



**Government Defence
Integrity Index**



2020

Country Brief:

SOUTH KOREA



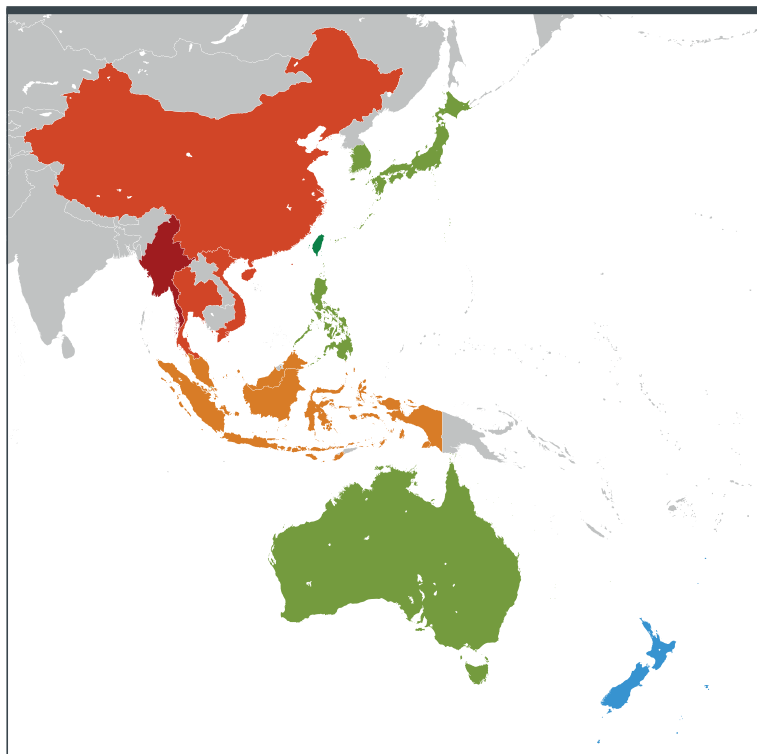


SOUTH KOREA

The Republic of Korea's defence policy is to a large extent dictated by the actions of its volatile northern neighbour, the Democratic People's Republic of Korea (North Korea), as well as its relationship with the United States and powerful regional neighbours such as China and Japan. North Korea's development of its nuclear arsenal and increasingly belligerent stance on the peninsula are driving South Korea's military investment and building up of deterrence capabilities.¹ In parallel, Seoul needs to carefully calibrate its North Korean policy with an eye on Beijing's relations with Pyongyang, as China is South Korea's largest trading partner and destination for foreign direct investment (FDI). A further key consideration is the United States, a long-time ally and key guarantor of stability but with whom relations became increasingly strained during the Trump administration.²

Within this complex and ever-changing context, political upheaval in South Korea has also influenced security dynamics. The election of the liberal Moon Jae-in to the Presidency in 2017 marked the end of almost ten years of conservative rule, abruptly ended by the impeachment of his predecessor after massive public protests between 2016 and 2017.³ President Moon's North Korea strategy has relied on strengthening inter-Korean dialogue,⁴ whilst simultaneously building up South Korea's deterrence capabilities and initiating a strategic review called 'Defence Reform 2.0', which has seen a sharp increase in defence spending.⁵ After running on an anti-corruption, and good governance platform, the administration has overseen some progress in defence governance although there remains room for improvement. Parliamentary oversight, though formally strong, can be superficial and subjugated by party loyalties, while the external auditing process has a questionable track record of effectiveness. Measures to improve defence procurement oversight and strengthen anti-corruption standards in personnel have been effective, although open competition remains restricted and whistleblowing under-prioritised. Financial transparency is generally strong, albeit with a dysfunctional access to information system, and military operations are highly vulnerable to corruption risk.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2008.
Arms Trade Treaty	Ratified in 2016.



