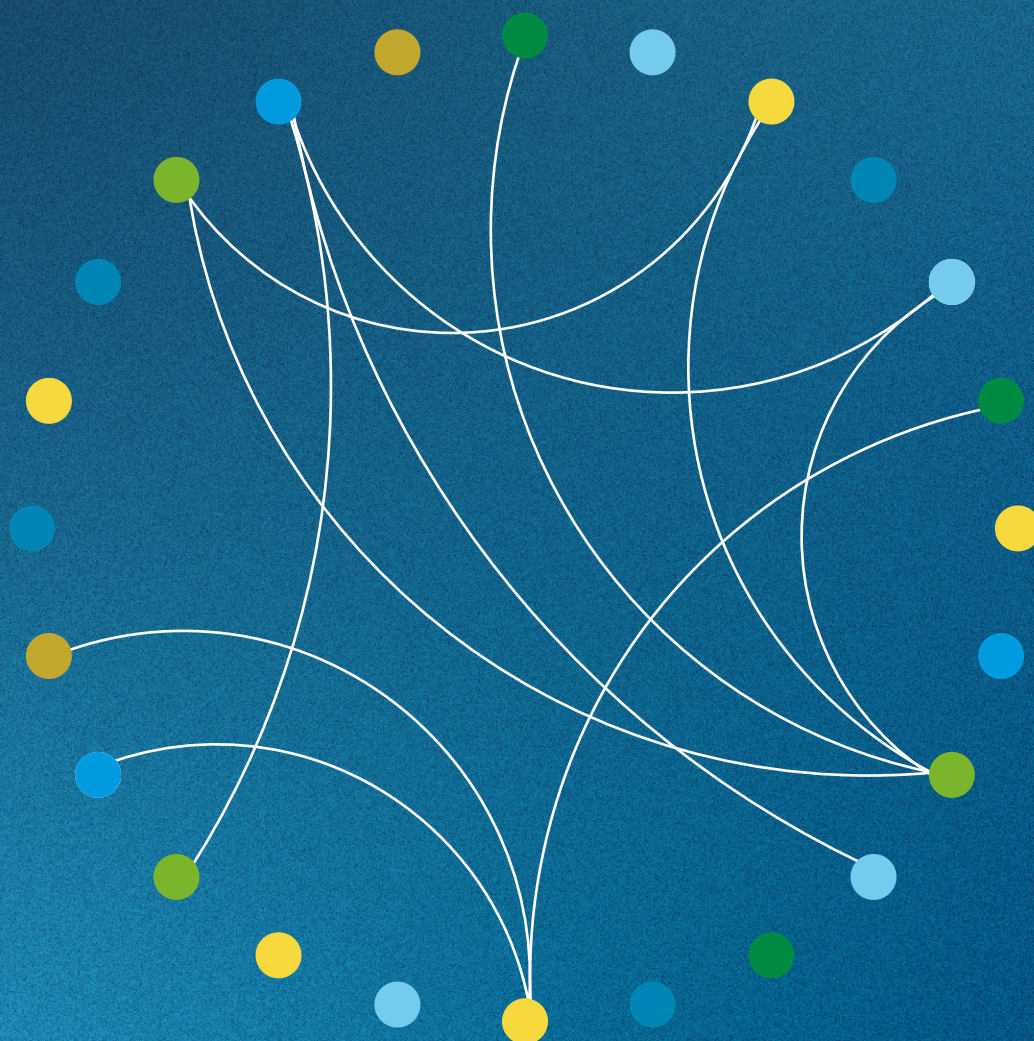




LESSONS FROM SOUTH KOREA: E-Filing Systems for Public Integrity in Latin America and the Caribbean



AUTHORS

Kilkon Ko
So Hee Jeon
Minsung Michael Kang
Minah Lee

COORDINATORS

Nicolás Dassen
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Kilkon Ko is a professor at Seoul National University's Graduate School of Public Administration and Director of the Center for Digital Transformation. His research focuses on policy evaluation, institutional reform, digital governance, and public sector corruption, and examining how institutional design influences accountability and governance effectiveness. He has served on the Presidential Council on National Economic Policy and as President of the Korean Association for Policy Analysis and Evaluation. He received the Seoul National University Academic Award in 2024.



So Hee Jeon, Ph.D. is an associate professor at Seoul National University's Graduate School of Public Administration. Her research spans administrative ethics, organizational behavior, public human resource management, and immigration policy, focusing on how legal frameworks and organizational practices foster ethical and effective governance. She has published extensively in peer-reviewed journals and edited scholarly volumes, including *Citizenship and Ethics: From the Neighborhood to the City, Country to the World*. She previously served as associate professor at Central Michigan University.



Minsung Michael Kang is an assistant professor of Public Administration at Kyung Hee University, Korea. His research centers on democratic bureaucracy, spanning public administration theory, organizational behavior, administrative ethics, and behavioral approaches to public integrity. His work has earned recognition including the NASPAA STAATS Emerging Scholar Award, APSA Paul Volcker Scholar Award, and ASPA Founders' Fellowship. He previously taught at the KDI School in Korea.



Minah Lee is a doctoral candidate in Public Administration at Seoul National University, where she earned a Master's degree. Her research focuses on institutional transparency, data-driven governance, and behavioral accountability in the public sector, particularly the effectiveness of asset disclosure systems for Korean public officials. She has co-authored recent studies on machine learning in public administration and the effects of policy literacy on government performance perception.

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Abbreviations

ACRC	Anti-Corruption and Civil Rights Commission
ACT	Accountability, Consistency, and Transparency
ADS	Asset Disclosure System
HRM	Human Resource Management
IACC	Inter-American Convention Against Corruption
IDB	Inter-American Development Bank
KICAC	Korea Independent Commission Against Corruption
LAC	Latin America and Caribbean
NFT	Non-Fungible Tokens
OECD	Organization for Economic Co-operation and Development
PETI	Public Ethics and Transparency Initiative
PSE Act	Public Service Ethics Act
RNFT	Real-Name Financial Transaction

Prologue

Integrity in public administration constitutes one of the fundamental pillars for democratic consolidation and sustainable development in Latin America and the Caribbean. In a regional context where citizen trust in public institutions faces significant challenges, the implementation of effective transparency and control mechanisms is more relevant than ever. Asset and interest declarations represent a key instrument in this effort, enabling the monitoring of public officials' assets and the early identification of potential conflicts of interest.

The technological and digital revolution currently transforming public administration has opened new opportunities to optimize these control processes. Digital technologies, including artificial intelligence and machine learning tools, offer the possibility of automating supervisory functions, reducing human intervention susceptible to errors or manipulation, and making both the registration and analysis of asset information more efficient. This digital transformation not only improves operational efficiency but also strengthens the capacity to detect irregularities and suspicious patterns.

Recognizing this transformative potential, the Inter-American Development Bank, with support from the Korean Fund for Technology and Innovation, has promoted the creation of the Community of Practice on Public Integrity. This initiative represents a regional collaboration platform that brings together representatives from agencies responsible for asset declaration systems in Argentina, Chile, Costa Rica, the Dominican Republic, Honduras, Panama, Paraguay, and Peru, promoting the exchange of experiences and best practices in the use of digital solutions for strengthening public integrity.

This document emerges from a collaborative effort that draws upon Korea's successful experience with the Electronic Platform for Transparency and Integrity (PETI). The remarkable achievements of the Korean PETI system in enhancing public integrity through digital innovation have served as an inspiring model for adaptation in the Latin American and Caribbean context. Through this case study approach, the Community of Practice has systematized knowledge, experiences, and recommendations on how the PETI model can be implemented and adapted to the specific needs and challenges of the region, leveraging the opportunities offered by digital technologies to build more integral and transparent public administrations.

Executive Summary

This report examines South Korea's electronic filing system for asset registration and disclosure for public officials, which is part of the government's Public Ethics and Transparency Initiative system. It explores the institutional and operational context, key features, outcomes, and policy insights derived from the South Korean experience that may have policy implications for seven countries in the Latin American and the Caribbean region: Argentina, Chile, Costa Rica, Honduras, Mexico, Paraguay, and Peru.

The first part of the study provides an in-depth analysis of the historical, legal, and institutional development of South Korea's public ethics system, the legal and institutional framework, how the system works, challenges and changes over time, and results. This text presents both survey results regarding the asset registration user experiences and analysis of data. The case study provides the foundation for key insights that may be applied in other contexts.

The second part of the study focuses on seven countries from Latin America and the Caribbean, this study then examines the legal and institutional contexts for asset registration and disclosure systems, how the countries compare with South Korea regarding key indicators (e.g., for democracy, governance, corruption, and digitalization), the progress each country has made in asset registration and disclosure, the approaches they have taken thus far, policy implications, and possible next steps. The annexes provide additional information and sources, including background on South Korea's anti-corruption initiatives, survey design, and governance indicators related to democracy and corruption.

Introduction

Lessons from South Korea:
E-Filing Systems for Public
Integrity in Latin America
and the Caribbean

The practice of public officials registering and disclosing their own assets serves as a cornerstone for democratic governments around the world. This practice is used by governments to promote and enhance transparency, prevent or combat corruption, and maintain the integrity of public^{1 2}. Asset declaration systems differ in scope and reach, level of sophistication, and transparency, but from the outset, there has been clear agreement: a robust asset declaration system is an instrument for public integrity.

An asset declaration system (ADS) helps to uphold democracy for several reasons. First, such a system helps ensure transparency and accountability by requiring public officials to disclose their asset information, including income, deposits, and real estate, which can help identify and prevent potential problems of systematic and high-level corruption. Second, it promotes public trust in public organizations because citizens can have confidence that public officials are not using their official positions for personal financial gain. Third, it can deter corruption and other unethical behaviors by making public officials aware that their financial activities are subject to scrutiny, thereby helping maintain the integrity of public officials.

The ADS requires public officials to reveal their assets, liabilities, and interests to designated authorities and, in some cases, those details are then revealed to the general public. An effective asset registration and disclosure (ARD) policy can enhance the integrity and accountability of the public sector. Depending on the institutional context, such systems that involve e-filing can be used to identify sources of corruption, manage conflicts of interest, and ensure the value of civil service ethics (Rose-Ackerman and Palifka, 2016).

Since the 1970s, asset declaration systems have evolved differently across countries, beginning with *the United Kingdom and the United States*³. The way a system operates has changed according to each country's political, administrative, and cultural characteristics (Ko, 2016; Ko and Cho, 2015). However, despite widespread agreement on

1 Several terms are commonly used for asset registration and disclosure systems (ADS), including financial disclosure systems, asset declaration systems, property registration systems, and income and asset reporting systems. As there are no substantive differences among these terms, the following terms are used for consistency: ADS, asset registration and disclosure, asset registration, asset disclosure, and asset e-filing. The Public Ethics and Transparency Initiative (PETI) system in South Korea uses the term registration and disclosure of property, which is defined in law and noted in note 2.

2 The Korea Law Translation Center translated the Korean term 재산 as property when they translated the Public Service Ethics Act into English. However, considering the scope of objects that are subject to registration and disclosure by the act, the term asset is more accurate and inclusive than property. Therefore, this report uses asset throughout. See Korea Law Translation Center.

3 The United States implemented financial disclosure requirements for federal officials with the Ethics in Government Act of 1978. The United Kingdom's modern system of parliamentary financial interest disclosure began developing in the 1970s, with major reforms in 1974 when the Register of Members' Financial Interests was established. For further reference on the origin of financial disclosure requirements in the US, see The Ethics in Government Act of 1978 (Public Law 95-521). In the UK, see the 1974 House of Commons reforms establishing the Register of Members' Financial Interests.

the value of such a system, practical implementation has met with challenges, particularly in Latin America and the Caribbean (LAC).

While the LAC region has made efforts to establish ADS, a significant implementation gap remains. Although in many countries in the LAC region the ADS is often well-drafted, it suffers from an implementation gap compared to countries in the Organization for Economic Co-operation and Development (OECD) overall.⁴ The LAC countries established the international standard for the asset filing system in the 1990s. The Inter-American Convention Against Corruption (adopted in 1996) sets a requirement for state parties to consider measures to establish asset filing and disclosure systems for registering the income, assets, and liabilities of public officials (OECD 2011, p. 23). Despite this effort, the implementation and enforcement of asset and interest disclosure systems in LAC countries remains inadequate. According to the OECD Survey on Public Sector Integrity, the LAC scored on averaged 0.60 out of 1.00 (with 1.00 indicating a highly robust system), with wide variation across scope, validation processes, and use of technology (OECD, 2018). In addition, according to the 2020 OECD Government at a Glance Report, only three countries in the LAC region adopted automatic asset e-filing systems for managing asset and income disclosure requirements for public officials (OECD, 2020).

In fact, many obstacles to making asset e-filing systems compliant with international standards are evident in LAC countries. Public officials complain about the burden of reporting, “unnecessary” paperwork, the inconvenience of reporting, and the poor privacy protection. Citizens and experts criticize the poor quality of disclosed asset information and the difficulty in accessing the data.

To make the asset-filing policy effective, a recent technical guide from the World Bank’s Stolen Asset Recovery Initiative (World Bank, 2023a) emphasizes that an electronic disclosure form provides numerous benefits for an effective disclosure system. Key benefits include simplifying the submission process through user-friendly features, reducing errors, facilitating verification, enabling integration with external data sources, providing better data management, and allowing automatic publication of disclosures. The guide suggests that an electronic form can be organized in a way that is more efficient and user-friendly than a paper form (World Bank, 2023a). However, discussions about asset disclosure systems have typically centered on the system itself, with a primary focus on anti-corruption objectives. Consequently, there has been limited consideration of how such systems should be organically integrated with public officials’ human resource management (HRM) or personnel management frameworks to enhance overall governance effectiveness.

⁴ The countries focused on in this study are the Republic of Korea (called South Korea throughout this publication) and the following Latin American and Caribbean (LAC) countries: Argentina, Chile, Costa Rica, Honduras, Mexico, Paraguay, and Peru. *There is some overlap between these countries and members of the Organization for Economic Co-operation and Development (OECD): South Korea, Chile, Costa Rica, and Mexico are OECD members.*

South Korea’s electronic ADS offers a valuable example and fresh perspective for LAC countries. Thus, this study aims to summarize the characteristics of the Public Ethics and Transparency Initiative (PETI) system used in South Korea to offer actionable insights for the LAC countries considered in this text. Although South Korea’s approach cannot be directly transplanted to LAC countries, studying South Korea’s PETI system and its context may offer valuable insights for establishing effective and properly functioning systems in the LAC region. To this end, the chapters address the following:

Chapter 2 introduces and addresses the ADS in South Korea and the PETI system. **Annexes 1 to 2** provide additional support, including survey responses regarding the PETI system.

Chapter 3 examines the PETI system in greater depth, focusing on key policy issues that are raised later in **Chapter 6** regarding policy issues of concern in LAC countries, as found in a demand survey. Specifically, the concerns include (i) the process aspects of managing the ADS, (ii) the legal and institutional framework that supports the PETI system, (iii) the interoperability of the asset e-filing database, and (iv) the examination and verification mechanism of declared asset disclosures. This study includes how users of the PETI portal interact with the system. As well, the chapter addresses recent issues, such as cryptocurrency assets and the increased scope for ADS.

Chapter 4 presents results of a survey of South Korean government officials who use the PETI system and regarding their perceptions of its effectiveness, user-friendliness, and other aspects. More survey results are provided in **Annex 2**.

Chapter 5 presents and examines data regarding the e-filing system and collected asset registration or public disclosure for the period of 2008 to 2023. The results have implications for transparency, effective data use, and technical issues related to data analysis.

Chapter 6 expands the scope to consider South Korea and the seven LAC countries focused on in this study: Argentina, Chile, Costa Rica, Honduras, Mexico, Paraguay, and Peru. The chapter presents the results of the survey of LAC respondents regarding policy concerns (see above regarding **Chapter 3**), information about the legal and institutional contexts for asset registration systems, and key indicators of interest. **Annex 4** provides more detail about the governance indicators related to this study, thus regarding democracy, governance, perception of corruption, and digitalization. Chapter 6 also presents key insights from South Korea and the policy implications for LAC countries.

Chapter 7 sums up in a table the key findings specifically regarding key insights in South Korea and policy implications for the seven LAC countries focused on in this study.

Overview of the Historical Context for South Korea's Public Ethics and Transparency Initiative System and the Current PETI System

Lessons from South Korea:
E-Filing Systems for Public Integrity in Latin America and the Caribbean

This chapter introduces the context for the PETI system used in South Korea. It reviews the historical background, the legal and institutional frameworks⁵, and provides an overview of how the electronic asset registration system operates—an essential foundation before examining policy design and implementation.

2.1. Development of Public Ethics-Related Laws in South Korea

Until the mid-1980s, South Korea struggled with authoritarian rule and economic underdevelopment (see Annex 1). As has been the case in other developing countries, corruption was a significant obstacle to democracy and economic development in South Korea, making anti-corruption policies a top priority on the government's agenda.

Both before and after democratization in South Korea in 1987, corruption has been a pressing issue, and various efforts have been made to address it. Some of the efforts directly targeted corruption in the public sector. For instance, the Public Service Ethics Act, enacted in 1981, was the first law to establish standards of public service ethics (see Annex 1)⁶. In 2001, the government enacted the Anti-Corruption Act and established the Korea Independent Commission Against Corruption (KICAC) to lay the groundwork for creating an anti-corruption policy. The KICAC was reorganized in 2008 to become the Anti-Corruption and Civil Rights Commission (ACRC), integrating three functions: corruption prevention, administrative appeal, an ombudsman function⁷. The Improper Solicitation and Graft Act was enacted in 2015 to prohibit any improper solicitation made to public servants. In 2022, the Act on the Prevention of Conflicts of Interest Related to Duties of Public Servants was implemented to regulate the improper use of official information for profit. (See Figure 2-1 for the significant institutional and legal changes related to the South Korean government's efforts to combat corruption. See also Annex 1 for the detailed history of the PETI system and Korean legislative progress to ensure public ethics.)

Measures were taken to eliminate the political, economic, and social factors that cause corruption. Politically, the public election system was implemented to reduce corruption

⁵ It should be noted that some sources differ regarding laws, institutions, and the translation of terms from Korean into English. For further information, consult official sources (many available in both Korean and English) such as for the Anti-Corruption and Civil Rights Commission (ACRC), the Clean Portal, and the Korea Legislation Research Institute (KLRI).

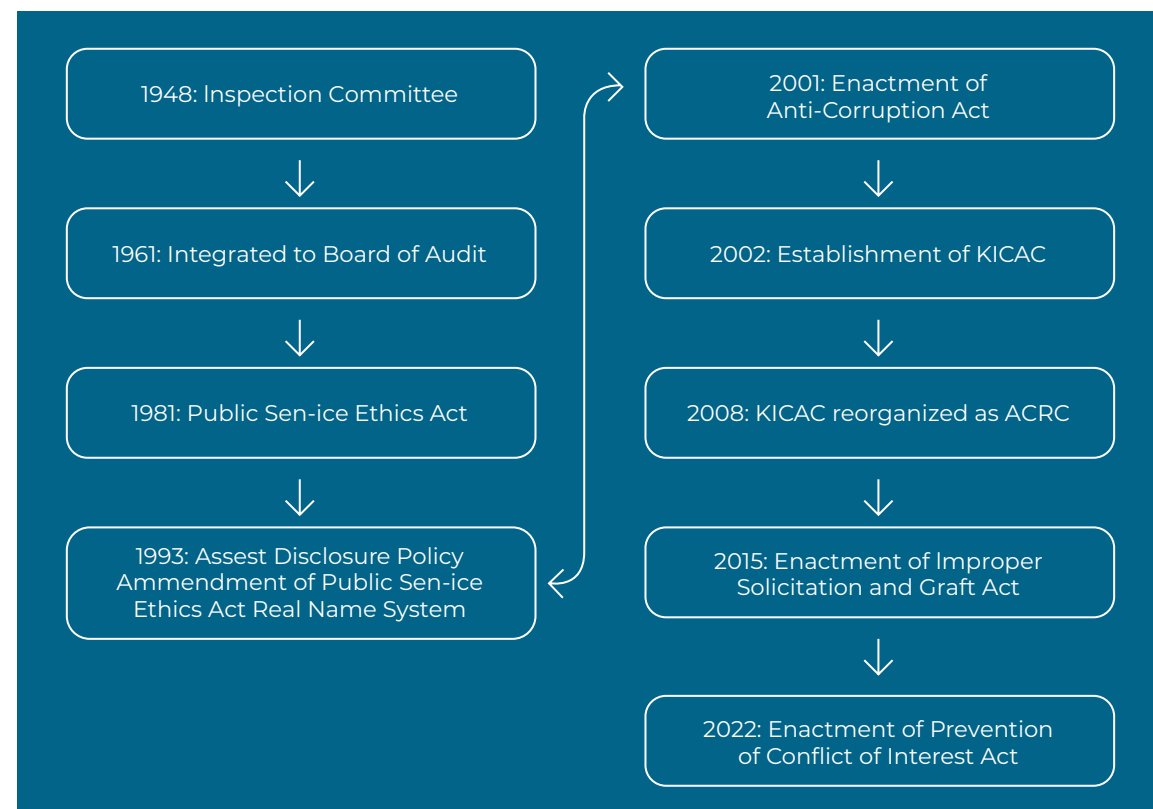
⁶ Public Service Ethics Act.

⁷ South Korean Government Clean Portal, History of Korea's Anti-Corruption Policy.

during the electoral process. Initiated in the 1990s, this effort evolved into a system by the early 2000s where the government provided necessary political funds for elections and demanded transparent election fund management. Additionally, to address the link between opaque corporate accounting and funds flowing to public sector corruption, the Real-Name Financial Transaction (RNFT) system was introduced to ensure transparency in corporate financial flows. Practices such as offering gifts or entertainment to public servants, once accepted as customary, were restricted, while civil society initiatives sought to raise awareness of the social costs of corruption. Furthermore, social penalties for corrupt public officials were strengthened, promoting an anti-corruption culture throughout society.

The following subsections provide a fuller picture of governmental efforts to combat corruption and promote ethics by describing the range of public ethics-related laws from the country's foundation until the present.

Figure 2-1
The Major Institutional and Legal Changes of Anti-Corruption Policy



Source: Developed by the authors based on the review of institutional history.

Note: The 1948 Constitution of the Republic of Korea established the Inspection Committee, also known as the Board of Audit and Inspection. The Act on the Prevention of Conflict of Interests Related to Duties of Public Servants was enacted in May 2021 and took effect in 2022.

Through the legal and institutional foundations, the South Korean government has addressed preventing corruption (e.g., corruption risk assessment, code of conduct for public officials) and detecting and punishing corruption (e.g., with the Clean Portal,⁸ protection and reward system for public interest whistleblowers, public fund recovery). Throughout this process, various policies have been implemented to foster an ethical public service culture. (See Annex 1 for more about the history of legislation, public ethics, and anti-corruption efforts in South Korea.)

2.2 The Current South Korean Public Service Ethics Program

South Korea's public service ethics program has evolved through multiple amendments to the Public Service Ethics Act of 1981 (see Annexes 1 and 2). Through the improvements over the past several decades, the Public Service Ethics Program now consists of four key elements: (i) asset registration, disclosure, and review; (ii) blind stock trusts; (iii) reporting of gifts; and (iv) restrictions on the employment and activities of retired public officials (Ministry of Personnel Management [MPM], South Korea). Figure 2-2 presents the current composition of the Korean public service ethics program.

⁸ South Korea's Clean Portal (www.clean.go.kr/) is the country's official public procurement integrity platform, which is operated by the Anti-Corruption and Civil Rights Commission (ACRC). The Clean Portal provides a centralized system for reporting corruption, accessing transparency information about public procurement processes, and promoting ethical standards in government contracting.

Figure 2-2
The Composition of the Korean Public Service Ethics Program



Source: Ministry of Personnel Management (MPM), Republic of Korea. (2023). The Public Service Ethics Program of the Republic of Korea (p. 7). Retrieved from <https://www.mpm.go.kr/mpm/ebook/ethics/ecatalog5.html>.

Note 1: For additional information on the Ministry of Personnel Management (MPM), see “About MPM”: <https://www.gosi.kr/recept/aboutOurMinistry.do>

Note 2: The figure refers to grade levels for public servants. The South Korean civil service system is divided into nine grades, from the highest at Grade 1 to the lowest at Grade 9. Grades 1 to 5 are managerial positions, primarily responsible for policymaking and supervising lower-ranking officials. Grades 6 to 9 are responsible for implementing public policies (Choi & Park, 2013, p. 23).

Note 3: The figure refers to the South Korean currency, Korean won (KRW). One million KRW is approximately 800 USD.

2.2.1.

Asset registration and disclosure

According to Article 3 of the Public Service Ethics Act, the Public Service Ethics Program requires certain public officials and their immediate family members, including their direct descendants, such as children, grandchildren, and spouses, to register their assets. The public officials subject to this requirement include elected officials, public administrators in Grade 4 or above, superintendents, judges, prosecutors, military officers ranked colonel or higher, heads of public corporations. Public officials in the fields of police, firefighting, national taxation, and customs must also register their assets if they are Grade 7 or above. However, not all public officials required to register their assets are also required to disclose them. For instance, elected officials and administrators in Grade 1 or above must disclose their assets, while administrators in lower grades are exempt. When examining the asset registration and disclosure (ARD) system, it is important to note that the ADS is considered part of the anti-corruption policy and approached comprehensively from the public service ethics perspective⁹ (Cooper and Menzel, 2014). In other words, whereas previous anti-corruption policies primarily focused on punishing illegal behaviors by public officials, the current approach addresses misconduct from the perspective of public service ethics, an essential component of public personnel management. This includes disincentivizing actions that, while not illegal, are deemed unacceptable when measured against the ethical standards expected by citizens. As a result, the responsibility for the ADS is not assigned to the Ministry of Justice or the Board of Audit and Inspection but instead assigned to the Ministry of Personnel Management (MPM), and it operates in connection with other public service ethics systems.

2.2.2.

