

Thailand

2015 Country Summary

Recommendations

Thailand's GI ranking in Band E places it in the "very high" risk category for corruption in the defence and security sector. Since the May 2014 military coup, there has been no independent scrutiny of defence policy by the legislature, a lack of budget transparency, and insufficient institutional measures concerning most aspects of the procurement cycle. While pre-coup anti-corruption organisations like the National Anti-Corruption Commission still enjoy a quasi-legal status, they lack sufficient influence to curtail military involvement with the proliferation of organized crime in southern Thailand or ghost soldiers. Taken together, these corruption risks not only pose a serious threat to the stability of the state but fundamentally undermine its accountability to the people of Thailand. We suggest the following urgent reforms of the security sector to minimize corruption risks.

Re-establish Civilian Oversight over the Defence Policy and budget

The 2014 military takeover in Thailand voided the 2007 constitution, which had established legislative scrutiny of Thai Defence Policy. As a result, civil society has a limited ability to affect debate or solicit information regarding the defence budget or procurement decisions. While pre-coup institutions like the National Anti-corruption Commission (NAAC) still exist in a quasi-legal fashion, evidence suggests that their authority to scrutinize corruption issues is minimal.

Since the 2014 military coup, the National Legislative Assembly has yet to publish a budget for 2015, it seems likely that a large portion of it will be classified. Since the 2014 coup, there have been no legislative committees tasked with external auditing of military defence expenditure. It's unclear what role internal audit is playing.

We recommend that the government publish an annual defence budget that includes detailed information on expenditure across functions including research & design, training, salaries, acquisitions, disposal of assets, maintenance and personnel expenditures. Civilian oversight of defence policy, external audit of the defence budget, oversight of the procurement process, will also help ensure that the budget is spent on arms and equipment that actually meet Thailand's strategic needs.

Eliminating Organised crime in the military

While there are wide-ranging examples of Thai military units or individuals involved or complicit on organised crime, there is no concrete evidence to suggest that the government or the military see this connection as a serious problem or working actively to alleviate it. There is extensive evidence of the military's involvement in criminal networks associated

with narcotics, prostitution, human trafficking, and illegal casinos. Military and paramilitary officers have been involved individually, at senior and lower ranking levels. Evidence suggests that security officials are illegally paid "protection" money to ensure that illegal mafia operations are allowed to continue. Tackling this issue is difficult given that those responsible for enforcing the law may also be implicated in illicit activities. We recommend that Thailand explicitly outlaw private enterprise by defence and security institutions and personnel, and examine options for increasing the impact and independence of enforcement agencies.

Establish Clear Criteria for Promotions to avoid nepotism

Little information exists regarding the selection criteria for senior personnel within defence and security institutions. We recommend that legislation be tightened and implemented with formal written procedures establishing an independent, transparent, and objective appointment system for the selection of military personnel at middle and top management level. This system should be published, and accompanied by the use of objective job descriptions, assessment processes for appointments, and independent oversight.

The overall procurement process could be improved. In practice, there is evidence that brokers have often already been involved in the procurement process, before the requirement is even communicated to the Ministry of Defence. A legal framework that addresses brokerage, and the position of the government is essential, given that our assessment points to a significant increase in cost to the procurement process of up to 30-40%.

Oversight mechanisms are in place but could be strengthened and consistently transparent. There is some evidence that oversight can be successful, but this is limited and the cases unsurprisingly revolve only around the later stages of the process, such as Parliamentary approval - specifically Commission I has to approve all purchases over IDR50billion and has already demonstrated it can have impact. Internally, procurement goes through a dedicated procurement centre and evaluation team, and oversight is provided by a High Level Committee which involves other ministries and institutions, such as BAPPENAs (Ministry of National Development Planning), the Indonesia Bank, the Ministry of Finance. However, a lack of defence training in Ministries other than the Defence Ministry results in a lack of expertise, which means there is a reliance on the Defence Ministry's suggestions and insight. A more consistent approach regarding the releasing of information concerning procurements would also strengthen public oversight and increase public confidence.

Additional transparency around the practices of tender boards is also important, as these all operate internally and release very little information. While Tender boards can be audited by the BPK, there is no publicly released information that this has occurred within the Defence Sector, and there are no reports concerning this. Finally, strengthened mechanisms for companies to complain of malpractice or discrimination alongside clear sanctions for poor behaviour would strengthen the overall system.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	0
		Defence Committee	0
		Defence Policy Debated	0
		CSO Engagement	0
		International AC Instruments	2
		Public Debate	1
		AC Policy	0
		AC Institutions	1
		Public Trust	2
		Risk Assessments	0
	Defence budgets	Acquisition Planning	1
		Budget Transparency & Detail	1
		Budget Scrutiny	0
		Budget Publicly Available	1
		Defence Income	1
		Internal Audit	1
		External Audit	0
	Other Political Areas	Natural Resources	1
		Organised Crime Links	0
		Organised Crime Policing	1
		Intelligence Services Oversight	1
Intelligence Services Recruitment		1	
Export Controls		1	
Finance	Asset Disposals	Asset Disposal Controls	1
		Asset Disposal Scrutiny	1
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	0
		Secret Program Auditing	0
		Off-budget Spending in Law	1
		Off-budget Spending in Practice	0
	Links to Business	Information Classification	1
		Mil. Owned Businesses Exist	2
		Mil. Owned Business Scrutiny	1
Personnel	Leadership	Unauthorised Private Enterprise	1
		Public Commitment	1
		Measures for Corrupt Personnel	2
		Whistleblowing	1
	Payroll and Recruitment	Special Attention to Sensitive Personnel	1
		Numbers of Personnel Known	2
		Pay Rates Openly Published	4
		Well-established Payment System	3
		Objective Appointments	2
	Conscription	Objective Promotions	1
		Bribery to Avoid Compulsory Conscription	1
		Bribery for Preferred Postings	1
	Salary Chain	Ghost Soldiers	0
		Chains of Command and Payment	4

	Values, Standards, Other	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	2
		AC Training	1
		Prosecution Outcomes Transparent	1
		Facilitation Payments	1
Operations	Controls in the Field	Military Doctrine	1
		Operational Training	1
		AC Monitoring	1
		Controls on Contracting	0
		Private Military Contractors	1
Procurement	Government Policy	Legislation	1
		Transparent Procurement Cycle	1
		Oversight Mechanisms	0
		Purchases Disclosed	2
		Standards Expected of Companies	1
	Capability Gap	Strategy Drives Requirements	1
		Requirements Quantified	2
	Tendering	Open Competition v. Single-Sourcing	1
		Tender Board Controls	1
		Anti-Collusion Controls	0
	Contract Delivery / Support	Procurement Staff Training	1
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	2
	Offsets	Due Diligence	0
		Transparency	0
		Competition Regulation	0
	Other	Controls of Agents	0
Transparency of Financing Packages		0	
Subsidiaries / Sub-Contractors		0	
Political Influence		2	