Asia-Pacific

The Asia-Pacific region is home to some of the biggest military and economic powers in the world, as well as critical financial and trade hubs, natural resources and around 60 per cent of the world's population, and the region has become a major area of geopolitical rivalry. The continuing deterioration of Sino-American relations is having widespread implications for countries in the region. Security challenges presented by an increasingly assertive China, the continuing threat posed by North Korea and the protracted insurgencies in Thailand, the Philippines, Myanmar, Indonesia and Malaysia will also remain key concerns moving forward, as will emerging security threats related to cyberwarfare and the impact of climate change. However, Asia-Pacific has huge variations in the quality of defence governance mechanisms, which will determine how well defence institutions can respond to these challenges. It is home to both New Zealand, the highest scorer in the index, and Myanmar, one of the lowest. Though challenges are extremely varied across the sample, corruption risks are particularly pronounced in relation to financial management and procurement, where defence exceptionalism remains pervasive and exempts the sector from standard reporting and publishing standards. Operations too are highly vulnerable to corruption, while personnel management and policymaking are considered significantly more robust.

¹ Manseok Lee and Hyeonpgil Ham, 'South Korea's Conventional Forces Buildup: The Search for Strategic Stability', *War on the Rocks*, 16 April 2021.

² Michael Fuchs and Janeul Lee, 'Bridging the Divide in the US-South Korea Alliance', *Centre for American Progress*, 23 November 2020.

³ Bertelsmann Stiftung, *BTI Country Report 2020: South Korea*, Gutersloh, Bertelsmann Stiftung, 2020, p. 3.

⁴ Soo Kim, 'Moon's North Korea Vision Up in Smoke? Not so Fast...', *Rand Corporation*, 20 July 2020.

⁵ In-Bum Chun, 'Korean Defense Reform: History and Challenges', *Brookings Institute*, 31 October 2017.



