World Benchmarks
Korea’s Ombudsman System

Korea’s Foreign Investment Ombudsman system is emulated by a number of foreign countries as a best practice.

A cross-border foreign direct investment (FDI) flows have increased worldwide, disputes between a host country and foreign investors have also risen. To settle them, more and more countries are benchmarking Korea’s Foreign Investment Ombudsman system, which troubleshoots for foreign-invested companies in Korea facing problems through grievance resolution. In doing so, the system creates a virtuous cycle of investment by preemptively preventing investor-state disputes and inducing additional investment.

Korea’s Foreign Investment Ombudsman system has already been introduced at many international conferences and promoted through the visits to Korea of delegations from international organizations and investment agencies for system benchmarking and training. In 2013 alone, 10 delegations from overseas, including the World Bank and nine governmental agencies, visited Korea to study its Ombudsman system. In the case of Egypt, a Home Doctor from the Office of the Foreign Investment Ombudsman (OFIO) here at KOTRA conducted a capacity-building training session at Egypt’s investment promotion agency.

In 2009, an UNCTAD/WAIPA delegation from 11 countries headed by Russia visited Korea to learn about the Ombudsman system. Benchmarking it, the president of Russia appointed a Commissioner for Entrepreneurs’ Rights Protection in 2012. (*Ombudsman’s Office, Invest Korea Bulletin, August, 2013)

In 2013, the advisor to the Minister of Industry and New Technologies of the Republic of Kazakhstan and KAZNEX INVEST visited Korea to meet with me and study the Ombudsman system in depth. And this past April, as the Foreign Investment Ombudsman, I attended the Eurasian Knowledge Network in Almaty, Kazakhstan and Tashkent, Uzbekistan. I was one of the Wisemen, as the Korean delegation was called, and I chaired a discussion and introduced Korea’s Foreign Investment Ombudsman system to my luncheon speech. Last month, Kazakhstan President Nursultan Nazarbayev unveiled a set of FDI promotion policies that included providing investment incentives along with the introduction of the Foreign Investment Ombudsman system to protect investors’ rights.

In November of 2013, the Investment Climate Department Director of the World Bank, which spoke highly of Korea’s Ombudsman system as an internationally exemplary case, visited my office for an in-depth discussion. He and his World Bank delegation expressed the need to promote Korea’s Ombudsman system as a global standard. Recognizing the strong interest of developing countries in the system, the World Bank Group is creating educational materials to spread the system to developing nations. The Office of the Foreign Investment Ombudsman provided manuals and answers.

These efforts have borne fruit. Last month, the World Bank arranged a tripartite video conference among the World Bank, my office and Mongolia’s Invest Mongolia. I gave an introduction to Korea’s Ombudsman system, including our major roles, achievements and future tasks. I strongly recommended that Invest Mongolia set up a grievance resolution body within its organization. In addition, the Myanmar government is expressing deep interest in adopting the Ombudsman system as it establishes a trade promotion agency.

Of course, it’s not just investment promotion agencies that are taking notice of the Ombudsman system. The CEOs of multinational companies are turning to us as well. Last month, I participated in a meeting with the executives of key multinational companies and consultants in the United States at the Albright Stonebridge Group office in Washington D.C. to introduce the role of Korea’s Foreign Investment Ombudsman system and hold a question-and-answer session.

Since its introduction in 1999, Korea’s Foreign Investment Ombudsman system has accumulated experience and know-how regarding aftercare services for foreign-invested companies. We aim to continue sharing our achievements and experiences with other countries and contributing to a freer and more transparent business environment for cross-border FDI flows. This could be a good part of Korea’s official development assistance programs in the years ahead.

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