacting and enforcing the Act on the Protection of Public Interest Whistleblowers, which regulates violation of public interest and the Improper Solicitation and Graft Act, which regulates illegal solicitation. Furthermore, the Center for Reporting Public Subsidy Fraud opened in October 2013 in order to regulate budgetary waste.

In addition, the Anti-Corruption Training Institute, a professional training center for integrity education, opened in October 2012. The ACRC has further expanded its anti-

corruption efforts by developing a unique program titled the Integrity Concert, which has been in operation since October 2014.

3. Improvement of Effectiveness in Handling

First, the ACRC has resolved causes of improper administrative services.

With e-People and its 110 government call center, the ACRC has established a one-stop service center for government-wide communication windows where all tasks— from handling, analyzing, and developing systems and institutions, to incorporating findings into policy— can be conducted. This has resulted in the proportion of complaints leading to institutional improvements increasing from 24.2% in 2013 to 34.8% in 2016.

The ACRC has a diversified collection of tools necessary for institutional improvement, including civil complaints, corruption reports, and administrative appeals. This allows it to simultaneously resolve complaints and seek ways to improve fundamental systems.

Through e-People’s complaint and media report analysis, a total of 527 recommendations (2,391 tasks) have been made regarding unreasonable systems. Another 162 recommendations (1,583 tasks) regarding unreasonable systems and practices causing corruption were made as a result of corruption and budgetary waste reports and audit data analysis. Frequent administrative appeals regarding a number of cases have led to 54 new tasks being identified for the improvement of relevant acts.

Second, people can themselves choose the most effective method of resolving rights and interests issues.

Petitioners can simultaneously consult with the ACRC regarding civil complaints, corruption, public interest whistleblowing, and administrative appeals; for example, if a corruption case involving public officials is disclosed during the complaint resolution and administrative appeal process, the case can be connected to a corruption report. In the past nine years, 1,264 corruption cases have been revealed as a result of complaints resolution, from which 137 cases were transferred to anti-corruption departments, and 86 were resolved.

People can also choose the most effective method to resolve issues regarding rights and interests. Before the ACRC’s launch, those whose rights and interests had been violated as a result of illegal or unfair administrative

dispositions could make administrative appeals, but if the case was dismissed after 90 day period of filing appeal, they were unable to seek other methods of resolution. Since the ACRC’s launch, however, individuals are guided to file complaints regarding cases that are subject to dismissal in an administrative appeal, resulting in 46 additional civil complaints being accepted and resolved.

Third, people have recognized the improvements.

There is a higher awareness of the communication windows.

Awareness of the Communication Windows

| | | | |
|-----------------------|--------------|---|--------------|
| e-People | 45.1% (2009) | → | 65.2% (2016) |
| Administrative appeal | 37.2% (2009) | → | 45.8% (2016) |
| 110 call center | 26.7% (2009) | → | 37.2% (2016) |

The satisfaction level of petitioners has increased.

Satisfaction Level of Petitioners

| | | | |
|--------------------------------|-------------------|---|-------------------|
| Civil petitioner | 66.0% (2008) | → | 77.2% (2016) |
| Administrative appeal claimant | 62.4% (2008) | → | 65.8% (2016) |
| General consulting user | 73.5% (2008) | → | 82.1% (2016) |
| 110 call center user | 77.1% (2007) | → | 91.3% (2016) |
| e-People user | 73.4 point (2007) | → | 77.4 point (2016) |

Section 3. Future Direction

The ACRC, which marks its tenth anniversary in 2017, is committed to realizing “a country where people are happy, and a society of fairness and transparency.”

To do so, the ACRC will more closely focus on resolving difficulties faced by the public, promote anti-corruption and integrity policies with more stability, and maintain robust lines of communication with the people in order to pursue policies relevant in the public eye.

Chapter 2

Establishment and Operation of the ACRC

1. Organization

The ACRC consists of fifteen members, including a Chairperson, three Vice Chairpersons, and three standing commissioners. The Chairperson, Vice Chairpersons, and other commissioners are appointed or commissioned based on their ability to fairly and independently perform duties with respect to civil complaints and anti-corruption. Three Vice Chairpersons assist the Chairperson by taking charge of complaints and grievances, anti-corruption, and the Central Administrative Appeals Commission (CAAC).

A secretariat has been established under the ACRC of which a Vice Chairperson designated by the Chairperson concurrently holds the position of Secretary General. The Secretary General receives orders from the Chairperson in order to take charge of work and direct and supervise employees.

The secretariat oversees a number of departments including the Planning & Coordination Office, the Institutional Improvement Bureau, the Ombudsman Bureau, the Anti-Corruption Bureau, the Administrative Appeals Bureau, and the General Affairs Division. A spokesperson and legal advisors are available to assist the Chairperson, while the Director for audit and inspection assist the Secretary General. The ACRC's headquarters

consists of one office, four bureaus, three Deputy Director Generals' offices, one spokesperson's office, and 40 divisions; in total, 468 employees work for the ACRC. There are also two affiliated organizations—the ACRC Seoul Complaints Center with 21 employees, and the Anti-Corruption Training Institute with 17 employees.

2. Budget

The ACRC's annual budget for 2016 was KRW 69.534 billion. This included KRW 36.056 billion for personnel expenses, KRW 7.344 billion for basic expenses, and KRW 26.134 billion for primary work expenses.

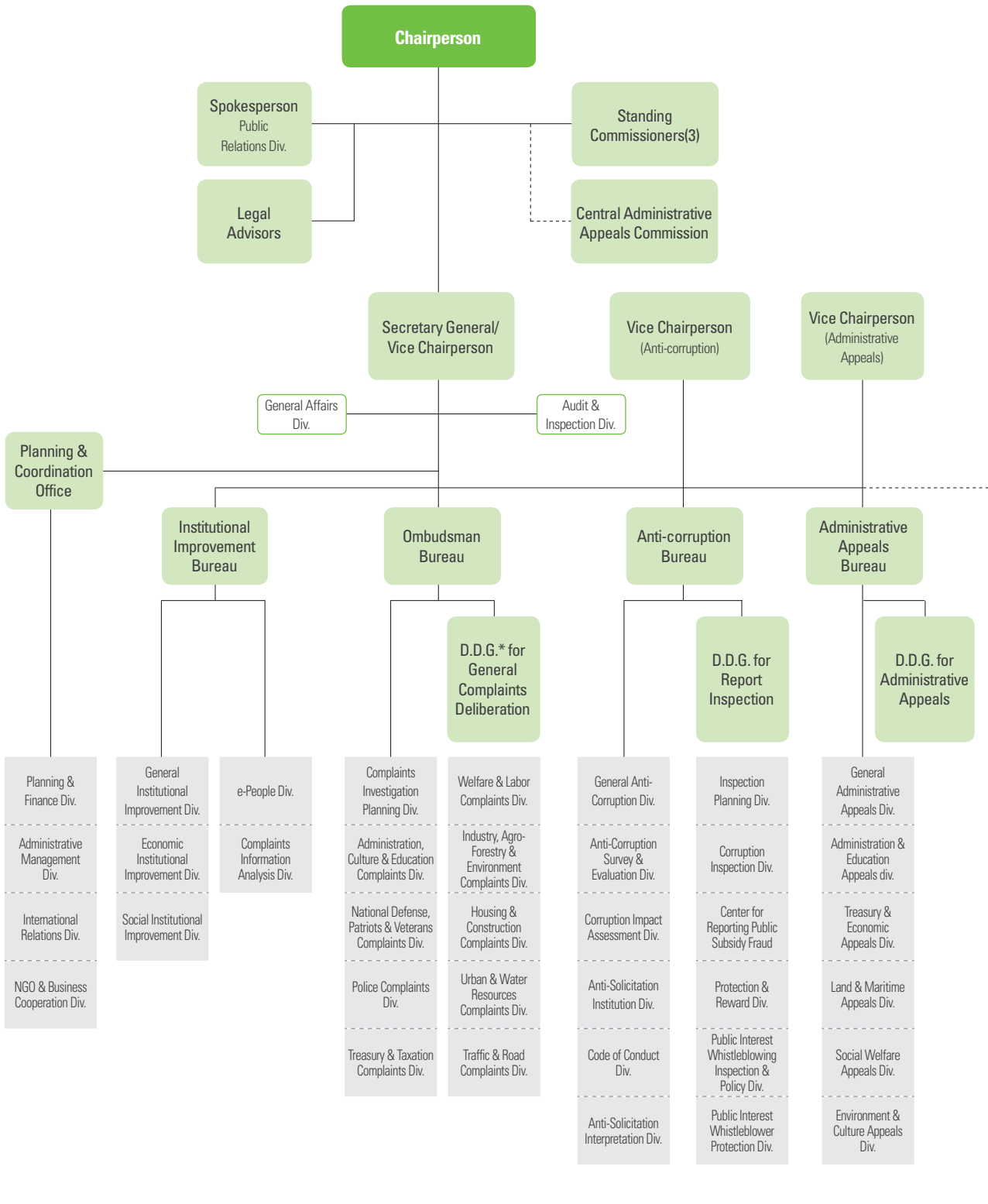
3. Committee Operation

In 2016, the plenary committee held 21 meetings to handle 948 items, the small committees held 198 meetings to handle 5,369 items, and the subcommittees held 53 meetings to handle 410 items. The plenary committee, consisting of the ACRC members, deliberates and decides upon major issues for the ACRC. Five small committees, each consisting of three members, deliberate and decide upon items regarding civil complaints, and two subcommittees deliberate and decide upon items regarding anti-corruption.

Number of Employees

| Total | Political service | Extraordinary civil service | Senior executive service | Senior executive service (term limit) | Grade 3-4 | Grade 4 | Grade 4-5 | Grade 5 | Grade 6 and under | Official with Special Experiences | Research service | Special service |
|-------|-------------------|-----------------------------|--------------------------|---------------------------------------|-----------|---------|-----------|---------|-------------------|-----------------------------------|------------------|-----------------|
| 506 | 4 | 1 | 10 | 6 | 13 | 31 | 40 | 182 | 210 | 5 | 1 | 3 |

● Organizational Chart



* D.D.G. : Deputy Director General



Committee Meetings in 2016

(Unit: Number of meetings and items)

| Committee | | 2016 | | |
|---------------------|------------------------|--------------------|--------------------|-----|
| Plenary committee | Meeting | 21 | | |
| | Item to be resolved | 97 | | |
| | Item to be decided | 662 | | |
| | Item to be reported | 189 | | |
| | Total | 948 | | |
| Small committee | First small committee | Meeting | 42 | |
| | | Item to be handled | 1,790 | |
| | Second small committee | Meeting | 40 | |
| | | Item to be handled | 1,360 | |
| | Third small committee | Meeting | 39 | |
| | | Item to be handled | 1,621 | |
| | Fourth small committee | Meeting | 38 | |
| | | Item to be handled | 329 | |
| | Fifth small committee | Meeting | 39 | |
| | | Item to be handled | 539 | |
| | Total | Meeting | 198 | |
| | | Item to be handled | 5,639 | |
| | Subcommittee | First subcommittee | Meeting | 28 |
| | | | Item to be handled | 227 |
| Second subcommittee | | Meeting | 25 | |
| | | Item to be handled | 183 | |
| Total | | Meeting | 53 | |
| | | Item to be handled | 410 | |


 Chapter
3

Major Local and International Cooperation Activities

Section 1. Public-Private Partnership and Support for Ethical Management

1. Overview

Since its launch in 2008, the ACRC has expanded the scope of its communication and cooperation with civic groups in order to protect people's rights and interests and spread a culture of integrity. It has also enhanced government-level support by improving ethical business management to economic associations and businesses.

2. Major Achievements

(1) Public-Private Governance

Establishment and Operation of the Korean Network on Anti-Corruption and Transparency and Expansion of Local Anti-Corruption Networks

The Korean Network on Anti-Corruption and Transparency (KNACT), a public-private anti-corruption consultative group, was launched on September 3, 2014, after groups conducting similar activities had been suspended since 2008. The KNACT made great efforts to spread a culture of integrity in 2016 through building local public-private anti-corruption networks, debating the Improper Solicitation and Graft Act, meeting with civic groups, and publishing newsletters. Marking its second anniversary, the KNACT held the UN International Anti-Corruption Day ceremony and 2016 Korea Integrity Conference, and executed joint campaigns on anti-corruption and integrity in major cities across the country including Seoul, Busan, Daejeon, Daegu, and Ulsan. Though the KNACT began with 38 organizations and groups, it expanded to include 45 organizations and groups in 2016.

In addition, Daejeon Integrity Network was launched in July 2016, thereby increasing the number of regions sponsoring local public-private anti-corruption networks to four, and integrity culture festivals took place in Naju, Ulsan, and Wonju.

Establishment and Operation of the Public-Private Network for Improvement of People's Rights

In order to protect the rights of vulnerable or socially neglected people, the ACRC has built networks with civic and social groups to aid in resolving complaints, discovering abnormal institutions, and providing solutions. Since 2014, the ACRC has operated the Public-Private Network for Improvement of People's Rights, a public-private consultative group cooperating with 19 civic and social groups in six areas needing particular attention and consideration: people with disabilities, children/youth, multicultural families, women, safety/consumer, and social welfare.

In 2016, the Public-Private Network for the Improvement of People's Rights held meetings with representatives regarding improving people's rights in different areas, resulting in the review and promotion of 46 proposals. The network hosted contests for institutional improvements with five civic and social groups focused on women and children/youth, and 12 proposals are currently under review.

Establishment and Operation of the Public Institution Integrity Ombudsman Council

The ACRC has made efforts to vitalize its integrity ombudsman system, which is operated by public organizations at all levels and welcomes private participation, in order to enhance responsibility and transparency in public administration. With this objective, in December 2015, the ACRC launched a practical communication platform known as the Public Institution Integrity Ombudsman Council, through which integrity ombudsman working in the central and local governments, as well as in public service-related organizations, can directly participate, seek solutions, and share best practices.

The Public Institution Integrity Ombudsman Council provides workshops and job training on the development of integrity ombudsman and best practices, and operates an online community where users can find resolutions at any time.

(2) Support for Private Projects

The ACRC (formerly the KICAC) has supported private projects since 2007 with the goal of helping civic and social groups autonomously spread a culture of integrity and promote their own projects for improving people's rights. In 2016, 13 projects were selected out of 32 proposals, and KRW 2.09 million was provided in support.

Efforts made to spread a culture of integrity include building local public-private anti-corruption networks, fostering integrity lecturers, providing youth education, supporting youth integrity activities, seeking ethical management education and the Improper Solicitation and Graft Act education for private companies, and improving autonomous ethical management and transparency in local child centers. To provide better protection, an analysis of the actual use of the government welfare card for socially vulnerable citizens was conducted, and areas needing improvement were identified.

(3) Support for Ethical Management

The ethical management of businesses—including transparency in accounting, anti-corruption integrity, and fairness—is closely connected to the ACRC's anti-corruption policies. The ACRC has therefore supported a number of projects in order to instill a culture of ethical management in businesses.

Production and Distribution of the Monthly Webzine Business Ethics Brief

Business Ethics Brief is a webzine begun in April 2005 to support Korean companies with ethical management. The monthly webzine, available via email or brochure, provides businesses and academia with up-to-date information and trends in ethical management from both home and abroad.

In 2016, the content of the webzine was made more useful and applicable to the actual work of businesses through the opening of the Improper Solicitation and Graft Act Q&A and the Ethics Research Center sections, as well as through the upload of expertise and the latest reports from inside and outside Korea.

The Business Ethics Brief team aims to improve reader satisfaction and improve the quality of its content by nurturing two-way communication through conducting satisfaction surveys and holding the Editorial Advisory Committee.

Operation of Education Course for Ethical Management

The ACRC has provided education courses since 2009 in order to build the capabilities of compliance officers and raise an awareness of ethical management among corporate executives.

Such educational programs—which include expert lectures regarding the latest issues, the sharing of best practices, and debates on resolutions of ethical conflicts—aim to improve the capabilities of those in charge of ethical management. With the enforcement of the Improper Solicitation and Graft Act in 2016, relevant education was provided so that businesses could appropriately respond to the dual liability requirement.

Since 2012, the ACRC has visited companies in order to provide on-site education. Launching with 2 programs for 118 people in 2012, the number increased significantly to 16 programs for 2,350 people in 2016. The ACRC has expanded educational opportunities for small- and medium-sized companies, where the ethical management environment may be inferior, and has offered targeted educational courses for corruption-prone industries, such as the defence and pharmaceutical industries. In addition to these measures, an integrity policy program has been in operation since 2013 to actively share the public sector's integrity policy experiences with the private sector.

Section 2. International Cooperation

1. Overview

The ACRC has worked to sincerely implement international conventions, such as the United Nations Convention Against Corruption (UNCAC) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention), and has actively participated in the international anti-corruption initiatives of the G20, APEC, etc. The ACRC has contributed to improving anti-corruption policies in developing countries, including passing on the Anti-Corruption Initiative Assessment (AIA) to Vietnam in cooperation with the United Nations Development Program (UNDP), and implementing MOUs on anti-corruption cooperation with three countries, including Indonesia.

The ACRC has signed bilateral MOUs with ombudsman of four countries, including Thailand, thus securing a bridgehead for protecting the rights of Korean expats in those countries. In 2016, Chairperson Sung Yung-hoon was

elected as the Asian board member of the International Ombudsman Initiative (IOI).

2. International Cooperation for Anti-Corruption

(1) Implementation of the Anti-Corruption International Convention and Participation of Anti-Corruption Rounds

The Republic of Korea signed the UNCAC in 2003. The Act on Special Cases Concerning Confiscation and Recovery of Stolen Assets was passed by the National Assembly on February 29, 2008, resulting in the official ratification and implementation of the convention. A total of 181 countries, including Korea, were contracting parties as of December 2016.

The 7th Session of the Implementation Review Group of the UNCAC was held in Vienna, Austria, from June 20 to 24, with 400 participants from 141 contracting and signatory (Japan) parties, as well as international organizations. During the session, parties for the second phase of implementation review (from 2016-2021) were selected. Korea will review the Solomon Islands with Vietnam in 2017, and will review Kuwait with Kiribati in 2018. Korea will be reviewed in 2019.

To ratify the OECD Anti-Bribery Convention, Korea enacted the Act on Combating Bribery of Foreign Public Officials in International Business Transactions in December 1998, and the act has been enforced since February 1999.

In four meetings in 2016, the OECD Working Group on Bribery approved the joining of Latvia, Colombia, Costa Rica, Peru, and Lithuania into the OECD Anti-Bribery Convention, mutually evaluated the implementation of member countries, and shared investigation results regarding violations of the convention and relevant international cooperative activities.

Since the organization of the G20 Anti-Corruption Working Group in 2011, the ACRC, together with the Ministry of Justice (MOJ) and the Ministry of Foreign Affairs (MOFA), has reviewed and put efforts to improve Korea's anti-corruption standards and policies in order to implement G20 Anti-Corruption Action Plans.

The ACRC took part in the G20 Anti-Corruption Working Group Meeting in 2016 and shared opinions through discussions about major anti-corruption issues, such as international principles on corrupt fugitives and related asset recovery, and the G20's anti-corruption action plans for 2017-2018.

The ACRC also joined the APEC Anti-Corruption and Transparency Working Group Meeting and ADB/OECD Consultative Group for Asia-Pacific, where it introduced Korea's major anti-corruption policies and shared information and global trends with member countries.

(2) Anti-Corruption Cooperation with International Organizations

The ACRC has been involved in active exchanges with the International Anti-Corruption Academy (IACA), an international organization in charge of anti-corruption education and training, since the two organizations signed an MOU in March 2012. Since 2013, the IACA's customized anti-corruption educational courses have been provided to Korea's anti-corruption practitioners, and 26 people received education from April 20 to the 28 in 2016.

The ACRC cooperates with the UNDP to share Korea's anti-corruption experiences and pass on its excellent anti-corruption systems to developing countries. The first such cooperative project was the Anti-Corruption Initiative Assessment (AIA), and a pilot project was launched to pass on the assessment to public organizations of Vietnam. In February 2016, the Government Inspectorate of Vietnam (GIV) developed an assessment index regarding which the ACRC provided consulting services. Assessments were conducted of 63 local governments, indicating Vietnam's active efforts toward adopting the system.

Furthermore, since 2015 the ACRC has co-developed an integrity policy assessment system, based on Korea's experiences with integrity and anti-corruption initiative assessments, with the World Bank, and has promoted projects to spread its experiences, with a focus on other Asian countries.

(3) Bilateral Cooperation

The ACRC, based on its MOUs on anti-corruption cooperation signed with Indonesia, Vietnam, and Mongolia, has promoted cooperation in order to pass on its anti-corruption policies and aid its partners in strengthening internal anti-corruption capabilities.

On May 16, 2016, the ACRC Chairperson Sung Yung-hoon and Indonesia's Corruption Eradication Commission (KPK) Chairperson Agus Rahardjo signed an MOU at Cheongwadae, with Korean President Park Geun-hye and Indonesian President Joko Widodo, who was making a state visit to Korea, in attendance. On November 30, the ACRC provided training on the Improper Solicitation and Graft Act, focusing on the



MOU Signing Ceremony of Korea-Vietnam Cooperation for Anti-Corruption (October 14, 2016, Seoul)

prohibition of accepting bribery, to five employees of the KPK.

On October 14, 2016, the ACRC's Chairperson and Vietnam's Central Commission for Internal Affairs (CCIA) Vice Chairperson Pham Anh Tuan signed an MOU to extend cooperation on anti-corruption for an additional two years. After the MOU signing ceremony, the ACRC shared Korea's legislation and implementation of the OECD Anti-Bribery Convention, which had been of great interest to the Vietnamese commission.

3. International Cooperation for Ombudsman

(1) Multilateral Cooperation

Since the launch of the ACRC in 2008, its Chairpersons have actively worked at the IOI's board of directors and at conferences as board members representing Asia and incorporating Asia's opinions into the IOI's policies. The current Chairperson was re-elected as board member in the 11th World Conference of the IOI held in Bangkok, Thailand, on November 15, 2016.

The ACRC plans to host the 15th Asian Ombudsman Association (AOA) General Assembly and 2017 PyeongChang Global Ombudsman Conference in PyeongChang, Gangwon Province, in May 2017, together with the Ombudsman Commission of Gangwon Province. To ensure a successful conference, the ACRC and Gangwon Province organized a joint-promotion committee in 2016. The ACRC encouraged the participation of participating members at the AOA board of directors' meeting in Tatarstan in August and at the IOI conference in Thailand in November.

(2) Bilateral Cooperation

In 2010, the ACRC signed an MOU with Indonesian Ombudsman to protect Korean expats abroad and exchange best policies. The ACRC has expanded its efforts to build bilateral cooperation by signing additional MOUs with Thailand, Vietnam, and Australia.

Since the signing of their MOU in December 2011, the ACRC and the Ombudsman of Thailand have cooperated actively by opening exclusive consultation windows for each respective country and conducting joint discussions



Policy Briefing for Ombudsman of Thailand's Delegation (December 16, 2016, Sejong)



Complaint Hearing Session for Thai People Residing in Korea (December 18, 2016, Hwaseong)

on complaints. The ACRC visited the Thai Ombudsman office in April 2016 and introduced a council for implementing the MOU, its on-site resolution and outreach program, and the 110 government call center. In December 2016, a Thai delegation, consisting of 47 people including Chief Ombudsman (deputy prime minister level) Vidhvat Rajatanun, visited Korea to participate in the Policy Briefing for Ombudsman of Thailand's Delegation and the complaint hearing session for Thai People Residing in Korea.

Following the ACRC's proposal for signing an MOU in May 2012, the ACRC and the GIV signed an MOU on March 27, 2013. In April 2016, ten people, including the Inspector General of the GIV, visited Korea for a high-level meeting to discuss the establishment of channels for protecting people's rights and the direction of development for ombudsman of the two countries.



Visit of the Inspector General of the GIV
 (April 1, 2016, Sejong)

The ACRC and the Indonesian Ombudsman have held regular bilateral meetings since the signing of their MOU in December 2010. In December 2016, the ACRC visited the Indonesian Ombudsman office, held a high-level meeting for implementing the MOU, and presented a feasibility study report for establishing e-People in Indonesia.

The ACRC signed an MOU with Australia's Commonwealth Ombudsman in June 2015, and in March and November 2016, it held bilateral meetings with Australian ombudsman via video conference, and exchanged information regarding complaints filed by citizens residing in each other's countries as well as other pertinent issues.

4. Policy Cooperation and International Promotion

(1) Technical Support

The ACRC opened integrity education courses for foreigners

in 2013 in order to contribute to the improvement of the anti-corruption capabilities of public officials throughout the world. In 2016, the courses were provided for two weeks beginning May 16, in Sejong, Cheongju (at the Anti-Corruption Training Institute), and Seoul, with an aim to share practical knowledge and techniques for the systematic and effective response to corruption. Eleven participants from eleven countries, including Vietnam, Iran, and Chile, joined the sessions.

The Anti-Corruption Commission of Bhutan made a request to the ACRC for training sessions regarding integrity assessment. In response, the ACRC provided training on the integrity assessment system, methodology, and statistics to five employees of the Bhutanese commission in Sejong and Seoul from September 19 to the 23.

(2) International Promotion

Since its launch in 2008, the ACRC has held annual policy briefings for foreign CEOs in Korea in order to hear their difficulties in business and explain the Korean government's efforts toward improving national integrity. Eleven executives of the Chambers of Commerce in Korea, including the Seoul Japan Club and the European Chamber of Commerce, attended the policy briefing held in March 2016, and the participants showed their interest and high expectations for the successful September enforcement of the Improper Solicitation and Graft Act.

Each year, employees of many foreign anti-corruption authorities and public officials of relevant organizations visit the ACRC in order to benchmark its anti-corruption and ombudsman policies and operating experiences. A total of 1,927 such visitors have been recorded since the 2008 launch of the ACRC. In 2016, 176 people from 50 countries—primarily in Asia, the Middle East, and Africa—visited the ACRC on 23 occasions.

To spread awareness of the ACRC and promote the Korean government's activities for improving people's rights, the ACRC also produces yearly promotional brochures, newsletters, and white papers for distribution to foreign governments, international organizations, international assessment organizations, foreign economic organizations in Korea, and foreign reporters.

Section 3. Public Relations

The ACRC has conducted publicity activities through media, new media, policy advertising in order to form

social consensus and improve understanding of its major policies and activities.

In 2016, people-centered, field-centered, and cooperation-centered promotion was utilized to allow people to more closely feel the achievements of policies. To this end, the ACRC focused on promoting its major achievements and key tasks from the beginning of the year and utilized new types of media (including social networking services or SNS) to expand the scope of participation and communication with citizens.

As a result of these efforts, the number of policy customers using SNS increased 22% year-on-year, and national awareness of major policies rose by 1.1%p.

1. Improving Understanding and Social Consensus of Policy through Media

The most effective way to improve understanding and social consensus regarding major policies is through media promotion using TV, newspapers, and the Internet. The ACRC has orchestrated a variety of promotional activities including press releases, special reports, press conferences, and on-the-scene coverage.

With an aim to eradicate corrupt practices across the nation, the ACRC representatives have appeared on TV, contributed to newspapers, and distributed press releases on the Improper Solicitation and Graft Act that was enforced on September 28.

2. Expanding Communication with People through New Media

The ACRC has utilized new types of media such as SNS in order to expand its ability to communicate with people and inform them about new policies. Dynamic images are posted, and buzzwords are used as hashtags. Institutional improvements that are closely related to public livelihood and major civil complaints and administrative appeals are

delivered via story-telling and visual content such as card news and video clips.

