

Chapter 1 "Introduction to Government Innovation in Korea", provides a general description of the government innovation in Korea, including the history, vision, goals, and strategies of the general issues on Korean government innovation.

Chapter 2 "Performance-oriented Government Innovation", describes plans and pertinent cases for improving the government's efficiency and performance, including performance management, organization management, personnel management innovation, reform of working patterns, knowledge management, and success stories.

Chapter 3 "Customer-oriented Government Innovation", shows plans and relevant cases for undertaking transparent and lawful services for the people, including total quality management of public policy, e-government, disclosure of public information, and reform of civil appeals and systems.

"Innovation is mankind's effort to endlessly pursue change for a better world. Creative destruction that destroys and weeds out things old, and creates things new is at the very heart of innovation."

- Economist, Joseph A. Schumpeter, *Theorie der Wirtschaftlichen Entwicklung*, 1912



Ministry of Government Administration & Home Affairs
Republic of Korea
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Initiatives for Government Innovation in Korea

Selected Successful Practices



Ministry of Government Administration & Home Affairs
Republic of Korea

"Major issues for changes are what changes must be made, how we should make them, and what goals we want to achieve. In order to be at the forefront of change, as Peter Drucker once indicated, we must generate policies to construct a promising future of innovation. The Korean government has continued to strive for administration systems reform that centralizes customer and performance for government innovation. In escape from bureaucratic behavior and traditional culture embodiment, we initiate a new frontier of administrative life based on customer and performance."

Oh, Young-Kyo
Minister of Government Administration and Home Affairs



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To Strive for a Government Creating New Values

In the era of knowledge information, administrative environments are drastically changing in an unexpected manner. We have yet to experience the speed of change in the past, however, as the 21st century identifies itself as the age of speed, individuals and organizations are forced radical modifications to their reality. In its response to such trend, nations around the world must cultivate positive changes, as well as, instill strong will to change, innovate, and exert every possible effort for national development and survival.

Major issues for changes are what changes must be made, how we should make them, and what goals we want to achieve. In order to be at the forefront of change, as Peter Drucker once indicated, we must generate policies to construct a promising future of innovation. The Korean government has continued to strive for administration systems reform that centralizes customer and performance for government innovation. In escape from bureaucratic behavior and traditional culture embodiment, we initiate a new frontier of administrative life based on customer and performance. President Roh Moo-Hyun has stated that the destiny of Korea will be determined by the government's capacity to positively change and evolve into the future. The administration, called the Participatory Government, thereon adopted government innovation as one of its central agendas and focused all its resources to motivate and create a new and improved administrative system.

This book briefly describes the history and features of Korean government innovation, provides major innovation issues, and presents several success cases achieved during the course of government innovation. Best practices are comprised of improving the quality of policies and public services, increasing customer satisfaction, and improving efficiency and productivity. In its compressed format, the book illustrates the major initiatives of Korean government innovation, the innovations implemented by ministries, and how government innovations be promoted

by the Participatory Government.

It is our desire to share our knowledge and experience on innovation with every country around the world. Designed to accomplish such task, the publication of this book especially aspires to assist countries in the early stages of government innovation to encourage them to set positive strategic directions and effective approaches to innovation. At the same time, it also aims to receive advice and comments from countries that have successfully implemented government innovation.

The execution of government reform is an extremely difficult task, because innovation is always inclined to retrogress into the past due to its inherent organizational inertia. The Korean government, nevertheless, will not cease its efforts toward government innovation. We will continue concentrating our efforts to become a leading government that provides high-quality public services through internalization of mindset and system innovation. For government innovation success, the public, the private and the third sector need to maximize synergy effect for the advancement of our society. I firmly believe government innovation will become a new driving force for national development in the 21st century.

Finally, I would like to express my deepest appreciation to all of the contributors involved in the publication process of this book.

May 2005



Oh, Young-Kyo

Minister of Government Administration and Home Affairs
Republic of Korea

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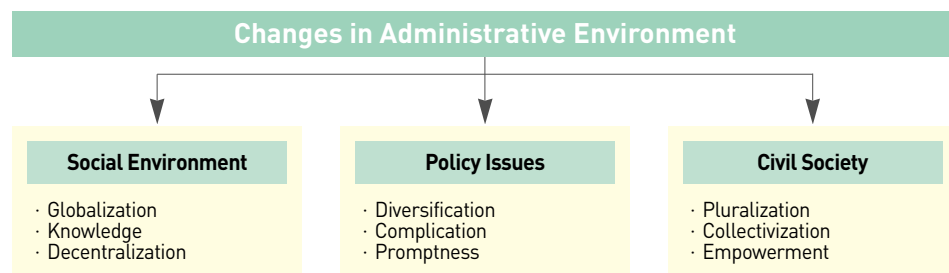
I

Introduction to
Government Innovation
in Korea

1. History of Government Innovation in Korea

Since the 1980s, implementations of various reform programs have been initiated to achieve positive government innovation worldwide. Some government parties aspire increasing the nation's competitiveness, while the others aspire effective response to domestic issues in the highly competitive international environment. Those countries have already achieved successful outcomes from their efforts. During the two decades, therefore, the government reform programs have become a main focus in most countries' policies.

In association to the global trend, the Korean government has been promoting



various government reform programs since the early 1990's. The Korean government aspired to achieve customer-oriented performance management, entrepreneurship-oriented administration, flexible and transparent administration, and improved creativity of government employees.

Government Reforms in 1990's

The Republic of Korea experienced great economic turmoil during the late 1990's. In order to prevail the economic tribulation, the Korean government promoted various government reform programs based on the "New Public Management" that emphasized economic values (i.e. efficiency, competition, and performance).

First, the Korean government pursued the "small government" by reducing the sizes of governmental organizations and the number of government employees, decreasing the central and local government budget, and transferring completed task of the public service organization to the private sector.

Second, the Korean government introduced an annual salary system, a job posting system, an incentive program, and other innovative programs to transform the closed, stagnant public community into a more liberal and competitive structure.

Third, the Korean government improved its autonomous budgeting of lump-sum capital, and introduced the performance-oriented budget system to transform its input-oriented financial system into performance-oriented.

Fourth, the Korean government initiated several projects establishing e-government and expanding the public information sharing system to create a transparent administration and improve the quality of public service.

Fifth, the Korean government privatized numerous public corporations and government-funded organizations to reduce the roles and the authorities of the public sector, and to enlarge the functions of the private sector.

The government reform programs in the 1990's resulted in several positive results, including "competitiveness", "efficiency", "small government", and "entrepreneurial government". The efficiency-focused government reform programs, however, faced various challenges. For example, the government reform programs in the 1990's failed to consider the value of democracy, fairness, justice, concern of the underprivileged, and balance. The government reforms were also promoted in

the top-down manner as it failed to induce active participation of the interested parties, resulting in deficient mid or long-term reform. Furthermore, the focus on "small government" weakened competency in public sectors to instigate active consideration to government reform.

Government Reform Since 2000

The government reform initiated by the Participatory Government from early 2003 demonstrated different aspects from the former governments. The Korean government in the 1990's focused on short-term responses to economic crisis and selected reform values, approaches, and issues in overcoming the crisis. However, the Participatory Government undertook the government reform by focusing on fundamental values and long-term standpoints.

Some features of government reform implemented by the Participatory Government are as follows:

First, government reform is based on participation and decentralization. Roles and interaction mechanism between the government and the civil society have changed; the Participatory Government has deviated from the former authoritative, closed, and unilateral administration. The "good governance" for balanced participation of civil society and government regarding state affairs has been emphasized. Hence, the current government reform concentrates on active participation of government employees, civil groups, target groups, people, and the government itself in the reform process. Decentralization and autonomy have also developed into key issues in the relationship between the central and the local governments, and between central agencies.

Second, current reform concentrates on establishment of competent and reliable government, as the former government reform pursues efficiency and small government. Beyond its minimum reduction of "input cost", the current government laid heavier emphasis on "good input". Therefore, the reinforcement of "competency" in government agencies and government employees is more essential than sustainable reform.

Third, current government emphasizes e-government projects of government reform. Pursuit of world's best e-government will result in significant changes to working patterns and organization structures in the public sector as well as to the

methods in providing public services. In addition, the e-government initiatives will play critical part in realization of a more efficient and transparent government.

Finally, the Participatory Government engages new dimension to include software systems reform (i.e. innovation of the government administration systems, generation of creative government culture, and improvement of illogical practices and systems), while the former government emphasized reform in hardware systems (i.e. the reorganization of government structure).

2. Goals & Strategies of Government Innovation in the Participatory Government

Vision & Goals of Government Innovation

The Participatory Government establishes government reform objective as "Able, Communicative Government", while providing direction and destination to government innovation of five goals; efficient administration, serving administration, decentralized administration, transparent administration, and participatory administration.

Efficient Administration

"Efficient administration" focuses on establishing performance-oriented admin-

istration system. In result, evaluation infrastructure will develop, integration of performance management system of various evaluation systems with rewarding systems will be established, and working patterns will be improved by job re-designing process.

Serving Administration

"Serving administration" concentrates on transformation of current supplier-oriented administration services into new customer-oriented services. In result, administration services will expand out to the underprivileged, "service standards" will be developed by agencies allowing government employees to determine service standards and work ethics, and offer services to reinforce every civil affair units while focusing on field circumstances.

Decentralized Administration

"Decentralized Administration" emphasizes increased autonomy and responsibility. Government innovation promotes to increase autonomy in relationships between central and local governments, and internal sectors with emphasis of responsibility. Government innovation then will be able to concentrate on improving efficiency, effectiveness, timeliness, field-orientation, and responsibility.

Transparent Administration

"Transparent Administration" focuses on expanding the scope of public information disclosure. The scope of public information subject to non-disclosure will then be reduced, and enables people to easily access important public information by activating disclosure of public information implemented by the information disclosure.

Participatory Administration

"Participatory administration" emphasizes the cooperation system between the government and the people. Therefore, introduction of the 360-degree policy evaluation system is made for people to permit policy evaluations, and "citizen evaluation corps" is organized to continuously monitor policy processes and report monitoring results during state affair.

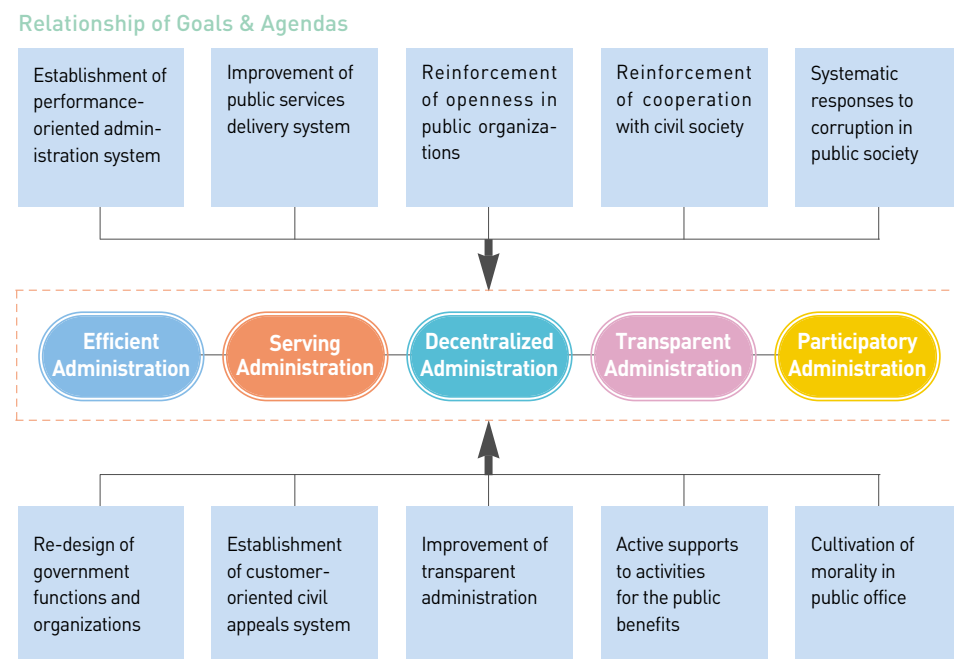
Furthermore, to accomplish the above five goals of government reform, ten agenda are determined: 1) establishment of performance-oriented administration

system, 2) re-design of government functions and organizations, 3) improvement of public services delivery system, 4) establishment of customer-oriented civil appeals system, 5) reinforcement of openness in public organizations, 6) improvement of transparent administration, 7) reinforcement of cooperation with civil society, 8) active supports to activities for public benefits, 9) systematic responses to corruption in public society, and 10) cultivation of morality in public office.

Establishment of System for Promotion of Government Innovation

For successful promotion of government innovation, the Participatory Government has developed an innovative promotion system to encourage innovation activities, such as, establishment of innovation infrastructures and prominence on learning.

On April 2003, the "Presidential Committee of Government Innovation & Decentralization" was established to develop detailed directions and basic strategies of government innovation. The Committee, a government innovation Think Tank, consists of several technical sub-committees for government reform, personnel management, decentralization, e-government, finance innovation, and others



for focused core reform issue management.

In addition, the Headquarter for Administration Reform (the present Headquarter for Government Innovation) was established under Ministry of Government Administration and Home Affairs on March 2004 to identify the government-wide innovation agendas, and support and manage the government innovation activities. Furthermore, each central agency appointed an innovation official (present innovation planning official) on May 2004 to develop and execute its detailed innovation plans and monitor its innovation issues.

The Special Act on Local Decentralization, the Special Act on Balanced National Development, the Special Act on Construction of New Administration Capital, and others were enacted to establish a foundation of legal basis for government innovation. The Government Organization Act, in addition, was amended to facilitate efficient and flexible operation of government organization.

Government Innovation & Decentralization Roadmaps

Initiated by the Participatory Government, to provide innovation with directions and agendas for government reform, roadmaps for five areas (government reform, personnel management reform, local decentralization, finance & tax system reform, and e-government) were developed and infrastructures executing the roadmaps were established.

Government Innovation & Decentralization Roadmaps

Roadmaps	Agendas
Government reform	10 agendas, including; <ul style="list-style-type: none"> • Establishment of performance-oriented administration system • Re-design of government functions and organizations • Improvement of public services delivery system • Establishment of customer-oriented civil appeals system
Personnel management reform	10 agendas, including; <ul style="list-style-type: none"> • Integration and autonomous decentralization of personnel management functions • Establishment of elastic personnel management system • Establishment of transparent and fair recruitment system • Balanced and indiscriminate appointment of talents

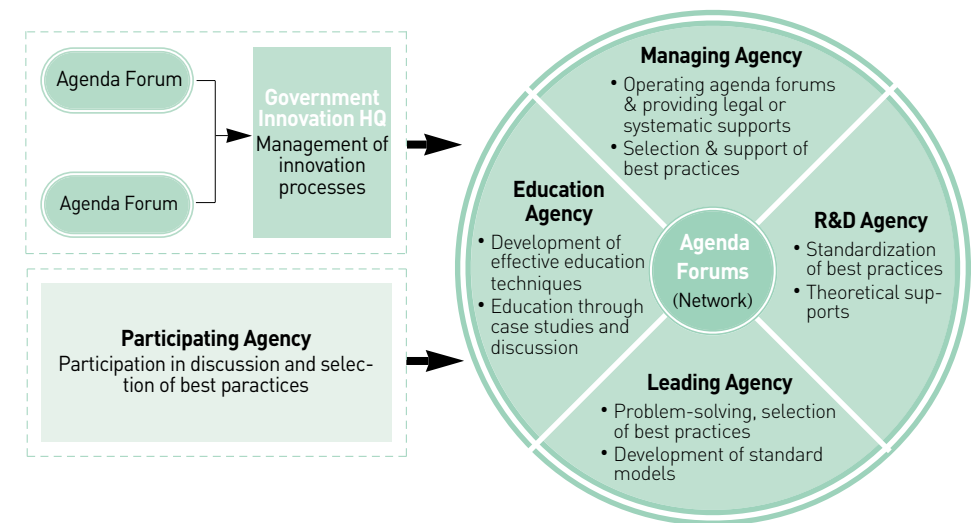
Local decentralization	10 agendas, including; <ul style="list-style-type: none"> • Reinforcement of infrastructures for local decentralization • Radical delegation of central government's authorities to local governments • Improvement of local education systems • Introduction of local autonomous police systems
Finance & tax system reform	10 agendas, including; <ul style="list-style-type: none"> • Adjustment of functions and economic resources between central and local governments • Adjustment of national taxes and local taxes • Expansion of autonomy in local finance • Improvement of subsidy system
e-Government	10 agendas, including; <ul style="list-style-type: none"> • Settlement of electronic working processes • Expanded sharing of administration information • Re-design of job with focus on service • Advancement of public services

Execution of Common Innovation Agendas

Since the development of government innovation roadmaps in 2003, most government innovation activities have been concentrated on improving working patterns. However, the fundamental innovations of practices, traditions, and cultures within agencies have not been achieved. The "selection and convergence" strategy was introduced in 2005 and leading agencies at each of 17 common areas, such as, personnel management, organization management, and PR are designated to act as CoP (communities of practice) for executing agendas, learning problem-solving techniques, and developing standard models and manuals for distribution to all government agencies.

Six leading agencies for each of 17 common innovation agendas were selected to develop and distribute best practices. While the managing agency operates as an executive secretary for CoP to clearly identify common goals and encourage problem-solving activities.

Structure of Innovation Forum



※ Operation of forums in the bottom-up manner from working staffs to managers and directors

3. Selection & Distribution of Best Practices

Background

Since the launch of the Participatory Government, several agencies proved creation of new ideas and values of best practices by deviating from past traditions and practices. It was, however, a requirement to share and distribute best practices to different agency in order to promote environment and mental innovation, and encourage government officials to be trained in innovation techniques. Mutual benchmarking of successful stories, development of new techniques, and creation of new values can be identified as category of innovation. Accordingly, incessant efforts have been attempted for successful innovation selection process and distribution.

Categories of Best Practices

To identify and share best practices among all government agencies, the agen-

cies have been encouraged to post successful stories online at Office of the President website. Total of 686 best practices have been selected since the application of the system in 2003. Selected best practices can be categorized into three types: establishment of innovation infrastructure, competent government, and communication-expert government.

First, best practices concerning management systems establishment and government innovation promotion include: development and operation of performance-oriented reward system (National Tax Service), introduction to 6-sigma management culture (National Railroad Corporation), and consumer-oriented 360-degree reward system (Ministry of Commerce, Industry, and Energy).

Second, best practices concerning government competency, policy improvements, and service quality consist of improving customs clearance procedure (Korea Customs Service) and activation of knowledge sharing (Fair Trade Commission).

Third, best practices concerning promotion of the public's participation in policy processes to assure clean and transparent administration include: online disclosure of an entire policy-making processes (Ministry of Culture and Tourism), and resolution of fishing industry disputes through dialogue and compromise (Ministry of Maritime Affairs and Fisheries).

The MOGAHA's Headquarter for Government Innovation ultimately selected 44 best practices and published them in the book titled, The Government is Changing and Government Innovation, Let's Go to the Fields 1, 2 and 3. The books were distributed to central agencies, local governments, and other locations. These books are still being continuously published and distributed.

Moreover, at the second half of each year, all agencies hold conferences to present selected best practices with rewards to encourage sharing great government innovation minds.

Selection Process and Criteria of Best Practices

Accumulated from the second publication of the Korean government innovation, many foreign innovation experts were able to experience and share valuable information as well as to yield positive advertisement effects. Twelve best practices were selected out of the 44 that underwent careful consideration from professors,

government employees, and other innovation professionals, and was even published in English.

This book describes best practices regarding nine agendas, including performance management, knowledge management, e-government, and reform of civil

Major Best Practices by Areas

Areas	Major task items	Best Practices
Performance-Oriented Government Innovation	Performance management	• "BSC" A New Wave to the Gateway of a Promising Future (Korea Coast Guard)
	Organization management	• Introduction of Team System into Government Organization and Realization of Performance-Oriented Administration System (Ministry of Government Administration and Home Affairs)
	Personnel management innovation	• Introduction of Performance Agreement System (Civil Service Commission)
	Reform of working patterns	• Conservation of Cargo-handling Time to Half (Korea Customs Service)
	Knowledge management	• Activation of knowledge sharing by constructing Knowledge Management System (Fair Trade Commission)
Customer-Oriented Government Innovation	Total Quality Management of Public Policy	• Introduction of Government Policy Life Cycle System for Policy Quality (Ministry of Information and Communication)
	e-government	• UN-Recognized Government e-Procurement System(GePS), the World's Top e-Procurement Brand (Public Procurement Service) • Information Network Village, a Regional Innovation Model (Ministry of Government Administration and Home Affairs) • Providing the world's best service through the realization of electronic tax systems (National Tax Service)
	Disclosure of Public Information	• Online Release of Policy Making Processes (Ministry of Culture and Tourism)
	Reform of Civil Appeals & System	• Online procedure enhancement for the Civil Appeals System (Seoul Metropolitan Government) • Internet Civil Appeals System for Street Excavation Using City Information (Busan Metropolitan Government)

appeals and systems. Nine agendas were selected out of 17 common innovation agendas by the Korean government due to development of sufficient best practices in the selected areas.

