



**Government Defence
Integrity Index**



2020



Country Brief:

TAIWAN

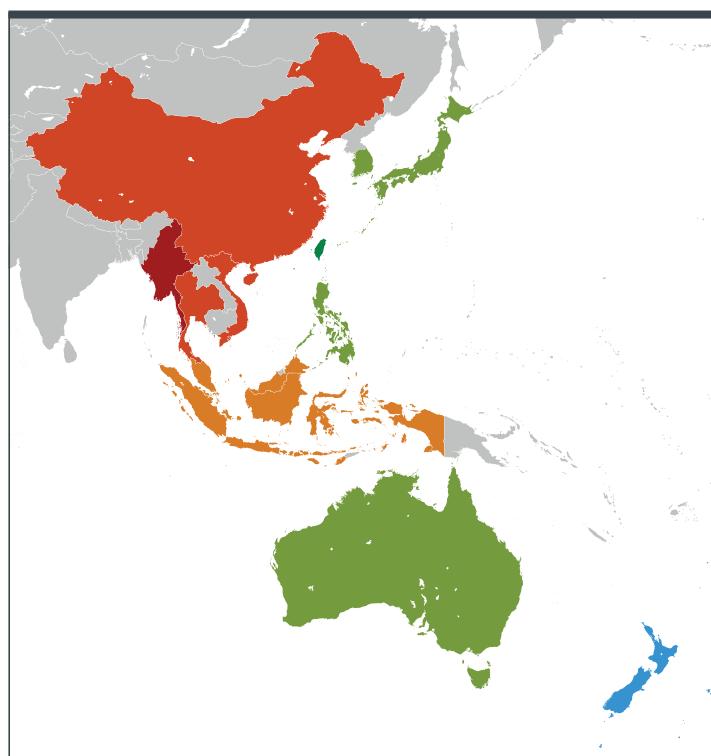


TAIWAN

Consistently ranked as one of the strongest democracies in the world,¹ Taiwan's politics and security are closely tied to the actions of its Chinese neighbour. Officially calling itself the Republic of China, Taiwan has consistently sought to extricate itself from Chinese claims over the island, which Beijing sees as a breakaway province.² Though publicly committed to a peaceful unification, China reserves the option of the use of force should other options be exhausted.³ Consequently, Taiwanese leaders walk a tightrope between confrontation and conciliation, especially at a time of growing assertiveness in Beijing's foreign policy and mounting risk of cross strait conflict.⁴ Additionally, under President Trump, the United States, the historic guarantor of Taiwan's security, deviated from its strategy of delicate diplomacy and angered Beijing by openly deepening economic and political ties with Taipei.⁵

As a result of this mounting uncertainty, Taiwan has been heavily investing in enhancing its self-defence capabilities and implementing a new strategic defence concept, based on asymmetric warfare.⁶ In this context, the strength of Taiwan's defence governance standards will be tested. The new defence concept will likely require an intensification of procurement processes which risk vulnerability to corruption should independent oversight not be strengthened. This being said, Taiwan's existing governance mechanisms are strong, formalised and well-resourced. Parliamentary oversight is well established, as are auditing processes and public engagement with defence issues is strong. Transparency is ensured by strict regulations around information classification, and budgets are disaggregated, although the prevalence of secret budgets can undermine budgetary clarity. Personnel ethics frameworks are robust and enforced, while Taiwan exhibits strong awareness of corruption risks during operations.

Member of Open Government Partnership	No
UN Convention Against Corruption	Has not ratified.
Arms Trade Treaty	Has not ratified.