The 12th ACRC Blog Reporters Team has also been producing and spreading emotional story-telling and visual content, including user-created content and card news, providing an engaging and clear outlet for the communication of ACRC policies.

Thanks to these efforts in developing a variety of promotional content and strengthening communication through new communication trends, the number of policy customers who used the ACRC's blog and SNSs reached 6.39 million (up 13.1% year-on-year) in 2016—a significant achievement in online promotion.

3. Improving Awareness of Major Policy through Policy Advertising

The ACRC has undertaken policy advertising campaigns using the media tools of public organizations across the country in order to improve national awareness of major policies.

Advertisements for the Improper Solicitation and Graft Act, the 110 government call center, the Center for Reporting Public Subsidy Fraud, the public whistleblower protection system, and the administrative appeal system appear on TV, radio, and newspapers, in buses and subways, and on electronic display boards in order to improve awareness of policies and guide active participation and usage.

4. Forming a Social Consensus through Newsletters and Leaflets

The ACRC produces and distributes ACRC Newsletter, a newsletter covering its major activities and policies, as well as other leaflets explaining major policies and the Improper Solicitation and Graft Act.

The first issue of ACRC Newsletter was released in March



ACRC KOREA

2008, and the 51st (and most recent) issue in Winter 2016 was distributed to locations serving as points of contact for residents, such as community service centers, post offices, and libraries.

An electronic version of the newsletter is also distributed in order to improve access to tech-savvy users. An English version of the newsletter titled ACRC Quarterly is distributed (in a print run of 1,000) to major official residences, foreign reporters, and foreign CEOs.

In addition, leaflets introducing the ACRC's work and the Improper Solicitation and Graft Act have been published, and video clips regarding major policies have been produced to improve public understanding.

Part 2

Incorporation of Feedback into Government Policies through Communication with the People

Chapter 1. Operation of a Public-Centric Communication System

Chapter 2. Operation of the 110 Government Call Center

Chapter 3. Policy Improvements through Complaint Analysis

Chapter 4. Provision of Quality Counseling Service

Chapter
1

Operation of a Public-Centric Communication System

1. Establishment of One-Stop Communication Channel

As a communication channel between the public and the government, and under the slogan “No voice left unheard,” the ACRC has launched e-People, an online portal integrating all civil petition systems of administrative agencies, the People’s Happiness Center for Public Policy Suggestions¹⁾, and policy participation.

Starting with the integration of the civil petition, suggestion, and policy participation systems of seven central administrative agencies in August 2005, e-People integrated all central administrative agencies in July 2006, and connected local governments and major public organizations in February 2008. As of 2016, 910-odd organizations were using e-People.

Since 2016, the ACRC has also initiated the conversion of e-People into the Integrated e-People Operating System that directly handles all complaints of local governments including civil petitions, inquiries and proposals, excluding legal complaints.

Local governments had used their own civil petition systems or others, such as the Saeol Online Civil Petition System. This lack of integration resulted in inconvenience to petitioners, who had to access different systems for authenticating, filing civil complaints, or inquiring feedback. In order to resolve such inconveniences, the civil petition systems of 54 local governments were integrated into the e-People Operating System in December 2016. The ACRC plans to work together with more local governments to

further expand the Integrated e-People Operating System.

2. Enhanced Quality Control of e-People Civil Petitions

The ACRC has supported training and consulting services regarding the operation of e-People in order to enhance the capability of different organizations in handling complaints. The ACRC inspects and assesses the quality of e-People services provided by administrative agencies every year in order to provide the public with a quality civil petitioning service.

In order to improve the prevalent “ping-pong complaint” practice, by which public organizations have shifted responsibility to others, a system for ping-pong complaint mediation was introduced in 2015. In the following year, 50,666 cases of ping-pong complaints, or complaints that had been transferred more than three times, were successfully mediated, and the average handling period was shortened from 4.75 to 2.51 days.

3. Provision for Multilingual Service on e-People

In line with the objectives of the Government 3.0 initiative designed to provide users with customized services, the ACRC began offering e-People services in fourteen languages, starting with English, Chinese, and Japanese in June 2008.

The multilingual e-People service allows foreigners residing in Korea, as well as Korean expats who do not speak Korean, to file civil complaints in their mother

Timeline of Launch of Multilingual Complaint Service

| Launch | Jun 2008 | Dec 2009 | Jun 2010 | Nov 2010 | Feb 2011 | May 2011 | Sep 2011 | Nov 2011 | Dec 2012 | Nov 2013 | Jun 2016 |
|----------|--------------------------------|------------|-----------|------------|----------|----------|----------|-----------|----------|----------|--------------------|
| Language | English Chinese Japanese | Vietnamese | Mongolian | Indonesian | Thai | Uzbek | Bengali | Cambodian | Sinhala | Nepali | Russian Burmese |

1) In 2013, the existing Civil Proposal Service of e-People was overhauled in order to provide a window for civil petitions, resulting in the launch of the People’s Happiness Center for Public Policy Suggestions.

tongue. The concerned public organization then handles the civil complaints and notifies the petitioner of the translated outcome. The service has promoted international cooperation and raised the status of e-People to a level commensurate with that of a global trend.

By adding Russian and Burmese to the existing twelve languages in June 2016, the ACRC can help even more foreigners residing in Korea and Korean expats residing overseas to use e-People services more conveniently. The ACRC plans to work together with additional groups supporting the multicultural community and local governments to take the initiative in providing user-tailored services.

4. Foundation for Online Public-Private Partnership

The People's Happiness Center for Public Policy Suggestions is a government channel for online and offline suggestions that has been established by the ACRC in order to enhance the quality of administrative services and take the initiative in providing user-centered services by incorporating public suggestions into government policies.

The aim of the center is to gather a range of public opinions regarding defects or undetected issues in the implementation of laws, institutions, or government projects, and to identify better solutions and improvement measures based on public-private partnership.

In 2016, 4,256 out of 73,270 suggestions filed to the center were adopted, a 6.5% increase year-on-year.

The ACRC has also created the e-People Policy Participation function so that it can better communicate and work together with the public while planning, implementing, and assessing government policies. The e-People Policy Participation is an online communication channel, through which the public and the government can freely exchange opinions about enacted or revised laws, initiatives, or other major policies. Using this unified communication channel, each government organization can collect public opinions while the public can present their opinions regarding government policies more conveniently.

As of 2016, the e-People Policy Participation system has been incorporated with the policy participation channels of 195 government organizations. Over the last year alone, 3,642 agenda items from different organizations went through online hearing, policy discussion, and survey. A total of 90,023 opinions were given by the public.

In order to meet the need for public policy participation, the ACRC launched the People's Idea Box (idea.epeople.go.kr), a mobile communication platform working in conjunction with e-People, on March 28, 2016. The People's Idea Box aims to serve as a venue for communication and collaboration between the government and the public, which will overcome challenges of the existing system and identify policy alternatives based on collective intelligence.

The People's Idea Box features different functions, such as the idea suggestion, discussion, voting, and surveying, all aimed at identifying the best possible policy alternatives as agreed on by the public. These outcomes form the basis by which the public, as policy prosumers, can be directly engaged in designing government policies and administrative services.

Despite being its first year of service, the People's Idea Box attracted a significant amount of public attention and participation. After its first nine months, it has collected 13,426 members, tabled 562 agenda items in different fields, and received 15,985 opinions from the public.

5. Global Acknowledgement of e-People

The e-People system has been globally acknowledged for its ability to communicate and engage with the public actively. Korea has ranked first in terms of E-Participation Index (EPI) in three consecutive UN e-government surveys in 2010, 2012, and 2014. At the AOA Board of Directors' meeting in 2016, e-People was introduced to AOA members as a best practice model integrating ICT and administrative services. A variety of international conferences have requested presentations on e-People.

In 2016, the ACRC attended the Korea-Mexico/Colombia Cooperation Forum on Public Administration hosted by the Ministry of the Interior (MOI), and introduced e-People as a best practice for communication between the government and the public.

The significant amount of attention e-People has received has led to the export of the system. The Tunisian government has maintained a cooperative relationship with the ACRC since it reviewed the adoption of the e-People system in 2012. In 2016, the two countries renewed their mutual agreement and MOU in order to facilitate the adoption. As part of this effort, the ACRC sent experts on laws, institutions, and informatization to Tunisia in order to implement a three-phase roadmap for "expanded participation of the Tunisian people and transparent government." The system is expected to be completed by December 2017.


 Chapter
2

Operation of the 110 Government Call Center

1. Overview

The 110 government call center was established in order to provide a “one-call, one-stop” service by which calling petitioners can make inquiries, reports, or suggestions regarding government affairs. Call center operators are able to offer direct counseling or will redirect calls to relevant organizations.

The nation-wide 110 call service was initiated on May 10, 2007. It was relocated from Seodaemun, Seoul to Government Complex Gwacheon on May 20, 2013. Currently, 138 counselors, including 13 counseling managers, work at the center. The number of accumulated calls hit over 20 million in 2016, including 2.66 million that year alone.

In 2016, three emergency numbers—119, 112 and 110—were integrated into a single emergency call system. All other non-emergency services were integrated into the 110 non-emergency call center.

2. Current State of Complaints Counseling

(1) General State of Complaints Counseling

In 2016, the 110 government call center received 2,667,572 calls, among which 2,571,024 calls were answered and 2,785,243 were handled. The calls handled outnumber the calls answered, because a petitioner may inquire about a number of affairs in a single call. In 2016, the average number of calls per day marked 10,306, a 3.4% year-on-year increase from the 9,967 received daily in 2015, and the response rate reached 96.4%, a 5.6% year-on-year increase from 90.8% in 2015. The service level, or rate of calls answered within 20 seconds, was recorded at 87.4%, a rate nearly the same as that recorded in 2015.

(2) 110 Number Connection Project

In accordance with the March 2014 decision on the Measures for Efficient Operation of the Government Call Center, a project to integrate and connect eleven government authorities in Government Complex Gwacheon

was completed, and the final three authorities—the MOJ, the Ministry of Health and Welfare (MOHW), and the Korea Customs Service (KCS)—were connected in 2016.

Project Progress

- September 2014 (4 institutions): the ACRC; the Ministry of Oceans and Fisheries; the Ministry of Agriculture, Food and Rural Affairs; the Ministry of Education
- December 2015 (4 institutions): the Ministry of Science, ICT and Future Planning; the Ministry of Land, Infrastructure and Transport; the Korea Meteorological Administration; the Ministry of Foreign Affairs
- December 2016 (3 institutions): the Ministry of Justice; the Ministry of Health and Welfare; the Korea Customs Service

(3) Launch and Operation of the Second Call Center

In order to ensure the efficiency of the call system, emergency calls were integrated into 112 and 119, while non-emergency calls and other complaint calls were integrated into 110. Launched in July 2016, the Second Call Center has answered over 340,000 calls by the end of the year.

The Second Call Center has contributed to securing the “golden time” in the case of disaster or safety accidents by offering non-emergency counseling 24 hours a day. In the case of incoming emergency calls, the connecting time to relevant organizations has been cut by 25% from 85 seconds to 64 seconds.

Chapter
3Policy Improvements through
Complaint Analysis

The number of complaints made by the public against the central or local governments has increased every year, from over 800,000 in 2010 to over 2 million in 2016. The ACRC analyzes complaints using different methods and categories, such as weekly trends of key complaints, complaints related to issues attracting significant public attention or having major social repercussions, complaints related to specific government policies, and complaints upon the request of governments.

1. Analysis of Weekly or Monthly Complaint Trends

The ACRC analyzes complaints and public policy suggestions submitted to e-People on both a weekly and monthly basis. Analysis results are included in its weekly and monthly publication Voice of the People, which is distributed for reference to over 300 public organizations, including central administrative agencies.

In 2016, 37 weekly and 12 monthly issues of Voice of the People were published. The weekly and monthly publications in 2016 described 207 complaints regarding areas with room for institutional improvement. It was also revealed that 118 out of those 207 cases were utilized by relevant organizations, while 72 cases (34.8%) actually led to institutional improvements—an increase from 30.7% in 2015.

2. Analysis of Complaints Closely Connected to the Public Life

The ACRC analyzes complaints connected to public livelihood or socially controversial issues, and provides analysis results to relevant organizations. In 2016, the ACRC analyzed sixteen cases, including socially controversial issues and those closely connected to public livelihood, as well as those which have garnered public attention. Issues related to the field of education of particular relevance included budgeting for the Nuri Childcare Program, purchase of school uniforms, general educational complaints from 2015, and educational services for disabled children. Those related to the field of public livelihood included nursing home service, noise between floors in apartments, overseas direct purchases, beauty salons, packing services for moving, unjust subcontracting, and complaints regarding Golfzone. Those related to socially controversial fields included the enforcement of the Improper Solicitation and Graft Act, school recruitment of sports talent, and management of academic affairs.

3. Customized Analysis of Complaints

The customized analysis of complaints refers to the analysis of complaints to specific government organizations so that results may be utilized to improve policies, enact or revise laws, and improve the institutions.

Utilization of Complaints for Government Policies

(Unit: Case)

| Year | Cases in total | Utilized | Type of utilization | | | | Not utilized |
|------|----------------|----------|---------------------|---------------------|--------------------------|--------|--------------|
| | | | System improvement | Promotion Education | Investigation Inspection | Others | |
| 2011 | 209 | 102 | 45 | 10 | - | 47 | 107 |
| 2012 | 206 | 90 | 40 | 10 | - | 40 | 116 |
| 2013 | 217 | 106 | 52 | 21 | - | 33 | 111 |
| 2014 | 226 | 145 | 65 | 45 | - | 69 | 81 |
| 2015 | 199 | 116 | 61 | 24 | 11 | 20 | 83 |
| 2016 | 207 | 118 | 72 | 6 | 9 | 31 | 89 |

* For 2014, some types of utilization overlap.

Customized Complaint Analysis for 2016

| No. | Organization | Date | Subject of analysis | Analysis period |
|-----|-------------------------------------|--------|--|-----------------|
| 1 | Statistics Korea | Jun 30 | State of statistics users | 3 years |
| 2 | MOJ | Aug 11 | Complaints regarding immigration and correction | 1 year |
| 3 | Korean Intellectual Property Office | Aug 11 | Complaints regarding counterfeit products | 2 years |
| 4 | MAFRA | Oct 4 | Issues by major division or field | 3 years |
| 5 | Busan Metropolitan City | Nov 24 | Issues by area or field | 3 years |
| 6 | MOEL | Dec 7 | Complaints filed for overdue wages by type of business or employment | 1 year |

In 2016, the ACRC selected six government organizations (out of eleven applicants), including the MOJ and the Ministry of Employment and Labor (MOEL), based on their requirements and utilization measures. An actual analysis was conducted following discussions with a leader at each organization regarding the subject of analysis, period, and utilization measures.

4. Operation of Complaint Forecast and Alert Systems

The complaint forecast system was introduced as a pilot program in 2013 before its official launch in 2015. Under the forecast system, complaints filed in the past two to three years are monitored. The complaints that are more prevalent during a specific monitoring period are selected as subjects of forecast. The aim of the system is to allow a forecasting organization to develop preventive measures and minimize damage if a complaint is actually filed.

Complaint alerts were issued five times during 2016. The alerts consist of one damage complaint, one conflict complaint, and three uncategorized complaints. All five cases were at the Phase 1 (Attention) alert level, and three of the cases had their alerts lifted within a week. Alerts for “complaints regarding potential damage resulting from

Zika virus” that attracted significant public attention and “complaints regarding false disclosure of company 00” that caused financial loss to a number of people remained active for two to four weeks.

5. Review of Major Policies and Support of Policymaking

The government has operated different conferences for inter-ministerial discussions and cooperation in order to ensure the successful implementation of key government initiatives. The ACRC has laid the foundation for incorporating people’s voice into government policies or for contributing to policymaking by analyzing complaints related to the agenda of such conferences.

In 2016, the ACRC submitted the analyzed data of complaints related to twelve items on the agenda of the Social Affairs Related Ministerial Meeting chaired by the Deputy Prime Minister for Social Affairs (Minister of Education), nine times throughout the year. The submitted data included items related to culture day and industry-academia cooperation (February); addiction to Internet and smartphone (March); abuse of teenagers and school delinquency (May); the trend of complaints in 2015 and sexual assault against school teachers (June); harmful

Complaint Alerts in 2016

| Damage complaint (1 case) | Conflict complaint (1 case) | Uncategorized complaint (3 cases) |
|---|---|---|
| ① Complaint regarding false disclosure of company 00 (issued on Jul 27, lifted on Aug 10) | ① Request for the original plan for developing Central Park in Sejong City (issued on May 18, lifted on May 25) | ① Complaint regarding potential damage resulting from Zika virus (issued on Feb 3, lifted on Feb 24) |
| | | ① Complaint regarding meal services for reserve forces training (issued on Mar 23, lifted on Mar 30) |
| | | ① Complaint regarding the restriction on unauthorized medical treatment for pets (issued on Jun 22, lifted on Jun 29) |

wildlife (July); careful deliberation for students considering school dropout (August); literacy education for adults (September); protection of the maternity of female hospital workers (November); and software education (December).

The ACRC also submitted the complaint trend regarding motiveless crimes to the Law and Order Related Ministerial Meeting chaired by the Prime Minister in June, and the analyzed complaint data regarding successful employment packages, exports, rural lodging facilities, and residential support for the youth for the National Fiscal Strategy Meeting held in April 2016.

Chapter
4

Provision of Quality Counseling Service

The key mission of the counseling division is to promote and protect people's rights by listening to voices of those in despair and providing proper and prompt counseling. More specifically, the division aims to offer guidance regarding laws, institutions, or procedure of administrative affairs, and to provide petitioners with counseling on how to respond to the violation of rights or any inconvenience arising from administrative measures.

The ACRC operates the Sejong Counseling Center serving visiting petitioners or residents of Chungcheong area, and the ACRC Seoul Complaints Center serving residents of the Seoul Metropolitan Area.

Counseling service from complaint investigators is available via office visit, video conference, or phone call from the Comprehensive Complaints Centers in Sejong and Seoul. Investigators provide guidance on

a range of administrative affairs and procedures, and listen to complaints raised by petitioners in order to give customized advice regarding available solutions for each petitioner.

In order to meet the ever diversifying and advancing needs of the public, the ACRC has brought in experts from different fields, such as lawyers, certified labor attorneys, and tax accountants, as special counselors.

The ACRC has also appointed retired public officials as complaint counselors to provide a variety of complaint services, from simple guidance on the complaint procedure to counseling for different difficulties or types of complaints, for which the public may be unable to find other outlets. By appointing such experts, the ACRC strives to raise public satisfaction.

Counseling by the Complaint Center

(Unit: Case)

| Category | | Total | Sejong | Seoul |
|--------------------------|--------------------------|--------|--------|-------|
| 2016 | | 10,229 | 3,191 | 7,038 |
| Average daily counseling | | 41.1 | 12.8 | 28.3 |
| Counselor type | Investigator | 6,713 | 2,779 | 3,934 |
| | Lawyer | 1,711 | 130 | 1,581 |
| | Certified labor attorney | 219 | 54 | 165 |
| | Tax accountant | 235 | 48 | 187 |
| | Complaint counselor | 1,351 | 180 | 1,171 |
| 2015 | | 10,580 | 2,966 | 7,614 |
| Average daily counseling | | 40.1 | 11.2 | 28.8 |

Part 3

Field-Centered Resolution of Civil Complaints and Social Conflicts

Chapter 1. Civil Complaint Handling System

Chapter 2. Current State of Civil Complaint Handling

Chapter 3. Field-Centered Resolution of People's Grievances

Chapter 4. Active Resolution of Collective Complaints and Corporate Difficulties

Chapter 5. Efforts to Prevent Civil Complaints

Chapter 6. Current State of Civil Complaints Handling by Sector

Chapter
1

Civil Complaint Handling System

Definition of Civil Complaint

The term “complaint” means any complaint on any illegal, unjustifiable or passive action of an administrative agency, etc. (including an actual act and omission) or unreasonable administrative system which violates a citizen’s right or causes inconvenience or burden to a citizen (including complaints and grievances of soldiers on service and those who perform their mandatory service related to military). – Article 2.5 of the Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission

Counseling and Guidance on Various Complaints Related to Public Life

As the final administrative agency in the complaint handling process, the ACRC plays the role of counselor providing consultation on complaint related queries and providing guidance concerning related legislation, institutions, process, and responsible agencies. In this regard, the ACRC offers guidance about complaints and services by working with its own investigators as well as external experts in each sector and specialized human resources from complaint handling related organizations.

Corrective Recommendations and Expression of Opinions Regarding Illegal and Unfair Administrative Measures

If the ACRC finds substantial grounds to acknowledge that measures taken by administrative agencies are illegal and unfair as a result of investigations of civil complaints, it makes corrective recommendations to the concerned administrative agencies. If the ACRC finds substantial grounds to the arguments of the petitioners, it expresses opinions to the concerned administrative agencies.

Improvement Recommendations and Expression of Opinions Regarding Irrational Legislation and Institutions

If areas for improvement are identified as a result of investigation and handling process of civil complaint, the ACRC recommends such reasonable improvements or expresses its opinions to the head of the concerned agency to prevent such complaints from recurring.

Third Party On-Site Mediation and Settlement

In addition to making corrective recommendations and expressing opinions on administrative measures, the ACRC serves as a third-party mediator between petitioners and administrative agencies to work toward amicable agreement among stakeholders and prevent large-scale public conflicts.

Chapter
2

Current Status of Civil Complaint Handling

1. Overview of Complaint Investigation and Handling

Under its stated goal of “Bringing happiness to the people by focusing on the resolution of difficulties in daily lives and collective complaints,” the ACRC has addressed civil complaints closely related to public life by mediating or settling 72 complaints involving over 79,000 total stakeholders. One prominent example is the agreement reached through mediation on the expansion of a railroad bridge and 28 other bridges on the flood-prone Georimcheon stream in Yeoncheon-gun, Gyeonggi Province.

The ACRC has also strengthened its field-centered complaint resolution activities by addressing 778 complaints filed by the socially vulnerable via its on-site outreach program. As a result, the ACRC was able to increase the satisfaction

level of petitioners from previous year by 3.0 points to 78.3 points, and the acceptance ratio by 3.1%p to 27.0%, the highest rates achieved since the launch of the ACRC. Mediation and settlement also rose 3.0%p year-on-year.

2. Investigation and Handling of Complaints by Type and Sector

Among the 21,080 cases handled by the ACRC in 2016, 3,031, or 27% of cases were accepted, a 3.1%p increase over last year’s 23.9% acceptance rate.

The 21,080 cases handled in 2016 can be categorized as follows: 6.47% concerned taxation (national taxes, local taxes); 4.75% concerned urban areas (urban planning projects and facilities); 4.71% concerned the police (investigation); 4.51% concerned health and welfare (social welfare, health insurance); 4.07% concerned road.

Year-on-Year Comparison of Major Indicators

| Category | 2015 | 2016 | Change |
|-----------------------------------|------------------|-----------------|--------------------------|
| Filed complaints | 31,308 | 30,252 | △3.4% |
| Handled complaints | 23,573 (31,112)* | 21,080 (30,625) | △10.6% |
| Handled as civil complaints | 13,361 | 11,235 | △15.9% |
| Average complaint handling period | 18.4 days | 17.1 days | △1.3 days |
| Satisfaction level | 75.3 points | 78.3 points | 3.0 points increased YoY |
| Acceptance ratio | 23.9% | 27.0% | 3.1%p |
| Mediation and agreement ratio | 19.8% | 22.8% | 3.0%p |

*The number in the parentheses includes similar and repeated complaints.

Year-on-Year Comparison of Complaint Handling

| Category | Total | Civil complaints | | | | | | | | Other complaints |
|----------|----------|------------------|---------------------------|------------------------|----------------------|-------------------------------------|-----------|--------------------|----------------------|------------------|
| | | Sub-total | Corrective recommendation | Expression of opinions | Mediation, agreement | Guidance of deliberation, dismissal | Rejection | Transfer, referral | Guidance reply, etc. | |
| 2016 | 21,080 | 11,235 | 212 | 252 | 2,567 | 949 | 398 | 89 | 6,768 | 9,845 |
| 2015 | 23,573 | 13,361 | 205 | 346 | 2,644 | 1,010 | 420 | 207 | 8,529 | 10,212 |
| Change | △2,493 | △2,126 | 7 | △94 | △77 | △61 | △22 | △118 | △1,761 | △367 |
| | [△10.6%] | [△15.9%] | [3.4%] | [△27.2%] | [△2.9%] | [△6.0%] | [△5.2%] | [△57.0%] | [△20.6%] | [△3.6%] |

Complaints Handled by Sector in 2016

| Rank | Sector | Cases | Ratio | Rank | Sector | Cases | Ratio |
|------|-------------------------|-------|-------|------|-------------------------------|-------|--------|
| 1 | Taxation | 1,364 | 6.47% | 14 | Environment | 447 | 2.12% |
| 2 | Urban areas | 1,001 | 4.75% | 15 | Construction | 443 | 2.10% |
| 3 | Police | 993 | 4.71% | 16 | Patriots & veteran's affairs | 319 | 1.51% |
| 4 | Health & welfare | 951 | 4.51% | 17 | Water resources | 191 | 0.91% |
| 5 | Roads | 858 | 4.07% | 18 | Civil & judicial affairs | 186 | 0.88% |
| 6 | Agriculture | 829 | 3.93% | 19 | Military | 169 | 0.80% |
| 7 | Housing | 766 | 3.63% | 20 | Culture & tourism | 113 | 0.54% |
| 8 | Administration & safety | 744 | 3.53% | 21 | Personnel administration | 112 | 0.53% |
| 9 | Labor | 737 | 3.50% | 22 | Maritime & fishery | 102 | 0.48% |
| 10 | Finance | 676 | 3.21% | 23 | Education | 99 | 0.47% |
| 11 | Industry & resources | 601 | 2.85% | 24 | Broadcasting & communications | 79 | 0.37% |
| 12 | National defense | 505 | 2.40% | 25 | Foreign affairs & unification | 15 | 0.07% |
| 13 | Transport | 492 | 2.33% | 26 | Others | 8,288 | 39.32% |

3. Current State of Corrective Recommendations

(1) Corrective Recommendations by Organization and Sector

In 2016, the ACRC made 136(61.3%) of its corrective recommendations to central administrative agencies, 44(19.8%) to local government agencies, and 34(15.3%) to

public service-related organizations.

By sector, finance and taxation accounted for the largest ratio with 79 (35.6%) corrective recommendations, followed by the police with 30 (13.5%) and industry, agro-forestry, and the environment with 27 (12.2%) corrective recommendations. These three sectors accounted for 61.3% of all corrective recommendations.

Number of Corrective Recommendations by Type of Organizations in 2016

| Category | Total | Central administrative agencies | | | | | Local government agencies | | | | | Public service-related organizations | | | | | |
|------------------------------------|-------|---------------------------------|----------------------|------------------------|------------------------------|--------|---------------------------|-------------------|--------------------|-------------------------|--------|--------------------------------------|----------------------------------|------------------------------|---|--------|--------|
| | | Sub-total | National Tax Service | National Police Agency | Ministry of National Defense | Others | Sub-total | Gyeonggi Province | Seoul Special City | Chungcheongnam Province | Others | Sub-total | Korea Land & Housing Corporation | Korea Rail Network Authority | Korea Workers' Compensation and Welfare Service | Others | Others |
| Corrective recommendations (cases) | 222 | 136 | 74 | 30 | 10 | 22 | 44 | 14 | 9 | 4 | 17 | 34 | 13 | 6 | 3 | 12 | 8 |
| Ratio (%) | 100 | 61.3 | 33.3 | 13.5 | 4.5 | 9.9 | 19.8 | 6.3 | 4.1 | 1.8 | 7.7 | 15.3 | 5.9 | 2.7 | 1.4 | 5.4 | 3.6 |

※ The number of recommendations for cities and provinces includes corrective recommendations for lower-level local governments.