SOUTH KOREA

SOUTH KOREA SCORE

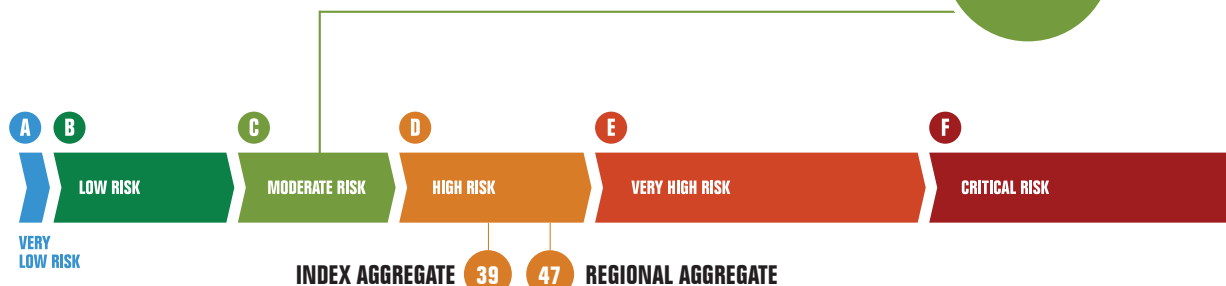
MODERATE RISK

C

59

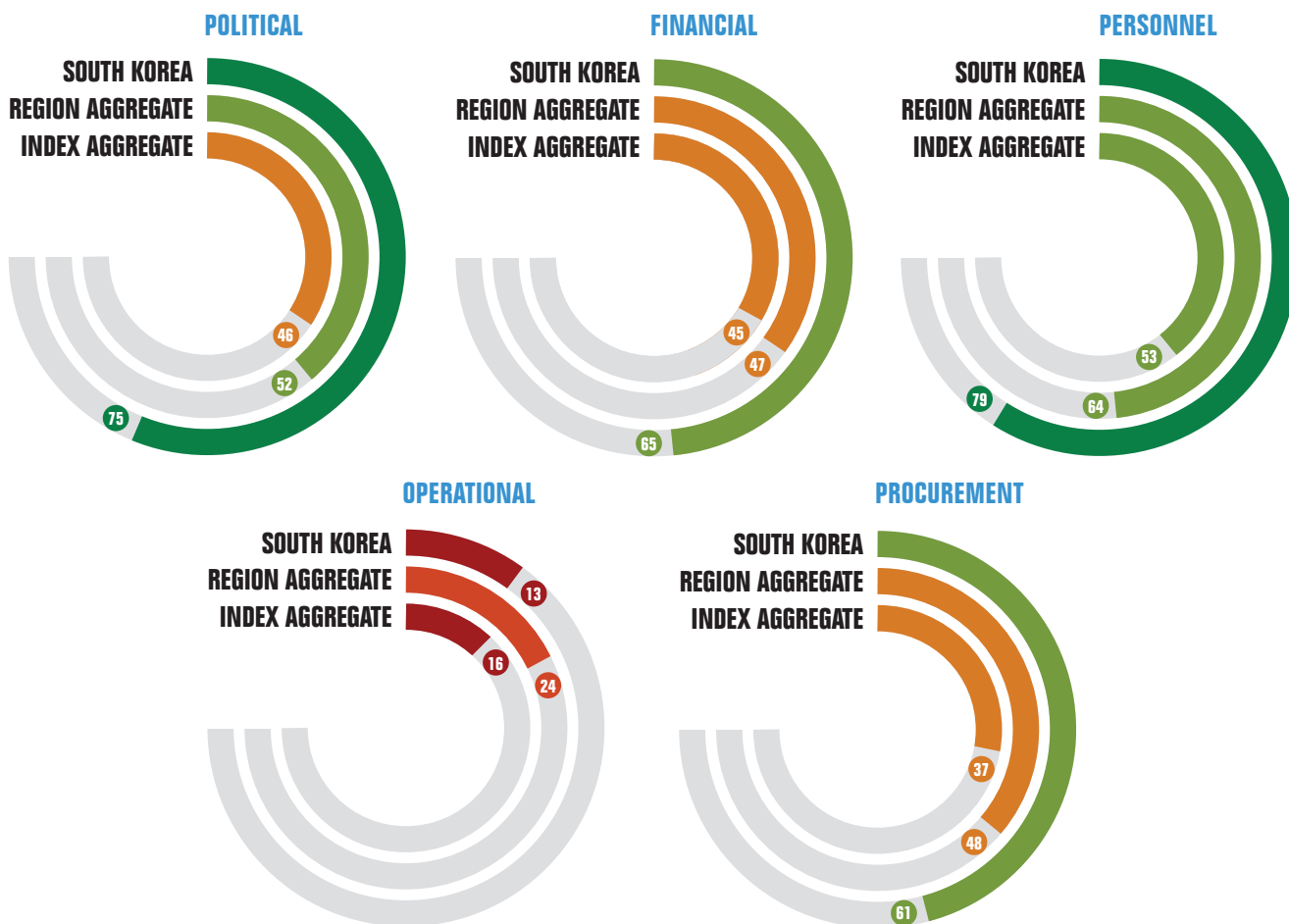
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.



A > 83-100 VERY LOW **B > 67-82** LOW **C > 50-66** MODERATE **D > 33-49** HIGH **E > 17-32** VERY HIGH **F > 0-16** CRITICAL

Risk Comparison





SOUTH KOREA

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	85/100
Military expenditure as share of government spending (SIPRI, 2020)	10.9%
Committee members with defence expertise (%)	Data is not publicly available.
# of meetings/year	Data is not publicly available.
Last review of defence policy/strategy	2020 (Defence White Paper)