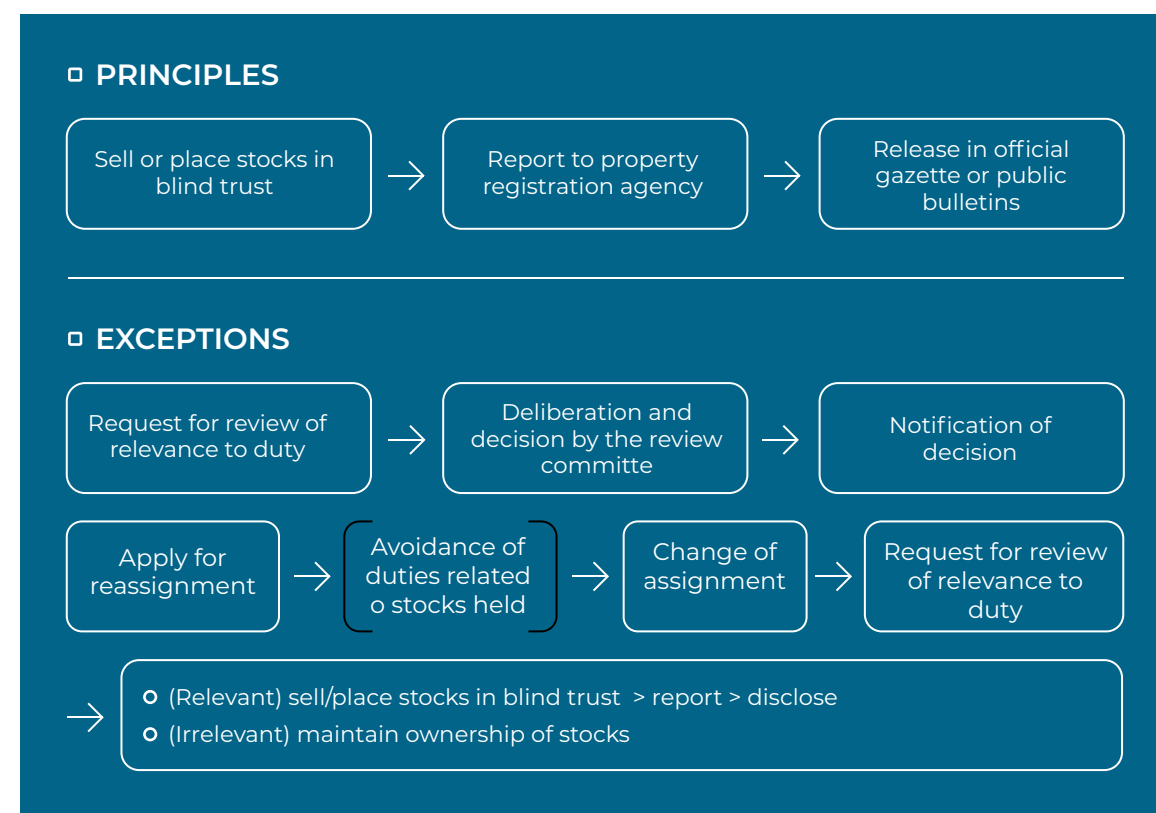
Blind stock trusts

The blind stock trust requirement applies to two categories of public officials: (i) those subject to asset disclosure requirements and (ii) public employees in Grade 4 or above working in the Ministry of Economy and Finance or the Financial Services Commission. As noted in Figure 2-2, when these individuals and their immediate family members hold combined assets exceeding approximately 30 million KRW, they must either (i) divest their holdings within a two-month period or (ii) place them in a blind stock trust and

⁹ *Anti-corruption and ethics* are related concepts yet distinct. *Corruption* in the public sector is defined as the “misuse of public office for private gain” (Liu, Moldogaziev, and Mikesell, 2017, p. 121). Based on the definition of corruption, anti-corruption policies can be understood as institutional efforts to address corruption by preventing and sanctioning corrupt behaviors (Lee, Walter, and Park, 2023). Public service ethics refers to broad norms that guide how public officials, as fiduciaries of the citizenry, should make decisions and carry out their professional responsibilities (United Nations, 2000). Thus, the absence of corruption in the public sector does not, by itself, equate to ethical public administration. Rather, combating corruption should be seen as a first step toward achieving ethical public administration.

report this action to the asset registration institution. The program's rationale is to prevent conflicts of interest in policymaking. Without such restrictions, officials may be tempted to make policy decisions that benefit their personal financial interests rather than serving the public good. By requiring blind trusts or divestment, the program seeks to promote ethical, public-interest-oriented policy decisions by public officials. Figure 2-3 illustrates the blind stock trusts process.

Figure 2-3
Process for the Blind Stock Trusts



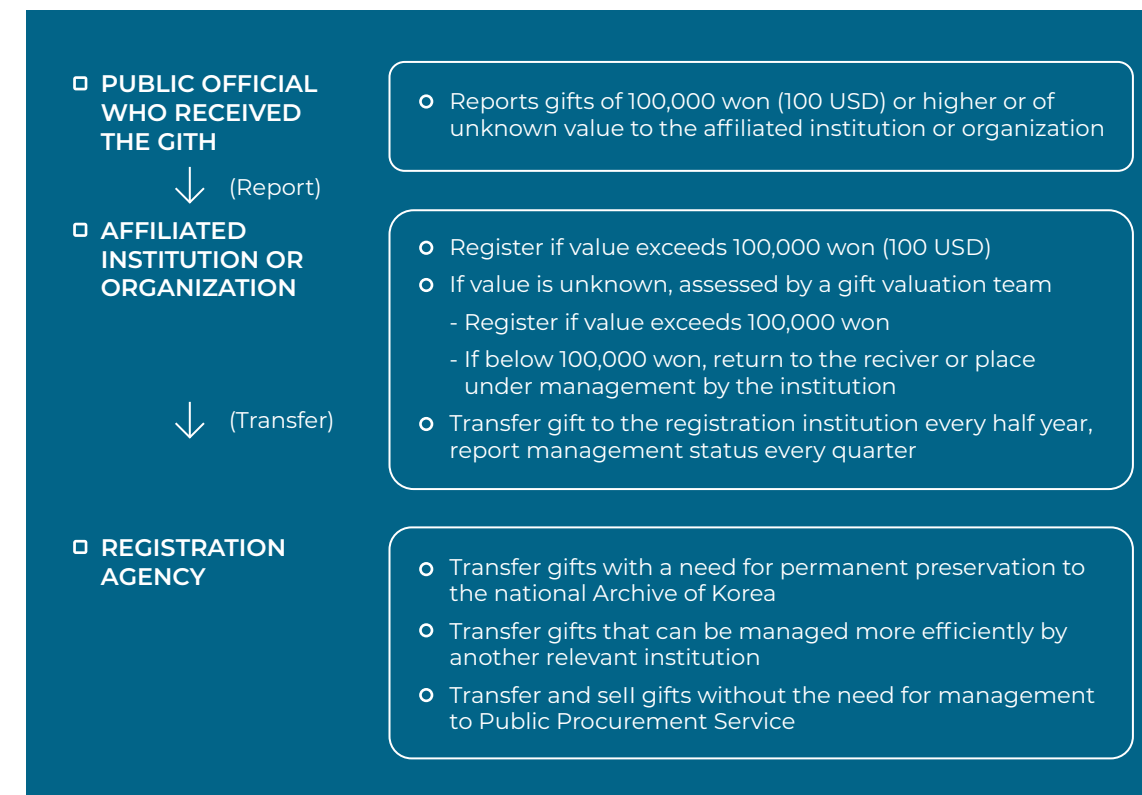
Source: South Korean Ministry of Personnel Management (n.d.). Public Service Ethics Program: Composition of the Program and Role of Each Institution.

2.2.3.
Reporting of gifts

In principle, public officials in South Korea are prohibited by law from giving or receiving gifts in connection with their official responsibilities. Specifically, the State Public Officials Act establishes the obligation of public officials to maintain professional integrity. It explicitly states that public officials should not give or receive any form of gifts, including donations, in connection with their job duties (Article 61). An exception is made for

diplomatic gifts, recognizing the difficulty of refusing items from foreign sources in diplomatic and international contexts. If a public official or their family members receive a diplomatic gift, or any gift exceeding 100 USD, the official must immediately report it to the head of their organization (Public Service Ethics Act, Article 15). Reported gifts worth more than 100 USD become government property (Public Service Ethics Act, Article 16). Figure 2-4 shows the process for reporting gifts.

Figure 2-4
PETI Process for the Reporting of Gifts



Source: South Korean MPM. n.d.a. Public Service Ethics Program: Composition of the Program and Role of Each Institution.

2.2.4.
Restrictions on employment and activities of retired public officials

The final component of the South Korea's Public Service Ethics Program concerns restrictions on individuals who, after retiring from public service, were subject to asset registration during their tenure in government. These regulations examine the relationship between a retired public official's potential employer or employer and the government department where former official worked during five or more years

before retirement. For public officials of Grade 3 or below, the evaluation focuses on the duties of their specific department rather than the broader institution. Specifically, the Public Service Ethics Act, Article 17, Paragraph 2, explicitly defines which departmental responsibilities constitute “close task relevance”:

The scope of close relevance... means that the duties of the department with which a person subject to employment screening has been affiliated for five years before his or her retirement fall under any of the following:

Duties of providing financial assistance, including allocating or paying grants, incentives, subsidies, etc. directly or indirectly;

Duties directly related to authorization, permission, licenses, patents, approval, etc.;

Duties directly related to inspections and audits of methods of production, specifications, accounting, etc.;

Duties directly related to assessment, imposition, and collection of taxes;

Duties directly related to contracts for, and inspections and acceptance of construction works, services, or purchase of goods;

Duties of direct supervision under statutes or regulations;

Duties related to investigations, examinations of, and ruling on, a case to which an institution subject to employment screening is a party of in which it has direct interest;

Other duties prescribed by the National Assembly Regulations, Supreme Court Regulations, Constitutional Court Regulations, National Election Commission Regulations, or Presidential Decree (Public Service Ethics Act, Article 17 Paragraph 2).

For higher-ranking officials (Grade 2 or above), task relevance is assessed at the broader institutional level, considering whether any duties specified in the Public Service Ethics Act fall within their institution's responsibilities. This contrasts with the department-level assessment applied to lower-ranking officials (Grade 3 or below).

When close task relevance is established between a former official's government role and a potential employer, the retired public official is prohibited from working for that organization for three years after retirement (South Korea, Public Service Ethics Act, Article 17).

2.3 Lessons for LAC Countries: Institutional Evolution

South Korea's experience demonstrates that effective asset declaration systems require sustained political commitment over several decades. Since 1981, the PETI system evolved through more than 60 amendments to the Public Service Ethics Act, gradually expanding its scope and improving processes. LAC countries should plan for iterative development rather than expecting immediate and comprehensive implementation.

Policy Content Analysis: The Systems Aspects of the PETI System

Lessons from South Korea:
E-Filing Systems for Public
Integrity in Latin America
and the Caribbean

The Republic of Korea serves as a reference point for advanced policies to harness the power of technology to improve public integrity. The Korean Public Service Ethics Program, overseen by the Ministry of Personnel Management, focuses - among other things - on preventing conflict of interest, through the following key assessments: (i) an automated asset registration system; (ii) a reporting system for corporate gifts to public and elected officials; and (iii) financial disclosure, including participation in the stock market and the establishment and establishment of qualified blind trusts. Currently, through the Public Ethics and Transparency Initiative (PETI), the Korean government has developed tailored ethics training for public officials and has accumulated extensive experience in the assessment of integrity risks in the public sector. Furthermore, the Republic of Korea is considered a best practice reference in incorporating innovation and transformation of service delivery, leveraged through ICTs.

What makes the PETI system distinctive compared to LAC countries' approaches becomes evident throughout this chapter, particularly in terms of:

- **Institutional integration:** Managing asset disclosure as part of human resource management rather than solely as an anti-corruption tool
- **Technical automation:** Seamless interoperability with multiple government databases to reduce administrative burden
- **Comprehensive scope:** Covering nearly 2.8 million public officials across all levels of government
- **Preventive approach:** Emphasizing ethics and transparency over punitive measures
- **Gradual evolution:** Four decades of continuous refinement and expansion based on lessons learned

These distinguishing features, detailed in the following sections, provide valuable insights for LAC countries seeking to enhance their own asset declaration systems.

3.1. Asset Registration and Disclosure Process in the PETI System

As noted earlier, the PETI system is a mixture of various ethics management tools such as asset registration, blind stock trusts, reporting on the receipt of gifts, and post-employment restrictions grounded in the Public Service Ethics Act. To better reflect the policy needs in LAC countries, this section briefly reviews the procedural aspects of the ADS using South Korea's PETI.

Asset registration promotes transparency in wealth accumulation and deters illicit asset acquisition, encouraging public officials to fulfill their duties as public servants (South Korea, MPM, n.d.). Similar to many LAC countries, South Korea established this system to (i) detect and prevent corrupt behavior and (ii) rebuild public trust in a government with a problematic history. Overall, the PETI system aims to build a climate of integrity in government, prevent abuses of power, and ensure compliance with international obligations.

3.1.1.

What to register and disclose? The scope of ARD policy in South Korea.

An ill-defined ADS form may require either too much or too little information from public servants (World Bank, 2023a). Requesting too much information can become a burden for the filer. However, requesting too little information can jeopardize the ability of the system to achieve its objectives by not shedding sufficient light on high-risk aspects of an official's assets. To avoid such problems, the Public Service Ethics Act defines the scope of assets to be registered and discloses as follows:

- Ownership, surface rights (such as buildings constructed over water), and leasehold security deposits for leased properties
- Mining rights, fishing rights, fish farming rights, and other rights governed by real estate regulations
- Cash (including checks), deposits, securities (including stocks, public and private bonds), claims and debts of more than 10 million KRW (approximately 8,000 USD) by each owner
- Gold and platinum (including manufactured products) of more than 5 million KRW (approximately 4,000 USD) by the owner

- Gemstones, antiques, and artwork of more than 5 million KRW (approximately 4,000 USD) per item
- Memberships of more than 5 million KRW (approximately 4,000 USD) per membership
- Intellectual property rights yielding an annual return of 10 million KRW (approximately 8,000 USD) or more per owner
- Automobiles, construction machines, vessels, and aircraft
- Equity interest in general partnerships, limited partnerships, and limited liability corporations
- Stock options
- Assets contributed to a not-for-profit organization
- Virtual assets

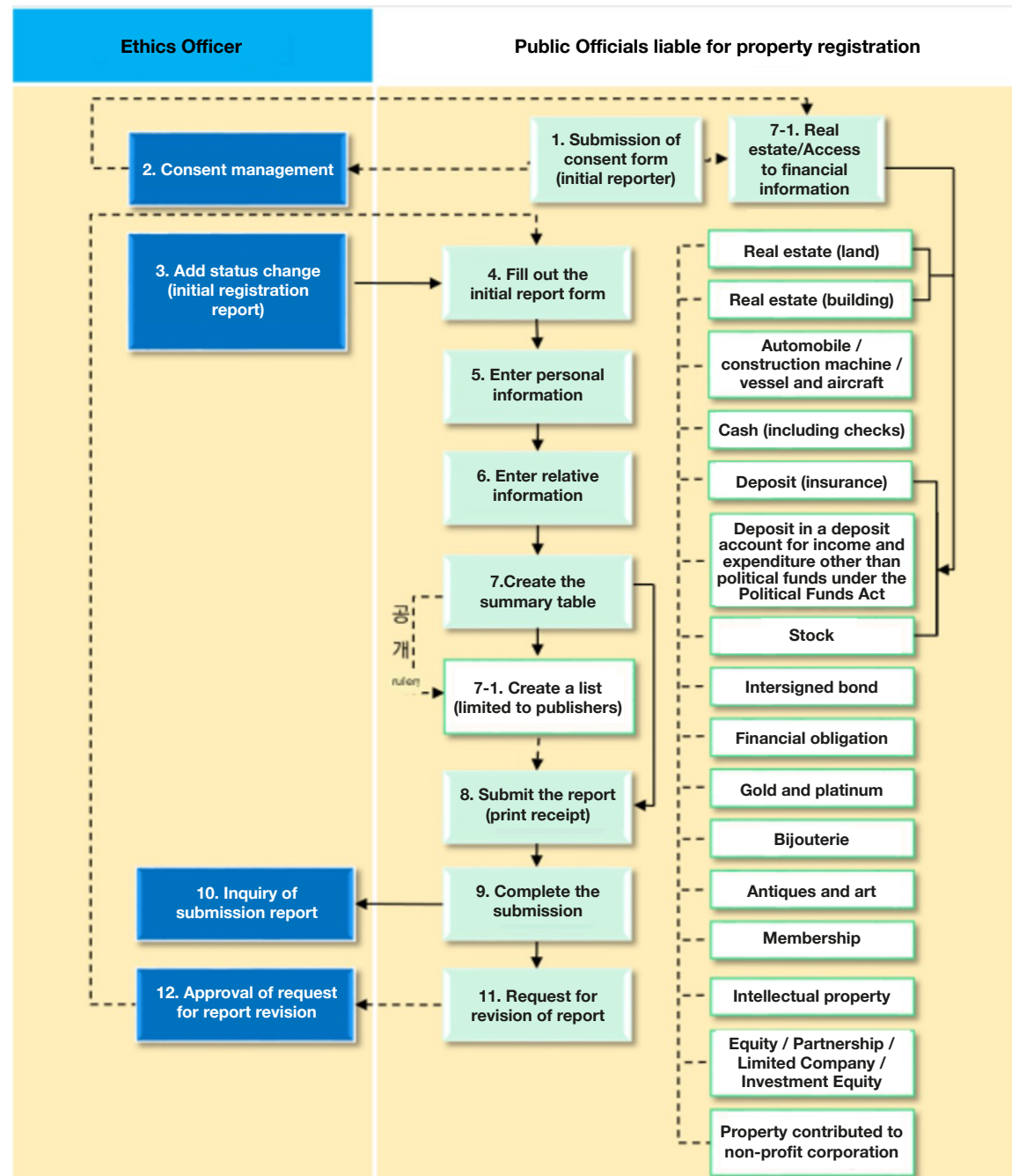
3.1.2.

Asset registration and disclosure process using the PETI system

The entire asset registration and declaration process is managed by ethics officers within government agencies. As shown in Figure 3-1, individual public officials follow the steps on the right, while ethics officers follow the steps on the left. The process begins when the public official making a declaration (known as the declarant) submits the consent form, authorizing the PETI system to review their asset information (steps 1 and 2). The declarant then completes the form with detailed information about their own assets and those of their family members (steps 4 to 6). Upon completion, the declarant receives a summary table of their asset information (step 7).

A key feature of the declaration process is that declarants do not need to manually enter most of their asset information because the system automatically updates details across 16 categories (step 7-1). Once the final table is generated, the declarant can review, submit, revise, and complete their declaration form (steps 7 to 10). This automation is possible because of interconnected databases across government agencies, which significantly reduce the burden of asset registration.

Figure 3-1
Asset e-Registration Process Through the PETI Platform



Source: South Korea, MPM.

3.1.3.

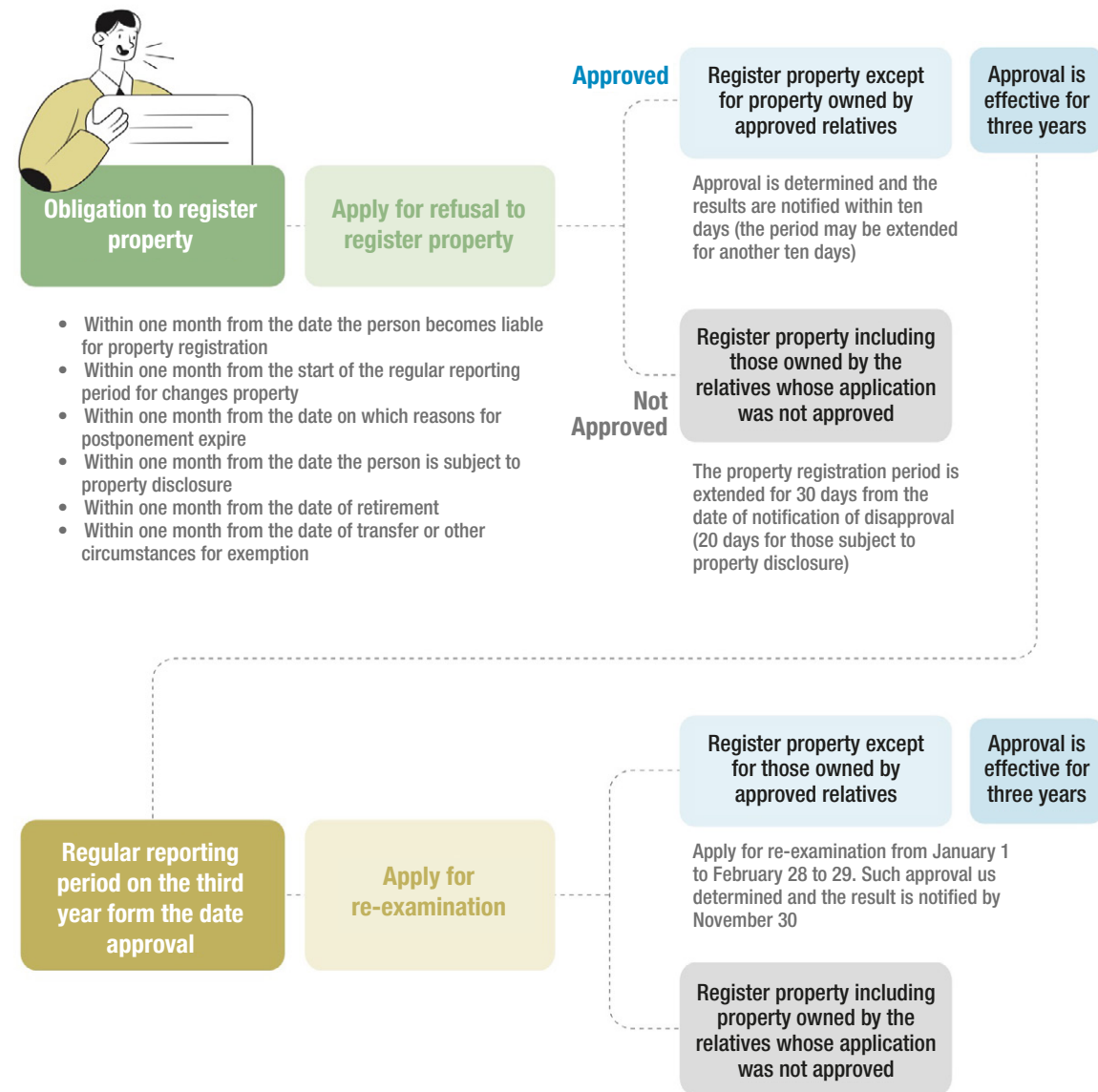
Refusal of asset registration and declaration

When public officials are required to register their assets, they are generally required to register the assets of their family members as well. However, during the asset registration process, public officials may request an exemption from registering asset information for a family member, specifically their lineal ascendant or descendant (see Figure 3-2). Any applicant requesting an exemption must submit a series of supporting documents. Approval of an exemption request depends on the following factors:

- **Lineal ascendants (e.g., parents):** age, employment status, assets owned, and regular income
- **Lineal descendants (e.g., children):** age, formation of a separate household, employment status, employment duration, and regular income (MPM, n.d.).

If the exemption request is approved, it is effective for three years. During the regular reporting period in the third year, the applicant must request a re-approval for refusal.

Figure 3-2
Obligation to Register Assets and Refusal Request Process



Source: MPM (n.d.)

3.1.4.

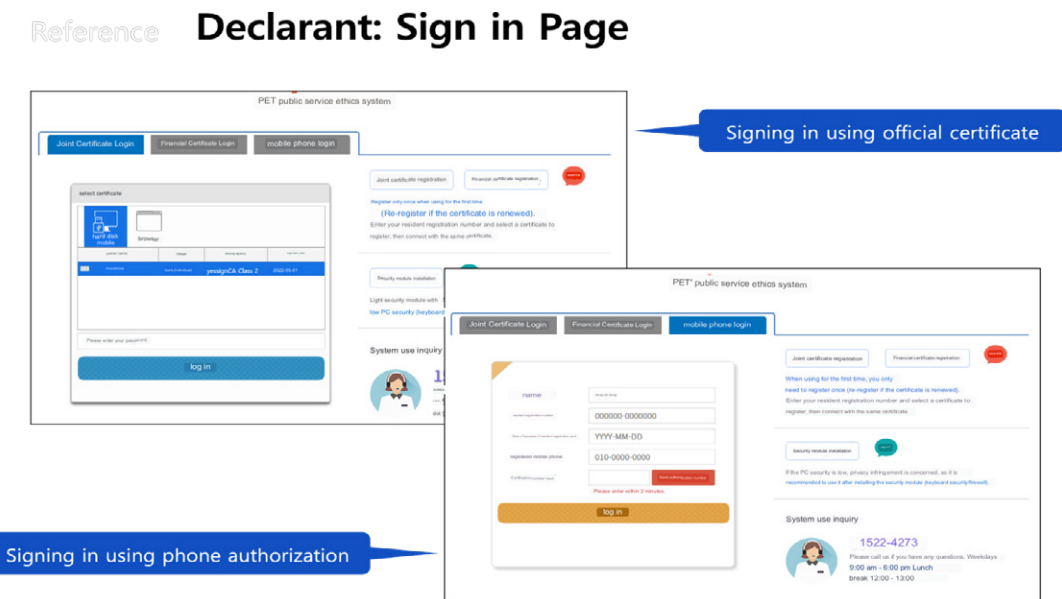
Asset registration and disclosure process: Example

The PETI is an online ethics portal¹⁰ that allows public officials to register and disclose their asset information, including cash, real estate, and broader forms of assets as defined in law. Public officials can easily access the PETI portal using their personal computers,

tablets, and phones. This section illustrates the registration process from the perspective of individual public officials when they access the PETI system for asset registration and declaration, that is, when they use the PETI portal as declarants. Since 2019, South Korean public officials can access the PETI system not only through the internet page using their personal computers but also via smartphones. Public officials may use their official (accredited) certificate to access the PETI system using their phones, a type of online ID card provided by the government. Note that all Korean citizens have their own official certificate from the financial institutions connected to their online birth identification. See Figures 3-3 to Figure 3-8 are all from the Public Service Ethics Program (or PETI) portal.

Figure 3-3 presents the PETI sign-in page, which is a web-based page for registering asset information.