The nine agendas include the areas of performance-oriented government innovation (performance management, organization management, personnel management innovation, reform of working patterns, and knowledge management), and areas of customer-oriented government innovation (Total Quality Management of Public Policy, e-government, disclosure of public information, and reform of civil appeals and systems).

The selection criteria for the best practices include: comprehensive consideration of generality, effectiveness, creativity, reliability, and promotion process. i) Generality assesses whether the easy and common applicability can be produced worldwide, ii) effectiveness assesses whether the presence of concrete effects, such as reduction of budget and customer satisfaction, is made, and iii) creativity assesses the innovative and creative features that may lead to paradigm shift in the government administration. In addition, iv) reliability considers whether the level of evaluation resulted from outside organizations, while v) promotion process assesses whether the degree of efforts to overcome obstacles is proper.

Composition of This Book

This book consists of three parts: Chapter 1, "Introduction to Government Innovation in Korea", provides a general description of the government innovation in Korea, including the history, vision, goals, and strategies of the general issues on Korean government innovation. Chapter 2, "Performance-oriented Government Innovation", describes plans and pertinent cases for improving the government's efficiency and performance, including performance management, organization management, personnel management innovation, reform of working patterns, knowledge management, and success stories. Chapter 3, "Customer-oriented Government Innovation", shows plans and relevant cases for undertaking transparent and lawful services for the people, including total quality management of public policy, e-government, disclosure of public information, and reform of civil appeals and systems.

II

Performance-Oriented
Government Innovation

1 Performance Management

Significance & Requirement

- Maximization of organization's performance by establishing & executing policy goals to accomplish the organization's vision and strategies, and evaluating & reflecting the outcome during policy-making process
 - Evaluation of individual's performance and offer rewards based on performance in order to motivate personnel to accomplish organization goals
- Strategic operation of performance management to improve Government Competitiveness

Performance Management of Agencies

- Comprehensive evaluation of policies, outcome, and degree of customer satisfaction targeting major agencies
 - Evaluation of processes and results through quarterly self-evaluation, and evaluation of major policies by stage; policy-making, implementation and evaluation.
- Application of evaluation results in policy-making as well as provision of financial and organizational advantages

Performance Management of Individuals

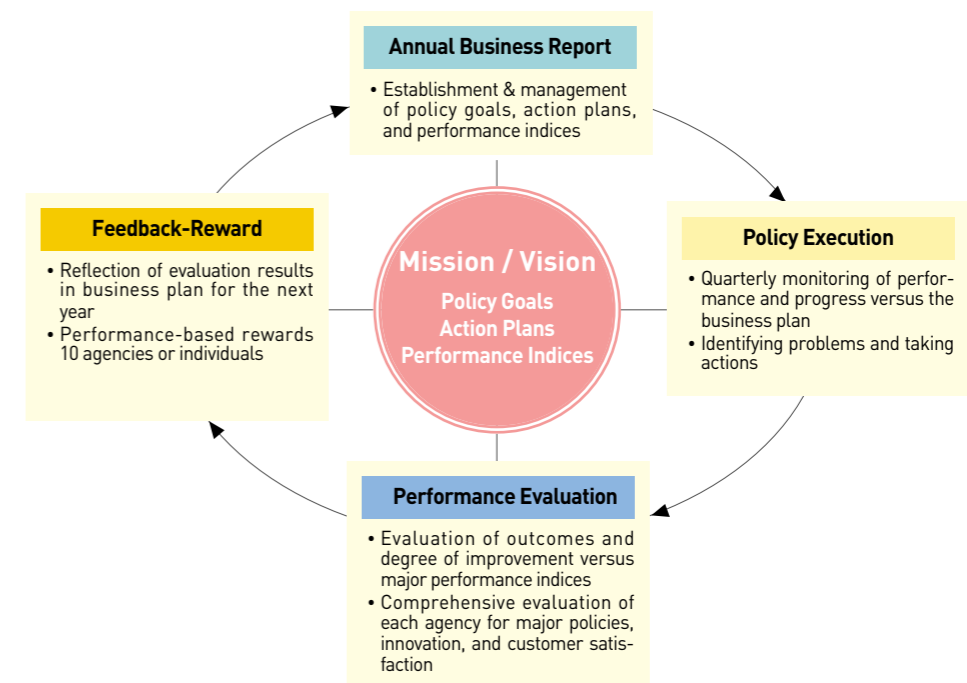
- Application of management by objectives (MBO) and performance-based salary to grade 4 and over, and of "evaluation of work performance and performance-oriented bonus" to grade 5 and below
 - Promotion and rewards to high performers to encourage organizational efficiency
- Establish various performance management systems including performance agreement system (PAS) and BSC
 - Self development of performance-oriented management by each agency
 - Establishment of performance-oriented management by the end of 2005
 - Total of 24 agencies, including the Ministry of Finance and Economy, Ministry of Education and Human Resources Development, Ministry of Foreign Affairs and Trade introduced and implemented the performance agreement system (PAS)

- The BSC system has been implemented by total of 4 agencies: Ministry of Government Administration and Home Affairs, Korea Customs Service, Military Manpower Administration, and Korea Coast Guard

Principles of Performance Management

- Management of performance by annual business plan composed at the beginning of the year
- Determination of performance goals and indices for performance management at the beginning of the year
- Establishment of performance evaluation and feedback systems suitable to each agency
- Prevention of policy failures by reinforcement of mentoring and consulting national agendas

Flow Chart of Performance Management System



Best Practice

Korea
Coast Guard

BSC A New Wave to the Gateway of a Promising Future

World-Pioneering Korea Coast Guard Lays a Cornerstone for “Performance Management of Government Agencies”

In the advent of a new ocean era in the 21st century, the importance of the sea increases as it only serves as the center for logistics but also as a space for economic activities, leisure and relaxation. Therefore, Korea Coast Guard performs more diverse duties ranging from maritime guard, maritime criminal investigation, emergency rescues, and maritime traffic safety for maritime order, to inspect and control ocean pollution. Last year, Korea Coast Guard established the first BSC (Balanced Score Card) performance management system in history of government agencies, making continuous efforts to help the nation encourage a more comfortable lifestyle. It has presented public organizations with a new model of performance management standards, and has played a key role in bringing about a new wave of thinking in the government official community by establishing a merit sys-



Korea Coast Guard vessel

tem that rewards officials based on individual performances.

Concept of BSC – Measures for Balanced Performance Evaluation

BSC (Balanced Score Card) is the performance management system intended to change the mindset of organization members to think strategically by measuring and analyzing the performance of an organization in various perspectives, and offering feedback to enhance communication among organization members. The actual performance of an organization can be improved by the activities of each individual member or team coincide with the strategic goals of the entire organization. Therefore, it is critical to maintain consistency between strategic goals of an organization and performance objectives of individuals.

Harvard University professor, Robert Kaplan and former CEO, David Norton established BSC after a joint research with 12 companies in 1992, and introduced the system mainly to private companies. Its efficiency in public sectors first became well known in the Charlotte (USA) from 1996. Now, it is practiced by many government organizations, such as, American Coast Guard, Washington State, the Defense Department of America, and the Defense Department of the United Kingdom.

BSC is recognized as an effective performance management system that can minimize errors in strategy execution by classifying long and short-term strategy into visible performance objectives and measures, and evaluate not only the performance results but also the process.

Process of Korea Coast Guard’s BSC Construction – Measurement is an indispensable part of management

In July 2003, Korea Coast Guard introduced the BSC methodology upon the

Ministry of Planning and Budget request to develop "performance measures for financial projects", however, failed to put it into practice. The first reason for its failure was due to its concentrated development by outsourced service companies without Korea Coast Guard staff's knowledge. Second, it was limited to the financial project without consideration of the mission, vision, and strategy.

In 2004, the government emphasized the construction of performance evaluation and compensation system internally. Difficulties were discovered in encouraging the staff to actively participate in innovative activities and expanding the driving force of innovation with the existing systems, such as, "Innovation Mileage", "Innovation Reward", and "Multilateral Evaluation". Increased demands for new performance management system that may well lead the performances of each individual and department in achieving the visions and the strategic goals were noted. The Korea Coast Guard, in turn, constructed and operated the BSC system that would evaluate the entire organization performance, connecting results of evaluation with individual performance.

A BSC project team was organized to acquire knowledge on BSC by discussion and study of related books. The team began benchmarking of private companies, studying the cases of overseas organizations, analyzing the problems of 2003, and discussing solutions. They also signed service contracts with consulting companies, while minimizing the duration of project schedule to initiate the BSC system the following year.

The overlap of Efficiency Rating period of 2004 with the preparation period of BSC resulted in evaluations of the job performance of individual and team according to the BSC system. Its outcome reflected on the efficiency rating report, and compensation was offered in various incentives, such as bonus, special promotion, and others. Such practice paved the way to draw both participation and attention from the staff, with preliminary practices for BSC.

Total of 8 weeks were spent in construction of the BSC system. During the first week, the BSC project team interviewed the commissioner and a group of bureau directors to determine its missions and visions. During the second and third week, it successfully developed the BSC perspective, strategy, and performance objectives under the same process.

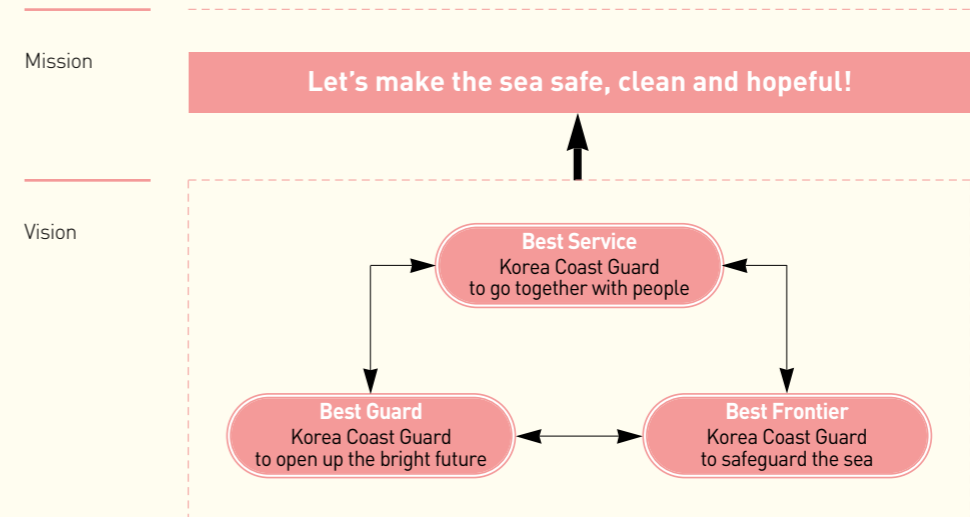
Based on the outcome, the BSC project team held symposiums and workshops at each department. They came to develop the measures for 53 organizations including, the measures for each department and local coast guard after the arbi-

tration period during the fourth and seventh week. In the last eighth week, it distributed the performance measures into the BSC system and held a final presentation with participation of the entire Korea Coast Guard executives and employees on December 21, 2004.

The BSC System of Korea Coast Guard – Mission, Vision, Perspectives, Strategic Goals, Performance Objectives and Measures

The BSC system of the Korea Coast Guard consists of missions, visions, perspectives, strategic goals, performance objectives and measures. The mission as the reason for the existence of Korea Coast Guard is "Make the sea safe, clean, and

The Mission and Visions of Korea Coast Guard

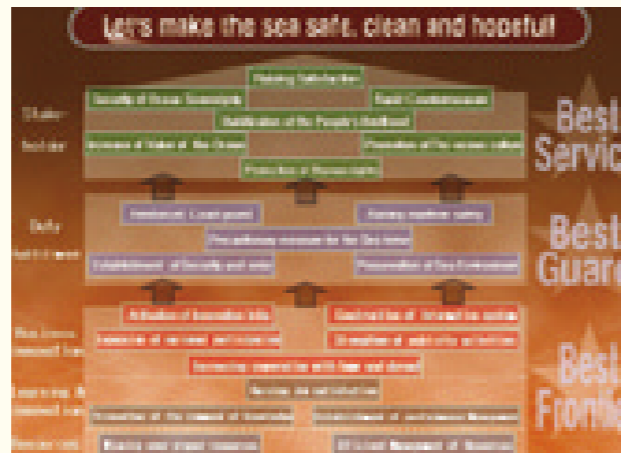


hopeful!"

Safe represents the protection of maritime power, maintenance of maritime safety, and defending maritime terror and accidents. Clean represents protection of ocean environment, patrol, and control of pollution. Hopeful represents the foundation for developing Korea into a nation with great maritime power. "Vision" consists of three key words <Best Guard, Best Service, Best Frontier> to safeguard the sea. The phrase encourages developing unity with people and a promising future, each with a goal of becoming the best organization until 2007.

Considering the characteristics of Korea Coast Guard, the BSC executive team

formulated a strategic map of five perspectives: stake holder, duty fulfillment, business innovation, learning & innovation, and resources to achieve the mission and visions in balanced procedure. In addition, preparation of a strategy map was conducted to achieve the mission based on the



Korea Coast Guard's Strategy Map

causal relationship between visions and perspectives. After establishing such comprehensive framework, it developed Performance Objectives, Performance Measures and Measuring Method for each strategy.

The BSC system operates the homepage by real-time, making it possible for any user to monitor and manage the results of performance measures of each department and perspective by entering user ID and password.

For example, "the coast guarding activities" will evaluate the rate of increment of guard time and the number of arrested foreign fishing boats. Under the distinct strategy of reinforced policing, the efforts are assessed objectively by detailed mea-

Example of Performance Indices

Strategic objective	Performance objective	Performance index	Index measurement
Reinforced coast guard	Reinforced guard activities	Rate of arresting illegal foreign fishing boats	Number of arrested boats / EEZ total number of allowed boats

asures: the guard time and the number of arrested illegal foreign fishing boats.

A clear understanding of the objectives in business performance paved its way for preventing sea accidents and protecting marine resources by tightly controlled marine crime patrol. Reinforcement of the coast guard and number of arrested illegal boats was increased as Korea Coast Guard conjured positive attention from fishermen. The BSC system does simply evaluate the performance of the staff, as its role

extends to secure safety at sea, and foster livelihood of the nation.

BSC Effect and Success Factors – Strong Leadership and Sense of Ownership of all the Staff

Various results were shown during the 3 months' testing period after the complete construction of the BSC system. First, the first quarter performance improved 21.9% than last year, proving the effectiveness of the BSC system. By assessing the performance in real-time, the quality of administrative services is improved as the staff gains higher motivation with increased sense of responsibility. Second, as the culture in the organization began to follow the performance-oriented principle, the impetus of innovation of the organization was strengthened. Each department is actively making efforts to improve its performance and effectiveness in their working process. Third, the staffs have started to recognize the importance of accurate statistics and record management. The working patterns have also changed much, setting and managing goals through various data analyses.



BSC System Implemented on the Screen

The key factors of accomplishments during the past 6 months lied in leadership that presented the right cause and direction for changes, created a driving force of innovation, and the sense of responsibility to lead positive changes. Additional success factor was the strategic selection that promoted innovation to the organization in a step-by-step process.

Problems Solving and Complementation

As shown above, despite the numerous desired outcomes of constructing and operating the BSC system, there exists room for improvement. Accordingly, the team has made an effort to solve and complement the problems. First solution is the enhancement of the measures for performance evaluation that focus increasing employees' acceptance of results by reasonably adjusting the target value with the use of the statistical analysis method. Thus, developing methods to complement shortcomings made by external variables that effect the measures, and managing

data in real-time by constructing DW (Data Warehouse).

Another effort made is the continuous development and complement in the methods of evaluating qualitative elements such as individual performance, satisfaction, etc. As the BSC system controls the data only by quantified measures, there is a need for the tool that can measure and evaluate qualitative elements such as one-time projects or individual performance, satisfaction, etc. So, "QES (Qualitative Evaluation System)" that marks elements based on periodic evaluation like multi-lateral evaluations online is being developed and operated.

A New Wave to the Gateway of a Promising Future

Korea Coast Guard has concentrated its efforts to spread the practice of construction of the BSC system throughout government agencies. It has presented the case introduction of the BSC system to the agency directors and innovation officials (currently known as innovation planning officials) numerously, plus providing approximately 30 agencies with related data. It has also taken the lead in creating a new culture in organizations by spreading the practices of government innovation to private sectors, as well as, establishing the BSC system as the standard model for performance management of government agencies.

Reportedly, three years are spent for the BSC system to settle. Korea Coast Guard now stands in its first stages of "construction of foundation". By 2006, it will enter the "maturity stage" to convert its form of organization into the strategy-oriented. Also it will establish detailed plans and reinforcement system to improve performance. After 2007, as the stage enters the "outcome stage", it will gain feedbacks from successful visions and establish new vision and objectives for 2010. It will attempt to pursue constant changes, becoming a new wave in opening the gateway to a promising future of Korea.

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2 Organization Management

Objectives & Directions

- Reinforce the autonomy and flexibility of government organizations that emphasize self-regulation, responsibility, and performance
- Construct strategic and macroscopic operation system of personal quota by promoting total personnel budget system
- Implement regular organization diagnosis and evaluation to promote trust with the administrative authorities

Reinforcement of Autonomy

- Expansion of authority to the head of an agency of organization management to assure autonomous control and operation of subordinate offices within the scope of the agency's standardized quota
 - Deviation from conventional structure consisting of departments and sections to activate division and team systems to enhance organizational flexibility
- Requests of new organizational units or additional personnel, by principle, each agency is required to respond to the demands through self-adjustment of functions or flexible arrangement of personnel
- Ministry of Government Administration and Home Affairs is entitled to develop and implement measures of improvement or supplementation for the system to conduct objective evaluation of outcomes
 - * Developing organization performance indexes that reflect efficiency and customer-orientation

Introduction of Total Personnel Budget System

- Establishment and implementation of mid-term government personnel management plan expected changes in government functions, roles, and responsibilities of future government
 - In-depth analysis of demands for administrative services, modification in government functions, economic and social development, and the number of government employees in foreign governments

- Development of 5-year-plan of government personnel management and allocation of personnel to core strategic areas
- Induction and operation of total personnel budget system to allow respective agencies to autonomously manage its organization & personnel quota within the established scope of total personnel budget and standard quota (pilot operation in 2005 and full-scale induction in 2007)

Scientific Diagnosis & Evaluation

- Execution of scientific and in-depth diagnosis of organizational structure, functions, and cultures to uplift rationalization of government organizations and its functions
- Operation of two diagnosis; Comprehensive diagnosis of organization, functions, personnel, work processes, organizational cultures, and performance management; and specialized diagnosis of specific areas
- Promotion of specialized government personnel by selecting and expanding professional positions in science, technology, and research

Executive Agency System

- The system is a performance-oriented administrative system introducing the concept of competitiveness and management techniques in the private sector. The system provides autonomy, and binds its responsibility to relevant agencies. 23 agencies, including the Korea Forest Research Institute and Driver's License Agency, are operating under the Executive Agency System
- Based on enlarged autonomy, the Executive Agency System is considered to have acquired efficiency and productivity improvements. The system also promotes innovation in public services, and attracts various applications for improvement in administration productivity, quality, and financial independence
 - Performance-oriented mindset: Application of performance contract between the relevant central government agency and responsible agency
 - Innovation of organization and personnel management: 360-degree reward, term of positions, job posting, and performance mileage

- Customer-oriented services: Time spent for driver's license (Driver's License Agency) issue: 4 hours in 1999 → 15 minutes in 2000
- Financial revenue improvement: Agency Revenue (Central Supply Office): 330 million KRW deficit in 2000 → 980 million KRW surplus in 2002
- Autonomous management system: Financial Independence (Defense Agency for Public Information Services): 4% in 1999 → 11% in 2003
- Expansion of the executive agency system (main target: agencies under central government's control) and autonomy

Delegation, Entrust, & Privatization of Administrative Authorities

- Active selection of functions that support delegation, entrustment, or transfer to subordinate agencies or private sectors
 - Privatization of railroad service from ownership by government agency
 - * Transform Korean National Railroad (a government agency) into Korea Railroad (a public corporation) (January 1, 2005)
- According to the local agencies' assessment of functions, business processes classified as unfit for entrustment, special local agencies are entitled to their operation. The hierarchical structure of special local agency will commence moderate adjustment

Introduction of Team System into Government Organization and Realization of Performance-Oriented Administration System

Ministry of Government Administration and Home Affairs: the Government Innovation Strategic Headquarter

Ministry of Government Administration and Home Affairs (MOGAHA) is a central government agency comprised of 1,500 personnel that executes various functions, including the government innovation, e-government, local autonomy, disaster relief management, and law enforcement. Until now, MOGAHA has played the leading role in state affairs covering central to local government issues and has been recognized as the most authoritative and bureaucratic agency.

