



## PRESIDENT'S MESSAGE

Dear TI-M members,

Greetings from the Board and TI-M Secretariat!

This second quarter of the year 2008 has been busy in terms of planning, implementation and execution of new projects. We have also made progress in our projects which include Promoting Revenue Transparency. We are studying government revenue transparency policies and performance in the oil, gas and mining industries to increase transparency and accountability of extractive industries revenue. We aim to come up with the Extractive Industries Transparency Index with the help of TI-S (Berlin).

Our other projects include Youth Integrity, Improving Water and Forestry Governance and Integrity as well as introduction of Integrity Pact to instill better business ethics and curb corruption in the field of public procurement.

The Board with the help of the secretariat staff have also discussed in detail important strategic decisions which would shape our activities and ultimately our objectives to combat corruption over the next few years, that culminated in the adoption of the TI-M Strategic Framework for 2008-2010 as well as TIAP (TI Asia Pacific) Strategy 2012 as designed by our regional office in Berlin.

Thus, we are on full course to develop successful advocacy and campaign strategies to ensure how, among others, government can have better Anti-Corruption Institutions to be effective against political corruption, how to enhance competency of citizens to fight Political Corruption as well as effective collaboration with other civil society or anti corruption movements to counter corruption by learning their approaches.

### Achievements

We are pleased to announce that we have revived our occasional talk series.

Our first speaker was Tunku Aziz Ibrahim, founder of TI-M, who gave a very enlightened talk entitled "Some Reflections on Malaysian Reality" on 24th April 2008. The occasional talk will be held every two months and readers can be rest assured that all the speakers we have lined up are very inspiring and have much anecdotal experience in the fight against graft. They will show useful information on how to create a transparent society as well as restore integrity and accountability both in the public and private spheres.

On May 2008, a board member and our secretariat staff had attended the TI Asia Pacific regional meeting in Manila. Our staff presented a paper on the outcomes of a national survey on National Survey on Judicial Corruption/Judicial Abuses in Malaysia in collaboration with Bar Council and corruption in water management in addition to discussing our achievements in implementing our local projects. We will be releasing a press statement on the based on the judicial abuses survey.

To date, we have signed Memorandum of Collaboration (MoC) with professional bodies and associations such as FMM, MIACCI, Malaysian Plastics Manufacturers Associations, and Association of

Consulting Engineers. Signing of MoCs with other organizations is also in the pipelines and we are currently in the midst of developing training modules to introduce the Integrity Pact (IP) as an effective tool to fight corruption in public procurement. The IP is a commitment between government/private sector or its agencies and bidders to pursue integrity principles and a promise not to bribe in the process of notification of bid, award and completion and operations of projects.

We are proud to announce the successful execution of our inaugural CEO forum titled: Transparency In Motion. The first of the series took place at the Securities Commission on 19th June 2008 from 3-6pm. We had invited five speakers who spoke on the following titles:

- a) "Are fresh approaches needed in battling corruption?" - by YBhg Dato Nazir Razak CEO of CIMB Group
- b) "Fighting Corruption - which key areas should Malaysia work on to improve its international image?" by Vince Leusner, Past President of AMCHAM
- c) "The seriousness of corruption in Malaysia - what does the younger generation of entrepreneurs think?" - by YBhg Datuk Vinod Sekhar, Chairman of Petra Group
- d) "Are we winning the fight against corruption? - An Industry view" - by YBhg Datuk Richard Fong
- e) "Minimizing corruption - what is the state of the art in Malaysia and what have we achieved?" - by YBhg Tan Sri Yong Poh Kon, President of FMM, Co-Chairman of PEMUDA and MD of Royal Selangor International.

The objective of the forum/debate was to get the view of the private sector on corruption, to expose CEO concerns related to transparency, ethics and integrity for the media to spotlight for CEO's concerns and corruption, to engage with members and the public as a networking opportunity and promote advocacy in the private sector. The media partner for this event was The Edge Publications Group.