Figure 3-3
Sign-in Page of the PETI System

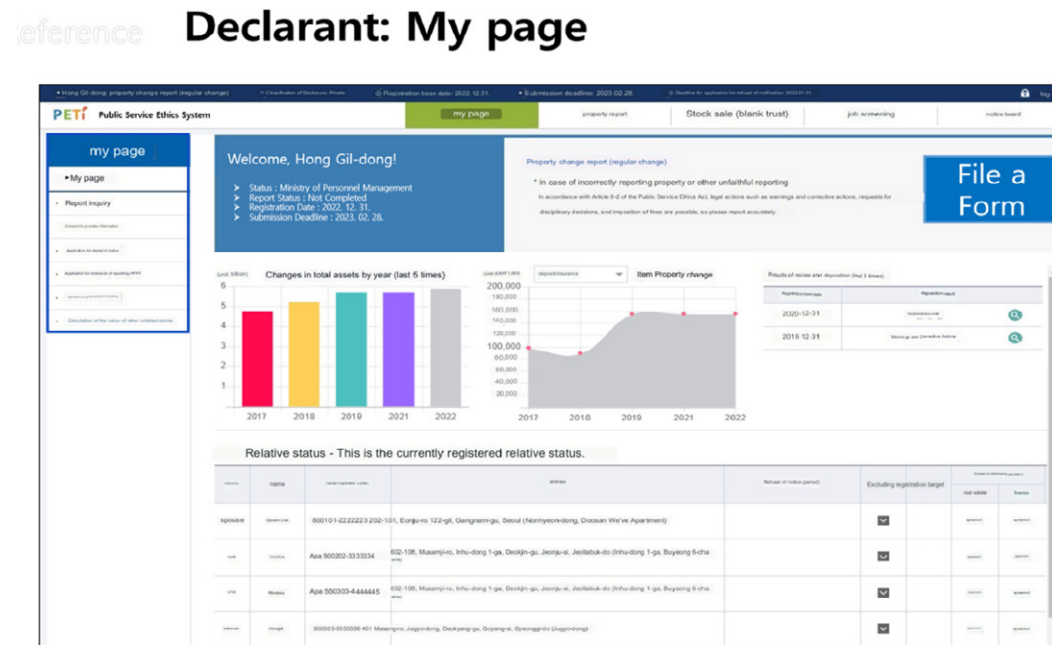


Source: MPM (n.d.)

Figure 3-4 shows the personalized page after signing in. Once signed in to the PETI system, each public official can check their status regarding asset registration, blind stock trust, and conflict-of-interest related issues. In case they need to submit additional documents or revise the submitted form, they can check the message from the system on the right side.

¹⁰ The Public Service Ethics Program (or PETI) portal is available at <<https://www.peti.go.kr/>>.

Figure 3-4
My Page

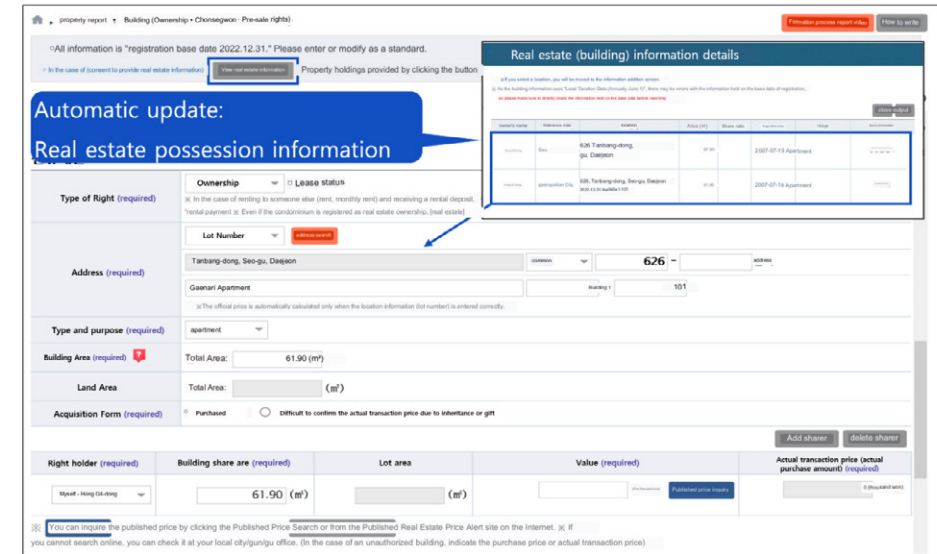


Source: MPM (n.d.)

The next step for declarants is to register their asset information. First, to input their information about real estate, public officials simply need to click the “browse the real estate information” button linked to the database provided by the Ministry of Land, Infrastructure, and Transport. In other words, public officials do not need to input their information manually; all they need to do is to simply click the button and then review the information provided by the system. Figure 3-5 presents the real estate input page.

Figure 3-5
Real Estate Information Input Page

Reference **Declarant – Updating real estate information**

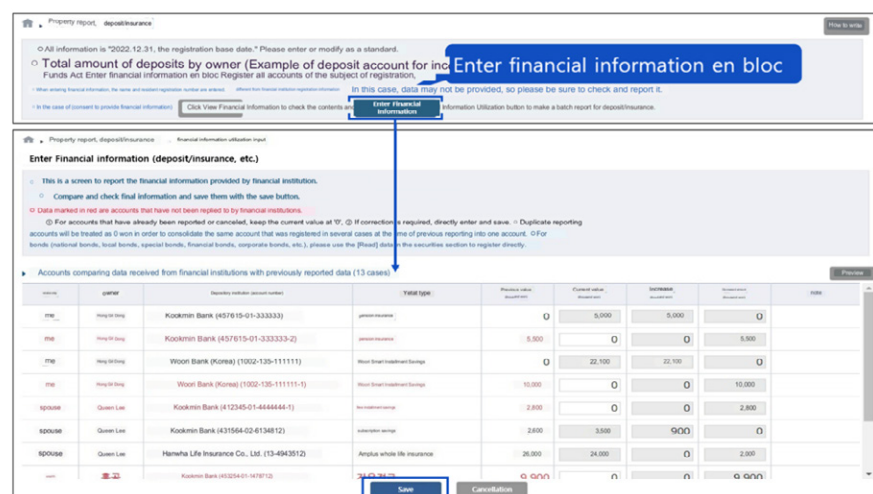


Source: MPM (n.d.)

Next, the monetary value of the registered real estate can be estimated using the linked information provided by the Ministry of Land, Infrastructure, and Transportation’s declared value page. In this process, individual public officials do not need to calculate the market value of their assets since they calculate market values themselves, as the system provides these automatically through its interoperable database. The declarants can easily input the monetary value of their assets without additional documentation. As well, public officials can explain the process of how, when, and why they acquired the registered assets on this page. Figure 3-6 presents the declared value registration page.

Figure 3-8
Asset Information Registration Page 2

Reference **Declarant – Entering financial information en bloc**



Source: MPM (n.d.)

3.1.5.

Who should disclose their asset information, and when should they file the disclosure form?

When the PETI was in development, there was considerable debate in South Korea about the scope of officials and public servants required to register their assets. Should the requirement apply to top-ranking officials only? The process began with top-ranking officials and gradually expanded in scope. The law explicitly defined the individuals subject to this requirement, thereby enhancing the enforcement power of the asset registration system and did not leave the scope open to interpretation.

The State Public Officials Act defines the subjects of asset disclosure policy as follows:

- public officials in political service at central and local governments
- public officials of Grade 1 or above
- members of Grade 1 in the Senior Civil Service
- judges above than chief judges at a high court
- public prosecutors above the rank of chiefs at the Supreme Prosecutors' Office
- military officers of the rank of lieutenant general or above

- presidents, vice presidents, and deans of universities
- heads and deputy heads of public agencies
- executive officers of public service organizations

As noted regarding Figure 3-2, each public official required to declare their own assets must also register the asset information of their family members, including spouses, linear ascendants and descendants unless the declarant applies for and receives approval to refuse to declare for family. If the public official's children are financially independent, the official may request an exemption from reporting their assets, subject to approval by the Civil Service Ethics Committee. All public officials must declare their assets when they join the public sector or within two months after they become liable for asset registration, and they must disclose assets annually, every March.

Table 3-1 summarizes the scope of public officials who must register their assets and the agencies involved.

Table 3-1
Scope of Asset Registration and Registration Agencies

Public officials subject to registration	Registration agency
Members of the National Assembly and public officials working for the National Assembly	National Assembly Secretariat
Judges and public officials working for a court	National Court Administration
The President, justices, and other public officials working for the Constitutional Court	Constitutional Court Administration
Public officials who work for the National Election Commission or in other capacities related to elections	Secretariat of the National Election Commission
Public officials working for ministries, agencies, or administrations (including administrative agencies such as committees prescribed by Presidential Decree) (excluding public officials subject to property disclosure)	relevant ministries, agencies, or administrations
Public officials working for the Board of Audit and Inspection (excluding public officials subject to property disclosure)	Secretariat of the Board of Audit and Inspection
Public officials working for the National Intelligence Service (excluding public officials subject to property disclosure)	National Intelligence Service
Public officials working for local governments	relevant local governments
Members of local council and public officials working for local councils	relevant local councils

Public officials subject to registration	Registration agency
Public officials working for the Office of Education of the special metropolitan city, metropolitan cities, special self-governing cities, provinces, and special self-governing provinces	relevant Office of Education of the specific jurisdiction
Executive officers and employees of public service organizations (excluding those subjects to property disclosure) Note: However, if the public service organization is under the supervision of the special metropolitan city, metropolitan cities, provinces, special self-governing provinces and cities, counties and districts, its executive officers and employees shall submit registrations to the relevant special metropolitan city, metropolitan cities, provinces, special self-governing provinces and cities, counties and districts.	ministries, agencies, or administrations supervising relevant public service organization
Other persons liable for registration, and public officials belonging to ministries, agencies, or administrations, the Board of Audit and Inspection, the National Intelligence Service, and public service organizations who are required to disclose registered property	Ministry of Personnel Management (MPM)

Source: Ministry of Personnel Management (n.d.)

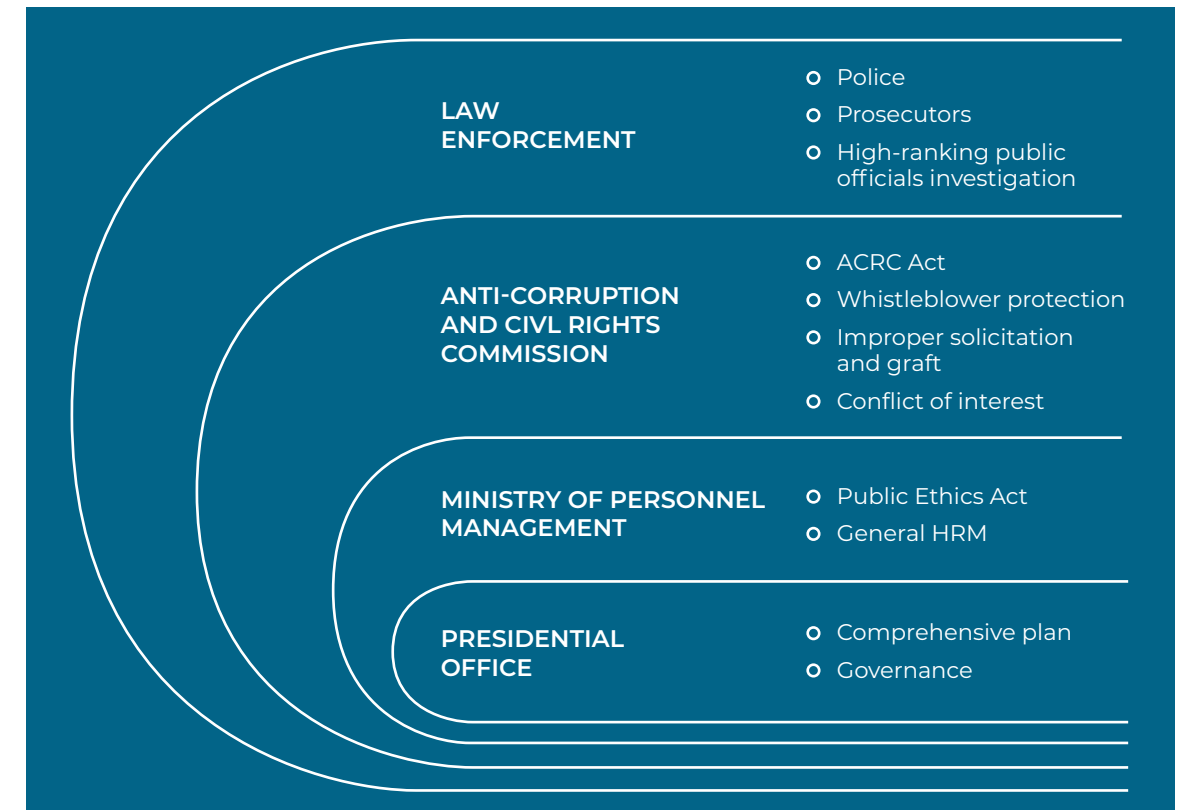
3.2. Legal and Institutional Framework of the PETI System

Anti-corruption literature indicates that institutional features and design play a significant role in implementing anti-corruption policies (Rothstein, 2011; Inter-American Development Bank, 2018). According to the OECD (2020), institutional weaknesses in several dimensions of public governance may explain the vulnerabilities to inefficiencies caused by waste, misuse, and capture by interest groups, and exogenous economic shocks. Similarly, Quah (2017) suggests that, to implement anti-corruption policies effectively, it is important to establish the role of an anti-corruption agency as more than just a “paper tiger.” In other words, the agency must have substantial strength, power, and accountability to be effective.

In South Korea, the policy for ARD features intentional duality or redundancy in its implementation (Korea Institute of Public Administration, 2021). In South Korea, two key agencies handle anti-corruption tasks, and they interact with the President’s Office and law enforcement, as shown in Figure 3-9.

- 1. Ministry of Personnel Management (MPM):** Governed by the Public Service Ethics Act, the MPM oversees the PETI system through its Government Ethics and Discipline Bureau.
- 2. Anti-Corruption and Civil Rights Commission (ACRC):** Established under the 2008 Act on the Prevention of Corruption and the Establishment and Management of the Anti-Corruption and Civil Rights Commission, the ACRC includes six bureaus responsible for anti-corruption planning, inspection, whistleblower protection, administrative appeals, ombudsperson work, and institutional reforms.

Figure 3-9
Anti-Corruption System in Korea



Source: Korea Institute of Public Administration (2021).

As noted earlier, South Korea's anti-corruption system features intentional institutional redundancy, with ARD policy managed by the personnel management agency, aligning with their human resource (HR) tasks. This structure offers three key benefits, which will be addressed again later (see Chapter 6):

1. **Resource utilization:** The MPM can leverage its internal resources, such as the employment directory connected to its HR database, when public officials join the government.
2. **Ethics management:** The PETI system is legally defined as an ethics management system rather than an anti-corruption regulation. Agencies and public officials are more likely to cooperate with an ethics system.
3. **Institutional cooperation:** The MPM, as personnel management agency, can easily get cooperation from other agencies to build an integrated database. Managing the PETI policy as an ethics management mechanism can reduce implementation costs and improve effectiveness in value-driven tasks like safety and fair competition.

The development of South Korea's anti-corruption system underscores the importance of relevant laws and regulations. Table 3-2 summarizes the legal framework related to public integrity. The PETI system has evolved through consistent policy changes since the Public Service Ethics Act of 1981 which has undergone over 59 revisions.

Table 3-2
Anti-Corruption Governance in South Korea

Intended institutional redundancy: Dual-control system				
1. MPM Public Ethics and Transparency Initiative (PETI) system: Ethics management				
2. ACRC: Corruption control "tower"				
Institutional redundancy: Effectiveness over cost				
Institution	Law	Year	Features	Target
Ministry of Personnel Management (MPM)	The Public Service Ethics Act	1983	<ul style="list-style-type: none"> ■ established ethics management tower: PETI system ■ financial registration and disclosure ■ restrictions on post-employment ■ blind stock trusts 	public

Anti-Corruption and Civil Rights Commission (ACRC)	The Prevention of Corruption and the Establishment and Management of ACRC Act	2002	<ul style="list-style-type: none"> ■ corruption control ■ established corruption control tower ACRC ■ whistleblower protection 	public & private
	The Improper Solicitation and Graft Act	2016	<ul style="list-style-type: none"> ■ improper solicitation prevention ■ whistleblower protection 	public & private
	The Prohibition of False Claims for Public Funds and Recovery of Illicit Profits Act	2019	<ul style="list-style-type: none"> ■ false claims prohibition ■ recovery of illicit profits ■ whistleblower protection 	public
	The Prevention of Conflict of Interest Act	2022	<ul style="list-style-type: none"> ■ conflict of interest control and management ■ whistleblower protection 	public

Source: Developed by the authors based on the review of relevant laws.

The dual-control institutional design of the PETI system offers several benefits:

4. **Independent control:** Financial disclosure obligations for public officials can be independently managed under the Public Service Ethics Act while still being connected with other corruption-related legal frameworks. This clear definition bolsters high policy buy-in.
5. **Defined responsibilities:** Clearly delineating institutional responsibilities helps public agencies better respond to their mandates.
6. **Accountability, Consistency, and Transparency (ACT) approach to compliance:** A separate legal framework can better align with the ACT approach suggested by the United Nations Convention Against Corruption (UNCAC, 2003). Reconsidering the current institutional design within a comprehensive legal framework can help build an effective financial disclosure system.

Related to the legal grounds of the PETI system, the Public Service Ethics Act clearly defines the scope, target, coverage, and mandates of the financial ARD policy Chapter II of the Public Service Ethics Act (see Annex 1) specifies the legal grounds for implementing the financial registration and disclosure policy, including: persons liable for registration (Article 3), scope of the mandated organizations (Article 3-2), assets to be registered (Article 4), timeline and target organizations (Article 5), and how to update the registration form (Article 6).

3.3. Interoperable System and Database of the PETI System

In a democracy, governmental systems are often complex, with numerous interested parties and many organized interest groups. Because corruption involves multiple acts and actors, and entails networks and flows, database interoperability is essential for creating an effective ADS. Interoperability allows the agency in charge to (i) trace the changes in asset declarations, (ii) understand and investigate the sources of corruption across jurisdictions, and (iii) share collected data with regulators, watchdog organizations, the media, and interested citizens.

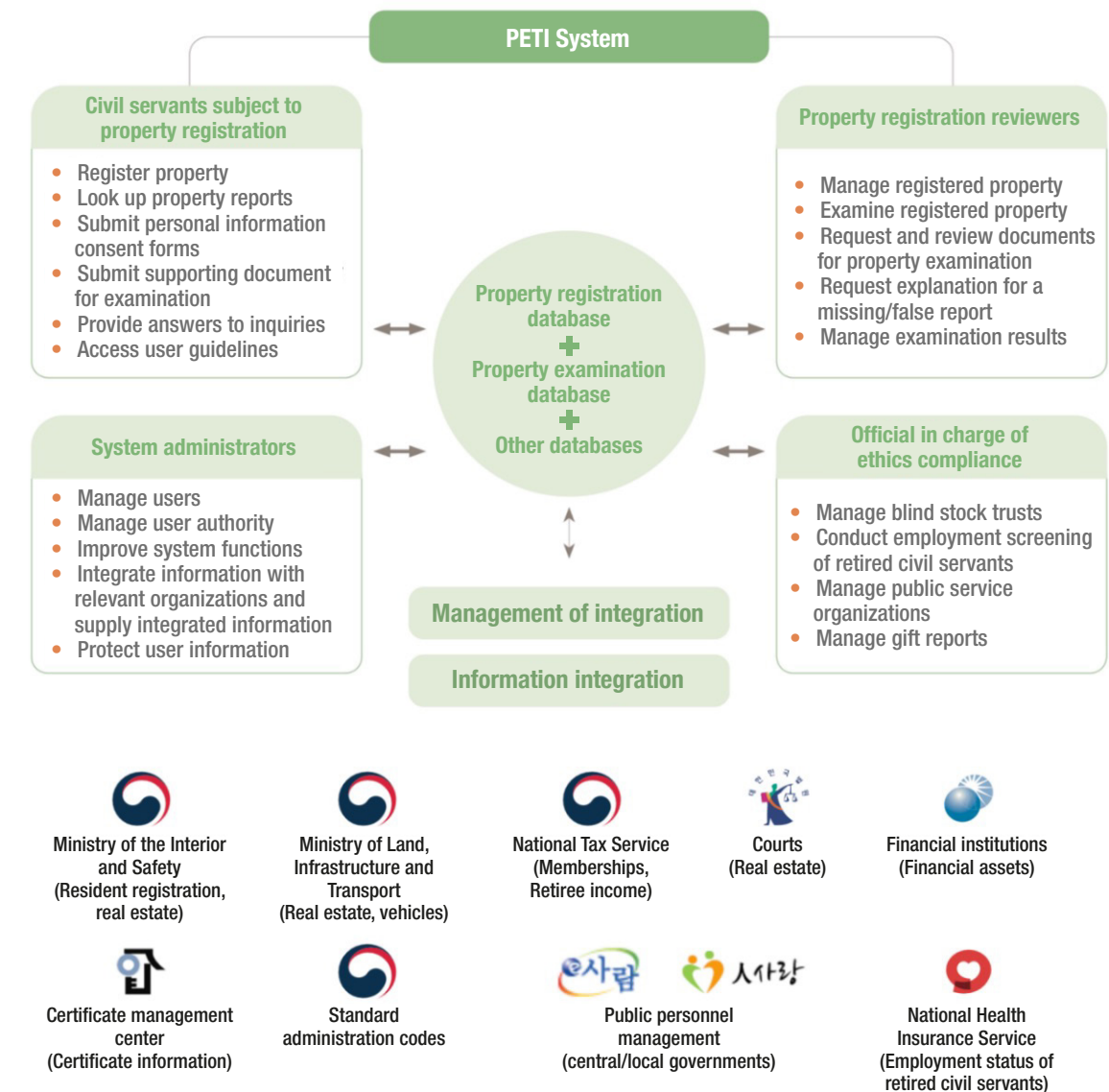
From a policy compliance perspective, building and managing an interoperable system can ease the burden for individual public officials as they fill in the forms to declare asset information using the automated system (see Figure 3-1). And for the ethics officers and agencies involved in receiving, cross-checking, and verifying the information, the interoperable system reduces their workload as well. Most importantly, building systems for high-quality, interoperable databases can lead to a better verification system as it enables public, automated, and spot validation mechanisms (Open Government Partnership, 2023).

One of the most important features of the PETI system is that it is based on South Korea's national plan to build an integrated system for identifying all public officials' asset information. The plan started in 2005 to build an online system for managing asset information, and the integration process was introduced in 2008 (MPM, n.d.). In 2018, the PETI system was completely migrated to a cloud-based platform to handle the heavy data-processing requests through the portal.

The PETI system database is composed of multiple data layers shared and updated by more than 10 related authorities, which are noted at the bottom of Figure 3-10

As the key actor operating the PETI system, the MPM cooperates with the other relevant authorities to manage the integrated system based on the law. In the middle of the system, there are three key operating databases composed of (i) an asset registration database, (ii) an asset examination database, and (iii) other additive databases.

Figure 3-10
PETI System: Interoperable Database Management



Source: MPM (n.d.)

As this illustrates, there are four main actors in the integrated PETI system:

7. the declarants, that is public officials who are required to register and disclose assets using the PETI portal, as noted earlier in this chapter
8. reviewers of the information from the declarants
9. ethics officials
10. system administrator

3.4.

Examination and Verification Mechanism of the PETI System

An ADS cannot succeed without examining and verifying the declarations made by the public officials required to submit their information. An effective verification system must be built so that disclosed information can be used to identify potential or actual conflicts of interest.

Practically, the system involves using the technologies for different screening tasks such as monitoring, reviewing, inspecting, and auditing. Relatedly, the PETI system defines the purpose of examination as follows:

- verify the registered information
- determine whether an asset has been acquired in the appropriate manner
- determine whether the public official used official information to illegally accumulate an asset
- determine whether any laws or regulations have been violated in the accumulation of assets
- enhance transparency regarding public officials' assets

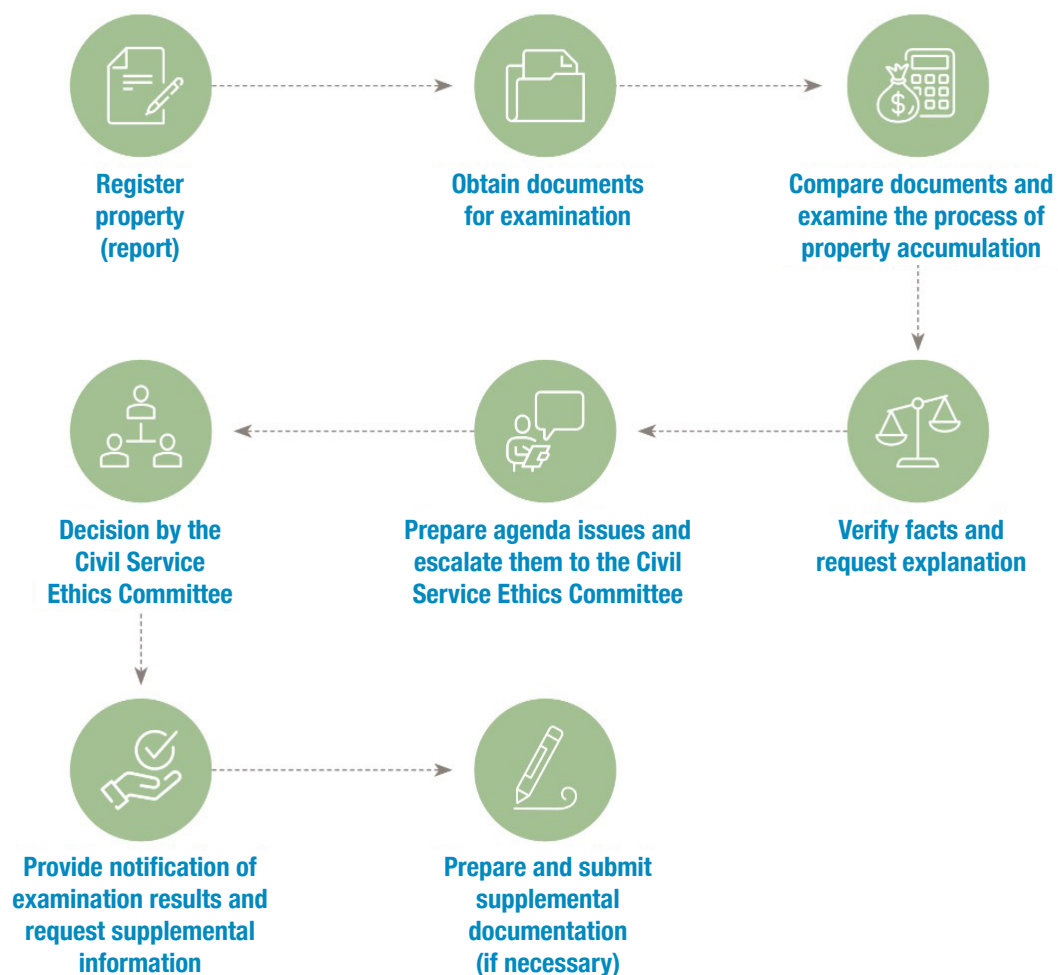
While there are various approaches to verify the asset disclosures submitted, the PETI System mainly relies on the automated verification system based on the use of the integrated database first, followed by additional investigation from the designated ethics officers from the Ethics Committee. There are two types of verification and

examination requirements in the PETI system: (i) verifying registered asset information based on the submitted forms, and (ii) examining their asset accumulation process by tracking the history.

