



Transparency

the global coalition against corruption

TRANSPARENCY INTERNATIONAL - MALAYSIA

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Deforestation – Pahang (Photo Credit: TI-Malaysia)

Forestry Sector is one of the most prone to Corruption

Millions of acres of forests disappear due to logging, mining, industrial development, land grabbing, large dams and tourism, destroying indigenous peoples' lands, biodiversity and pouring billions of tons of carbon dioxide into the atmosphere.

Rainforests have become a tool for political control, handed out to maintain loyalty and enrich the powerful elites. Forestry sector corruption has widespread spill over effects on governance and human rights. The individuals responsible for the losses are rarely held accountable by law

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enforcement agencies and institutions who are corrupted by logging interests.

The forestry sector is one of the most prone to graft globally. Among other things, it's threatened by bribery and unclear land tenure rights, a lack of access to accurate or credible information, and an absence of transparency around financial flows.

UN-backed efforts to slow forest loss could be derailed by corruption, due to a potentially dangerous combination: an opportunity to make a lot of money and weak governance in many countries. The secretive nature of corruption also means that robust and comprehensive data on corrupt activities in the forest sector is difficult to generate. The ability of citizens to hold the government accountable is curtailed by a lack of access to public information.

In order to deal with corruption in the forestry sector, the nature of the problem must be understood and its importance recognised. Increasing transparency and participation are key measures that should be adopted as part of a holistic approach to strengthening forest governance systems. ■

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WATCH THIS DOCUMENTARY

Hacking at Harmony **Tasik Chini: An Ecosystem on the Brink**

This documentary introduces us to the once idyllic and lotus-filled Tasik Chini and home of the Jakun, an indigenous community in Pahang, Malaysia and demonstrates the perseverance and advocacy of the Orang Asli of Tasik Chini to stop the encroachment of their native customary land and wanton destruction of their sources of livelihood.

The film illustrates the impact of logging, plantation and mining activities on the health of the Orang Asli and the degradation of a lake ecosystem. The film delves into issues of poor governance in the management of Tasik Chini, Malaysia's only UNESCO Biosphere. A weir built to promote ecotourism has severely endangered the ecosystem. The film illustrates how academic and political interests have threatened the lives of the Orang Asli and contributed to the decline of Tasik Chini.

The Orang Asli of Tasik Chini state they want to be actors of the situation, they want prior informed consent and active participation in the crucial immediate actions needed to save Tasik Chini.



If the Orang Asli and a rare lake ecosystem in the Malaysian Prime Minister's constituency (Pekan) cannot be protected, what hope is there for the people and environment of Malaysia?

The 37-minute documentary was produced as part of TI-M's Forest Governance Integrity Programme, in collaboration with the Orang Asli of Tasik Chini and NGOs.

The documentary in English and Bahasa Malaysia was launched on November 21, 2012.

<http://www.youtube.com/watch?v=sXzD21xtMEk> ■

Iban furious at attack on land rights defender

Keruah Usit

An elderly Iban man fighting for land rights in Melikin, Sarawak, Surik anak Muntai, was viciously attacked on March 15 by four or five men armed with sticks and *parang*, while he waited outside Sekolah Sungai Menyan, Serian, to pick up his son from school.

Surik, 66, has identified one of the assailants as an administration “executive” of an oil palm plantation company embroiled in a court battle over the Melikin villagers’ native customary rights (NCR) claim to land.

The plantation “executive”, 57, has now been remanded, while the other suspects are being hunted by the police.

According to Surik’s wife, Rosni Langap, Surik suffered splintered fractures of his right wrist, and a deep gash on his right forearm, when he tried to ward off machete blows from the thugs. Both his kneecaps were broken by clubs.

He also endured a contaminated ankle wound. Surgeons operated on him for four and a half hours, and he remains weak but stable in hospital.

Violent intimidation tactics

Surik is a farmer from Kampung Danau Kerangas, some two hours by road from the capital Kuching. Over 300 of his fellow Iban have filed a lawsuit against plantation company United Teamtrade and its partner Memaju Jaya.

These firms have met with local resistance in their efforts to take over 7,300 hectares of the villagers’ traditional NCR land, using a “provisional lease” issued by Sarawak chief minister Abdul Taib Mahmud.

Whistleblower website *Sarawak Report* has documented that two powerful Sarawakian politicians are behind the company. The natives have complained of being victimised over their rejection of the companies’ offer of RM300 compensation per hectare, a pittance compared with the millions to be potentially made. The villagers claim the authorities have attempted to intimidate them. Last October, five villagers were held on charges of criminal intimidation of United Teamtrade employees.

Last year, the authorities also tried to charge villagers with the torching of a company bridge. In both cases, the villagers were discharged from court, and were greeted by hundreds of villagers outside the courthouse, demonstrating their support. The villagers had told *Sarawak Report* that the companies had used thuggish intimidation tactics, including brandishing a *samurai* sword at an Iban longhouse, and boasting of owning a pistol.



Surik Muntai in hospital (Photo Credit: Surik Muntai)

On September 1, the villagers watched in dismay as a company bulldozer destroyed a community bridge, in a form of collective punishment against the villagers.

According to the *Borneo Post*, a local daily, the village head of Kampung Engsebang, Patricia Pantau, said “they (plantation companies) demolished the bridge built by the government. As a result of that, we lodged several reports at Serian Police Station together with all the evidence but there was no action taken by the police. That’s why the villagers are very unhappy.”

“Consistent pattern” of attacks

Last July, Michael Luang, a leading Melikin NCR activist, had his four-wheel-drive vehicle destroyed by arson. In a similar attack last November, the villagers’ lawyer, Batu Lintang PKR state assemblyperson See Chee How, also came under threat.

A *Molotov cocktail* was flung into the lawyer’s driveway, scorching his car. No arrests have been made following either attack. See has written to the inspector general of police and the state police chief to point out the “consistent pattern” of

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the modus operandi of the attacks, the hate mail sent to his office, and the latest brutal assault on Surik. See described the brutal attack on Surik as “cold-blooded madness”.

“I must commend the police in Serian for their swift action in arresting one of the assailants,” he told *Malaysiakini*. “I appeal for calm among the villagers, and at the same time, I pray that the police will be vigilant and bring the assailants quickly to justice.”

He said this was the first NCR case he had come across where a senior “executive” of a plantation company was allegedly involved in a brutal attack on an elderly native villager. See said the state government must immediately suspend the provisional leases. He urged the police to register and examine the records of all those claiming to work as “security officers” for the plantation companies.

See pointed out that villagers had reported that the companies’ “security officers” had behaved like gangsters, and the detained plantation ‘executive” was “often giving commands, in the thick of the action”. News of Surik’s ordeal

has spread rapidly by social media, stirring anger at the state government’s contempt for native communities’ land rights.

In 1999, gangsters working for an oil palm plantation from Miri threatened and abused Iban villagers defending their NCR land at Rumah Bali and Rumah Busang, near Bintulu.

The Iban retaliated by killing four of the thugs. The villagers and lawyers in Melikin will have to keep the villagers’ tempers in check to ensure there is no further violence. The Iban with access to social media have expressed fury at the assault on Surik. But no-one expects this assault to spark protests in Sarawak, in the way that Tunisian Mohamed Bouazizi’s self-immolation and death launched the Arab Spring.

Still, this scandal could not have come at a worse time for Taib and his BN ruling coalition. Taib now faces further rural dissatisfaction, with crucial parliamentary elections looming. ■

Keruah Usit is a Malaysiakini columnist who began writing and speaking out against endemic corruption more than two decades ago. Keruah travels to all the divisions in Sarawak, to try to provide a voice for some of the most marginalised communities in Malaysia.

It’s Time for **ForestWatch**: Expose the Culprits and **SAVE OUR FORESTS**

The role of voluntary monitors in forest governance is becoming important in the face of increasing forest loss.

Transparency International – Malaysia launched its Forest Watch Initiative that included a public awareness campaign on forest governance and training on the usage of geo-spatial technology for forest monitoring.