Asia-Pacific

The Asia-Pacific region is home to some of the biggest military and economic powers in the world, as well as critical financial and trade hubs, natural resources and around 60 per cent of the world's population, and the region has become a major area of geopolitical rivalry. The continuing deterioration of Sino-American relations is having widespread implications for countries in the region. Security challenges presented by an increasingly assertive China, the continuing threat posed by North Korea and the protracted insurgencies in Thailand, the Philippines, Myanmar, Indonesia and Malaysia will also remain key concerns moving forward, as will emerging security threats related to cyberwarfare and the impact of climate change. However, Asia-Pacific has huge variations in the quality of defence governance mechanisms, which will determine how well defence institutions can respond to these challenges. It is home to both New Zealand, the highest scorer in the index, and Myanmar, one of the lowest. Though challenges are extremely varied across the sample, corruption risks are particularly pronounced in relation to financial management and procurement, where defence exceptionalism remains pervasive and exempts the sector from standard reporting and publishing standards. Operations too are highly vulnerable to corruption, while personnel management and policymaking are considered significantly more robust.

¹ Matthew Strong, 'Taiwan Most Democratic Country in East Asia', Taiwan News, 3 February 2021, .

² BBC News, 'What's behind the China-Taiwan Divide', 14 April 2021.

³ Susan V. Lawrence, 'Taiwan: Political and Security Issues', *Congressional Research Service*, 4 January 2021, p. 2.

⁴ Lee His-min and Eric Lee, 'Taiwan's Overall Defence Concept, Explained', *The Diplomat*, 3 November 2020.

⁵ Ovunc Kutlu and Riyaz ul Khaliq, 'Trump Signs Taiwan Act into Law, Angering Rival China', *AA*, 28 December 2020.

⁶ Drew Thompson, 'Hope on the Horizon: Taiwan's Radical New Defense Concept', *War on the Rocks*, 2 October 2018.



TAIWAN

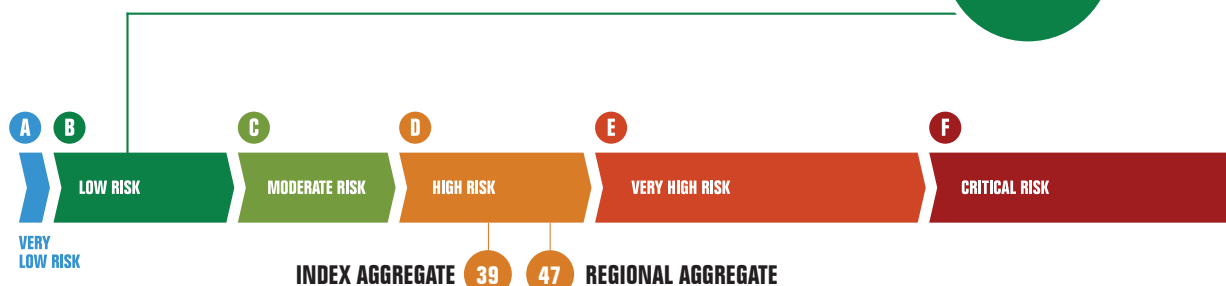
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