In particular, MOGAHA was ranked 19th out of 24 ministerial agencies in “2004 Customer Satisfaction Evaluation of Public Agencies” and 15th on satisfaction of its major policies, failing to win support from its customers, the people, and public

agencies in central and local governments.

However, radical changes in administrative environment characterized by advances in knowledge and information technology, digitalization, globalization, and demand for transparent government have produced a fundamental need for innovation of organizational structure and culture in the MOGAHA. With the launch of the Participatory Government in 2003, MOGAHA has risen to the challenges and heightened its position and role as the agency in charge of leading government innovation.

On January 5, 2005, the MOGAHA's pending problems were alleviated since the inauguration of new minister, Oh Young Kyo, the former president of KOTRA, who transformed it into the best public corporation through implementation of performance-oriented systems, annual salary system, and 360-degree reward system, took place. After his inauguration, Minister Oh set the vision of “being the world's best administration agency that focuses on customer and performance”, and “to transform MOGAHA into the model agency for true government innovation”. He also provided the objective of “establishing an integrated government innovation system of organization, job, evaluation, and reward in a single system” to initiate various implementation plans for positive innovation of the MOGAHA.

Innovation for Performance-oriented Organization and Culture

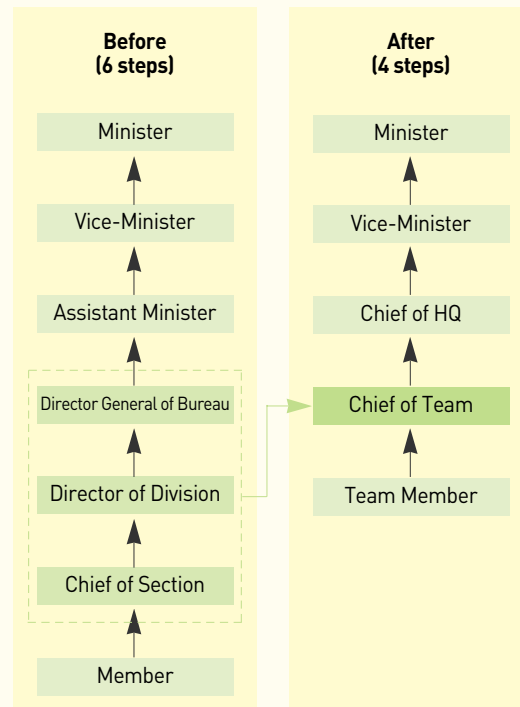
Introduction of “team” system for the first time in government agency

MOGAHA was a pioneer to the abolishment of conventional vertical hierarchy system (Bureau-Division), and introduced a new horizontal system (Headquarters-Team). The objectives of the team system are for the realization independence and responsibility of the agency, improvement of performance through efficient teamwork, and to ultimately establish reliable government.

The organization structure was first transformed into horizontal 3-tier system (members-team head-division head) from the former 5-tier system (member-chief-section head-department head-office head), accelerating the decision-making process.

Then, Customer Support (CS) Team prevalent in private businesses was established amongst the central government agencies and the Performance Management Team was to present performance-oriented rewards. MOGAHA, therefore, established an executive agency system emphasizing customers and performance.

Change of Reporting Processes



Job posting and capacity-oriented personnel arrangement

After introduction of the team system, personnel management entered a new phase of job posting for all positions in the agency. Different from the conventional system, the minister did not obtain full personnel management authority. The position qualification was also radically revised to allow any capable and eligible candidate be appointed division or team head. In times of induction of Fair Performance Management System, the performance assessment will be completely utilized in personal management.

Autonomous administration system by chief of headquarters and teams

The chief of headquarters and teams will delegate more authorities for project promotions, allocation of human resources, personnel management, budget, and evaluation. They will be now be eligible to make prompt decision on scene to contact customers, and to take the full responsibility for its consequences; lead to establishment of autonomous and responsible administration system.

Improvement on working environments

Arrangement of office desks was reallocated to the horizontal type ("---" style) from the former vertical type ("T" style). All office furniture and fixtures were equally arranged to remove higher authoritativeness from the office. Partitions between sections were removed to facilitate communication between teams and the flow of knowledge and information.

In realization of paperless offices, cabinets were removed for wider and more open office environment, and office fixtures including desks, chairs, and PCs were replaced to increase efficiency and creativity.

Radical improvement of working patterns

Working patterns have been radically improved to remove inefficient and wasteful

benefactors in the working processes, as well as, to achieve quicker results easier.

- i) Basic memo-oriented reporting to shorten reporting time: Internal communication network is as a direct "memo reporting" to the minister, resulting in dramatic decrease in waiting and reporting time.
- ii) Introduction of e-reporting system and termination of former vertical reporting-pattern: All reports are replaced by electronic reports to enable prompt decision-making that reduces time wasted during face-to-face reporting.
- iii) Policy coordination meetings to encourage discussion and coordination between teams: Subjects requiring cooperation between several teams, the policy coordination meeting is frequently held with participation of the minister, vice-minister, and division heads. Coordination and decisions made in the meeting are conducted democratically.

Real-time Performance Management & Reward Through Integrated Administration Innovation System

Many private businesses and public companies have introduced the team system, however, due to the lack of fair evaluation and appropriate performance-oriented reward, not all were successful implementing the system.

MOGAHA, therefore, established the integrated administration innovation system for the first time amongst government agencies. The system establishes workflow in respective service areas based on government work process management; handling, and managing the work process in real-time. The system will combine customer management system that automates the service workflows and the performance rewarding system that measures achievement in respect to BSC. The system is planned to install in July.

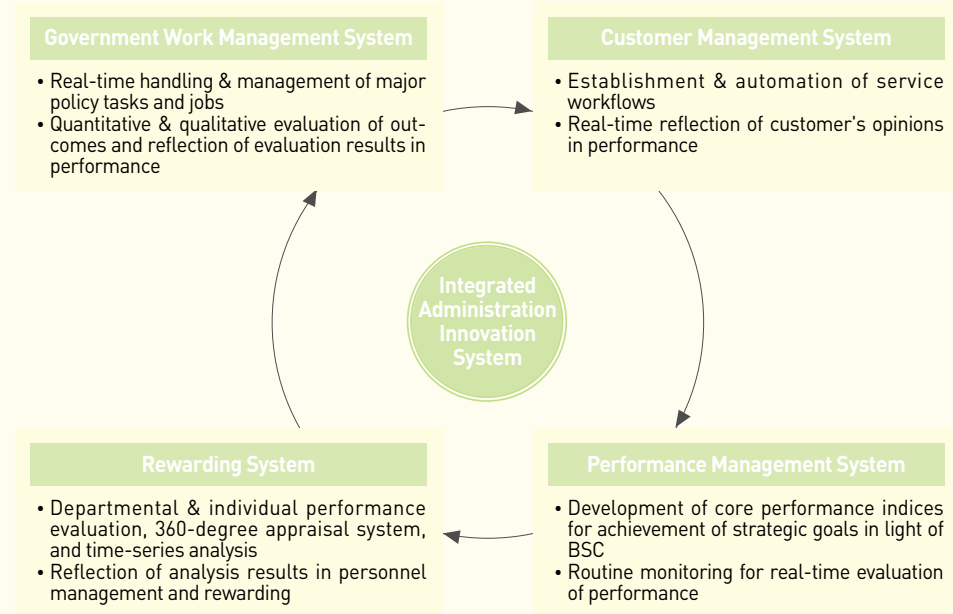
With introduction to the integrated administration system, real-time evaluation of performance results will act against the performance objectives of respective teams; to the assessment, various performance-oriented incentives, such as differentiated allocation of personnel and budget, will be given.

For the True Success of the Team System

Transformation into the team system is establishing a new hardware for organizational innovation. For its true success, the changes in software or "humanware", such as, the development of organization culture for team system and reform, are required.

One factor for successful implementation of the team system is achieving the

Integrated Administration Innovation System



best teamwork. Encouraging harmonious relationship in teams, will not only instill team spirit, but also promote stronger teamwork. Through evaluations of satisfaction, changes in roles and attitudes, and results of team system operation, MOGAHA will identify the problems and formulate solutions. MOGAHA will continuously shift the change management for successful settlement of the team system.

Since MOGAHA's team system was the first in its kind, agencies in central and local governments, and even private sector have shown enormous interests. Agencies, including Ministry of Planning and Budget, Ministry of Labor, Ministry of Information and Communication, and Public Procurement Service, have entered the preparation period for the launching of the team system. Numerous local governments have altered their organizational structure and function to become eligible to implement the team system. After successful implementation of integrated administration innovation system of MOGAHA, the team system will be utilized in all public agencies, as well as, becoming a benchmarking model.

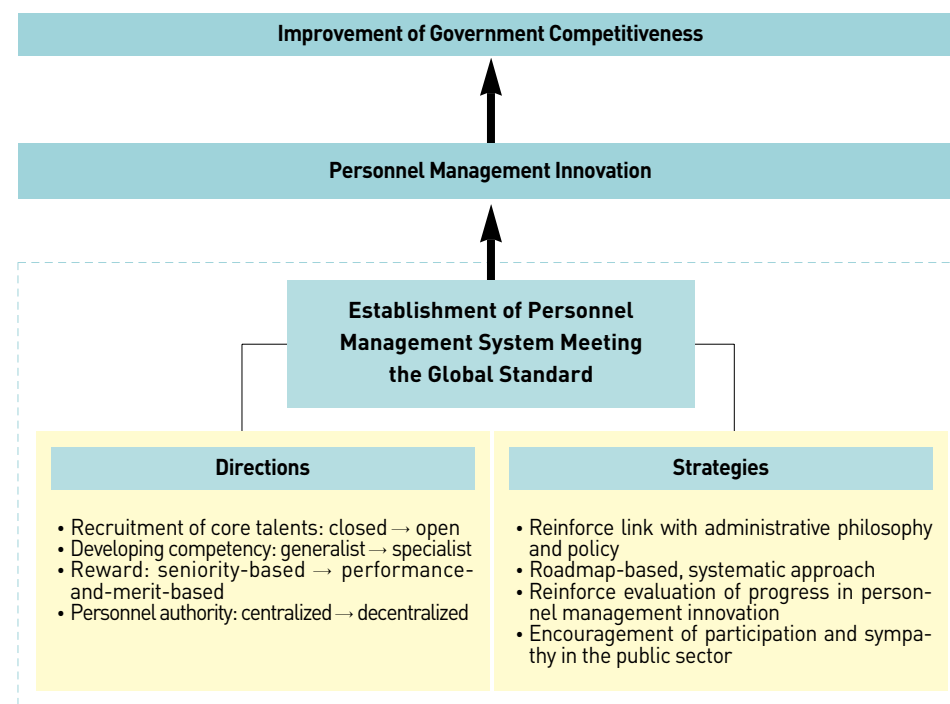
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3 Personnel Management Innovation

Importance of Personnel Management

- The Criticality of organization and operation in government personnel management system for effective utilization of human capital; the competitiveness core of 21st century knowledge information society
- The Determination of the Korean government from 1990 to ensue the vision and direction of personnel management innovation to develop human capital management system satisfying the Global Standard
- The Establishment of The Civil Service Commission for development, management, and operation of human capital in government in 1999 introduced a personnel management system that “reinforces performance and responsibility” and “promote ingenuity and competitiveness” to improve productivity in the public sector

Vision & Strategy of Personnel Management Innovation



Directions of Personnel Management in Government

- **Open Recruitment:** Improve ingenuity and competitiveness in public offices by: open position system, job posting system, personnel exchange program between ministries, central & local government, public & private sectors, part-time civil servants, and etc
- **Promote Performance-oriented Personnel Management System:** Reform current state examination system to attract larger population of talented professional, conduct job analysis to identify each job description, and introduce annual salary, performance-oriented bonus, performance Agreement system (PAS), 360-degree reward system, and others for institutionalization of performance-oriented personnel management system
- **Secure representativeness in Public Sector:** Encourage influx of more women, handicapped, and scientists & engineers into public sector. Strengthen nation's competitiveness by eliminating discriminatory agendas concerning talents' origins
- **e-HRM:** Establish national talents database and PPSS (Personnel Policy Support System) that electronically handles personnel management to promote international competitiveness for personnel management system
- **Senior Civil Service:** A new performance-oriented management system for senior representatives, key governmental talents, will be implemented in Y2006 to increase productivity of government

Construction of Performance Agreement System

Overview of Civil Service Commission

Established on May 24, 1999, The Civil Service Commission is a central personnel management agency of the president's absolute jurisdiction. Its objective is to prevent the administration of partiality when appointing personnel, and maintain both fairness and equality in personnel administration. The Commission deputizes the national personnel policy administration by implementing introductory policies for the Administration and pursuing innovation in personnel administration.

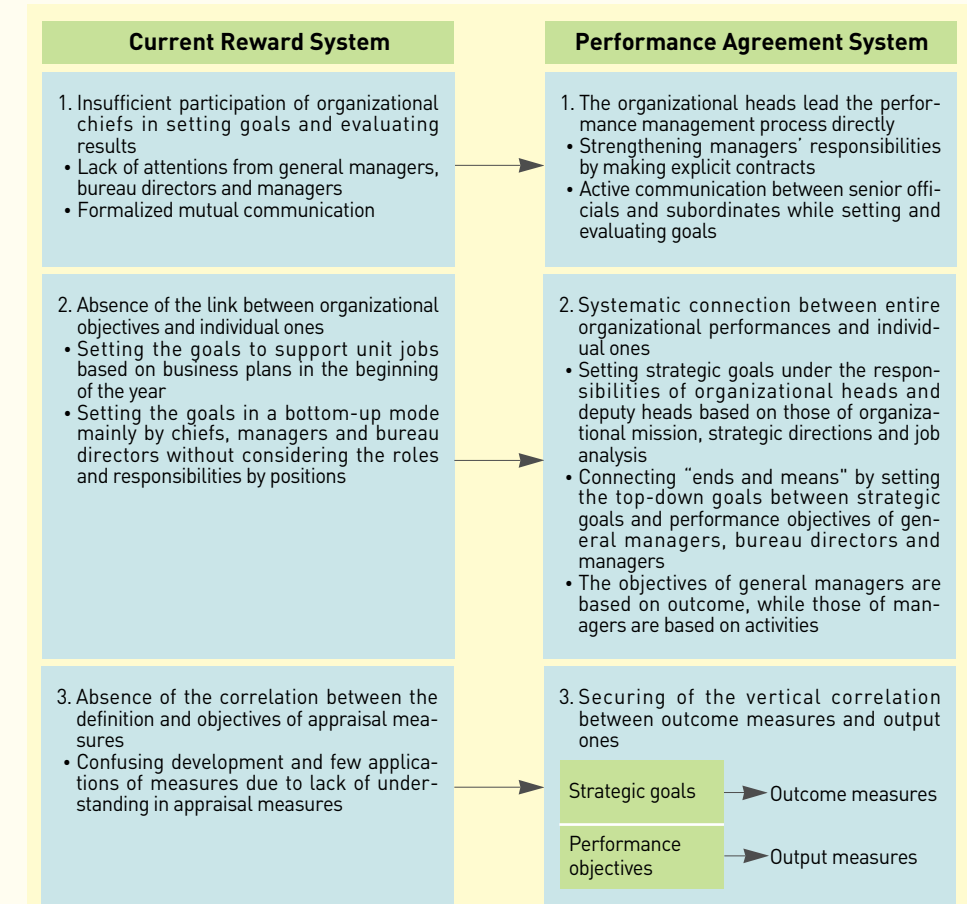
In the worldwide competitive environment of such high-information society, the Civil Service Commission has made numerous efforts to enhance human capital by personnel innovation. Another component to personnel innovation is the performance-oriented system that rewards employees through fair assessments of their performance.

Backgrounds of Introducing the Performance Agreement System

The purpose of managing the performance of public organizations is "maximiz-

ing either benefits or political influence to the people" – customers of administrative service. The current performance evaluation system has instilled unwarranted tension on evaluating outputs which made it difficult to evaluate accurate final outcomes. There also has been incessant demand in and outside the government office in evaluating the performance in terms of quality (i.e. establishment of a policy too difficult to be assessed)

Existing evaluation system (MBO) and Performance Agreement System



The current management by objectives (MBO) assessed the performance of public officials (grade 4 and below), yet, failed to satisfy institutional framework for establishing objectives & evaluating performances, and to provide correct direction for index development. It has simply presented quantitative activity-oriented indices

or immeasurable qualitative indices, and had minor affiliation with final outcomes which influence customers (the public).

Concerning such problems, Civil Service Commission initiated the Performance Agreement System to construct the result-oriented administration evaluation system and pursue responsibilities of performance.

Concept of Performance Agreement System

The Performance Agreement System encourages signing of contracts between organization administrators (i.e. ministers, vice-ministers, and chiefs) and directors & managers. The both parties participate in making agreement on performance objectives and indices, evaluating individual performances in accordance to the "Performance Agreement", and reflect on evaluation results of merit-oriented salary and promotion.

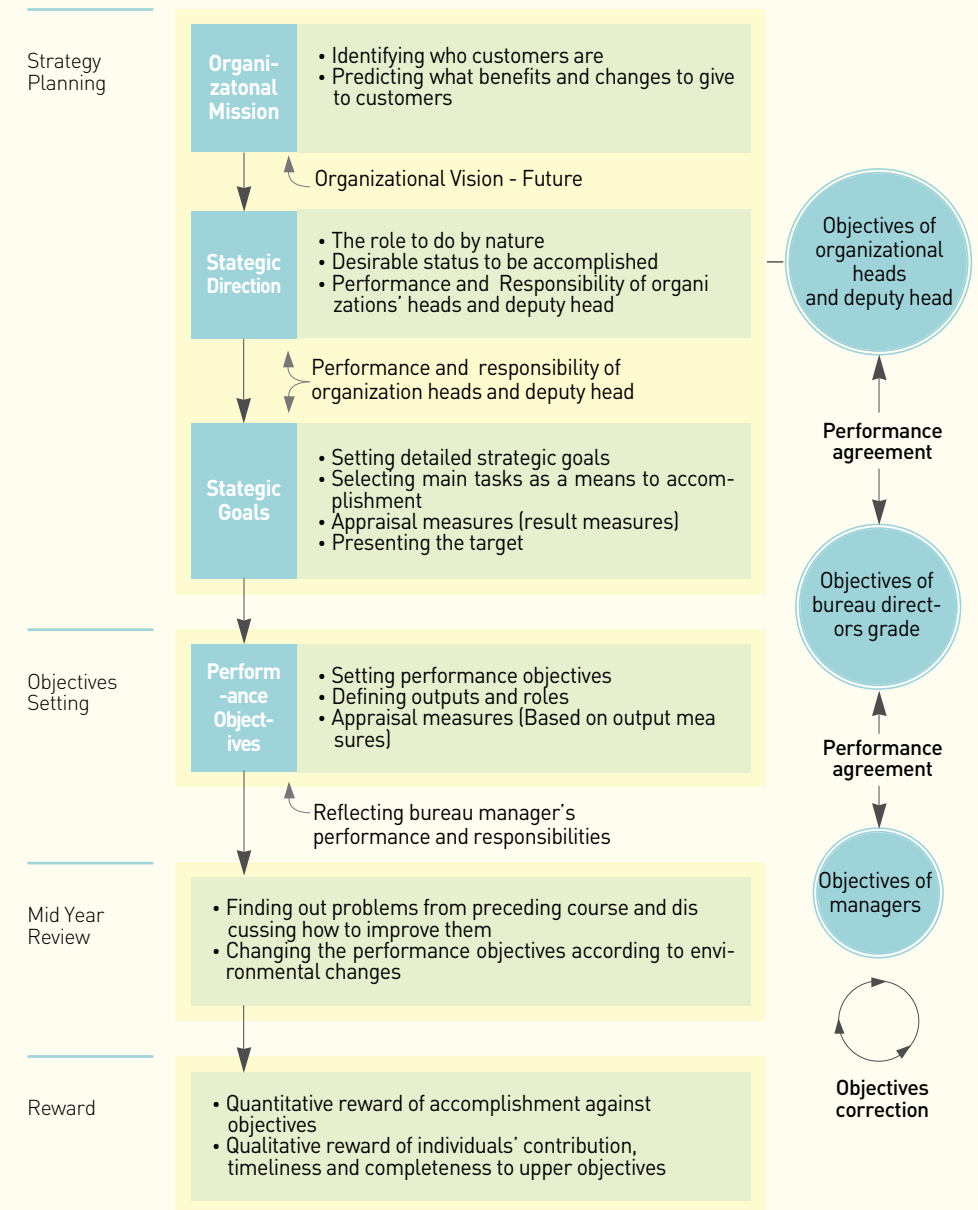
In developed countries like the United Kingdom, New Zealand, Australia, and Canada, they introduced and operated the Performance Agreement System to reinforce the responsibility of high-ranking public officials. Many organizations of American federal government operate similar systems to the Performance Agreement System by submitting the performance plans and performance reports to the Congress.