“Our forests are facing extinction and the people of Sarawak and elsewhere need to be trained to participate in forest governing processes to ensure the safety of our natural resources” said Datuk Paul Low, President of Transparency International – Malaysia at the Launch of Forest Watch Initiative in Kuching, Sarawak on 21 Sept 2012.

The Forest Watch Project is a 3 – 5 year initiative involving the application of technology (mainly Google Earth) to monitor and asses forest cover changes. The project engages the public to develop independent monitors for improved forest



Unsustainable logging practices often lead to relocation of local communities away from their ancestral land (photo source: <http://postcardexchange.net/sarawaks-long-house-malaysia>)

governance. The Forest Watch website **www.timalaysia-forestwatch.org.my** provides a platform to lodge reports on irregular or illegal activities at forested areas.

These reports are studied by the Forest Watch Task Force which comprises officials from Forestry Department, Malaysian Anti Corruption Commission, Institute of Foresters Malaysia (IRIM) and Transparency International – Malaysia.

TI-M FGI programme organizes workshops and training activities to build the capacity of stakeholders such as civil servants, academia, NGOs, volunteers and public on the usage of geospatial technology in forest monitoring.

86 Voluntary Forest Monitors (VFMs) were recruited during the launch in Sarawak. The volunteers will be trained in using the Forest Watch website and will be involved in activities organised under Forest Watch. ■



Launch of TI-M Forest Watch in Kuching

PEOPLE, FORESTS, SUSTAINABILITY NATIONAL CONFERENCE ON ENVIRONMENT

“We may have a Memorial Day for many forest sites in Malaysia if we do not make an effort to conserve them,” said the Secretary General of TI-M, Josie Fernandez during the opening address of the two day **NATIONAL CONFERENCE ON ENVIRONMENT: PEOPLE, FOREST AND SUSTAINABILITY** held from 27-28 FEBRUARY 2013 AT THE GRAND DORSETT SUBANG HOTEL attracting over 200 participants.

Dato’ Dr Abdul Rahim Nik, Deputy Director General, Ministry of Natural Resources and Environment Malaysia (MNRE), in his opening address, provided an overview of current national policies and laws that govern forests and environment in Peninsular Malaysia. He emphasized that Malaysia needs to be balanced in all aspects of development especially that of the environment. As Malaysia is one of the 12 megadiversity nations in the world, the National Biodiversity Policy 1998 advocates a vibrant environment with healthy, resilient and waste-free biodiversity. A National Forestry Policy is also in place. The on-going Fiscal Plan 2 which covers the Malaysian Wildlife Act 2010 developed by the MNRE is new and more stringent. The Ministry of Agriculture has developed the Wildlife Act to address any issues outside of the Malaysian Wild Life Act.

The two day conference with 17 presentations by policymakers, politicians, academics, indigenous communities and NGOs highlighted current threats and challenges related to Malaysian forests.

Dato’ Nik Mohd Shah Nik Mustafa, the Deputy Director of the Forestry Department of Peninsular Malaysia in his paper



(from left) Elizabeth Wong EXCO Selangor in a serious conversation with Dato’ Dr Abdul Rahim bin Nik

on **The Status of Forest Governance in Peninsular Malaysia**, highlighted that there are comprehensive laws related to forest governance in Malaysia. He pointed out that sustainable forest management is achieved through strong and continued political commitment to formulate, reform and implement policies which are supported by appropriate legislation, harmonising with related laws and where applicable, customary laws and rights. He emphasized that as Malaysia is a signatory to the Rio Summit in 1992, Malaysia is to reserve 50% of its land as forest.

Haji Sapuan Ahmad, Deputy Director of the Forest Department of Sarawak stated that Sarawak is second to Peninsular



(from left) Josie M Fernandez, Secretary General of TI-M with H.E. Hans-Ola-Urstad, Norwegian Ambassador to Malaysia and Shafie Dris of Network of Orang Asli Villages in Peninsular Malaysia

CHALLENGES



Our Forests are more than just about trees – “Looking Beyond Trees”

Fig 1: Diagram of forest resources, Forestry Department Peninsular Malaysia 2013

Malaysia in terms of land mass and 82% is covered with forest. The Blue Ocean Strategy on management and protection of forest has been adopted by the Forest Department Sarawak under the Ministry of Resource Planning and Environment and a Log Tracking System (LOTS) has been developed to monitor logging activities. The authorities practise strict control on poaching and illegal logging activities.

Elizabeth Wong, the Selangor State EXCO Member for Tourism and Consumer Affairs emphasized there has been no logging in the Selangor State since 2008 and was proud to announce that there has even been a 1% increase in forest coverage in Selangor.

Pak Arom Asir, Azmi Badul and Kamal Alek representing the Network of Orang Asli Villages in Kelantan drew attention to the challenges faced by the Jaringan Kampung Orang Asli Kelantan particularly at Kampung Jias, Kuala Betis and Gua Musang. Among the challenges were the non-recognition of the land rights of the Orang Asli. The Kelantan government has stated that 97% of the land in the state is Malay Reserve Land while the remaining is state land. Illegal logging is rampant, polluting the freshwater used by the communities. They have conducted campaigns and have had meetings with the state government on their land rights which should be granted to them.

In the session on the Environmental Movement in Malaysia, Dr Fadzilah Majid Cooke and Dr Hezri Adnan covered four main issues: • ***Understanding the environmental movement;*** • ***Expressions of environmentalism in Malaysia;*** • ***Sociological and institutional analysis of Malaysia’s environmental movement;*** • ***Moving forward: the future of Malaysia’s environmental movement.***

The speakers put forward the idea that there are two schools of thought that characterize environmental movements, the post material hypothesis, and the environmentalism of the poor. In the context of Malaysia, the differences are governed by geography and class. In East Malaysia particularly, the activism is marked by environmentalism of the poor as issues such as social justice, human rights and the impacts on livelihoods are the main concerns. The speakers posed a question though, whether the environmental movement in Malaysia is able to call itself a movement or rather separate groups that work on various issues.

The speakers made several proposals for the future of the environmental movement in Malaysia: • ***A federation of Environmental NGOs;*** • ***reshaping education strategies for both policymakers as well as a mandatory environmental education within the school curriculum*** • ***formation of an administrative structure, where several structures can be used such as a Suhakam-like structure;*** • ***Green the parliament through a green party.***

Associate Professor Dr Azmi Sharom, Faculty of Law, University of Malaya in his paper **Addressing Legal and Policy Fragmentation in Environmental Governance** argued that the fragmentation of environmental governance in Malaysia is a result of the Federal Constitution, which in its inception, did not deal with environment. This has resulted in the division of legislative power between Federal government and the states to be based on economic and political considerations, rather than on environmental concerns. For example, on the issue of Orang Asli and Orang Asal, Malaysia is a signatory to the United Nations Declaration of Rights of Indigenous Peoples. However, the implementing body towards this commitment is unclear. Nationwide

policies such as the National Environment Policy and the National Biological Diversity Policy are both far-reaching and cross-sectorial in nature. However, these policies are poorly reinforced and determining the lead agency to coordinate this is troublesome.

Discussion:

Dadang Triasongko, Secretary General of TI Indonesia was the first discussant to Dr Azmi's paper. He stated that the constitution is not enough as a safeguard to the environment, as Indonesia also suffers from fragmentation due to many laws and policies. He argued that the economic paradigm is devouring both social and ecologic concerns and that an asymmetrical power relation exists between the market and people and the government where the market is currently the priority in Indonesia. To further emphasize, the issue of fragmentation, he pointed out that there are also various customary laws in Indonesia due its diverse culture and huge geographical area. National law, however, trumps over customary laws as customary laws are not officially recognised. Finally, the main issue in Indonesia in implementing environmental governance is corruption.

Dr. Hezri as the other discussant presented six proposals to solve the issue of fragmentation. These are: -

- i) Politically – through a sustainable party
- ii) Conservation Fund
- iii) Reposition DoE
- iv) Strengthen the pool of environmental and sustainability offices
- v) Revamp existing Institution – whole of government/join up government
- vi) Create a Federation of NGOs

National Deforestation and Degradation Emergency

At the end of the conference, the participants of the conference declared a National Deforestation and Degradation Emergency and pledged to work immediately towards reversing the trend and building our natural heritage as a significant contribution to local, national and global ecological movements.