In the first phase, the PETI reviewers conduct a comparative analysis of disclosure forms by comparing current submissions with previous ones. In this process, the main task is to check whether there are any false reporting, substantial and intentional omissions, or misentries in disclosures. Individual public officials can also perform a simple verification by clicking the “check” button provided in the PETI system, as the system automatically provides and compares their asset information derived from other authorities such as the Ministry of Land, Infrastructure, and Transport, banks, and other financial institutions.

In the second phase, to examine and verify the declarant's asset accumulation process, the reviewers check the flows of cash and funds that occurred during the asset acquisition process. In this process, the asset disclosure forms updated over time (e.g., annually, as noted earlier) are the main verification sources. The reviewers examine the acquisition date of the registered asset, acquisition background, and source of funds and then determine if the public official's net worth increased excessively compared to their reported income. Also, the reviewers check the legitimacy of the acquisition of an asset by examining the acquisition background and transaction records of untraceable assets over a certain amount, such as cash and claims to and debts from individuals. The reviewers also see if the public official has gained any asset or other economic gains. The primary goal of this stage is to identify any conflict-related issues, such as whether they are taking advantage of confidential information learned from work, through bribery, or any other unfair means. Figure 3-11 presents the process for examining submissions and verifying them using the PETI system.

Figure 3-11
PETI System: Examination and Verification Process



Source: South Korea, MPM.

When the examination and verification process is complete, the results are used to prevent further conflict-of-interest incidents. In case any illegal conduct is identified from the verification results, the Civil Service Ethics Committee can take corrective measures, issue warnings, impose penalties, make a public announcement of the false reporting in the media, and request dismissal and disciplinary actions against identified public officials. In addition, the Civil Service Ethics Committee notifies the relevant head of the department (e.g., the minister, director) about the incident as soon as they take corrective measures. If the committee finds conduct that is a concern based on the verification and examination, the committee notifies the Ministry of Justice of the allegation and requests a legal investigation. The department and department head that is notified must respond to the committee's notice and corrective measures.

3.5. Recent Issues and Implications in the PETI System's Asset Registration and Declaration

In considering how the PETI System is actually managed and the implications for other countries, this section looks at three recent issues in the management of the PETI System that the MPM plans to address: (i) whether or not to include the cryptocurrency holdings in the scope of the asset, (ii) historical changes in the scope of required declarants (rank and range), and (iii) issue of public access to the information collected by the PETI system.

3.5.1. Cryptocurrency holdings

Countries with ADS are increasingly require information on virtual currencies.¹¹ For example, the United States provides a guideline for how to treat virtual currencies for ARD by public officials. The U.S. Office of Government Ethics (USOGE) defined virtual currency as an asset for this purpose and confidential financial disclosure in 2018; USOGE states that "Virtual currency is an investment asset and, like other assets held for investment, it may create a conflict of interest for employees who own it" (U.S. Office of Government Ethics, 2018). Under this guideline, the USOGE is regularly updating the scope and definition of virtual or crypto assets that public officials must register.

There are several issues that must be considered further to effectively manage asset disclosure of cryptocurrency:

- The law needs to provide a clear definition of cryptocurrency to be registered, as it refers to broad forms of virtual assets from Bitcoin to non-fungible tokens.
- It requires building a system to determine the price of virtual assets at the same time considering that cryptocurrency is highly volatile.
- Unlike other asset information, it would be hard to collaborate with other financial institutions as virtual currency is a supranational asset that cannot be managed by clear legal boundaries.

¹¹ *Virtual assets (or crypto assets) are defined as digital representations of value. These can be digitally traded, transferred, or used for payment. See FATF (n.d.) and South Korea's Financial Services Commission (2023).*

As of May 25, 2023, the National Assembly of Korea unanimously passed a bill expanding the scope of property registration and disclosure to include virtual assets. In doing so, the National Assembly amended two laws: the National Assembly Act and the Public Service Ethics Act. The new legislation became effective on January 1, 2024. With these amendments, the scope of assets public officials must disclose now includes virtual assets. While virtual assets do not have the status of legal tender in South Korea, the National Assembly considers it an asset for tax purposes, and the National Tax Service recognizes it as an investment vehicle, making it subject to asset disclosure and conflict-of-interest laws in the same way that they apply to assets such as stocks and bonds.

Previously, and despite the expanding market size of virtual assets, it was difficult to verify accurate property details because virtual assets were not included in the property registration of public officials. To resolve this issue, the recent amendment to the Public Service Ethics Act added virtual assets to the asset registration list and mandated the reporting of transaction details for public officials subject to disclosure requirements. In addition, the MPM completed the reorganization of the public service ethics system to establish functions related to virtual asset property registration, and those obligated to register property can now check the value of their virtual assets directly in the system and register property conveniently.

In June 2024, Korea's five major domestic cryptocurrency exchanges (Upbit, Bithumb, Coinone, Korbit, and GoPax) completed the construction of a separate information provision system, which provided the status of virtual asset holdings to be used for property registration. To make sure the public officials adhere to new rules, the MPM shared a 2024 periodic property change reporting guide and gave additional training sessions in 17 major cities and provinces.

3.5.2.

Changes in the scope

Who must declare their assets is a central question in ADSs. When the criteria for who must file declarations are ambiguous, it creates opportunities for bias. If citizens suspect that officials are manipulating the list of required declarants for personal gain, the entire disclosure system loses credibility. Regardless of the objective criteria selected by a country for who should submit declarations of their assets, the authority overseeing this process should provide an easily accessible list of all positions required to file declarations. Therefore, the law should precisely define which officials must disclose their assets. Guidance should avoid vague terms like “high level” that require subjective interpretation (World Bank, 2023a).

In South Korea, since the Public Service Ethics Act was enacted in 1981, more than 62 amendments have been made, reflecting a gradual institutional learning process and the objective to gradually expand the scope of the PETI System. Over time, the scope has

expanded from only high-ranking officials to include mid-level officials as well (see Table 3-3). The amendments also addressed the need to clearly define the scope for ARD laws so that they could not be undermined by subjective interpretations.

In 2023, the MPM announced that approximately 2.8 million public officials are obligated to register their asset information through the PETI system. This means that almost one quarter of public officials are required to file their asset information.

Table 3-3
PETI System Example Changes in Scope, 1981–2011

Milestone	Scope Regarding Officials, Registration, Assets, Disclosure, Employment
Public Service Ethics Act Enacted on December 31, 1981	<ul style="list-style-type: none"> government officials to register their assets if Grade 3 or above for general government officials, or if Grade 5 or above for tax-related government officials registered assets not disclosed to public restriction on employment after resignation by relevant private company (i.e., company whose business is related to job of applicable government official for the two years before resignation) Ethics Committee for Government Officers (ECGO) established, with two of nine committee members private individuals
Amended on June 11, 1993	<ul style="list-style-type: none"> increased scope of government officials who must register their assets—to Grade 4 or above, adding colonel or above, and adding local council members registered assets submissions to include date and detail of acquired asset per owner to be stated and evidence given registered assets disclosed to public for Grade 1 or above for general officers; Grade 3 or above and head of customs office ECGO composition changed to five or more private individuals in committee of nine members
Amended on April 27, 2001	<ul style="list-style-type: none"> stock-trading statement added to list of asset reports to be submitted when reporting change of asset restriction on employment after resignation (“re-employment”) by relevant private company extended three years
Amended on November 19, 2005	<ul style="list-style-type: none"> obligation to prevent conflicts of interest added blind trust system introduced (i.e., sale or entrustment of stocks that create COI) acquisition of stocks that create COI restricted

Milestone	Scope Regarding Officials, Registration, Assets, Disclosure, Employment
Amended on June 29, 2007	<ul style="list-style-type: none"> refusal to provide details of assets allowed to lineal ascendants and descendants allowed (Note: a lineal descendant is a blood relative in direct line of descent and refers to acquisition of estate by inheritance from grandparent to parent and parent to child; lineal ascendant is one's parent, grandparent, great-grandparent, etc.; lineal descendant is one's child, grandchild, great-grandchild, etc.)
Amended on February 3, 2009	<ul style="list-style-type: none"> Bank of Korea and public corporations included in organizations applicable under act
Amended on October 30, 2011	<ul style="list-style-type: none"> increased scope of those who must register their assets—to directors of public corporations and assistant deputy directors of financial supervisory service ECGO composition changed to 7 or more private individuals in committee of 9 people restriction on re-employment extended to five years review of re-employment (when government officers seek post-resignation employment) extended to include law firms, accounting firms, and tax-accounting firms review of re-employment extended to include appointment as outside director or non-standing advisor

Source: Kim and Yun (2017).

3.5.3.

Public access to the declared asset disclosure database

Another issue in public service ethics concerns whether officials' asset declarations—including those of their family members—are made public, and if so, how. In other words, is the information disclosed to the citizens for the sake of public transparency and accountability?

One important political rationale for implementing the asset e-filing system is that it provides new possibilities for public transparency and accountability (World Bank, 2023a). However, there are three significant practical barriers to providing public access to the disclosure dataset.

1. In certain countries, granting public access to asset information is viewed as encroaching upon the privacy of government officials. This, according to some, may pose an impediment to their engagement in the public sector.
2. In countries grappling with security issues such as kidnapping officials contend that revealing their private addresses could jeopardize their personal safety and that of their families. Furthermore, they express concerns that this information

might be exploited to issue ransom demands, particularly in regions where abductions are prevalent.

3. The asset e-filing system needs to facilitate the collection and processing of data in a format that can be interpreted by machines. This system enables the publication of declarations in formats that are openly accessible and promotes the reuse of data. Machine-readable data enhances the ability to comprehensively review asset and interest declarations, offering improved search and analytical capabilities and the potential for integration with other data sources.

Regarding public transparency, in South Korea, the performance of the PETI System can be viewed as only partially successful due, to technical problems in the public disclosure database. While the collected disclosure data are open and available through the public gazette, public bulletins, and the MPM's online platform there are several technical barriers to using the data for public purposes.

First, there are about 6,000 high-ranking public officials whose asset information must be disclosed, and the ethics committees in charge of disclosing the declarants' assets are divided into more than 260 organizations, including the central government, the National Assembly, the Supreme Court, the Constitutional Court, the Election Commission, metropolitan local governments, and basic local governments. As a result, even though public officials' asset information is disclosed, the information cannot be viewed all at once in a consolidated platform and must be accessed manually from separate websites of the government, the National Assembly, and local councils. As a result, the information has been scattered, making it difficult for general citizens or nonprofit organizations to collect and analyze the information. Table 3-4 summarizes where the collected data are published based on the jurisdiction

Table 3-4
Public Officials in Scope for Disclosure and Organizations Responsible by Jurisdiction

Public Officials Subject to Disclosure of Asset Information	Organizations Responsible for Disclosure
<ul style="list-style-type: none"> public officials of Grade 1 or above at the administration heads of public service organizations in the administration's jurisdictions heads of local governments and public officials of Grade 1 or above at local governments members of board-area local governments 	Government Civil Service Ethics Committee
<ul style="list-style-type: none"> members of basic local governments and heads of public service organizations in broad-area local governments' jurisdictions 	broad-area local government Civil Service Ethics Committee

Public Officials Subject to Disclosure of Asset Information	Organizations Responsible for Disclosure
<ul style="list-style-type: none"> heads of public service organizations in basic local governments' jurisdictions 	basic local government Civil Service Ethics Committee
<ul style="list-style-type: none"> members of the National Assembly and public officials working for the National Assembly who are subject to property disclosure 	National Assembly Civil Service Ethics Committee
<ul style="list-style-type: none"> judges and public officials of a court who are subject to property disclosure 	Supreme Court Civil Service Ethics Committee
<ul style="list-style-type: none"> Presidents, justices, and other public officials working for the Constitutional Court who are subject to property disclosure 	Constitutional Court Civil Service Ethics Committee
<ul style="list-style-type: none"> public officials working for the National Election Commission or other election commissions who are subject to property disclosure 	National Election Commission Civil Service Ethics Committee

Source: MPM (n.d.)

A second issue is that the asset disclosure was available only as a PDF file form, which is not easily machine-readable due to different table formats among documents over the years. Public officials must disclose their assets as required by Article 10 (1) of the Public Service Ethics Act. This disclosure must be published in the Official Gazette and presented in tabular format according to specifications. The problem is that the government's Official Gazette is an electronic document in PDF format, and the table in the Enforcement Rule is almost the same format as when the asset details were written down by hand. Therefore, it was not easy to compare the assets of public officials with each other or to sort or filter them for easy viewing. The combination of the PDF file format and the tabular formatting creates a situation where the data can be viewed but cannot be used easily. As a result, journalists and civil society organizations over time consulted dozens of government sites, downloaded the Gazette files of each jurisdiction's Ethics Commission one by one, converted the files into machine-readable data, and processed them, all in a very time-consuming process, to get a proper look at the wealth of public officials. Therefore, even if the wealth of public officials is disclosed, media organizations have been limited to examining and analyzing the data, mainly focusing on public officials and members of parliament under the jurisdiction of the Government Ethics Commission due to a lack of time and human resources, and have been unable to examine and monitor local lawmakers or heads of local government agencies.

To respond to this issue, the MPM stated it would launch a new service for announcing and sharing the collected asset disclosures (Shumba, 2024). With the amended Public Service Ethics Act, a new system called an Integrated Asset Disclosure Service, was planned, with a new data portal for disclosure information. The new system is expected to enhance governmental transparency and have the following characteristics:

- integrate all the disclosure information sources into one channel, the PETI system
- be accessible to the public
- include asset disclosure details viewable at a glance in the PETI in addition to in the Official Gazette
- be searchable by name or organization name, making it more convenient to check property disclosure information

3.6.

Distinctive Features of the PETI System: Comparative Synthesis.

Based on the detailed analysis presented in the preceding sections, the PETI system distinguishes itself from typical LAC approaches across five key dimensions that offer important lessons for policy implementation:

3.6.1.

Institutional Integration and Governance Model

PETI Approach: The system operates under the Ministry of Personnel Management as an integral component of public human resource management, treating asset disclosure primarily as an ethics management tool rather than as an anti-corruption enforcement mechanism.

Typical LAC Approach: Asset declaration systems are typically managed by anti-corruption agencies or comptroller general offices, emphasizing punitive oversight rather than preventive ethics management.

Key Difference: This institutional positioning enables better cooperation from government agencies, reduces resistance from public officials, and facilitates integration with existing HR processes such as onboarding and performance management.

3.6.2.

Technical Architecture and Automation

PETI Approach: The system features seamless interoperability with 16 government databases, automatically populating asset information from sources including land registries, financial institutions, and vehicle records. Officials primarily review and confirm pre-populated data rather than manually entering information.

Typical LAC Approach: Most LAC systems require manual data entry by officials, with limited or no integration with external databases, resulting in higher error rates, increased processing time, and greater administrative burden.

Key Difference: Automation reduces compliance costs, improves data quality, and enables officials to focus on substantive review rather than data collection, while enabling cross-verification and detection of anomalies.

3.6.3.

Scope and Coverage

PETI Approach: The system covers approximately 2.8 million public officials (nearly 25% of all public employees) across central government, local governments, judiciary, legislature, and public enterprises, based on clearly defined legal criteria.

Typical LAC Approach: Coverage varies significantly by country, often focusing on high-ranking officials only, with ambiguous criteria for determining who must file declarations.

Key Difference: Comprehensive coverage enables systematic monitoring across the public sector while clear legal definitions reduce opportunities for subjective interpretation or selective enforcement.

3.6.4.

Preventive vs. Punitive Orientation

PETI Approach: The system emphasizes prevention through transparency, education, and ethical guidance, with verification processes designed to identify potential conflicts of interest before they become violations.

Typical LAC Approach: Systems often focus on post-facto detection and punishment of violations, with limited emphasis on preventive measures or ethical guidance.

Key Difference: The preventive approach fosters a culture of integrity and voluntary compliance, reducing the adversarial relationship between oversight bodies and public officials while maintaining accountability.

3.6.5.

Evolutionary Development and Adaptive Learning

PETI Approach: The system has evolved continuously over four decades through more than 60 amendments to the Public Service Ethics Act, gradually expanding scope, improving processes, and adapting to new challenges such as cryptocurrency holdings.

Typical LAC Approach: Many systems were implemented relatively recently with limited opportunities for iterative improvement based on operational experience.

Key Difference: Continuous evolution enables the system to adapt to changing contexts, incorporate technological advances, and address emerging integrity risks while maintaining political and institutional support.

3.6.6.

Implications for LAC Implementation

These distinctive features suggest several important considerations for LAC countries:

- 1. Institutional positioning matters:** Locating asset declaration systems within personnel management frameworks may reduce resistance and improve cooperation compared to purely oversight-focused approaches.
- 2. Technical integration is essential:** Investing in interoperability with existing government databases can significantly reduce compliance costs and improve data quality, making systems more sustainable and effective.
- 3. Comprehensive coverage requires clear criteria:** Well-defined legal frameworks for determining who must file declarations, prevent selective enforcement and ensure systematic coverage.
- 4. Prevention enhances effectiveness:** Balancing transparency requirements with ethical guidance and training can foster voluntary compliance and reduce adversarial relationships.
- 5. Gradual implementation enables learning:** Starting with core features and expanding based on experience may be more effective than attempting comprehensive implementation from the outset.

The following chapters examine how these insights from Korea's experience can be adapted to the specific institutional contexts and challenges faced by LAC countries.

Empirical Analysis: The PETI System User Experience Survey and Suggestions

Lessons from South Korea:
E-Filing Systems for Public
Integrity in Latin America
and the Caribbean

4.1.

Survey of the PETI Users: Methodology

Chapters 2 and 3 provide an overview of the PETI system in South Korea, particularly focusing on how the PETI system for asset declaration operates. In addition to this overview, it is also important to address perceptions of the PETI by public officials in South Korea.

For a deeper understanding of the current PETI system in terms of its strengths, shortcomings, and effectiveness, public officials subject to asset declaration requirements were surveyed. The survey focused on the following topics and asked respondents for demographic information:

- perceived of the effectiveness of the ADS
- public officials' experiences with the ADS, including suggestions for improvement
- the influence of the ADS on organizational behaviors and organizational culture

The survey was conducted online and administered for three weeks, between August 29 and September 18, 2023. A total of 63 public officials participated in the survey. Of those, some were excluded from the analysis (e.g., because they were not subject to asset registration requirements or due to the unreliability of their responses). A total of 46 responses were used for the final analysis¹². As shown on Figure 4-1, both men and women responded, public officials in their 40s to 60s responded, and they varied in their highest level of education. Most respondents are affiliated with the central government. Among respondents, the largest group were Grade 4 officials, and many reported between 11 and 15 years of tenure. Finally, the respondents have worked in the public sector on average for 20.1 years, with a minimum of 10 years and a maximum of 32 years.

Important Methodological Considerations: Several factors should be considered when interpreting these survey results:

Sample Limitations: The survey represents a small sample (46 respondents) that may not be fully representative of the approximately 2.8 million officials subject to asset registration requirements. Respondents were primarily experienced central government officials (average 20.1 years of service), potentially overrepresenting the perspectives of senior career civil servants.

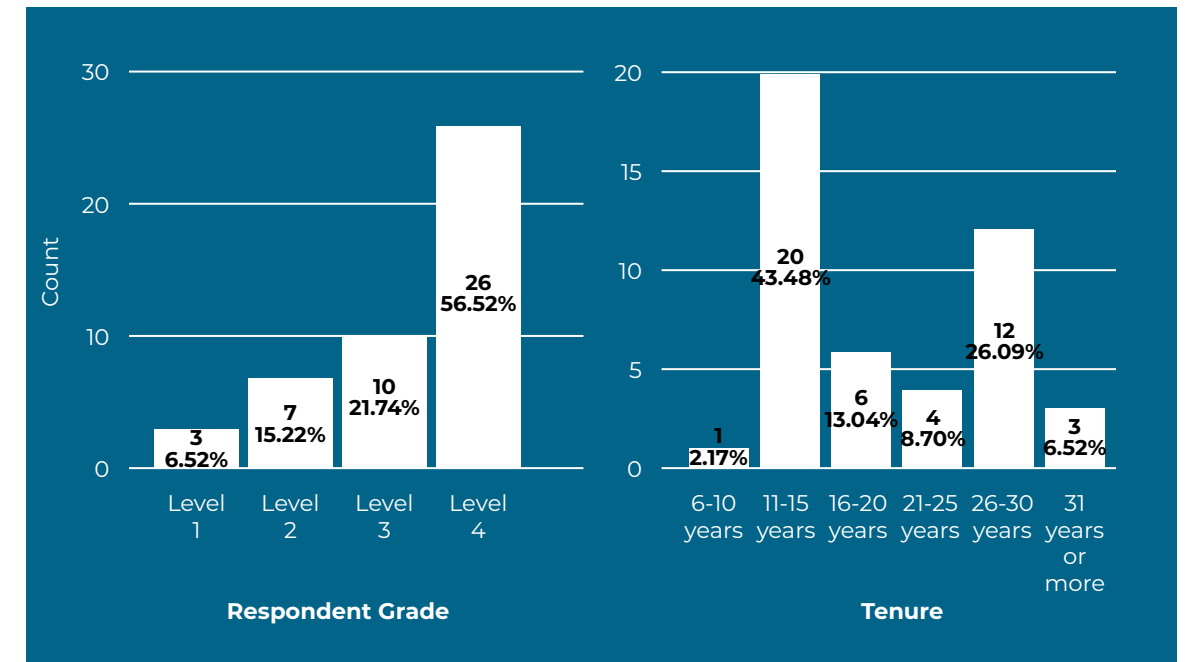
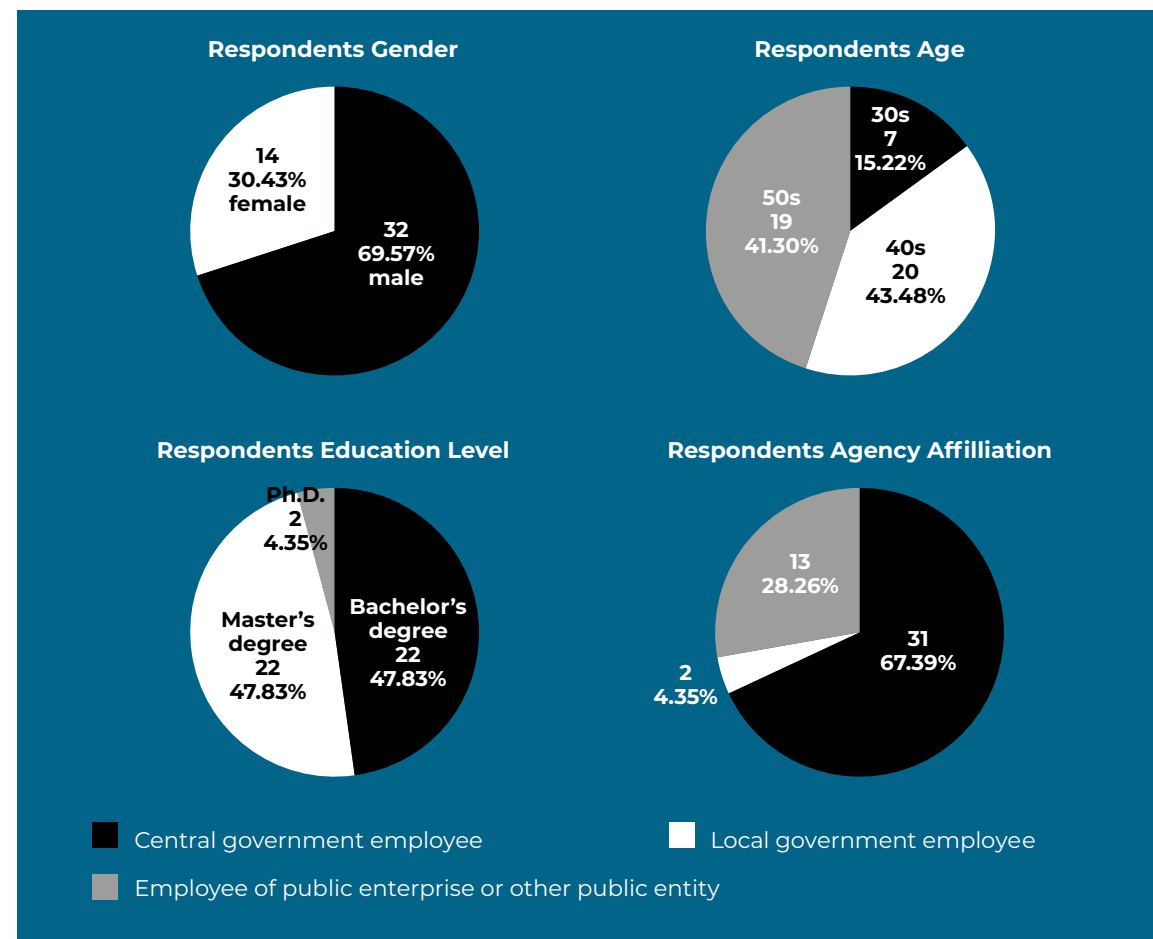
¹² Figures in this chapter and in Annex 2 show responses for a total of 46 respondents and/or the percentages by category.

Contextual Interpretation: Survey responses should be interpreted within Korea's relatively low-corruption institutional context. In environments where corruption is less prevalent, public officials may express higher expectations for system performance and be more critical of remaining inefficiencies, even in well-functioning systems.

