



Case Story

Defense Acquisition Program Administration (DAPA) Ombudsman

Transparency International – Korea (TI-Korea)

1. Background

As in many countries, the defense sector is one of the most corruption-prone areas in Korea. There were many problems in Korean defense procurement systems, such as lack of transparency in decision-making, severe restrictions on disclosure of information, and deficiency of monitoring.

One of the most specific characteristics of the Korean anti-corruption movement is civil society initiative. Most major anti-corruption achievements in Korea, including the enactment of the anti-corruption law, the establishment of the national anti-corruption body and the DAPA, were through civil society initiatives. This initiative is based mainly on the historical background of long-term democratization movement. However, the relationship between the government and civil society is still not stable. Constraints are found on both sides. Willingness of acceptance of civil society as the parallel partner is still weak for the government side, and cooperation with the government is more needed on the side of civil society. A non-confrontational approach and coalition building among stakeholders is still insufficient and weak.

In 2003, President Roh Moo-hyun was elected and he strongly drove reform in many areas. Among these was reform of the defense sector in 2004. Transparency International-Korea (TI-Korea) was invited as one partner. On orders of President Roh, a special committee to reform defense procurement, the Committee for the Reform of Defense Acquisition System, was organized under the prime minister in 2004. It was composed of 11 members including a minister level chair, the Head of the Office for Government Policy Coordination. Of the other 10 members, seven were high-ranking officials of vice-minister level, and three were from civil society.



TI-Korea suggested some systems for strengthening transparency and accountability, such as Integrity Pacts, an Ombudsman, and mechanisms for disclosure of information. DAPA adopted all of these recommendations. In addition, DAPA introduced 'Registration of Public Officials' Property & Disclosure', 'Declaration of Gifts', 'Limiting Ex-Officers' Job Opportunity' and 'Use of Real Name Policy'.

2. Reform of defense procurement

The Committee for the Reform of Defense Acquisition System recommended the establishment of a new national agency for defense procurement and to concentrate all defense procurement to this institution. As a result, Defense Acquisition Program Administration (DAPA) was established on 1 January 2006 based on the DAPA Law, which was enacted in 2005. It declares publicly as its mission 'to enhance twice transparency, fairness, efficiency and expertise'.

3. DAPA Ombudsman: Composition and Meaning

The DAPA Ombudsman consists of three persons recommended from civil society and appointed by the DAPA Commissioner. They are from TI-Korea, Ex-auditors' Association and PSPD (People's Solidarity for Participatory Democracy). Term of office is two years and they can be reappointed once.

As in most countries defense sector is a sacred that is strictly untouchable by civil society. The DAPA Ombudsman is the first step of defense sector reform and also the first case of engagement of civil society to defense sector.

The main function of the DAPA Ombudsman is to receive petitions from defense companies and to investigate each case. If any fraud or wrongdoing is found, the Ombudsman can ask for action to resolve the wrongdoing from the Commissioner of DAPA. The Commissioner should make the correction and report the result within 30 days to the Representative Ombudsman. The Ombudsman also has the right of publication of investigation results.



According to Mr. Sung-Goo Kang, Representative DAPA Ombudsman, in a March 2009 interview¹:

Until now the acquisition related functions were dispersed among many ministries, for instance the Ministry of Defense, the joint chief of staffs, and the armed forces. However, after the establishment of DAPA, acquisition was concentrated into a single organization. This was a significant institutional improvement, developing efficiency and expertise in line with international trends and good practice. Yet the greater meaning lies in the pursuit of transparency. We will build a DAPA that is more in tune with the interests of the people. The pursuit of transparency is the foundation on which DAPA is built. Establishment of DAPA means that the defense program no longer belong to a special domain of the nation, but are an ordinary domain to which universal standards must be applied.

4. Activities and Impact

In the three years that it has been operating, the DAPA Ombudsman it has received 62 petitions from defense companies and has heard 46 cases. Out of these 46 cases, the Ombudsman made 6 corrections, 6 recommendations and 1 request for auditing. The other 13 cases have been corrected by DAPA in the course of investigation.

The impact of the DAPA Ombudsman system is not yet measurable because many of its cases are confidential. But some indicative figures can be cited to measure the impact. The Ombudsman has dealt with more than 60 petitions. Twenty-six cases have been found to have problems by the Ombudsman's investigation and were corrected. The other cases are under investigation. The attitude and mindset of DAPA staff members are beginning to change in a positive way. Another indicator of impact is that news media reports of corruption in the defense sector have gone down. There were 42 such reports in 2004-2005. After the DAPA Ombudsman was established no corruption scandals were reported by the news media in 2006-2007.

The budget of DAPA is approximately US\$10 billion in 2009. This is more than 40% of the total defense budget. There are no statistics to show how much money was saved after the launch of the DAPA

¹ <http://www.defenceagainstcorruption.org/news/interviews/271-interview-with-sung-goo-kang>.



Ombudsman. However, the role of the Ombudsman is basically to monitor use of budget, so it is likely that the Ombudsman has contributed to reducing the government's losses. According to Representative Ombudsman Kang, "Companies say that fairness of competition is the first benefit. Until recently, there was a perception in defense that bribery was necessary to secure a contract, but now they can devote this money to research and development, and pursuing competitive advantages. Costs have fallen, and fair competition has been the greatest benefit." He also says competition for defense contracts has improved.

One of the main goals of the establishment of DAPA was to serve the real competitive needs of the defense industry. Competition is a principle in every purchase. The defense sector is a very special domain in Korea, with some special technologies in some sectors protected and purchases guaranteed by governments. Before DAPA there was very little competition. Yet, the law is changing, and general competition is now becoming a trend. Until now some sectors, and some technologies such as in aerospace, have been supported by government and so have lacked competition, but this too is changing. Specialization and systematization of defense industries were abolished in 2007, and more companies are compelled to compete. Ensuring integrity through DAPA mechanisms remains crucial in such circumstances.

5. Lessons

- Participation of civil society in each step of defense reform is possible and important. The tools that civil society has used in monitoring defense procurement include:
 - Pressure to uphold the law and institutions,
 - International cooperation
 - Introduction of systems and institutions for transparency and accountability
 - Participation in monitoring
 - Public disclosure of information and recommendations
 - Feedback to the institution
- Independent, consistent, and participatory external monitoring is crucial
- Engagement of expert is also very important to get trust about the investigation results



- Non-confrontational and cooperative attitude is a key factor to draw voluntary change of practices
- To keep the achievement is as much important and difficult as to achieve it
- Civil society engagement and monitoring is one of crucial factors of sustainable procurement

6. Challenge

DAPA is facing a crisis because the Ministry of Defense contends that it undermines the Ministry's decision-making power. The provisional alternative proposed by the Ministry is to return to it the main functions of DAPA related to strategic, medium and long-term decision-making. As such, civil society has expressed deep concern that this move could lead to a backward step for transparency and accountability. Representative Kang emphasizes that "since the establishment of DAPA there have been no cases of corruption. I am very proud of this. There is no reasonable reason for trying to weaken DAPA, and its record so far will make it harder to do so."

###