THREATENED FOREST SITES IN MALAYSIA THAT REQUIRE IMMEDIATE ACTIONS

Sites and Speakers

Conservation of Belum-Temengor Forest Complex, *Balu Perumal, Malaysian Nature Society*

Conserving the Water Catchment Areas in Ulu Muda Forest, *Eric Sinnaya, Friends of Ulu Muda*

Challenges to Keep Bukit Kiara Green, *Dr Pola Singh, Friends of Bukit Kiara*

Destruction of Segari, *Afandi Ahmad, Persatuan Aktivis Sahabat Alam Perak (KUASA)*

Environmental Trespassing in Ulu Kelantan, *Pak Rom, Network of Orang Asli Villages in Kelantan*

Integration of Community and Biodiversity to address Threats on Ulu Papar, *Theresia Sobintang, Members of the Kaiduan Dam Task Force*

Mount Jagoi, *Direp Dukung, Local Village Administration Committee Jagoi, Sarawak*

Belum Temenggor Forest Complex

The Royal Belum State Park was officially gazetted as a park under the Perak State Park Corporation Enactment 2001 on 17 April 2007. 117 500 ha out of the 320 000 BT complex are protected.

The Temengor-lower Belum Forest Reserve is vulnerable to development such as plantations, infrastructure (pipeline, railway) and agriculture.

There is also an alarming level of poaching of tigers, rhinoceros, and illegal harvesting of gaharu, etc. The livelihood of about 10 000 local indigenous communities have been affected due to poor government development policies and programmes.

Towards this, MNS with UNDP-GEF and others have organised campaigns on the conservation of forests, hornbills and tigers.

Bukit Kiara, Kuala Lumpur

Bukit Kiara (BK) was 648 hectares of rubber estate land acquired by the Federal Government in the 1960s, with the intention of establishing a public park. It now faces extinction. Over the years, many plots of land totalling 459 hectares were leased out to private individuals and companies. The remaining area of 189 hectares is now a beautiful natural forest park loved by many.

BK is now threatened by private landowners who want to develop their land at the fringes of BK. Berjaya Corporation has submitted a grand development plan to KL City Hall to develop 25 hectares by building an international school, a stadium, a hospital, commercial area, condos, etc.

However, on July 31, 2012, the Minister of Housing and Local Government had a dialogue with major stakeholders of Bukit Kiara. The Minister made a



Despite support from the very top leadership, progress to gazette Bukit Kiara has been slow

number of promises including taking speedy action to immediately gazette the plots. It has been around 9 months now and still no action has been carried out.

Currently the status of the lease is 'private open land'. Berjaya would like to convert the land for development.

Ulu Muda, Kedah

Ulu Muda, the Oldest Geological Formation of the Baling Group which is of SILURIAN-ORDOVICIAN Origin, around 450 million years old needs to be safeguarded. The Friends of the Forests (FoUM) an NGO coalition is campaigning to stop deforestation in Ulu Muda, an important water catchment area supplying water to Kedah, Penang and Perlis. There are three man-made lakes created through the construction of dams for regulating the water supply. Ulu Muda is a biologically diverse forested area with rare flora and fauna, including all 10 species of hornbills. Unfortunately, the site is now under threat. In 2002, the

then Kedah State government conducted helicopter logging in Ulu Muda. More than 400 km of logging was carried out as roads had to be built to remove the logs. An estimated 4 million trees were destroyed as "collateral damage". The destruction continues. Ulu Muda is again under threat as widespread logging is evident despite a cabinet decision to protect Ulu Muda. The Kedah State Government resorted to logging for revenue reasons as the Federal Government has denied the State its financial allocations. Due to irresponsible political agendas, the Ulu Muda Forests and water security of the people are under threat.

Segari Forest Reserve, Perak

The Tanjung Hantu Forest Reserve an area of 287.54 hectares is coastal, hilly virgin jungle forest. According to the National Physical Plan, it is an Environmentally Sensitive Area (ESA) Rank 1 and 2. Therefore, this area should not be opened for any development activities; only low impact tourism, research and education maybe allowed. However, the Perak State Government has approved two major development projects –a Liquefied Natural Gas (LNG) plant, and a steel and iron ore plant in the Tanjung Hantu Forest Reserve located in the District of Manjung.

The continued degazettment of the forest reserves, encroachment and the economic development plans that are in violation of the National Physical Plan

have raised the concerns of the local communities in the Manjung District. They are concerned over the negative impacts these projects have on the turtle population, the loss of virgin forests and the pollution in once pristine Teluk Rubiah.

The forest clearance and wastes from the LNG, Iron and steel plants would contribute towards soil erosion and degradation of water quality, causing fatal damage to the turtle landing site and reduction in habitat size.

The Persatuan Aktivis Sahabat Alam Perak (KUASA) has mobilized the communities in Manjung and Lumut and assisted them in submitting a Memorandum to the State Government of Perak to halt development at these sites.

Ulu Papar, Penampang, Sabah

The Dusun community of Ulu Papar are to be relocated to make way for the Kaiduan Dam, located at the uppermost reaches of the Papar River in the District of Penampang.

Ulu Papar is inhabited by about 1000 indigenous Dusun, in nine small settlements. The natural environment is the source of their food, crafts, medicine, construction materials, recreation, cultural heritage, history and identity.

The area is under threat as plans are underway to build a dam.

The Community Water Resources Council was not consulted on the plans for the Kaiduan Dam Project, neither were the elected representatives or relevant government agencies.

An **Action Committee Against Kaiduan Dam** was formed in September 2009 and they submitted a petition to stop the building of the dam on 7 October 2011 to the Sabah Biodiversity Centre (SaBC).

It is Sabah's governing authority over the conservation and utilisation of State's biodiversity.

Jagoi Mountain, Bau District, Sarawak

Direp Duking, Wadell Ak and Gabriel Tonga highlighted the challenges faced by communities on Mount Jagoi which has been the ancestral home of the Bidayuh for centuries.

Mount Jagoi is a forested hill that is owned and "managed" by the local community. The 13 dilapidated houses and ceremonial centre are the only reminder of the past culture.

Most of the community has moved to the foothills of the mountain for easy access to the city. Past encroachments into the hilly areas were for logging, plantation development, horticultural and subsistence farming activities.

The community has initiated community mapping and boundary marking. They have made a multidisciplinary assessment of the Mount Jagoi Forest in collaboration with UNIMAS.

Other efforts to conserve culture and tradition include the documentation of traditional knowledge, ethno botany and cultural practices and community sustenance.

The community is undertaking advocacy work with relevant authorities for speedy recognition of the proposed boundary for "Community Heritage Area" and land titles (property rights) to be given to the community.



(from left) Dr Colin Nicholas, Coordinator of Centre for Orang Asli Concerns, Yusri Ahon and Diana Sipail during Session 5 of the national conference

Threatened Forest Sites in Malaysia



Orang Asli lands destroyed for development in Ulu Kelantan



Mount Jagoi – Baruk, the Parliament of the Bidayuh



Tanjung Hantu Forest Reserve, Perak



Tranum - forest destruction



Bukit Kiara



Belum-Temengor Forest Complex: Proposed development along East West Highway



Ulu Muda: Wild honey bees build nests on trees especially the Tualang tree, which rises up to 70m off the ground

Perdana Menteri Bersama Penduduk Tasik Chini, Pahang

Perdana Menteri Dato' Sri Najib Tun Razak menggesa Menteri Besar Pahang dan Jabatan Kemajuan Orang Asli untuk menyelesaikan isu-isu di Tasik Chini, Pahang.

Perdana Menteri Dato' Sri Najib Tun Razak selaku Ahli Parlimen Pekan di Pahang melawat kediaman Ismail bin Muhammad, Pengerusi Jawatankuasa Bertindak Tasik Chini semasa lawatan beliau ke Tasik Chini, Pahang pada 11 April 2013, untuk memberi sumbangan kepada anaknya Juliana Zaszira Ismail yang merupakan salah seorang pelajar Orang Asli Jakun cemerlang.