Response Ambiguity: Questions about system effectiveness may yield ambiguous results. For example, when respondents indicate the system “does not prevent corruption effectively,” this could reflect either: (a) genuine system inadequacies, or (b) the limited corruption available to prevent, given already high integrity levels in the Korean public sector.

Comparative Baseline: These results should be understood as feedback from users of a mature, functioning system rather than evaluation of a failing mechanism. The critical perspectives may reflect sophisticated user expectations rather than fundamental system problems.

Figure 4-1
Demographic Characteristics of the PETI User Survey Respondent



Source: Compiled by the authors.

In the following, survey responses to these questions and statements are summarized.¹³

1. “To what extent do you think that the asset registration and disclosure system is effective in preventing corruption of public officials?” (see Figure 4-2)
2. “The asset registration and disclosure system contribute to enhancing public trust in government.” (see Figure 4-3)
3. “The same standards as for government officials should apply to employees of public enterprises or other public entities so that the scope of public officials subject to asset registration expands.” (see Figure 4-4)
4. “Not only asset information of high-level public officials but also that of all officials subject to asset registration should be disclosed to the public.” (see Figure 4-5)
5. “The review and examination processes on registered assets should be more thorough.” (see Figure 4-6)
6. “Actual punishment for untruthful asset declaration and registration should be strengthened.” (see Figure 4-7)

¹³ While the survey asked a series of questions to assess the perceived effectiveness of the system, due to space constraints, only the overall assessments of the effectiveness of the PETI system are presented here. For more survey results and detailed analysis, see Annex 2.

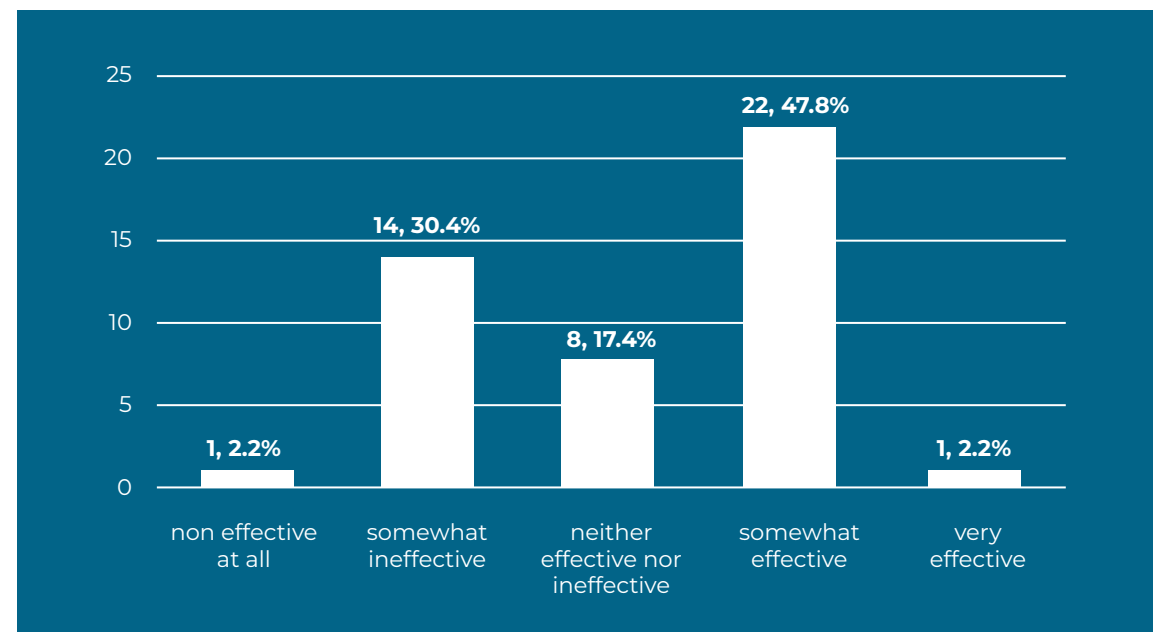
7. “The asset registration and disclosure system should be operated in clear connection with other relevant anti-corruption laws.” (see Figure 4-8)

4.2

Perceived Effectiveness of the System in Promoting Democratic Governance

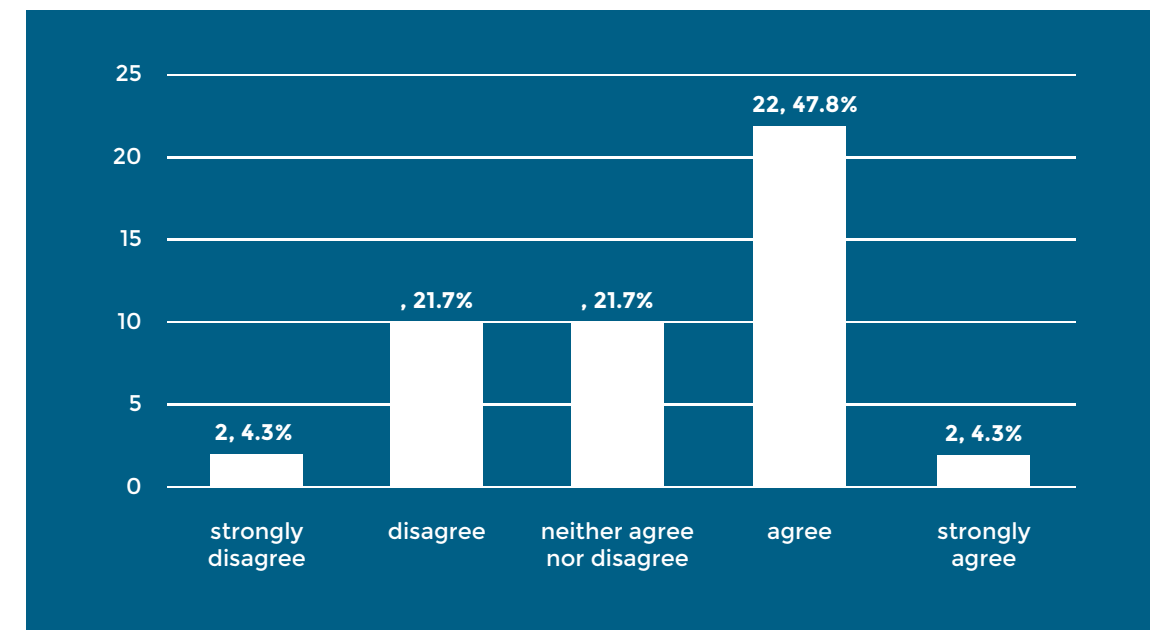
The survey first asked PETI users to assess the system’s overall effectiveness in promoting democratic governance. Most respondents think that the ADS is very or somewhat effective in preventing corruption of public officials (Figure 4-2). Similarly, over half of the respondents either agreed or strongly agreed that the ADS contributes to enhancing public trust in government (Figure 4-3); however, the percentage of responses in the opposite direction is certainly worth consideration. The results imply that there is still much room for improvement when it comes to the system and its operations.

Figure 4-2
Responses to “To what extent do you think that the asset registration and disclosure system is effective in preventing corruption of public officials?”



Source: Compiled by the authors.

Figure 4-3
Responses to “The asset registration and disclosure system contributes to enhancing public trust in government.”



Source: Compiled by the authors.

4.3

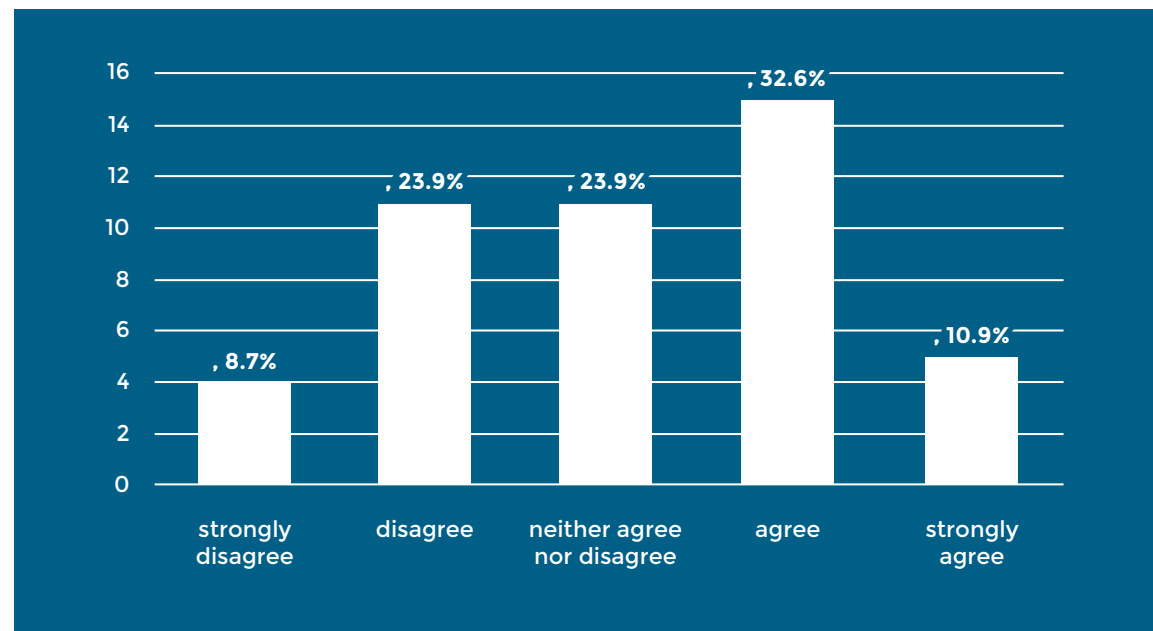
Suggestions to Improve the Effectiveness of the System

The survey also sought suggestions the PETI users had for improving the system’s effectiveness. Survey responses primarily addressed issues related to the scope of registration, the scope of disclosure, the thoroughness of examinations, the severity of punishments, and the linkage between asset registration and anti-corruption initiatives.

Regarding whether the scope for asset registration should expand—with the same standards for government officials applying also to employees of public enterprises or other public entities—the responses were divided (Figure 4-4).

Figure 4-4

Responses to “The same standards as for government officials should apply to employees of public enterprises or other public entities so that the scope of public officials subject to asset registration expands.”

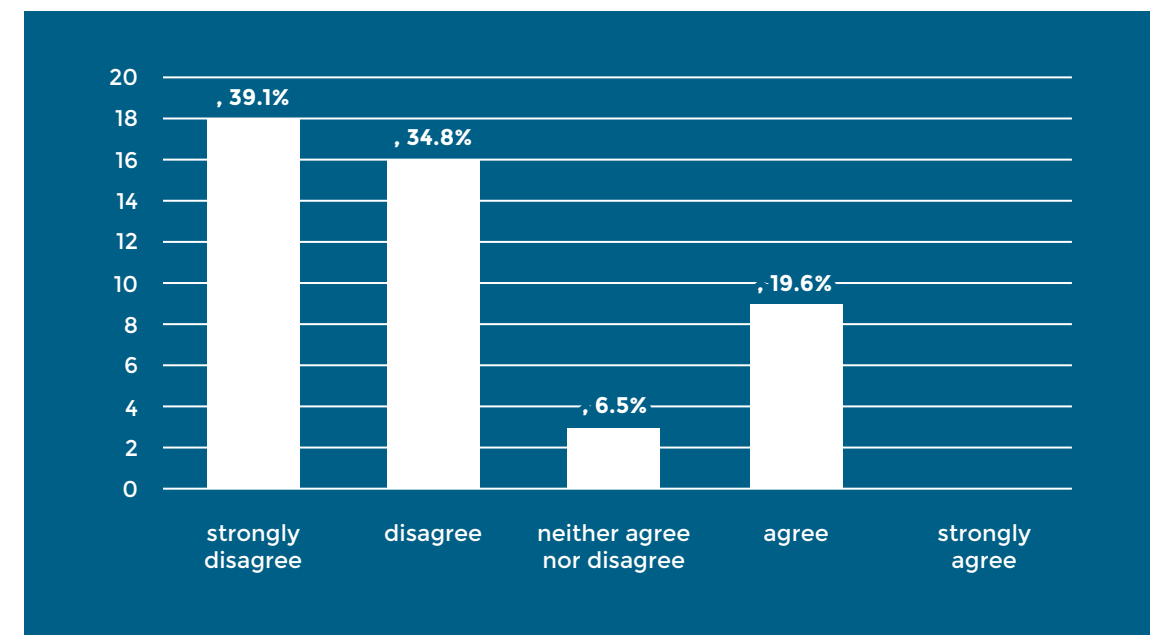


Source: Compiled by the authors.

Regarding whether the scope for asset disclosure should expand to all registering asset information, most respondents disagreed or strongly disagreed (Figure 4-5). Only nine respondents (19.6 % of those surveyed) agreed with expanding the scope for disclosure. However, it is worth noting that most survey respondents are currently subject to asset registration only, not disclosure, which suggests that potential biases may have influenced their opinions or suggestions regarding the future direction of the system.

Figure 4-5

Responses to “Not only asset information of high-level public officials but asset information of all public officials subject to asset registration should be disclosed to the public.”

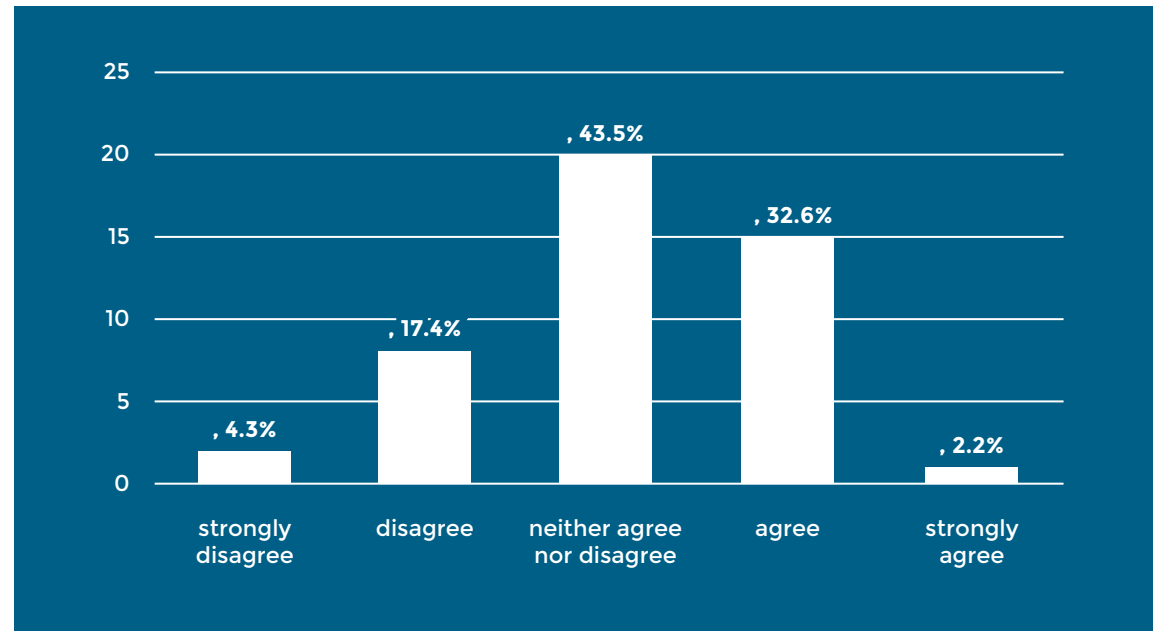


Source: Compiled by the authors.

When surveyed to see if they thought that the review and examination processes on the registered assets should be more thorough, a majority were neutral, but roughly a third agreed (see Figure 4-6).

Considering a recent criticism by a major nonprofit organization based on their study on the lack of thoroughness in registered asset examinations (Lee, 2023), it is reasonable to conclude, at a minimum, systematic reality checks on how rigorously the registered assets are being reviewed and examined should be conducted.

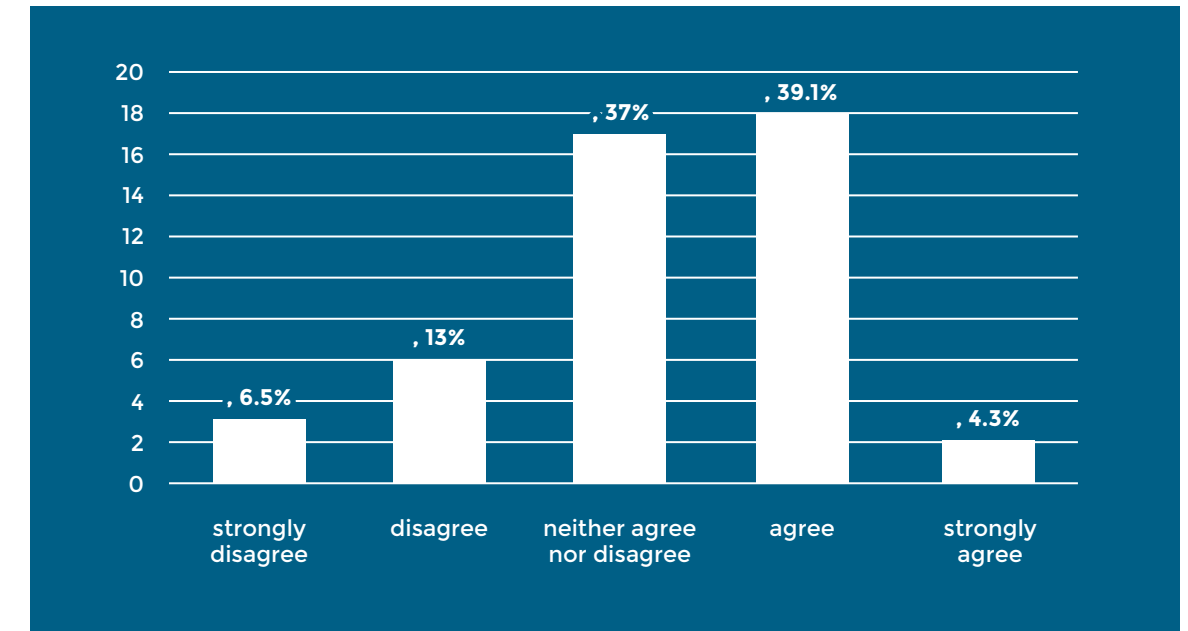
Figure 4-6
Responses to “The review and examination processes on registered assets should be more thorough.”



Source: Compiled by the authors.

Regarding punishment for untruthful declarations, many respondents agreed or strongly agreed that actual punishment for untruthful declarations should be strengthened (see Figure 4-7), but a considerable proportion were neutral.

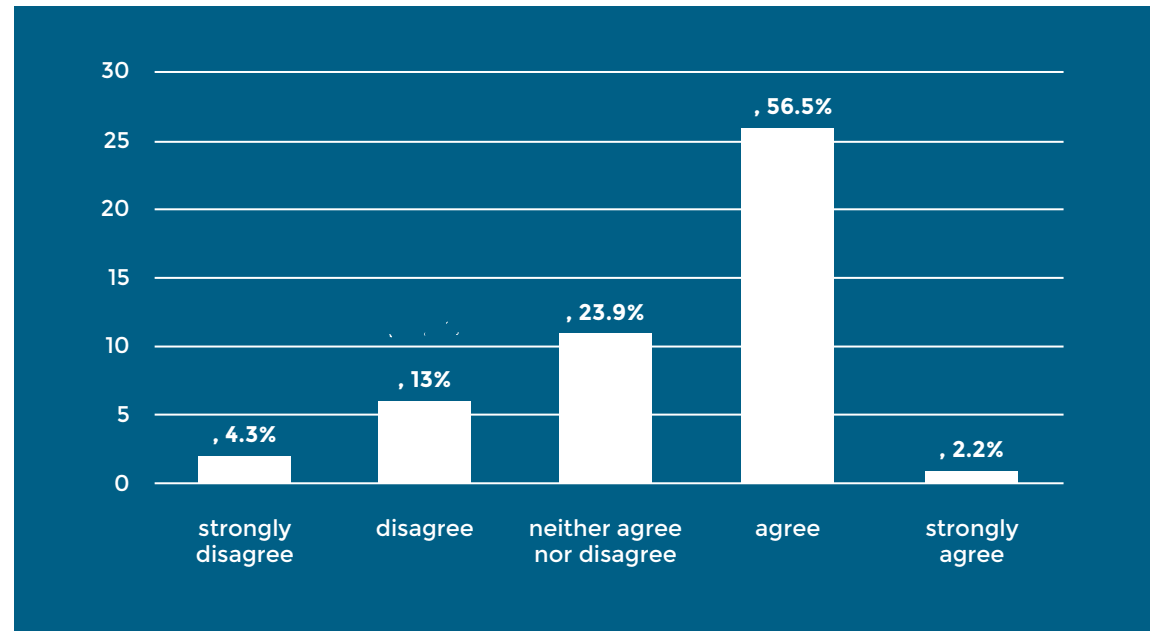
Figure 4-7
Responses to “Actual punishment on untruthful asset declaration and registration should be strengthened.”



Source: Compiled by the authors.

Finally, when surveyed to see if respondents believed that the ADS should be clearly linked to other relevant anti-corruption laws, a majority agreed or strongly agreed (see Figure 4-8).

Figure 4-8
Responses to “The asset registration and disclosure system should be operated in clear connection with other relevant anti-corruption laws.”



Source: Compiled by the authors.

4.4 Implications: User Feedback in the Context of a Mature System.

The survey results provide valuable insights into user experiences within an established asset declaration system, although interpretation requires careful consideration of the Korean institutional context:

Continuous Improvement Opportunities: Even in a well-functioning system, users identify specific areas for enhancement, including better training, clearer guidance, and more user-friendly interface design. These represent opportunities for refinement rather than fundamental system failures.

High User Expectations: Officials in a low-corruption environment with an established transparency culture may have elevated expectations for system performance, viewing any remaining inefficiencies or administrative burdens as significant issues worth addressing.

System Maturity Indicators: The ability of users to provide detailed, constructive criticism reflects a mature institutional environment in which officials feel comfortable identifying shortcomings and suggesting improvements—an indicator that itself signals overall system health.

Lessons for LAC Countries: Rather than discouraging implementation, these findings suggest that LAC countries should:

- 1. Plan for iterative improvement:** Anticipate that user feedback will evolve as systems mature and expectations rise.
- 2. Invest in user support:** Prioritize training, clear guidance, and responsive help systems from the outset
- 3. Embrace constructive criticism:** View user feedback as valuable input for system enhancement rather than evidence of failure
- 4. Set realistic expectations:** Recognize that even successful systems require continuous refinement based on user experience

The Korean experience demonstrates that user satisfaction and system effectiveness are dynamic rather than static, requiring continuous attention to user needs and operational improvements.

Data Analytics Approach: South Korea

Lessons from South Korea:
**E-Filing Systems for Public
Integrity in Latin America
and the Caribbean**

To be effective as part of the ethics and transparency system, an e-filing system for ARD must not only collect information submitted by public officials but also ensure high-quality data and effective utilization of that data.

Some critics have claimed that the ADS would not generate helpful information because of the ambiguous distinctions regarding which public officials are obligated to disclose assets, liabilities, and interests. The possible problem in clarifying who is to register what assets is worsened if there is no legal mandate necessitating the verification of submitted declarations. At the same time, the lack of effective punitive measures and ambiguity surrounding the legal procedures for prosecuting infractions can undermine the usefulness of the asset registration aspect of the ADS. Most importantly, if the ADS limits public access to declarations submitted by officials, the asset disclosure system cannot produce the intended results of public ethics, integrity, and transparency.

This chapter addresses these concerns by examining how to extract valuable information from publicly disclosed asset registrations and how such information can be employed to improve the system's functioning. In other words, the purpose of this analysis is to demonstrate that, unlike the benefits of introducing an asset registration system, the accumulated data from the registration, declaration and disclosure can improve information quality and drive systemic reforms.

5.1 Analyses

In the ADS, for public officials obligated to register assets, their assets are disclosed through official government publications, and the method of disclosure is determined by law. According to South Korea's Public Service Ethics Act, Article 10, asset details are published in the official government gazette or public bulletins, and an online platform operated by the MPM. The disclosures include assets of relatives. The disclosures are made within one month after the required asset registration timeframe.

As noted in Chapter 3, despite the purpose of transparent asset disclosure as stipulated by law, access to data for researchers is, unfortunately, still limited in South Korea. Because the information is provided in PDF format and scattered among many sources, data analysis has been made difficult. In this situation, it is challenging for the media and citizens to monitor and examine public officials' asset details systematically.

Interestingly, many mass media and civil society organizations have met the challenges with data conversion. They utilize data crawling techniques to convert data to transform

PDF files into machine-readable formats such as Excel spreadsheets or CSV files. This research uses a dataset accumulated by Newstapa, an independent mass media company. The original dataset is based on the information publicized in the Korean Official Gazette, and new variables have been created such as the identification number of each public official, the type of affiliation, and the type of asset.

The process for data preprocessing demands professional expertise, just as the accumulation of data does. In the system design phase, various types of assets should be standardized as much as possible; however, there may be subtle differences that make standardization challenging. For instance, ownership of a building may pertain solely to land, may be limited to development rights, or may even be restricted to collateral rights. As asset disclosure data has accumulated, there is a growing need to standardize various asset types in actual asset registration, thereby enabling registrants to input information effectively.

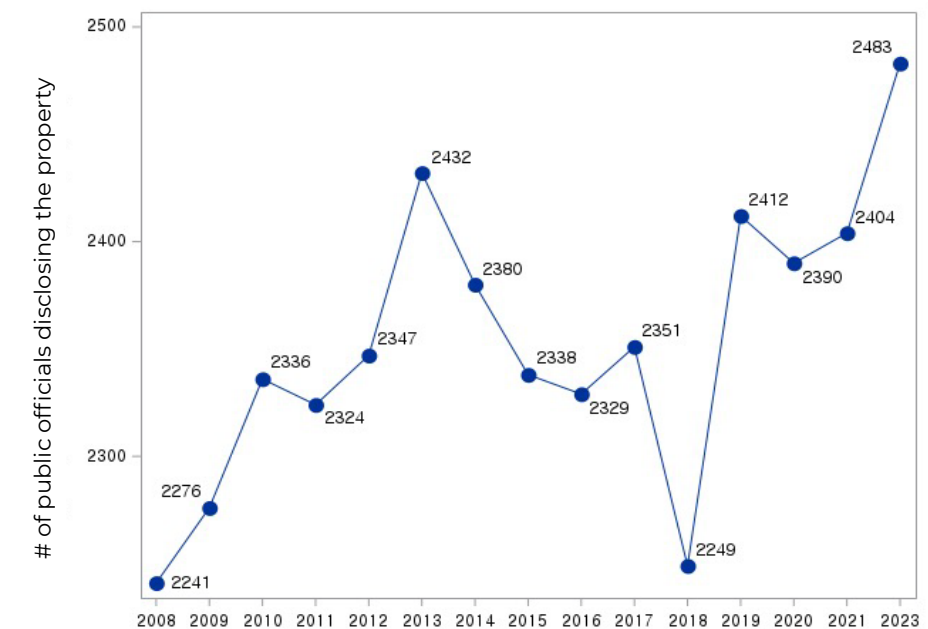
5.1.1.