TAIWAN SCORE
LOW RISK

B

70



A > 83-100 VERY LOW

B > 67-82 LOW

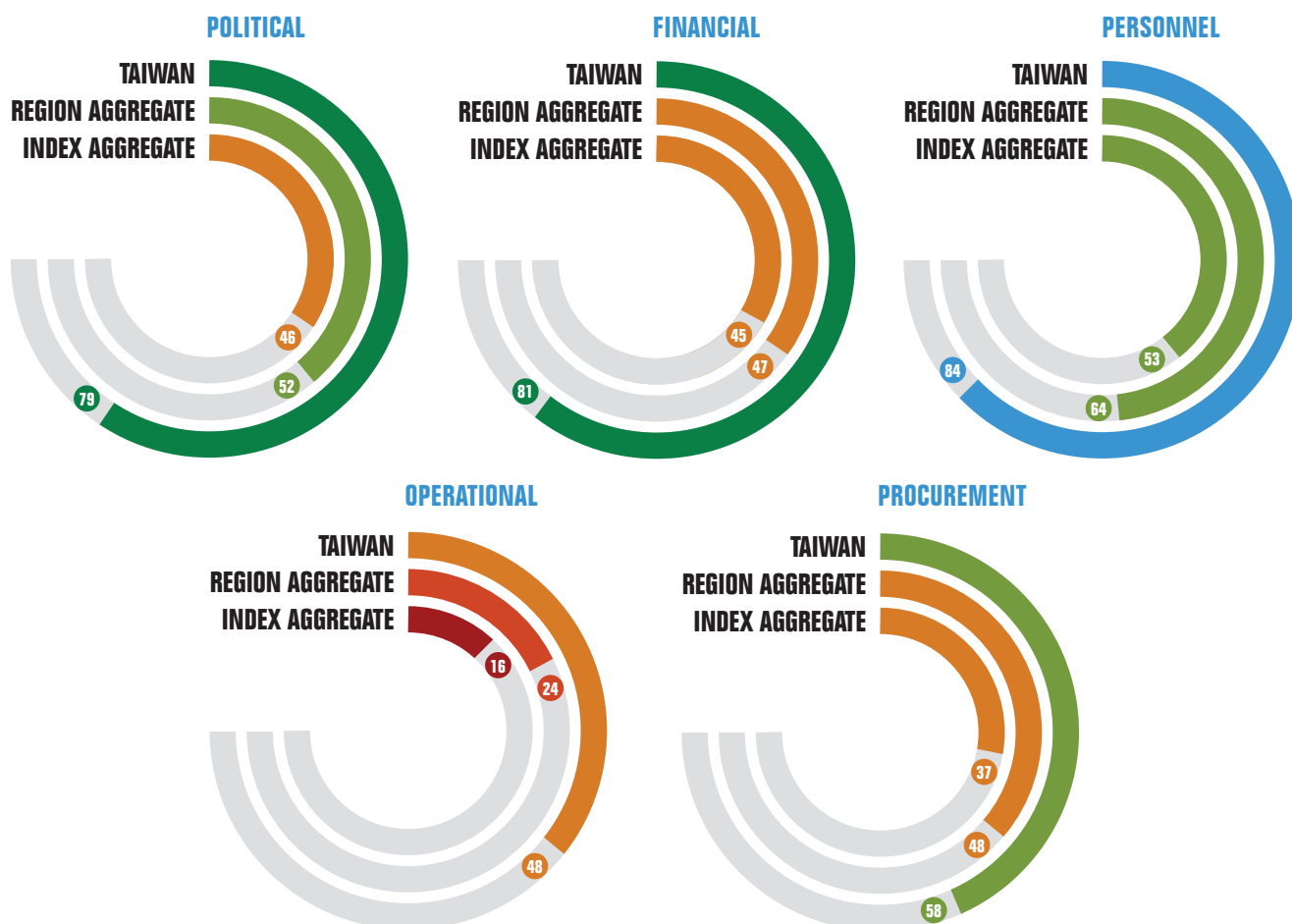
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison





TAIWAN

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	Not ranked.
Military expenditure as share of government spending (SIPRI, 2020)	9.8%
Committee members with defence expertise (%)	Data is not publicly available.
# of meetings/year	Data is not publicly available.
Last review of defence policy/strategy	2015 (National Defence Report)