Number of Corrective Recommendations by Sector in 2016

| Category | Total | Finance & taxation | Police | Industry, agro-forestry, & the environment | Housing & construction | National defense, patriot & veterans | Welfare & labor | Road & transportation | Urban areas & water resources | Administration, culture & education |
|------------------------------------|-------|--------------------|--------|--|------------------------|--------------------------------------|-----------------|-----------------------|-------------------------------|-------------------------------------|
| Corrective recommendations (cases) | 222 | 79 | 30 | 27 | 22 | 18 | 17 | 14 | 10 | 5 |
| Ratio (%) | 100.0 | 35.6 | 13.5 | 12.2 | 9.9 | 8.1 | 7.7 | 6.3 | 4.5 | 2.3 |

(2) State of Corrective Recommendations Implementations

The ACRC has made 1,304 corrective recommendations over the last five years, with 1,182 cases (90.6%) being accepted and 99 (7.6%) not accepted.

The acceptance ratio was highest among central administrative agencies (91.5%), followed by public service-related organizations (89.5%) and local governments (89.5%). The lower acceptance ratio of local government agencies compared to central administrative agencies and public service-related organizations is attributable to the fact that they tend to rigidly implement related

guidance and regulations. In order to address this problem and enhance communication and cooperation with those agencies and organizations, the ACRC holds Civil Complaint Consultation Meetings of Concerned Agencies.

As for implementation rates of corrective recommendations by sector, national defense and veteran's affairs (97.9%), the police (97.5%), and road and transportation (97.2%) showed high acceptance levels, while the acceptance levels of industry, agro-forestry, and the environment (78.1%), finance and taxation (86.7%), and welfare and labor (88.0%) were comparatively low.

Yearly Records for Implementation of Corrective Recommendations for the Last Five Years

| Period | Total | Accepted | | Not accepted | | Undecided |
|---------------------|-------|-----------|-----------------|--------------|---------------------|-----------|
| | | Sub-total | Acceptance rate | Sub-total | Non-acceptance rate | |
| Nov 2011 – Oct 2016 | 1,304 | 1,182 | 90.6% | 99 | 7.6% | 23 |

※ As of the end of October 2016

Chapter
3

Field-Centered Resolution of People's Grievances

1. Regional On-Site Outreach Program

The on-site outreach program is offered for petitioners living on islands, farming and fishing villages, or other remote areas, where people may have difficulties in filing complaints online or by visit, as well as urban areas with frequent occurrence of complaints. The program enables on-site complaint consultation service through visits to the concerned area that are home to petitioners. The program also serves as a window between the people and the government, as the ideas and opinions of residents of different regions are gathered through local meetings and incorporated into government policies.

If it is possible to reach an agreement, some complaints may be addressed on-site through the engagement of relevant organizations. Cases requiring further investigation are sent to the ACRC as civil complaints for investigation and deliberation. As for policy proposals and demands for institutional improvements, the ACRC seeks out solutions through discussion with relevant organizations. The ACRC thoroughly manages cases until they are fully resolved by notifying complainants or local government agencies of their progress.

Between the establishment of the ACRC in 2008 and 2016, the on-site outreach program team visited 399 regions,

handling 13,366 cases. This is a drastic expansion of the program's work compared to the time before the launch of the ACRC, when it had visited 55 regions and handled 1,543 cases between 2003 and 2007.

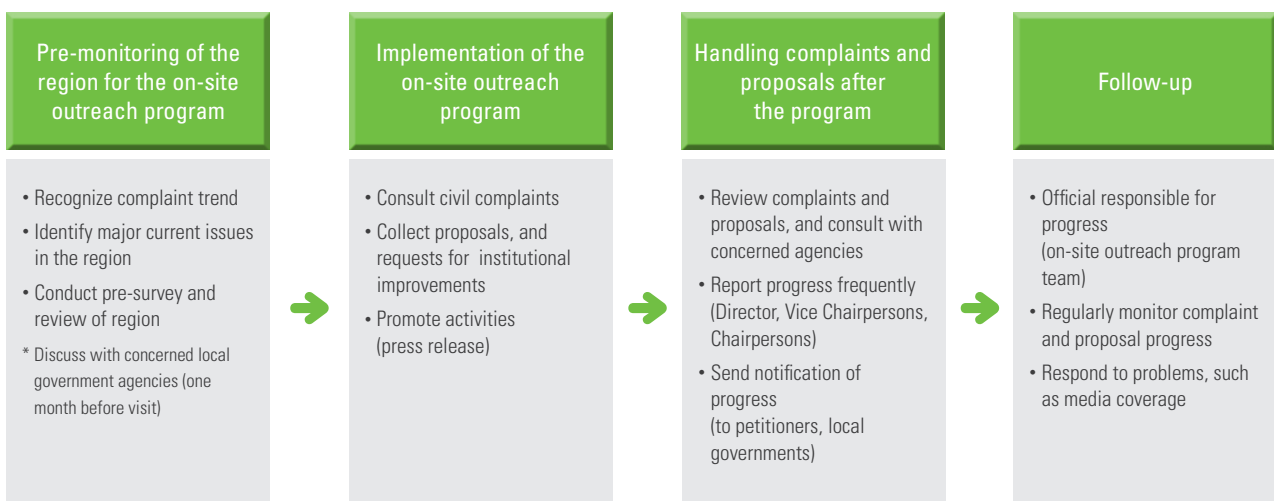
Moreover, through active mediation and arbitration of civil complaints, over 35% of complaints are now addressed on-site. Last year, the number of cases resolved on-site exceeded 3,900.

※ Onsite resolution: (2013) 36.2% → (2014) 39.2% → (2015) 38.1% → (2016) 41.9%

Alongside the on-site outreach program, the ACRC began to provide free Korean medicine clinics to residents with physical difficulties with the support of the Association of Korean Medicine, a service that was used by 280 people in 2016. The ACRC has also strived to increase opportunities for residents to address their civil complaints through the on-site outreach program by broadening its scale to include vicinity regions. (The ACRC operates the program in 26 key regions, and residents living in 99 nearby regions are also invited to the program.)

The ACRC has enhanced the operation of its comprehensive complaint-addressing system capabilities to collaborate with other government agencies in 2012. Under this

Operation and Follow-Up of the On-Site Outreach Program



Yearly Performance of On-Site Complaint Counseling

(Unit: Number of cases)

| Category | Total | Before 2008 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|---------------------------|-------------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| Number of performed regions | 454 | 55 | 20 | 28 | 33 | 46 | 51 | 51 | 52 | 57 | 61 |
| Counseling performance | Civil complaints received | 2,315 | 541 | 86 | 272 | 199 | 129 | 196 | 178 | 245 | 234 |
| | Onsite resolution | 3,901 | - | 96 | 244 | 290 | 244 | 332 | 633 | 634 | 778 |
| | Guidance of counseling | 8,693 | 1,002 | 381 | 1,004 | 1,000 | 865 | 1,103 | 937 | 737 | 821 |
| | Total | 14,909 | 1,543 | 563 | 1,520 | 1,489 | 1,238 | 1,631 | 1,748 | 1,616 | 1,706 |

collaborative system, the ACRC invites concerned ministries and agencies, as well as external experts in the private sector, into the discussion on inter-agency conflicts, unresolved collective complaints, or issues related to specific sectors or those holding significant social influence.

The ACRC has moved to raise the quality of its civil complaint counseling service by creating a “counseling investigator pool,” which includes experienced investigators who possess a great deal expertise. Moreover, by adding the Korea Land and Geospatial Informatix Corporation and the MOEL in 2016 into its existing partner group already consisting of the Korea National Council on Social Welfare, the Korea Legal Aid Corporation, and the Korea Consumer Agency, the ACRC has expanded its counseling area to land registry related conflicts, and job opportunity and labor related issues. As a result, the ACRC has gained the ability to provide comprehensive counseling

services on complaints related to administrative agencies and public livelihood.

2. Operation of Tailored On-Site Outreach Programs for the Socially Vulnerable

In addition to the regional on-site outreach program for residents living in local communities, the ACRC began operating small-scale tailor-made on-site outreach programs in 2011 for different groups of people, including small business owners, foreign workers, multi-cultural families, and North Korean defectors.

By expanding the program for vulnerable groups in 2016 (from 26 sessions in 2014, 31 sessions in 2015, and to 35 sessions in 2016), the ACRC has made greater efforts to resolve grievances of these socially vulnerable and marginalized people.

Yearly Operation of Tailored On-site Outreach Program



Chapter
4

Active Resolution of Collective Complaints and Corporate Difficulties

1. Mediation and Resolution of Collective Complaints

The ACRC has actively utilized a mediation and settlement system to fairly and promptly resolve complaints involving the interest of multiple stakeholders, or those entailing great social repercussions. In order to resolve conflicts involving complicated interests or multiple administrative agencies, the ACRC devises mutually beneficial mediation and settlement plans that satisfy all stakeholders through active on-site investigations, fact finding, identification of stances, and coordination, thereby contributing to the resolution of social conflicts and public grievances.

The number of on-site mediations and settlements handled by the ACRC is on the rise. The ACRC has resolved over 50 cases through onsite mediation and settlement since 2014. Backed by its continued efforts to facilitate mediation and settlement, the ACRC resolved as many as 72 collective complaints involving over 79,000 total stakeholders through on-site mediation and settlement in 2016—a remarkable 157% increase from the 28 cases resolved in 2008.

The mediation and settlement ratio of collective complaints involving five stakeholders and more was particularly high, standing at 31.2% in 2016. As collective complaints are attributable to conflicts of interest among stakeholders, rather than illegality or unfairness of administrative measures, existing complaint handling methods are limited in resolving such cases. In addition, many of these conflicts involve complicated interests among stakeholders or multiple administrative agencies. In order to effectively settle such cases and devise settlement plans, robust

communication and compromise among stakeholders is essential.

2. Active Resolution of Corporate Complaints through Corporate Ombudsman

In line with the government stance to support companies in creating more jobs and boosting the economy during times of economic difficulty, the ACRC has created an exclusive window for corporate complaints to lay the foundation for the practical resolution of corporate grievances.

In 2009, the ACRC opened this exclusive window through which businesses could file complaints online with its e-People website. The ACRC has put priority on managing the difficulties and grievances of businesses by facilitating corporate complaints through on-site meetings.

In order to resolve complaints filed through its exclusive handling system for corporate complaints in a field-centered and prompt manner, and to increase the acceptance ratio, the ACRC dispatches investigators for field surveys and encourages them to promptly handle complaints within the legal period.

Thanks to the continued emphasis on the thorough resolution of corporate complaints while operating its corporate ombudsman program, the ACRC saw a sharp increase in the number of corporate complaints handled and accepted in 2016 compared to the previous year. This program, exclusively for corporate complaints, serves as a prompt one-stop help window serving micro-, small-, and medium-sized enterprises.

On-Site Mediation and Settlement of Civil Complaints

| Category | 2008. 3. | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------|-------|------|------|-------|-------|-------|-------|-------|
| Collective complaints received (five stakeholders and more) | 334 | 259 | 280 | 285 | 361 | 362 | 241 | 255 | 231 |
| Resolved complaints through mediation | 28 | 26 | 19 | 24 | 42 | 43 | 54 | 65 | 72 |
| Ratio of resolution through mediation | 8.4% | 10.0% | 6.8% | 8.4% | 11.6% | 11.9% | 22.4% | 25.5% | 31.2% |

Performance of Corporate Ombudsman

| Period | Outcome | | | | | | | | | |
|-----------|----------|----------------------------|------------------------|----------------------|--------------------------|---------------------|--------------------|----------------|---------|------------|
| | Subtotal | Corrective recommendations | Expression of opinions | Mediation, agreement | Guidance of deliberation | Dismissal-rejection | Transfer, referral | Guidance reply | Closure | Withdrawal |
| Total | 2,540 | 63 | 92 | 435 | 142 | 132 | 17 | 709 | 621 | 329 |
| 2016 | 271 | 20 | 10 | 84 | 16 | 12 | 0 | 90 | 3 | 36 |
| 2015 | 237 | 7 | 13 | 55 | 9 | 15 | 0 | 84 | 11 | 43 |
| 2009~2014 | 2,032 | 36 | 69 | 296 | 117 | 105 | 17 | 535 | 607 | 250 |

Efforts to Prevent Civil Complaints

1. Promotion of Surveys on the Implementation of Civil Complaint Decisions

In order to enhance public satisfaction of administrative services and secure fairness and responsibility in civil complaint handling, the ACRC carries out annual surveys of administrative agencies regarding the implementation of decisions made on civil complaints. The ACRC is constantly developing and improving survey indicators while increasing the number of agencies participating in the survey.

In 2010, the ACRC developed survey indicators for the implementation of decisions made on civil complaints, and it carried out trial surveys of 19 organizations (three central administrative agencies, three metropolitan local governments, five primary local governments, three education offices, and five public companies). In 2011, the ACRC carried out feasibility tests of 53 organizations (seven central administrative agencies, seven metropolitan local governments, eighteen primary local governments, seven education offices, and fourteen public organizations) to better understand the applicability of indicators.

Since 2015, the survey has been conducted on all 243 local governments (16 metropolitan cities and provinces, 75 si, 82 gun, and 69 gu), and the number of indicators was trimmed from 18 in 2015 to 15 in 2016.

For this survey, each organization carries out a self-diagnosis in the first half of the year, and the ACRC provides consulting service for those organizations graded as “unsatisfactory” or “poor” to encourage improvement. In the second half of the year, the ACRC grades the organizations and finalizes its reports after holding document reviews, field surveys, and judgment meetings.

The ACRC encourages organizations to make voluntary efforts to improve implementation by announcing survey outcomes to the media and granting awards on the ACRC Day. In 2016, the ACRC selected Seoul Metropolitan Government, Anyang-si Government, Hoengseong-gun Government, Yuseong-gu government, and the National Health Insurance Service as excellent organizations, and

awarded based on survey outcomes from the previous year.

2. Expansion of Local Ombudsman and Provision of Capacity Building Education

(1) Local Ombudsman Program (Citizen Complaint Handling Committee)

The ACRC encourages local governments and their agencies to operate their own independent ombudsman programs to address internal complaints swiftly and fairly.

The ACRC created the Local Ombudsman Council in December 2016 and the Working Council in June 2016, and provided meetings and workshops for local ombudsman as well as professional training on civil complaints and ombudsman program for employees. In order to improve the system and facilitate program operation, the ACRC has revised the standard ordinance on the establishment and operation of local ombudsman program.

Thanks to these efforts, the local ombudsman program has expanded to 25 local governments, including six that joined the program in 2016.

Local Governments Operating Local Ombudsman Program

- Metropolitan local government (4): Seoul; Gyeonggi Province; Gangwon Province; Chungcheongnam Province
- Primary local government (21): Anyang-si; Bucheon-si; Siheung-si; Hwaseong-si; Wonju-si; Jecheon-si; Iksan-si; Seongnam-si; Namyangju-si; Yangsan-si; Sangju-si; Yeongdong-gun; Gangdong-gu, Seoul; Gangbuk-gu, Seoul; Gwanak-gu, Seoul; Guro-gu, Seoul; Mapo-gu, Seoul; Seodaemun-gu, Seoul; Seongdong-gu, Seoul; Eunpyeong-gu, Seoul; Nam-gu, Incheon

※ Number of local ombudsman programs: 14 (1997-2014) → 19 (2015) → 25 (2016)

(2) Capacity Building Education

Since 2008, the ACRC has provided yearly group training sessions specialized in civil complaints and ombudsman

programs for officials responsible for handling complaints and ombudsman program in public organizations. Over 1,000 people have attended these programs.

The Remedy of Violated Rights and Ombudsman cyber training course for public officials started in September 2012. A total of 49,000 have completed the course since its inception. In 2016, 20 sessions were provided to 18,000 officials.

Chapter
6

Current State of Civil Complaints Handling by Sector

1. Administration, Culture, Education, Foreign Affairs, Unification, Civil Affairs, and Legal Affairs Sector

In 2016, 9,201 civil complaints related to administration, culture, education, foreign affairs, unification, civil affairs and legal affairs were handled, a number similar to the previous year when 9,194 cases were handled. A total of 268 cases (compared to the previous year's 262) were accepted, including corrective recommendations, the expression of opinions, mediation, and settlement. Of these, cases resulting with mediation and settlement increased while corrective recommendations and the expression of opinions declined.

● Collective Complaint On-Site Mediation Exemplar

Mediation of Collective Complaint Requesting Expansion of a Bridge

(1) Summary of Complaint

About 300 residents of three villages of, ○○-myeon, ○○-si, ○○ Province had used the 5.4-meter-wide ○○10 bridge with their large vehicles and agricultural machines for more than 20 years; however, as a part of an environmental improvement project in the flood prone area around ○○ stream, an agency constructed a new 4-meter-wide bridge. The residents, having experienced difficulties in crossing

the new bridge with their large vehicles and agricultural machines, requested an expansion of the bridge.

(2) Key Issue

Securing a budget for the expansion of the bridge to facilitate the crossing of vehicles, and validating measures to ensure the safety of pedestrians.

(3) Handling Process and Investigation Results

The complaint was presided over by an ACRC standing commissioner and resolved through on-site mediation, after a field investigation and continued discussion with representatives of the petitioners, the government of ○○-si, and the governor of ○○ Province.

- The petitioner requested the enactment of safety measures and the expansion of a new bridge to be constructed as part of the environmental improvement project of a flood prone area around ○○ stream.
- ○○ governor devised measures, including expanding the width of the bridge to 7 meters.
- ○○-si government will expand and pave farm roads connected to the concerned bridge in the future according to traffic volume.

(4) Lesson

Local government provided public service in a timely manner, acting as a driving force to secure regional development and the safety of residents. This mediation also addressed inter-agency conflicts between ○○ Province office and ○○-si office.

Number of Complaints Handled by Sector

[Unit: Number of cases]

| Period | Total | Administration and safety | Personnel administration | Culture & tourism | Education | Foreign affairs & unification (including other complaints) |
|--------|--------|---------------------------|--------------------------|-------------------|-----------|--|
| 2016 | 9,201 | 742 | 111 | 113 | 98 | 8,137 |
| 2015 | 9,194 | 634 | 100 | 103 | 164 | 8,193 |
| Change | 7 | 108 | 11 | 10 | △66 | △56 |
| | [0.1%] | [17.0%] | [11.0%] | [9.7%] | [△40.2%] | [△0.7%] |

Results of Complaints

[Unit: Number of cases]

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|--------|----------------------------|------------------------|-----------------------|-----------|-----------|--------------------------|--------------------|----------------|---------------------|
| 2016 | 9,201 | 5 | 9 | 254 | 0 | 32 | 31 | 3 | 697 | 8,170 |
| 2015 | 9,194 | 12 | 16 | 234 | 2 | 44 | 82 | 5 | 534 | 8,265 |
| Change | 7 | △7 | △7 | 20 | △2 | △12 | △51 | △2 | 163 | △95 |
| | [0.1%] | [△58.3%] | [△43.8%] | [8.5%] | [△100] | [△27.3%] | [△62.2%] | [△40.0%] | [30.5%] | [△1.1%] |

2. National Defense and Veterans Affairs Sector

The number of complaints related to national defense and veteran's affairs diminished by 10.6% (117 cases) in 2016 compared to the previous year. The filing of complaints has increased due to higher awareness of the Military Complaint Resolution System that began in 2008, but it has gradually declined gradually since. Military complaints filed by soldiers regarding service increased by 2.4% (4 cases), while complaints in national defense and veteran's affairs decreased by 8.2% (45 cases) and 19.2% (75 cases), respectively. Corrective recommendations rose by 20.0% and those for mediation and settlement rose 15.6%, while the handling of dismissals (Δ 92.3%), rejections (Δ 45.5%), guidance of deliberation (Δ 24.6%), and guidance reply (Δ 11.6%) all decreased.

● Collective Complaint On-Site Mediation Exemplar

Demand for the Recognition of a Soldier's Death as a Death on Duty

(1) Summary of Complaint

The late private Kwon, son of the petitioner, killed himself with a rifle at a firing range on March 17, 1989, during his service with the 0th Engineer Brigade Army due to beatings and harsh treatment from senior soldiers and the careless management of base officials. As private Kwon died performing his military service, the petitioner demanded the treatment of his son's death as a death on duty and his burial in the National Cemetery.

(2) Key Issue

The causal relationship between death and the performance of duties.

(3) Handling Process and Investigation Result

The private displayed no psychiatric problems before beginning his service and had led an ordinary life in a happy family. In addition, the court and the Ministry of Patriots and Veterans Affairs (MPVA) admitted that the cause of death was closely related to cruel treatment and inappropriate recruit management, and decided to recognize him as eligible for veteran's compensation (provided to members of the military or police officers killed in disasters) based on relevant materials, such as a court ruling and a resolution of the Patriots and Veterans Entitlement Commission, and the MPVA. Given these facts, the ACRC made a recommendation to the Minister of National Defense to again review his entitlement, as substantial causality had been acknowledged between Kwon's death and military service. After review by the Central Review Committee on Death during Honorable Service, the minister reopened the case on August 7, 2016, reclassified his death as a Death on Duty III, and allowed for the burying of his body at the National Cemetery.

(4) Lesson

Private Kwon's death and the ensuing provision of veteran's compensation and posthumous respect provides an exemplary case of the recovery of honor for the deceased and his family, and the protection of civil rights. Though the deceased had passed away several decades prior and as the result of suicide, he was nevertheless recognized as a soldier who had died in the line of duty and buried in the National Cemetery. This case shows that re-deliberation and re-classification are possible when documents can confirm cruel treatment and careless management commanding officers during service.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | National defense | Veterans affairs | Military | Others |
|--------|-------------------|------------------|-------------------|----------|-------------------|
| 2016 | 990 | 504 | 315 | 169 | 2 |
| 2015 | 1,107 | 549 | 390 | 165 | Δ 3 |
| Change | Δ 117 | Δ 45 | Δ 75 | 4 | Δ 1 |
| | (Δ 10.6%) | (Δ 8.2%) | (Δ 19.2%) | (2.4%) | (Δ 33.3%) |

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Guidance reply | Withdrawal |
|--------|-------------------|----------------------------|------------------------|-----------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
| 2016 | 990 | 18 | 23 | 170 | 1 | 6 | 43 | 661 | 68 |
| 2015 | 1,107 | 15 | 23 | 147 | 13 | 11 | 57 | 748 | 93 |
| Change | Δ 117 | 3 | - | 23 | Δ 12 | Δ 5 | Δ 14 | Δ 87 | Δ 25 |
| | (Δ 10.6%) | (20.0%) | - | (15.6%) | (Δ 92.3%) | (Δ 45.5%) | (Δ 24.6%) | (Δ 11.6%) | (Δ 26.9%) |

3. The Police Sector

The police sector can be categorized into four sub-sectors: investigation, traffic, public order, and the police in general. Investigation complaints include those requests concerning reinvestigation, delays in investigation, or unjust investigation. Traffic complaints include those concerning the reinvestigation of traffic accidents, the improvement of traffic safety facilities, and decisions on driver's licenses. The public order sector concerns the prevention of and crackdown on crimes, assembly and demonstration, and information security activities. Finally, the police in general sector concerns issues related to conscripted police service, the coast guard, and police administration.

The police sector saw a 35.5% year-on-year reduction of cases in 2016. Complaints related to investigations declined 40.7%, while those concerning public order declined by 43.2%.

● Collective Complaint On-Site Mediation Exemplar

Request for an Investigation into the Abuse of Public Authority for Personal Benefit

(1) Summary of Complaint

The petitioner was interrogated by a police officer as a suspect

in a lawsuit at Busan ○○ police station in 2014. The petitioner subsequently realized that no record had been made regarding the investigation. A complaint was filed demanding an investigation of the responsible police officer for the abuse of power for private benefit.

(2) Key Issues

The appropriateness of the investigative practice in which the petitioner was interrogated before the initiation of an official investigation, and the lack of record of the case after no grounds for charges were found.

(3) Handling Process and Investigation Result

According to procedure, the police officer should have begun an investigation after reporting to the head of the investigation department, despite the fact that the informant was an acquaintance of the police officer. As the report concerned criminal intelligence, an investigation should have been initiated after the case was entered into the Criminal Intelligence Analysis System (CIAS) and officially assigned. The ACRC, discovering that the police officer had violated internal rules concerning task process, made a corrective recommendation. The police station superintendent handed down a warning as punishment.

(4) Lesson

The case reinforces the requirement for investigators in investigative agencies to comply with procedures and formalities during investigations.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | Investigation | Traffic | Public order | Police in general | Others |
|--------|------------------|------------------|------------------|-----------------|-------------------|-----------------|
| 2016 | 993 | 439 | 325 | 42 | 187 | 0 |
| 2015 | 1,515 | 741 | 440 | 74 | 259 | 1 |
| Change | △522 [△35.5%] | △302 [△40.7%] | △115 [△26.1%] | △32 [△43.2%] | △72 [△27.8%] | △1 [△100.0%] |

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|------------------|----------------------------|------------------------|-----------------------|-----------------|--------------|--------------------------|--------------------|------------------|---------------------|
| 2016 | 993 | 31 | 10 | 216 | 19 | 18 | 138 | 23 | 456 | 82 |
| 2015 | 1,515 | 47 | 7 | 284 | 45 | 11 | 63 | 50 | 906 | 102 |
| Change | △522 [△35.5%] | △16 [△34.0%] | 3 [47.8%] | △68 [△23.9%] | △26 [△57.8%] | 7 [63.6%] | 75 [119.0%] | △27 [△54.0%] | △450 [△49.7%] | △20 [△19.6%] |

4. Welfare, Labor, and Broadcasting and Communications Sector

The welfare, labor, and broadcasting and communication sector can be categorized as follows: the health and welfare area handles complaints related to social welfare, health, medical service, pharmaceutical service, family and gender equity, food, health insurance, and national pension; the labor area handles complaints related to labor standards, labor-management policies, occupational health and safety insurance, employment stability, vocational training, employment insurance, and assurance of wage claims; and the broadcasting and communications area handles complaints related to wired and wireless phone service and the Internet.

In 2016, this sector resolved 17 cases through corrective recommendations, 29 through the expression of opinions, and 279 through settlements.

● Collective Complaint On-Site Mediation Exemplar

Wage Payment by Applying the Living Wage Ordinance

(1) Summary of Complaint

The petitioner had worked as a cook in an office daycare center in ○○-gu office, ○○-si since April 1, 2013. The office enacted the Ordinance on Living Wage in ○○-gu, ○○-si on August 11, 2014, and specified that the ordinance was applicable to the workers of ○○-gu office as well as to workers in institutes invested in or funded by ○○-gu. This ordinance should have been applied to the petitioner; however, the petitioner instead received a lower wage on the basis of

already being covered by the Infant Care Act. The petitioner requested the application of the ordinance in addition to retrospective payment of the past difference.

(2) Key Issue

The applicability of the concerned ordinance to the contract according to the guidance of the MOHW (Standards on Payment of Labor Cost for Childcare Staff), and the retrospective payment of the wage difference.

(3) Handling Process

The ACRC identified the intention of the complaint and thoroughly reviewed legislation and judicial precedents after receiving the related materials from ○○-gu office.