Has asset disclosure of public officials expanded or contracted?

When the ADS was first implemented, concerns were raised about the potential for public officials to resist registering assets, and a notable fraction of public officials were against the public disclosure of their assets. Nonetheless, the number of public officials subjected to asset disclosure has increased over the years (see Figure 5-1). As noted in Chapter 3 (e.g., see Table 3-3), the categories of public officials required to register their assets were initially narrow but have expanded in scope over time.

Whenever corruption scandals broke out, the public requested that the scope of ARD expand. In 2022, for example, the civic organization, People's Solidarity for Participatory Democracy, requested that the National Assembly expand the scope of public officials required to register assets from up to Grade 4 to up to Grade 7, and for public disclosure of assets from Grade 1 to up to Grade 3. The People's Solidarity for Participatory Democracy also believed that all assets should be reviewed for all registered public officials and that the range of individuals obliged to explain asset accumulation should be broadened. Because of such strong advocacy for the ARD policy, politicians and high-ranking bureaucrats could not reduce the scope of asset disclosure, and the number of public officials disclosing their assets rose.

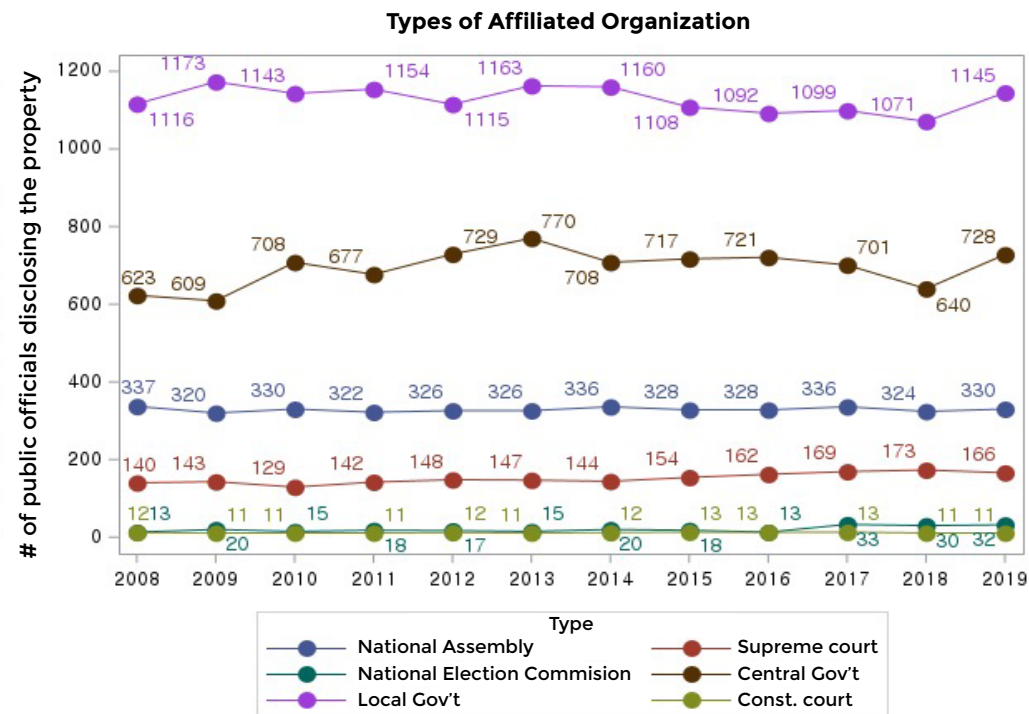
Figure 5-1
Public Officials Disclosing Their Assets, by Number, 2008–2023



Source: Constructed by authors.

In terms of the affiliations of public officials, the majority of those disclosing their assets are council members of local legislatures and senior officials of local governments, followed by high-ranking officials from central government ministries. Figure 5-2 shows the numbers of disclosures for public officials in local government as consistently the highest number, followed by central government, the National Assembly, the Supreme Court, the Constitutional Court, and the National Election Commission. Based on current discussions in South Korea about broadening the scope of asset disclosure to lower-ranking officials, these numbers are expected to increase, thereby enhancing public trust in government.

Figure 5-2
Public Officials Disclosing Assets by Affiliation and Number, 2008–2023

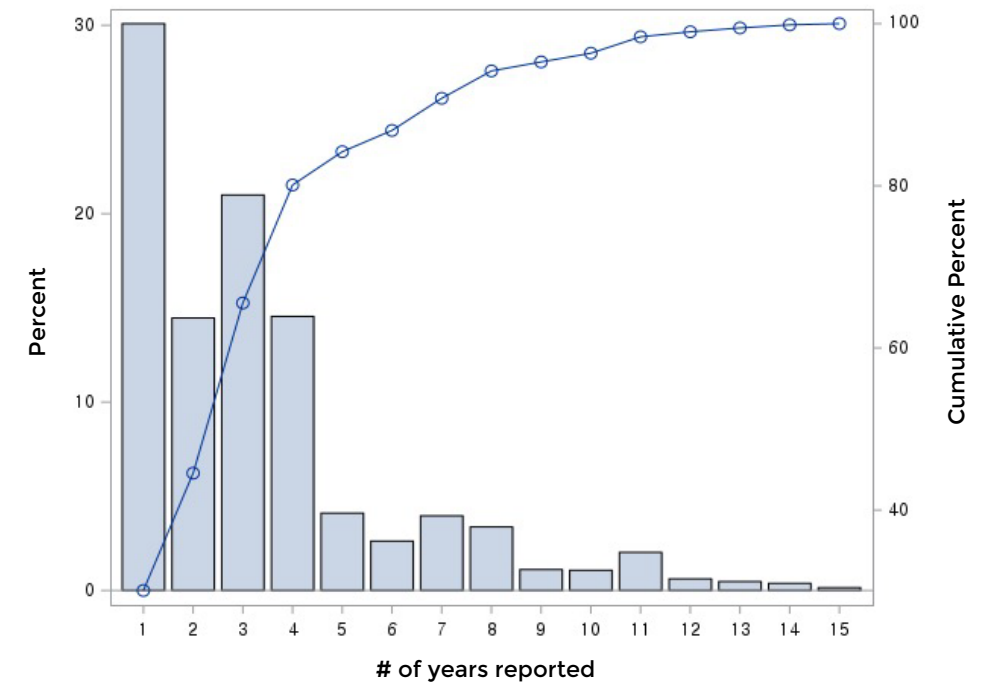


Source: Constructed by the authors.

5.1.2.
Is it possible to obtain sufficient longitudinal data to monitor changes in assets?

Our analysis supports the hypothesis that if a public official serves for only a short period, the utility of publicly disclosed asset information diminishes; in other words, the information is insufficient for analyzing asset variations. The value of the e-filing ADS increases over time, with the accumulation of data for the same person and over the years. In the period 2008–2023, the scope of the ADS expanded and more public officials were subject to multiple years of registration and disclosure (Figure 5-3). Approximately 20 percent of public officials provided asset information for more than four years, while the remaining 80 percent reported for four years or fewer. This suggests that although the majority of public officials provide short-term data, a substantial subset enables longitudinal tracking of asset changes. If the asset changes of those officials are transparently disclosed over time, this facilitates monitoring and may reduce the temptation to engage in corruption for financial gains.

Figure 5-3
Frequency and Cumulative Distribution of the Number of Disclosures in 2008–2023



Source: Constructed by the authors.

To roughly estimate the change in value of registered assets over the years, the longitudinal data for the public officials can be used. Table 5-1 shows the results of running a regression model for 3,625 individuals, with the year as an independent variable and the net asset values as the dependent variable. According to the results, public officials corresponding at the median appear to experience an annual asset increase of approximately 50,000 USD. The mean value of the annual increase of assets is far larger than the median, indicating that the distribution of annual asset increases among public officials is positively skewed.

Table 5-1
Annual Increase in Asset Value for Individual Public Officials

N	Mean	Median	SD	Min	Max
3,625	121,934.17	50,326.59	2,444,523.27	-8,909,339.80	146,048,987

Source: Constructed by the authors.

Note: The values are in USD and for public officials who registered their assets.

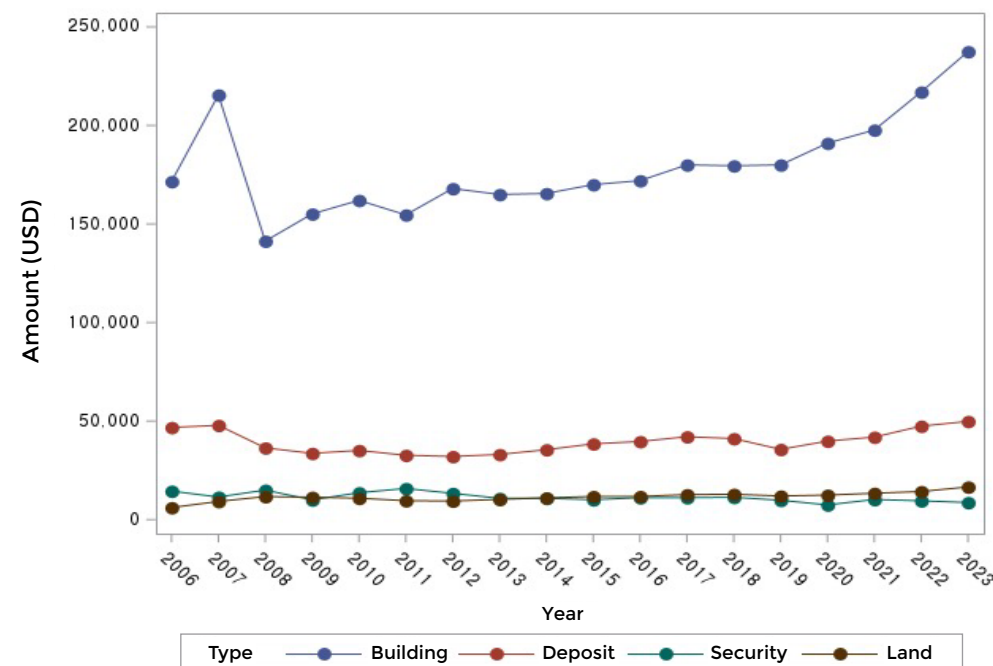
South Korea and other countries have often argued that scrutinizing every asset declared by public officials is impractical due to the excessive time and costs involved. However, if information about assets has been accumulated over the years, investigations can be effectively prioritized. For example, if the change in assets is due to legitimate reasons such as inheritance from parents, the likelihood of illegality is low, and the priority for re-investigating asset registration would be reduced. Conversely, if the increase in assets is attributable to cash, securities, or land transactions in developing areas, there is a possibility that the asset increase is due to bribery or illicit acquisition of information, and this warrants higher priority for re-investigation. Thus, accumulated ARD information can enhance transparency, boost public trust, and serve as a tool for preventing and detecting corruption.

5.1.3.

What are the most common types of assets?

To examine public officials' assets, we analyzed values for four key asset categories on an annual basis. The asset categories are real estate (buildings), land, deposit, and securities. The analysis revealed that the median values of assets owned were highest for the buildings category, followed by the deposit category (Figure 5-4). Interestingly, the values for the land category and securities category, which often associated with potential unfair gains through insider information, were relatively modest.

Figure 5-4
Median Values of Registered, by Category, 2006–2023

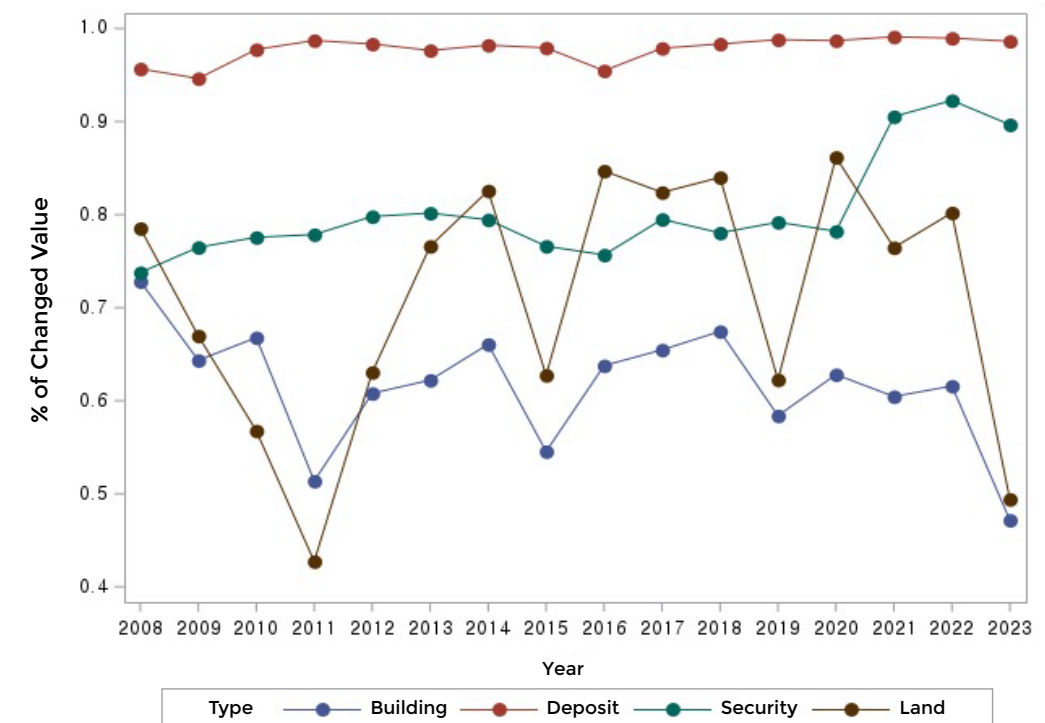


Source: Constructed by the authors.

Another issue that arises concerning ADSs is how to determine the value of assets. In the case of South Korea, for assets like deposits and securities, there are minimal challenges; obtaining information automatically from financial institutions with the consent of asset registration subjects is feasible. Furthermore, strict enforcement of financial transparency regulations makes it extremely difficult to conceal deposits or securities in someone else's name. Consequently, relatively accurate information can be registered and verified.

However, the value of assets such as buildings or land is not straightforward. The values for these appear to fluctuate significantly from year to year. It should be noted, however, since 2007, the registered values of land and buildings have been based on the appraisals announced by the Ministry of Land, Infrastructure, and Transport. See Figure 5-5.

Figure 5-5
Change in Value of Registered Assets from Previous Year, by Category, 2008–2023



Source: Constructed by the authors.

5.1.4.

Different levels of annual changes in asset values

In an analysis differentiating public officials by affiliation (with groupings as in Figure 5-2) and considering public officials providing information over multiple years (see Figure 5-3), we examined the annual increase in value of assets for public officials who registered

their assets for four or more years. Public officials affiliated with the Supreme Court show the highest median annual increases in asset value, followed by those affiliated with the Constitutional Court (Table 5-2). Conversely, annual increases in asset value for public officials at the local government level appear to be relatively modest. Notably, for those affiliated with the National Assembly, the average annual increase in the asset value is around 360,000 USD, and the median value is only around 70,000 USD, demonstrating that some public officials in this group hold assets with much higher values than the group's average.

Table 5-2
Annual Change in Value of Registered Assets, for Public Officials, by Affiliation

Affiliation	N	Mean	Median	SD	Min	Max
National Assembly	564	361,376.84	71,817.88	6,158,967.91	-2,930,075.41	146,048,987
Supreme Court	257	186,546.54	123,492.42	286,947.68	-93,622.20	3,339,520.10
National Election Commission	18	62,513.12	52,521.91	47,841.05	-8,269.70	152,370.14
Central Government	877	91,118.89	83,655.20	336,505.46	-8,909,339.80	1,969,439.03
Local Government	1,900	56,997.98	31,535.49	268,506.75	-1,797,793.50	6,937,261.06
Constitutional Court	9	102,189.06	88,599.30	140,480.78	-101,804.60	314,051.51

Source: Constructed by the authors.

Note: The values are in USD and for public officials who registered their assets for four or more years.

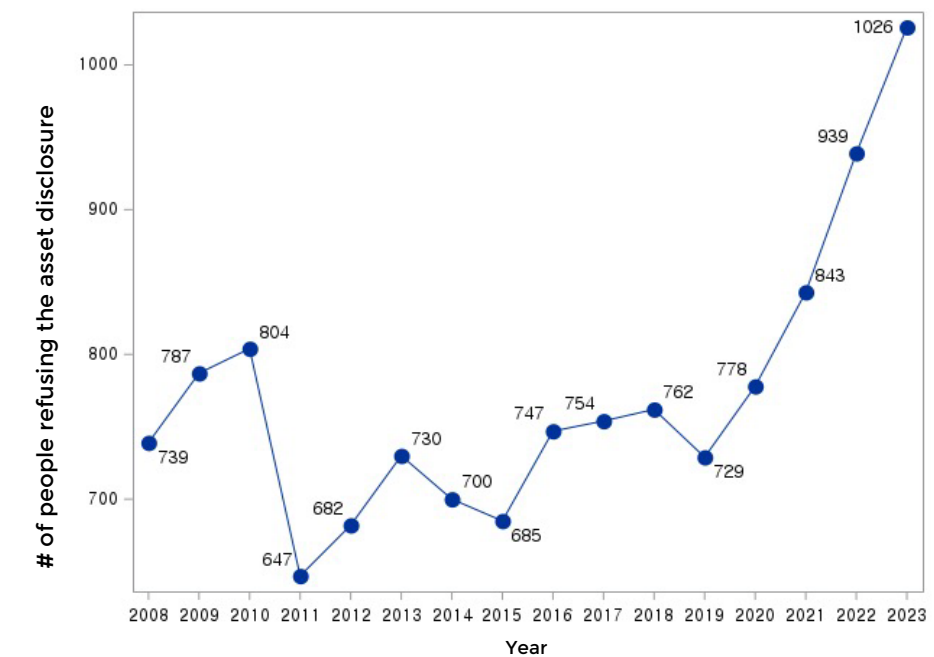
If some types of government bodies show a large increase in the value of assets over a year, this information may be useful to the general public, but is not sufficient to analyze individual cases of possible illicit enrichment.

5.1.5.

Has refusal to register family member assets increased?

As noted in Chapter 3, according to the Public Service Ethics Act, Article 12 (4), public officials may apply for an exemption from registering the assets of certain family members on certain grounds. The relevant Public Service Ethics Committee must review the request for such exemption. Although the government does not officially announce the number of public officials who apply for an exemption to register the assets of their relatives, Figure 5-6 shows that the number has increased over the years.

Figure 5-6
Public Officials Refusing to Register Assets of Family Members, 2009–2023



Source: Constructed by the authors.

Analysis for LAC Countries and Key Insights from the South Korean PETI System

This chapter turns to the legal, historical, and institutional contexts of Argentina, Chile, Costa Rica, Honduras, Mexico, Paraguay, and Peru, and key insights from South Korea's PETI system about e-filing ADSs. This chapter summarizes the laws, institutions, and various indicators for the LAC countries considered, and then presents the results of a demand survey to consider policy needs as identified by survey respondents. Thus, this chapter provides examinations of the LAC countries from a variety of perspectives and summaries for each country to address the following:

- legal frameworks for an e-filing ADS
- institutional frameworks, including the institutions in charge of e-filing public officials' asset information
- context in terms of democracy, corruption perception, governance, digitalization, and other indicators
- demand survey methodology and results
- approaches to asset registration, progress thus far, and challenges
- key insights from South Korea and policy implications

6.1 Demand Survey Methodology

The demand survey was specifically designed to gather information regarding the policy context in each country. The demand survey was distributed to the institutions in charge of ARD policies and system implementation and management in each country. The key personnel in the LAC countries provided written responses to questions on the following six aspects:

1. **Description and analysis:** Respondents were asked to identify challenges and critical issues relevant to implementing an ARD policy through an e-filing system.
2. **Integrity development strategies:** Respondents were asked to describe the institutional contexts related to conflict-of-interest management, including information on legal grounds, leadership, and offices in charge.
3. **Asset e-filing policies:** Respondents were asked about the policies and regulations related to asset and income registration and disclosure system,

specifically addressing the existing anti-corruption plans, ongoing reforms, and institutional changes.

4. **Demand for technical cooperation:** Identify each country’s main concerns and issues they would like to address through technical assistance.
5. **Priority of issues:** Each country was asked to list the three most-urgent issues related to the policy, plus specific issues and keywords.
6. **Details on technological consultancy:** Respondents were asked to describe key policy expectations, concerns, and needs for building or improving an e-filing ADS, including each country’s experience, outcomes, and status quo for the e-filing system.

This chapter first considers the legal and institutional frameworks for e-filing (following), before addressing in detail the demand survey results and policy needs (in section 6.5 and Table 6-3).

6.2 Legal Frameworks for E-Filing ARD Systems in the LAC Countries

Managing conflict of interest of public services requires having qualified human resources, technical systems, political resources, and administrative power. According to the World Bank, two factors play an important role in taking full advantage of the benefits offered by the asset e-filing system to address conflict of interest: (i) the legal framework and (ii) the institution in charge (World Bank, 2019).

As might be expected among seven different countries, the countries examined in this study do not have a single, uniform law that requires public officials to file, register, and review the status of their assets. Instead, the survey results show that public officials are asked to declare their asset information as related in a variety of laws, regulations, and principles: anti-corruption plans, ethics laws, civil service laws, accounting regulations, integrity laws, and auditing principles.

6.3 Institutions in Charge of Asset E-filing Policy

In the LAC countries this study focuses on, the survey results indicate that the ARD policy and e-filing system together are formulated, implemented, and managed through a strong top-down approach as an anti-corruption agenda (see Table 6-2). The ADS is largely considered an anti-corruption tool rather than a task of ethics management. Various institutions are involved in the e-filing systems, largely implemented and overseen by either the anti-corruption agency or the Comptroller General's Office, and with some countries managing the policy in collaboration with the ethics agencies.

A few countries, such as Argentina and Mexico treat the e-filing policy as part of their anti-corruption agenda through a “big-bang approach” (Rothstein, 2011). In these countries, e-filing policy is strictly implemented under the leadership of the anti-corruption institutions. In contrast, other countries such as Chile, Costa Rica, Paraguay, and Peru regard the e-filing policy as a “legal and bureaucratic accountability control mechanism” (Romzek and Dubnick, 1987). In this case, the asset e-filing policy is often managed by auditing agencies such as the Comptroller General's Office.

Table 6-2
Institutions in Charge of E-filing Policy, LAC Countries

Argentina	Chile	Costa Rica	Honduras
<ul style="list-style-type: none"> ■ The Anti-Corruption Office ■ System for Monitoring Private and Public Activities Before and After the Exercise of the Public Function (MAPPAP) 	<ul style="list-style-type: none"> ■ The Comptroller General's Office ■ The Unit for Analysis of Asset and Interest Declarations (UADIP) 	<ul style="list-style-type: none"> ■ The Comptroller General's Office ■ The Public Ethics Division ■ The System for Electronic Documents Management 	<ul style="list-style-type: none"> ■ Supreme Accounting Tribunal (TSC)

Mexico	Paraguay	Peru
<ul style="list-style-type: none"> ▪ The Executive Secretariat of the National Anti-Corruption System (SESNA) ▪ The Secretariat of the Public Service (SFP) 	<ul style="list-style-type: none"> ▪ The Comptroller General's Office ▪ Integrated System for Asset Declarations 	<ul style="list-style-type: none"> ▪ The Comptroller General's Office ▪ The General Administrator's Office

Source: Summarized by the authors.

6.4 LAC Context and Governance Indicators

Some countries may face severe challenges when it comes to implementing an e-filing asset registration system for public officials due to limited democracy, low governance quality, high corruption, and lack of digital capacity. Various international organizations, including the World Bank and International Monetary Fund (IMF), provide various indicators to measure these factors, but obtaining highly valid and reliable data is challenging due to differences in the definition of concepts and the method of statistical collection in each country.

For South Korea and the seven LAC countries under consideration, Annex 4 presents the macro-level indicators for the above factors. Despite the limitations of such data, the analysis of South Korea and Argentina, Chile, Costa Rica, Honduras, Mexico, Paraguay, and Peru consistently indicates that each country has very different circumstances from those of other countries.

However, regardless of the indicators used for the analysis, it was possible to confirm that countries like Honduras face poor democracy, low governance quality, high corruption levels, and significant challenges in digital transformation. In contrast, countries like Chile and Costa Rica show relatively high levels of democracy and governance quality, and low levels of corruption. In terms of government efficiency and digital government level, South Korea is very high compared to the other countries.

In the context of severe challenges to implementing an asset e-filing system, a robust legal framework supporting the ADS is the first step to enhance the quality of the ADS.

Additionally, understanding each country's institutional context would provide clearer insight into specific policy needs.

The demand survey introduced earlier and the following results address the contexts of each of the seven LAC countries.

6.5 LAC Country Summaries and Policy Needs

According to the survey conducted for this study from January to March 2023, six of the seven countries have their own asset e-filing system for public services. The seventh country, Honduras, implemented the first pilot asset registration system in 2023. However, the survey respondents in all seven countries consistently indicated that the countries have gaps in implementation and opportunities to manage their systems better.

While there are many layers of the system to address, primarily, there are three common concerns identified from the survey:

1. system and database interoperability
2. legal and institutional clarity
3. detection and verification system

Those three common concerns are elaborated in the following summary for each country and a table summarizing policy needs (Table 6-3) as identified in the demand survey.

- **Argentina** is one of the most ambitious Latin American countries in the study, with several plans to implement a sophisticated system of asset e-filing. Following international standards, Argentina recently implemented the System for Monitoring Private and Public Activities Before and After the Exercise of the Public Function (MAPPFA). Alongside with their institutional effort to curb corruption (the National Anti-Corruption Plan of 2019–2023), the Anti-Corruption Office oversees managing the e-filing system and has the role of reviewing and monitoring the declarations of assets by public officials.