Taiwan's semi-presidential system of government is underpinned by strong democratic institutions and well-established separation of powers.⁷ Though the political system is prone to deadlock in times of divided governments, the unicameral Legislative Yuan has fairly strong legislative and oversight functions, although its powers are limited by the President's ability to dissolve parliament should it issue a vote of no confidence.⁸ In relation to the defence sector, oversight powers are split between the Legislative Yuan and the Control Yuan, the latter of which is responsible for budget auditing and conducting investigations.⁹ Both bodies have full formal powers over defence institutions and each has a specialist Defence Committee, which is supported by legislative assistants and research support. The Legislative Yuan boasts two research institutions that supply legislators with insights and analysis to inform policy-making.¹⁰ However, the separation of legislative and investigative powers undermines the ability of the legislature to conduct parliamentary hearings and initiate investigations, as these require in-depth coordination and cooperation between the two bodies. This also means that the Legislative Yuan is hampered in relation to enforcing its recommendations, with its lack of investigative authority allowing the Ministry of Defence significant leeway in implementing findings. Moreover, experts have questioned the extent of the Control Yuan's powers, which are held to be superficial and ineffective at holding defence institutions to account.¹¹ Parliamentary powers are further supported by effective internal and external auditing mechanisms. The Comptroller's Office is the major internal audit authority for the Armed Forces and Ministry of Defence. It builds its own programme of work and is staffed by experienced personnel with specific expertise. Moreover, the Office provides reports to both defence committees, although some information can be redacted, and the Ministry of Defence regularly addresses audit findings in its practices. The Ministry's Comptroller Officer is under the scrutiny of the National Audit Office, the Budget Centre and the Directorate-General of Budget, which all have the mandate to review and audit defence spending through formal, in-depth processes. The Control Yuan's Audit Office and Legislative Yuan's Budget Centre are both financially and operationally independent from the executive and funded through parliamentary budgets.¹² Their reports are made publicly available, unless they contain legally defined 'national security information',¹³ and the Ministry of Defence regularly uses audit findings to inform subsequent budget and policy formulation.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data could not be accessed. (2) # subject to backlog: Data could not be accessed.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2015-2020) #	Data is not publicly available.
Open Budget Index (IBP, 2019)	Not ranked.
World Press Freedom Index (RSF, 2021)	43rd out of 180.

Taiwan's government has often been heralded as one of the most open and transparent in the world.¹⁴ The successful response to the COVID-19 pandemic has been widely credited to the government's commitment to full transparency.¹⁵ This commitment to transparency also extends in large part to the defence sector. The Ministry of Defence publishes a largely disaggregated defence budget, covering personnel, research and development, training, construction, procurement and disposal of assets among others.¹⁶ The legislature has strong powers to influence budget formulation and its ability to freeze the budget ensures that the Ministry of Defence complies with the legislature's deadlines.¹⁷ The majority of the budget is made available to the public in disaggregated form; however, Taiwan does maintain some secret budgets for sensitive weapons acquisitions.¹⁸ These budgets are kept secret from the public but are subject to review by the Legislative Yuan's Defence Committee, although this oversight has been questionable in relation to some projects.¹⁹ Financial transparency is further enhanced by strict controls around off-budget expenditures and sources of income. Off-budget military expenditure is strictly prohibited by the Legislative Yuan.²⁰ Similarly, there are strict guidelines around defence income and Taiwan's Ministry of Defence receives the entirety of its income from central government appropriations, as listed in the budget. In parallel, Taiwan's Freedom of Information Law (FOIA) guarantees the public's access to defence information,²¹ unless it is classified under the National Security Information Act.²² The Act sets clear classification standards for information and the FOIA provides for an appeals body to review access to information decisions and decide on whether classification is lawful.

⁷ Bertelsmann Stiftung, *2020 BTI Country Report – Taiwan*, Gutersloh, Bertelsmann Stiftung, p. 10.

⁸ Bertelsmann Stiftung, *Taiwan*, p. 10.

⁹ Ministry of National Defence, *National Defence Act*, Taipei, 6 June 2012.

¹⁰ Legislative Yuan, 'Organisation Law of the Legislative Yuan', Taipei, 7 December 2016.

¹¹ Abraham Gerber, 'Time to get rid of Control Yuan, civic groups say', *Taipei Times*, 22 January 2017.

¹² Directorate-General of Budget, Accounting and Statistics, 'Budget Act', Taipei, 30 November 2015.

¹³ Ministry of Justice, 'The Classified National Security Information Protection Act', Taipei, 10 May 2019.

¹⁴ Rorry Daniels, 'Taiwan's Unlikely Pat to Public Trust Provides Lessons for the US', *Brookings Institute*, 15 September 2020; Ralph Jennings, 'How Taiwan Fostered the World's Most Open Government', *Forbes*, 15 December 2015.

¹⁵ Ellison Laskowski, 'Taiwan's Coronavirus Lesson – Technology with Transparency', *GMF*, 13 May 2020.