Process of Performance Agreement System

The Performance Agreement System undertakes the operation process of, "Strategic planning, establishing objectives for directors and managers, mid-year review, reward, and feedback." Strategic planning refers to the stage of mission institution, strategic direction, and strategic objectives as the starting point for performance management. In the process, it unfolds the descriptive core tasks of having the mission put into practice.

Objective setting refers to the stage of making a contract on performance objectives of chief directors for each core task presented in earlier stage. For evaluation indices, it presents both the quantitative index of outputs and the qualitative criteria (i.e contribution to upper objectives).

The mid-year review is held from July to August to improve the objectives and secure the adaptability of environmental changes. The follow-up measures will be exercised accordingly under various situations, such as, standard progress, necessary improvements, poor progress, and results of objective corrections.



Reward signifies the stage where direct senior officials evaluate the objective results under both quantitative and qualitative criteria that are initiated at the beginning of the year. During the evaluation period, reward presenters assign reward grades and opinions, as well as, providing feedbacks.

Senior officials offer mentorship opportunity to subordinates' business progress-

es and reward results after each stage interview. Officials hold interview sessions frequently and offer advices for successful objective achievement.

The Performance Agreement System is in progress of mass distribution to numerous agencies that follow the initiatives of Civil Service Commission

Civil Service Commission became the government pioneer to have signed a contract in October 2004 with the committee chairman, the director of the Central Officials Training Institute, the director of review committee, and the secretary general, as well as, signed a performance agreement between the bureau's secretary general and directors, and managers of bureau during the process.

The initiation of the performance agreement system caused the commission to precede its mission and strategic goals. Those names that are inscribed on the contract raised the awareness level of each member's primary objectives, resulting in increase of organizational business efficiency. It also outlined members' job description to aid in highlighting their business priority. The evaluation was held annually as the rates endeavored to produce desirable results for a year.

As of April 30, 2005, 26 government agencies, including Ministry of Finance and Economy introduced and commenced the performance agreement system that are scheduled to distributed to every central administrative bodies within the year. Implementation of Performance Agreement System resulted in committee's expectation of acquired experiences on managing the performance of high-ranking officials before the public official group system planned to be implemented in Y2006.

The committee will prolong support of the Performance Agreement System of each agency to single management of its performance and to improve its administrative service toward the people. The committee plans to contribute utmost efforts, such as, preparing best practices, developing the objective establishment, and index development methodology.

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4 Reform of Working Patterns

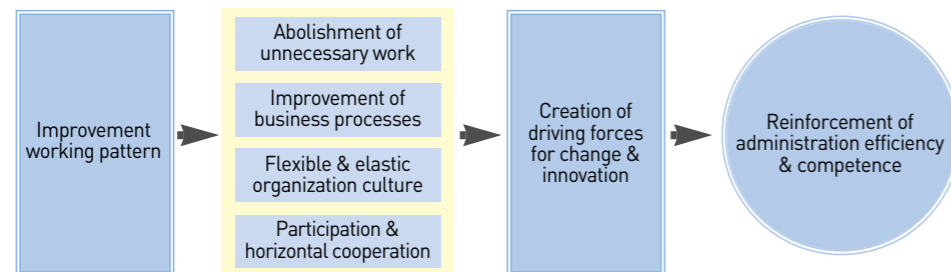
Significance

- Reform of working patterns denotes series of activities improving efficiency in administrative services and vitalizing the organization culture by improvements on working procedures and cultural issues
- Fundamentals for on-going and autonomous business process reengineering (BPR) will be established to reinforce core jobs' capacity. Such system reengineering implements and distributes the representation for standard working environments suited for future administrative environments. Through such system reengineering, a model for standard working environments best suitable for future administrative environments will be implemented and spread

Requirement

- Implementation of improved working pattern for the current includes various wasteful and unnecessary factors that are inappropriate for new administrative demands. The business process concept fails marketing distribution that results to insufficient efforts in conducting works and improving processes in accordance to its established procedures
- Personnel assigned to a specific task must practice procedure diagnosis and redesign & abolishment, simplification, and rationalizations of any inefficient procedures to provide appropriate response to new administrative demands and improve business efficiency. Efforts to be mainly concentrated on core areas

Flow



Core Promotion Tasks

- Improve promotion capacity of core tasks via BPR
 - Reduce desecration of administrative resources and establish efficient business system by abolishing, simplifying, and rationalizing unnecessary or overlapped procedures via BPR (Business Process Reengineering)
- Develop "New Office" model to encourage vitality in organization culture
 - Transform former authoritative and inflexible administrative culture to energetic and vivacious. Assure autonomous and creative activities of individuals in response to environmental changes surfacing from transition to the knowledge-based information society by consideration of open and well-being environment. Improve working efficiency by developing working space based on information and communication technology and office model to encourage learning, discussion, and sharing knowledge

Expected Benefits

- Separation from former authoritative and opportunistic working patterns to provision of high-quality services to the people. Improve people's reliability and satisfaction
- Improve government readiness on environmental changes and effectively allocate resources by assortment and convergence
- Improve individuals' pride, satisfaction, professionalism, and quality of business process

Best Practice

**Korea
Customs
Service**

Conservation of Cargo-Handling Time to Half

Logistics Innovation (Shortened Cargo-Handling Time) Credentials

Korea Customs Service (KCS) agency protects national health, social safety, and environment by securing the national revenues from 43 customs nationwide, and prevents illegal transportation of drugs, weapons, and intellectual properties in Korea.

KCS have managed to decrease the average time for customs clearance to one and half hours after recognizing the importance of prioritizing export and import clearance to provide customer satisfaction. Such result proved highly effective compared to the four hours recommended by international organizations (i.e. UNCTAD (UN Conference on Trade and Development)). Innovation seized after March 2003.

Emergence of conflicts continued as cargos consumed average of 9.6 days to enter and exit ports; additional 5 days for rival countries, like United States and Japan, would take. One and half hours describe only the time consumed from import declaration to receipt at customs. The shortened time for import clearance failed to reduce the logistics expenses and enhance competitiveness. The national

logistic expenses over gross domestic product (GDP) was also 12.4% higher than of United States (9.5%) and Japan (9.6%), indicating growth requirements for logistics flow innovation.

Cargo-handling time from entry to import clearance Based on January 2003

Classification	Entry Into Bonded Area	Carrying-In Import Declaration	Declaration Receipt	Entrance Receipt
Handling Time	2.3 days	7.2 days	1 hour & 32minutes	9.6 days

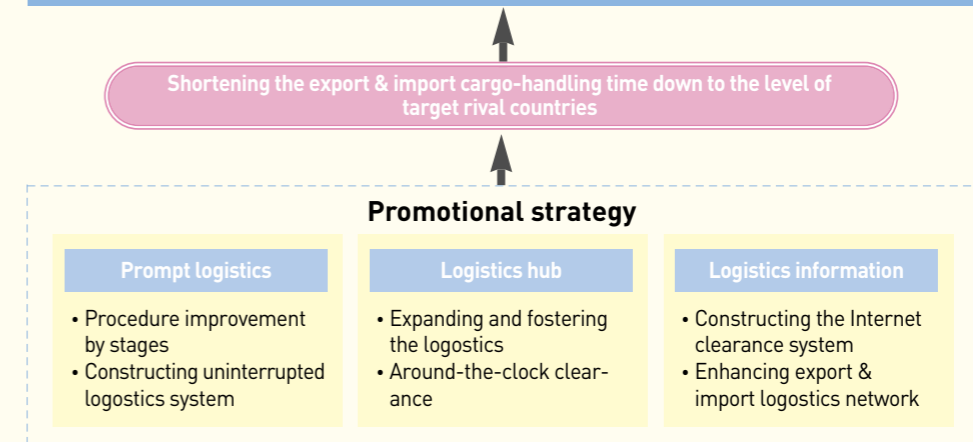
Objective Setting & Road Map

A private-public joint task force (T/F) was organized by Korea Customs Service with customs staff on September 2003 to decrease the cargo-handling time from entry into ports until they carry-out by concentrating on R&D. Stationed in Busan and Inchoen Ports for more than two months, the "T/F team" conducted local surveys for detailed comprehension of customs clearance of the advanced logistics in various countries (i.e. United States, Netherlands, and Singapore). Numerous conferences provided an opportunity for experts in customs, shipping lines, airlines, container terminals, and piers to discuss the problems and answers to increasing cargo-handling time dilemma.

Procedures from cargo entry to the carry-out are classified as logistics outside customs house. In improving such procedures, drawing voluntary cooperation from

Setting the objective and strategy for the innovation of export & import logistics

Making Korean airports and harbors the hub of logistics in North East



logistics players were crucial. The “private-public council” was organized with 32 logistics experts to encourage participation in various activities from the beginning of the policy-making stage by the interested parties.

The council determined the “Road map for export & import clearance logistics system innovation” for the 36 tasks in three fields that cover the entire logistics innovation on February 13, 2004. The innovation task classified into three categories: speed, hub, and information. Its goal directed to decrease the cargo-handling time from 9.6 days to less than 5 days by initially promoting tasks then distributing its results in sequence.

Innovation & Outcome

Korea Customs Service encouraged its staff to gain confidence in innovation by initial promotion of short-term tasks in sequence and announcing its results of shortened cargo-handling time periodically.

The mid-year review of promotion results and the announcement of performance index

Period	Promotional Tasks	Outcome
Feb. 2004	7 tasks like the prompt inspection by PDA	9.6 → 8.9 days
Mar. 2004	4 tasks like the simplified procedure for sea & air transshipment cargo	→ 8.5 days
Apr. 2004	2 tasks like the secured vehicle passage within piers	→ 7.5 days
Jun. 2004	4 tasks like the reduced subjects to be checked by the head of customs office	→ 7.1 days
Aug. 2004	3 tasks like the construction of the around-the-clock clearance system at Incheon Airport	→ 6.7 days
Sept. 2004	3 tasks like the cargo management methods by Bar-Code	→ 6.2 days
Oct. 2004	4 tasks like the construction of the early receipt system of shipping invoices	→ 5.9 days
Nov. 2004	1 task like the expansion of declaration prior to entry (28 tasks completed)	→ 5.5 days

7 out of 36 tasks including shortened unshipping period (5 → 3 days), prompt inspection by PDA, and the expansion of automatic receipt of unshipping declaration implemented on the first month. The cargo-handling time was reduced from 9.6 days to 8.9 days. From March, there was successful completion of 11 tasks by organizing a private-public joint logistics promotion T/F team to each main custom house, and stating its mandatory task of carrying out clearance good within 15 days. Reducing the result of cargo-handling time 8.5 days.

13 more tasks were completed in April by unifying the operation of general pier

and securing the vehicle passage within piers. In August, it managed to reduce the cargo-handling time to 6.7 days by imposing additional taxes on goods holders with delayed declaration that constrained the shortening of the cargo-handling time, and by constructing a 24-hour clearance system. Completion of 13 additional tasks was made in September by offering the real-time cargo tracing information and presenting the cargo management method by barcode technology. In October, completion of 27 tasks was added by including the expansion of declaration prior to entry.

Promotion Results

Classification	Entry → Carrying-In	Carrying-In → Declaration	Declaration → Receipt	Entry → Receipt	Receipt → Carrying-Out
2003	2.3 days	7.2 days	1h 32	9.6 days	3.7 days
Nov. 2004	1.6 days	3.9 days	1h 41	5.5 days	1.6 days

Expected Benefits

The reduced cargo-handling time by four days (approx. 42%) achieved direct economic effect at 1.7 trillion won; 10% of the total logistics expenses.

With improvement to international confidence and reinforced competitiveness of export & import logistics, it produced indirect positive effects as well. For example, a foreign multinational logistics company displayed its intention of building a logistics center in Korea.

Economic Effects

- Reduced amount of storage expenses according to shortened cargo-handling time: 320.2 billion won
- Increased cargo-handling capacity in harbors: 836 billion won
- Cost reduced by simplified transshipment cargo procedure: 17.3 billion won
- More attracted transshipment cargo through simplified transshipment cargo-handling procedure: 148.2 billion won
- Contribution to restrain excess revenue by smooth supply and demand of empty containers: 73.3 billion won
- Reduced demurrage according to the expanding automatic receipt of unshipping declarations: 231.6 billion won
- Result of simplified express cargo procedure: 1.2 billion won
- Result of 24-hour working system at Incheon Airport: 54 billion won
- Abolished commission for temporary inauguration: 1.6 billion won

Success Factors of Innovation

In accordance to the promotion of innovation of expert & import logistics, the

main success factor lay in the voluntary cooperation among logistic players, handling the cargo directly rather than customs control. Korea Customs Service utilized an integrated PR strategy for policy-generation stage. Despite numerous critical tasks amongst stakeholders for policy alteration, it persuaded customers to adopt the proposed changes through preliminary conversations of basic purposes of policy and its gain and loss by hosting various conferences and policy PR meetings. As it also reflected the recommendations of the industry on its policies to enhance more complete policies. For example, it has altered its starting point of reckoning from the receipt point of unshipping declaration to an entry date to clarify the industrial complaints over the shortened carrying-in period of unshipping locations from 5 days to 3 days.

If its satisfaction was due only to the customs clearance time, it would have failed to create the “export & import logistics innovation road map.” Successful objective management resulted from establishing a clear goal to enhance the comparison criteria of the customs administration from major developed countries, and from establishing the quantified performance index for all the process of export & import logistics ranging from entry to the carry-out.

Classification of tasks for shortening the cargo-handling time into long and short-term tasks, prioritizing them, promoting the tasks that produce short-term outcomes first, and sharing the promotion results by announcement each month was another success factor.

Success Factors

- Presenting a vision in accordance with government objectives and reestablishing a vision (Top-Down)
- Setting a clear objective and establishing a quantified performance index (Bottom-up)
- Encouraging domestic and overseas customers in voluntary cooperation with the whole process of policy execution
- Taking the lead in drawing the cooperation from related organization beyond the limited execution means
- Spreading its will by gaining the success of short-term tasks according to the step-by-step policy promotion
- PR strategy in the whole process ranging from policymaking, execution to appraisal
- Continuing to establish both systematic monitoring and feedback system
- Sharing roles among related departments and spreading autonomous promotions

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5 Knowledge Management

Significance & Requirement

- Responsive to the trend of the 21st century knowledge information society, the government initiated the concept of knowledge management in the private sector to activate the government-wide knowledge management system
- Knowledge management in government signifies series of activities implanting administrative information, individual's experience, practical knowledge, and skills to improve the productivity and quality level of administrative services for the people. Knowledge management includes acquisition, creation, extraction, refinement, storage, distribution, and utilization of knowledge assets

Proceedings of Knowledge Management

- Development and distribution of the knowledge management system (KMS) by Ministry of Government Administration and Home Affairs from December 2001 to May 2003 to introduce, implement, and activate the knowledge management system in government
- Establishment of the Government Knowledge Management Center (GKMC) on December 2001 to promote sharing and utilization of knowledge assets among agencies and to improve government productivity
- Development of 78 agencies in central and local governments under the knowledge management system and 32 of the agencies with GKMC connection are to provide basic directions and action plans for knowledge management in government and various workshops for government employees responsible for knowledge management

Establishment of KMS by Agencies (April 2005)

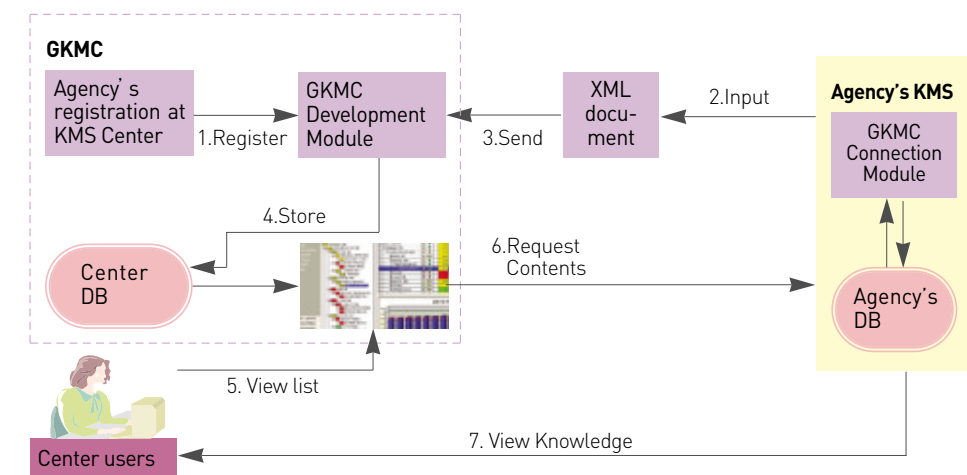
(Unit: agencies)

Establishment of KMS				Connected to GKMC			
Total	Central	Cities & Provinces	Cities, Counties, & Districts	Total	Central	Cities & Provinces	Cities, Counties, & Districts
78	39	11	28	32	7	9	16

Operation of GKMC

- Integration and centralization of administrative knowledge, previously distributed to individual agencies, provision of a single government-wide portal, and promotion of sharing and utilization of knowledge assets among administrative agencies
- Management of knowledge map, lists, and user lists by agencies & permission for individual users to access each agency's KMS server to retrieve knowledge of preference

Flowchart of GKMC



Best Practice

Fair Trade
Commission

Activation of Knowledge Sharing by Constructing Knowledge Management System

Introduction of Fair Trade Commission

Established on April 1, 1981 and as of May 2005, Fair Trade Commission established and executed various polices to guarantee the free and fair competition of the national economy and protect customer rights and interests with its 466 employees. If a company, for instance, violates the 9 laws relating to fair trade, such as, the Monopoly Regulation and Fair Trade Act, the Commission investigates and examines violation cases, then implements corrective measures (correction orders, fines, etc); protecting competition order in the market.

Characterization of the mission to an agreement-oriented administrative agency judges law-violating accidents. It is crucial to systematically manage and use the information on previous cases to maintain consistency when administering violation cases. Increasing need of sharing recent investigation methods and to corporate

information among the commission members to expose companies' intelligent illegal acts.

Problems and Necessity for Knowledge Management

Analysis of work process within the commission revealed review reports and investigation reports collected or produced ruling violation cases handling was mostly stored in paper and only some were digitalized. Resulting in the loss of valuable information and knowledge. Citizens with complaints even had to pay numerous visits to the commission, while reporting accidents and handling cases. Various complaints were noted in regard to time and money consumption. To improve administrative service toward citizens, a reform work process based on knowledge management and construction of service-offering system in the Internet environment was required.

Promotion Process

The commission established a project for "constructing the comprehensive fair trade knowledge management system for customer satisfaction" in March 1999 to recognize the necessity for information sharing. Initial to the introduction of the knowledge management system, it was challenging to promote the project due to cynical and negative opinions due to insufficient understanding and interest in the system by the staff, resulting in a cast of doubt on its efficiency over expenses. Under the conduct of both training and publicizing the necessity and vision of the knowledge management system, it held a knowledge management workshop, completed a master plan for knowledge management, finish developing the system in nine months, and had it launched on July 10, 2000.

Operation of Comprehensive Fair Trade Knowledge Management System

The comprehensive fair trade knowledge management system is the knowledge management portal organically linked to eight systems, including citizen information, knowledge management, accident handling, corporate information, overseas competition information, business promotion review, and Internet broadcasting. The system offers information on demand for each position while handling all other jobs on a single site. When people and companies submit an application for complaints, such as, accident reports or inquiries before a visit to the commission, the

system provides the plaintiff with their application progress & results by Internet and mobile phones. The system automatically accumulates the knowledge acquired from business handling, and systematically collect individuals' new knowledge and know-how's to share them together with the staff.



Main Screen of the Comprehensive Fair Trade Knowledge Management System

Activation of Knowledge Management System Operation

The commission introduced a knowledge mileage system that evaluate and reward based on knowledge proposals and its applications; encouraging the staff to share their acquired knowledge and information (since October 2000). The system provides mileage for knowledge registration, use, and evaluation. It selects and rewards the knowledge champion of the month, and the knowledge champion of the year, the best knowledge department, and the knowledge leader of the year, while offering additional points to their performance rating. Also encouraging employees to voluntarily participate in knowledge management activities.

In improving the staff's ability to search information, it hosts the "Knowledge & Information Hunting Contest" where participants compete against each other to search the target information by the knowledge management portal system. It also hosts the "Knowledge Contest" that evaluates and rewards employees based on their new creative knowledge holdings to encourage employees to offer advanced knowledge, such as, accident investigation technique that can be used for business (implemented on 2004).