(4) Result

The petitioner was a worker in a daycare center for the office headed by the defendant, and was therefore considered a worker of ○○-gu office and subject to the application of Article 3.1.1 of the concerned ordinance. Also, as the living wage specified in the concerned ordinance was higher than the Standards on Payment of Labor Cost for Childcare Staff set by the MOHW, the defendant should have signed an updated employment contract with the petitioner after the enactment and enforcement of the concerned ordinance; however, the defendant violated the ordinance by failing to take these measures. Moreover, the interpretation agreed with the obligation given to the defendant by Article 4 of the ordinance in order to expand the living wage system. Considering these facts, the ACRC recommended that the defendant pay the wage difference between the labor cost under the Ordinance on Living Wage in ○○-gu and the labor cost under the Standards on Payment of Labor Cost for Childcare Staff in the Guidelines on Childcare Program.

(5) Lesson and Acceptance

After accepting the recommendation of the ACRC, the defendant made a retrospective payment of approximately KRW 1.33 million to the petitioner.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | Health and welfare | Labor | Broadcasting and communications |
|--------|--------------------|--------------------|------------------|---------------------------------|
| 2016 | 1,762* | 948 | 735 | 77 |
| 2015 | 2,785** | 1,696 | 934 | 146 |
| Change | △1,023 (△36.7%) | △748 (△44.1%) | △199 (△21.3%) | △69 (△47.2%) |

* Includes two complaints other than health and welfare, labor, and broadcasting and communications in 2016

** Includes nine complaints other than health and welfare, labor, and broadcasting and communications in 2015

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendation | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|--------------------|---------------------------|------------------------|-----------------------|-----------|---------------|--------------------------|--------------------|------------------|---------------------|
| 2016 | 1,762 | 17 | 29 | 279 | 4 | 44 | 95 | 20 | 1,086 | 188 |
| 2015 | 2,785 | 22 | 61 | 354 | 0 | 32 | 83 | 31 | 2,007 | 195 |
| Change | △1,023 (△36.7%) | △5 (△22.7%) | △32 (△52.4%) | △75 (△21.1%) | 4 | 12 (37.5%) | 12 (14.4%) | △11 (△35.4%) | △921 (△45.8%) | △7 (△3.5%) |

5. Finance and Taxation Sector

The finance and taxation sector consists of the finance area, which handles complaints related to national property, banking, insurance, securities, fair trade, tobacco, and procurement; and the taxation area, which handles complaints related to national taxes, tariffs, and local taxes.

The number of complaints handled by this sector fell by 12.6% in 2016 compared to the previous year. Complaints in the finance area dropped by 19.2%, while those in the taxation area went down by 8.9%.

● Collective Complaint On-Site Mediation Exemplar

Demand for Ownership Transfer of State-Owned Land

(1) Summary of Complaint

The father of the petitioner purchased a state-owned lot in 1972 and carried out a land development project with neighbors in the village; however, they failed to receive an approval for the completion of the development project. As a result, the subsequent administrative steps, including the ownership transfer of state-owned land, had not been completed. The petitioner and more than 40 other residents requested

the hastening of administrative processes related to ownership transfer of the land and the development project, so that they could exercise their right of ownership.

(2) Key Issue

Ownership transferability of state-owned land.

(3) Handling Process and Results

A purchase agreement and sales note existed as this was a state-owned land transfer, and the agreed payment had been made in full. After the purchase, the ownership of the land has never been transferred to any third party, and under the consent of the petitioner, villagers had occupied the land for more than 40 years. Based on these facts, the ACRC recommended that the Minister of Strategy and Finance (MOSF) and the commissioner of ○○ tax office transfer the ownership of the concerned land to the petitioner. The ACRC also expressed the opinion to the head of ○○-gun that, upon completion of ownership transfer, the local government should complete processes for the development project, including the disposal of replotting. After the transfer of ownership in November 2016, a follow-up process for the development project should be completed.

(4) Lesson

The ACRC addressed this case involving multiple agencies and stakeholders by fully utilizing its mediation and settlement abilities.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | Finance | Taxation |
|--------|------------------|------------------|-----------------|
| 2016 | 2,041 | 676 | 1,365 |
| 2015 | 2,335 | 837 | 1,498 |
| Change | △294 [△12.6%] | △161 [△19.2%] | △133 [△8.9%] |

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Guidance of deliberation | Rejection | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|------------------|----------------------------|------------------------|-----------------------|-----------------|--------------------------|-----------------|--------------------|-----------------|---------------------|
| 2016 | 2,041 | 77 | 1 | 284 | 167 | 8 | 31 | 6 | 1236 | 231 |
| 2015 | 2,335 | 50 | 11 | 445 | 35 | 9 | 56 | 29 | 1,369 | 331 |
| Change | △294 [△12.6%] | 27 [54%] | △10 [△90.9%] | △161 [△36.2%] | 132 [377.1%] | △1 [△11.1%] | △25 [△44.6%] | △23 [△79.3%] | △133 [△9.7%] | △100 [△30.2%] |

6. Industry, Agro-Forestry, Environment, and Maritime Sector

As simple inquiries, statutory interpretations, and complaints concerning relationship between private persons decreased a little, the number of complaints in the industry, agro-forestry, environment, and maritime sector diminished by 131 cases (6.2%) in 2016 year-on-year. Of the total 1,977 complaints, 600 (30%) were related to industry, 828 (42%) to agro-forestry, 447 (23%) to the environment, and 102 (5%) to the maritime and fishery.

● Collective Complaint On-Site Mediation Exemplar

Provision of Oil Tax Subsidy for Providers of Coastal Cargo Transportation Services

(1) Summary of Complaint

The petitioner was required to file application documents to receive a first quarter oil tax subsidy of KRW 2.2 million by Friday, March 11, 2016. The petitioner forgot the deadline, and called the relevant authority at 17:30 on the day of the deadline to file the application. The petitioner was told that only the documents arriving before 18:00 were considered valid. The petitioner tried to file the documents the following Monday morning, March 14, 2016, but was rejected as the deadline had passed.

(2) Key Issues

The defendant had been providing oil tax subsidies to applicants including the petitioner according to the Guideline on Payment of Oil Tax Subsidy for Providers of Coastal Cargo Transportation Services. Article 8.3 of that guideline stipulates that subsidies may not be provided if applications arrive after the deadline. The authority had made several announcements stating this stipulation through the Plan on Oil Tax Subsidy for Providers of Coastal Cargo Transportation Services for 1Q2016, the Official Document on Planning Oil Tax Subsidy for Providers of Coastal Cargo Transportation Services for 1Q2016, and on its webpage. The defendant argued that an additional provision of subsidy, or of carrying over the subsidy to the next quarter, would be difficult as the petitioner had missed the deadline, and that these firm rules had been established to ensure fairness and prevent government subsidies in an unfair way.

(3) Results and Lesson

By way of reference, it was noted that the MOLIT had a system allowing providers of land cargo transportation services to apply for oil subsidies in the subsequent period if a deadline had been missed. Also, though the deadline in this case was ultimately missed, the petitioner did phone the authority before 18:00 to request an extension of the application period. In this case, the authority could have addressed the problem through other means, such as allowing for the receipt of the application via fax before the deadline, and receipt of other evidential documents later before it begins the review process. In consideration of this, the ACRC expressed an opinion stating that it was appropriate to provide the oil tax subsidy to the petitioner.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | Industry, resources | Agriculture | Maritime, fishery | Environment | Others |
|--------|-----------------|---------------------|-------------|-------------------|-----------------|---------------|
| 2016 | 1,977 | 600 | 828 | 102 | 447 | 0 |
| 2015 | 2,108 | 655 | 819 | 97 | 536 | 1 |
| Change | △131 [△6.2%] | △55 [△8.4%] | 9 [1.1%] | 5 [5.2%] | △89 [△16.6%] | △1 [△100%] |

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal |
|--------|-----------------|----------------------------|------------------------|-----------------------|-----------------|-----------------|--------------------------|--------------------|----------------|-----------------|
| 2016 | 1,977 | 25 | 34 | 419 | 6 | 48 | 60 | 7 | 1,147 | 231 |
| 2015 | 2,108 | 18 | 37 | 354 | 23 | 89 | 80 | 64 | 1,146 | 297 |
| Change | △131 [△6.2%] | 7 [38.9%] | △3 [△8.1%] | 65 [18.4%] | △17 [△73.9%] | △41 [△46.1%] | △20 [△25.0%] | △57 [△89.1%] | 1 [0.1%] | △66 [△22.2%] |

7. Housing and Construction Sector

The number of complaints filed and handled in the housing and construction sector in 2016 fell year-on-year by 25 cases (2%). While complaints concerning housing fell by 31 cases (3.9%), complaints in the construction sector rose by 11 cases (2.5%). In this sector, instances of corrective recommendations and mediation and settlement rose by 7 cases (70%) and 103 cases (37%) respectively, while dismissed cases increased by 72 (153%). The expression of opinions, on the other hand, decreased by 21 cases (35%), guidance of deliberation by 34 cases (33%), and guidance reply by 199 cases (35%).

● Collective Complaint On-Site Mediation Exemplar

Objection to Imposed Charge for Compelling Performance and Seizure

(1) Summary of Complaint

The petitioner leased a lot in ○○-gu, ○○-si, Gyeonggi Province in November 2009 and used the land to store containers until August 2011. The defendant cancelled a corrective order in September 2011 after confirming that the petitioner removed the containers; however,

after a supervising authority pointed out this as part of an audit in 2014, the defendant re-imposed an already cancelled charge for compelling performance and seized a savings deposit without a field investigation or advance warning. The petitioner argued that this was an unfair measure.

(2) Key Issues

The appropriateness of imposing the charge for compelling performance, the compliance of procedures, and the legality of imposing such charge and seizure.

(3) Handling Process and Results

According to administrative record, the petitioner took corrective measures by removing the containers before October 2011. Furthermore, the defendant gave a corrective order and warning of re-imposing such a charge only one time, at the same time based on already cancelled charge, and even seized property, which is a violation of the construction act. Considering these facts, the ACRC made a corrective recommendation to cancel both the KRW 2,268,000 of charge and the seizure.

(4) Acceptance and Lesson

Accepting the resolution of the ACRC, the agency cancelled the charge for compelling performance and the seizure of the petitioner property.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | Housing | Construction | Others |
|--------|----------------|----------------|--------------|----------------|
| 2016 | 1,210 | 765 | 442 | 3 |
| 2015 | 1,235 | 796 | 431 | 8 |
| Change | △25 (△2.0%) | △31 (△3.9%) | 11 (2.5%) | △5 (△62.5%) |

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|----------------|----------------------------|------------------------|-----------------------|-----------|--------------|--------------------------|--------------------|----------------|---------------------|
| 2016 | 1,210 | 17 | 60 | 381 | 0 | 119 | 70 | 0 | 371 | 192 |
| 2015 | 1,235 | 10 | 81 | 278 | 0 | 47 | 104 | 0 | 570 | 145 |
| Change | △25 (△2.0%) | 7 (70%) | △21 (△26%) | 103 (37%) | - | 72 (153%) | △34 (△33%) | - | △199 (△35%) | 47 (32%) |

8. Urban and Water Resources Sector

The urban and water resources sector can be divided into two parts: the urban area, which handles complaints related to development permits, management of development restriction zone, determination of urban management planning including urban planning facilities, and large scale public development projects, such as urban development projects and housing site development; and the water resources area, which handles complaints related to rivers and dams.

In 2016, 1,192 complaints were handled in this sector, down 21.6% from 1,520 year-on-year.

● Collective Complaint On-Site Mediation Exemplar

Unfair Administrative Order to Restore a River to the Original State

(1) Summary of Complaint

The petitioner installed a photovoltaic power generation unit on a 2,051.6m² lot classified as miscellaneous land in 1161 ○○-ri, ○○-myeon, ○○-gun, after attaining a permit; however, the local government handed down an administrative order to demolish the facilities located on the lot citing that there had been no separate

permit for occupation and use of the river. The petitioner argued that ordering restoration of the land for such a reason was unfair.

(2) Key Issue

Applicability of the River Act to the concerned land.

(3) Handling Process

Investigation of the current situation, including the reasoning behind designating the lot as a river zone.

(4) Result

The River Act is applicable only to river zones. Though a local government has established a master plan for river zones including planned river banks, the lands will be included in river zones and become subject to the River Act only when a separate notification on the designation of a river zone had been made. Though the local government had a plan for the river bank in question, it made no official notification designating the land as a river zone. Therefore, the River Act was not applicable in this case. As the administrative order for restoration of the land based on the River Act is illegal, the ACRC made a corrective recommendation to cancel the administrative order for restoration.

(5) Lesson

The law providing the basis of the above administrative measure cannot be applied arbitrarily.

Number of Complaints Handled by Sector

[Unit: Number of cases]

| Period | Total | Urban area | Water resources | Others |
|--------|------------------|------------------|-----------------|--------|
| 2016 | 1,192 | 999 | 190 | 3 |
| 2015 | 1,520 | 1,242 | 278 | 0 |
| Change | △328 [△21.6%] | △243 [△19.6%] | △88 [△31.7%] | 3 |

Results of Complaints

[Unit: Number of cases]

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Dismissal | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|------------------|----------------------------|------------------------|-----------------------|----------------|-----------------|--------------------------|--------------------|-----------------|---------------------|
| 2016 | 1,192 | 10 | 26 | 253 | 1 | 37 | 95 | 1 | 463 | 306 |
| 2015 | 1,520 | 13 | 51 | 243 | 3 | 79 | 259 | 1 | 521 | 350 |
| Change | △328 [△21.6%] | △3 [△23.1%] | △25 [△49.0%] | 10 [4.1%] | △2 [△66.7%] | △42 [△53.2%] | △164 [△63.3%] | - | △58 [△11.1%] | △44 [△12.6%] |

9. Transportation and Road Sector

The number of complaints handled in the transportation and road sector edged up by 8 cases (0.6%) in 2016 from the previous year. More specifically, complaints related to transportation rose by 104 cases (26.8%), while road-related complaints fell by 99 cases (10.3%). This result seems to have been made possible due to the efforts of the ACRC to build the capabilities of officials responsible for complaints, and to establish internal complaint resolution systems in agencies against which complaints had frequently been filed. To preemptively prevent civil complaints, the ACRC has held civil complaint consulting and meetings with those agencies since 2015.

● Collective Complaint On-Site Mediation Exemplar

Request for Approval of Road Connection

(1) Summary of Complaint

Due to the quality of the road connecting ○○~○○, which had been paved more than 40 years prior, the village where the petitioner lived had been disconnected from the petitioner's own farmland. Without an appropriate farm road, the petitioner experienced many difficulties,

including being required to cross private land without authorization. As two new access roads were to be constructed in an expansion of the concerned road, the petitioner requested that one of these connecting access roads be extended in order to be used as an alternative to the farm road.

(2) Key Issue

The applicability of Article 79.1 of the Act on Acquisition of and Compensation for Land, etc. for Public Works Project to the cost for the extension of the access road.

(3) Handling Process and Results

The ACRC confirmed through a field survey including an aerial photograph and a review of relevant legislation that the villagers had experienced difficulties before the construction of the access roads, and the ACRC expressed an opinion in favor of the extension of the access road.

(4) Lesson

The case addressed difficulties, which had persisted for as many as 40 years, by connecting an access road to the farm land, thereby enhancing the mobility of the villagers and the accessibility of the farmland.

Number of Complaints Handled by Sector

(Unit: Number of cases)

| Period | Total | Transportation | Road | Other (other area) |
|--------|-------------|----------------|----------------|--------------------|
| 2016 | 1,348 | 492 | 853 | 3 |
| 2015 | 1,340 | 388 | 952 | 0 |
| Change | 8 (0.6%) | 104 (26.8%) | △99 (△10.3) | 3 - |

Results of Complaints

(Unit: Number of cases)

| Period | Total | Corrective recommendations | Expression of opinions | Mediation, settlement | Rejection | Guidance of deliberation | Transfer, referral | Guidance reply | Withdrawal, closure |
|--------|-------------|----------------------------|------------------------|-----------------------|---------------|--------------------------|--------------------|----------------|---------------------|
| 2016 | 1,348 | 12 | 60 | 310 | 63 | 201 | 29 | 529 | 144 |
| 2015 | 1,340 | 20 | 57 | 297 | 47 | 152 | 27 | 549 | 191 |
| Change | 8 (0.6%) | △8 (△40.0%) | 3 (5.3%) | 13 (4.4%) | 16 (34.0%) | 49 (32.2%) | 2 (7.4%) | △20 (△3.6%) | △47 (△24.6%) |

Part 4

Realizing a Society Based on Trust by Creating an Ecosystem of Integrity

Chapter 1. The Improper Solicitation and Graft Act, a New Beginning As a Country of Integrity

Chapter 2. Laying and Solidifying the Foundation for Anti-Corruption

Chapter 3. Efforts for the Voluntary Implementation of Anti-Corruption at Public Institutions

Chapter 4. Establishing an Effective Corruption Response System

Chapter 5. Systematic Handling of Reports of Corruption and Public Interest Violation, and the Protection of Whistleblowers

Chapter 6. Anti-Corruption and Integrity Education for Raising Integrity Awareness

The Improper Solicitation and Graft Act, a New Beginning as a Country of Integrity

Section 1. Implementation of the Improper Solicitation and Graft Act

On September 28, 2016, the Improper Solicitation and Graft Act was implemented in the midst of interest and expectations of the public. The ACRC has pushed forward the enactment of the Act since 2011 in order to curb the vicious cycle of solicitation and entertainment leading to illegal acts and corruption, and the ACRC's five-year effort finally came to fruition.

1. Enactment of the Improper Solicitation and Graft Act Enforcement Decree and Subordinate Ordinances

The ACRC held open discussions for the enactment of the Improper Solicitation and Graft Act Enforcement Decree to collect opinions from experts from a variety of fields as well as from the public. The commission also consigned a policy research project to prepare for a reasonable enforcement decree. The Improper Solicitation and Graft Act Advisory Committee, which consists of external experts, was put into operation in February 2016.

The ACRC drafted the enforcement decree in May 2016 and started working on government legislative procedures for the full-fledged enactment of the decree.

The most controversial topic was the imposition of limits on the value of food and beverages, gifts, and other expenses provided for building relationships, conducting rituals and other social purposes, and for the placing of limits on honorarium for outside lectures. Considering the purpose of the legislation of the act and public awareness based on comprehensive survey results, KRW 30,000 was set as a limit on the value of food and beverages, KRW 50,000 for gifts and KRW 100,000 for congratulatory or condolence money.

As for honoraria for outside lectures related to duties, the maximum amount of honoraria by position was set between KRW 200,000 and KRW 500,000 for public officials and executive officers and employees of organizations

related to public service, and KRW 1 million for journalists and faculty members of private schools. While the limits on expenses and the maximum amount of honoraria proposed by the ACRC were regarded as reasonable at the regulatory evaluation, due to differing opinions the commission was advised to review their validity and take necessary measures for improvement by December 31, 2018.

The ACRC also enacted the Guidelines for Reporting and Processing Improper Solicitations and Graft, which set rules applied to violations of the act and reports of such violations, along with the act itself. Furthermore, a standard draft of guidelines for reporting and processing improper solicitations and cases of graft for each public institution was made and included in a distributed manual.

2. Education and Awareness Campaign for the Improper Solicitation and Graft Act

The ACRC made an easy to read leaflet for the public and distributed 200,000 copies nationwide, while also raising public awareness of the act through video clips of failed attempts of improper solicitation, motion graphics promotional videos, posters and web comics. Special web pages on leading Korean web portals dedicated to the details of the act were also created through collaboration with Naver and Daum, so that the public can conveniently and easily look up related information and quench their curiosity.

Meanwhile, a variety of related materials, such as the "Handbook of the Improper Solicitation and Graft Act," an instructional book and video clip, manuals for each institution (administrative institutions, schools and media), and a Q&A casebook, were produced and distributed to applicable institutions and posted on the ACRC website for public use. The commission also provided instructional sessions for each job type targeted at employees in charge of solicitation prohibition at public institutions in order to support thorough institutional preparation and implementation of the Act.

Section 2. Changes in Society Following the Implementation of the Improper Solicitation and Graft Act

According to the results of awareness surveys conducted by Hankook Research and Hyundai Research Institute for the Korea Institute of Public Administration in December 2016, 85.1% of 3,562 respondents—including ordinary citizens, entrepreneurs, public servants, politicians, teachers and journalists—indicated that they agreed with the introduction and implementation of the Improper Solicitation and Graft Act.

For questions that asked respondents to select the biggest social and economic changes brought about by the implementation of the act (questions that allowed for multiple choices), a majority 51.0% chose “improvement of companies’ customary practice of providing entertainment and goods.” That answer was followed by 47.8% of respondents who predicted that “going Dutch will become more common,” 40.3% who foresaw an “improvement of unreasonable power relationships” and 26.0% who expected an “improvement of nepotism-based practices.”

Press coverage focused mainly on the changing trend away from conventionally accepted practices after the implementation of the act. Some of the most prominent examples showing this transformation include the increasingly prevalent cultural phenomenon of “going Dutch” or splitting the bill after meals, the decrease in solicitation using personal networks, the removal of customarily provided privileges or free offerings at local festivals, changes in unofficially granted financial offerings for thesis examination, changes in meal offering practices by inspected institutions during the National Assembly inspection period, an increase in corporate credit card payments before 9 p.m. and changes in dinner time and the time when employees leave offices.

Concerns over the potential short-term influence of the act on the sales of certain businesses have been raised. However, without the customary practice of offering entertainment and gifts, which increases unreasonable transaction costs in the long-term, all citizens and businesses will be treated equally, and a level playing field conducive to fair competition will be created, thus leading to the enhanced integrity of the nation.

Section 3. Status of Reports on Violations of the Improper Solicitation and Graft Act and Authoritative Interpretation

As a result of the collection of reports on violations of the Improper Solicitation and Graft Act during the 80-day period following its implementation (from September 28 to December 16, 2016), a total of 1,316 reports submitted by 23,195 public institutions subject to the act (except for the press) were made.

A total of 12,369 authoritative interpretation inquiries were submitted to the ACRC between August and December 31, 2016. While responding to individual inquiries, the commission regularly posted frequently asked questions and answers on its website, distributed online summary cards of the key points of the act and carried out several other promotional activities in order to disseminate information about authoritative interpretation. In addition, the Anti-Solicitation Interpretation Division of the ACRC was newly established on December 27, 2016 in an attempt to provide an outlet for the swift handling of authoritative interpretation requests.

Meanwhile, the Joint Task Force of the Related Ministries for Improper Solicitation and Graft Act Interpretation Support, centered on the ACRC, the Ministry of Justice and the Ministry of Government Legislation, went into operation in October 2016. This task force aims at establishing an integrated government stance regarding interpretation standards of the act through coordination among related commissions and ministries. Dedicated efforts were made to spread knowledge of interpretation standards, established as a result of internal discussions, amongst the public through briefing and press release distribution.


 Chapter
2

Laying and Solidifying the Foundation for Anti-Corruption

Section 1. Establishment of the 2016 Anti-Corruption Policy Guidelines

1. Overview

The ACRC establishes and promotes anti-corruption policy guidelines early every year. The objective of the guidelines is to encourage public institutions to voluntarily work hard for anti-corruption by providing necessary information for the implementation of integrity initiatives and to ensure that government-wide anti-corruption activities are smoothly implemented by sharing the government's anti-corruption policy direction.

The 2016 Anti-Corruption Policy Guidelines briefing meeting was held at the conference hall of the Korea Railway Corporation on February 2nd, and attended by audit officers from 1,300 public institutions—including central government agencies, local governments, metropolitan and provincial offices of education and organizations related to public service.

2. Pertinent Content

The ACRC distributed guidelines setting out key tasks for each institution to implement in 2016.

First, the importance of spreading a culture of integrity embracing both private and public sectors was highlighted. To this end, the ACRC shared its intention to support each institution's integrity training by launching a course to nurture professional lecturers specialized in integrity education at the Anti-Corruption Training Institute affiliated to the ACRC, and to spread the culture of integrity to local communities by establishing "integrity clusters" between the ACRC and public institutions relocated to "innovation cities" nationwide. In addition, the ACRC aims to facilitate voluntary integrity enhancing activities among businesses by creating and distributing anti-corruption guidelines for businesses.

Second, it was emphasized that the preemptive and prevention-oriented legal and institutional implementation foundation would be solidified. The ACRC asked each

public institution to designate officials in charge of solicitation prevention and to strengthen education and promotion regarding the implementation of the Improper Solicitation and Graft Act. In addition, each institution's cooperation was requested for the stable operation of the public interest whistleblower protection system with dedicated management focusing on newly added areas for public interest reporting.

Third, the ACRC decided to fundamentally improve unreasonable institutions and practices by bolstering cooperation among institutions. Plans for identifying and improving corruption-prone areas and for conducting a pilot Corruption Impact Assessment for internal regulations of organizations related to public service were delivered.

Fourth, the ACRC assured that it would work hard to strengthen assessment in order to firmly establish a virtuous cycle of integrity throughout the public sector and to incorporate assessment feedback into future countermeasures for further improvement. In addition, the ACRC decided to fully support autonomous anti-corruption efforts of public institutions by expanding integrity consulting services.

Fifth, the ACRC expressed its commitment to institutionalizing the effective prevention and recovery of illegitimate claims to public funds and to facilitating reports with proactive operation of a protection and reward system. To this end, the ACRC decided to make efforts toward the enactment of the Act on the Prohibition of False Claims of Public Funds and Recovery of Illegal Profits and to support accounting education for officials in charge of providing subsidies to project-executing institutions. Each institution was also asked to proactively promote the whistleblower protection and reward system.

Finally, the ACRC shared its commitment to bolstering cooperation among institutions in the process of handling corruption cases and strengthening post-management of acts of corruption by enhancing the effectiveness of restrictions against the employment of public officials who have been dismissed for corruption.

Section 2. Efforts to Enact the Proposed Act on the Prohibition of False Claims of Public Funds and Recovery of Illegal Profits

1. Background and History of Legislative Efforts

The ACRC has pushed forward the enactment of the Act on the Prohibition of False Claims of Public Funds and Recovery of Illegal Profits in order to fill loopholes in the existing budget waste control system which varies for each relevant law. The bill was originally submitted by the ACRC to the 19th National Assembly in June 2015 following legislative procedures; however, it was resubmitted to the 20th National Assembly in June 2016 after undergoing re-legislative procedures, as it had been scrapped due to expiration of the session.

2. Pertinent Content of the Proposed Bill

First, in the case of illegitimate claims, excessive claims, use of funds for unintended purposes and false acceptance, any illegal profits and interest gained from such false claims will be fully recovered. In addition, a punitive surcharge of up to five times the amount of wasted public funds will be imposed for illegitimate claims, excessive claims and use of funds for unintended purposes.

Second, relevant administrative offices will publicly disclose the identities of those claiming excessive false amounts and frequent false claimers, while the ACRC will review and monitor the implementation of recovery efforts and the imposition of punitive surcharges. In addition, the effectiveness of this system has been secured through the establishment of a system for collecting and managing such information.

Third, in order to encourage the reporting of false claims, the whistleblower protection system has been thoroughly improved with financial rewards of up to KRW 3 billion being offered to potential whistleblowers.

Section 3. Preparation and Distribution of the Anti-Corruption Guidelines for Businesses

1. Background

Both the Improper Solicitation and Graft Act and the Act on the Protection of Public Interest Whistleblowers include a “joint penalty” provision, which imposes punishment

upon both the employee who committed the violation, as well as upon the corporation or individual business owner. The ACRC has provided further encouragement for businesses to make efforts to prevent corruption by lifting the imposition of punishment when an employer is found to be not negligent of due attention and supervision toward preventing such violations. To ensure widespread awareness of the guidelines, the ACRC has produced and distributed the Anti-Corruption Guidelines for Businesses to support corruption prevention activities of the businesses which are a major pillar of society.

2. Pertinent Content of the Anti-Corruption Guidelines for Businesses

The Anti-Corruption Guidelines for Businesses present detailed procedures for each step of the process: planning, establishment of norms, implementation, cooperation and assessment and improvement.