En. Ismail bin Muhammad, selaku wakil komuniti Jakun di Tasik Chini menyampaikan sekali lagi **Memorandum untuk Memulihkan Kerosotan Tasik Chini, Pahang** yang telah diberikan kepada Perdana Menteri April 2012, dokumentari **Gugatan Keharmonian, Tasik Chini: Ekosistem di Hujung Nyawa** yang diterbitkan pada November 2012, dan juga **Eko-Manifesto 2013: Hutan, Rakyat dan Kelestarian di Malaysia** yang telah dilancarkan dengan penglibatan parti-parti politik di Malaysia, pada bulan Mac 2013.

Dato' Sri Najib lantas menyampaikan dokumen-dokumen dan dokumentari kepada Menteri Besar Pahang YB Dato' Sri DiRaja Hj Adnan bin Hj Yaakob untuk tindakan selanjutnya. Dato' Sri Najib Tun Razak menyampaikan sumbangan Felda RM5000 baik pulih rumah melalui program Kasih Felda dan RM800 bagi kejayaan Juliana Zaszira Ismail mendapat 8A dalam SPM tahun 2012.

Selepas melawat kediaman pelajar cemerlang ini, PM terus ke Sekolah Kebangsaan Tasik Chini untuk satu sesi perjumpaan tertutup bersama pemimpin masyarakat Orang Asli daerah Pekan. Pada perjumpaan tersebut, Perdana Menteri menggesa Menteri Besar Pahang dan Jabatan Kemajuan Orang Asli (JAKOA) untuk menyelesaikan masalah Orang Asli yang berkaitan dengan Tanah, rumah Program



Menteri Besar Pahang YB Dato' Sri DiRaja Hj Adnan bin Hj Yaakob (berdiri, 2 dari kiri) menerima **Memorandum untuk Memulihkan Kerosotan Tasik Chini, Pahang**, dokumentari **Gugatan Keharmonian, Tasik Chini: Ekosistem di Hujung Nyawa** dan **Eko-Manifesto 2013: Hutan, Rakyat dan Kelestarian di Malaysia** dari YAB Perdana Menteri

The Tasik Chini indigenous community has warned Pahang Menteri Besar Adnan Yaakob that if the state government does not attempt to save the second largest natural freshwater lake, it would cost the BN their votes in the coming general election.

"Even if I were in front of Adnan, I dare to say this, if he needed my help and said to me, 'Help! Tell your people not to vote other (parties)', but they (my people) did not listen to me, don't be angry with me," said Kampung Gumum Tok Batin (village chief) Awang Alok at a press conference yesterday.

– Malaysiakini 17/08/12, The Sun 17/08/12



Perdana Menteri Dato' Sri Najib Tun Razak menerima **Memorandum untuk Memulihkan Kerosotan Tasik Chini, Pahang**, dokumentari **Gugatan Keharmonian, Tasik Chini: Ekosistem di Hujung Nyawa** dan **Eko-Manifesto 2013: Hutan, Rakyat dan Kelestarian di Malaysia**

Perumahan Rakyat Termiskin (PPRT) dan sumber ekonomi. Selain dari itu, Perdana Menteri juga merasmikan pelancaran bekalan elektrik luar bandar Kg. Orang Asli Gumum, memberi sumbangan kepada warga emas seramai 5 orang, menyampaikan sumbangan kepada pelajar yang cemerlang dalam SPM 6A keatas dan STPM. Setiap pelajar menerima wang tunai dan 1 Ipad sumbangan 1MDB. Penduduk juga diberi hadiah untuk cabutan bertuah.

Perdana Menteri melawat Tasik Chini selaku Program Ramah Mesra bersama Masyarakat Orang Asli dan Pelancaran Bekalan Elektrik Luar Bandar Kampung Orang Asli Gumum, Pekan, Pahang Darul Makmur telah diadakan pada 11 April 2013. ■

Artikel ini adalah sumbangan oleh Hasam bin Ismail, Ahli Jawatankuasa Bertindak Tasik Chini, Pahang.

Transparency International-Malaysia, anggota-anggota gabungan bersama-sama komuniti Jakun di Tasik Chini, Pahang telah melancarkan Kempen 'Selamatkan Tasik Chini: Warisan dan Rizab Biosfera Negara' pada 12 Ogos 2012 untuk menangani isu-isu kerosotan Tasik Chini sebagai Tapak Biosfera UNESCO yang terunggul di Malaysia.

Corruption issues take a back seat



Strangely, for all the talk about how corruption has badly affected the country, it seems to have garnered less than deserved attention by both party manifestos. In the fourth of our series comparing the manifestos KiniBiz takes a detailed look into how both Pakatan Rakyat and Barisan Nasional proposed to deal with this pressing issue.

It's all about unfinished business.

When Malaysian stock market investors want a clue on what the 13th General Election (GE) factor may do to their investments, they need look no further back than the last GE. The market caved in when news broke that opposition coalition Pakatan Rakyat had made unexpected headway by denying Barisan Nasional a two-thirds majority in Parliament and taking five states, the biggest election setback for the ruling party ever.

Why do investors fear a change of government if Malaysia's economy is such a dynamic, private-sector driven runaway success as Prime Minister Najib Abdul Razak often boasts?

If Transparency International's survey released last year on corruption is accurate, one in two businessman already know the answer. If you don't pay a bribe in Malaysia, you lose business, they say. Its all about corruption – which some people say helps oil the wheels of business, even if it is at considerable cost.



Josie Fernandez

"An overall anti-corruption strategy is urgently needed but it is missing in both manifestos," Transparency International Malaysia (TI-M)'s secretary general Josie Fernandez said. "Corruption is endemic and its consequences to society and the country are immense and devastating."

In fact, Fernandez said that whatever laundry list economics the manifestos promise would have limited impact if the next Malaysian government does not first seriously tackle corruption.

Pakatan's manifesto promises to free the anti-corruption institutions. "Freeing up important institutions such as the

"Any government which is serious about corruption must do it all together as a comprehensive attack and not a piecemeal approach. Most importantly, they must show genuine powerful political will." Ramon Navaratnam



Ramon Navaratnam

judiciary, Attorney General (A-G)'s chambers, Malaysian Anti Corruption Commission (MACC) and Royal Malaysian Police Force (PDRM) from political control.... within the first six months," its manifesto said.

BN's manifesto promises only upgrades. BN promises to empower the MACC through the establishment of a Service Commission to recruit its own personnel. Additional courts will be set up and access to A-G reports sped up.

"Any government which is serious about corruption must do it all together as a comprehensive attack and not a piecemeal approach. Most importantly, they must show genuine powerful political will," Ramon Navaratnam, a veteran civil servant and prominent economist said.

"I don't think either have come out strongly enough on the mother of corruption – money politics," he said.

Who is paying for the election show that Pakatan and BN are putting up? Flags everywhere, advertisements on TV every hour and free food, popstar entertainment: Are you ready for (Korea's) Psy ... anyone? Businessmen on the left and businessmen on the right. And logically, it's a two-way process.

"If you just become a warlord, and you don't give money, they are not interested in you. You want to amass funds illegally ... to feed your followers," Tengku Razaleigh Hamzah, UMNO's treasurer from 1971-1984 was quoted telling TI-M in the book **"Reforming Political Financing in Malaysia."**

TI-M's Fernandez said that the manifestos show a marked absence of commitment from both Pakatan and BN leaders to submit themselves to scrutiny and to step down if any serious allegation and investigation of corruption emerges.



Taib Mahmud

Sarawak Chief minister Taib Mahmud, for example, simply shrugged off reasonable doubts about his business dealings raised by a report by Global Witness this month. In response, Taib who has been Sarawak's Chief Minister since 1981 said Malaysian Anti-Corruption Commission (MACC) attempts to investigate him were "naughty and dishonest."

Observers said corruption in Malaysia took deep roots during the rule of Mahathir Mohamad, the strong man of UMNO – the period when Malaysia's most successful political party went aggressively into business.

Mahathir who, just days ago, flew to London to pay final respects to ex-British Prime Minister Margaret Thatcher, had copied one of Thatcher's favourite policies – privatisation.