¹⁶ Ministry of National Defence, 'Annual Budgets And Approvals' 2020.

¹⁷ Directorate-General of Budget, Accounting and Statistics, 'The Guideline for Compilations of 2020 Budget of the Central Government', 8 May 2019.

¹⁸ Yen-Chang Chang, 'MND: Secret Budget Compiled by Law to Protect Defense Secrets and National Security', *Youth Daily News*, 9 September 2018.

¹⁹ For instance in relation to the Indigenous Defence Submarine, see Chieh-Yun Hsiao, 'Myths on the IDS: License and Specs', *Storm Media*, 5 June 2020.

²⁰ Government of Taiwan, 'Budget Act', Directorate-General of Budget, Accounting and Statistics, 30 November 2015.

²¹ Ministry of Justice, 'Freedom of Government Information Law', 28 December 2005.

²² Ministry of Justice, 'Classified National Security Information Protection Act', 10 May 2019.



TAIWAN

Personnel Ethics Framework

Whistleblowing legislation	None
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: Data could not be accessed.
	Civilian: Data could not be accessed.
Financial disclosure system*	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

*Data is only available on overdue submission of asset declarations for all public servants. No breakdown by sector/institution is included.²³

Taiwan's military capabilities are underpinned by strong personnel management and ethics frameworks that have allowed for the development of a professional and capable force. Strong codes of conduct are in place for both military and civilian personnel, with a particular emphasis on issues of ethics and integrity through the Directive of Ethics and Integrity Guidelines for military,²⁴ and civilian personnel.²⁵ Both codes cover issues such as bribery and conflicts of interest and provide tailored guidance on how to proceed in such instances. Evidence also suggests that breaches are investigated and prosecuted, regardless of rank.²⁶ Payroll systems and recruitment systems are formalised, systematic and strong, reducing the risk of corruption and abuses of power through imbalanced appointment procedures and dysfunctional payment processes that can act as incentives for corruption. Nevertheless, transparency in the recruitment and promotion processes could be further enhanced. As things stand, no information is published on postings and promotions and parliament is currently not involved in scrutinising military appointments at senior levels. Aside from this, a significant gap persists in relation to personnel regarding the absence of protections for whistleblowers. Taiwan does not currently have legislation guaranteeing the rights of whistleblowers. Though such legislation is currently being developed and the Ministry of Defence has expressed their support for the establishment of a 'Whistleblower Scheme', to date no cases have been reported.²⁷ Moreover, some legislators are uncertain that the scheme support by the Ministry would provide effective protection, as it would be heavily dependent on individual prosecutors and lacks significant institutional protections.

Operations

Total armed forces personnel (World Bank, 2018)	170,000
Troops deployed on operations #	None.

Taiwan's military does not currently deploy troops on operations. However, at the strategic level, Taiwan's military does recognise corruption as a threat for the success of military operations. Specific guidelines, some relating to anti-corruption, are discussed in strategic texts outlining principles of political warfare,²⁸ however these texts do not constitute foundational doctrinal texts in themselves. Corruption is not considered a strategic issue for operations, but rather as a tactical issue under the umbrella of political warfare. As a result, they are not always included in forward planning and are usually dealt with at the company or battalion level only.²⁹ Despite some gaps at the strategic level, corruption, ethics and integrity issues are major themes in military education and pre-deployment training. Commanders receive anti-corruption training before being posted to Defence Command and corruption education is provided by military academies.³⁰ Moreover, corruption monitoring during operations is ensured by Political Warfare Officers, who are assigned to each company and responsible for evaluating risks on a daily basis and producing daily digests which include outlines of corruption risk.³¹

²³ Agency Against Corruption (Ministry of Justice), 'Statistics of Overdue Submission of Assets by Public Servants and Review of False Declaration'.

²⁴ Ministry of National Defence, 'Directive of Ethics and Integrity Guidelines for Military Personnel', 21 March 2014.

²⁵ Ministry of Justice, 'Directive of Ethics and Integrity Guidelines for Public Servants', 30 August 2000.