South Korea's constitution grants the executive significant powers, including the ability to initiate legislation, issue decrees and veto laws, to such an extent that it has been described as an 'imperial presidency,' where checks and balances on executive power are weak.⁶ Though the National Assembly did impeach former President Park in 2016, the decision was driven by mass popular protests in the face of a corruption scandal that raised questions around executive accountability.⁷ Strong executive control is also evident in relation to defence. The unicameral National Assembly has the power to review and pass bills proposed by the executive, but does not have the power to veto legislation or the authority to initiate reviews of defence policy or major arms procurement directly.⁸ The National Defence Committee is the main committee charged with defence oversight and it carries out an annual parliamentary audit of the defence sector, which includes details on amendments and cuts to the defence budget and an analysis of expenditures for the financial year.⁹ The committee also has the power to establish sub-committees with investigative powers that can initiate inquiries into specific aspects of defence policy, as was done in 2018 with the review of the exemptions to national military service.¹⁰ The committee has also proved itself effective at influencing defence decisions, for instance causing the Ministry of Defence to withdraw plans to hire additional military personnel in 2017 after carrying out a budget review.¹¹ However, party loyalty remains strong in the legislature, and the executive can exercise significant influence over the functioning of committees with decisions often made with party priorities in mind. Similarly, there are question marks over the independence and effectiveness of the Board of Audit (BAI), the institution responsible for external auditing of defence expenditure. The body has been the subject of criticism, particularly under the Park administration, for its reticence to investigate certain government agencies and for covering up flaws in its assessment of a helicopter, manufactured by a politically-connected South Korean manufacturer.¹² The BAI publishes annual audits of defence expenditure, in addition to the Defence Committee's assessments, although there are question marks as to what extent defence institutions incorporate its findings in practice.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data is not publicly available.
	(2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2015-2020) #	Data is not publicly available.
Open Budget Index (IBP, 2019)	62/100
World Press Freedom Index (RSF, 2021)	42nd out of 180.

Investigations into former President Park revealed a network of collusion between the Presidency and business elites that exposed the secretive workings of government officials. Though President Moon has pledged to stamp out corruption and improve transparency, corruption allegations have also tainted the current government and laid bare the scale of progress still to be made.¹³ In the defence sector, financial transparency is generally strong although there remain significant areas for improvement. The published defence budget is largely comprehensive and contains information on salaries, pensions, food and clothing, maintenance and is complemented by an annual public finance report that lists spending on major defence projects.¹⁴ However, the budget does not contain a breakdown of spending related to military R&D, asset disposal or procurement, aside from general figures. Moreover, detailed explanations and concise summaries of the budget are not provided, making it difficult to read and understand for non-experts. The Ministry of Defence and National Intelligence Service (NIS) also have an opaque "special activity fund" at their disposal, which can be used for secretive spending. This fund is entirely beyond the scope of state audit or legislative reports and the NIS' fund was at the centre of the corruption case against former President Park who used these funds for private gain, underlining their vulnerability to corruption.¹⁵ Aside from this, financial transparency is enhanced by strong regulations around off-budget expenditures and a rigorous reporting process for off-budget income. Off-budget spending is forbidden under the Finance Act.¹⁶ Meanwhile, the Defence Statistics Annual Report compiles detailed information on defence income, including from land and property rent, hospital management, interest and so on, in a publicly available document.¹⁷ Nevertheless, access to information mechanisms can be ineffective, leading to an overreliance on published information that may be incomplete. The Official Information Disclosure Act grants the public access to defence information.¹⁸ However the law fails to properly define "highly sensitive" information, which is excluded from disclosure, leading to defence institutions excessively classifying information and rejecting access requests without justification.

⁶ Seonhwa Kim, 'Reforming South Korea's "Imperialist Presidency"', *Institute for Security and Development Policy*, October 2017, No. 205.

⁷ BBC News, 'South Korea's Presidential Scandal', 6 April 2018.

⁸ Republic of Korea, *Constitution of the Republic of Korea*, No. 10, 25 February 1988.

⁹ National Defence Committee, '2020 Budget Review Report', National Assembly of the Republic of Korea, 2020.

¹⁰ Subcommittee on Improving Military Service Exemption System, '2019 Budget Review Report', *National Defence Committee*, 2019.

¹¹ National Assembly, '2019 Government Budget Plan', 2019.

¹² Daljoong Kim and Seongjun Park, 'Political Parties Fight Over Political Independence of BAI's Investigation on Surion Helicopters', *Segye Ilbo*, 18 July 2017.

¹³ Julian Ryall, 'South Korean Government Tainted with Corruption Allegations', *Deutsche Welle*, 10 December 2020.

¹⁴ Ministry of Defence, 'Defence Budget for 2020'.