Argentina has had an electronic system for asset e-filing since 2012, and public officials are required to fill out the form alongside their tax reporting. The declaration is public, except for sensitive personal information (addresses, bank accounts, etc.). Additionally, the Anti-Corruption Office has a public library in

which official administrative decisions related to the general issues of conflict of interest are available to the general public. Argentina's e-filing system is analogous to that of South Korea's PETI system, as Argentina manages the system through both anti-corruption mechanisms and ethics regulations.

- **Chile** implemented an electronic Asset and Interest Declaration System (DIP) in 2019. The Comptroller General's Office oversees managing electronic declarations, and the office maintains a web platform. The monitoring and review of declarations are conducted separately by another agency, the Unit for Analysis of Asset and Interest Declarations (UADIP), which collaborates with the Comptroller General's Office. Chile has a relatively clear law on regulating civil services' conflict of interest (Law 20,880), which provides specific guidelines for the scope of declarations.

The country has been moving toward building an interoperable system in which verification is made possible by accessing other public institutions' databases. Interoperability has been a challenge.

- **Costa Rica** has been implementing the e-filing policy since 2016, and the country adopted the Oracle Application Express (APEX) solution. By building an integrative database system, Costa Rica implements the automated preventive control system by connecting the declaration system to the National Asset Registry, similar to that of South Korea's PETI system. The Comptroller General's Office manages the e-filing system using its website. One important feature of the e-filing policy in Costa Rica is that there are multiple layers of legal framework related to the declaration policy.

While the e-filing policy itself is well managed and implemented, due to the multiple layers, the country lacks a clear definition of conflict of interest. Recently, Costa Rica has adopted a data analytic tool to identify the anomalies in the declared assets. The tool allows for checking the patterns in the registered datasets.

- **Honduras** recently completed the development of an electronic asset declaration system with support from the Inter-American Development Bank (IDB). The registration system and disclosure policy are legally separate. While the legal framework clearly states the obligation for public officials to present asset declarations, there is no explicit legal mandate requiring the use of the digitalized system for these declarations. Additionally, regulations addressing conflicts of interest are pending. Consequently, the policy goal for Honduras is to revise their legal framework to refine the definition of conflict of interest and define the scope of e-filing policy while continuing to improve the digitalized system with new technologies.

- **Mexico** is a typical country in which the e-filing policy is managed as part of their macro-level anti-corruption agenda. Based on the General Law on the National Anti-Corruption System, the Executive Secretariat of the National Anti-Corruption System (SESNA) manages both conflict-of-interest issues and asset declarations. For managing public officials' declarations, the country relies on the National Digital Platform. Recently, Mexico adopted a standardized format for asset declarations for all public officials regardless of where they are located. While Mexico is devoted to controlling the sources of corruption, Mexico faces a challenge in making the collected information available to the public due to high corruption and a fragile political stability. Public disclosure could expose public officials to crime or corruption. As a result, Mexico's ARD is partially public.

- **Paraguay's** e-filing policy is a mixture of several accountability mechanisms, such as the Constitution, ethics management, transparency requirements, and corruption control. In 2014, Paraguay established an Integrated System for Asset Declarations, which allows public officials to register their assets using an online platform. Paraguay lacks a uniform legal framework and is awaiting legislative approval to establish the conflict-of-interest prevention in the public sector. Currently, the Comptroller General's Office is fully in charge of an ADS. After the registration, the collected information is published on the office's webpage. Due to the lack of an integrated dataset and limited human resources, Paraguay faces significant challenges when it comes to improving the system further.

- **Peru** introduced the electronic system of asset registration in 2010 and updated the system in 2016. Peru's e-filing policy is managed with the Asset Declaration System that is similar to the PETI, and the three policy actors are involved in managing the system: the General Administrator's Office, Internal Control Office, and Comptroller General's Office. The e-filing platform is housed on a web platform in the Comptroller General's Office, which can be easily accessed by any devices such as computers, phones, and tablets. After collecting the declarations, Peru publishes all information for the public.

Peru has approached the asset declaration policy as part of its anti-corruption strategy, establishing clear expectations through an Executive Decree and the Law 31227. Peru's e-filing system is well established in the public sector, and the country is currently looking for ways to improve the verification system using technologies.

Table 6-3
LAC Countries' Policy Needs from the Demand Survey

Argentina	Chile	Costa Rica	Honduras
<ul style="list-style-type: none"> ■ system and database interoperability ■ building an integrated system (interoperability with other governmental data) ■ modernization and automatization of e-filing system 	<ul style="list-style-type: none"> ■ system and database interoperability ■ reliable definition of asset, guidelines, and standards ■ detection and verification system ■ good practices and international standards 	<ul style="list-style-type: none"> ■ system and database interoperability ■ verification, detection, and enforcement system ■ better platform for asset declarations ■ user-friendly platform 	<ul style="list-style-type: none"> ■ enactment of the related laws (Prevention of Conflict of Interest)
Mexico	Paraguay	Peru	
<ul style="list-style-type: none"> ■ system and database interoperability ■ verification, detection, and enforcement system ■ better assistant system (e.g., chatbot, counseling, reducing burdens) ■ standardized system of asset declaration 	<ul style="list-style-type: none"> ■ enactment of the related laws (financial declaration and prevention of conflict of interest) ■ system and database interoperability ■ enhancing institutional capacity (training, system, and solutions) 	<ul style="list-style-type: none"> ■ verification, detection, and enforcement system ■ enhancing institutional capacity (training, system, and solutions) ■ data and system interoperability are already well-addressed 	

Source: Summarized by the authors.

6.5.1.

Interoperability of system and database

From registration of assets to public disclosure of information, an asset e-filing policy often requires a huge amount of information to be registered online. For this reason, most asset e-filing systems need to transfer data from the declaration forms to a database to enable administrative functions associated with data retrieval, verification, data tracking, and publication. Being able to access other official data registries is crucial in determining the system's ability to deliver intended outcomes. For instance, asset declaration

forms can be effectively compiled, verified, and managed if the system interoperates with other databases, such as an asset registry, a vehicle registry, customs data, audit institution reports, results from monitoring conflicts of interest, information from financial institutions, and tax administrations. The interoperability of the system and databases is particularly important as it saves time for both the agencies in charge and public officials who must register and disclose their asset information.

According to the survey results, five out of the seven countries in this study need to build an integrated e-filing policy system connected with other official databases.

Among the LAC countries, here are some highlights regarding interoperability:

- **Argentina** has recently implemented the System for Monitoring Private and Public Activities Before and After the Exercise of the Public Function (MAPPAP). While the initiative seeks to prevent the revolving door problem, the Anti-Corruption Office needs to verify the collected information manually by requesting cross-checks by the other relevant agencies because they are not interconnected. Hence, the system would be more effective if an integrated database system of e-filing policy connected with other governmental databases could be built.
- **Chile** is currently building an integrated database system by enacting Law 21,190 to digitally transform the state. The collected information is currently stored in a data warehouse maintained by the Comptroller General's Office. The office in charge expects to build a system that can access information stored in other registries (e.g., corporate assets, vehicles) to ease the burden of public officials who must register assets.
- **Costa Rica's** system of e-filing policy is based on several legal frameworks such as the Law Against Corruption and Illicit Enrichment in the Public Sector, the Constitution, statute for Civil Service, Regulation of Civil Service, and General Law for Internal Control. Based on this, the country started to implement an e-filing policy in 2016, but the collected information is stored separately. In addition, updated ARD forms are stored under new identification numbers, which do not allow them to be traced over time.
- **Mexico's** asset e-filing policy suffers from an implementation gap due to the diversity in the governmental systems (i.e., horizontal and vertical structural features). While Mexico has been working on implementing a consolidated system and an independent ARD platform managed by the Sistema Nacional Anti-corruption through a National Digital Platform, institutional differences between state and federal governments pose significant challenges for the agency. In addition, as with other countries, due to the complexity of implementing an asset e-filing policy, the system is currently managed independently without any connection to the existing database.

6.5.2.**Legal and institutional clarity**

To be effective, the objectives of an e-filing policy should be clearly defined in domestic law and should be associated with specific processes. There are several related concepts to ARD: conflicts of interest, ethics regulations, anti-corruption, and *quid pro quo*. In any case, the laws should provide a sufficient legal foundation for implementing the e-filing policy while also allowing the system enough flexibility to respond to unexpected challenges. In particular, the implementation must clearly define the scope of asset declaration (who should file, when to file, what to file, and how often to file).

Among the countries, here are some highlights regarding legal and institutional clarity:

- **Chile** manages e-filing policy through an array of related laws, and it is Law 20,880 that mainly determines the scope of the asset declaration. In general, Chile has a good e-filing policy system but seeks a more reliable definition of “assets.”
- **Honduras** currently employs a mixed system for asset declarations, allowing public officials to submit their declarations either in writing or, increasingly, through an e-filing system¹⁴. This system is grounded in the Supreme Accounting Institution's Organic Law, which outlines the obligations and procedures for asset declarations. Despite this, Honduras still lacks comprehensive regulations for the prevention, identification, and sanctioning of conflicts of interest.
- **Paraguay** is currently waiting for legislative approval on preventing conflict of interest in the public sector. The law defines related concepts, the agency in charge, the scope of declaration, duties, and the identification process.

6.5.3.**Detection and verification system**

A detection and verification system involves reviewing public officials' declarations of assets to detect potential violations of conflict of interest, red flags, inconsistencies, and, most importantly, potential sources of corruption. There are two dominant functions of the verification system. First, verification itself serves a symbolic function that reinforces the culture of integrity promoted through an e-filing policy. Second, verification ensures that all the information submitted by public officials is accurate. When the detection and verification system finds irregularities, the agency in charge needs to take prompt action, such as imposing administrative sanctions, forwarding the results of the work to related institutions, and notifying law enforcement bodies for further investigation.

¹⁴ Honduras Online Disclosure System. Available at: <https://www.tsc.gob.hn/index.php/sistema-para-la-declaracion-jurada-en-linea/>

Among the countries, here are some highlights regarding detection and verification:

- **Costa Rica** is in the process of applying emerging technologies, such as data analytic tools, to identify patterns and inconsistencies in the declarations. In addition, the country is currently developing red flag alerts for unusual changes in the assets.
- **Mexico** seeks to develop a verification and monitoring mechanism for asset declarations by building an integrated database (as noted regarding interoperability). To build the system, the country needs to restructure the current system to ensure asset declarations are stored in open and machine-readable formats and managed using a machine-readable type.
- **Peru** seeks ways to improve the e-filing system to better detect and verify unjustified capital increases in asset declarations. To do so, the country seeks ways to use emerging technologies such as machine learning, big data approach, artificial intelligence (AI), and network analysis.

6.6**Key Insights from the South Korea PETI System and Policy Implications for LAC Countries**

The following presents a combination of key insights and policy implications, some of which overlap.

6.6.1.**Key insights from PETI user experience surveys**

The PETI user experience survey results (noted in Chapter 4 and Annex 2) reveal several important insights about South Korea's PETI system that can inform electronic asset disclosure implementations in LAC countries.

6.6.1.1. Institutional framework and accountability

Unlike LAC countries, where asset registration systems typically fall under anti-corruption agencies or Comptroller General's Offices, South Korea's PETI system operates within the public HRM framework under the ethics division of the Ministry of Personnel Management (MPM). The Public Service Ethics Committee serves as the primary oversight body.

The PETI user experience survey results indicate mixed perceptions about institutional effectiveness:

- Just over a quarter (27 percent) of respondents' question whether the role of the Public Service Ethics Committee is clear and desire more proactive engagement.
- Only 30 percent believe untruthful disclosures face genuine consequences.
- Despite these concerns, most respondents acknowledge the system's importance for promoting self-accountability.

The psychological impact of the PETI System appears significant, as users report feeling pressure to comply with ethics laws, demonstrate ethical behavior, and actively avoid corruption. This suggests electronic filing systems have the potential to enhance adherence to the rule of law even when policy implementation has perceived shortcomings.

6.6.1.2 Policy design considerations

Respondents offered valuable perspectives on system scope and requirements:

- There were mixed opinions regarding extending asset registration to public corporation employees.
- In general, there was agreement that expanding disclosure requirements to lower-level positions is unnecessary.
- Approximately one-third believe verification mechanisms require strengthening.
- Over one-third support stronger penalties for false reporting and better integration with existing anti-corruption frameworks.

These findings suggest LAC countries should carefully align e-asset registration and disclosure policies with existing anti-corruption and ethics frameworks while establishing appropriate boundaries for disclosure requirements.

6.6.1.3 User experience challenges

The survey revealed significant usability concerns:

- Over 40 percent of respondents find the portal too complicated for registering.
- One-third report inadequate system training.
- Almost half disagree or strongly disagree that effective support exists for user questions.
- Most users lack clarity about personal data handling and protection.
- The average registration time of 2-5 hours indicates opportunities for efficiency.

These usability challenges highlight the critical importance of user-centered design in electronic asset registration systems. The technical interface directly impacts compliance quality, user satisfaction, and system effectiveness, factors that should be prioritized in LAC implementation planning.

6.6.2.

Key insights regarding laws

From a comprehensive overview of how public ethics-related laws have developed in South Korea since the country's foundation until the present, and how the Korean public service ethics program has evolved alongside the development of these laws, the key insights for LAC countries are as follows.

- 1. Holistic approach.** Combating corruption and promoting ethics in government requires more than targeted institutional and legal reforms. The experience in South Korea shows that societal-level reforms, like the real-name system for financial transactions and the Act on Registration of Real Estate Under Actual Titleholder's Name, are crucial. Public officials are part of a broader society, so ethical governance efforts must include economic and societal changes.
- 2. Executive leadership.** Strong leadership is vital for enacting laws and policies to fight corruption and promote ethics. For example, President Kim Young-sam's commitment to transparency and ethics led to significant reforms in the country, including the real-name system and the comprehensive amendment of the Public Service Ethics Act. The president's own voluntary financial disclosure set a powerful example, which helped reduce resistance among high-ranking officials. Government leaders must recognize their impact and proactively drive necessary changes, often through exemplary behavior.

3. **Civil society plays a key role.** Civil society is essential in supporting anti-corruption measures. Despite legislative and institutional reforms since the 1990s, South Korean politicians often hesitated to support anti-corruption legislation. The Anti-Corruption Act of 2001 faced opposition but was passed due to both President Kim Dae-Jung's determination and strong advocacy from civil organizations. Public support is crucial for introducing and effectively implementing anti-corruption policies.
4. **Continuous efforts.** Reforms in government ethics require ongoing, strategic efforts. Initial resistance is common, as seen with the proposal in 1960 of the Public Official Property Registration Act, which faced opposition and was discarded. However, consistent efforts led to the development and amendment of the Public Service Ethics Act in 1981. Strong presidential leadership and strategic actions over the years have established the Act as the legal foundation for the country's government ethics policies.

6.6.3.

Key insights regarding institutions

South Korea's institutional approach differs significantly from typical LAC country approaches. As established in Chapter 3, the PETI system operates under the institutional integration and governance model where asset disclosure is managed by the Ministry of Personnel Management (MPM) as part of human resource management rather than as a standalone anti-corruption tool.

There is a general consensus that a single agency should manage the e-filing system with full discretion (OECD, 2020; World Bank, 2023a). In addition, to build an integrated database for managing conflict of interest, it would be useful to rearrange the task to the public personnel management division to build an automated asset registration system, which requires cross-checking the information with other agencies.

Here are some additional insights referring to South Korea's PETI systems and institutions.

1. **Resource utilization and HR integration:** The MPM MPM leverages its internal resources, such as the employment directory connected to its HR database, when public officials join the government. This institutional integration approach enables seamless connection between personnel management and ethics oversight, saving both monetary and non-monetary policy costs compared to creating separate systems.
2. **Ethics management vs. anti-corruption approach:** The PETI system is legally defined as an ethics management system rather than an anti-corruption regulation, reflecting the preventive vs. punitive orientation discussed in Chapter

3. Agencies and public officials are more likely to cooperate with an ethics-focused system than with punitive anti-corruption regulations.

3. **Institutional cooperation for database integration:** The personnel management agency can easily garner cooperation from other agencies to build an integrated database, exemplifying the technical architecture and automation advantage identified earlier. LAC countries struggle with implementation gaps in their integrated asset registration systems due to the limited legal authority of anti-corruption agencies.
4. **Interoperable systems for enhanced verification:** The comprehensive scope and technical integration of accumulated asset information enables effective prioritization of investigations, as detailed in Chapter 3. Robust interoperable systems that examine accumulated asset registration and disclosure information enhance transparency, boost public trust, and support corruption prevention and detection.

6.6.4.

Key insights regarding international examples and indicators

Contrary to international indicators, which present high-level data for comparison, the reality faced by each country can be much more complex. In situations where financial systems are not properly developed, it is not easy to cross-check individual income data. In cases where real estate and financial transactions are not carried out under real names, the registered value of a public official's real estate and financial assets can be significantly underreported. Moreover, even if an e-government system is in place, the administrative burden of asset registration can be significant if officials lack the necessary digital skills. Above all, in countries where a democratic environment, strongly demanding accountability from politicians and government officials, is not properly established, there may be substantial resistance to the asset registration system itself, and political support for the system may be weak. The case of South Korea can provide useful insights into how the asset registration system, including asset disclosure, has been integrated into a variety of anti-corruption policies and developed while overcoming these various issues.

1. **Need for high-quality data.** The analysis of asset disclosure data highlights the need for carefully designing the asset e-filing system to ensure the quality of the data. Even with e-filing systems, it is essential to have procedures for reviewing and amending entered data. This process should include periodic checks for errors and obtaining consent from individuals for amendments, ensuring a log file of changes is maintained. After implementing an asset registration system, LAC countries must focus on managing data quality to maintain the reliability of asset registration information and avoid criticism of the system's effectiveness, thus upholding public trust. This includes implementing data validation checks,

error correction mechanisms, and periodic audits to ensure data accuracy and reliability.

- 2. Role of international organizations.** Manually correcting errors in asset disclosure data requires significant government resources. This diverts attention and personnel away from the more important task of analyzing the content of these disclosures. International organizations like the Inter-American Development Bank (IDB) should promote advanced electronic asset disclosure systems that minimize errors at the input stage. This would allow government agencies to focus their limited resources on analyzing the quality and substance of the disclosed information rather than spending time on data correction.
- 3. Consistent data analysis for anomaly detection.** Consistent analysis of data helps detect anomalies. Cases of failing to report value changes over time, frequent exemptions to declare family members' assets, or significant yearly asset variations should be primary targets for verification. Disclosing asset information allows citizens to assess the validity and provide input to the verification committee. Strengthening systems and institutional mechanisms to minimize entry errors and intentional mistakes will enhance the quality of asset registration and public data.
- 4. Integration of filing and disclosing asset information.** Filing and disclosing asset information should be integrated. LACs should avoid fragmented disclosure systems to minimize costs and improve efficiency. A unified collection of information regardless of institutional affiliation is desirable, and asset disclosure should be managed through a centralized system like South Korea's PETI system to facilitate comparison across institutions.
- 5. Clarifying the accountability center.** The accountability center for asset registration should be clarified. In LACs, asset registration is often managed by anti-corruption agencies or audit offices, which may complicate comprehensive management across various governmental bodies. In contrast, South Korea's system—operated by the Ministry of Personnel Management (MPM), thus responsible for public officials' personnel administration—allows consistent and easy management of asset registration information. Since asset registration is a fundamental element of personnel management, LACs need to decide on the appropriate entity to operate the asset registration system.

6.6.5.

Implementation Pathways for Different Institutional Contexts.

Building on these insights, LAC countries should adapt their implementation approach to their institutional capacity:

For countries with strong institutional frameworks:

- Implement comprehensive digital systems with full database integration from the outset
- Establish robust verification mechanisms and public disclosure features
- Invest in advanced analytics and anomaly detection capabilities

For countries with developing institutional capacity:

- Adopt phased implementation, starting with basic electronic filing
- Gradually expand scope and integrate databases over time
- Prioritize user training and system refinement based on experience

For countries with weak institutional contexts:

- Begin with foundational legal frameworks and limited scope
- Focus on building basic capacity before expanding features
- Ensure sustained political commitment and gradual development

Minimum prerequisites for any context include: clear legal mandates, designated implementing agencies, basic technical infrastructure, and minimum rule of law standards.

Conclusions

Lessons from South Korea:
E-Filing Systems for Public Integrity in Latin America and the Caribbean

This study analyzes how South Korea's PETI system achieves success, which stems from five key dimensions that distinguish it from typical approaches: institutional integration within personnel management frameworks, comprehensive technical automation, broad but clearly defined scope, a preventive rather than punitive orientation, and continuous evolutionary development over four decades. These dimensions, detailed in Chapter 3 and validated through empirical analysis in subsequent chapters, provide a roadmap for LAC countries seeking to enhance their asset declaration systems while adapting to their specific institutional contexts.

This study is intended to be practical for use by public administrators and policymakers in LAC countries who are interested in maintaining governmental integrity through effective implementation of the ARD policy for public officials. Specifically, this study shares the achievements of the South Korean government, the challenges it faced in implementing and reforming the policy since 1980, and it offers practical implications for the following LAC countries: Argentina, Chile, Costa Rica, Honduras, Mexico, Paraguay, and Peru.

While one size does not fit all, there are a few core functional requirements that any good ARD policy needs to consider, as well as several key recommendations that need to be taken seriously when designing, implementing, and reforming such a system.

Although the ADS is often well-drafted in many countries in the LAC region, the system typically suffers from an implementation gap. In particular, the research found that several LAC countries face a series of institutional, legal, and technical barriers in making asset e-filing systems satisfactory. Each country should tackle the challenges in accordance with their unique circumstances or constraints.

Table 7-1
Key Insights and Policy Implications From South Korea for LAC Countries

Key Insights	Policy Implications
<p>1. Institutional Integration and Governance Model: South Korea manages the PETI system through the Ministry of Personnel Management as part of HR frameworks rather than as a standalone anti-corruption tool, emphasizing ethics management over punitive enforcement.</p>	<p>LAC countries should consider positioning asset declaration systems within existing personnel management structures rather than solely under anti-corruption agencies. This approach can reduce resistance, improve cooperation, and leverage existing HR databases and processes.</p>

Key Insights	Policy Implications
<p>2. Technical Architecture and Automation: The PETI system features seamless interoperability with 16 government databases, automatically populating asset information, reducing administrative burdens, and improving data quality.</p>	<p>From the early stages of implementation, LAC countries should prioritize database integration and automation. Investing in interoperability reduces compliance costs, improves data accuracy, and enables more effective verification and anomaly detection.</p>
<p>3. Comprehensive Scope and Coverage: South Korea covers approximately 2.8 million officials (25% of public employees) with clearly defined legal criteria, ensuring systematic coverage across all government levels while preventing selective enforcement.</p>	<p>LAC countries should establish clear, objective legal criteria for determining who must file declarations, and plan for gradual scope expansion over time. Comprehensive coverage with well-defined boundaries enhances system credibility and effectiveness.</p>
<p>4. Preventive vs. Punitive Orientation: The PETI system emphasizes prevention — through transparency, education, and ethical guidance—rather than focusing primarily on post-facto detection and punishment of violations.</p>	<p>LAC countries should balance enforcement mechanisms with preventive measures, educational programs, and ethical guidance. This approach fosters voluntary compliance and reduces adversarial relationships between oversight bodies and public officials.</p>
<p>5. Evolutionary Development and Adaptive Learning: The system has evolved continuously over four decades, through more than 60 legal amendments, adapting to new challenges such as cryptocurrency while maintaining institutional and political support.</p>	<p>LAC countries should plan for iterative development with mechanisms for continuous improvement based on implementation experience. Flexibility to adapt to emerging challenges and technologies is essential for long-term system sustainability.</p>
<p>6. User Experience and System Design: Survey results from Korean officials reveal that even mature systems require continuous attention to usability, training, and user support to maintain effectiveness and user satisfaction.</p>	<p>LAC countries should invest in user-centered design, comprehensive training programs, and responsive technical support systems. Regular user feedback should inform system improvements and refinements.</p>
<p>Data Quality and Verification: The Korean experience demonstrates the importance of combining automated verification with targeted manual review, enabled by longitudinal data accumulation and anomaly detection capabilities.</p>	<p>LAC countries should focus on data quality from system inception, implementing validation checks, error correction mechanisms, and developing capacity for systematic analysis of disclosed information over time.</p>

Source: Compiled by the authors based on analysis in Chapters 3-6.

Annex 1

South Korea’s Historical Context and the Current Public Ethics and Transparency Initiative (PETI) System

Lessons from South Korea:
E-Filing Systems for Public Integrity in Latin America and the Caribbean

This annex adds to the information in the chapters about South Korea with the following:

- the development of laws related to public ethics in South Korea
- the development of the RNFT system and election public financing system
- the Public Service Ethics Act
- the Public Service Ethics Program and how it evolved
- a summary of highlights of relevant laws and amendments (Table A1-1)

A1.1 Development of Public Ethics-Related Laws in South Korea

South Korea tried to overcome a long-standing authoritarian regime and economic underdevelopment until the mid-1980s. As is the case in many other developing countries, corruption was a significant obstacle to democracy and economic development in South Korea, making anti-corruption policies a priority on the governmental agenda. Even after democratization in 1987, corruption has remained a pressing issue, and various efforts have been made to address it. Some of the efforts directly targeted corruption in the public sector. For instance, the Public Service Ethics Act was enacted in 1981 as the first law to establish public service ethics (KLRI, 1981). More recently, the South Korean government enacted the Anti-Corruption Act in 2001 and established the KICAC in 2002 as ways to lay the foundation for anti-corruption policy. The KICAC was reorganized as the Anti-Corruption and Civil Rights Commission (ACRC) in 2008, integrating three functions: corruption prevention, administrative appeal, and ombudsperson. The Improper Solicitation and Graft Act was enacted in 2015 to prohibit any improper solicitation made to public servants. In 2022, the Act on the Prevention of Conflict of Interest in Public Office was implemented to regulate the improper use of official information to acquire profits.

The following subsections provide a detailed picture of South Korea's governmental efforts to combat corruption and promote ethics in government by describing a fuller range of public ethics-related laws from the foundation of the country until the present. Through the legal and institutional foundations, the South Korean government has addressed both of the following:

- preventing corruption (e.g., corruption risk assessment, code of conduct for public officials)
- detecting and punishing corruption (e.g., the Clean Portal website, protection and reward system for public interest whistleblowers, recovery of public funds)

Throughout this process, various policies aimed at fostering an ethical public service culture have been implemented. Table A1-1 presents highlights.