²⁶ See for instance, Chia-Wen Cheng, 'Chief of Staff of the Kinmen Defence Command is sanctioned and under investigation for flaws in budget utilisation', *United Daily*, 9 October 2019.

²⁷ Jie-Yu Jiang, 'Teh-fa Yen Promises the Whistle-Blower Scheme Proposed by the Blue Camo', *ETtoday*, 22 April 2020.

²⁸ Chen-Kuo Wen et al., *The Command and Application of Political Warfare Special Units* (Taipei: Ministry of National Defence, PSYOPS Unit, 2016), (with restriction).

²⁹ Po-Chin Huang, et al., *Political Warfare Outlines* (Taipei: National Defence University, 2016), (with restriction).

³⁰ Yi-Hao Lee, 'Armed Forces Strengthening Education of Ethics and Integrity via National Defence University', *Youth Daily News*, 24 July 2019.

³¹ Po-Chin Huang et al., *Political Warfare*.



TAIWAN

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2019)	11,597
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	Belize, Burkina Faso, eSwatini, Paraguay
Main defence imports – from (SIPRI, 2016-20)	United States

Taiwan's defence procurement is a highly political and sensitive subject. Due to its unique position, the procurement of military equipment is seen as the key guarantor of the "status quo" that currently balances Chinese and Taiwanese claims.³² Under the Taiwan Relations Act, the United States is Taiwan's major armament supplier, as it requires the US Government to provide Taiwan with sufficient equipment to defend itself.³³ As a result, Taiwan invests significant capital in its defence sector, with such spending consistently accounting for around 10% of total government expenditure over the past decade.³⁴ However, certain issues in Taiwan's procurement process risk undermining the effectiveness of its acquisition process. Though defence procurement formally follows the Planning, Programming, Budgeting and Execution (PBBE) process,³⁵ in practice deviations exist. Political pressure from Washington in relation to items, specifications and

quantity is frequent and can prove highly influential on Taiwan's constrained procurement.³⁶ As a result, strategic requirements laid out in the Defence Concept and white papers can be subverted by US interests and lead to unnecessary purchases.³⁷ Further risks exist in relation to procurement oversight mechanisms. Though requirements are clearly defined in key documents, such as the Military Build Concept and the Build-up Plan, external oversight of procurement is extremely limited once the budget is passed.³⁸ Neither the Comptroller's Office, nor legislative committees or audit bodies have the power to cancel procurement projects, and they are also limited by an inability to summon witnesses and demand explanations from defence officials. As a result, there is very little scrutiny over actual purchases, with oversight heavily concentrated at the planning and programming stages. Equally, procurement from indigenous defence industries has historically been opaque, involving restricted tenders, directed to government-affiliated organisations.³⁹ Though some measures are being taken to enhance open competition to benefit small and medium enterprises,⁴⁰ the monopoly and control of major companies, such as the National Chung-Shan Institute of Science and Technology (NCSIST), remains an obstacle to fully open and transparent competition.

³² East Asia Forum, 'The Status Quo on Taiwan and the Importance of Strategic Ambiguity', 24 August 2020.

³³ United States Congress, 'Taiwan Relations Act', US Public Law 96-8, 96th Congress, 1 January 1979.

³⁴ SIPRI, 'Military expenditure by country as percentage of government spending, 1988-2020', *Military Expenditure Database*.

³⁵ Shen-Yao Hong, 'Current Studies on the Differences between Defence Budget Compilation and Budget Execution', *Legislative Yuan Quarterly*, Vol. 44, No. 8 August 2016, pp.72-94.

³⁶ Hsin-fang Lee, Rachel Lin and Jake Chung, 'Defence budget tipped to rise NT\$10bn', *Taipei Times*, 26 July 2020.

³⁷ Corey Lee Bell, 'Is Taiwan Really Buying the 'Wrong' Weapons?', *The Diplomat*, 31 March 2020.

³⁸ Shih-Jie Ting, 'Budget Re-allocation? MND Insists Non-violation of Laws', *China Times*, 28 October 2017.