¹⁵ Haejin Choi, 'South Korean Court Sentences President Park to Another Eight Years in Jail', *Reuters*, 20 July 2018.

¹⁶ Republic of Korea, *National Finance Act*, No. 16328, 23 April 2019.

¹⁷ Hong Seon-Im, Defence Statistic Annual Report 2018, Seoul, *Ministry of Defence*, 2018.

¹⁸ Republic of Korea, *Official Information Disclosure Act*, No. 14839, 26 July 2017.



SOUTH KOREA

Personnel Ethics Framework

Whistleblowing legislation	Protection of Public Interest Reporters Act (2017) & Prevention of Corruption Act (2018)
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: Data is not publicly available.
	Civilian: Data is not publicly available.
Financial disclosure system	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

Anti-corruption initiatives in the defence sector have been considerably strengthened in recent years. In 2016, the government implemented the Improper Solicitation and Graft Act, which prohibits facilitation payments and imposes severe penalties for bribery for public sector workers.¹⁹ Equally, the Anti-corruption Policy Consultative Council was launched by the Moon administration to develop effective anticorruption interventions across government departments and agencies. These measures have helped to further strengthen the defence sector's personnel ethics frameworks, although deficiencies persist. Civilian and military personnel are subject to a robust code of conduct which provides anti-corruption guidelines for personnel related to bribery, conflicts of interests and post-separation activities.²⁰ However, there are question marks surrounding its enforcement. The Board of Audit has found that breaches of the code are not properly investigated, and personnel regularly escape punishment for offences.²¹ Similarly, though South Korea has whistleblower protection legislation, its enforcement has been irregular. Whistleblowers are protected under the Protection of Public Reporters Act²² and the Prevention of Corruption Act,²³ which proscribe protection of identity and against retaliation, however the defence sector has been lukewarm in embracing the practice, with very few awareness raising campaigns or training programmes aimed at defence personnel. Moreover, there is considerable doubt amongst personnel as to the effectiveness of protections in practice, given the backlash against personnel who have revealed corruption while in service.²⁴ Finally, there remain corruption vulnerabilities in the recruitment and promotion processes. At higher levels, these processes are extremely secretive, and no information is released on selection criteria or requirements, with the President solely responsible for appointing senior officers, albeit after a parliamentary hearing.²⁵ Similarly, at lower levels promotions are decided in closed committee meetings and vulnerable to political influence from the executive, undermining meritocratic practices and ensuring the process is highly politicized.²⁶

¹⁹ Republic of Korea, *Improper Solicitation and Graft Act*, No. 14183, 30 November 2016.

²⁰ Ministry of Defence, 'Code of Conduct for Personnel at the Ministry of Defence', Directive No. 1967, 2 November 2016.

²¹ Bu Aeri, 'DAPA Compensated Unfairly for 6 Defence Firms For 1.85 Billion Won, Says BAI', *Asia Economy*, 11 November 2018; Chong-Hoon Lee, '17.38 million vs 9.34 million won. Corrupt soldier receives twice as much salary than other officer', *Segye Ilbo*, 12 December 2018.

²² Republic of Korea, *Protection of Public Interest Reporters Act*, No. 15022, 31 October 2017.

²³ Republic of Korea, *Act on the Prevention of Corruption and the Establishment and Management of the Anti-corruption and Civil Rights Commission*, No. 15617, 17 April 2018.

²⁴ Oh My News, 'Whistleblowers in Military Are Suffering', 27 November 2018.

²⁵ Republic of Korea, *Military Personnel Management Act*, No. 15345, 16 January 2018.

²⁶ Yoon Na-young Kim, 'Fairness of Military Appointment Process in Moon's Administration is Questionable', *Pressian*, 29 November 2017.