The turnout was impressive with more than 230 people registering for the event. The Q and A session was very inspiring and thought provoking. Most of the participants were from the corporate sector and civil society although we did have government official participation as well. The media tie up with The Edge gave us good pre and post event publicity. In fact, the Securities Commission chairwoman, Dato' Zarinah Anwar had expressed interest to co-host a similar event with us and discussions are ongoing on the shape and form of this follow up event.

### Political Corruption (PC)

The project looks at accountability and transparency in political financing especially, before and during election campaigns. The ultimate goal is to help increase public trust in democracy and political parties.

The project has 2 components:

- 1) data gathering and building the index.
- 2) advocacy and engagement with stakeholders.

Currently, we are embarking on the first component that is studying and assessing the laws and documents governing political financing in Malaysia as well as conducting surveys and interviews.

### Integrity Pact (IP)

Our ongoing projects include the introduction and adoption of the Integrity Pact (IP) to fight corruption and create a more transparent society. We will be holding a workshop on developing IP training modules on July.

### Freedom of Information (FOI)

The Freedom of Information workshop, the outcome of which will be a legislative proposal for an Act on Freedom of Information in Malaysia, will take place on 9th-10th October 2008. We have invited well renowned speakers in this field. This workshop will be jointly organized with the Swedish Embassy and supported by the Centre for Independent Journalism.

### Anti-Corruption Summit (ACS)

TI-M will mark the UN Anti-Corruption Day which falls on 9th December by having a forum and anti corruption summit on 1-2 December 2008 themed "Creating Zero Tolerance towards corruption". We are inviting prominent speakers as well as well known moderators to ensure the success of this summit. On 16th January 2009, TI M will be organizing a fund-raising dinner and give good Citizens award to well deserving citizens.

We are much heartened by the PM's recent announcement that the government would establish a Judicial Appointments Commission to identify and recommend candidates for the judiciary. The proposed changes to make judicial appointments more transparent and representative is a much needed shot in the arm to boost the credibility of the judiciary which had been weakened by the 1988 judicial crisis. TI-M also welcomes the proposal to review and improve the judiciary's terms of service and remuneration.

We are also happy to hear the announcement on the restructuring of the ACA The anti corruption agency will be turned into an Independent Malaysian Commission on Anti Corruption which will boost its position and lend credence to its task of eliminating corruption in our midst. The MCAC will report to the Parliamentary Committee on Prevention of Corruption and Corruption Prevention Advisory Board. The new proposed legislation provides comprehensive protection for whistleblowers and witnesses and efforts to improve public procurement process and to address problem areas. In order to execute this effectively, the Chief Secretary to the government will work with Pemudah to formulate framework.

Once again, we hope you will enjoy this second issue of 2008. We welcome feedbacks, constructive criticisms and views on how we can make our newsletter more inspiring and educational. Members are also urged to contribute articles and opinions.

Many thanks for your continuous support and we look forward to seeing you at our upcoming events which we will be updating you regularly.

Lets together strengthen the struggle against CORRUPTION!

**Tan Sri Ramon Navaratnam**  
President  
Transparency International Malaysia

## Editorial

### "SOME REFLECTIONS ON MALAYSIAN REALITY"

by Tunku Abdul Aziz Ibrahim

I am greatly honoured to have been asked to deliver this, the first in the series of public lectures which has been established by Transparency International Malaysia.

The subject that I have chosen has been made as wide and as all encompassing as possible so that together we can traverse as much as possible of our Malaysian landscape looking, however briefly, at the social, economic and political state of play.

Nothing I am going to say today is new. I have expressed these views in previous speeches at different times and places, and the recurring theme has always remained, for me, sustainable progress through national integration.