To take lead in boosting the knowledge management, it has designated knowledge leaders to each department and has assigned them to evaluate the quality of the registered knowledge and collect the opinion of each department on informa-

tion system operation. To improve the employees' understanding and application of knowledge management, it distributes the biweekly electronic information news via e-mail, containing cases of knowledge shared both at home and abroad, as well as, including the latest information technology.

Fair Trade Commission is continuously engaged in three-less campaigns (Paper-less, Lost Time-less and, Information Wall-less) under the impression of its extreme importance to reduce unnecessary jobs along, and improve business environments to reinforce knowledge management. It has formed and established a paperless conference culture by converting documents and various conference materials into e-document (Paper-less). It has reduced the time of document distribution by digitalizing the document distribution among government agencies or departments, and activated the e-settlement (Lost time-less). It also encourages activation of information sharing (Information Wall-less) through various methods, such as, the knowledge mileage system.

Operation Effects

In earlier stage of knowledge management system, it failed to meet its expectations in terms of its knowledge accumulation and application. It, however, gradually produced promising results as it finally engaged in full activation from Y2004.

The development of the information system made it easy to collect, share, and process large sizes of information. It has stretched the range of organizational jobs connected to each other, transformed, raised the business processing efficiency, and shortened the civil affairs handling time (Q&A: 10.8 → 2.4 days, case handling: 70.2 → 56.1 days).

The system supports executives' decision-making and policy decisions by offering custom-made information to each position and providing the progress of policy tasks and presidential orders at a glance. It has also contributed to stronger business capabilities by sharing detailed information of each staff's ongoing, impending, and delayed jobs between senior officials and subordinates everyday.

Limitation of time and space was demolished by offering live Internet broadcasting to not only the headquarters, but also, to provincial branches. Employees in provincial offices, in particular, have participated in real-time morning meetings to conceptualize the sense of belonging to the organization and promptly receive orders from the head of commission.

As people and companies fabricate an Internet application designed for com-

plaints, such as, unfair trade & civil affairs system, they will receive their cases automatically by immediate transaction of the appropriate messages to applicants, while informing them of the progress and results in real-time by e-mail or mobile phone. The system has improved customer satisfaction for civil affairs.

Knowledge Registration Performance by Year

Classification	Constructed ~2002	2003	2004	Total
Total (Cases)	37,366	15,995	136,969	190,330
Business-related experiences or know-how(implicit)	1,172	334	1,311	2,817
Recorded materials like various documents, reports and plans	34,415	6,873	4,955	46,243
References like laws, budgets and statistics	1,600	1,887	556	4,043
Other beneficial information for business execution	179	6,901	130,147	137,227

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III

Customer-Oriented
Government Innovation

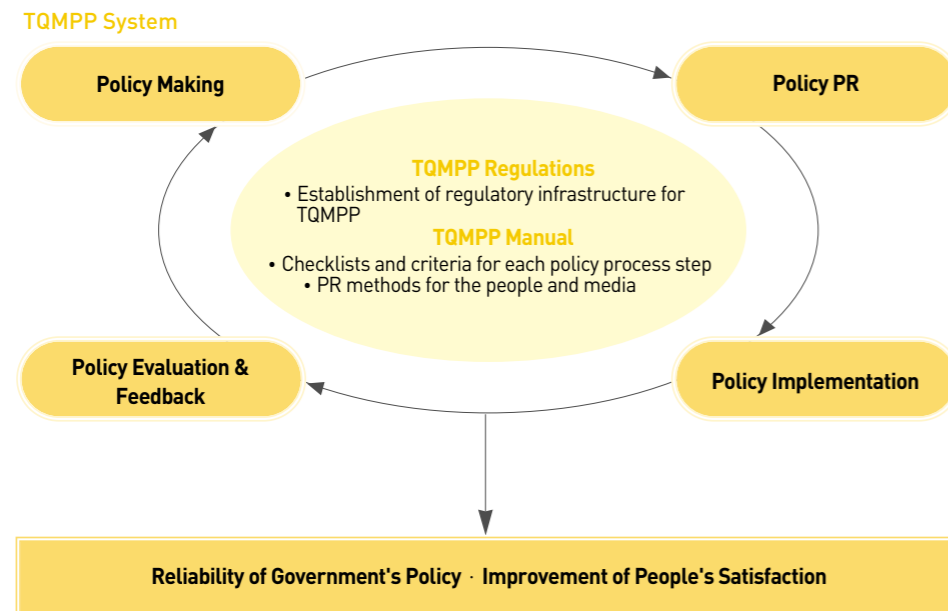
1 Total Quality Management of Public Policy(TQMPP)

Significance

- Total Quality Management of Public Policy (TQMPP) is defined as “comprehensive efforts and activities that systematically manage and improve the quality of public policy in order to prevent policy failures and poor policies.”

Background

- Demand on policy quality from various interested groups has increased, and civil society has rapidly developed, resulting in complex policy environments. However, the government’s policy quality management system has not been sufficiently systematized in order for it to appropriately respond to social changes which may result in “poor policies” and repeated “policy failures”
- It is necessary to develop a systematic TQMPP covering all policy processes to build the institutional foundation that prevents policy failures and increases policy effects



Policy Items Subject to Quality Control

- New Policies
 - A. National agendas or strategic projects
 - B. Complex projects covered by several ministries
 - C. Major policy issues in strategic plan of each ministry
 - D. Projects directed by the President or the Prime Minister
 - E. Policies or projects that directly affect more than 1 million people
 - F. Policies or projects that indirectly affect more than 5 million people
 - G. Projects which have an estimated budget exceeding 50 billion won or require more than 30 billion won from the central government
 - H. Other projects that significantly affect the people’s lives or the country’s competitiveness
- On-going Policies
 - A. Projects that will face many obstacles due to both the conflict of interests and the changes in the project itself
 - B. Policies specially specified by the President or the Prime Minister
 - C. Other policies which require quality control because of importance

Future Plans

- Development of policy quality control manuals
 - Development of manuals standardizing the control process of policies
- Establishment of the policy quality control system
 - Creation of a system to support efficient operation of the policy quality management system and utilize the policy quality control manual and control cards

Quality Checklists by Policy Steps

Policy Steps	Check Item (19)
Requirement of Policy Making	<ul style="list-style-type: none"> • What are the problems and their conditions? • What are the causes for such problems and how urgent are they? • How has the government responded to them? • Are there any similar cases in domestic or foreign countries or any available references?
I. Policy Making	<ul style="list-style-type: none"> • What are the problems and their conditions? • What are the causes for such problems and how urgent are they? • How has the government responded to them? • Are there any similar cases in domestic or foreign countries or any available references? • What are the measures for conflict of interests and responses to results from policy effects evaluation?
II. Policy PR	<ul style="list-style-type: none"> • Who will be responsible for PR activities and whom will the PR activities be targeted at? • What are core PR messages? • What media will be used? How? When? • What are the expected critics and measures to respond to them? • What are the measures to respond to public opinions?
III. Policy Implementation	<ul style="list-style-type: none"> • Is monitoring conducted to determine whether the policy is executed as planned? • What are the problems likely to occur in the course of execution and what are the measures to respond to them?
IV. Evaluation & Feedback	<ul style="list-style-type: none"> • Who will conduct evaluation? What? When? • What are the evaluation results? What do they indicate? • How can such evaluation results be utilized?

Best Practice

Ministry of
Information
and
Communication

Introduction of Government Policy Life Cycle System for Policy Quality

Enhance the Quality of Policies

The goal of government innovation is to enhance the efficiency of government administration and improve the quality of its final output, the policy. The Korean government has taken various measures including the establishment of rules and publication of manuals for policy quality management and the execution of pilot quality management projects to raise the overall quality level of its policies.

In particular, Ministry of Information and Communication (MIC) has recognized the importance of improving policy quality through systematic management. In 2003, MIC created the Government Policy Life Cycle System (GPLCS) for the first time in the world. The GPLCS is a system that monitors the goal, implementation plan and progress of government policies in real-time. This system allows the speedy understanding of policies in progress, which shortens the decision-making process and promotes information sharing, all of which contribute to the quality enhancement of government policies.

Let a New-comer Work Like an Old-Timer

Before the GPLCS, MIC executed policies based on the experience and capacity

of the people holding the responsibility. Sometimes, policies without a systematic design of the policy life cycle ended in a failure as officials were unable to adequately address the problems arising in the implementation process.

In other times, the progress of an individual policy was recorded in the memory of the person in charge and in a disorganized manner, disappearing quickly upon the change of the person in charge. While the documents remained, most of them were official records without the relevant information.

The GPLCS was designed to resolve this problem by clarifying the goal of each policy and monitoring the formation, implementation and feedback of the policy in real-time. This system enables high-ranking officials including the minister and vice minister to monitor the progress of each policy and set the directionality of the ministry's overall policy promotion while ensuring the attainment of the highest-level objectives.

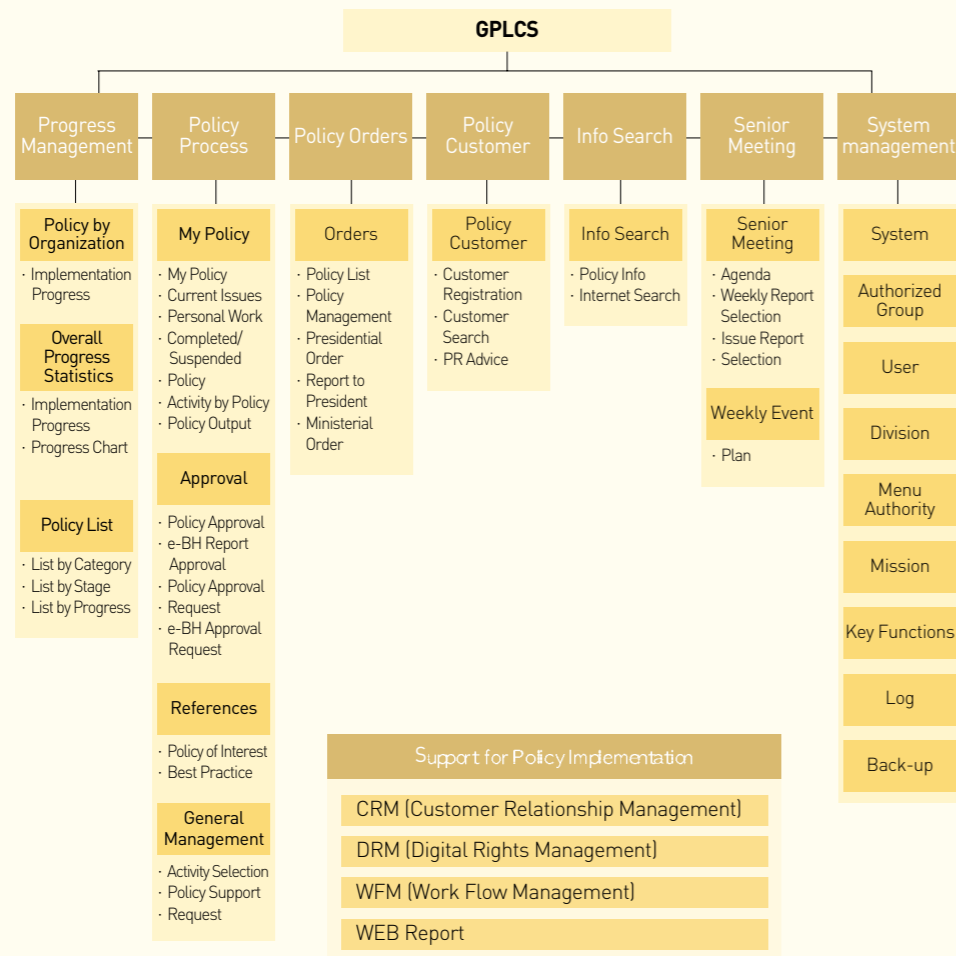
Also, the system was aimed to ameliorate the way of work. Official who follows the processes of the GPLCS would be able to easily handle any task. This means that the focus of the working system shifted from person to process to ease stress from encountering a new job and minimize policy failures.

Establishment of Government Policy Life Cycle System

The first step of policy management for work innovation is "policy management with the use of templates". In April 2003, the new MIC minister ordered the management of 18 major policies using the Excel program. Then, weekly and monthly senior meetings started to use the templates. In June 2003, the MIC launched the establishment of the Government Policy Life Cycle System (GPLCS) to overcome the functional weaknesses of Excel templates and create "Information/System-centered Policy Processes".

To minimize the risk of failure of the main system, prototypes with key functions such as task template management and support for senior meetings were developed and operated during September 2003. The main system reflected the results of policy management with Excel templates, prototypes and other case analyses for "content management". As for "process management", the system was forged by including policy stages and approval, activity by stage, best practices and process maps.

Major function of policy management system



Resistance and Adjustment to Innovation and Change

The first hurdle faced by an innovation program is the resistance to change. The GPLCS was no exception and was not welcomed by employees who had worked in the government organization for a long time.

One of the most daunting challenges in introducing the process management system into the government resulted from the difference in goals, environment and ways of work between the private and public sectors. Government officials tended to shy away from the use of the system as they saw it as a means to strengthen intervention or control by senior officials or as extra work in need of execution.

To overcome the internal resistance and make the process management system of the private sector suitable to government policies, the Work Innovation Team

of MIC invested various efforts.

First, to found a GPLCS tailored to the characteristics of each policy, a main system and a prototype system comprised of key functions were created and operated simultaneously. Then, the results from the prototype system and user demands were reflected to the main system, increasing the feasibility of the system and creating a user-friendly environment.

Second, to develop guidelines and formats for key activities of the GPLCS, the Team conducted case studies on the processes, user demands, goal setting and key factors of major policies for six weeks. The case studies on actual policies provided an opportunity to check the feasibility and application of the policy management system model.

Third, the use of the GPLCS by individuals, bureaus, and offices was evaluated twice a year, and departments with a high degree of utilization were granted incentives such as special holidays and overseas job training. This drew the attention of directors general and encouraged competition among divisions. Moreover, education on the objectives and efficient methods to use the system was provided to all MIC officials and the system was used at high-level meetings, which increased its ministry-wide acceptance.

Also, the Team put more emphasis on "user convenience" through information sharing and paperless work than the "management control" aspect of the GPLCS, and explained that "proper policy management" is an essential part of the public sector and that it complies with the direction of innovation pursued by the current administration. The Team also raised the awareness of process-centered work as the new trend of working not only in the private sector but also in the public sector.

As the result of such efforts, officials voluntarily began to make suggestions to improve the GPLCS by the end of 2003. For example, the Public Relations Office proposed the registration of the media's criticism on policies into the GPLCS to make it available for all persons in charge.

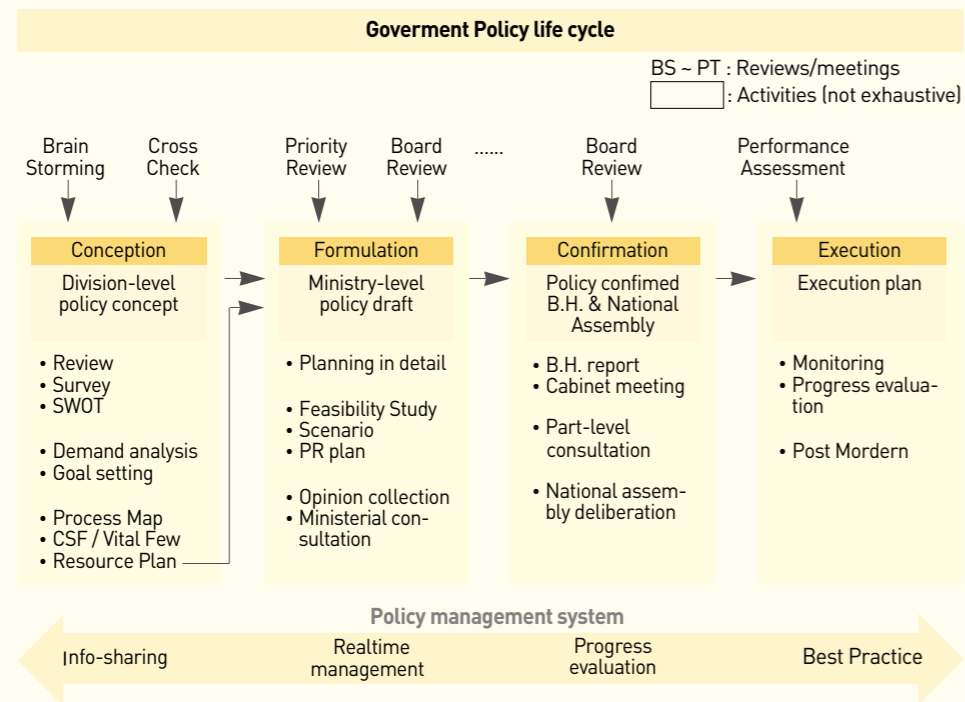
Benefits of GPLCS

The greatest benefit of the GPLCS is the standardization of the policy implementation process in accordance to the policy life cycle. In other words, the GPLCS enabled ministry to "structure policy implementation activities by sequence and nature, making it easy to understand." Under the GPLCS, policy implementation processes are divided into 4 stages, namely, conception - formulation - confirma-

tion- execution. To minimize the risk of policy failure, policy planning is made over 2 stages of conception and formulation, during which policy-makers review stakeholders' demand, policy goals, performance indices and policy feasibility.

Diagram below shows the standardization process of the GPLCS. The diagram illustrates key activities carried out in each stage to improve policy performance and quality when implementing policy.

In the past, MIC officials had no idea on which/ how many policies were being carried out by the ministry. However, the GPLCS enabled the officials to manage policy implementation process in real-time, contributing to the achievement of policy missions and goals and improving policy quality. MIC is pursuing 158 policies under 7 missions.



Future Direction of GPLCS

To address such problems and to better manage the policy implementation process, the MIC is conducting "GPLCS feature improvement project for policy of quality."

The project will introduce the Business Process Management system, which will

design policy implementation activities to be carried out over the life cycle of policy at the stage of policy planning and clearly show the users the progress of policy implementation. In addition, the project will add the feature of the "itemized checklist" to manage the policy implementation process by stage. To support the implementation activities of policy-makers, a policy quality management manual will be designed that features activity by stage and key checkpoints.

In addition, policy-makers are encouraged to get involved in study groups for research and discussion to promote self-development and organizational development and improve the quality of organizational culture, administration environment, work processes, and ultimately policy quality.

Furthermore MIC will streamline the policy management process by linking the GPLCS to the existing knowledge management system, electronic approval system and legal information system, adding document editing features and implementing a conference system to provide users with more easy-to-use and effective GPLCS services.

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2 e-Government

Goals & Vision

- Provide Government Online Service for accessing various services anytime and anywhere in the world
- Establish secure and reliable internet-oriented government portal
- Deliver the highest-quality public services to the people and optimum business environment

According to the e-government Readiness index developed by the UN, Korea was ranked 15th out of 190 countries in 2002; 13th out of 191 countries in 2003; and 5th out of 191 countries in 2004.