Operations

Total armed forces personnel (World Bank, 2018)	608,000
Troops deployed on operations #	337 in Lebanon (UNIFIL), 267 in South Sudan (UNMISS), 8 in India (UNMOGIP), 3 in Western Sahara (MINURSO), 1 in Sudan (UNAMID), 1 in Abyei (UNISFA)

South Korea is a significant contributor to United Nations peacekeeping operations, currently deploying troops to six different missions.²⁷ Yet, in spite of this commitment, anti-corruption safeguards for missions are extremely poor, increasing the risk of corruption undermining mission objectives. South Korea has no military doctrine addressing corruption as a strategic issue for operations and the 'Defence Reform 2.0' review makes no mention of it.²⁸ There is also no evidence that corruption risk is taken into account in the forward planning for operations. This oversight at a strategic level has a ripple effect at the operational and training levels. Commanders do not receive tailored anti-corruption pre-deployment training and are only required to attend a two hour anti-corruption training annually, which focusses largely on the implementation of the 2016 anti-corruption legislation rather than on potential issues during deployments.²⁹ The only document referring to corruption risk on operations is the Peacekeeping Operations Participation Act, which contains guidelines on addressing corruption risk under a foreign country's command.³⁰ However, the guidelines are extremely vague and do not contain practical guidance or mitigation strategies.

²⁷ United Nations Peacekeeping, 'Country Contributions by Mission and Personnel Type', 30 April 2021.

²⁸ Ministry of Defence, 'Defence Reform 2.0', 22 June 2019.

²⁹ Park Jinsoo, '2017 Anti-Corruption Online Training Plan', Seoul, Ministry of Defence.

³⁰ Republic of Korea, *United Nations Peacekeeping Operations Act*, No. 13123, 3 February 2015.



SOUTH KOREA

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	46,056
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI)	United Kingdom, Philippines, Thailand, India, Iraq
Main defence imports – from (SIPRI)	United States, Germany, Spain, United Kingdom, Israel

One of the world's largest military spenders, South Korea ranked as the seventh largest importer and the ninth largest exporter of major arms in the world between 2016 and 2020.³¹ Force modernisation represents a significant portion of South Korea's military spending, accounting for \$15bn of a total budget of \$48bn in 2021.³² Defence procurement is a highly centralised process, conducted through the Defence Acquisition Programme Administration (DAPA) in line with the Defence Acquisition Programme Act, to which the entirety of South Korean defence procurement is subject to.³³ The Act describes the procurement cycle in detail, from needs assessment to contract implementation and sign-off, with guidelines on asset disposal processes. Procurement requirements are identified through a formal acquisition planning process that assesses

cost effectiveness and explicitly links individual purchases to strategic requirements. Connections between specific purchases and the defence strategy are made clear in Defence White Papers,³⁴ while potential defence purchases are also included in the mid-term National Defence Plan.³⁵ While outcomes of procurement programmes are made public via the Defence Electric Procurement System, published data remains vague. However, in 2019, DAPA adopted a Debriefing Policy which aims to provide detailed information on contract results to bidders in order to enhance transparency in the procurement process.³⁶ Despite this, competition remains heavily restricted. The government's Defence Supplies Designation Policy designates the type of supplies needed in order to secure a steady supply of munition and relies on a contractor designation system that invites a limited number of suppliers to bid. The situation could be further exacerbated by Seoul's new 'Buy Korea Defence' plan which aims to prioritise local sourcing over imports and could further restrict competition.³⁷ Procurement oversight is carried out by the MoD and the DAPA's respective internal audit units as well as the Board of Audit. In 2015, the government created the Special Inspector General for Defence Acquisition within the DAPA to provide more sustained oversight of acquisitions. The unit includes senior prosecutors, seconded from other agencies, allowing them to work with greater independence than procurement officers.³⁸ However, these overlapping mechanisms' effectiveness has been questioned, as they can focus more on the misconduct of procurement officers and contractors, rather than on investigating systemic corruption risk and institutionalised malpractice in the process.³⁹

³¹ Pieter D. Wezemand, Alexandra Kuimova and Siemon T. Wezeman, 'Trends in International Arms Transfers, 2020', SIPRI, March 2021.

³² Army Technology, 'South Korea to Invest \$3.9bn on defence R&D in 2021', 16 February 2021.

³³ Republic of Korea, *Defence Acquisition Programme Act*, No. 15051, 28 November 2017.