From the early 1980s, Mahathir privatised many state enterprises such as banks, telecommunications, airlines, utilities, shipping and highway projects and most famously backed the national car project. But he did it in the absence of open tendering and gave businesses to Malays who supported UMNO, creating overnight tycoons, as well as to non-Malay businessmen who were close to the him and the ruling party.



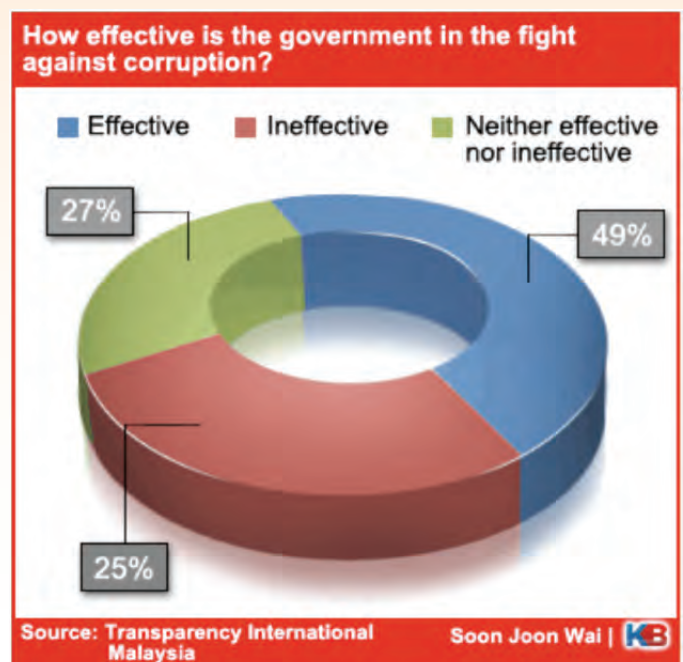
Mahathir Mohamad

To his credit, Mahathir himself tried to redress some of these problems, when he pointed out that money politics has become a major problem even within Umno. In 1998, Mahathir released lists containing information on individuals who benefitted from government privatisation contracts and awards, confirming that patron-client practise existed in government.

But successive governments have been stuck in the same rut since. "People pay money to who they think will win the elections and can award them all the fat contracts, " Navaratnam, who was also a former TI-M president said.

Neither BN nor Pakatan's manifesto has anything to say about declaring political party's finances or the financial position of its leaders. The fact that BN's component parties or sympathetic individuals have owned the mainstream media in Malaysia since the 1970s and other companies is now an open secret but what is yet unknown is the extent of recent UMNO involvement in privately-owned vehicles.

Most analysts said that cleaning up corruption in Malaysia therefore would involve extraordinary political will and this is



not something they see in big supply in either BN or Pakatan.

"If Pakatan inherits a corrupt bureaucracy, that will make efforts for change difficult," TI-M's Fernandez said.

For BN, the only real recent effort to roll back corruption was seen in 2003 after Abdullah Badawi became Malaysia's fifth prime minister. After he took over as prime minister when Mahathir stepped down at the end of October 2003, Badawi empowered anti-corruption agencies and provided more avenues for the public to expose corrupt practices. He also opened the floodgates for Internet media, allowing free debate online.

After his first 100 days in power, Badawi cuffed two very high-profile corruption arrests – former Perwaja Steel managing director Eric Chia and Land and Co-operative Development Minister, Kasitah Gaddam. The Anti-Corruption Agency (ACA) had then said that 18 more high profile cases were awaiting action. Both were acquitted years later, Chia in 2007 and Kasitah in 2009.

The two high-profile prosecutions ahead of the elections in March 2004 helped convince the public that the government was serious about curbing corruption and gave Badawi a strong mandate to rule.

But there was no follow through post elections, and Badawi was widely regarded as an ineffectual leader who let others associated with him dictate terms with their own brand of patronage, cronyism and corruption. He was punished in the 2008 polls and stepped down in the wake of dismal results, by previous standards.

In 2009, the MACC, which is financed and staffed by the prime minister's department, replaced the ACA. There has not been a single high profile case tried since. In 2011, MACC brought 263 corruption cases to court, only one was a politician.

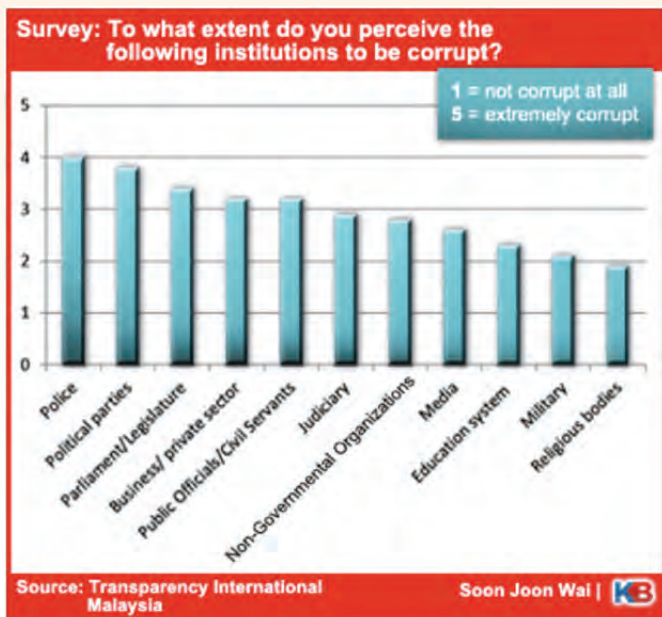
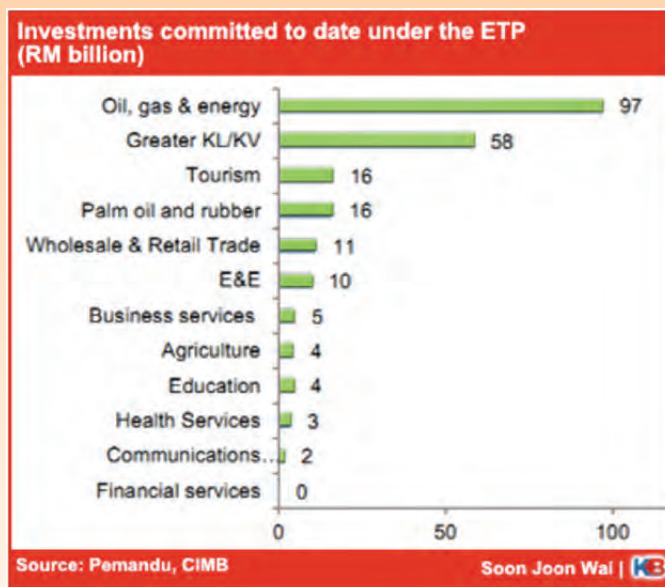
"Badawi was supposed to go for the big fish but didn't

In the first Transparency International Corruption Perception Index (CPI) ranking in 1995, Malaysia was placed No. 23 out of 41 countries. Sixteen years later, things appear worse. Malaysia ranked 60 out of 183 countries surveyed in 2011. In 2012, TI revamped its CPI calculation methods and Malaysia still ranked 54 out of 176 countries.

do it... can't do it because many in the government will be caught," Navaratnam said.

Are perceptions of corruption in Malaysia misleading?

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of 41 countries. Sixteen years later, things appear worse. Malaysia ranked 60 out of 183 countries surveyed in 2011. In 2012, TI revamped its CPI calculation methods and Malaysia still ranked 54 out of 176 countries.

Analysts said that perhaps it would help if Malaysia's economy went through a radical upheaval as Pakatan promises to do through its manifesto by abolishing monopolies. Badawi had pointed out that foreign investment, government contracts, and privatisation had generated Malaysia's wealth in the past, not innovation and creativity.

BN's manifesto rests squarely on Najib's RM1.3 trillion Economic Transformation Program (ETP). Is it any different from what Badawi had fought against? And if not, how can we expect fighting corruption to be a more serious effort from the BN of tomorrow?

Under Najib's ETP, the government is eager to approve as many projects to reach its target. Even more worrying, over

half of all ETP projects announced to date, are in the oil and gas sector, the World Bank recently noted.

And who else but Malaysia's state oil company Petronas is the key driver. When Petronas does not act, as it slowed down job awards in 2012, ETP investments also grew at a slower pace. The World Bank and IMF have separately warned Malaysia of the "Dutch disease."