Establishment process

- Step 1: Automation of the nation's fundamental information (early in the 1990's)
 - Promotion of the National Computerization Infrastructure Establishment Program to develop the standards for national computerization (1986)
 - Computerization of basic public services to provide prompt public services and minimal loss of resources
 - Improvement of horizontal cooperation networks
- Step 2: Informatization of major tasks at the ministry level (mid in the 1990's)
 - Establishment of the Informatization Promotion Act (1995) and the Plan on Informatization Promotion (1996)
 - Organization of the Promotion Committee on Informatization to introduce the CIO system for constructing the e-government promotion system
 - Establishment of information systems for patents, customs, and logistics
- Step 3: Integration of e-government systems by national functions (2000's)
 - Advancement and coordination of 11 e-government projects, including Government for Citizens, Government to Business, Home Tax Service
 - Effective implementation of 31 e-government roadmap projects, including advanced Government online service and recognition of e-local government

e-Government Services

e-Government Services for People and Businesses

- Innovative G4C system (www.egov.go.kr)
 - In 2004, UN introduced the G4C (Government for Citizen) system to the Korean government as a good model for e-government and identified as "one of the most well-developed systematic e-government web site providing online administrative services "
 - Specification of a single-window portal e-government system where all types of services, including copies of resident registration, and tax certificates are provided
- Single-window e-procurement System (www.g2b.go.kr)
 - Transparent and convenient procurement service. Single registration procedure to participate in public bids
- Home Tax Service (HTS) (www.hometax.go.kr)
 - Access to tax services at home
- Integrated Information System for 4 Social Insurances (www.4insure.or.kr)
 - Single-window portal for all types of civil appeals services relating to the four social insurances
- KIPOnet system (www.kipo.go.kr)
 - Single-window for patented applications
- Military Manpower Administration Information System (www.mma.go.kr)
 - Access to military manpower administration information services at home
- Computerization of Real Estate Management (<http://lic.mogaha.go.kr>)
 - Access to various home management services (including registry) at homes
- Integrated Law Information System (www.moleg.go.kr)
 - Access to all law-related information

e-Government for Governmental Efficiency

- National Financial Information System (www.mofe.go.kr)
 - Integrating financial management information and establishing a scientific financial management system
- Electronic Personnel Management System (www.csc.go.kr)
 - Efficient handling of all personnel management and payroll processes from recruitment to retirement

- Integrated Local Government System for Cities, Counties, and Districts (www.ebang.go.kr)
 - Simplification and efficient handling of 21 key services, including resident registration, automobile registration, and family registration
- Nationwide Education Information System (www.neis.go.kr)
 - Increases the efficiency of online school administration and e-courses from 16 education offices (approximately 10,000 elementary and middle schools nationwide) and other education organizations
- Electronic Approval and e-Document Distribution
 - A document relay system between e-document systems allowing secure document delivery and reliable tracking system
- Electronic Signature and Official Seal
 - Introduces e-signature authentication system for Internet-based administrative services

- Establishment of reliable and encrypted security systems for administrative information
 - Reinforces protection-readiness to cyber terrorism against e-documents utilizing technologies, such as, watermarking

Future Plans

- Establishment of e-government and encourage people's participation
 - Establishment of integrated portals and integrated communication centers to encourage people's participation
- Expansion of ubiquitous e-government services
 - Establishment of T-Government is to provide various administrative information and services via TVs and to increase the number of e-government users (progressive expansion after 2006)
- Conversion of the government work process to online
 - Real-time records of decision-making process based on document control cards, e-approval, and record management link
- Introduction of e-Government Architecture (EA)
 - Systematic analysis of work processes, data, application systems, technology, and security to establish an EA system within Ministry of Government Administration and Home Affairs

Best Practice

Public Procurement Service

UN-Recognized Government e-Procurement System(GePS), the World's Top e-Procurement Brand

e-Procurement, a pillar of government innovation

Many countries around the world consider the innovation of procurement as one of the most vital agendas for government innovation. Since public procurement is normally large scale, and usually involves the participation of many companies, and is run with tax money, transparency and efficiency are a must. In this regard, government procurement has been regarded as an area most in need for innovation and an area in which the outcomes of the innovation are most vivid.

The process of procurement, from order to payment, requires frequent exchanges of numerous documents and visits and consultations between buyers and sellers and it is because of this that the effects of digitization is amplified in terms of enhancing transparency and cost-effectiveness. This is why e-procurement has emerged as a new key word in the field of procurement innovation. Private Sector Corporations, based on the conception that making the procurement sector more efficient is in the core of enhancing a corporation's competitiveness,

has established e-procurement systems such as the e-Marketplace for online joint-consumption.

Functions and Operation of GePS - 43 Billion Dollars of Transactions Per Year

Public Procurement Service (PPS), which is the central procurement agency, installed the Government e-Procurement System (GePS). GePS is recognized not only as one of the leading e-government services in ROK, but also as one of the most advanced e-procurement services in the world, and has won the UN Public Service Award (PSA) in 2003 and was selected by the UN as the best practice in procurement in 2004.



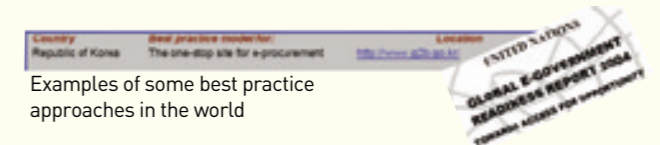
Un Public Service Award (march. 2003)

GePS refers to a single service interface where all the public institutions, including government agencies, local governments and public enterprises, utilize its services, and people process business transactions with public institutions. Once registered to GePS, all companies are able to make a bid for every open tender, and can check information regarding every order.

All the procedures from contract requests, bidding, signing of the contract to payment are automated and one-stop services for bidding & contract signing are provided in liaison with outside financial institutions. This system was established as one of the eleven e-government projects in September 2002.

Currently some 30,000 public organizations and 150,000 companies are using the GePS and it has become one of the world's largest e-Marketplaces with its total transaction volume amounting to \$43 billion in 2004 alone. e-bidding for contracts on goods and constructions accounted for \$ 25 billion out of the total amount. Every company was allowed to participate in public bidding via the Internet and, in 2004, 18 million bidders took a part in 120,000 e-bidding cases.

Moreover, office supplies, software and building materials, which public institutions purchase regularly, can be acquired at the click of a mouse on the GePS shopping mall homepage, and its transaction volume reached up to \$ 7 billion dollars gained from some 470,000 cases every year.



Examples of some best practice approaches in the world

Process of e-Procurement Innovation - From Off Line to CRM-focused and "Ubiquitous"

As the whole process of procurement is carried out via the Internet, registered companies are able to do their business at home or work without visiting PPS. They can utilize the system not only for bidding & signing contracts, but also for civil affairs like submission of annexed documents and application for various certificates.

In the past, in order to make a bid, companies had to visit organizations located nationwide, register with every organization for their bidding qualification, and submit the same documents on bidding and contract signing repeatedly. Further-more, they had to spend time in reading official gazettes and newspapers to check the bidding information. In this course of old-fashioned, frequent face-to-face contact and cash transactions, concerns



GePS.WWW.g2b.go.kr

for possible corruption had been raised.

The initial digitization of government procurement in Republic of Korea started at PPS, which procures some 30% of total public procurement which rounds up to \$ 23 billion every year. The whole process of e-procurement was completed in the course of constructing EDI (Electronic Data Interchange) among public institutions, PPS and companies in 1997; setting an e-shopping mall in 1998; executing e-bidding in 2000; and founding the e-payment system in 2001 consecutively.

With the experiences and outcomes obtained, PPS started to build the GePS in 2001 to disseminate the effects of digitization. GePS is the system that deals with procurement transactions on its homepage (WWW.g2b.go.kr) by implementing the network connection between public organizations, procurement agencies, security companies and e-signature certification authority based on PPS's e-Procurement System. With the establishment of the GePS, the participants of the procurement market are able to perform their operations in any place as long as they have access to the Internet.

nationwide, register with every organization for their bidding qualification, and submit the same documents on bidding and contract signing repeatedly. Further-more, they had to spend time in reading official gazettes and newspapers to check the bidding information. In this course of old-fashioned, frequent face-to-face contact and cash transactions, concerns

Meanwhile, in 2004, PPS accomplished the revolution of e-procurement service based on CRM (Customer Relationship Management) and the significant outcomes obtained previously. Under the slogan of "Have it your way anytime and anywhere", PPS has implemented the differentiated and more convenient services for each customer group through the CRM project. In addition, PPS established the first Web Call center among public institutions to enhance the service quality by providing telephone response, video consulting and screen-sharing guide.

In 2005, true ubiquitous e-procurement will be realized by opening a mobile service where people can get the procurement information and participate in bidding with a help of PDA. Now entrepreneurs are able to make an e-bid while traveling by bus or train.

A property management system using the core technology of ubiquitous RFID is scheduled to be completed in June 2005. With this system, people can check the status of locomotion and management of products online on a real-time basis.

As mentioned above, innovation of e-procurement service and concentrated efforts are on-going.



Innovation Results & Factors of Success

The e-procurement is estimated to have reduced \$ 3.2 billion worth of transaction costs every year. 90% of such saving is generated from private companies. Besides such cost-saving effect, government procurement has become more transparent owing to real-time information disclosure, automatic business processing and online transaction. Contracts under \$ 30,000 also went into a competitive bidding instead of private contracts with the application of e-bidding, and the number of bidding participants was increased more than three times.

Moreover, e-procurement has contributed to enhanced efficiency of national economy as a whole by facilitating private e-commerce. For example, both e-signature and encryption technology applied to public procurement have promoted the development of e-commerce infrastructure. Most of all, entrepreneurs' accumulated experiences from e-transaction with the government have played an role in bridging the digital divide between large companies and small ones and among regions, and increasing the confidence in online transactions.

The reason the GePS was successfully established as the single window of public procurement, was mainly because Korea has a strong information infrastructure like the penetration of high-speed communications networks. Another vital factor for the successful implementation of GePS was boosted inter-agency cooperation based on a government-wide ad hoc committee to systematically promote the e-procurement project. For example, although the National Tax Service held business registration information, PPS used such information together through an inter-system connection. It was not only one of the most basic benefits of e-government, but also one of the most difficult problems. Because the cooperation between the 53 agencies connected to the GePS was coordinated by the committee, it was possible to create a seamless and integrated service.

PPS has made a great contribution to the successful implementation of GePS with its expertise, know-how and experiences on e-procurement.

Reinforced International Cooperation for Spreading Accomplishments

PPS has conducted more than 40 cases of international cooperation and publicity activities by participating in international conferences, presenting thesis and best practices since 2003. Recently, it expanded the scope of international cooperation by conducting e-procurement feasibility studies for the governments of Vietnam and Pakistan. It was intended to contribute more to the enhancement of transparent and efficient government procurement and share our experiences with other countries rather than simply advertise our successes.

It also continuously participates in UN/CEFACT, the international standardization



International Cooperation with Russian Government

body on e-commerce, as part of this effort; PPS played an active role in making the first business standards of e-bidding process in March 2005.

PPS takes a keen interest in innovating government procurement through e-procurement, which extended to the expansion of the

international cooperation. PPS will host the International Conference on e-Procurement jointly with ADBI and UNESCAP in Seoul in June 2005, in order to take an opportunity for spreading and developing e-procurement around the world.

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Best Practice

Ministry of
Government
Administration
and Home
Affairs

Information Network Village, a Regional Innovation Model

Information Society, Eliminating the Digital Divide between Regions

In a turning point for the information era, Korea has made various efforts to promote e-government, based on its world-leading information and communication technology (ICT) infrastructure. As a result of these efforts, Korea has become a world leader in ICT applications, ranking 5th (figures released by UN in 2004) in terms of e-government implementation, and having a total of 30.67 million Internet users among its population. However, despite this growth, high-speed Internet networks are concentrated in urban districts. Farming and fishing villages, or remote mountain villages, are disadvantaged when compared to urban districts in terms of not only the information communication infrastructure but also in information training. The more rapid the growth of the information society, the wider is the digital divide between urban and rural areas. The digital divide between regions and classes has emerged as a new issue, and there is a growing demand for an information support policy for underprivileged regions. To solve these problems, the government enacted the "Digital Divide Elimination Act (which was enforced from

November 7, 2001)" and pushed for a government-wide policy to address the problems of the digital divide. The Ministry of Government Administration and Home Affairs decided to promote the "Information Village Project" in 2001, for the purpose of bringing digitalization to farming and fishing villages and their residents.

The information network village project set the following objectives. First, it aimed to address the digital divide between regions and classes by creating high-speed Internet-accessible environments for disadvantaged areas like farming and fishing villages, and by expanding their access to information. Second, it intended to make a contribution to the balanced local development by constructing information content like e-commerce, creating tangible profits, and boosting local economies. Third, it set a goal of developing communities, and improving quality of life, by encouraging local residents to have access to educational, medical, and cultural information on Internet.

* INVIL: Information Network VILLage

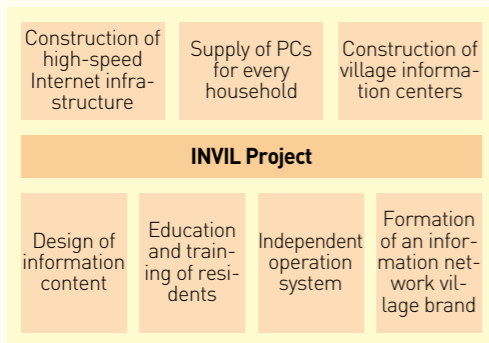
Forming INVIL - Harmonious Collaboration between the Ministry of Government Administration and Home Affairs, Local Governments and Residents.

Before launching the information network village project, examples of European and US Tele-cottage and Tele-village were studied. In order for the project to succeed, it was deemed imperative to obtain administrative, financial and technical support from the central government.

First, an information network village planning team was organized with the participation of related bodies such as the Ministry of Agriculture and Forestry, the Ministry of Information and Communication, the Ministry of Education and Human Resource Development, the National Agricultural Cooperative Federation, and the National Federation of Fisheries Cooperatives, and a cooperative system involving these bodies was formed.

Second, in consultation with central administrative bodies and local governments (do, si, gun, gu), the Ministry of Government Administration and Home Affairs set the basic project plan, securing and supporting a budget, preparing the base for laws and regulations, and constructing a cooperative system with related organizations. Local governments took charge of accumulating information content, forming the information access environments for villages and undertaking the task of information training for residents, along with the project partners.

Seven key projects for Information Network Village



Third, from the beginning of the project the ministry encouraged local residents to participate by organizing the information network village steering committee with around 15 members of each village, to decide important matters related to the INVIL operation, and harboring the creation of profit models to enable the system to run independently after the initial project is completed.

Finally, the ministry selected regions, considering regional characteristics like city, farming & fishing villages, and mountain village types, and village size, to develop and evaluate models that meet the local needs in light of these characteristics. They then pushed for the dissemination of these models throughout the nation.

To form an Internet accessible environment that becomes the foundation for the village networks, the INVIL project is classified into seven categories such as the construction of the high-speed Internet infrastructure, the supply of PCs for every household (70% penetration rate), the construction of village information centers, the design of information content (village homepage) for regular residential access, the education and training of residents, an independent operation systems based on the village steering committee, and the formation of an information network village brand.

The INVIL project, started in 2001, formed 25, 77 and 88 villages in 2002, 2003 and 2004 respectively. Now these 191 information network villages is spread across the nation. In 2005, some 89 INVILs are scheduled to be built.

Results of INVIL Promotion – Contributing to the Incomes of Farming & Fishing Villages and Establishing a Local Development Model.

The INVIL project is considered to be a success so far. Korea has a 1st class IT infrastructure wherein information network villages like those of the current standard model can be constructed at a relatively low cost. Such success has resulted from the efforts which the Ministry of Government Administration and Home Affairs and local governments have invested to promote the project, the effective role-sharing by central and local governments, and the voluntary efforts of village residents

towards boosting the system. [INVIL portal site (www.invil.org)]

To motivate farming and fishing village residents to participate in the project, PCs were supplied only to households participating in the training. To help villagers realize that information leads to income growth, e-commerce systems have been introduced into village homepages. Such efforts are considered factors contributing to the success of the project and producing the following outcomes.

First, it contributed to dissolving the digital divide by improving the internet environments in information-unfriendly areas like farming and fishing villages. When it came to the INVIL villages, the growing subscription to the internet (8.8%→60.1%) and the PC penetration rate (27.4%→65.8%) were no lower than those of urban areas. As residents were more capable of using PCs and the Internet, the rate of e-mail usage and information searches was increased by 65% and 400% respectively. Everyday, the usage of the internet seemed to take further root in rural areas. For example, 23% of people used internet for more than three hours everyday on average, while 23.8% of people did so for one to two hours.

Secondly, it paved the way for the expansion of the basis to receive e-government services. It contributed to convenient living and better quality of life by enabling people to use e-government services on the internet. Based on the five-year comprehensive administrative information project and the “Korean e-government (www.egov.go.kr)” project as a window for integrated e-civil affairs, it offered various administrative information services for 4,000 kinds of civil affairs, 400 kinds of civil affairs application services, and the issuance of 8 kinds of major documents such as certificates of residence.

Thirdly, it contributed to the reinforcement of local communities. For example, as of April 2005 it reinforced resident solidarity and cohesion by enabling various online and offline exchange activities through 1,270 clubs and 2,585 private homepages. In particular, it holds conferences on village interests and shows movies at village information centers, to raise the community spirit among residents and foster pride



INVIL, www.invil.org/english

in villages.

Fourthly, it has made a contribution to local competitiveness. Mail order sales for locally-produced goods increased 20 times from 0.6% to 12%. Joint shipping soared five times. This is because the INVIL homepage (www.invil.org) has helped reinforce regional competitiveness as a part of INVIL objectives, and a newly introduced e-commerce (www.invil.com) site enabled joint shipping within villages.

An Example in the Elimination of Digital Divide in Farming & Fishing Villages – The Sole Information Network Village in the World

INVIL has drawn much attention from the world. In 2004 the INVIL project was introduced to many countries as a successful example of addressing the digital divide in agricultural & fishing districts, emerging as an innovative model for information society. It was also introduced via the IIAS World Meeting (July 14 to 17, 2004) and International Exposition on Government Innovation (July 14 to 18, 2004). In a visit to INVIL, an executive of the global IT corporation Intel hailed Korea's INVIL project as an unprecedented example of digitalizing farming and fishing villages. On behalf of his company, he entered into a memorandum of understanding (MOU) aimed at supporting INVIL and helping spread it to other countries.

In addition, a trip to INVIL is included into Korean programs for visiting foreign government officials. A growing number of people from Malaysia, China, Finland and OECD countries are visiting INVIL.

Development of Competitive Farming & Fishing Villages in the Future Construction of Information Village Networks

The Korean government plans to promote the INVIL project by spreading these ideas in villages that are fully equipped with resources and whose residents are more confident, helping a larger number of residents benefit from such information and setting a realistic development strategy.

To that end, it will present INVIL residents with the necessity for information access and provide them with the possibility of creating profits and developing their village, in coalition with various industries like agriculture, commerce and the tourism. From now on, it will establish a long-term strategy for forming one INVIL or more in all the small districts (1,420 eup and myeon) and creating a leading model for regional development. It will go one step further by also targeting the smallest district units (for villages consisted of 50 to 300 households). It will expand

its regional information project in connection with e-administration, e-education, e-culture, e-health and welfare and e-regional economy & industry in order to form a new community and enjoy the economy of scale. It will encourage private companies, local universities and NGOs as well as residents, to take an active part in INVIL projects, and present a new alternative for the development of Korean farming and fishing villages.

- Lee, Dae-Young, Ministry of Government Administration & Home Affairs / 82-2-3703-4297 / dylee@mogaha.go.kr

Best Practice

National Tax Service

Providing the world's best service through the realization of electronic tax systems

Mission and Vision of the National Tax Service

The agency consists of six regional offices and 104 tax offices with a total about 17,000 executives and employees. As a national agency that promotes innovation actively, its main mission is to smoothly secure national finance resources. In accordance with its policy of "Open tax administration" for the public, it has a four-fold agenda: more convenient tax payments, the construction of a fair taxation base, the expansion of tax payer participation, and the formation of a lively organizational culture.

The Current Challenge: A New Paradigm for Tax clearance Services!

For the past 20 years, OECD members have put multilateral government efforts into preparations for the new millennium. They have concentrated their energy on continuous innovation in preparation for a better future, rather than simply responding to environmental changes.

OECD strongly recommends that its member nations develop a new tax return and taxation information collecting system, using new technologies like the Internet and e-mail.

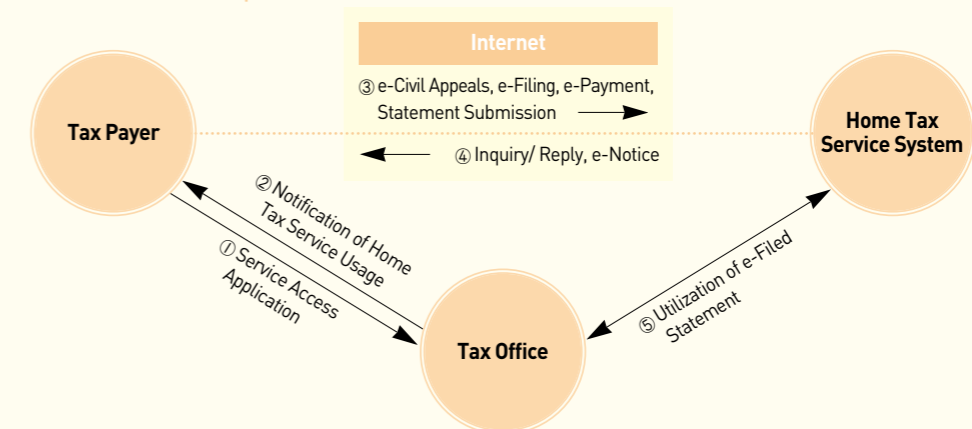
A Nominal "Home Tax Service"

The National Tax Service constructed the Home Tax Service system as an e-government project in 2001, but it failed to gain momentum because of the lack of enthusiasm to promote it. Although a year has passed since the establishment and adoption of the system, the e-filing system is restricted to the filing of indirect taxes such as VAT, and the level of interest and participation in the system remained low.

When the participatory government took office, only 12.4% of the business owners registered to the Home Tax Service, and the e-filing of VAT held steady at 13.7%. Some taxpayers have indicated that the e-filing system is more inconvenient than the conventional system, and there is even skepticism on its success within the government itself.