A1.1.1.

From the foundation of the country to the 1980s: Little systematic anti-corruption efforts

Over the past 5,000 years, Korea has gone through various dynasties and was established as a republic in 1948, soon after the nation's independence from Japan in 1945. The Republic of Korea adopted its founding Constitution in 1948. Through the development of the Constitution, the Korean government not only officially declared its independence as a nation but also identified Korea as a democratic country for the first time in its history (Hahm and Kim, 2010, p. 830).

This declaration of a democratic form of government carries particular importance in understanding the relationship between the citizens and the government sector. A democratic government, by definition, means that the public is the principal of the nation, and public officials are professional fiduciary citizens who work for and on behalf of the citizens (Cooper, 2012; Sung Hui, 2019). Hence, public officials must be accountable to the citizens (Bowman and West, 2022; Cooper, 2012). It is within this context that combating corruption and promoting public service ethics are essential to maintaining a democratic government.

However, the South Korean government did not make impressive progress in public ethics, specifically combating corruption, until the early 1990s (Clean Portal, n.d). Shortly after its independence, the country experienced the tragic Korean War, from 1950 through 1953, which left nothing but ruins and poverty. Hence, the single top priority of the South Korean government and its national leadership for nearly 30 years or so was country economic development. The five-year economic and social development plans from 1962 through 1981 highlight the nation's focus on economic development. As suggested by the 'grease hypothesis' (Méon and Sekkat, 2005), a prevalent belief held that corruption could play a positive role in alleviating the rigidity of imperfect institutions and bureaucracies. Furthermore, there was a widespread notion that corruption is an inevitable aspect of economic development.

However, it would be inaccurate to state that the South Korean government during this period made no anti-corruption efforts. Rather, while the government made several

attempts to combat corruption, the attempts either failed or were largely ineffective. For instance, while the Yun Posun administration submitted a legislative proposal for the Public Official Property Registration Act to Congress in 1960, the proposed law did not pass and was eventually discarded. Later, in 1981, the Public Service Ethics Act was enacted during the Chun Doo-hwan administration. However, it was not until January 1983 that the Public Service Ethics Act took effect. Furthermore, although the Public Service Ethics Act had been enacted and implemented, anti-corruption efforts during this period were considered largely ineffective, failing to eradicate the cozy relationship between public officials and the business community (Clean Portal, n.d.).

A1.1.2.

The 1990s to the early 2000s: Setting the cornerstone for anti-corruption systems

Anti-corruption efforts in South Korea gained significant momentum in 1993 when President Kim Young-sam voluntarily disclosed his asset information to the public soon after his inauguration as president (South Korea, Ministry of Personnel Management, 2021). Such voluntary disclosure of his asset information reflected President Kim's strong commitment to reforming the public sector and promoting ethics in government. President Kim issued Emergency Financial and Economic Order No. 16 and declared the adoption of the RNFT system, which prohibited bank financial transactions from being made using false names; "false names" referred to any name other than a person's real name, including alias and borrowed name. The goal of adopting the RNFT system was to eradicate the corrupt relationships between public officials and the business sector, and more broadly, to eradicate widespread corrupt practices in society.

The Kim Young-sam administration (1993–98) not only adopted and implemented the RNFT system but also introduced substantial amendments to the Public Service Ethics Act. The 1993 amendment expanded the scope, making it mandatory for public officials in Grade 4 or above to register their asset information. The 1993 amendment also included a provision that institutionalized the disclosure of public officials' asset information. Thus, the 1993 amendment is considered an important foundation for the current Public Service Ethics Act (MPM, 2021). Since 1993, the Public Service Ethics Act has been amended during nearly every administration. More details on the history of the Public Service Ethics Act follow.

Soon after the introduction of the RNFT system for bank financial transactions in 1993, the Act on the Registration of Real Estate under Actual Titleholder's Name was enacted in 1995. While multiple public laws had already required individuals to register real estate under the actual title holder's name, title trust was still prevalent in South Korea, which meant that a person could retain their legal property rights on the real estate that was entrusted to a third party. Hence, title trust had been used as a means for tax evasion and other corrupt conduct (Ro, 1997). To combat this corruption, and through the enactment

of the 1995 law, the government entirely forbade title trust and nullified real estate registration using title trust. The 1995 law came with a grandfather provision so that people in the existing name trust relationships had a one-year grace period to convert the real estate ownership using the actual titleholder's name.

The start of the financial crisis in 1997, in South Korea and broadly in Asia, served as a turning point in the South Korean government's views and approaches to corruption issues. The South Korean crisis partly resulted from widespread corruption and corrupt ties between the government and business sectors. For instance, the government had great influence over banks and had taken control of bank executive appointments; any banks, whether public or private, had required governmental approvals for personnel decisions about top executives (Heo and Kim, 2000). In such an environment, where the government maintained control over the banking industry, corruption in credit allocation contributed to the accumulation of bad debt (Heo and Kim, 2000). There was a society-wide perception that the then-predominant approach focused on detection and punishment was insufficient to combat corruption (Clean Portal, n.d.).

In the context of both expert diagnosis and the widespread perception of the need for a pre-emptive legal approach, the South Korean government enacted multiple laws, such as the Official Information Disclosure Act (in 1998) and the Anti-Corruption Act (in 2001).

- **The Official Information Disclosure Act** was enacted to protect the public's right to know what the government does and how it carries out its public duties, and to promote government transparency; Article 3 stated that "any information kept and managed by public institutions shall be disclosed to the public in an active manner, as prescribed by this Act, to ensure people's right to know."
- **The 2001 Anti-Corruption Act** was aimed at both prevention and regulation of corruption. The Anti-Corruption Act also stipulated accountability for public organizations and political parties, and the duty of integrity by public officials. Under the Act, the KICAC was launched in 2002. The KICAC was in charge of developing anti-corruption policies, leading corruption-prevention activities, detecting corruption, and assessing the anti-corruption efforts of other government agencies.

A1.1.3.

The mid-2000s to present: Systematic anti-corruption efforts and public service ethics promotion

Since the mid-2000s, anti-corruption policies targeting public officials have been integrated into public personnel management. The development of South Korean public service ethics laws and programs since the mid-2000s is based on the governmental recognition that, in order to ensure ethical public administration, it is critical that public employees are provided with substantial guidelines about their conduct (Ministry of

Personnel Management, 2018). With such recognition, the South Korean government enacted several more anti-corruption and ethics laws:

- **2008 Act on the Prevention of Corruption and the Establishment and Management of the Anti-Corruption and Civil Rights Commission.** The 2008 ACRC Act was enacted to provide legal grounds for establishing the ACRC as the central agency in charge of corruption prevention and regulation. The KICAC was integrated into the ACRC.
- **2011 Public Interest Whistleblower Protection Act.** The South Korean government enacted this whistleblower law to provide legal protections for those who report wrongdoing. Article 1 of the law defines whistleblowers as “those who have reported any act that is detrimental to the public interest.” This broad definition expands beyond members of organizations to individuals, enabling any citizen to report and to be protected by law. In 2015, amendments to the Act expanded the scope of actions considered detrimental to public interest and developed a disciplinary actions provision against a person who leaks information on whistleblowers and thus violates the confidentiality protection.
- **2015 Improper Solicitation and Graft Act.** This law is commonly known as the Kim Young-ran Act and was triggered by the Sponsor Prosecutor Scandal¹⁵. The law is to ensure public servants¹⁶ fair performance of their duties and promote public confidence in public institutions by prohibiting any improper solicitation by and bribery to public officials. A key part of the law is the “3-5-10 rule,” which means that one may treat public officials and others subject to the law to a meal with a value of up to maximum 30,000 KRW (approximately 30 USD), to a gift

¹⁵ The Sponsor Prosecutor Scandal involved dozens of prosecutors were accused of receiving entertainment and banquet services from sponsor Jung Young-jae, allegedly in exchange for an arrangement of investigative convenience and other benefits (People’s Solidarity for Participatory Democracy, 2010). The case went to trial, and yet the accused were declared innocent with the court’s rationale being that quid pro quo could not be confirmed (Chang, 2016). The public did not perceive the court decision as reasonable or fair, and public opinion led to the new law, which was seen as needed to fill the gaps in the existing laws and to prevent such unpersuasive court cases from happening again (Chang, 2016).

¹⁶ By using the expression “public servant, etc.,” the Improper Solicitation and Graft Act makes explicit that it applies not only to public officials but also others who engage in public duties. Article 2 paragraph 2 of the law specifies who is subject to the Act: “The term ‘public servant, etc.’ means any of the following public servants or persons engaging in public duties: (a) Public officials specified by the State Public Officials Act or the Local Public Officials Act and persons recognized by other Acts as public officials in their qualification, appointment, educational training, service, remuneration, guarantee of status, etc.; (b) Heads of organizations related public service [organizations defined in Public Service Ethics Act, and Act on the Management of Public Institutions] and executive officers and employees thereof; (c) Heads and faculty members of schools of each level, and executive officers and employees of educational foundations; and (d) Representatives, executive officers, and employees of the press organizations defined in the Act on Press Arbitration and Remedies for Damage Caused by Press Reports” (Korea Law Translation Center, n.d.).

up to 50,000 KRW (approximately 50 USD), and for a cash gift at a wedding or funeral up to 100,000 KRW (about 100 USD).

- **2019 Act on Prohibition of False Claims for Public Funds and Recovery of Illicit Profits.** This act, known as the False Claims Act, was enacted to “enhance the soundness and transparency of the operation of public funds by prohibiting false claims and establishing a system for recovering and managing profits earned through such false claims” (Article 1). To encourage reporting of false claim cases, the act includes provisions for the protection and reward of whistleblowers in false claim cases.
- **2021 Act on the Prevention of Conflict of Interest Related to Duties of Public Servants.** This act, known as the Conflicts of Interest Act, was enacted to “prevent conflicts of interests that may arise while public servants perform their duties by prohibiting them from pursuing private interests in connection with the performance of their duties, thereby ensuring the fair performance of their public trust in public institutions” (Article 1). The act defines five restricted and prohibited activities for public officials, as well as five types of activities that public officials are obligated to report. See Figure A1-2.

Figure A1-2
Key Content in the 2021 Conflicts of Interest Act

10 Standards of Behavior to prevent conflict of interest among public servants	
Obligations to Report and Submit	Restricted and Prohibited activities
1. Report, apply for avoidance or recusal of persons with private interests	1. Restrictions of duty-related outside activities
2. Report possession and purchase of real estate related to duties of public organizations	2. Restriction of employment of family members
3. Submit details of activities in private sector of high-ranking officials	3. Restriction on making negotiated contracts
4. Report any transactions with duty-related parties	4. Prohibition of private use of goods belongs to public agencies and making profits from such use
5. Report any private contacts with retired officials	5. Prohibition of use of duty-related confidential information.

Source: South Korea, ACRC. n.d. Prevention Policy, Prevention of Conflict of Interest Related to Duties of Public Servants. Summary. Available from <https://www.acrc.go.kr/menu.es?mid=a20201020500>.

A1.2

The RNFT System and the Election Public Financing System

As one can tell from the review of developments in public ethics laws and programs, the South Korean government's efforts to combat corruption did not rely solely on the amendments of anti-corruption laws. For instance, in 1993, the presidential policy initiative (carried out with executive orders and regulations and known informally as the Financial Transparency Act) aimed to enhance transparency in the financial market and accountability in financial transactions by addressing opaque transactions through undisclosed accounts, a key facilitator of corruption, and enabled transparent information disclosure for all financial transactions. The RNFT system developed into the Act on Real-Name Financial Transactions and Confidentiality in 1997.

The RNFT system requires individuals and institutions engaged in financial activities to disclose detailed information about their financial transactions and holdings. Under the system, all financial transactions, including deposits, withdrawals, transfers, and investments, are subject to disclosure. Financial institutions, such as banks, brokerage firms, and insurance companies, are responsible for collecting and reporting transaction data to the regulatory authorities. The primary objective of the system is to combat corruption, money laundering, tax evasion, and other illicit financial activities. By ensuring transparency and traceability of financial transactions, the system aims to deter individuals and organizations from engaging in illegal activities and to promote a more accountable and ethical financial environment.

Through the RNFT system, authorities can access and analyze asset data to detect suspicious or unlawful activities. This enables them to investigate and prosecute individuals involved in financial crimes, thereby contributing to the overall integrity and stability of the financial sector.

The implementation of the financial transparency system has had a significant impact on enhancing the transparency, integrity, and credibility of South Korea's financial market. It has helped foster investor confidence, strengthen regulatory oversight, and create a level playing field for businesses and individuals operating within the financial sector.

Another example that illustrates that the South Korean anti-corruption efforts did not solely rely on amendments to the anti-corruption laws is the adoption of a public funding system for elections, which has been gradually adopted since 1993. This election public financing system serves as a regulatory mechanism to ensure fairness, transparency, and accountability in the electoral process. This system provides financial support to political parties and candidates during elections to minimize the influence of private interests

and promote equal opportunities for political participation. Eligible political parties and candidates receive public funds from the government to cover campaign expenses. The allocation of funds is based on predetermined criteria, such as the number of seats contested or the number of votes received in previous elections. The election public financing system is designed to achieve the following:

- provide sufficient resources for parties and candidates to effectively communicate their policies and platforms to voters
- reduce parties' and candidates' dependence on private donations
- prevent the undue influence of wealthy individuals or corporations on the electoral process

By providing public funds, the system helps level the playing field, particularly for smaller or less financially privileged political parties and candidates, ensuring fair competition and diverse political representation.

To ensure transparency and accountability in the election public financing system, recipients of public funds are required to disclose and report their campaign expenses, providing a clear record of how the funds were used. Compliance with spending limits and reporting requirements is closely monitored by the election management authorities to prevent misuse or misappropriation of public funds.

The election public financing system in South Korea is designed to enhance democratic principles by fostering a more equitable electoral environment. It helps uphold the principles of fairness, integrity, and equal opportunity in the political arena, thereby contributing to a vibrant and inclusive democratic process. At the same time, it reduces election-related political corruption. Politicians who might be tempted to take the illegal money for their political campaigns have less incentive to do so because their expenses in the campaign are subsidized by the government.

In summary, South Korea's anti-corruption strategy extended beyond direct anti-corruption laws to include complementary systems that enhanced transparency and accountability. Two key examples illustrate this approach:

- **Financial Transparency System System** (or the real-name financial transaction system, RNFT system): Introduced in 1993 and formalized in 1997, this system requires disclosure of all financial transactions through financial institutions. By eliminating anonymous accounts and ensuring transaction traceability, it helps authorities detect suspicious activities related to corruption, money laundering, and tax evasion.
- **Election Public Financing System:** Gradually implemented since 1993, this system provides government funding to political parties and candidates based on objective criteria. By reducing dependence on private donations and requiring

transparent expense reporting, it levels the political playing field and diminishes incentives for politicians to accept illegal campaign funds.

These complementary systems demonstrate South Korea's holistic approach to combating corruption, addressing both the financial mechanisms that facilitate corruption and the political funding pressures that motivate it. While both systems were designed for their own purposes, they significantly contributed to combating the corruption among politicians and civil service officials. The anti-corruption laws can benefit from such reforms and introduce more effective policies.

A1.3

The Public Service Ethics Act: The Bedrock for the South Korean Public Service Ethics Program

Among the laws discussed above, the Public Service Ethics Act (PSE Act) is of particular interest, given that its primary objective is to regulate the conflict of interest among public officials through such mandates as public official asset registration and disclosure to prevent illicit enrichment.

The PSE Act defines the legal obligations of current and retired public officials as they relate to the issues of asset registration and disclosure, blind stock trusts, reporting on gifts, and restrictions on the employment and activities of retired public officials. From a different angle, the PSE Act serves as the legal foundation for implementing government ethics programs and policies such as the ADS.

The PSE Act clearly states in Article 1 that the purpose is to prevent conflict of interest between the private interest of individual public employees and the public interest, and thereby to ensure ethical public administration:

The purpose of this Act is to contribute to the establishment of the ethics of public officials as servants of citizens by preventing conflict of public and private interests through the prevention from acquiring unlawful assets and the securing of the fairness in the execution of their official duties by institutionalizing the registration of assets¹⁷, the disclosure of registered assets, and the vindication of the way to

¹⁷ As noted in Chapter 2, the Korea Law Translation Center translated the Korean language “재산” into “property” when they translated the Public Service Ethics Act into English. However, considering the scope of objects that are subject to registration and disclosure by the PSE Act, the term “asset” would be more accurate and inclusive than the term “property.”

acquire assets of public officials and candidates for public offices, and by prescribing matters necessary for the regulation of asset acquisition by public officials who take advantage of their public office, a report on gifts and blind trust of the stocks by public officials, and restrictions, etc. on the employment and acts of retired public officials. (The PSE Act, Article 1).

“Conflict of interest” is typically understood as a situation where there is tension between one's interest and duty; that is, public officials have their private or personal interests at odds with their professional obligations as public employees (Cooper, 2012). However, the question of what constitutes a conflict of interest has drawn different answers from different scholars. Some scholars define conflict of interest broadly. Scholars who take legal approaches to the matter of conflict of interest tend to define the term narrowly, primarily focusing on the economic aspects of personal interest. According to these legal approaches, conflict of interest is defined as “the conflict between a government employee's official responsibility and his private economic interests” (Lieberman, 1973, p. 206).

In contrast, scholars who take ethical approaches suggest that conflict of interest is more than merely economic matters. For instance, according to Kernaghan, conflict of interest refers to “a situation in which a public employee has a private or personal interest sufficient to influence or appear to influence the objective exercise of his official duties” (Kernaghan, 1975, p. 13). Scholars who use an ethical approach to define the term suggest that private or personal interest is not limited to economic interests, but can be psychological, moral, and so on (Cooper, 2012; Davis, 1982). Such scholars argue that conflict of interest requires both legal regulations and ethical assessments (Cooper, 2012).

The PSE Act does not explicitly state how it defines conflict of interest. However, considering that the PSE Act requirements of current and retired public officials are about economic matters (e.g., asset registration and disclosure, reporting on gifts and blind stock trusts, employment restrictions for retired public officials in certain private organizations for certain periods), the PSE Act appears to heavily weigh on the legal approaches in defining conflicts of interest. Lieberman also suggests that the narrow definition of conflict of interest, which interprets personal interests as economic interests, is generally accepted in the field of public administration.

Although different scholars have understood the boundaries of conflicts of interest differently, the consensus in the field is that conflicts of interest, or even the appearance of conflict of interest, can jeopardize the legitimacy of democratic government by eroding public faith in the integrity of government and by weakening the public's trust in government (Cooper, 2012; Peterson, 2021). Thus, preventing conflict of interest is critical to maintaining public trust in government and maintaining democratic government.

As ways to prevent the conflict between the private interest of individual public employees and the public interest, the law currently specifies the following: (i) asset registration and disclosure by public officials and candidates for public offices; (ii) blind stock trusts

of public officials; (iii) reporting on gifts; and (iv) restrictions on retired public officials' employment and activities. The PSE Act identifies specifics relevant to each of these regulations — for instance, which public officials are obligated to the asset registration and disclosure, which assets are subject to registration, and so on.

A1.4. The Evolution of the Public Service Ethics Program in South Korea

As mentioned, the composition of the South Korean public service ethics program is largely based on the Public Service Ethics Act (PSE Act) of 1981 and its amendments over time.

The 1981 PSE Act specified only the following three elements as ways to prevent conflicts of interest: (i) asset registration and (ii) employment restrictions of retired public officials in private corporations relevant to their previous job responsibilities as public officials and (iii) reporting on gifts from a foreign government or a foreign source. Also, the 1981 PSE Act required only high-rank public officials to register their assets: Ministers, members of the National Assembly, government officials in grade 3 or higher, and executive officers of public institutions such as public corporations, government-funded institutions, government-invested institutions, and so on (MPM, 2018).

Just as is the case for many other reform efforts, one can reasonably expect that the introduction and implementation of the ADS faced significant challenges. As noted earlier in this Annex, legislation to require public officials to register their assets was first proposed in the 1960s. However, the proposal was rejected and the prevailing argument was that it was possible to punish corrupt public officials based on the existing statutes and therefore additional legislation (Kim, 2011). Thus, it was not until 1981 that South Korea enacted legislation that mandated public officials' asset registration, that is, the PSE Act.

In a similar way, the system evolved regarding disclosure. Initially, the PSE Act required public officials to register their assets, but a fundamental principle was that the information was not disclosed to the public. The rationale was that the registered assets are individuals' private assets (National Assembly Executive Committee Meeting Minutes on May 14, 1981, p. 39; quoted by Kim, 2011, 17).

However, through multiple amendments to the PSE Act over four decades, the government strengthened the PSE Act and made substantial improvements to its public service ethics program. The 1993 amendment is considered to have created the contemporary framework of the ADS (Kim, 2011; Jang, 2013). For example, through the

1993 amendment, the South Korean government expanded the scope of public officials obligated to register their assets to include public officials in grade 4 and local government council members. In 2005, provisions on blind stock trusts were added. In 2014, provisions on the employment restrictions for retired public officials were amended to extend the period for employment restrictions from two to three years. Table A1-1 presents the evolution of the PSE Act, reflecting the development history and evolution of the South Korean public service ethics program.

A1.5. Highlights in the Historical Evolution of Public Ethics-Related Laws in South Korea

For many public ethics-related laws and their amendments, Table A1-1 provides a summary.

Table A1-1
Highlights in Public Ethics-Related Laws in South Korea

Year	Anti-Corruption and Related Law or System	Main Contents of the Law/Amendment
1960 filed	proposed Act on Public Official Property Registration	<ul style="list-style-type: none"> filed but was not passed into legislation and was discarded
1981 enacted 1983 effective	Public Service Ethics Act (PSE Act)	<ul style="list-style-type: none"> required asset registration by ministers, members of the National Assembly, public officials of Grade 3 or above, and executive officers of public-service related organizations required reporting on gifts from a foreign government or a foreign source; all gifts of a value exceeding 100,000 KRW from a foreign government or organizations related to an official's duties must be reported restricted employment of retired public officials in related private enterprises established a Public Service Ethics Committee in the National Assembly, the Supreme Court, and the government

1993	adoption of the Real-Name Financial Transaction (RNFT) system	<ul style="list-style-type: none"> Emergency Financial and Economic Order No. 16 (i.e., Presidential Order) prohibited bank and other financial transactions using false names
1993 amended	PSE Act, amendment	<ul style="list-style-type: none"> expanded the scope of public officials subject to asset registration to Grade 4 or above, and to members of local councils expanded to add asset disclosure by public officials of Grade 1 or above diversified the Public Service Ethics Committee and delegation of asset review authority allowed for refusal to report assets of family members who are not dependents considered the foundation for the current PSE Act
1995 enacted	Act on the Registration of Real Estate under Actual Titleholder's Name	<ul style="list-style-type: none"> required real estate registration under the actual titleholder's name (i.e., legislation of the RNFT system) nullified real estate registration using false names
1998 enacted	Official Information Disclosure Act	<ul style="list-style-type: none"> served as the legal basis for the public's right to request public institutions to disclose information obligated public institutions to disclose information to the public
2001 enacted	Anti-Corruption Act	<ul style="list-style-type: none"> enacted to prevent and regulate corruption stipulated accountability of public organizations and political parties duty of integrity of public officials public officials' duty to report corruption established Korea Independent Commission Against Corruption (KICAC)
2005	PSE Act amendment	<ul style="list-style-type: none"> introduced blind stock trusts for persons subject to asset disclosure and public officials of Grade 4 or above performing finance-related work
2006	PSE Act amendment	<ul style="list-style-type: none"> allowed requests for explanation of asset acquisition for persons liable for asset disclosure permitted refusal to explain only with pre-approval
2008	Act on the Prevention of Corruption and the Establishment and Management of the Anti-Corruption and Civil Rights Commission (ACRC Act)	<ul style="list-style-type: none"> maintained the main content of the Anti-Corruption Act, 2001, and added to it included provisions on the establishment, composition, functions, and independence of the Anti-Corruption and Civil Rights Commission (ACRC) integrated the KICAC into the ACRC

2011	PSE Act amendment	<ul style="list-style-type: none"> extended asset registration period (from 1 to 2 months) prohibited retired public officials from <ul style="list-style-type: none"> engaging in duties performed during active service requesting favors or assistance from the institution they were previously affiliated with
2011 enacted 2015 substantially amended	Public Interest Whistleblower Protection Act	<ul style="list-style-type: none"> broadly defined whistleblower (including insiders and outsiders of an organization) included provisions on whistleblower protection and rewards, and prohibition of retaliation made mandatory that public officials report wrongdoing that they become aware of while on duty
2014	PSE Act amendment	<ul style="list-style-type: none"> extended employment restriction period for retired public officials to 3 years increased scope for evaluating relevance to duty for public officials of Grade 2 or above (changing affiliated department to affiliated institution) expanded agencies subject to restricted employment
2015	PSE Act amendment	<ul style="list-style-type: none"> established "obligation to avoid relevant duties" until stocks placed in blind trust have been completely disposed introduced re-examination of Public Service Ethics Committees and the Examination Committee on Blind Stock Trusts
2015 enacted effective 2016	Improper Solicitation and Graft Act	<ul style="list-style-type: none"> resulted from a series of scandals, including the 2010 Sponsor Prosecutor Scandal set out the "3-5-10 rule" as a clear limit for the monetary value of meals and gifts that can be offered to public officials, teachers, journalists, and other entities subject to the act
2019 enacted effective 2020	Act on Prohibition of False Claims for Public Funds and Recovery of Illicit Profits (False Claims Act)	<ul style="list-style-type: none"> prohibited false claims of public funds included provisions regarding the investigation of and penalty for false claims cases included provisions regarding the protection of false claims whistleblower
2021 enacted effective 2022	Act on the Prevention of Conflict of Interest Related to Duties of Public Servants (Conflict of Interest Act)	<ul style="list-style-type: none"> defined restricted and prohibited activities for public officials to prevent conflict of interest defined specific reporting and submission obligations for public officials as they relate to potential conflict of interests specified procedures for reporting potential violations of the Act and of handling the reported cases specified penalties for violations

Source: Developed by the authors based on the review of the noted laws and relevant literature. (MPM, n.d.). PETI, History of the Program. Available from <https://www.peti.go.kr/indexEn.do>)

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