What is that?

The term described what Netherlands went through in the 1960s. As new gas wealth flowed in, the rest of Dutch

economy suffered. The national currency became overvalued and exports became more expensive and declined. Jobs were lost and businesses couldn't survive.

The other big projects under ETP were for urban development – KL Mass Rapid Transit, broadband and telecommunications rollout and the 1Malaysia Development Bhd's Tun Razak Exchange, the World Bank notes.

Over the same period, investments in manufacturing and services – the key drivers of Malaysia's economy – have slowed.



It is very vague in both manifestos about what they are going to do about GLCs. These reforms would include preventing GLCs from cutting into small businesses and creating monopolies," Lim Teck Ghee of CPI said.

"Pakatan needs to bring GLCs under the gun very quickly – this is an important area of reform. It is very vague in both manifestos about what they are going to do about GLCs. These reforms would include preventing GLCs from cutting into small businesses and creating monopolies," Lim Teck Ghee of CPI said.

"Some ETP projects are certainly important and worth supporting, we have to go through it with a fine toothcomb. Some projects needs to be dropped and rationalised, while others need revision," Lim said.

Only Pakatan mentions 'Petronas' in its manifesto. Under the Petroleum Development Act of 1974, Petronas – the 68th biggest company in the world and 12th most profitable in 2012 – according to Fortune magazine, reports directly to the Malaysian Prime Minister.

With contributions of 40 percent to government budget and picking up nearly RM20 billion a year gas subsidy bill, anything it chooses to do – even buying a chunk of Canada land – is mostly unquestionable.

It was only revealed a year ago that Petronas had contributed RM529 billion to government's coffers from 1974-2011.

Sadly, a scrutiny of both manifestos do not show any strong political will to fight corruption in Malaysia. ■

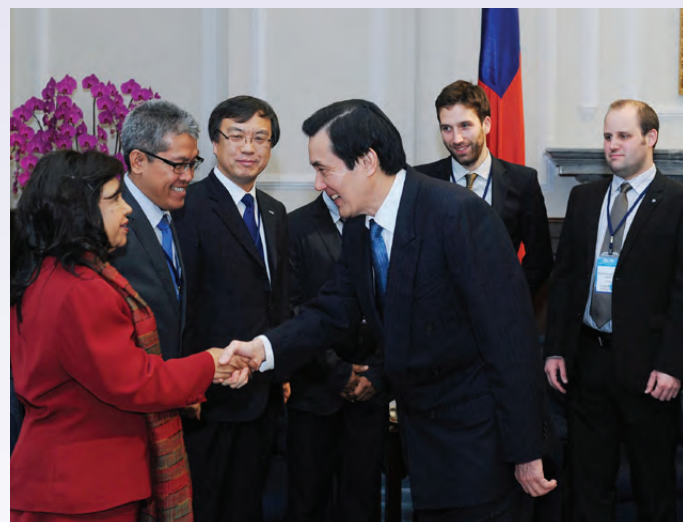
Lawrence Yong

Launch of Government Defence Anti-Corruption Index (GDACI) 2013

Corruption in defence is dangerous, divisive and wasteful, and the cost is paid by citizens, soldiers, companies and governments.

Yet the majority of governments do too little to prevent it, leaving numerous opportunities to hide corruption away from public scrutiny and waste money that could be better spent.

Seventy per cent of countries leave the door open to waste and security threats as they lack the tools to prevent corruption in the defence sector, according to the first ever index measuring how governments prevent and counter corruption in defence, launched by Transparency International's (TI) Defence and Security Programme in Taipei on 29th January 2013.



TI chapters (Malaysia, Indonesia, South Korea, UK) had a meeting with President Ma Ying-jeou of Taiwan after the launch of the index. President Ma greets TI-M Secretary-General Josie M Fernandez

The Government Defence Anti-Corruption Index analyses what 82 countries do to reduce corruption risks. These countries accounted for 94 per cent of the global military expenditure in 2011, equivalent to USD 1.6 trillion.

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Countries are scored in bands from very low risk (A) to critical risk (F) according to detailed assessment across 77 indicators that cover five prominent risk areas in the sector: politics, finance, personnel, operations, and procurement.

The index bands countries according to the level of risk of corruption. The risk of corruption is determined by the danger and extent of it occurring and by the frequency citizens may face it.

The Launch of GDACI for Malaysia

The Results for Malaysia were launched on Feb 6, 2013 at the Shah's Village Hotel, Petaling Jaya.

36 press and 16 representatives from various organizations including Malaysian Anti-Corruption Commission, foreign embassies) attended the launch and press conference.

The Press conference was led by Josie m Fernandez, TI-M Secretary-General, and Exco-member Major (Rtd) Rozni Hashim. A defence expert Col. Kamal joined in the question and answer session.

Malaysia is placed in band D – that is high risk, together with Bangladesh, China, Pakistan, Palestine, Russia, Rwanda, Tanzania, and Turkey, etc.

In Malaysia, political corruption vulnerability is high as there is no defence and security committee, and parliament's role in the sector is limited. There is no specific defence anti-corruption policy in place.



(L) Josie m Fernandez, TI-M Secretary-General, and (R) Exco-member Major (Rtd) Rozni Hashim

In relation to financial defence corruption risk, the percentage of the budget allocated to secret items is unknown.

Malaysia has good mechanisms of protection against personnel corruption risk. The Malaysian Anti-Corruption Act 2009 covers civilian and military personnel. The Whistleblower Protection Act 2010 encourages whistle blowing although its provision is limited and its effectiveness, questionable.

In Malaysia, political corruption vulnerability is high as there is no defence and security committee, and parliament's role in the sector is limited.

In terms of operations corruption risk, there is no information to indicate that corruption risks in contracting on operations are guarded against through guidelines or training.

Defence and security procurement corruption risk is regulated by general procurement legislation but there is a lack of public evidence that it is adhered to.

Following are TI-M's recommendations to reduce corruption in the defence sector for Malaysia:

- **Implement the Freedom of Information Act**
- **Change the process on secrecy/confidentiality (when security is really necessary)**
- **Publish the defence policy and the defence budget, and encourage public debate**
- **Implement anti-corruption tools in defence procurement, and work with the MACC**
- **Demand high standards for defence contracts (national/international)**
- **Include analysis of corruption issues in operations**
- **Work with civil society, and be open with the public.**

As this defence anti-corruption index may impact our Corruption Perception Index (CPI) score, Transparency International Malaysia called on the government to address the corruption risks in this sector through the reforms proposed above. ■

A WALK AGAINST CORRUPTION

In 2005, the United Nations Assembly designated 9 December of each year as the **International Anti-Corruption Day to raise awareness of the issue of corruption.** To commemorate the Anti-Corruption Day 2012, TI-Malaysia organised our inaugural Anti-Corruption Day walk at Lake Gardens.

Opened to the public, the walk saw over 200 people across all age groups come lend their support in the fight against corruption. Starting in the early morning on a Sunday, participants met at the Panggung Anniversari to register and collect their free caps and t-shirts. Participants of the walk were invited to write their thoughts on the issue on the Wall of Corruption throughout the event.

To kick off the event, Datuk Paul Low, president of TI-Malaysia spoke of the struggles faced by Malaysians in our daily lives due to the impact of corruption on the nation. He and Josie



Fernandez, secretary general of TI-Malaysia then led the 3km public walk around the Gardens. On their return, participants were rewarded with nasi lemak and chocolate buns. ■

Release of 2012 Corruption Perception Index Results

TI-M released the 2012 Corruption Perception Index (CPI) results at the Shah's Village Hotel, Petaling Jaya on 5 Dec. A total of 32 members and friends and 28 media representatives attended the event which received wide coverage. The President (Paul Low), Deputy President (Ali Hasan), Secretary General (Josie Fernandez) and Exco member (Ngooi Chiu Ing) presented the results.

Malaysia's 2012 position continues to be in the mid-range average, indicating that while many initiatives have been undertaken by the government, the respondents have not experienced a significant decrease in corruption.