After three years, 26 billion won, and 200 personnel this electronic tax infrastructure was on the brink of becoming a failure. It was definitely a moment of crisis.

Home Tax service Map



Breathing New Life into the "Home Tax Service"

Taxpayers can file value added tax, income tax and corporation tax on the internet. They also can apply for the certificate of business registration, certificate of tax clearance and certificate of taxable income on the internet then print them out themselves, and use it as an original copy. This home tax service enables the taxpayers to move away from the conventional methods of visiting tax offices or using the mailing system to receive tax services and replace this with an innovative system that provides tax services through the internet in real time.

Consequently, the National Tax Service, recognizing that there is no alternative to developing an e-tax system, has concentrated all its resources into publicizing the existing system, and encouraging taxpayers to use it.

Activated “e-Filing” Based on Incentives and Rewards

Some of the developed countries that have introduced e-filing & e-payment systems earlier on have encountered the problem of low take-up rate for e-filing. Analyzing the causes, the agency concluded that the absence of special incentives was the main reason for its low usage.

In order to improve the low take-up rate, the Korea Tax Service started to discuss this problem with the Ministry of Finance and Economy and came up with ideas of how to introduce credits for e-filing. As a result, it introduced the e-filing tax credit system (Paragraph 8, article 104 of the ‘Restriction of Tax Reduction and Exemption Act’). According to this system, if taxpayers make an e-filing personally, the service would deduct 20,000 won from income tax and corporate tax, and 10,000 won from VAT. Taxpayers are also able to take advantage of the e-filing system if tax payers make an e-filing for their client’s income tax, corporation tax and value-added tax together, as it would deduct 10,000 won from the return on each, up to a maximum of 1 million won. Such incentives for e-filing are rarely found in developed countries, but are considered as a significant method in the early establishment of the e-filing system in Korea.

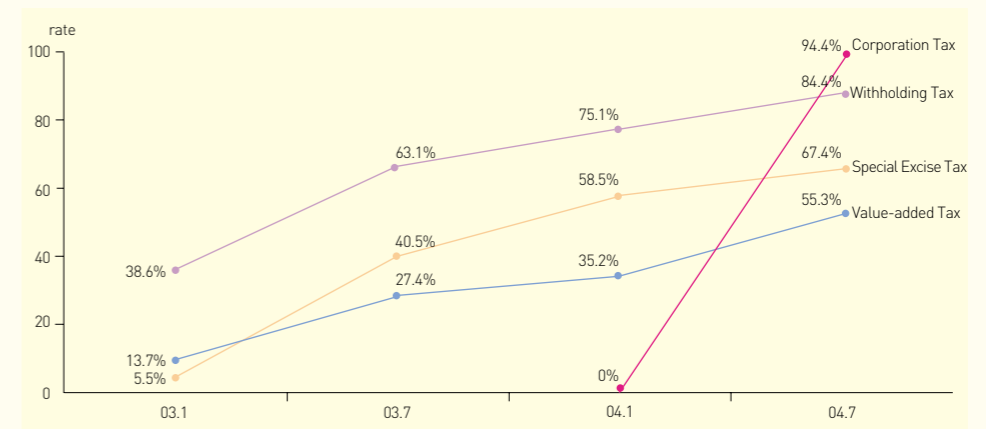
In addition, the staff’s interest and involvement contributed to the activation of the e-filing system. The staff put its own “Performance-Reward System” into operation since January 2004, which rewards organization and employee depending on their performance in e-filing promotion. Incentives caused an indifferent staff on e-filing to become interested and enthusiastic about it.

Becoming the World’s Best Electronic Tax Administration

As a result of the efforts by the National Tax Service, 55.3% of taxpayers used e-filing for value added taxes, as of July 2004. As for the e-filing of direct taxes, they gained outstanding results with 94.4% of the corporate tax and 44.2% of income tax being filed electronically.

As far as the monthly withholding tax is concerned, the e-filing rate amounted to 84.4% of total cases, in July 2004, doubling the previous rate of 38.6% in January 2003. Concerning special excise tax, the e-filing rate was 67.4%, increased 12 times compared to the previous rate of 5.5%, in January 2003.

Progress of e-Filing Rates



The high usage rate of e-filing system is unprecedented for a country like ours, especially because the filing of taxes in Korea, for the past thirty years, has always involved the taxpayer visiting a tax office, considerably different from the developed nations in which mail-based filing was prevalent.

Developed nations are benchmarking our system, because our success was the fruit of a comprehensive strategy including institutional and administrative efforts pursued for a very short duration of time. The tax agencies of Japan, China, Vietnam, Malaysia, and Mongolia have already visited or asked for our consultation to benchmark our electronic tax system. In July of 2004, an employee of our National Tax Service visited Mongolia to give consultation in establishing the Home Tax System at the Mongolian Tax Agency’s request.

Satisfying Customers’ Demands through Various Far-Reaching Services

While the electronic tax administration of developed countries are concentrated on filing, payment, and notification, our HTS diversified its role with the likes of electronic certification of civil appeals.

In January 2004, the National Tax Service launched the “Internet Certificate Issuance Service” by which taxpayers could print out various certificates from their own PCs, to use it as original copies of official documents. At first the service covered only six certificates, including certificates of business registration and certificate of tax payments, but later extended to 10 different types, like a standard financial statement, from March 2004, and added additional 17 types including consumption taxes, application approval. Therefore, customers could now acquire a total of 33 kinds of certifi-

Major Developed Countries e-Tax Service Construction

Countries	e-Filing & e-Payment				e-Tax Consulation	e-Information Service	Remark (Income Tax e-Filing)
	Income Tax	Corporation Tax	Value- added Tax	Withholding Tax	Call Center	E-mail	
Korea	44	94	55	84			2004
Japan	-	-	-	-	×	×	2004 scheduled
The United States	45	1	-	20			1986
Canada	50	6	6	65		×	1992
The United Kingdom	20	4	5	15			2000
France	6	30	10	-			2001
Germany	4	-	-	-			1999
Netherlands	85	2	2005 scheduled	-		×	1996
Norway	40	50	40	-			1999
Sweden	20	-	15	99			2002
Australia	81	90	30	76			1990
New Zealand	27	-	10	88			1991

Source : OECD Draft Preliminary Report, "2004 Survey of Trends in the Delivery of Service to Taxpayers Using New Technologies", Sept 2004

cates, which can be issued on the internet, as of August 2004.

For the World's Best "Electronic Tax Administration" without the Contact with the Tax Payers

The electronic tax administration is the best system to resolve the many problems of tax administration including unfair tax service, tax payer inconvenience, increase in work, and lack of timeliness. Therefore, the Tax Service is concentrating its capabilities to increasing the e-filing rate of VAT & income tax, and withholding tax to 70% and 95% respectively. The strife of the 17,000 Tax Service officials to further develop electronic tax administration to provide the people with world-class tax service is still on-going.

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3 Disclosure of Public Information

Significance

- Disclosing to the people public information held and managed by government agencies regarding major polices and budgets
- And protecting the people right to know by disclosing important information beforehand, and by doing so, elevating public participation and transparency in government administration

Types of Disclosure

- Disclosure on request: disclosing the public information held by public agencies at the request of a person
- Official publication: regularly disclosing public information regarding important policies, projects, budgets, and others held and managed by public agencies

Public information to be disclosed

1. Information on policies significantly affecting the lives of the public
2. Information on project which require a large budget, such as large-scale construction projects pursued by government policy
3. Information required for administration monitoring, including budget execution and project evaluation
4. Other information designated by heads of public agencies

Targets of Disclosure

- All people: the applicants or his/her legal representatives
- Corporations or organizations: requesting in the name of its representative
- Foreigners: those who have certain addresses and are staying domestically, have offices in domestically, or are temporarily staying for the purpose of academic research

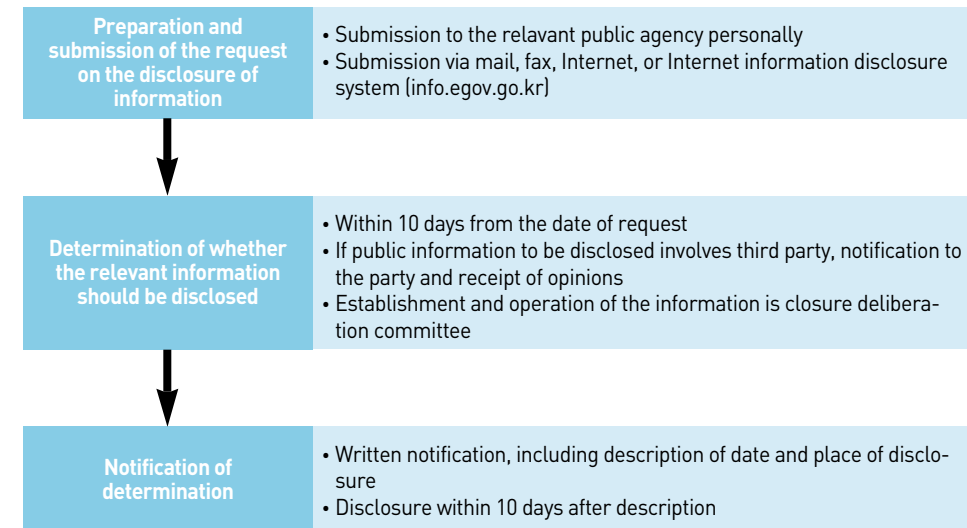
Scope of Disclosure

- Information recorded on documents (including electronic documents), drawings, photos, films, tapes, slides, and a medium equivalent to the above made or managed by public agencies

Public Agencies Subject to Disclosure of Public Information

- Central government's agencies, local governments, government-invested agencies
- Various kinds of schools, regional public corporations, quasi-government agencies, special purpose corporations, social welfare facilities

Disclosure Process



Disclosed Public Information

Year	2000	2001	2002	2003	Increase rate (btw 2000 and 2003)
Requested	61,586	86,086	108,147	192,295	212.2%
Disclosed	54,309	72,842	96,538	178,271	228.3%

Best Practice**Ministry of
Culture and
Tourism**

Online Release of Policy Making Processes

Introduction of Ministry of Culture and Tourism

Ministry of Culture and Tourism (MCT) employs a total of 1,838 people, and is the core ministry of the Korean government promoting the slogan 21st Century is the Century of Culture. MCT deals with a variety of policies closely connected to the people's creativity and quality of life ranging from culture, art, tourism, leisure, sports to cultural industry and religion.

Faced with knowledge-based industrial society, MCT is at the cutting edge of developing the cultural industry, which is the next growth force of the next generation, and is placing great emphasis on fostering industries which are involved in the production of high-tech and high-value added content, such as electronic games, visual and mobile contents.

Release of MCT's Policy Making Processes on the Internet

The whole processes of major policies selected from policies within the scope of interest of the people and press are released from the establishment stage, exceeding the dimensions of conventional disclosure. This program was promoted to create "mature democratic society" and "participatory administration" which are

visions laid out by the Participatory Government and realize "able government" and "communicative government". Furthermore, it will transform the form of information disclosure from conventional closed/passive disclosure to open/active disclosure to create an administration that works with the people.

Subject of "Release of Policy Making Processes"

Category	Items
General Administration	Five projects, including improvement in utilization of digital cultural information resources
Culture/Art	Seventeen projects, including assistance in the establishment of a Gwangju city cultural center, development of mid- and long-term plans for international cultural exchange, foundation and operation of Arc Market and revitalization of cultural and artistic education
Cultural industry/Media	Thirteen projects, including construction of a cultural contents complex and digital magic space, preparation of a book exhibition in Frankfurt, in 2005
Tourism/Athletics	Nine projects, including expansion of tourist accommodation, and revitalization of athletic activities for the handicapped
Total	44 Projects (6 projects completed)

Development of "Release of Policy Making Processes"

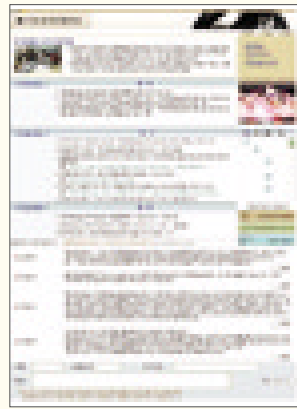
On March 14, 2003, MCT launched an online information release program for the first time among all Korean government ministries. Additionally, MCT became the first government agency to post the original copy of signed documents on the web in real-time.



Previously, the journalists had exclusive access to internal documents, but the disclosure of the documents on the internet made it available for both the people and the press to directly access them. However, in the initial stage, there was concern that the quality of information on the internet was valueless and single-directionally given, making the facilitation of participation in the policy making processes almost impossible. Consequently, MCT developed "the system of Online Release of Policy Making Processes", which solved the problems of the initial stage.

Operation of the system

Disclosure of the policy making processes can be accessed by visiting to the "Jaryo Madang, an archive" of MCT's official web-site, where related information is



provided on a real time basis. The layout of the various categories consists of summary, background, process, plan, related data, introduction of the department & employee and participation in policy. Its composition is based on the following principles: First, the people are able to participate in the entire processes of policy making by leaving a short reply to the original posts: Second, opinions from civil organizations and response from the press are included in the system for the citizens to observe the response of both government and non-government groups: Third, various materials related to policy making process are included as well as reports, and web-site related to the policy will be linked so that users can search in-depth information: Fourth, the name of person in charge, his/her department, contact address, phone number are included in the system to implement the real-name system.

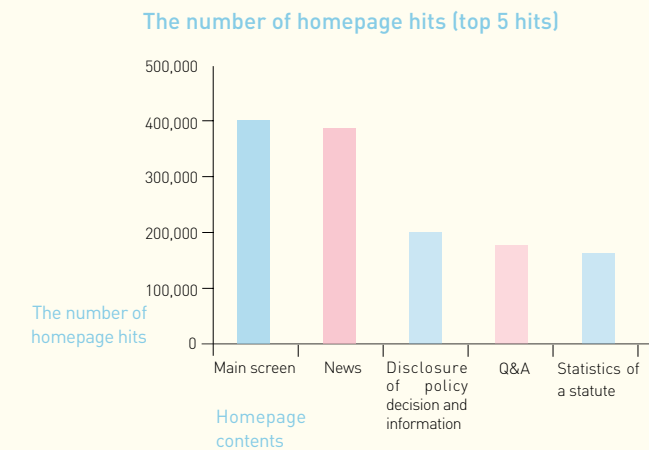
Overcoming the obstacles in the Promotion Process and its Effect

The establishment of the automated system alleviated the burden of having to input the material concerning policies from the establishment process, criticism from the outside, and the resulting disadvantage. The automation harbored the enhancement of the people's right to know by transparently disclosing all processes, and the formation of a multilateral communication between the people and the government.

The disclosure of the name of the official in charge within the release of policy process made it known to the officials that the people and the press are always monitoring their work, thus decreasing the number of policies without rationale or propriety. Furthermore, data from each policy process was accumulated to help new staff to take over the tasks without any difficulties, which increased the efficiency of work and diminished the number of erroneous press reports by the succinct delivery of information.

Future Plans

On the 8th of April, 2004, the "Disclosure of Policy Making Processes System", which was the first policy for the promotion of active disclosure was made available to the public for 31 major policy projects. (4 projects of the Youth Bureau has been



transferred to National Youth Commission)

This year, the ministry selected 17 additional projects and disclosed the promotion process, proving that the understanding of the employees and the people has been rightfully established.

MCT will, in the future, operate and monitor policy communities consisted of specialists and the public for individual policy tasks, to expand the communication with the people, and work for the early settlement of the system.

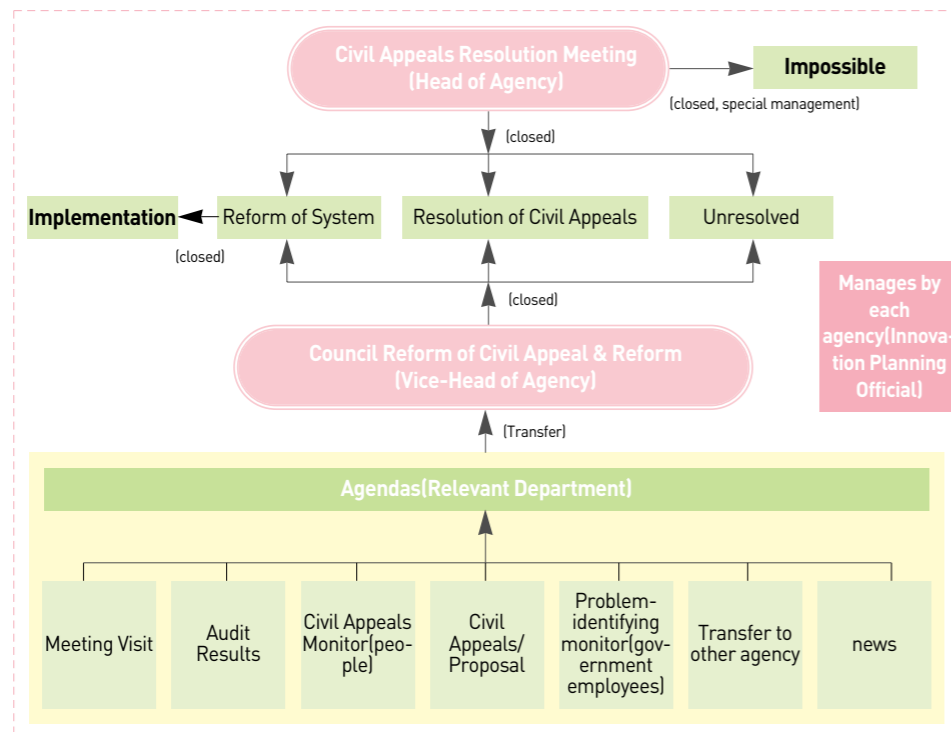
- Kim, Duk-yong, Ministry of Culture & Tourism / 82-2-3704-9046 / dukyong@mct.go.kr

4 Reform of Civil Appeals & Systems

Concept

- Identifying recurring civil appeals due to inherent deficiencies in the administrative process, and resolving them by system reform, while connecting the voice of the underprivileged to system reform

Flow for Reform of Civil Appeals & Systems



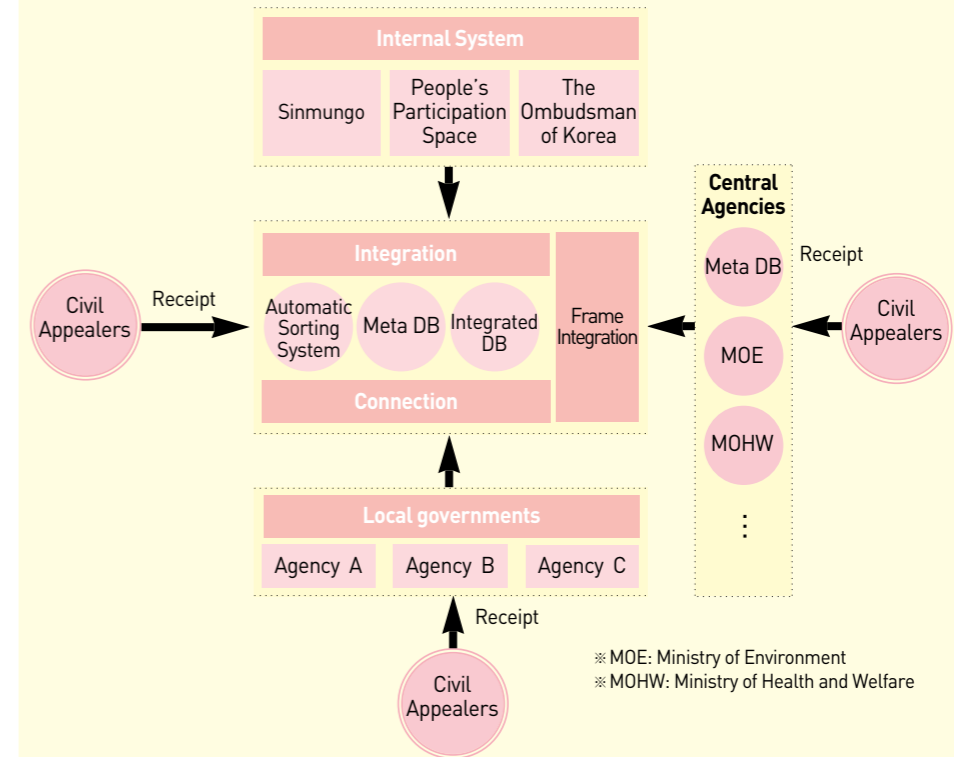
Brief Description

- Connection of civil appeals with system reform for fundamental resolution
 - Identifying problems inherent in systems and resolving them in connection with reform of systems that goes beyond mere handling of civil appeals
 - Listening to complaints from the people and reforming systems to resolve
- Establishment of government-wide system for reform of civil appeals and systems

- Establishment of such system at agency level and networks of agencies
- Participatory reform of civil appeals and systems
 - Online/Offline two-way communication with the people, reinforced participation of civil society
- Reinforced education and PR regarding reform of civil appeals systems
 - Active PR of the system for reform of civil appeals and sharing or utilization of best practices

Establishment of "Sinmungo, Space for Participation", Online Portal for the People's Participation

- Sinmungo (www.epeople.go.kr) is an internet service window for the people's participation. Sinmungo integrates the civil appeals, receipt and processing of the public's proposal that was operated by individual agencies to comprehensively manage all civil appeals and proposal.
- Civil appeals and proposals submitted by the people are automatically sorted and transferred to the relevant agencies, which handle them by specified deadline and register the results on the system. In this way, all processes from input through sorting and handling to notification of results are conducted through the internet to assure that prompt, accurate, and transparent services are provided (pilot operation from April 2005 and scale-up operation to cover all agencies from 2006).