Fifty years after independence we are no closer to achieving a sense of unity of purpose. The loudly proclaimed national unity is nothing more than a grand illusion because it does not bear close scrutiny. What we like to think of as racial unity is nothing more than an uneasy state of mutual tolerance, good enough on the surface but not deep enough to set roots for our healthy future growth.

National unity is not a product that we can pick off a supermarket shelf: it is part of a carefully planned and managed long term process. For there to be national cohesiveness that will stand the test of time, there has to be a central focus, one that is based on a convergence of interests. In the context of our multi-ethnic society, equality of opportunity is probably the most important starting point. Without this, different ethnic communities will pull in different directions, with all the predictable consequences.

The New Economic Policy has often been criticised as an unfair instrument promoting the special economic position of the Malays and other Bumiputeras. That has never been the intention to begin with. The overarching objective against a background of racial clashes in 1969 was to bring about a more equal share of economic cake, with poverty eradication being the main thrust of the policy.

Nothing doctrinally wrong with that but along the way, it was hijacked and turned into a mechanism to perpetuate a system of political patronage on which UMNO's and BN's thrived for close to four decades. In the event, the poor of all races have been deprived, and some people say "robbed" of their right to the benefits of the New Economic Policy.

I can see potential for good and also understand the social, economic, and even political imperatives of the NEP, but can I find any justification for abusing it to create instant UMNOputra millionaires at the expense of millions of all ethnic groups in dire straits? The short answer is no.

I stopped defending the continuation of the NEP when it became clear that it had strayed from what I will call, for want of a better expression, its flight path. It began to look as if the NEP was flying high only for a select few, notably Mahathir, Daim and his boys including assorted non-BUMI cronies.

I should now like you look at a Malaysia reality that began under Tun Abdul Razak when he allowed menteri besars' to set up political funds for their own. There then started a flurry of fund raising activity, the beginning of political corruption. At the same time, the government introduced the Industrial Coordination Act which provided various permit-issuing government departments and MIDA (Malaysian Industrial Development Authority) even more opportunities to twist the arm of the business community. The race for self-enrichment had started in earnest. The ICA was extremely unpopular that only the minds of civil servants could have contrived. Direct foreign investment took a nosedive and the notorious ICA was quickly abandoned.

With a growing sense of despair as corruption began to rear its ugly head at this time in our history, The New Straits Times of 23rd September 1978 was constrained to comment, and I quote, "there was a time when a Malaysian could indulge in a little smile of condescension when stories about corruption in developing countries - other countries, of course were detailed. That pride was entirely justified: virtually every aspect of administration was clean; abuse of power unheard of, departmental morale was high, public confidence was vibrant. For whatever reason, the present conditions have called forth a litany of exhortation against corruption". The nostalgic 'there was once a time' was a pointed reference to the administration of Tunku Abdul Rahman, the prime minister.

We have seen how, in the wake of the NEP, Malays in positions of power and authority, perverted the systems of ethical public administration, compounding all this by a government that was in many instances responsible for perpetrating some of the worst financial excesses and scams. In these circumstances, it would have been totally unrealistic to expect a commitment to transparency and accountability in either government or corporate sector business transactions.

In the early and mid-eighties, the Malaysian government under Mahathir as you will recall, went on a binge, on a scale that completely dwarfed its earlier efforts. Ever resourceful, and with an eye for filling the UMNO's coffers, and the pockets of the politically well-connected, the government decided to introduce privatisation. The argument was persuasive, but in the event, the nation felt that it had been cynically short changed. The beneficiaries, it would appear, were the politically connected.

While Mahathir might have been the architect of privatisation, a la Malaysia boleh, it was Daim, his close aide whom he appointed minister of finance in the mid-1980s who masterminded its practical implementation. An accomplished market player, he turned privatisation in no time at all into an art form that was to become a model for an emergent business culture characterised by complete disregard for transparency - an operating model that has continued to be embraced to this day.