More worryingly, results from TI's Bribe Payers Survey which included Malaysia showed that 50% of businesses surveyed reported having failed to win a contract or gain new business because a competitor has paid a bribe.

TI-M hopes to see an improvement in Malaysia's score in the coming years. The President noted that the government is using Malaysia's CPI results as its Key Performance Indicator (KPI) in measuring its success in fighting corruption.



MALAYSIA'S SCORE

Applying the updated methodology to last year's results:

2012

CPI: 49 out of 100
Country Rank: 54 out of 176

2011

CPI: 43 out of 100
Country Rank: 60 out of 183

SCORES OF ASEAN COUNTRIES

Rank	ASEAN Countries	Position out of 176 countries	CPI Score
1	Singapore	5	87
2	Brunei Darussalam	46	55
3	Malaysia	54	49
4	Thailand	88	37
5	Philippines	105	34
6	Indonesia	118	32
7	Vietnam	123	31
8	Cambodia	157	22
9	Laos	160	21
10	Myanmar	172	15



(From left) Alan, Ali Hasan, Josie, Low and Ngooi

We called for more bold measures to be taken to eliminate entrenched interests and processes that support abuses. They include:

1. Reforms in the political arena to reduce monetisation of politics and eliminate opportunities for state capture which results in grand corruption
2. Continue to strengthen law enforcement institutions especially the MACC, Judiciary and Police. Their complete independence must be established to secure the public's trust
3. Uphold the rule of law without fear or favour so that abusers especially "big fish" cases do not have impunity from prosecution
4. Overhaul the Official Secrets Act (OSA) and introduce a federal Freedom of Information (FOI) Act
5. Firm and consistent actions in upholding transparency and accountability in public procurement
6. Tackle systemic corruption by focusing on specific sectors through the involvement of all stakeholders. For example, a coalition involving CIDB, contractors, professional bodies and other regulators in the construction industry could be established to drive the initiative to reduce corruption
7. Further improve whistleblower legislation to provide wider protection to whistle blowers and encourage more whistle blowing. ■



Prime Minister Najib Razak Signs TI-M's Election Integrity Pledge

Prime Minister Dato' Sri Najib Razak signed Transparency International Malaysia's Election Integrity Pledge on 20th February, 2013 in view of the 13th General Election.

The Pledge is a public declaration by the signatory to civil society of his/her commitment to observe the principles of integrity and accountability, uphold the rule of law, practise good governance and transparency and protect the interest of the Rakyat.

TI-M launched the Election Integrity Pledge on 19th March 2012 to push for greater integrity in the local political realm. The issue of integrity is extremely important, and we would

like to see candidates who stand in the 13 General Election uphold this principle regardless of their political affiliation.

This is imperative as a corrupt political system fundamentally undermines all other anti-corruption efforts.

It is now up to members of the public to be the eyes and ears to monitor their elected representatives' adherence to these standards.

As the signatories contact details is made available online, feedback can be provided to the candidates through various mediums including their Facebook and Twitter account and the public email forum at the Election Pledge website <http://timalaysia-electionpledge.org.my> ■



Prime Minister Najib Razak signing the TI-M Election Integrity Pledge

Political Parties and Leaders Commit to Eco-Manifesto

Representatives of Barisan Nasional and Pakatan Rakyat endorsed the Eco-Manifesto and pledged their support to halt the rapid loss of Malaysian forests.

In making the Eco-Manifesto pledge, the political leaders are to support an inter-party platform, via a parliamentary caucus or parliamentary select committee on environmental issues.

The Eco-Manifesto was developed by a coalition of 24 NGOs, spearheaded by Transparency International-Malaysia (TI-M) in an effort to instil awareness on sustainability issues, recognition for the rights of indigenous peoples, public consultation, implementing global conventions, and dialogue on the issue involving political parties and NGOs.



Present for the Barisan Nasional (BN) were Peoples' Progressive Party (PPP) Deputy Secretary-General Datuk Simon Sabapathy, and Malaysian Indian Congress (MIC) Hulu Selangor Member of Parliament (MP), P. Kamalanathan who was represented by his special officer S. Yugendran.

The Pakatan Rakyat was represented by MP for Batu, Tian Chua who represented Opposition Leader Datuk Seri Anwar Ibrahim, MP For Klang Charles Santiago who represented the DAP, MP for Subang Jaya Sivarasa Rasiah, MP for Ampang Zuraida Othman, MP for Kepong Dr Tan Seng Giaw, Senator Syed Shahrir Syed Mohamad and representatives of Senator Ramakrishnan, Party Rakyat Malaysia (PRM) President Dr Rohana Ariffin were present to show their commitment to the Manifesto.

As a commitment to address the Eco-Emergency, the representatives of the political parties agreed to address five core areas in the Eco-Manifesto:

- a. Spirit of Sustainability.** A spirit of sustainability where a sustainable non-sectarian mindset, framework and practice at all levels of personal, professional and national life.
- b. Indigenous People.** The rights of indigenous people and Orang Asal to their ancestral land is a pre existing right that cannot be extinguished and that must be recognized and access to natural resources guaranteed.
- c. People Participation.** In all matters relating to the natural forests, people should be actively involved in decision-making and change processes as critical to operationalising the practice of democratic management of forests.
- d. Global Conventions.** Malaysia is a signatory to a number of global treaties and conventions that protect our forests. Among others, Malaysia is party and signatory to the UN Convention on Biological Diversity (UNCBD), the UN Framework Convention on Climate Change (UNFCCC), the Convention on Trade in Endangered Species (CITES). Malaysia must adhere to these conventions.
- e. Inter-Party Eco-Platform.** An inter-party caucus to come together for our national, natural forests with a single non-sectarian voice. A platform will help build a national consensus for our forests and for democracy. ■



We need a New Malaysia, one that recognizes that environmental issues are not separate from questions of social justice. We need a new citizenship whose intellectual fountain is based on ecological thought, that everything is inter-connected. A New Malaysia should be based on the idea of environmental citizenship, where the politics of obligation is taken seriously.

Josie Fernandez, Secretary General of TI-M



Trees were presented to representatives of political parties

The Business Case for Integrity

Since working at TI-Malaysia, I frequently hear the following statements from business people: “How could I not pay the bribe? I would’ve lost my business and all my staff would have lost their jobs”

“It is just the business practice here in Malaysia”

“My business is too small to change anything. It is up to the big companies and the politicians to solve the problem of corruption, not me”

As Malaysians we have convinced ourselves that bribery is the way of life in this country, and those who have paid bribes can come up with dozens of justifications for their actions.

It therefore did not come as a surprise when Malaysia came up tops in a 2011 TI survey which asked *“During the last 12 months, do you think that your company has failed to win a contract or gain new business in this country because a competitor paid a bribe?”*.

Malaysia beat 29 other countries, with 50% of respondents answering Yes to that question.

Critics of the survey argue that respondents could just have been sour over the loss of business. After all, they had no proof that their competitors won those contracts through corruption. However, faced with such a perception, businesses will now be more likely to say yes to bribery requests, with the excuse of “My competitor will if I didn’t”.

However, before deciding to take the plunge and saying yes to paying a bribe, businesses should consider the business case of promoting a zero tolerance against corruption policy.

To begin with, in line with the NKRA GTP 2.0, the Malaysian Anti-Corruption Commission (MACC) is currently drafting a provision for corporate liability in the MACC Act. Based on current legislation, even if the corrupt practice is carried out on behalf of a company, only the individual involved can be charged.

This new legislation will now penalise companies who will bear the responsibility for the actions of their employees. Failing to prepare your business and your employees to act with integrity will in the future, could open yourself and your company up to fines and possibly jail sentences.

Secondly, if your company provides goods and services to foreign companies, especially those with strong presence in

Failing to prepare your business and your employees to act with integrity will in the future, could open yourself and your company up to fines and possibly jail sentences.

Business leaders always expect their staff to act with integrity, but it is not possible for management to expect their procurement staff to not accept bribes when they themselves are paying bribes to reach sales targets. By championing corruption in sales activities, companies open themselves up to the risk of fraud, theft, pilfering, payroll crimes, embezzlement, forgery, sabotage and other acts of dishonesty from their staff.