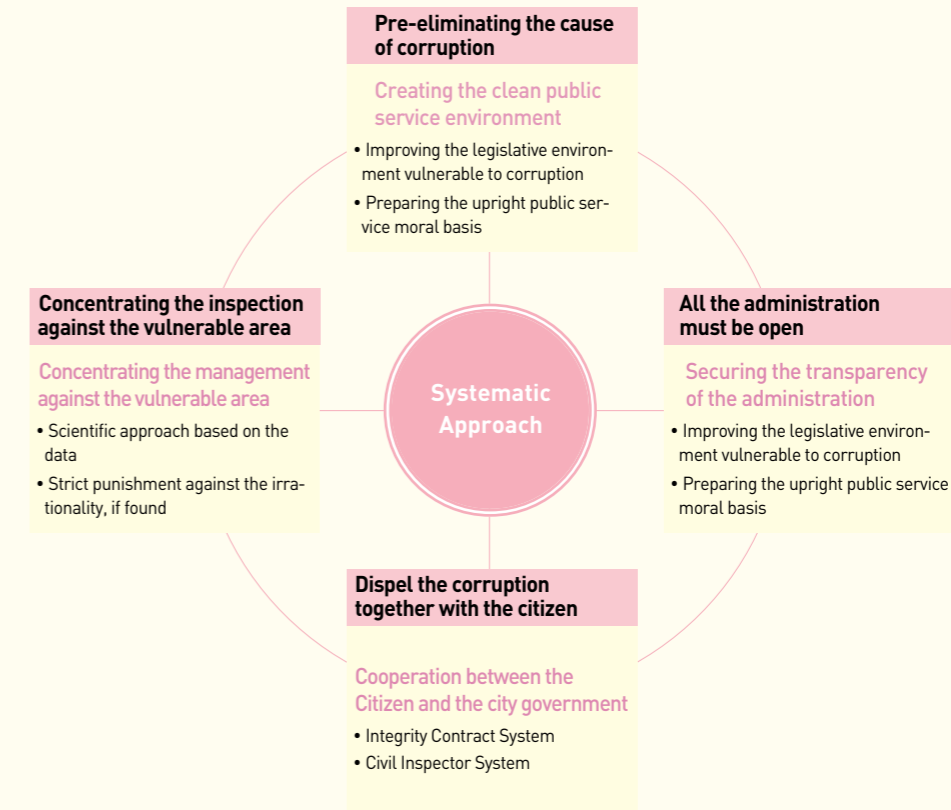


※ MOE: Ministry of Environment
 ※ MOHW: Ministry of Health and Welfare

Best Practice

Seoul Metropolitan Government

Online Procedure Enhancement for the Civil Appeals System



Realization of Clean and Transparent Administration and Reliable City Government

「Online Procedure Enhancement for the Civil Application System」 is a system that enables citizens to monitor online the progress of civil appeals and applications. It has been regarded as a superb method in preventing corruption and enhancing civil convenience for it not only allows the citizens to check the status of their appeals, but also identify the personnel in charge of their cases. Local and international institutions alike have been crediting the system as an innovative anti-corruption method.

We intend to further develop and extend the 「Online Procedure Enhancement for the Civil Appeals System」 thus creating a corruption-free administration and a city government that its people can trust.

Summary of the Anti-Corruption Policy of the Seoul Metropolitan Government

The Seoul Metropolitan Government has been adopting scientific and systematic preventive actions against corruption by severely punishing officials involved in those actions. In addition, the government has been enforcing the following anti-corruption policies in order to achieve a “Transparent Administration and a Reliable Government.”

Eliminating the source.

Redundant restrictions and regulations have become a source of corruption. By eliminating these groundless restrictions and ambiguous regulations, we believe that we can eliminate the source of the problem.

Scientific Approach.

Each year, we send questionnaires to citizens who have experienced the civil appeals process. With the data, we are able to analyze scientifically and systemati-

cally areas that are most prone to corruption. This allows us to concentrate our inspections on those areas.

Transparent and Open Administration.

By developing and operating the Online Procedure Enhancement for the Civil Appeals System, we have been able to make lucid the administrative process and information. As the title suggests, the system reveals to the public the administrative process and other information that may be useful the people. In addition, the system makes it a rule to publicize administrative information regularly in a gazette, even without a request from the public.

Anti-corruption with the citizens

We enforce the Integrity Contract System, under which officials and the traders promise not to conduct unfair actions. This is monitored and verified by the integrity contract ombudsman's office, which consists of professionals recommended by citizen organizations. We also operate the Citizen Inspector System, which consists of citizen representatives who ensure transparency and fairness of inspections.

In addition, through programs such as "e-mail the Mayor" and "How are you doing? I'm Lee Myung-bak!", citizens are able to directly approach the mayor while the latter can obtain first-hand opinions in return.

Characteristics of 「Online Procedure Enhancement for The Civil Appeals System」

「Online Procedure Enhancement for the Civil Appeals System」 is a program that enhances transparency of the government by opening to public the administrative process of his/her civil appeal case on the Internet. This prevents officials from delaying work or causing unfair treatment.

• Characteristics of the System

- Transparency: The entire administrative procedure, such as the treatment contents, sanction procedure, investigation contents, future plans, etc. is open to public which ensures real-time transparency of the affair.
- Accessibility: Citizens can identify their concerns regarding the status of their civil appeals through the internet which saves both time and effort.
- Reliability: The system is open to everyone, ensuring fairness and objectivity, which may help dispel mistrust of the government and prevent corruption.

Development Background of 「Online Procedure Enhancement for The Civil Appeals System」

Seoul came to admit that merely appealing to individual conscience is an unrealistic approach in preventing corruption. Instead, changing the fundamental way people work became the primary objective. Taking advantage of the IT technology and the Internet infrastructure, in January 1991, the government developed the 「Online Procedure Enhancement for the Civil Appeals System」 that will make the administrative process more transparent and accessible by revealing it real-time on the Internet.

After having carefully investigated the possible preventive effect of open procedures, twenty six (26) Seoul City Administration services were selected. The services were those considered most vulnerable to corruption, caused inconvenience to the citizen due to their complicated treatment process, and denied rights and requests from outside.

For rapid development and successful promotion of the 「Online Procedure Enhancement for The Civil Appeals System」, we divided roles within the system. Overall system development works, including publication objective services, were to be handled by the Office of Audit & Inspection Director, which monitors more than 50,000 officials in the Seoul City administration. System analysis and design was to be handled by the Information & Planning Division, which specializes in information systems education and the administrative systems for city officials. The system came into force in April, 1999.

The procedure covers the entire work flow of the civil appeals, such as reception, investigation, discussion among the authorities concerned, result of decisions, future plans, etc., while also including details such as the department in charge, telephone numbers, staff in charge, E-mail address, content of affairs by services, required documents, service treatment procedures and regulations concerned, etc.

With the real time checking system, computers check delayed actions and missing input, then automatically notifies the department in charge.

Computers automatically check delayed input, if there is any, comparing the sanctioned date and the input date at every step of the sanction in progress, from the staff in charge to the general manager and finally to the director thus preventing unjust delay.

In order to enhance the transparency and fairness of the service, we have been continuously extending the range of the publication objective services, reaching 111

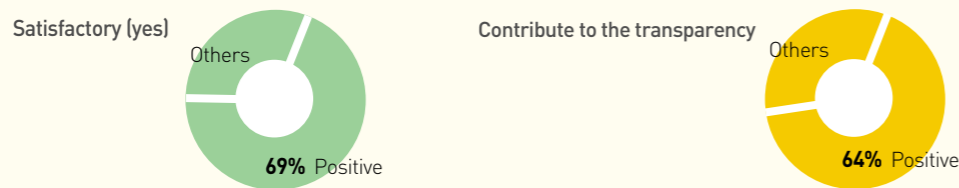
kinds in a total of eleven (11) areas.

Since January 2005, we have enhanced the system thus opening more content to the citizens and have also extended the SMS service, which enables citizens to be notified the decision of their appeals through their mobile phone, from 5 areas to 38 areas.

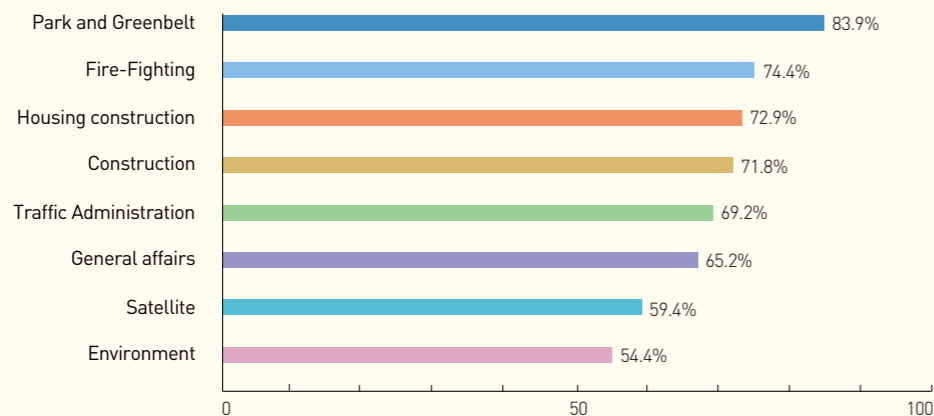
Promotion Outcomes for the 「Online Procedure Enhancement for The Civil Appeals System」

OPEN system representatives from Seoul traveled to Ho Chi Min City, Vietnam (Feb. 2003), and to Jakarta, Indonesia (August 2003), to provide consultation, education, and technical assistance for 「Online Procedure Enhancement for The Civil Appeals System」. In 2004, officials from China, Japan, Vietnam, Bulgaria, Egypt, OSA, etc. visited Seoul to benchmark the system. Officials from Bulgaria have visited Seoul to request assistance and support in the introducing the OPEN system. Discussion are in progress.

Question Research Result on OPEN system



Transition of reduction of irrationality by sectors compared to one year ago



The effects of the system 1) Prevent officials from abusing the system and raise the transparency of administration by publicizing administrative procedures thus preventing corruption in advance, 2) Satisfy the citizens' need to know by publicizing the information in detail, 3) Shorten the distance between the city administration and the citizens by grafting information technology into administration. Through the public monitoring and shared information, the system contributes to the realization of a transparent society, preventing corruption before it can happen..

The results of the Internet questionnaire, which inquired 606 citizens who used 「Online Procedure Enhancement for The Civil Appeals System」, in April 2004, were that 69% (417 citizens) of those polled were satisfied with the publicized contents, and 64%(388 citizens) felt that it contributed to the transparency in the city government and to the prevention of corruption. In another survey conducted by the Korean Gallop in August, 2004, of 11,506 citizens who experienced the civil appeal treatment in the eight (8) big public welfare sectors, 68.9% replied that on average, corruption has been reduced compared with the previous year.

International evaluation of the 「Online Procedure Enhancement for The Civil Appeals System」

「Online Procedure Enhancement for The Civil Appeals System」is widely known as the OPEN system in foreign countries. It was introduced by the Mayor of the Seoul Metropolitan Government as a "best practice" when he was invited to the 9th General Assembly of IACC held in Durban, South Africa in October, 1999. In May 2000, it was introduced as a best practice at an OECD major political seminar held at Paris, France, attracting high praises, and was further introduced to IMF, UNDP, World Bank, Interpol, etc. as a system promoting transparency in the government and preventing corruption.

In addition, at the proposal of UN, the Mayor of Seoul City and the Secretary General of UN issued a Joint Declaration, in May 2001, to disseminate and distribute the OPEN system worldwide. In December 2002, the OPEN system manual was published in six languages and has hence been distributed to 189 UN member nations. At the 11th IACC meeting held in Seoul in May 2003, an OPEN system promotion booth attracted favorable praises as a superb model in preventing corruption. Furthermore, it has been awarded the honor prize at the 2nd Public Sector Reform Awards, held on June 28, 2000.

This OPEN system is introduced as an innovative system to enhance the trans-

parency, in the OECD homepage (<http://www.oecd.org>) and the U.S. Fordham Univ. homepage (<http://www.fordham.edu>), and, as a system that helps dispel corruption, in the TI homepage (<http://www.transparency.de>), and the World Bank homepage (<http://www.worldbank.org>)

Seoul distributes the OPEN system manual all over the world in joint collaboration with the UN.

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Best Practice

Busan
Metropolitan
Government

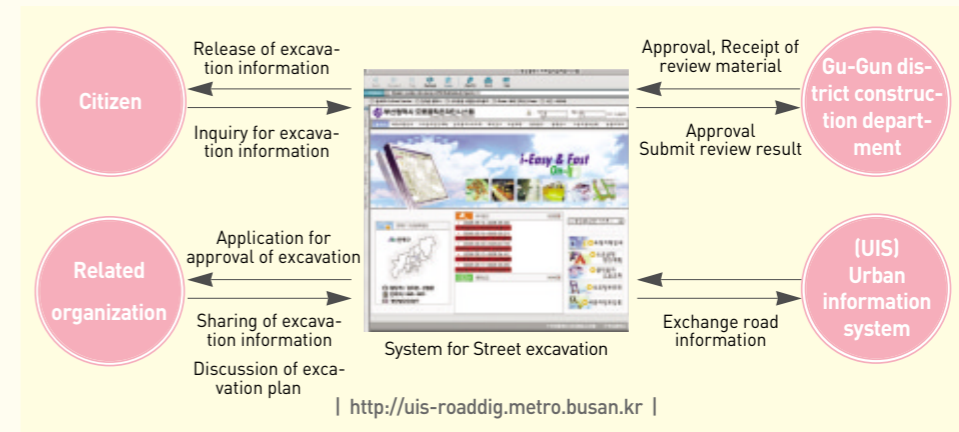
Internet Civil Appeals System for Street Excavation using City Information System

Background of System Development

Rapid development of the city raised the necessity for the expansion of city infrastructure such as water/sewage piping, city gas lines and communication cables. Frequent street excavation and restoration work followed, which caused traffic jam and inconvenience to many citizens. These inconveniences raised the necessity of establishing the information-sharing system in order to avoid large-scale accidents from pipe rupture and redundant road excavation, and to more flexibly deal with the work in hand.

The necessity of resolving problems that have been mentioned above, coupled with Urban Information System (UIS) project that was being developed by Busan City, was materialized to create Internet Civil Appeals System for Street Excavation, a two-way civil appeals handling system. This system was initially developed in December of 2000, and after being tested in four selected districts including Jung-Gu, expanded to the entire district of Busan city from July of 2003.

Structure of system



Major contents of Internet Civil Appeals System for Street Excavation

Street excavation system is divided into the managing system of Gu and Gun staff, which through the internet handles civil appeals concerning street excavation, and internet on-line system used by related organizations and citizens. Citizens may log on to street excavation on-line system and select Gu and Gun district to search for yearly plan, streets unapproved for excavation and status of approved streets. Under this system, citizens can also participate in the district's street excavation process by filing complaints through inconvenience report service.

Related organizations such as City Gas, KT, KEPCO, and Hanaro Communication can confirm application for approval of street excavation along with package information. They can also submit and coordinate project plan and safety measures against redundant street excavation, and can also confirm the result of application for civil appeals and share information with other organizations. Gu and Gun districts, assuming the responsibility for executing street excavation process, may operate street management council, review project plan, approve the application for excavation, manage excavation sites and handle citizen's inconvenience reports using the system.

For successful adoption and application of this innovative system, Busan city also improved the existing system by signing and revising "Instructions for Street Excavation in Busan" and "Regulation for Operating Adjustment Committee for Street Excavation in Busan" after discussion with city planning department. By doing so, the administrative process of dealing with civil appeals concerning street excavation can be carried out on-line. The city also facilitated the process of making

payment on related revenues by linking street excavation on-line system with existing financial/civil appeal system.

Since street excavation system operates using basic information such as street network, which was established based on existing UIS of Busan city, the system is set up to exactly locate construction site without the help from external database. Security of the system is validated that approving organizations, such as Gu and Gun offices, can handle the external requests internally when interested organizations or citizens submit their application through internet for the approval or collection of open information. In April of 2003, the city added the extra process of verifying the identity of requester to the existing process of verifying ID and password, further reinforcing the level of security in handling requests for street excavation system.

Benefits from the Adoption of the System

Street excavation system changed the way work is done for citizens and related organizations: use of Internet instead of visiting Gu/Gun offices results in cost reduction of 900 million Won, and reduction in the restoration cost from avoidance of redundant excavation is estimated to be more than 2 billion Won annually. Handling of work through the Internet establishes transparency in administrative process, and it is expected that citizen's inconveniences and complaints will be reduced while administrative process will improve by making excavation-concerning information public and avoiding redundant excavation work.

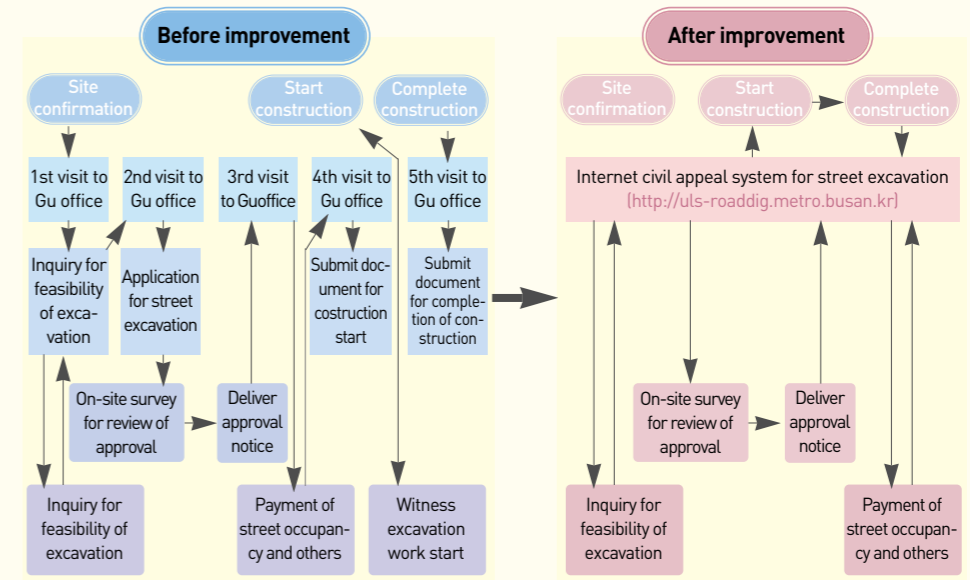
In managing restoration, maintaining records of the street excavation and restoration work helped the city to establish the more reliable system. In the management of citizen's appeals of excavation and restoration, accepting and dealing with civil complaints on-line strengthened citizen's work supervision system and civil service.

In order to avoid redundant excavation and discuss safety measures, the city used to conduct document review or discussion on possible adjustment of excavation period while making it mandatory for concerned citizens to visit the office. Switching the inefficient system to the on-line system reduced the number of office visits from 4-5 to 1, and also reduced the duration of processing civil appeals from 10 days to 3-4 days.

Establishment of Innovative City Management System

This system is expected to maximize its utility by linking street excavation system

Comparison of Before and After Process Improvement



*Number of days required : 10 days,
 *Number of visits : 5

*Number of days required : 3 days,
 *Number of visits : 1

- Reduction in duplicate excavation : 10%
- Reduction of cost for street pavement : 2 billion won per year
- Bilateral handling of civil appeal thru internet
- Information sharing, enhancement of administration transparency

with electronic payment and related information systems, such as Si-Gun-Gu district's civil appeal information system. Through the establishment of the integrating system, the city can manage related organizations' buried objects such as city gas, electricity, communication cable along with numerical map of road, water and sewer system that has been installed in the UIS. As a result, the information on all of buried objects underground can be integrally managed. The city plans to further innovate the system in order to establish it as the more convenient city management system by conducting integral analysis of near by road conditions and traffic conditions around excavation area, thereby providing citizens and drivers with guidance on practical issues, such as which road to take.

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