

Taiwan

2015 Country Summary

Recommendations

Taiwan is placed in Band B, with robust controls against corruption across risk areas. Robust frameworks for oversight combine with clear evidence of efforts to ensure a strong ethical culture. Taiwan is placed in Band A for Personnel risks. Operations and Procurement Risk scored in Band C. The role of the recently established Ethics Office is highlighted in the research as is the clear leadership commitment to anti-corruption efforts. The procurement framework is generally robust, though is impacted by Taiwan's difficult international position. The Taiwanese Government completed a government review of the GI 2015 research, which shows a willingness to open dialogue with an international NGO on defence corruption issues.

Strengthening oversight

Taiwan's has high levels of military expenditure compared to many in the region (per capita using SIPRI data); effective oversight over spending is therefore essential. Taiwan scores top marks for the quality of external audit. The management of disposed military property is under layered control and oversight within the MND, and results are published and easy to access. Although there may be some occasional shortcomings in implementation there is good evidence that these are being identified by the Control Yuan. The quality of public debate and oversight is generally high, but more effective Parliamentary scrutiny over the defence budget and procurement decision-making, even if some very specific details are limited to closed door briefing, is particularly important given overall constraints of Taiwan's international position. The Foreign Affairs and Defence Committee in the Legislative Yuan with general support from the Budget Centre is responsible for reviewing the Annual Defence Budget Proposal in the Legislative Yuan, but program details in the Budget Proposal are currently insufficient for the legislators' effective scrutiny and more effective scrutiny over significant secret budgets is also important. There is also some question marks over the power of the Legislative Yuan to influence decision-making in practice. Government efforts to encourage whistleblowing are commendable and we strongly support moves to improve Whistleblower protections.

Increasing public dialogue for good governance

Public debate on defence issues is frequent in academia, and some events are funded by the government of Taiwan but public engagement in defence policy could nonetheless be strengthened. The role of external organisations could play a more catalytic role in the formulation of Taiwan's National Defence Report and Quadrennial Defence Review. The MND consults scholars and legislators on an ad hoc basis, but there was little example of significant two way debate over major issues of defence policy.

Several incidents, including army soldier Hung's death in July 2014 and AH-64E helicopter classified photos in FB in March 2015, indicate an institutional inclination towards cover-up within the military tradition. Although the MND has taken drastic measures to reform, genuine and effective external oversight is also needed to ensure a genuine transparency and restore public confidence in the defence and security sector. Civil society's participation, such as sitting in the MND anti-corruption committee, is recommended.

Strengthening the procurement anti corruption framework

Procurement is characterised by a solid institutional framework and acquisition planning process. The military has a rigorous acquisition planning process, with some very strong oversight mechanisms and peer review processes. They are however all internal, with public information about the planning information limited due to the concerns over the sensitive nature of the force capability buildup and combat readiness. Oversight mechanisms for procurement should also extend to the entire acquisition planning process.

Most of U.S. arms sales to Taipei are processed through Foreign Military Sale (FMS) procedure, under which, the U.S. military bear the project management responsibilities. High levels of single-sourcing are understandable given restricted numbers of willing suppliers. But further steps might be possible to reduce corruption risks. Import Procurement Officers & Foreign Military Sales Liaison Officers have been used to good effect in South Korea to investigate products and prices, to ensure no facilitation payment takes place in the form of over-payment, and ensure competition regulation is enforced. Similarly, current requirements for bidding companies, whether foreign or domestic, appear to impose little in terms of compliance programmes about anti-corruption commitments, although the Government Procurement Act does prohibit the bidding of companies involved in bribery for three years.

Increasing offset regulation

Given the restrictions on options for arms imports, offsets are becoming a priority in Taiwan as the nation seeks to develop its domestic industry. The MND Industrial Cooperation Program aims to obtain 40 percent offset for every foreign arms deal valued above 5 million US dollars, with 60 percent of the offset quota used to bolster local defence industries (direct offset). But mechanisms against corruption risk could be improved.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	3
		Defence Committee	3
		Defence Policy Debated	2
		CSO Engagement	3
		International AC Instruments	
		Public Debate	2
		AC Policy	4
		AC Institutions	3
		Public Trust	3
		Risk Assessments	3
	Defence budgets	Acquisition Planning	2
		Budget Transparency & Detail	2
		Budget Scrutiny	2
		Budget Publicly Available	3
		Defence Income	4
		Internal Audit	3
		External Audit	4
	Other Political Areas	Natural Resources	4
		Organised Crime Links	3
		Organised Crime Policing	4
Intelligence Services Oversight		3	
Intelligence Services Recruitment		2	
Export Controls			
Finance	Asset Disposals	Asset Disposal Controls	3
		Asset Disposal Scrutiny	4
	Secret Budgets	Percentage Secret Spending	2
		Legislative Access to Information	3
		Secret Program Auditing	3
		Off-budget Spending in Law	4
		Off-budget Spending in Practice	
		Information Classification	3
	Links to Business	Mil. Owned Businesses Exist	4
		Mil. Owned Business Scrutiny	4
Unauthorised Private Enterprise		3	
Personnel	Leadership	Public Commitment	4
		Measures for Corrupt Personnel	3
		Whistleblowing	2
		Special Attention to Sensitive Personnel	3
	Payroll and Recruitment	Numbers of Personnel Known	4
		Pay Rates Openly Published	3
		Well-established Payment System	4
		Objective Appointments	2
		Objective Promotions	2
	Conscription	Bribery to Avoid Compulsory Conscription	4
		Bribery for Preferred Postings	4
	Salary Chain	Ghost Soldiers	4
Chains of Command and Payment		4	

	Values, Standards, Other	Code of Conduct Coverage	4
		Code of Conduct Breaches Addressed	3
		AC Training	4
		Prosecution Outcomes Transparent	3
		Facilitation Payments	4
Operations	Controls in the Field	Military Doctrine	2
		Operational Training	2
		AC Monitoring	3
		Controls on Contracting	2
		Private Military Contractors	4
Procurement	Government Policy	Legislation	3
		Transparent Procurement Cycle	3
		Oversight Mechanisms	4
		Purchases Disclosed	3
		Standards Expected of Companies	2
	Capability Gap	Strategy Drives Requirements	4
		Requirements Quantified	3
	Tendering	Open Competition v. Single-Sourcing	2
		Tender Board Controls	3
		Anti-Collusion Controls	4
	Contract Delivery / Support	Procurement Staff Training	3
		Complaint Mechanisms for Firms	4
		Sanctions for Corruption	3
	Offsets	Due Diligence	1
		Transparency	2
		Competition Regulation	1
	Other	Controls of Agents	2
		Transparency of Financing Packages	2
		Subsidiaries / Sub-Contractors	2
		Political Influence	2