Corruption compromises values leading to all kinds of distortions and inequalities. And when we find ourselves in these circumstances, we are systematically denied many of the most basic rights that should in the ordinary course of events accrue to us, and which we may reasonably expect from any responsible government. This sadly is a point often missed by many of us who fail to see human rights abuse and bad governance as a part of a pattern of public behaviour that can be fairly described as unethical, or less charitably, but more accurately described as corrupt, and therefore unacceptable. Corrupt political practice, however innocent or inconsequential to begin with, can and will develop unless checked smartly into serious assaults on ethical standards and moral values of society.

Weak institutions and corrupt, self-serving and power-hungry leadership are a recipe for disaster for democracy. The restraining invisible hands of watchdog institutions that are intended to prevent official excesses can hardly be expected to hold the line given this combination of factors.

We must do something about the constant chipping away by corrupt authorities at the very foundation of some of the most important of our democratic institutions as this is putting democracy at risk and under serious threat as we have frequently experienced in our country. When this happens, the mechanism of checks and balances that are so essential for the proper functioning and development of democracy becomes ineffectual.

While I have no intention of challenging or disputing the mandate and legitimacy of a democratically and constitutionally elected government, experience from all over the world has shown all too clearly that even apparently enlightened leaders tend to forget that the legitimacy that they enjoy and proclaim ever so noisily is derived from an unwritten social contract with the people who have put them in power. In return for the right to govern, the governing elites must agree to honour and defend the constitution and all that this implies.

An elected government must be prepared to put its official actions under public scrutiny. What this amounts to is that the mandate given must be applied to achieving one object only - to put the interests of the many over those of the few. In other words, ethical governance is the price that an elected government is expected to pay, and pay willingly for the privilege and trust it enjoys.

The need to develop a climate of tolerance





and maturity in our Malaysian political life has become all the more urgent because it is said that globalisation has already begun to dismantle and rearrange many of the conventional assumptions associated with the supremacy of the sovereign state, and state-based social, political, and economic theories and values.

If we accept this, then it follows that the whole nature of political governance must be predicated on new assumptions and values that have gained currency in the aftermath of the 12th general election. The change which we are seeing in social, political and economic terms will have a significant impact on the course of the country's history.

There has been in recent weeks a flurry of activity to reform on several fronts. The judiciary is the flavour of the season, and while greatly to be welcomed, it is considered by many to be too little, too late. Why has it taken all of four years to stumble upon its rotten state?

The fall from grace started with Hamid Omar, and the reverberations can still be felt even now. It was obvious that the government was happy to allow the status quo to continue as evidenced by its determination to offer an extension of service to Fairus in spite of serious concern and doubts about him. What a sad commentary on the quality of our leadership.

There is absolutely no doubt in my mind that Mahathir's emasculation of the judiciary and his dismantling of other important institutions that were intended to underpin our constitutional development contributed negatively to our international standing and reputation.

Judged against every single international competitiveness indicator, we are positioned close to the bottom. We have been in denial for far too long, and now that some of the bravest reform measures have been announced by an apparently suitably contrite government, we need to hold the prime minister to account.

While we are reforming the judiciary, and work out a mechanism for appointing judges, I hope that we also stop by the office of the attorney-general because it is an important part of the justice system. Given the fact that successive AG's have put subservience to the prime minister of the day beyond the call of duty and generally making a mockery of their traditional roles, we should make the position of the AG a political one, a member of the cabinet, whose primary function is to advise the government on constitutional issues.

There should be established the office of the Director of Public Prosecutions, assisted by Deputy Public Prosecutors. This will be less

open to abuse because its powers are not as sweeping and "absolute" as currently entrusted to the AG under the constitution. As we know, power corrupts, and absolute power corrupts absolutely.

Another major and highly significant initiative is giving the Anti-Corruption Agency independent status modelled on Hong Kong experience. While it will be good to be able to import the Hong Kong model lock, stock and barrel, we must not make the mistake of thinking that the Hong Kong model can be replicated in its entirety. Every country has to develop its own working template.