First, at the planning step, businesses are required to set up a master plan which includes strategies for systemized anti-corruption activities in line with their own future vision and goals, with an anti-corruption control tower overseeing management of all steps from planning to assessment and improvement.

Second, at the establishment of norms step, integrity norms which reflect feedback from employees are to be prepared and shared, and management level employees should be asked to lead by example.

Third, at the implementation step, businesses are to introduce and operate a variety of corruption prevention measures, including a corruption reporting system, a public interest whistleblowing system, an improper solicitation and graft prohibition system and integrity education programs.

Fourth, at the cooperation step, businesses are required to strengthen cooperation with related organizations, including transaction partners, subsidiaries and municipalities, and to continue to maintain an anti-corruption network.

Finally, at the assessment and improvement step, businesses are advised to assess their own corruption prevention efforts and achievements and incorporate them into future plans, provide incentives to outstanding departments or employees and disclose assessment results.


 Chapter
3

Efforts for the Voluntary Implementation of Anti-Corruption at Public Institutions

Section 1. Integrity Assessment for Public Institutions

1. Assessment Overview

In accordance with Article 27 Paragraph 2 of the Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission (hereinafter referred to as “the ACRC Act”), integrity assessment for public institutions has been conducted annually since 2002. The assessment has three primary goals: (a) to measure the level of integrity of a public institution in an objective and scientific manner; (b) to allow each public institution to identify and improve areas of work vulnerable to corruption for enhanced integrity by taking stock of the integrity level of each area; and (c) to create an environment where the public sector can make voluntary efforts to increase integrity through the public disclosure of assessment results.

2. Structure of the Integrity Assessment

The final results of a public institution’s integrity level are calculated and announced as “Comprehensive Integrity.” As of 2016, the integrity assessment of a public institution consists of the following four criteria: (a) external integrity, for which public service users assess a pertinent public institution’s integrity level based on their experience and perception; (b) internal integrity, for which employees of a public institution assess integrity level from the perspective of internal customers; (c) policy customer evaluation, for which policy customers, including experts, work-related personnel and local residents assess the integrity level of the policy decision process and overall work of a pertinent public institution; and (d) occurrences of corruption, which interprets corruption cases that have actually occurred as numeric scores. Comprehensive Integrity is calculated by combining the results of these four criteria, and then deducting points when survey reliability has been breached due to misbehavior—including the manipulation of the survey sample and list of respondents—thus undermining the impartiality of the integrity assessment.

Meanwhile, the integrity of local government councils,

public health institutions, national and public universities, and other such institutions with functions differing from regular public institutions, is assessed based on a separate model.

3. 2016 Integrity Assessment Results

Target Institutions

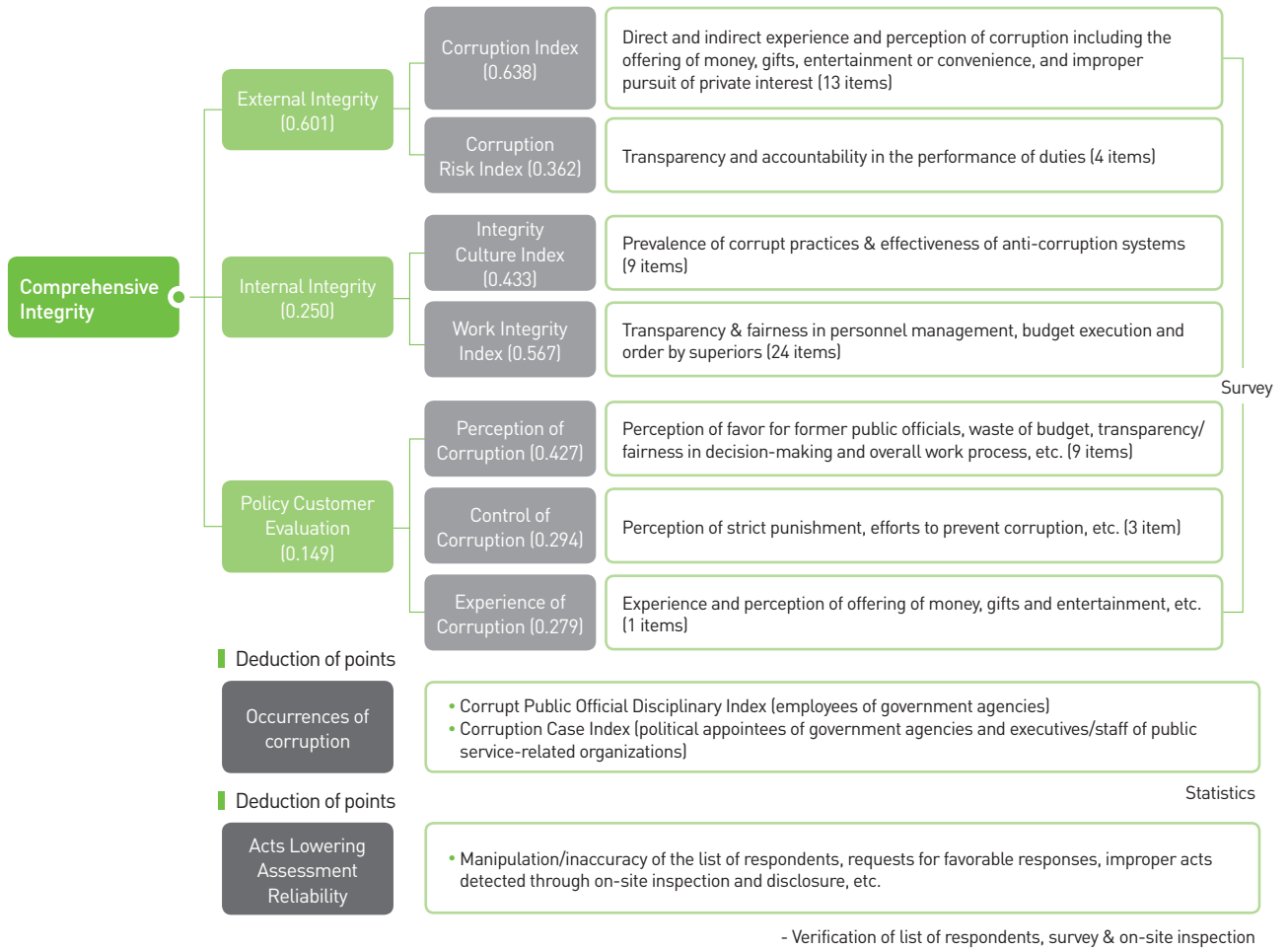
In 2016, the Integrity Assessment was conducted for 41 central government agencies; 17 metropolitan city or do government offices; 226 si, gun, or gu government offices; 17 metropolitan city or do offices of education (96 si/gun/gu offices of education); 209 public service related institutions, including state-owned enterprises; 45 public health institutions and 36 national and public universities.

Survey Methods and Key Changes from the Previous Model

A total of 232,401 respondents took part in the survey. For the assessment of external integrity, 156,738 citizens who had directly experienced the public service of the target public institutions in relation to the work areas assessed over the period from July 1, 2015 to June 30, 2016 were surveyed. A total of 54,808 employees working for the target public institutions participated in the survey on the assessment of internal integrity, while 20,855 scholars, journalists, officials of the National Assembly and employees of civil groups and public institutions responded to the survey on policy customer evaluation.

Reflecting upon the purpose of the Improper Solicitation and Graft Act, a questionnaire about work processes requested upon improper solicitation was added this year, with improper solicitation of public servants being explicitly included in corruption case scores. In addition, the weight value of the internal integrity of organizations related to public service with high senses of solidarity was downscaled. The ACRC also tried to alleviate public burden by reducing the time required for participating in the survey and simplifying the questionnaire regarding external integrity.

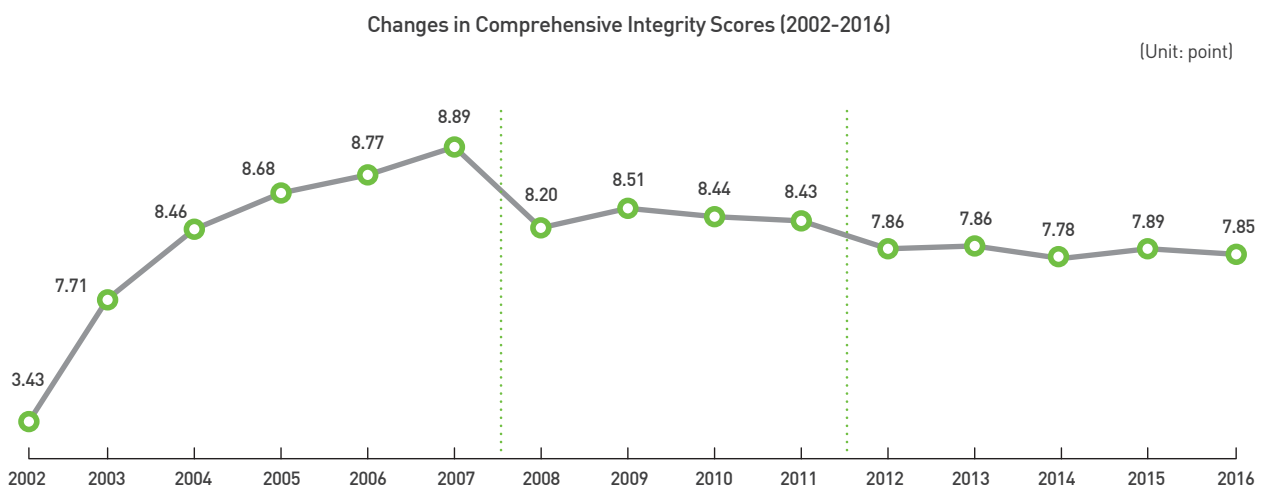
● Comprehensive Integrity Assessment Model (2016)



Overall Assessment Results

The average Comprehensive Integrity score of all target public institutions was recorded at 7.85 points on a 10 point scale, a slight decrease (by 0.04 points) from the previous

year. Organizations related to public service received the highest scores for comprehensive integrity (8.17 points), while metropolitan city and do government offices recorded the lowest scores (7.18 points).



※ There are gaps in the times series due to changes of assessment model in 2008 and 2012

The external integrity score of metropolitan city and do government offices assessed by public service users over the last year increased by 0.02 points since 2015 to reach 8.04. Among the underlying indicators, the corruption index remained unchanged from the previous year at 8.00 points, while the perception on corruption and direct corruption experience showed an improvement, with a slight decrease in the indirect corruption experience. The corruption risk index was recorded at 8.44 points, showing a small increase from the previous year's 8.36 points, illustrating that both transparency, including openness of work standards and procedures, and accountability, including the efforts to complete duties, improved compared to the previous year.

Meanwhile, the overall direct occurrence of providing money, valuables, entertainment or convenience by public service users over the last year stood at 1.8% on average, a slight increase from 1.7% in 2015. The occurrence of providing money, valuables, entertainment or convenience which public service users experienced indirectly was recorded at 0.8%, unchanged from the previous year's rate.

The average internal integrity score as assessed by employees was 7.82 points, down by 0.18 points compared to 2015. The Integrity Culture Index, which evaluates an organization's culture and corruption prevention systems, stood at 7.99 points, a decrease of 0.17 points from the previous year's score (8.16 points). The Work Integrity Index, which evaluates personnel management, execution of budget and orders given by superiors, decreased by 0.18 points from the previous year to 7.74 points. Both experience and perception scores related to personnel management, the execution of budget and orders given by superiors showed decreases compared to the previous year.

The policy customer evaluation, which was conducted by experts, work-related personnel, local residents, parents of students and others, scored 7.20 points, up from 7.08 in 2015. Scores of the perception of corruption regarding the overall work of target institutions; corruption control, which evaluates punishment and disciplinary action against corruption perpetrators; as well as corruption prevention and corruption experience, which reflects the indirect experience of the receipt of money, valuables, entertainment and convenience by public officials all increased compared to the previous year.

Section 2. Assessment of Anti-Corruption Initiatives of Public Institutions

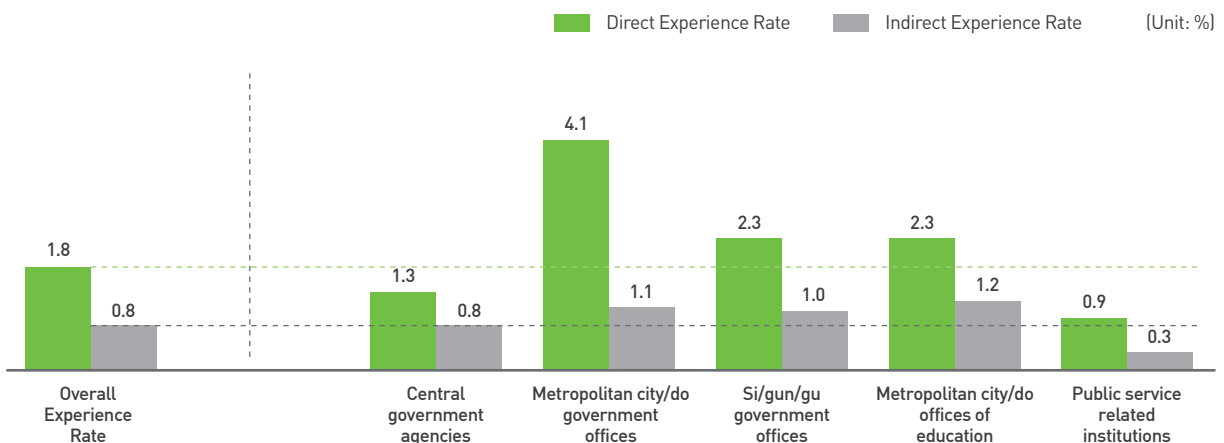
1. Overview of Anti-Corruption Initiative Assessment

The ACRC has conducted anti-corruption initiative assessments of public institutions which evaluate those institutions' efforts and achievements toward anti-corruption activities undertaken to voluntarily enhance internal integrity.

2. Anti-Corruption Initiative Assessment Structure

In 2016, the conventional evaluation indicator system of the anti-corruption initiative assessment structure was reformed. Major changes include a three-step planning, implementation and achievement and wide adoption organizational structure established according to the procedures of integrity policies, and the insertion

Direct and Indirect Experience Rates of Providing Money, Valuables, Entertainment or Convenience by the Type of Public Institution



of externally confirmed corruption cases and non-implementation of anti-corruption systems as deduction points.

Specific tasks are set for each of the steps: the drawing up of an anti-corruption implementation plan is included in the planning stage, while the creation of an ecosystem of integrity, improved removal of corruption risks and firm establishment of a culture of integrity are included at the implementation step. The effects of improved integrity and the promotion of best anti-corruption practices are included in the final achievement and wide adoption step.

3. 2016 Evaluation Results

At this year's evaluation, which was conducted on six areas according to the procedures of integrity policies—including planning, implementation and achievement and wide adoption—the average score of all institutions assessed was 86 points, showing an increase of 0.9 points from the previous year.

The Small and Medium Business Administration, Jeju Special Self-Governing Province, Gyeonggi Urban Innovation Corporation and Korea Institute of S&T Evaluation and Planning are noteworthy in that they made significant jumps in ranking from level 5 last year to level 1 in 2016. This improvement was mainly driven by strong interest and commitment to integrity by the leaders and executive members of these organizations, and proactive participation of all employees.

Section 3. Support for Integrity Consulting for Institutions Vulnerable to Corruption

1. Background

While public institutions make voluntary efforts toward anti-corruption, for effective anti-corruption and integrity policy it is also necessary to objectively analyze the characteristics of the work and challenges of pertinent institutions from a third-party perspective. To meet this need, the ACRC, the leading organization in charge of anti-corruption, has begun to provide consulting services for public institutions.

2. Progress

Integrity consulting is available for all public institutions. The ACRC, which began offering consulting services to 2 institutions in 2006, provided such services to a total

of 86 institutions in 2016. After making a comprehensive assessment of the integrity level, commitment to implementation and feasibility of the 70 public institutions which applied for the consulting project, the ACRC conducted consultations and selected 9 institutions for tangible advice.

3. Pertinent Content

The ACRC conducted anti-corruption capability diagnoses, analyzing aspects of each target institution such as work space, system, anti-corruption implementation framework, internal control system and employee behavior in order to identify the causes of low integrity, and to devise solutions customized to each institution. Upon receiving the final results of the diagnosis reflecting the advice of experts in the private sector, institutions autonomously set up and carried out improvement plans.

In order to secure momentum for the implementation of voluntary improvement plans established on the basis of consulting results, the ACRC held an Integrity Consulting Policy Council meeting where the heads of institutions and other high ranking officials reaffirmed their commitment and discussed methods of further improvement. The commission conducted mid-progress reviews and monitoring of the implementation status of each stage while collecting feedback and suggestions. At the end of the year, the ACRC selected the best initiative practices among consulting recipient institutions and shared them with all public institutions.

4. Achievements

Of the 9 institutions which established and implemented voluntary practice plans according to the consulting outcomes, 8 showed significant improvements in levels of integrity. Institutions at which all employees, including leaders and high-ranking officials, joined forces to put their commitment into practice demonstrated especially sharp increases.

The response from public institutions has indicated a heightened sense of anticipation for the possibility of improving integrity levels and an interest in participating in the consulting project, as the application rate for consulting services went up 22.8% year-on-year. Weak effects on policy due to the relatively late consulting period and the lack of an information sharing network among consulting agencies were highlighted as areas requiring further improvement.

Establishing an Effective Corruption Response System

Section 1. Corruption Impact Assessment

1. Overview

The Corruption Impact Assessment is a system which prevents acts of corruption by analyzing and evaluating corruption-causing factors in laws and other types of regulations, and then recommending countermeasures for improvement to pertinent institutions. The assessment is conducted mainly for new or amending bills, current laws and subordinate statutes, local government ordinances and internal rules of public service related institutions. In 2016, the Corruption Impact Assessment was executed with a focus on solidifying the foundation of anti-corruption by improving laws which closely impact public life.

2. Major Achievements in the Implementation of the Corruption Impact Assessment

Corruption Impact Assessment for New or Amending Bills

In 2016, 1,843 draft or revision bills were assessed for the impacts of corruption. Within these bills, 397 corruption-causing factors were identified, and revisions of the concerned provisions were recommended to the institutions in question.

Of the 109 statutes receiving recommendations for the removal of corruption-causing factors, 25 were laws, 63 were presidential decrees and 21 were prime minister's ordinances or ministerial ordinances. A breakdown of recommendations by sector shows that 132 recommendations were made regarding 34 statutes in the environment/health sector—the highest among all sectors, followed by general administration and then industry/development. As for assessment criteria, 101 out of 397 recommendations were made based on "concreteness and objectivity of discretionary regulations," 65 cited "appropriateness of regulatory rules" and 63 identified the "possibility of conflict of interest."

Corruption Impact Assessment of Current Statutes

- Prevention of Waste of Public Funds and Corruption of Public Parking Lot Operation Consigned by Local Governments

The priorities of the Corruption Impact Assessment in 2016 were focused on identifying and improving corruption-causing factors in existing laws of consignment and outsourcing. The improvement in efficiency of the consigned operation of public parking lots of local governments was selected as a task. Measures for improvement were devised in order to secure impartiality and transparency in the process of consigned operation by preemptively curbing factors prone to corruption and by preventing waste of public funds. As a result, eight methods of improving the existing system of public parking lots were proposed and an improved standard ordinance draft was recommended to 235 local governments.

- Corruption Impact Assessment of Internal Regulations of Organizations Related to Public Service

For the internal regulations of organizations related to public service which directly impact the daily lives of the public and corporate management, a customized Corruption Impact Assessment was conducted. The ACRC and organizations related to public service established a cooperative system, which included a task force for collaboration, for the Corruption Impact Assessment, and preemptively overhauled the corruption-causing factors in the internal regulations. As a result, inconvenience to the public stemming from customary and frequent civil grievances was eliminated, while integrity in the areas vulnerable to corruption—areas close to public life in which a high possibility of the waste of public funds existed—was enhanced through 75 improvement measures.

Solidifying the Foundation of the Corruption Impact Assessment

In 2016, the ACRC solidified the foundation of assessment for legislative drafts and revision bills, while supporting the capacity for public institutions to create autonomous

assessments. To this end, a survey was conducted to identify whether target institutions, which had been asked to change legislation drafts or revision bills, had actually put the recommendations into practice. For the ten institutions which showed the lowest implementation rate, semi-annual on-site investigations were conducted to check implementation status.

In addition, an On-demand Corruption Impact Assessment Consulting Service was initiated in an attempt to strengthen the self-assessment capabilities of public institutions. Best practices of corruption impact assessment and manuals were created and distributed to local governments and organizations related to public service.

Section 2. Code of Conduct for Public Officials

1. Overview

The Code of Conduct for Public Officials is the standard for behavior to which public officials must comply to perform their public duties with integrity and to prevent corruption. All OECD member countries, including the Republic of Korea, set and implement such a code of conduct for public officials. Article 8 (Code of Conduct for Public Officials) of the ACRC Act requires all public institutions to establish and implement their own code of conduct.

The Code of Conduct for Public Officials, enacted as a presidential decree, is applied to both state and local public officials; the Code of Conduct for Local Assembly Members is applied to local assembly members; the Code of Conduct, established as a regulation of other constitutional institutions, namely, the National Assembly, Supreme Court, Constitutional Court and National Election Commission, is applied to public officials of those institutions; while the Code of Conduct for Executive Officers and Employees of Organizations Related to Public Service, enacted as an internal regulation of such organizations is applied to all employees of organizations related to public service.

The ACRC is in charge of the code of conduct for public servants, and supports operation of the code of conduct for public institutions while handling reports of violations against the code of conduct and inspecting the operation and implementation status of the code of conduct at public institutions.

The code of conduct for public servants aims at allowing each institution to launch and operate a code reflecting its

own characteristics and thereby implement autonomously established regulations. To accomplish this, each public institution appoints the head of the department of audit or ethics as a code of conduct officer to take responsibility for and oversee the operation of the code of conduct.

2. Major Achievements

Refurbishing the Code of Conduct for Public Servants

The circumstances surrounding public institutions have changed with the enactment and implementation of the Improper Solicitation and Graft Act on September 28, 2016, and public expectations and demands for the eradication of corruption in public institutions have increased. To meet these changes, the Code of Conduct for Public Officials and Code of Conduct for Local Assembly Members were revised on September 28, 2016, for more systemized and strict standards of conduct.

Major Changes to the Code of Conduct Brought by the Revision

- The request or promise of items such as money or valuables is now prohibited in addition to their acceptance;
- Persons to whom it is prohibited to offer items such as money or valuables include public officials' spouses and lineal ascendants and descendants as well as the public officials themselves;
- Regardless of accepting honoraria for such lectures, all outside lectures related to a public official's duties are now required to be reported in advance, and standards to limit maximum honoraria and maximum number of outside lectures a public official can provide were established;
- Procedures for handling prohibited items such as money or valuables, including reporting, transferring and returning, and claims of costs incurred due to return, were clearly stated.

Two rounds of revision were conducted for the Operational Guidelines of the Code of Conduct for Public Officials in an attempt to impose stricter punishment against corrupt officials, and to support smooth operation of the code of conduct at public institutions according to the revised Code of Conduct for Public Officials.

Support for Local Assemblies and Other Institutions on the Operation of the Code of Conduct

To support for the enactment, revision and operation of

the ordinances of the code of conduct for local assembly members, the ACRC identified violations through inspections on operation and implementation status and requested countermeasures to curb the reoccurrence of such violations. In addition, the commission urged the Local Assemblies which had not enacted the ordinances of the Code of Conduct for Local Assembly Members to swiftly put ordinances in place.

The ACRC held briefing sessions on the code of conduct for 46 organizations newly designated as organizations related to public service in April and October 2016. At the briefing sessions, the necessity and key points of the code of conduct, and anti-corruption initiatives aimed at enhancing the integrity of organizations, were introduced. The ACRC reviewed the draft and revision bills of the codes of conduct from each organization to ensure appropriateness, and made corrective recommendations where necessary.

Investigation and Review of the Code of Conduct

The ACRC, in accordance with Article 10 of the Enforcement Decree of the ACRC Act, reviews reports of violations against the code of conduct and—if the reported violations are confirmed—may communicate matters to the head of the responsible institution or supervisory organization who will, in turn, take appropriate measures against the violators before notifying the ACRC of the results.

In addition, according to Article 9 (Enforcement, Operation, etc. of the Code of Conduct) of the Enforcement Decree of the ACRC Act, the ACRC conducts reviews and investigations of the operation and implementation of the code of conduct at participating public institutions, and makes notification of necessary improvement measures—such as disciplinary action and restitution—in order to prevent the reoccurrence of similar incidents.

Section 3. Restriction on Employment of Public Officials Dismissed for Corruption

1. Overview

Public officials who have rightly resigned, or have been dismissed or removed from office for corrupt acts in connection with their duties, shall be prohibited from getting employment at public institutions or for-profit companies closely related to the department or institution to which the public official belonged for five years before he or she resigns, for five years after the date of resignation. Since its introduction into the Anti-Corruption Act in

2001, the Restriction on Employment of Public Officials Dismissed for Corruption has expanded the scope of subject individuals and institutions of application, according to the revision of the applicable act in March 2016.

The ACRC identifies violators employed by the restricted institutions through the conducting of regular inspections on the employment status of public officials who have been dismissed for corruption and ascertaining whether regulations applied to the employed have been violated.

2. Operational Status

Between 2011 and 2015, a total of 1,846 public officials were dismissed for corruption. As a result of inspections on the employment status of public officials who had been dismissed for corruption, ten violators were identified in 2016. The ACRC submitted a request to the pertinent employing public institutions that three public officials responsible for severe violations be dismissed or charged.

3. Solidifying Legal Foundation

With the revision of the Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission on March 29, 2016, came a restriction on the employment of retired public officials who had been charged with more than KRW 3 million in fines due to corrupt acts while employed. The scope of restriction was also significantly expanded to include institutions directly related to the corrupt acts of public officials dismissed for corruption, for-profit organizations, law firms, accounting firms and tax firms closely related to the department or institution with which the officials had been employed. Furthermore, an administrative fine imposition regulation was introduced against noncompliance with the submission of records—including criminal records—as well as requests for the dismissal of employees.

Chapter
5

Systematic Handling of Reports of Corruption and Public Interest Violation, and the Protection of Whistleblowers

Section 1. Receipt and Handling of Corruption Reports

1. Operation of Corruption and Public Interest Violation Reporting Center

Counseling and guidance service on corruption and public interest violation reporting is provided in-person at offices or through counselor visitations, or remotely by phone or online. The professional advisors at the reporting center are employees and retirees possessing considerable counseling experience. Corruption and public interest violations can also be reported free of charge either in person, via mail, fax or internet, or by submitting photographs and videos through the ACRC's smartphone application.

2. Statistics on Counseling and Guidance Services Provided and Corruption Reports Received

The number of counseling and guidance services provided for corruption fluctuates annually; however, it is generally on the rise. From January 25, 2002, when the former Korea Independent Commission against Corruption was launched, to the end of December 2016, a total of 40,517 reports were submitted. The largest number of submissions came from reporters belonging to central government agencies and their affiliated organizations. In recent times, reports of defraudation of the private sector related to budget execution of public institutions and embezzlement of public funds have been increasing.

3. Statistics on Resolved Reports

A total of 40,366 cases were resolved between the day

when the former Korea Independent Commission against Corruption was established and the end of December 2016. Among these, 1,891 cases were referred to investigative agencies (including 3 cases against which criminal charges were brought) and investigation results were sent regarding 1,470 cases, while 421 cases remain under inspection or investigation by investigative agencies. Out of these 1,470 investigations, 1,053 (71.6%) led to the confirmation of acts of corruption.