³⁴ Ministry of Defence, '2020 Defence White Paper', February 2021.

³⁵ Ministry of Defence, '2019-2023 Mid-Term National Defence Plan', 11 January 2019.

³⁶ Newsis, 'DAPA Implements "Debriefing Policy" to Enhance Transparency', 9 September 2019.

³⁷ John Grevatt, 'Seoul Reveals "Buy Korea Defense" Plan', *Janes*, 12 March 2021.

³⁸ Defence Acquisition Programme Administration, 'About DAPA'.

³⁹ Jeon Jung-won, 'Defence Industry Becomes Difficult Due to Excessive Audit', *Asia Economy*, 9 May 2019.

Version 1.0, October 2021

GDI data collection for **South Korea** was conducted May 2019 to May 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



SOUTH KOREA 2020 GDI Scorecard

		Grade	Score
Political Risk		B	75
Q1	Legislative Scrutiny	B	75
Q2	Defence Committee	A	83
Q3	Defence Policy Debate	B	75
Q4	CSO Engagement	B	75
Q5	Conventions: UNCAC / OECD	A	88
Q6	Public Debate	A	100
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	B	75
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	A	83
Q11	Acquisition Planning	B	75
Q12	Budget Transparency & Detail	A	88
Q13	Budget Scrutiny	A	100
Q14	Budget Availability	A	83
Q15	Defence Income	A	83
Q16	Internal Audit	C	50
Q17	External Audit	B	69
Q18	Natural Resources	B	67
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	D	42
Q21	Intelligence Services Oversight	C	63
Q22	Intelligence Services Recruitment	D	33
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	A	100

		Grade	Score
Financial Risk		C	65
Q24	Asset Disposal Controls	A	83
Q25	Asset Disposal Scrutiny	B	75
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	NEI	
Q28	Secret Program Auditing	F	13
Q29	Off-budget Spending	A	100
Q30	Access to Information	C	50
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	C	63
Q33	Unauthorised Private Enterprise	B	75
Q77	Defence Spending	A	88

		Grade	Score
Personnel Risk		B	79
Q34	Public Commitment to Integrity	C	50
Q35	Disciplinary Measures for Personnel	A	100
Q36	Whistleblowing	C	58
Q37	High-risk Positions	C	50
Q38	Numbers of Personnel	B	67
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q41	Objective Appointments	B	67
Q42	Objective Promotions	B	69
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	83
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	A	88

OVERALL COUNTRY SCORE



RISK GRADE

- A > 83-100 **VERY LOW**
- B > 67-82 **LOW**
- C > 50-66 **MODERATE**
- D > 33-49 **HIGH**
- E > 17-32 **VERY HIGH**
- F > 0-16 **CRITICAL**



		Grade	Score
Personnel Risk		B	79
Q47	Civilian Code of Conduct	A	94
Q48	Anticorruption Training	A	83
Q49	Corruption Prosecutions	D	42
Q50	Facilitation Payments	A	88

		Grade	Score
Operational Risk		F	13
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	E	17
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	

		Grade	Score
Procurement Risk		C	61
Q57	Procurement Legislation	A	100
Q58	Procurement Cycle	A	83
Q59	Procurement Oversight Mechanisms	B	67
Q60	Potential Purchases Disclosed	D	38
Q61	Actual Purchases Disclosed	A	88
Q62	Business Compliance Standards	B	75
Q63	Procurement Requirements	A	83
Q64	Competition in Procurement	F	13
Q65	Tender Board Controls	C	63
Q66	Anti-Collusion Controls	A	94
Q67	Contract Award / Delivery	B	69
Q68	Complaint Mechanisms	B	67
Q69	Supplier Sanctions	A	100
Q70	Offset Contracts	C	50
Q71	Offset Contract Monitoring	E	25
Q72	Offset Competition	E	25
Q73	Agents and Intermediaries	C	63
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY	Indicator	Description
NEI	Not enough information to score indicator	
NS	Indicator is not scored for any country	
NA	Not applicable	



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