America and in the UK, being caught in the act of corruption will be bad for your business.

Legislature in these countries have got extraterritorial effects, especially in the UK where the Anti Bribery Act 2010 covers not only the companies direct relationships with its suppliers and customers, but also a company’s entire supply chain.

This means that even if your company does not directly deal with UK companies, if your customers do, the latter will be encouraged to cease their business relationships with you if your company is involved in corruption.

Thirdly, managers, business owners and shareholders should always be reminded of a Jamaican saying of “Monkey see, monkey do”.

Business leaders always expect their staff to act with integrity, but it is not possible for management to expect their procurement staff to not accept bribes when they themselves are paying bribes to reach sales targets.

By championing corruption in sales activities, companies open themselves up to the risk of fraud, theft, pilfering, payroll crimes, embezzlement, forgery, sabotage and other acts of dishonesty from their staff.

After all, employees with integrity will either choose to not work with employers who lack it, or will learn to be like employers to emulate their bosses “successes”.

There is a strong business case to act with integrity, and to saying no to the next person who makes a corrupt request or offer.

It is therefore up to each of us to decide for ourselves whether we want to be part of the problem, or of the solution in the fight against corruption.

For further information on how to prepare your business to act with integrity, contact us at ask@transparency.org.my ■

No treaty will ever control the global arms trade if it fails to address corruption

Tobias Bock on 13 March 2013 in Defence and Security

There are international treaties to control the sale of goods from dinosaur bones to postage stamps and bananas, but no such treaty to control the trade in weapons worldwide. Why is this needed?

In December 2012, six employees of Finnish defence group Patria were charged with bribery and corporate espionage in connection with a Slovenian defence contract for armoured vehicles. Slovenia's Prime Minister is also being investigated as part of this case. According to the Finnish Prosecution service, the alleged bribes were 10 per cent of the value of the sale, which exceeded 160 million Euros. In September 2012, Slovenia reduced its initial order of 135 vehicles to only 30.

Also in December, an Iraqi MP and member of a committee investigating a planned arms deal with Russia concluded that "There is a major legal breach in the deal, as the quoted price does not meet the real cost of the weapons to be imported". He pointed out that a second Iraqi delegation that went to Russia "concluded the same deal at a 30% lower cost," amounting to a difference of more than one billion USD. Other reports confirm that the deal, which would make Russia Iraq's second-biggest arms supplier after the US, is currently being renegotiated. More recent accounts also claim that the deal for Russian attack helicopters and missiles is back on.

These corruption scandals—which are not of the obvious "dodgy dealer" kind, but between governments and using your tax money—could be prevented if a robust Arms Trade Treaty with strong anti-corruption provisions was in place.

Now, the 193 UN member states have a new opportunity to get it right when it comes to regulating the global trade in arms. From March 18 to March 28, they are meeting in New York for the Final Conference on an Arms Trade Treaty (ATT). States have endorsed a UN resolution to negotiate a legally binding treaty with "the highest possible common international standards for the transfer of conventional arms". While it is positive that the existing ATT draft text addresses corruption, the current wording needs to be strengthened, and make it part of mandatory risk assessment when governments consider exporting arms, ammunition, or parts and components.

Our Government Defence Anti-corruption Index and Defence Companies Anti-corruption Index show that two-thirds of the largest arms importing governments and half of the biggest arms exporters have weak anti-corruption controls, and that companies from all of the ten largest arms exporting nations,



who between them are responsible for over 90 per cent of the arms sales around the world, provide insufficient public evidence about how they fight corruption.

This is why we emphasise that an Arms Trade Treaty must have strong anti-corruption mechanisms if it is to be robust and effective. Even if states were to agree an ATT that introduces stronger controls, without strong anti-corruption mechanisms these controls are likely to be undermined by and circumvented through corruption. We are part of the global Control Arms coalition, together with its long-standing partners such as Oxfam and Saferworld. They understand that many of their goals, such as strong human rights standards or sustainable development measures, will simply not be achieved through an ATT if corruption is not addressed.

Support has also come from the private sector, as 21 large institutional investors—collectively representing assets over USD 1.2 trillion, an amount larger than the total volume of the global arms trade—issued a statement supporting the inclusion of anti-corruption mechanisms in an ATT.

In July 2012, the inclusion of anti-corruption in an ATT received support from more than 60 UN member states and international organisations, but consensus was prevented and the negotiations failed. The principle of negotiating by consensus allows any one of the 193 UN member states to prevent agreement. This was the case in July last year. If this happens again, member states need to take a robust and strengthened treaty text to the General Assembly and agree an ATT by majority vote.

It is vital that a robust ATT is agreed upon as soon as possible. It will only be robust if strong anti-corruption controls are included. Otherwise, all the other goals the ATT is trying to achieve will be undermined, and further corrupt arms transfer scandals worth billions of taxpayer's money will continue hitting the headlines. ■



About Tobias Bock

Tobias Bock joined Transparency International's Defence and Security Programme in February 2010 and is working on anti-corruption in the arms trade, with the UN Arms Trade Treaty as his main area of responsibility.

Time to stop freebies

Monday, April 15, 2013 - 15:36

Ikram Ismail

THE MALAY MAIL: During elections, we see so many freebies being given away by political parties. Is this corruption?

JOSIE FERNANDEZ, Transparency International Malaysia (TI-M) secretary-general: In Malaysia, all the freebies — helmets, motorbikes, ang pows, dinners, celebrity entertainment — are part of “money politics”.

The rest of the world calls it corruption. TI defines money politics as corruption. Giving out money and gifts during the election period is an abuse of power for personal gain and, therefore, it is corruption.

Such corrupt practices that can undermine the public’s confidence in the electoral process must be stopped.

TMM: But it is part of Malaysian tradition?

JF: The monetisation of politics is a widespread phenomenon in Malaysia. It contributes to the cancer of corruption. To win votes and remain in power, Malaysian politicians have resorted to the use of money.

Former prime minister Tun Dr Mahathir Mohamad had confirmed this during an interview with us in 2009. Money politics starts with internal party elections that involve free meals and massive vote-buying. Minister in the Prime Minister’s Department Datuk Seri Nazri Aziz had stated in 2009 that money politics in Umno was quite rampant and had gone underground, affecting the quality of candidates.

Information, Communication and Culture Minister Datuk Seri Dr Rais Yatim said the scourge of money politics had taken hold of Umno. It would be just better for Umno to have a tender system so that anyone who contributed the highest amount can be a leader.

Reforms that will eliminate money politics are long overdue. It appears there is no political will to stop the abuse of position and money to influence voters.

It seems institutions like the Election Commission and Malaysian Anti-Corruption Commission, who govern the electoral process, are in no hurry to stop money politics.

TMM: So, such activities are considered corruption?

JF: Any favour or treat given in order to persuade a voter to make a choice for a candidate in a particular way is



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illegal. The MACC Act 2009 is clear about the offence of using public office for any form of gratification. The MACC could use the law that covers “treating” and bribery to curb abuses such as the giving of cash and other material benefits. In Malaysia, politicians are abusing their power and positions to give cash (in the name of aid), increments and bonuses just before the elections. This should be explicitly prohibited by law, as in some countries.

For example, in the Election Law of the Philippines, “during a period of 45 days before elections, no government official shall promote or give any increase of salary or remuneration or privilege to any government official or employee, including those in government-owned or controlled corporations”.

TMM: What can the EC do?

JF: The EC must state its position on the use of money for freebies, dinners and entertainment. They have the powers to act on any form of inducement by political parties or candidates — potential candidates included — to influence voters.

Previously, the EC had stated it had powers over the expenditure of political parties during elections. TI-M had submitted a memorandum to the government in 2011 to reform political financing.

However, the EC has not acted on the reforms such as a Political Parties Act. Why? Inaction by the EC sustains money politics in Malaysia.

TMM: Would freebies and free dinners influence voters?

JF: An American politician once said that “money is the mother’s milk of politics”. It means it is the political resource that matters most. Vote-buying influences votes. But with voter education and legislation, the use of money, gifts and others can be curbed, particularly when voters realise that putting the wrong candidate in power may result in more empty stomachs. Corruption compromises economic growth and increases poverty. ■



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