4. Statistics on Internal Whistleblowing Reports Received and Resolved

Out of the 1,891 corruption reports referred to investigative agencies, 951 cases (50.3%) were made internally within organizations. Apart from the 210 cases still under investigation, internal corruption allegations were confirmed in 550 out of 741 cases, or 74.2%, a rate higher than the overall confirmation rate of 71.6%. It is noteworthy that the amount to be recovered or collected as a result of confirmed internal corrupt reports is approximately KRW 625 billion, accounting for 82.1% of the total recoverable or collectible amount, providing proof that internal whistleblowing is an effective means of detecting corruption.

Section 2. Protection and Reward for Corruption Reporters

1. Protection of Corruption Reporters

The corruption reporter protection system is crucial to encouraging reports of acts of corruption and has been in operation since 2002, when the former Korea Independent

Number of Reports Received Annually

[Unit: cases]

| Category | Total | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of cases | 40,517 | 2,572 | 1,679 | 1,763 | 1,974 | 1,745 | 2,544 | 1,504 | 2,693 | 3,099 | 2,529 | 2,527 | 3,735 | 4,510 | 3,885 | 3,758 |
| Monthly average | 225 | 234 | 140 | 147 | 165 | 145 | 212 | 125 | 224 | 258 | 211 | 211 | 311 | 376 | 324 | 313 |

Commission against Corruption was launched as part of the former Anti-Corruption Act. The current reporter protection system is the result of several rounds of revision of the relevant act. Major protection measures include a guarantee of confidentiality, guarantee of employment, prohibition of economic and administrative disadvantages, physical protection, mitigation of culpability and exclusion from confidentiality obligations.

To prevent disadvantages against reporters, the ACRC designates a corruption reporter protection officer who identifies cases requiring protection from the initial stages of report filing. In addition, when the ACRC receives a case with a request for protection, it sends the "Introduction on the Corruption Reporter Protection and Reward System" to the concerned institutions and officials in order to preemptively curb disadvantageous actions against reporters. Between the 2008 launch of the ACRC and 2016, a total of 130 requests for guarantee of employment were received and employment was guaranteed in 43, or 33%, of these cases. A total of KRW 35.5 million was imposed in penalties on 8 cases in which corruption reporter protection regulations were violated.

● Case Study of a Request for Guarantee of Employment

A reporter made an allegation that the president of Public Agency A had ordered the manipulation of the job interview scores of two candidates of the 2016 recruitment of grade 9 employees. The individual requested that the ACRC guarantee employment status, expressing concerns over dismissal due to the report. As a result of the ACRC's investigation, it was recognized that the reporter had been wrongfully dismissed (a disadvantage of employment status) due to the corruption report. Consequently, the commission asked the president of Public Agency A to revoke the dismissal and reinstate the reporter, and imposed a penalty of KRW 5 million on the former acting president of the agency who had dismissed the requester.

2. Rewards and Awards for Corruption Reporters

The reward and award system for corruption reporters is meant to provide payment to reporters whose disclosures lead directly to the recovery of or increase in revenues, decreased costs to public institutions or contributions to the enhancement of public interest. In 2016, KRW 51 million in

Number of Annual Requests for Protection Measures for Corruption Reporters or Cooperators

(Unit: cases)

| Category | Total | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------|------|------|------|------|------|------|------|------|------|
| Total | 165 | 20 | 14 | 13 | 11 | 27 | 27 | 25 | 23 | 5 |
| Guarantee of employment | 130 | 18 | 12 | 9 | 11 | 19 | 20 | 16 | 20 | 5 |
| Physical protection | 19 | 2 | 2 | 3 | - | 2 | 4 | 3 | 3 | - |
| Confirmation of details on identity disclosure | 16 | - | - | 1 | - | 6 | 3 | 6 | - | - |

Statistics on the Annual Payment of Rewards

(Unit: KRW 1,000)

| Year | Number of cases | Benefits incurred | Rewards paid |
|-------|-----------------|-------------------|--------------|
| Total | 299 | 110,472,586 | 9,746,055 |
| 2008 | 18 | 2,149,407 | 328,175 |
| 2009 | 20 | 5,811,771 | 642,146 |
| 2010 | 23 | 4,505,568 | 603,641 |
| 2011 | 12 | 18,834,014 | 1,499,401 |
| 2012 | 40 | 11,131,731 | 1,400,444 |
| 2013 | 37 | 8,393,380 | 951,210 |
| 2014 | 30 | 6,878,647 | 619,347 |
| 2015 | 29 | 28,770,531 | 1,426,658 |
| 2016 | 90 | 23,997,537 | 2,275,033 |

award money was paid among 11 reported cases, while KRW 2.275 billion in reward money was paid on 90 reported cases.

● Case Study of the Payment of Reward

[Alleged Corruption in Bidding to Contract a Street Cleaning Company Consigned by a Local Government]

An individual submitted a report to the ACRC alleging that an employee of the cleaning and administration department of a local government—during the process of selecting a company to outsource street cleaning work—had signed a contract in excess of the allocated budget, thus causing financial loss to the local government. As a result of the ACRC’s investigation, it was revealed that City A had signed a contract agreeing to KRW 1.3 billion more than the amount the consigned company had proposed. Following the investigation, the budget for consigning street cleaning duties was reduced, and a reward of KRW 164 million—calculated based on the reduced budget—was provided to the corruption reporter.

protection against the implementation of disadvantageous measures. The scope of such disadvantageous measures includes disadvantages to employment status, such as termination and suspension of employment; economic disadvantages, such as wage discrimination and termination of contracts for goods; administrative disadvantages, such as the cancellation of permits or licenses; and psychological disadvantages, such as bullying.

In addition, if national or local government revenues increase due to fines or penalties, a reward of up to KRW 2 billion may be provided to internal whistleblowers. For internal or external public interest whistleblowers who contribute to the enhancement of public interest, such as through the prevention of losses and improvement of institutional systems (apart from financial interests), awards can be paid through screening. Public interest whistleblowers and their family members and cohabitants can also apply for relief money to reimburse damages or related expenditures, including medical treatment costs, legal costs or loss of wages during the disadvantaged period.

Section 3. Public Interest Reports Received and Resolved and Protection and Reward of Public Interest Reporters

1. Overview

The Act on the Protection of Public Interest Whistleblowers was established by the ACRC and put into effect on September 30, 2011, for the purposes of protecting and supporting public interest whistleblowers, and preventing and controlling private sector public interest violations, which can directly impact public life. The revised Public Interest Whistleblower Protection Act came into effect on January 25, 2016, with some key revisions which broadened the scope of laws applicable to public interest reporting, strengthened protection for internal whistleblowers and bolstered protective measures.

2. Pertinent Content of the Public Interest Whistleblower Protection System

Public interest violations subject to report are defined as acts undermining public health, safety, the environment, consumer interests and fair competition and being subject to criminal punishment or administrative disposition according to 279 applicable laws.

Protective measures for public interest whistleblowers include a prohibition on the disclosure of a reporter’s identity, and

3. Operational Status

(1) Statistics on Public Interest Reports Received and Resolved

Public Interest Reports Received by Type

Between the original implementation of the Public Interest Whistleblower Protection Act and the end of December 2016, a total of 21,844 reports were submitted to the ACRC. Public health violations, including production of harmful food products and sales of unlicensed medical products, were the most common type of report with 10,204 cases (46.7%), followed by public safety violations, including faulty construction and non-establishment of fire-fighting facilities, with 3,381 cases (15.4%).

Annual Reports Received

In order to prevent over-reporting by professional whistleblowers, or so-called “paparazzi,” relevant laws and institutions have been continuously refurbished since the initial establishment of the public interest whistleblowing system. Examples of such changes include the limiting in number of annual rewards to ten cases a year per whistleblower (introduced in October 2014), and the limiting of eligibility for rewards to internal whistleblowers (introduced in January 2016). As a result of these measures against professional whistleblowers, the overall number of reports has decreased.

Annual Reports Received (as of December 31, 2016)

(Unit: cases)

| Year | Total | Health | Safety | Environment | Consumer interests | Fair competition | Others |
|--|--------|--------|--------|-------------|--------------------|------------------|--------|
| 2012 | 1,153 | 389 | 167 | 201 | 118 | 29 | 249 |
| 2013 | 2,887 | 1,208 | 298 | 165 | 191 | 87 | 938 |
| 2014 | 9,130 | 5,570 | 1,936 | 312 | 345 | 94 | 873 |
| 2015 | 5,771 | 1,931 | 595 | 1,151 | 174 | 39 | 1,881 |
| 2016 | 2,611 | 937 | 377 | 232 | 149 | 69 | 847 |
| Year-on-year increase (compared to 2015) | △54.8% | △51.5% | △36.6% | △79.8% | △14.4% | 76.9% | △55.0% |

Public Interest Reports Resolved

Out of the 21,844 cases received as public interest reports, 13,537 have been referred to investigative organizations, while 21,737 cases have been resolved in total since the implementation of the act.

(2) Statistics on Public Interest Whistleblower Protection

From the date of initial enforcement of the act through December 2016, a total of 87 requests for whistleblower

protection were received, including 44 requests for protective measures and 22 requests for the confirmation of identity disclosure details—80 of those cases were resolved.

(3) Statistics on Rewards for Public Interest Whistleblowers

In 2016, KRW 1.603 billion was provided in reward money for 2,476 public interest reports, bringing the total reward money paid since the enactment of the act to approximately KRW 2.63 billion for 3,995 reported cases.

Status of Public Interest Whistleblower Protection (as of 2016)

(Unit: cases)

| Year | Total | Approved | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
|--|-------|----------|------|------|------|------|------|---------------------|---------|
| | | | | | | | | Resolved (Approved) | Ongoing |
| Total | 87 | (27) | 6 | 11 | 17 | 17 | 16 | 20 | 7 |
| Protective measures | 44 | (15) | 2 | 5 | 13 | 3 | 9 | 12(5) | 3 |
| Physical protection | 8 | (5) | - | 3 | 1 | 2 | 1 | 2(1) | - |
| Confirmation of details on identity disclosure | 22 | (5) | 2 | 1 | 2 | 10 | 4 | 4(1) | 1 |
| Prohibition of disadvantageous measures | 8 | (1) | 2 | 1 | - | 1 | 2 | 2 | 1 |
| Mitigation of culpability | 5 | (1) | - | 1 | 1 | 1 | - | - | 2 |

Statistics on Total Public Interest Rewards Executed

(Unit: KRW 1,000)

| Year | Handled(a+b+c) | Paid (a) | Dismissed (b) | Concluded (c) | Benefits incurred | Rewards paid |
|-------|----------------|-------------|---------------|---------------|-------------------|--------------|
| Total | 6,088 cases | 3,995 cases | 614 cases | 1,479 cases | 13,951,562 | 2,637,095 |
| 2012 | 32 cases | 32 cases | - | - | 147,860 | 28,472 |
| 2013 | 487 cases | 319 cases | 168 cases | - | 1,230,929 | 227,708 |
| 2014 | 678 cases | 657 cases | 21 cases | - | 2,239,585 | 397,340 |
| 2015 | 1,154 cases | 511 cases | 81 cases | 562 cases | 1,988,446 | 379,997 |
| 2016 | 3,737 cases | 2,476 cases | 344 cases | 917 cases | 8,344,742 | 1,603,578 |

4. Major Achievements

Effective Handling of Public Interest Reports and Expansion of Infrastructure for the Public Interest Whistleblowing System

The ACRC has effectively handled reported cases by proactively cooperating with related institutions to prevent conduct that breaches public interests. The commission encourages public institutions to make voluntary efforts by providing drafts of standard ordinances and manuals to support the establishment of autonomously-operated public interest whistleblower protection systems within institutions.

Out of 468 public interest whistleblowing institutions, 331 (69.8%) have established their own operational regulations for public interest whistleblower protection systems. However, only 45.6% of local government offices (including si, gun and gu offices), which are the primary institutions of administrative dispositions, have established internal operational guidelines.

Raising Awareness of the Public Interest Whistleblowing System

The ACRC has carried out a variety of initiatives to raise awareness of the public interest whistleblower protection system and to expand social consensus about the need for protecting whistleblowers. Promotional video clips were aired through prominent channels of media, such as terrestrial television channels and TV screens inside KTX trains, in order to encourage a positive perception of internal public interest whistleblowers.

Promotional activities centered on social issues and pertinent public concerns were also carried out in an attempt to raise awareness of the public interest whistleblowing system. Child abuse is one such issue which has recently garnered public concern. A campaign for a public interest whistleblower protection system detailing actual abuse cases was introduced targeting 24 types of workers who are obliged to report child abuse. Another campaign called “The period dedicated to reporting harmful food products” was waged during Seollal, the Lunar New Year holiday, and efforts to report violations were encouraged through radio advertisements and press releases.

As a result of the strategic employment of diverse promotional and educational activities with regard to the public interest whistleblowing system, awareness of the

system increased from 27.4% in 2015 to 28.4% in 2016.

Section 4. Operation of the Center for Reporting Public Subsidy Fraud

1. Overview

In 2013, the Office for Government Policy Coordination, the Prime Minister’s Secretariat and relevant ministries formed the Task Force for Eradication of Welfare Subsidy Fraud, and the Joint Government Welfare Fraud Report Center was established under the ACRC on October 15, 2013. On January 6, 2015, the center was expanded and reorganized into a comprehensive center for handling reports of subsidy fraud and named the Center for Reporting Public Subsidy Fraud.

Targets for report are the fraudulent receipt of any public services or goods related to government policy, project or budget (including wages, subsidies and support funds, support for human resources and material resources). Counseling on reporting—from a representative government call center for civil complaints—is available via telephone by dialing 110 from anywhere in the country.

2. Major Achievements of the Center

Since the launch of the Center for Reporting Public Subsidy Fraud, 2,875 cases of fraudulent receipt of public subsidy have been reported. Among these reports, 2,788 cases (97.0%) were handled and concluded, while 87 cases (3.0%) remain under investigation. Of the cases completed, 674 cases (24.2%) were referred to investigative or supervisory institutions.

In order to promote the Center for Reporting Public Subsidy Fraud, social media events, awareness promotion toward the attendees at welfare project information sessions and radio broadcasting advertisements were carried out.

The first half of 2016 was dedicated to reporting fraud in the ten major public finance areas, while the second half of 2016 was dedicated to reporting government subsidy fraud.

The statistics of reports counseled and received indicate that counseling was continuously on the rise, with the number of reports received in 2016 showing a 15.2% increase year-on-year. These statistics support the effectiveness of promotional efforts regarding the center. They also offer proof that intensive pre-period promotional

Status of Reports Counseled, Received and Handled (as of December 31, 2016)

(Unit: cases)

| Year | Reports counseled | Reports received | Reports handled | | | | Unresolved (carried forward to the next year) |
|-------|-------------------|------------------|-----------------|----------|-----------------------------------|--------|---|
| | | | Total | Referred | Sent to the public institution | Closed | |
| Total | 10,548 | 2,875 | 2,788 | 493 | 181 | 2,114 | 87 |
| 2016 | 3,605 | 1,032 | 1,020 | 192 | 22 | 806 | 87 |
| 2015 | 3,602 | 896 | 901 | 197 | 60 | 644 | 75 |
| 2014 | 2,925 | 802 | 766 | 103 | 78 | 585 | 80 |
| 2013 | 416 | 145 | 101 | 1 | 21 | 79 | 44 |

activities can lead to an increase in the actual number of reports made, as the number of reports during the period dedicated to reporting government subsidy fraud (September–November) increased by 62.8% year-on-year.


 Chapter
6

Anti-Corruption and Integrity Education for Raising Integrity Awareness

Section 1. Anti-Corruption Education for Public Officials through Innovative Programs

1. Operation of Anti-Corruption Group Training Courses

The ACRC opened the Anti-Corruption Training Institute in October 2012 and has operated the institute as a specialized education and training organization to support anti-corruption education for public officials.

The revision of the ACRC Act in March 2016 mandated anti-corruption education for officials of public institutions starting from September 2016, thus providing a significant task to the Anti-Corruption Training Institute. The institute consequently embarked on transforming the operation of educational courses, focusing on three key objectives: nurturing outstanding lecturers, bolstering collaboration and enhancing anti-corruption capability. Efforts, including the launch of a new department, were also made to enhance the institute's internal capabilities in order to solidify its standing as a leading institute for human resource development in the field of anti-corruption.

The following concrete policy tasks were put forward by the institute in order to realize the three key objectives for innovation in anti-corruption education.

First of all, a course for nurturing lecturers for anti-corruption education was launched targeting employees of public institutions. Basic and professional courses were offered and lecture demonstrations by the course-takers were evaluated. As a result, 424 in-house lecturers from institutions and 15 professional lecturers able to provide outside lectures were nurtured. The ACRC also strove to identify experts on anti-corruption and integrity, and a list of 108 anti-corruption education lecturers was posted on the website of the Anti-Corruption Training Institute so that public institutions may refer to the list and easily arrange lectures.

Meanwhile, the ACRC improved impartiality and transparency with regard to lecturers by redefining the roles of anti-corruption lecturers and improving the course

enrollment and human resources pool management system with the establishment of the Regulations on Management and Support for Anti-Corruption Lectures.

The Anti-Corruption Training Institute solidified cooperation with the Institute of Justice and Local Government Officials Development Institute as well as with the National Human Resources Development Institute in order to improve collaboration, one of the core values of the Government 3.0 initiative. As a result, the institute established itself as a leader of collaboration in the field of education for public officials by supporting the anti-corruption education of 2,734 officials from six institutions.

In addition, the availability of on-demand integrity education was increased to educate a total of 14,243 public officials at 52 public institutions over 54 sessions. Lectures delivered by the Vice-Chairperson & Secretary General Kim In-Su and Vice-Chairperson Park Kyung-ho of the ACRC were very well-received. "The Integrity Concert," a representative program of the Anti-Corruption Training Institute combining cultural performances and anti-corruption education, was also put to stage in September 2016 as "Integrity Concert Season 2" under the theme of Putting Integrity into Practice.

Anti-corruption education was also made available through 98 sessions of in-house cyber courses offered to 53 public institutions, including the National Education Training Institute and Korea Electric Power Corporation (KEPCO). In order to also accommodate officials from institutions where in-house education was unavailable, the maximum number of attendees of cyber courses was increased from 120,000 to 200,000.

"Integrity capability" is a concept based on the theory that integrity can be enhanced through education. In addition to reflecting integrity diagnosis results of those who had taken the courses in 2015, the 2016 curriculum for strengthening integrity capability, comprised of basic and advanced courses, was based on tools assessing the 4 factors of capability: sensitivity to integrity, moral decision-making ability, ability to prioritize integrity and integrity execution ability. New content was also developed to

strengthen the integrity capability of trainees, with titles such as “Becoming Bold in the Face of Corruption” and “Assessment Tools for Integrity Decision-making Ability.”

In 2016, the Anti-Corruption Training Institute provided integrity education to 17,716 public officials, up 14.7% from 15,446 the previous year. A total of 1,177 high-ranking public officials, 21 holding positions of vice minister or higher, attended the sessions. Public officials who had completed the course to become anti-corruption education lecturers also offered lectures to 87,000 trainees.

2. Operation of the Online Anti-Corruption Training Course

The Anti-Corruption Training Institute runs the Online Anti-Corruption Training Course through its Online Education Center (<http://acti.coti.go.kr>). In the eight-year period between the establishment of the ACRC and the year 2016, approximately 2.89 million public officials completed online courses, including in-house training courses provided by individual institutions.

The number of public officials completing integrity courses has risen annually. In 2016, 531,662 public officials completed the courses, a 24.8-fold increase from 2008. Online education has been expanded to accommodate surging demand, with the number of trainees increasing from 113,372 in 2015 to 163,111 in 2016—a 43.9% increase. Course registration rates were recorded at an average 79.3%, demonstrating strong interest in integrity education.

A survey of course-takers, aimed at comprehending the effects of online education, showed that 83.5% of 141,695 respondents were satisfied with the achievements of their education. These results indicate that online courses are contributing to the spreading of anti-corruption and integrity culture amongst public institutions.

Section 2. Operation of Anti-Corruption Outreach Programs to Spread a Culture of Integrity

1. Operation of On-demand Integrity Education for Elementary and Middle Schools

As concerns over the development of character and morality of teenagers have increased, integrity education has become more necessary. Building upon accumulated knowledge, the Anti-Corruption Training Institute offered the On-Demand Integrity Education for Students program

in 2016, following the development of the Integrity Experience Program in 2015.

The On-Demand Integrity Education program was provided to 279 students of five schools (one elementary school and four middle schools) from September to November. In consideration of the regular curricula of the schools and the effectiveness of education, lectures were provided only to small-sized classes.

It is noteworthy that the On-Demand Integrity Education for Students program made effective use of the Integrity Experience Program developed by the Anti-Corruption Training Institute. According to a survey of the students who attended the course, 91.5% found the content to be educationally effective, while 92.7% were generally satisfied with the course. Most significantly, 91.6% of respondents felt that they “should be more upright” after completing the education, confirming that the education had motivated participants to further strengthen their commitment to integrity.

2. Efforts to Integrate Integrity into Textbooks for Elementary, Middle and High Schools

Although students, who will lead society in the future, receive severely negative impacts from corruption committed by adults, anti-corruption education within schools remains weak. The ACRC has therefore worked endlessly to integrate content on integrity, ethics and morality in textbooks of elementary, middle and high schools with each revision of curricular materials.

After conferring with the Ministry of Education, the ACRC provided the ACRC Annual Report 2015 and anti-corruption and integrity policies and initiatives to serve as reference for the authors of textbooks. In addition, textbook creators were provided with data from consigned research projects which investigated concepts of integrity, the correlation between morality and core values, textbooks for integrity education currently available at home and abroad and other textbook drafts customized to elementary, middle and high school students.

3. Operation of the Public Integrity Contents Contest

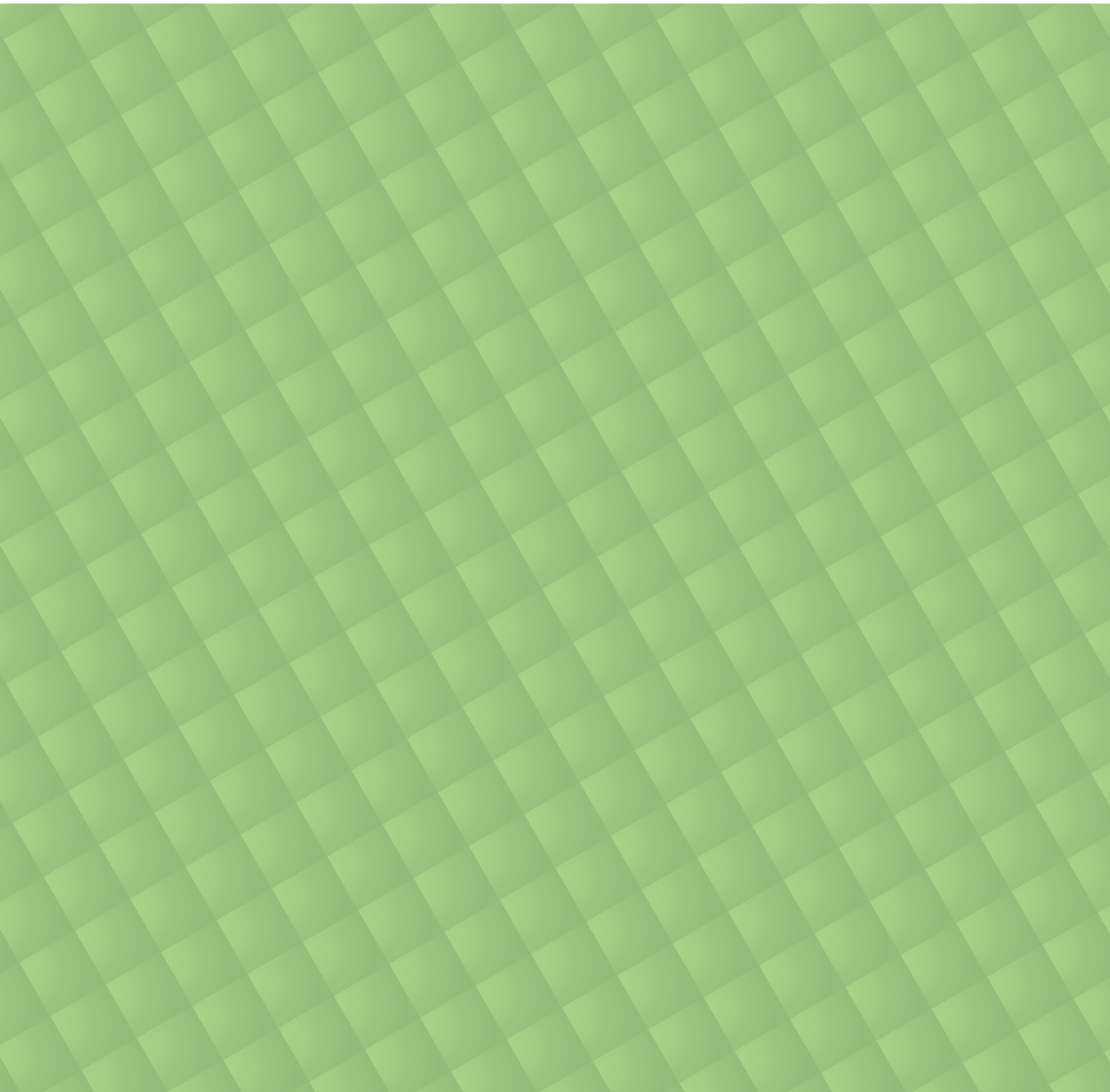
The Integrity Contents Contest is a program organized to identify quality integrity-related works, and to raise public awareness of anti-corruption and integrity through essays describing real-life experiences and a variety of other works which were based on selected winning essays.

The contest is run quarterly to secure good works and to encourage public participation. A dedicated website for the contest can be accessed at www.integritycontents.kr.

The first round of the contest—which ran from May 30 to July 17, 2016—received entries from both public officials and members of the public age 19 or over in the form of essays describing experiences of conscience and integrity in daily lives taking place at home, school or the workplace, or stories about upright public officials. The second round of the contest—which ran from August 9 to October 21, 2016—was open to all citizens, received user-generated works, web comics and play scripts, all produced based on winning essay entries from the first round of the contest. A number of diverse cultural performances—such as plays, musicals and traditional performances—based on contest-winning stories and running approximately 30 minutes in length were also submitted between August 9 and November 11, 2016. The third round of the contest received book reports about the essays selected from the first round of the contest, and was open to the public, including teenagers.

The Integrity Contents Contest, which received a variety of submissions from participants from all walks of life, including public officials, ordinary citizens, experts in many fields, university students, housewives, teenagers and servicemen and women, provided an opportunity to raise awareness of integrity and spread the culture of integrity throughout society.

A total of 1,493 entries—including essays, book reports and cultural performances—were received, surpassing the target of 1,200 entries, and the winning entries were viewed 28,981 times, going well beyond the original goal of 11,000 views. Professors and experts who served as judges at this year's contest commented that the quality of the awarded works was significantly higher compared to that of the previous year and to the entries of other contests, leading to anticipation that the prized works will be well-utilized for social media promotion and future integrity education.



Part 5

Operating Accessible and Effective Administrative Appeals

Chapter 1. Operation of Administrative Appeals
Chapter 2. Achievements of Operation of the Central Administrative Appeals Commission (CAAC)

Operation of Administrative Appeals

Section 1. Overview of Administrative Appeals

1. Primary Roles of Administrative Appeals

The administrative appeals system has two objectives: protecting people's rights and interests, and autonomous control of administration. Protecting people's rights and interests involves the protection of individual rights and interests from illegal or unjust measures of administrative agencies, while autonomous control of administration allows administrative agencies the opportunity to voluntarily correct their wrongdoings, thereby guaranteeing the legality and purposefulness of their administrative actions.