³⁹ David An, Matt Schrader, and Ned Collins-Chase, 'Taiwan's Indigenous Defence Industry: Centralised Control of Abundant Suppliers', *Global Taiwan Institute*, May 2018.

⁴⁰ Sean Lin, 'Procurement changes aim to boost national security', *Taipei Times*, 1 May 2019.

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GDI data collection for **Taiwan** was conducted August 2019 to November 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



TAIWAN 2020 GDI Scorecard

		Grade	Score
Political Risk		B	79
Q1	Legislative Scrutiny	A	83
Q2	Defence Committee	B	67
Q3	Defence Policy Debate	C	63
Q4	CSO Engagement	A	92
Q5	Conventions: UNCAC / OECD		NA
Q6	Public Debate	A	88
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	A	92
Q9	Public Trust in Institutions		NS
Q10	Risk Assessments	A	92
Q11	Acquisition Planning	A	83
Q12	Budget Transparency & Detail	A	88
Q13	Budget Scrutiny	C	63
Q14	Budget Availability	A	100
Q15	Defence Income	A	100
Q16	Internal Audit	A	94
Q17	External Audit	A	94
Q18	Natural Resources	A	100
Q19	Organised Crime Links	A	88
Q20	Organised Crime Policing	B	75
Q21	Intelligence Services Oversight	A	88
Q22	Intelligence Services Recruitment	C	50
Q23	Export Controls (ATT)	F	0
Q76	Lobbying	C	56

		Grade	Score
Financial Risk		B	81
Q24	Asset Disposal Controls	B	75
Q25	Asset Disposal Scrutiny	A	100
Q26	Secret Spending	C	50
Q27	Legislative Access to Information	B	75
Q28	Secret Program Auditing	C	50
Q29	Off-budget Spending	A	100
Q30	Access to Information	A	88
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	B	75
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	B	75

		Grade	Score
Personnel Risk		A	84
Q34	Public Commitment to Integrity	A	100
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	D	42
Q37	High-risk Positions	C	50
Q38	Numbers of Personnel	B	67
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q41	Objective Appointments	D	42
Q42	Objective Promotions	B	69
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	B	75
Q46	Military Code of Conduct	A	100

OVERALL COUNTRY SCORE

LOW RISK

B

70

A

B

C

D

E

F

VERY LOW

MODERATE

HIGH

VERY HIGH

CRITICAL

RISK GRADE

A • 83-100 VERY LOW

B • 67-82 LOW

C • 50-66 MODERATE

D • 33-49 HIGH

E • 17-32 VERY HIGH

F • 0-16 CRITICAL

		Grade	Score
Personnel Risk		A	84
Q47	Civilian Code of Conduct	A	100
Q48	Anticorruption Training	A	100
Q49	Corruption Prosecutions	A	100
Q50	Facilitation Payments	A	92

		Grade	Score
Operational Risk		D	48
Q51	Military Doctrine	E	25
Q52	Operational Training	A	100
Q53	Forward Planning	F	13
Q54	Corruption Monitoring in Operations	C	50
Q55	Controls in Contracting	C	50
Q56	Private Military Contractors		NS

		Grade	Score
Procurement Risk		C	58
Q57	Procurement Legislation	B	75
Q58	Procurement Cycle	A	83
Q59	Procurement Oversight Mechanisms	C	58
Q60	Potential Purchases Disclosed	C	63
Q61	Actual Purchases Disclosed	B	75
Q62	Business Compliance Standards	C	50
Q63	Procurement Requirements	C	58
Q64	Competition in Procurement	E	25
Q65	Tender Board Controls	B	69
Q66	Anti-Collusion Controls	B	81
Q67	Contract Award / Delivery	B	69
Q68	Complaint Mechanisms	A	83
Q69	Supplier Sanctions	A	92
Q70	Offset Contracts	E	25
Q71	Offset Contract Monitoring	D	33
Q72	Offset Competition	C	50
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	C	50
Q75	Political Pressure in Acquisitions		NS

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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