Article 1 of the Administrative Appeals Act clearly explains that the purpose of administrative appeals is the protection of people's rights and interests and the voluntary control of administration when it states that "The purpose of this act is to relieve citizens from the infringement of rights or interests caused by any illegal or unjust disposition or omission of public power by administrative agencies through the administrative appeals procedures, thereby achieving a due operation of administration."

Protection of People's Rights and Interests

The administrative appeals system is aimed at protecting people's rights and interests from illegal or unjust measures of administrative agencies. It is possible to request that the relevant agency take a more proactive measure through a judgment of unjustness or an appeal for the performance of obligation, requests which cannot be filed through the administrative litigation system. The administrative appeals system is, therefore, relatively more efficient than administrative litigation in terms of protecting people's rights.

Autonomous Control of Public Administration

Autonomous control of administration allows administrative agencies to autonomously assess and review whether enacted measures are illegal or unjust, thereby ensuring the autonomy and appropriateness of public administration.

Enhancing Efficiency and Expertise in Public Administration

In today's administrative environment, where promptness is essential, the administrative appeals system provides a rational alternative to judicial procedures, as it allows for a swift and simple resolution of administrative disputes, thereby making the process more convenient and efficient. In addition, expert knowledge of administrative agencies enables the protection of people's rights and interests in a fair and precise manner.

2. Characteristics and Types of Administrative Appeals Commissions

(1) Characteristics of the Administrative Appeals Commission

Deliberation and Adjudication

Administrative appeals commissions are collegiate bodies invested with the authority to deliberate and rule on adjudication requests. The commissions are required to deliberate and rule on arguments from an objective third-party perspective, through the examination of evidence and the review of related laws.

Collegiate Administrative Body

The administrative appeals commissions begin their sessions when the majority of the members are present, and rule by a majority vote of the present members. In order to ensure the objectivity and neutrality of the commission members, the commissions are not entirely composed of public officials, but non-standing private sector members, such as lawyers and professors are included.

Quasi-judicial Administrative Agency

In accordance with the Administrative Appeals Act, to guarantee independent adjudication of the commissions when deliberating and ruling on appeals, various judicial procedures—such as intervention of stakeholders,

the exclusion, avoidance or evasion of members, the appointment of agents and examination of evidence—are applied.

Temporary Institutions

Administrative appeals commissions play a pivotal role in administrative appeals; however, they exist as temporary, not permanent, institutions convening for meetings only when an appeal has been filed and deliberation and adjudication becomes necessary.

(2) Types of Administrative Appeals Commissions

Central Administrative Appeals Commission (CAAC)

Established under the ACRC, the Central Administrative Appeals Commission (CAAC) deliberates and rules on appeals filed against the following agents and agencies for their disposition or omission:

- Heads of administrative agencies or their subsidiary agencies
- Mayors of special, metropolitan and special autonomous cities, provincial governors, the governor of the special autonomous province
- Educational superintendents and assemblies of special, metropolitan and special autonomous cities, provinces and the special autonomous province
- Other administrative agencies jointly established by the state, local governments, public corporations, etc.

The CAAC consists of fewer than 70 members, including a chairperson and no more than 4 standing members (currently 3). The chairperson of the CAAC is also a vice chairperson of the ACRC, and when the chairperson is absent or unable to perform duties due to inevitable circumstances, a standing member (in order of seniority of service as a standing member, and in cases of equal seniority of service, in order of age) may act on that chairperson's behalf.

CAAC meetings are attended by nine members: a chairperson, standing members and non-standing members designated by the chairperson for each meeting. The commission rules by a majority vote of the present members when a majority is present.

Municipal Administrative Appeals Commissions

The municipal administrative appeals commissions are

established under the mayors of special, metropolitan and special autonomous cities, provincial governors and the governor of the special autonomous province to deliberate and rule on appeals filed against the following agents or agencies for their disposition or omission: municipal administrative agencies, municipal heads and the relevant agencies, and municipal assemblies and administrative agencies jointly established by two or more municipal governments or public corporations. The municipal administrative appeals commissions, as collegiate bodies, have the same characteristics as the CAAC.

Other Administrative Appeals Commissions

Apart from the CAAC and seventeen municipal administrative appeals commissions, the Administrative Appeals Act is also applied to administrative appeals commissions within the following institutions: metropolitan and provincial offices of education (seventeen commissions), high prosecutors offices (five commissions), regional corrections headquarters (four commissions), the Board of Audit and Inspection, the National Intelligence Service, the Presidential Secretariat, the Korea Communications Commission, the National Assembly Secretariat, the National Court Administration, the Constitutional Court Secretariat, the National Election Commission Secretariat and the National Human Rights Commission, etc.

Specialized Administrative Appeals Commissions

Article 4 Paragraph 1 of the Administrative Appeals Act stipulates that unless it is necessary given the extraordinary and exceptional nature of a specific case, other acts shall not provide for specialized administrative insubordinate procedures that substitute the administrative appeals under this act, or any exceptional case of the administrative appeals procedure under this act. Cases in point include administrative appeals regarding taxes, patents, expropriation and use of land, personnel matters, unfair labor practices, and insurance benefits such as those provided by the National Health Insurance Service.

Section 2. Administrative Appeals at the Public's Service

1. Field-Centered Administrative Appeals

Circuit Administrative Appeals

Circuit administrative appeals, which are included in on-demand administrative appeal services, allow claimants

who have difficulties in attending deliberation in person or convening for the Central Administrative Appeals Commission, to instead receive local visits by CAAC representatives. It was initially held at Daejeon and Daegu Metropolitan Cities in 2014. A small pilot meeting was held in 2014 and attended by four members. As the CAAC moved to the Government Complex Sejong in 2015, circuit administrative appeals have been expanded and continued on a larger scale in 2016.

Oral Deliberation Conducted by Video Conference

With the CAAC's relocation to the Government Complex Sejong, oral deliberation began to be conducted apart from circuit appeals via video conference for the convenience of claimants residing in the greater Seoul area. Members of the CAAC who attend commission meetings at the Hearing and Decision Room of the Government Complex Sejong hear oral deliberation from claimants (or respondents) at the deliberation room of the ACRC Seoul Complaints Center. The video conference based hearing has been expanded to other cities, including Gwangju and Busan Metropolitan Cities.

Field Evidence Examination

As the CAAC conducts deliberation and makes decisions on hundreds of cases per week, written deliberation is more common than actual hearings. In order to complement the limitations of deliberation in writing and conduct close examination of facts, officials in charge of reviewing administrative appeal cases actively conduct field evidence examinations. In both 2013 and 2014, more than 300 field examinations took place; however, fewer than 200 examinations were conducted in 2015 due to the relocation of the CAAC to Sejong-si and subsequent changes. In 2016, more than 220 field evidence examinations were performed and more proactive undertaking of such examinations is planned for 2017.

2. Improving Protection of People's Rights and Interests by Strengthening Capability of Administrative Appeal

Revision of the Administrative Appeals Act

The ACRC increased the number of CAAC members and made changes to the power structure—including the appointment of and recommendation of members—with the aim of enhancing expertise in administrative appeals and improving implementation power of acceptance rulings in 2015. In 2016, the indirect enforcement system,

which strengthens the implementation capability of administrative agencies for acceptance rulings on administrative appeals, was introduced in an attempt to expand the protection of people's rights and interests, and to enhance the credibility of the administration.

Education of Professionals in Administrative Appeals

In 2011, the ACRC began offering the Administrative Appeals Professional Training Course as part of the ACRC Academy training. The course is aimed at enhancing the quality of case reviews and shortening resolution time by providing public officials in charge of reviewing administrative appeal cases with legal knowledge and expertise. The course matter consists of theories and the latest precedents on disputed issues.

Corrective Measures on Unreasonable Laws

In accordance with Article 59 of the Administrative Appeals Act, if an order (including presidential decrees, ordinances of the prime minister or any of the ministries, directives, established rules, notifications and municipal ordinances and rules) which constitutes grounds for a disposition or omission is substantially unjust due to the absence of a statutory basis, conflict with superior legislation or excessive burden to the citizens, the CAAC may request that the relevant administrative agency take a proper corrective measure, including amendment or repeal of such an order.

4. Bolstering Cooperation among Concerned Administrative Appeals Agencies

Professional Education Offered by Disposition Agencies by Area

The pertinent content of the professional education offered includes instruction on laws upon which administrative disposition is frequently based, example cases of relevant adjudication, and an introduction to the administrative appeals system and the Administrative Procedures Act. The ACRC has ensured that the instructional content is helpful and applicable to everyday practice by arranging for incumbent public officials at relevant ministries to act as lecturers. Content is selected based on the tangible assistance it can provide to public officials at the forefront of administration.

Policy Meetings with Municipal Administrative Appeals Commissions

There are both positive and negative aspects regarding

the independent operation of the seventeen municipal administrative appeals commissions. With guaranteed independence among the commissions, the fairness of administrative appeals is ensured; however, robust communication is also necessary to maintain the unity and consistency of the operation of the entire administrative appeal system. To ensure the strength of this communication, the CAAC continuously holds policy meetings with the municipal commissions and shares ideas about what is needed for exchange and cooperation among the municipal commissions. In addition, opinions on methods for increasing the utilization rate of the Online Administrative Appeals System, which was opened to the public in 2014, were collected, and discussions were held regarding other measures for advancing the administrative appeals system.

Exchange and Cooperation with Specialized Administrative Appeals Commissions

As was the case with most specialized administrative appeals commissions, the ACRC was relocated to Sejong-si in December 2014. Despite this move, the ACRC has continued to work hard to facilitate exchange and cooperation with specialized commissions.

Exchange and Cooperation with Law Schools

With an aim to nurture legal talent to proactively protect people's rights and interests, the ACRC operates a practical training course for law school students, offering hands-on experience with administrative appeals in the field. In 2016, the 1st Model Administrative Appeal Contest was held to make administrative appeals more accessible to the public and to provide law school students—future members of the legal community—with opportunities to understand and experience administrative appeals, which are representative measures for the protection of people's rights.

5. Establishment of the Hub-system for Online Administrative Appeals

The Hub-system for Online Administrative Appeals provides citizens with a prompt all-in-one stop for services from filing administrative appeals via the Online Administrative Appeals Service—regardless of time, place or jurisdiction—to checking written decisions. The system also provides disposition agencies and ruling institutions with an entirely online method of conducting the necessary procedures—from receipt, response, and review, to decision and delivery—of the administrative appeal process.

As multiple ruling institutions hold jurisdiction over a variety of administrative measures, when appeals are claimed offline, citizens have had to endure the inconvenience of personally visiting relevant commissions or sending claims by post.

The ACRC, which oversees the administrative appeals system, established the Hub-system for Online Administrative Appeals to enhance the work efficiency of administrative agencies, and to enable any citizen with access to the Internet to conveniently file an administrative appeal online at any time or place, regardless of jurisdiction. With a plan for making the system available to ruling institutions having limited online access, the first phase of the hub-system was launched in 2013, and the four-phase project was finally completed in 2016.

As of 2016, the ACRC had made the online system available to 63 institutions through the hub-system establishment project. The commission plans to continuously expand the number of institutions using the system and to redouble its efforts for public promotion so that more citizens can swiftly protect their rights and interests through online administrative appeals.

Chapter
2

Achievements of Operation of the Central Administrative Appeals Commission (CAAC)

Section 1. Statistics of Administrative Appeals Received and Resolved

The number of administrative appeals received by the CAAC in 2016 was 26,730, an increase of 2,305 cases from the previous year. By type, the number of general complaints increased by 295 cases, appeals on driver's licenses increased by 2,092 cases while cases concerning veteran's affairs fell by 82 cases. The number of cases resolved stood at 26,080 in 2016, an increase of 1,133 cases from the 24,947 cases resolved in 2015. Resolution of general cases increased by 368 cases, veteran's affairs by 3 cases and appeals on driver's licenses by 760 cases.

Section 2. Analysis by Type

1. Overview

In 2016, 77.6% (20,747) of the cases received by the CAAC were in regards to appeals on driver's license, 5.1% (1,372) concerned rewards for patriots and veterans and 17.3% (4,611) were general complaints cases.

The increase in violations regarding driver's license—which constitutes the largest percentage of cases received— may be explained by an increase in car ownership.

2. General Complaint Cases

General complaint cases vary in origin, and include cases concerning employment and labor, information disclosure, national defense, legal affairs, land and transportation, a variety of exams, health and welfare, school bullying, fiscal affairs and finance.

Status on Appeals Received and Resolved in the Past Five Years

(Unit: cases)

| Year | Received | Deliberated & adjudicated | | | | Acceptance rate (%) | Withdrawn / referred |
|------|----------|---------------------------|----------|----------|-----------|---------------------|----------------------|
| | | Total | Accepted | Rejected | Dismissed | | |
| 2012 | 25,317 | 24,987 | 3,983 | 19,974 | 1,030 | 15.9 | 1,015 |
| 2013 | 25,570 | 24,405 | 4,227 | 18,820 | 1,358 | 17.3 | 1,089 |
| 2014 | 25,301 | 25,270 | 4,131 | 19,164 | 1,975 | 16.3 | 1,068 |
| 2015 | 24,425 | 24,947 | 3,933 | 18,627 | 2,387 | 17.4 | 1,433 |
| 2016 | 26,730 | 26,080 | 3,901 | 19,315 | 2,864 | 16.8 | 1,699 |

Statistics on Cases Received by Type

(Unit: cases, %)

| Category | Appeals on driver's license | | Cases on rewards for patriots and veterans | | General complaints | |
|----------|-----------------------------|-----------|--|-----------|--------------------|-----------|
| | Received (cases) | Ratio (%) | Received (cases) | Ratio (%) | Received (cases) | Ratio (%) |
| 2014 | 19,231 | 76.0 | 1,518 | 6.0 | 4,552 | 18.0 |
| 2015 | 18,655 | 76.4 | 1,454 | 6.0 | 4,316 | 17.6 |
| 2016 | 20,747 | 77.6 | 1,372 | 5.1 | 4,611 | 17.3 |

General Complaint Cases Received and Resolved

(Unit: cases)

| Year | Category | Cases received | Cases resolved | | | |
|------|----------|----------------|----------------|----------------------------|----------|-----------|
| | | | Total | Accepted (acceptance rate) | Rejected | Dismissed |
| 2014 | | 4,552(18.0%) | 4,585 | 582(20.1%) | 2,306 | 1,697 |
| 2015 | | 4,316(17.6%) | 4,230 | 405(19%) | 1,727 | 2,098 |
| 2016 | | 4,611(17.3%) | 4,600 | 390(18.8%) | 1,685 | 2,525 |

In 2016, 4,598 general complaints cases were resolved—an increase of 368 cases (8.7%) compared to 2015. Of these cases, 2,525 were dismissed, showing a sharp 20.4% increase (427 cases) compared to the number of general complaint cases resolved as a whole. Analysis suggests that a primary cause for the increase of dismissals was the repetitive filing of groundless administrative appeals by a small number of claimants. The CAAC is exploring methods of reducing such indiscriminate claims with the National Assembly.

The majority of general complaint cases require significant time and personnel for case review due to the difficulty of content and significant number of related records. In addition, the types of cases vary as disposition agencies include central administrative institutions, local governments and their affiliated organizations. The result of this is that only approximately 20% of general complaint cases are relieved.

3. Cases Concerning Rewards for Patriots and Veterans

Cases concerning rewards for patriots and veterans are those appeals related to applications for persons of distinguished service to state, persons of distinguished service to independence, war veterans, patients suffering from actual or potential aftereffects of defoliants, and persons of distinguished service according to the related

laws on rewards for patriots and veterans and their families. Most cases are disputes over registration as persons of distinguished service to state against the Ministry of Patriots and Veterans Affairs and Regional and District Offices of Patriots and Veterans Affairs.

Cases on rewards for patriots and veterans are relatively less complex compared to general complaint cases. However, as the events that serve as the backgrounds of disputes—such as the Korean War and Vietnam War—occurred long ago, there are often few related existing records to serve as proof of wounds of claimants. In addition, cases regarding rewards for patriots and veterans require both legal and medical assessment to determine correlation between a claimant's wounds and public duties served.

In order to resolve cases concerning rewards for patriots and veterans based on professional advice, the Specialized Committee on Rewards for Patriots and Veterans and Medical Treatment, which consists of medical experts, is operated under the CAAC. Assessment and advisory consulting from outside professionals also frequently takes place.

4. Appeals on Driver's Licenses

Appeals on driver's licenses are those claims concerning administrative appeals regarding administrative

Cases Concerning Rewards for Patriots and Veterans Received and Resolved

(Unit: cases)

| Year | Category | Cases received | Cases resolved | | | |
|------|----------|----------------|----------------|----------------------------|----------|-----------|
| | | | Total | Accepted (acceptance rate) | Rejected | Dismissed |
| 2014 | | 1,518(6.0%) | 1,564 | 43(2.9%) | 1,453 | 68 |
| 2015 | | 1,454(6.0%) | 1,421 | 61(4.5%) | 1,287 | 73 |
| 2016 | | 1,372(5.1%) | 1,424 | 52(3.8%) | 1,314 | 58 |

Appeals on Driver's Licenses Received and Resolved

(Unit: cases)

| Year | Category | Cases received | Cases resolved | | | |
|------|----------|----------------|----------------|----------------------------|----------|-----------|
| | | | Total | Accepted (acceptance rate) | Rejected | Dismissed |
| 2014 | | 19,231(76%) | 19,121 | 3,506(18.5%) | 15,405 | 210 |
| 2015 | | 18,655(76.4%) | 19,296 | 3,467(18.2%) | 15,613 | 216 |
| 2016 | | 20,747(77.6%) | 20,056 | 3,459(17.5%) | 16,316 | 281 |

dispositions of suspension or cancelation of driver's licenses in accordance with the Road Traffic Act. Each year, approximately 300,000 administrative dispositions are handed down, and a number of appeals are consequently filed.

Appeals on driver's licenses have the characteristics of "cases related to livelihood," as they are closely associated with employment or the means for living of claimants. The quantity of such appeals is larger than that of general complaint cases or cases regarding rewards for patriots and veterans; however, such cases present few juridical controversies, and factual relevance (such as the fact that a claimant was driving under the influence of alcohol) is comparatively straight forward.

The Administrative Appeals Act, revised and implemented in July 2010, stipulates the operation of a small-sized committee dedicated to the swift deliberation and adjudication of appeals on driver's licenses. In addition, a task force for the review of driver's license appeals has operated since 2011.

Appeals on driver's licenses account for approximately 77% of all cases received, while the acceptance rate is between 17 and 18% of cases resolved.

Section 3. Resolution Time

Article 45 of the Administrative Appeals Act specifies that a ruling on an administrative appeal should be made within 60 days from the date on which a respondent or commission received the written appeal. In the event that inevitable circumstances exist, a chairperson may extend the period by 30 days ex officio, meaning that cases should be resolved within 90 days under these special circumstances.¹⁾

The CAAC has taken a number of measures to reduce appeal resolution time, including improving internal processes, placing special focus on cases which have remained unresolved for lengthy periods, enhancing expertise of working-level personnel and requesting concerned agencies to observe submission deadlines. As a result, the number of cases remaining unresolved for

Status of Resolution Time in the Past Three Years

(Unit: cases)

| Category | Total number of cases resolved | Resolution time on average (days) | Number of cases resolved within resolution time | | Number of cases exceeding resolution time |
|----------|--------------------------------|-----------------------------------|---|-------------------|---|
| | | | Within 60 days | Within 61-90 days | Exceeding 90 days |
| 2014 | 25,270 | 68.11 | 18,469 (73.1%) | 2,397 (9.5%) | 4,404 (17.4%) |
| 2015 | 24,946 | 66.59 | 17,281 (69.3%) | 2,696 (10.8%) | 4,969 (19.9%) |
| 2016 | 26,080 | 75.55 | 15,101 (57.9%) | 6,553 (25.1%) | 4,426 (17.0%) |

1) Administrative Appeals Act

Article 45 (Period for Making Rulings)

① A ruling shall be made within 60 days from the date on which the appellee or the commission has received a written appeal under 23. Provided, that if unavoidable circumstances exist to the contrary, the chairperson may extend the period for another 30 days ex officio.

② If a ruling period is extended under the proviso to paragraph (1), the chairperson shall inform the parties thereof by seven days before the ruling period expires.

150 or more days since being filed was reduced by 63.3% (from 101 cases in 2015 to 37 cases in 2016). However, due to a growing number of complex and difficult cases and an increase in work load due to a shift in efforts toward resolving lengthy unresolved cases, the average resolution time increased by 8.96 days from 66.59 days in 2015 to 75.55 days in 2016. The CAAC intends to continue to take a multifaceted approach in order to further decrease resolution time.

Section 4. Oral Hearings

Oral hearings consist of the hearing of statements and deliberation conducted with the pertinent parties at a commission office. Oral deliberation provides additional clarity compared to written deliberation as question and answer sessions allow for the easy analysis of factual evidence, and dubious information and contradictions can easily be detected and resolved. Because of these strengths, oral hearings have been adopted as a general principle of deliberation in trials, becoming an official part of lawsuits. The Administrative Appeals Act institutionally guarantees the claimant's right to apply for oral hearings by allowing oral deliberation to be conducted upon request, except for in certain cases.

Section 5. Suspension of Execution and Temporary Disposition

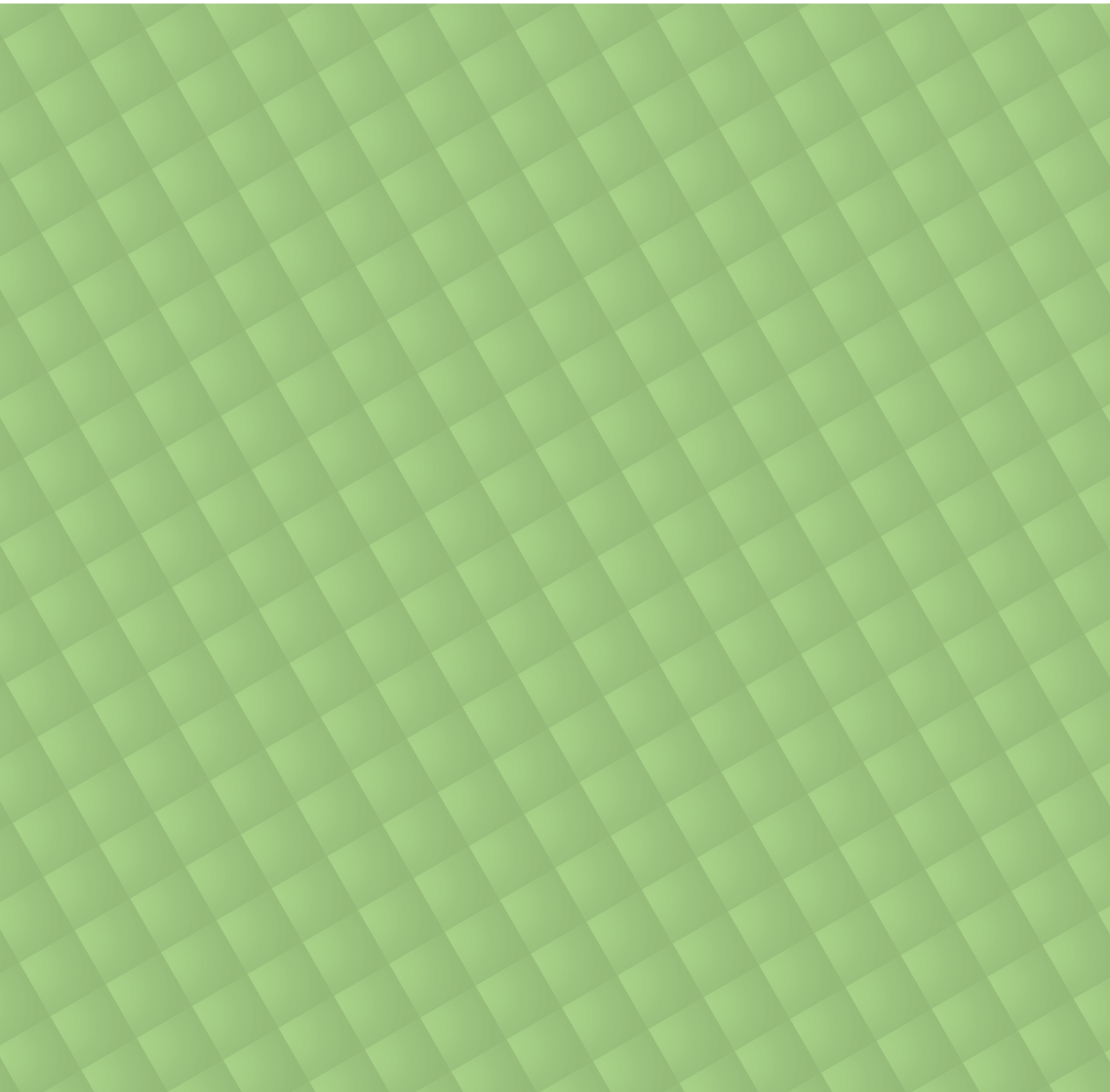
The Administrative Appeals Act adopts the principle of non-suspension of execution. This means that the disposition subject to appeal remains in effect despite an appeal having been made²⁾. However, if it is deemed that non-suspension could possibly cause serious loss to a claimant, a suspension of execution can be requested by the party or ex officio.

Suspension of execution plays an important role in protecting procedural rights of the public; however, it is not always a sufficient response to breaches of rights and interests due to illegal or unjust dispositions of refusal or omission, as it is limited to restoring the status as it was prior to disposition. In consideration of this, the Administrative Appeals Act allows for the enactment of temporary dispositions in order to more ably protect against instability for parties who can not be relieved by suspension of execution alone.

When it is highly likely that a disposition or omission will be deemed illegal or unjust, but suspension of execution is not adequate in providing relief, a temporary disposition to grant protection to the party from a possible disadvantageous risk may be requested.

2) Administrative Appeals Act
Article 30 (Suspension of Execution)

① No appeal shall adversely affect the effect of disposition or execution thereof, or continuation of proceedings.



Part 6

Institutional Improvements for Relieving Public Inconveniences and Fundamentally Correcting Corruption-Causing Factors

Chapter 1. Overview of Institutional Improvements

Chapter 2. Examples of Institutional Improvements

Overview of Institutional Improvements

Overview of Institutional Improvements

1. Status in General

Article 12 of the Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission (the ACRC Act) stipulates that the ACRC is responsible for: providing recommendations or opinions when it has been deemed necessary to improve an administrative system that may be the cause of a civil petition for grievances (Paragraph 3), surveying and evaluating the status with respect to civil petitions for grievances by the ACRC and improving administrative systems (Paragraph 4), formulating anti-corruption policies and making corruption prevention recommendations to assist public organizations to strengthen their system and policies, and conducting status surveys of public institutions for the purposes (Paragraph 5).

When deemed necessary as per Article 27 of the ACRC Act, the ACRC may recommend the improvement of an institution for the prevention of corruption to the head of an administrative agency. Also, according to Article 12 and Article 47 of the same act, when it has been judged that the improvement of an institution is necessary in conjunction with related administrative institutions, which have caused a civil petition for grievances, the ACRC may recommend reasonable improvement or express opinions

to the head of the administrative institution in question. In addition, the ACRC has the authority to request information and to monitor the current state of affairs (Articles 12 and 29 of the act), to monitor and confirm compliance with recommendations, to make public announcements thereof (Articles 27, 52, 53), and to propose institutional improvements (Article 77), for the purpose of effective enforcement of institutional improvements.

In its pursuit of the improvement of unreasonable administrative institutions which have incurred civil complaints and corruption, the ACRC attempts to analyze the causes of corruption and to listen to the voices of the people through a variety of channels including e-People (its online portal for public grievances), complaint counseling, and corruption reporting. The ACRC strives to secure the appropriateness of government administration and to contribute to the establishment of a solid sense of integrity in the public sector and society as a whole, thereby enhancing the rights and interests of the people.

2. Achievements

In 2016, a total of 52 recommendations (and 320 sub-recommendations) were made for institutional improvements. By sector, 42 recommendations (and 238 sub-recommendations) were for grievance resolutions while 10 (and 82 sub-recommendations) were in response to corruption.

Annual Recommendations and Sub-Recommendations for Institutional Improvements

(Unit: cases)

| Year | Total | | Anti-corruption | | Grievance resolution | |
|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | Number of recommendations | Number of sub-recommendations | Number of recommendations | Number of sub-recommendations | Number of recommendations | Number of sub-recommendations |
| 2008 | 96 | 197 | 9 | 110 | 87 | 87 |
| 2009 | 117 | 465 | 18 | 149 | 99 | 316 |
| 2010 | 91 | 609 | 22 | 178 | 69 | 431 |
| 2011 | 81 | 424 | 33 | 205 | 48 | 219 |
| 2012 | 66 | 551 | 22 | 309 | 44 | 242 |
| 2013 | 66 | 576 | 16 | 201 | 50 | 375 |
| 2014 | 63 | 431 | 18 | 192 | 45 | 239 |
| 2015 | 57 | 401 | 14 | 157 | 43 | 244 |
| 2016 | 52 | 320 | 10 | 82 | 42 | 238 |
| Total | 689 | 3,974 | 162 | 1,583 | 527 | 2,391 |

3. Follow-up Management of Institutional Improvement Recommendations

The ACRC has been strengthening follow-up management of institutional improvement recommendations to ensure the public feels tangible benefits from improvements.

The ACRC encourages the implementation of recommendations through frequent monitoring and evaluation of implementation status, assessment through anti-corruption policy evaluations and the provision of consulting services for the implementation of recommendations. Proposals can also be submitted to

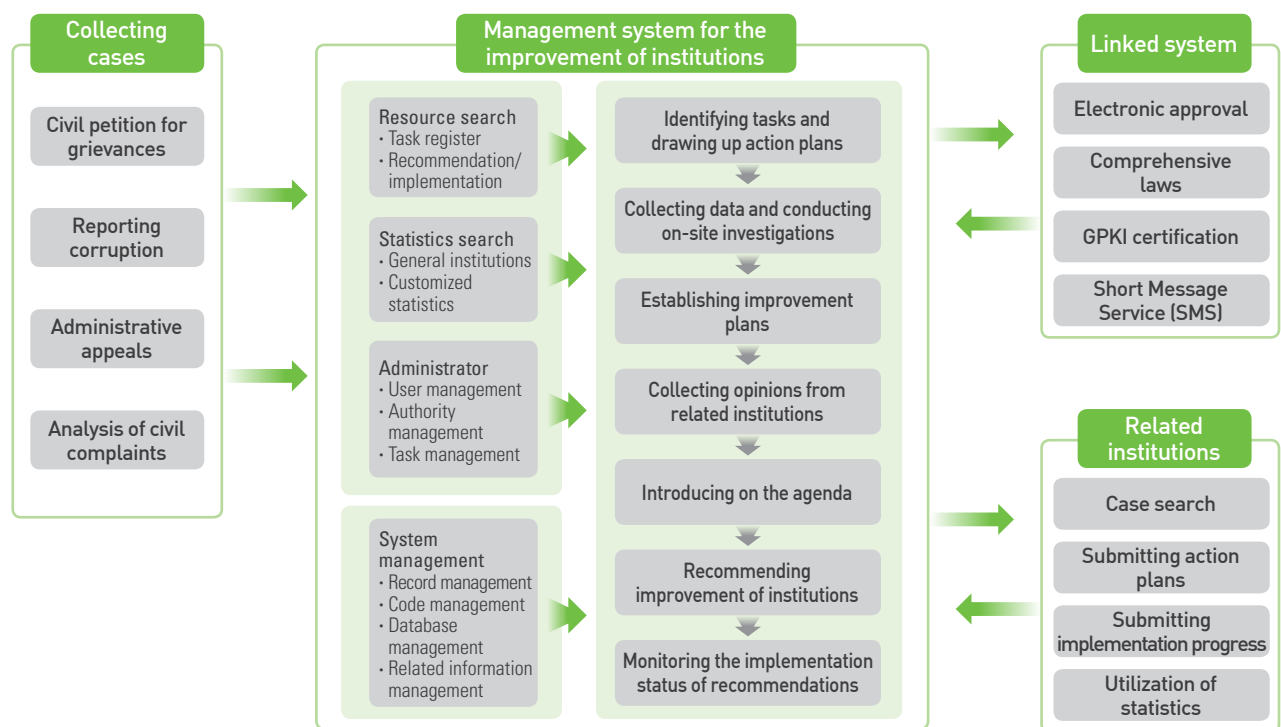
the National Assembly regarding recommendations which have not been implemented due to difficulties in the process of revising laws and legislation.

In 2016, the ACRC laid the foundation for information system based management of recommendations for more efficient recommendation management. With the establishment of this system in December 2016, recommendations and implementation progress reports were able to be shared with pertinent organizations, resulting in more swift and accurate monitoring of implementation statuses.

Status of Recommendation Proposals Submitted to the National Assembly

| Proposed recommendations | Pertinent institutions | Pertinent standing committee of the National Assembly |
|--|--|---|
| Establishing grounds to support restrictions against not providing two copies of prescriptions at a hospital or clinic | Ministry of Health and Welfare | Health and Welfare Committee |
| Improvement of two-wheeled vehicle management system | Ministry of Land, Infrastructure and Transport | Land, Infrastructure and Transport Committee |
| Mandating disclosure of the list of matchmaking businesses which offer false information | Ministry of Gender Equality and Family | Gender Equality and Family Committee |
| Mandating disclosure of the list of unjustly operated private educational institutes | Ministry of Education | Education, Culture, Sports and Tourism Committee |
| Mandating disclosure of the list of inappropriate medical checkup institutions | Ministry of Health and Welfare | Health and Welfare Committee |

● Flow Chart of the Management System for the Improvement of Institutions




 Chapter
2

Examples of Institutional Improvements

Section 1. Institutional Improvement for Grievance Relief

The ACRC has continuously striven to improve institutions by selecting areas causing inconvenience to citizens based on analysis of civil petitions for grievances posted to e-People, as well as from other public channels. The ACRC has also continued to make efforts to improve weaknesses in institutional practices detected during the process of resolving civil petitions for grievances, administrative appeals, reports of corruption and breaches of public interest by strengthening collaboration with pertinent organizations.

Tasks focusing on assisting the marginalized and serving public livelihood, such as job creation and the normalization of irregularities, and which support government policies for revitalization of the economy, were identified as a priority. Accordingly, 42 recommendations were provided, including 17 recommendations for the improvement of inconvenience and grievance-causing factors related to the vulnerable and to the daily lives of the public, 9 recommendations to support economic activities of small businesses and small and medium-sized enterprises and 16 recommendations for the protection of the socially vulnerable and public safety.

Tangible outcomes—such as the improvement of the audible traffic signal system for the visually impaired, the strengthening of safety management of hygiene products and the preventive curbing of damages from secondhand smoke in apartment buildings—were delivered through collaboration and joint promotional efforts with relevant ministries.

Case 1. Correcting Excessive Marketing by Changing Service Names of Mobile Plans

The number of domestic mobile service subscribers was 58.93 million as of 2015, surpassing the total population of Korea, saturating the market and leading to cut-throat competition among an oligopoly of mobile carriers. As consumers were frequently confused when selecting products due to excessive marketing by mobile carriers,

often leading to consumer rights being infringed upon, the ACRC analyzed petitions for civil grievances concerning the naming of mobile plans and implemented improvements to pertinent institutions.

The most common issue causing confusion among consumers was the misleading names of mobile plans. For instance, a plan called “Data 299” was actually KRW 32,890, despite its misleading name (used for promotional efforts) which gave consumers the perception that bills would be less than KRW 30,000. Another problematic marketing practice was the use of words such as “unlimited” or “infinite” in the names of mobile plans, leading consumers to mistakenly believe that all services (calls, texts, and data) were provided without limitations, even though such unlimited service plans in fact only applied to one or two of those services.

To rectify this grievance, the ACRC made a recommendation to the Ministry of Science, ICT and Future Planning that VAT-included charges be displayed when bills of mobile plans are presented. It also recommended that misleading expressions such as “unlimited” or “infinite” not be used for plans which do in fact limit one or two services, and that mobile carriers clearly communicate which services are offered without limitations.

Case 2. Methods to Enhance Consumer Right to Know in the Sales of Used Cars

The sales of used cars in the domestic market reached 3.6 million units per year as of 2015, doubling the sales of new vehicles. Along with the continued growth of the used car market, inconvenience to consumers also grew due to an information gap between sellers and buyers. More than 1,000 civil petitions for grievances were received by e-People over the 2-year period from 2014 to 2015. Of the petitions, 66% were related to complaints over the unsatisfying conditions of used cars or false offerings.

According to an ACRC survey, consumers wishing to buy used cars were not able to obtain detailed information on vehicles prior to transfer of ownership, as only limited information could be offered to those other than owners

unless sellers voluntarily disclosed such information (which was readily available through the web portal for civil grievances regarding vehicles). In addition, inspection results of used cars had begun being provided to buyers with the introduction of the institution of inspection on functions and conditions of used cars in 2005; however, it was limited from providing an adequate level of information to consumers due to a lack of records regarding certain inspection items.

To resolve such inconveniences, and to boost sales and promotional efforts, the ACRC recommended that the Ministry of Land, Infrastructure and Transport offer the same level of information regarding registered used cars to consumers as to vehicle owners. This would enable potential buyers to browse information on the history and management of vehicles prior to signing contracts. Improvements to record keeping were also recommended in order to allow for better tracking of information concerning the performance and condition of vehicles.

Case 3. Improvement to the Method of Imposing Late Penalties on Fees Closely Linked to Livelihood (i.e. Apartment Building Maintenance Fees)

The majority of citizens pay apartment building maintenance fees and water and sewerage fees. Civil grievances were continuously being filed stating that late fees were not accurately reflecting overdue dates, despite the logic of imposing late fees according to the number of days a bill is overdue. As a result, the ACRC put forward improvements of the late fee imposition system.

An investigation conducted by the ACRC showed that late fees were being imposed in accordance with pertinent apartment building management rules which had been established based on apartment building management regulations of metropolitan city and do governments. An analysis of related regulations of the 17 metropolitan city/do governments revealed that 12 of the governments (excepting Seoul Metropolitan City, Gyeonggi-do, Chungcheongnam-do, Gyeongsangnam-do and Jeollanam-do) calculated late fees on a monthly, rather than daily, basis.

Late fees for water and sewerage use are imposed according to the ordinances of local governments, and a majority of local governments were charging late fees regardless of the number of days overdue. In addition, the same rate for late fees was being applied to both water and sewerage, as late fees for water and sewerage are charged jointly on the same bill. In some cases, however,

ordinances for water and sewerage were separate and rates for late fees were subsequently different, even though the rate should have been identical according to regulations on water and sewerage ordinances.

The ACRC recommended that local governments impose late fees based on overdue dates by changing the late fee imposition rules of apartment building management. It also recommended similar changes to the water and sewerage regulations of metropolitan city and do governments and suggested improvements to fix inconsistencies between water and sewerage late fee regulations.

Case 4. Enhancing Transparency of the Towing of Vehicles in Violation of Parking Rules and Devising a Means of Relief for Drivers of Towed Vehicles

To ensure the safe and smooth flow of traffic, vehicles in violation of parking rules are towed in accordance with the Road Traffic Act and ordinances and rules of local governments. However, as towing takes place without the knowledge of the driver of the towed car, a more significant means of relief for the incurred loss to such drivers was necessary.

First, towing regularly took place of vehicles which had violated parking rules, but which were not acting as obstacles or safety risks; the consistency of this crackdown was undermined due to the absence of detailed criteria for towing. Second, a means of relief was absent in many cases. For instance, compensation for vehicle damage due to towing could not be mandated if a towing company chose to avoid responsibility for reimbursement, even if that towing company neglected to follow proper procedures during towing.

The ACRC recommended that local governments introduce regulations to ensure that tow away signs clearly display which vehicles are subject to be towed; selectively attach warning stickers only to vehicles which must be towed; establish and disclose detailed criteria for towing; establish a means of relief for drivers of vehicles damaged during towing; and provide reimbursement for transportation fees of mistakenly towed vehicles.

Case 5. Improvement of the Mandatory Assignment of Manufacturer/Sales Managers at Small-Sized Cosmetics Manufacturer/Sellers

The Korean cosmetics industry has established itself as

a leading exporter of cosmetics due to a growing interest in health and beauty, the high quality of products and an increased interest in Korean culture as a result of the Korean Wave.

As of 2013, wholesale and retail small- and medium-sized enterprises (those with less than 200 full-time employees or sales of KRW 20 billion or less) accounted for 95.8% of all cosmetics businesses, 74.5% of employees and 48.0% of sales in the cosmetics industry.

Cosmetics manufacturer/sellers were mandated to assign qualified manufacturer/sales managers regardless of the size of their businesses, causing a burden to small-sized businesses. As an example, this meant that, though the owner of a one-person business with no regular employees could serve as manufacturer/sales manager if qualified, if that owner hired even one person to fill a full-time position, a manufacturer/sales manager other than the owner also needed to be hired. Small-sized businesses repeatedly filed civil grievances and proposals requesting a change of this provision.

To alleviate the burden to small-sized cosmetic manufacturer/sellers, the ACRC recommended that the Ministry of Food and Drug Safety ease pertinent regulations to ensure that businesses with less than 10 full-time employees owned by a qualified manufacturer/sales manager not be required to hire additional managers when hiring full-time workers.

Case 6. Improvement of the Inappropriate Reversion of Deposits for Bidding and Public Auctions

To ensure responsible bidding in the auction, sales and lease of public procurements and state-owned properties, and in public auctions of seized properties, the government has implemented a bidding deposit system. Reversion of deposits for bids is on the rise due the frequent failure to honor contracts after winning auctions (likely due to the recent economic recession). In conjunction with this trend, unreasonable deposit reversion practices have been the subject of a number of civil grievances.

Between 2013 and 2015, The ACRC investigated deposit for bidding practices and public auctions of 135 organizations related to public service, including state-owned enterprises and quasi-governmental organizations. This investigation revealed that excessive bidding deposits were being induced by announcements asking for a deposit amount “or over,” rather than providing specific rates of deposit. In 92 cases, the entire amount of overpaid deposits—

totaling KRW 270 million—was returned to the relevant institutions. Entire deposits were forfeited in some cases, even when the responsibility of not concluding contracts did not fall on winning bidders. Higher deposit rates were also imposed with no relevant statutory provisions when selling and lending state-owned properties and, unlike in court auctions, deposits exceeding a specified amount were not returned.

To improve such unreasonable practices, the ACRC recommended revision of the established rules of contracts to the Ministry of Strategy and Finance to ensure that the exact bidding deposit rates are clearly present on instructions to bidders from each organization related to public service, and that imputation of winning bidders is considered when reversing deposits. The ACRC recommended the adjustment of the bidding deposit rate to 5% of bidding price, a standard stipulated by the National Contract Act. Finally, the ACRC made a recommendation to the Korea Asset Management Corporation suggesting the reversion of deposits exceeding the minimum amount in public auctions.

Case 7. Improvement of the Audible Traffic Signal System for the Visually Impaired

Audible traffic signal systems to assist visually impaired pedestrians are installed near facilities for the disabled, places with heavy foot traffic, public transportation stations and public buildings for transportation convenience and safety of the disabled in accordance with the Articles 3 and 14 of the Road Traffic Act, and Article 86 of the Enforcement Decree of the Road Traffic Act. As of March 2013, 27,355 audible traffic signal systems had been installed at 8,217 crosswalks nationwide.

Several audible traffic signal system units were left out of order, however, and there was no contact information for malfunction reporting. In cases where contact information was provided, it was not written in braille, so the principle users of the signal system were not able to inform relevant institutions about the inconvenience.

For the convenience of visually impaired users, the ACRC, in cooperation with the National Police Agency and the Korea Blind Union, recommended integrating malfunction reporting of the audible signal system into regional code-120 (02-120 for Seoul), a representative telephone number for civil grievances of local governments. It also recommended the mandatory inclusion of braille contact information on system units, and the establishment and implementation of plans for regular monitoring,

maintenance and replacement of the audible signal system units by local governments.

Case 8. Strengthening Safety Management of and Streamlining Customs Clearance for Hygiene Products

Hygiene products, including disposable cups, spoons, chopsticks and toothpicks and hygienic papers, are frequently used by citizens in their everyday lives. As of 2012, each Korean consumer was using approximately 243 disposable cups and 71 pairs of wooden chopsticks annually.

In 1999, the Public Health Act by the Ministry of Health and Welfare, which regulated and managed hygiene products and the barber and beauty industries, was repealed and replaced with the Public Health Control Act. As the repealed Act had applied to hygiene products while the replacement act did not, these products were put in a legislative blind spot for the following 17 years. As a result of this, changes in the industry, such as appearance of new types of hygiene products or countermeasures against harmful chemicals were not adequately responded. Furthermore, a considerable number of imported hygiene products were passed through customs without safety checks, and domestic products were not given thorough quality inspections, thus increasing concerns over public health.

In response to this situation, the ACRC held discussions to collect the opinions of experts, local government officials, and heads of related institutions, and ultimately proposed the following recommendations:

- ① The safety management of imported hygiene products should be improved by requiring the chief of customs clearance to monitor and report on the results of safety inspections of imported hygiene products;
- ② To enhance the safety management of domestic hygiene products, inspection agencies should report quality inspection results to si, gun and gu government offices on a regular basis, and these offices should conduct regular monitoring to ensure that inspections are being conducted;
- ③ Targets of management should be made clear, and new types of products, including hygienic paper towels and disposable paper cloth, which were previously overlooked in safety management, should be added;
- ④ Safety management plans for hygiene products should be established by the government as they are for food products, safety standards should be refurbished, size and display standards for hygiene products should be drafted and an analysis on recent trends of harmful

substances should be conducted along with possible countermeasures;

- ⑤ To increase administrative convenience, the Ministry of Health and Welfare, Ministry of Trade, Industry and Energy and the Ministry of Food and Drug Safety should streamline processes by digitizing reports of imported hygiene products, shortening inspection periods for imported hygiene products and increasing intervals between self-quality inspections for domestic hygiene products (to be in line with inspections of food products).

Case 9. Methods of Preventing Secondhand Smoke Damage in Apartment Buildings

Civil grievances concerning secondhand smoke in apartment buildings have been on the rise every year, leading to conflict among tenants. Countermeasures have remained weak despite the fact that more than half of Korea's population resides within such residences.

Countermeasures to mitigate damage caused by indoor smoking were still lacking, even after the revised National Health Promotion Act, which designated corridors, stairs and underground parking lots as non-smoking areas, was implemented in September 2016. An analysis of civil grievances concerning secondhand smoke in apartment buildings received by e-People from January 2011 to May 2016 showed that civil complaints due to indoor smoking accounted for 55.2% of all cases, a percentage larger than that of complaints due to smoking in public areas, such as stairs and corridors. An opinion survey conducted through the "People's Idea Box" from June 17–26, 2016, showed that 63.6% of respondents agreed with the official prohibition of smoking within apartment buildings.

After Considering the results of the analysis on civil grievances and opinions submitted through the "People's Idea Box," and referring to existing institutions for the prevention of floor noise, the ACRC made a recommendation to the Ministry of Land, Infrastructure and Transport that tenants of apartment buildings should make efforts to prevent secondhand smoke damages, and building managers should be authorized to conduct fact checking inspections and ask tenants causing damages to stop smoking in indoor areas.

Section 2. Improvement of Anti-Corruption Institutions

To realize a "clean government with integrity," one of the state principles of the incumbent administration, a

variety of efforts have been made to improve institutions by eliminating corruption causing factors such as the leakage of budget and collusion for privilege. Improvements customized to each organization have also been implemented through cooperation with pertinent organizations. Analyses of corruption reports regarding budgetary waste and surveys about integrity were utilized to identify areas which both held considerable influence over public life and lacked integrity.

In 2016, three key areas for corruption prevention were selected: the prevention of budget waste, the enhancement of transparency and impartiality of administration and the elimination of corruption causing factors in blind spots of management and supervision. Ten tasks for institutional improvement were recommended to pertinent organizations, including changing funding practices surrounding arbitrarily established national consultative councils, enhancing the impartiality of the appraisal and assessment work of public institutions and boosting the effectiveness of disciplinary actions against members of public-service-related organizations who commit offenses related to sexual assault and drunk driving.

Case 1. Improvement of Operation and Management of National Grants and Scholarships

Since 2012, the Korea Student Aid Foundation has provided national grants and scholarships to talented students in disadvantageous financial situations, so that they can pursue higher education opportunities regardless of their economic backgrounds. In 2015, KRW 3.6 trillion was offered for grants and scholarships. However grievances concerning ineffective operation and management of aid programs have been repeatedly filed, including complaints regarding application periods for grants and scholarships, and reporting and confirming of redundantly offered financial aid and its restitution.

An ACRC survey revealed that the application period for national grants and scholarships overlapped with the final exam period of universities, and other students were unable to apply for aid programs due to scheduling conflicts (i.e. participation in overseas foreign language courses). The aid scheme for local talents was not widely promoted to students, as the scheme was ordered after applications for early admissions had already been received. In addition, although regulations officially forbid the redundant receipt of grants and scholarships from local governments, public institutions and private scholarship foundations, the ACRC survey revealed that approximately 40,000 students

had nevertheless been recipients of redundant aid. This discrepancy was due to the absence of rules regarding reporting information on scholarships granted by local governments or other institutions. With a lack of preventive measures against redundant applications, there were no restrictions against institutions fabricating statistics on the provision of scholarships, or simply not submitting such information at all.

The ACRC recommended that the Ministry of Education should adjust the application period for national scholarships and grants so as not to overlap with primary schedules at universities, thus improving convenience for students. It also suggested that the ministry should provide notification of local talent scholarship availability prior to the early admissions period of universities. Finally, the ACRC recommended that the ministry devise measures for reporting on the receipt of national scholarships and grants, the return of redundantly offered scholarships, and the delinquents with returning.

Case 2. Improvement in Practices of Funding for National Consultative Councils Established by the Heads of Local Governments and Other Organizations

Local government heads or chairpersons of local councils may establish national consultative councils in order to promote mutual exchange and cooperation, and deliberate on mutual issues according to Article 165 of the Local Autonomy Act. National consultative councils are in operation for mayors or do governors; chairpersons of city or do councils; heads of si, gun or autonomous gu; and chairpersons of si, gun or autonomous gu. As these consultative councils are qualified to act as public institutions, each local government can utilize public funds to pay charges necessary for their operation.

A status survey by the ACRC revealed that a number of local governments were using official budgets to pay charges for consultative councils which had been established with no legal grounds, and were negligently managing funds. In some cases, charges for consultative councils were being managed unofficially, and account settlement procedures were insufficient, thus violating the principle of transparency in operating budgets. In addition, regular procedures for budget execution were frequently neglected, including numerous cases in which cash was paid instead of using a so-called "clean card," a type of corporate credit card automatically blocked at establishments providing certain services.

Budgets were also used for private purposes such as congratulatory or condolence money unrelated to work, public holiday gifts and farewell money and gifts. It was determined that a lack of clarity concerning the allocation of charges for consultative councils in local government budget planning guidelines had led to confusion in terms of overall budget planning. Also problematic was the lack of requests for correction from authoritative institutions, leaving media and local civil groups to raise concerns over the practice of using government funds to pay for unauthorized consultative councils.

In light of these issues, the ACRC recommended that the Ministry of the Interior and local governments should cease the practice of funding consultative councils and operating them as accumulated funds, and instead adopt the practice of financial support based on actual expense. It also recommended the refurbishing of budget planning guidelines of local governments, with particular focus on allocation of charges for consultative councils. Finally, the ACRC encouraged the strengthening of autonomous or outside audits to ensure the discontinuation of illegal budget planning and execution.

Case 3. Enhancement of Impartiality of Appraisal and Assessment Work of Public Institutions

Following the March 2004 enactment of the Special Act on the Establishment of the Multifunctional Administrative City, and the resultant increase in development projects, including the relocation of government agencies to the Government Complex Sejong and the establishment of innovative cities in provincial areas, demands for appraisal and assessment (particularly for the purpose of land compensation) have increased. Along with this increase, there occurred unfair practices, including the arbitrary selection of appraisal and assessment companies, and the limiting of certain participants during the process of performing appraisal and assessment duties. The ACRC has pushed forward institutional improvements to remedy these issues.

A status survey conducted by the ACRC revealed that some public institutions had been arbitrarily selecting appraisal and assessment companies without considering any criteria or procedure for selection. Furthermore, the institutions which did operate selection committees placed higher weight on the number of employees and size of assets of potential companies rather than on such factors as expertise and reliability, a practice which favored large corporations. Existing statutes and internal regulations

of state-owned enterprises also served as entry barriers, allowing the disproportionate allocation of work to large corporations, while placing few barriers against the employment of inadequate appraisal and assessment companies. The ACRC also found an insufficient range of educational courses in fields related to appraisal and assessment, including specialized industrial areas in which expertise is required.

The ACRC recommended that the 44 related institutions—including the Ministry of Land, Infrastructure and Transport, Ministry of Strategy and Finance and Korea Land & Housing Corporation—autonomously establish criteria for the selection of appraisal and assessment companies, lower the barrier to enter for appraisal and assessment companies, and require the disclosure of the status of appraisal and assessment companies under administrative sanctions. In addition, the ACRC recommended that the institutions strive to solidify in-depth education in specialized appraisal and assessment areas, and prepare confirmation certificates for qualified appraisal and assessment companies.

Case 4. Enhancing Effectiveness of Disciplinary Actions against Sexual Assaults and Drunk Driving in Organizations Related to Public Service

Organizations related to public service have been under continuous criticism (as a result of national parliamentary audit and media reports) concerning their lenient stance against employees involved in sexual assaults or drunk driving. This is despite the requirement that employees of such organizations display a high sense of morality and dignity as public officials. Differing disciplinary standards at each organization led to divergent outcomes, even in the case of identical illegal acts, necessitating the supplementation or unification of standards for disciplinary regulations for public servants. A survey of standards for disciplinary actions and actual disciplinary actions taken against employees at 67 organizations related to public service between 2010 and 2016 revealed a number of issues.

The survey showed that some of these organizations had maintained the tendency of leniently punishing sexual assaults or drunk driving, despite punishment of such wrongdoings becoming gradually stricter for public servants as a whole. In fact, 29 of the 67 respondent organizations (43.3%) had insufficient standards—or lacked standards altogether—for disciplinary actions against employees charged with sexual assaults, while

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47 of the organizations (70.1%) had insufficient or no such standards concerning employees involved in drunk driving. In addition, autonomous detection of employee sexual assaults or drunk driving was near nonexistent among the surveyed organizations, and even when such illegal actions were detected, disciplinary actions were often alleviated due to the decorated reputations of the offending employees.

The ACRC recommended that organizations related to public service establish clear standards for disciplinary action against employees involved in sexual assaults and drunk driving. It also suggested regular autonomous inspections, and additional regulations to prohibit the alleviation of disciplinary actions.