When we founded the Kuala Lumpur Society for Transparency and Integrity, now better known as Transparency International Malaysia some years ago, the first item on our agenda was to make ACA independent. The call for its independence has been made continually over the years, and it is with the greatest pleasure that we received the announcement by the PM three days ago of its transformation. The new organisation is going to be given more resources that it can absorb because for one thing recruiting the right people will be difficult. Any institution is as good as its people, and when you are entrusted with fighting corruption, you would need to be a special type of person to do the job properly. It is early days yet, and we will be watching the progress of this reforms with keen interest.

We are entering a new and exciting phase in our country's march to the first century celebrations of Merdeka. You won't have me for company but I hope that the realisation of many of the ideals for which so many of us have laboured and sacrificed will make it all worth our efforts.

The progress of change has begun in very fundamental ways that will transform not only the political landscape, but more important, the way we integrate and respect the diversities that are not only part of our heritage but also our strength. Race as I have always said is an accident, and while keeping to our cultural and linguistic traditions, we have to start to give some and take some from the tangle of races that make up our Malaysia. Living in a country like Malaysia is a privilege that demands responsibility to ensure that we have achieved national integration on which to build a Malaysia that is just, fair and equal for all her citizens.



Note: The above is the text of a public lecture delivered by Tunku Abdul Aziz Ibrahim, founding President of TI-Malaysia on 24th April 2008.

## Highlights

### EGM - 16th June

An Extraordinary General Meeting was held to approve a new constitution for MSTI/TIM.

### 19th June - CEO Forum, Securities Commission

The CEO Forum entitled "Transparency In Motion" was organized by TI-M at the Securities Commission. The forum was packed with about 200 participants from the private sectors, banks, international organizations, embassies, government officials, and representatives of non-governmental organization and civil societies.



The speakers were Dato' Seri Nazir Razak, CEO of CIMB Group, Tan Sri Yong Poh Kon, President of FMM, Datuk Richard Fong, President of FIABCI Malaysia, Datuk Vinod Sekhar, CEO Petra Group and Vince Leusner, Immediate Past President of AMCHAM. The forum was moderated by Mr Ho Kay Tat of The Edge.



### 21st June - TIM-ACEM sign Memorandum of Collaboration

Tan Sri Navaratnam represented TIM in signing the MoC with the President Dr Abdul Majid bin Abu Kassim, Association of Consulting Engineers, Malaysia



### 26th June - Institution of Surveyors, Malaysia Congress

Dr YK Chin spoke on "Enhancement of Integrity for professionalism" at the Institution of Surveyors' Annual Conference.

### 28th June - TIM-MPMA sign Memorandum of Collaboration

Tan Sri Navaratnam represented TI-M the signing with Malaysian Plastics Manufacturers' Association which was represented by its President Mr Lim Kok Boon. The signing was witnessed by Y.B. Dato' Jacob Dungau Sagan, Deputy Minister of International Trade & Industry.



## NEWS ARTICLES

### Assets Declarations: Don't forget liabilities, says TI. Malaysiakini - April 1, 2008

All elected representatives and appointed government officials should declare their liabilities as well as their assets, said corruption watchdog Transparency International Malaysia today.

"This is important as we need to establish the 'net worth' of declarants as some cunning people can sometimes borrow much more than their assets and get away with corruption!" said TI president Tan Sri Ramon Navaratnam in a statement today.

Prime Minister Abdullah Ahmad Badawi had announced two weeks ago that all cabinet

ministers and deputy ministers would have to declare publicly their assets twice during the five-year parliamentary term.

While welcoming the announcement, Ramon said the declarations should be updated on a continuous basis instead of just once every two year.

"The public should be made instantly aware when these officials and their immediate family members (including spouses, their children and their spouses) acquire new assets or liabilities," Ramon said.

To be effective and fair to the elected representatives however, Ramon suggested that total net assets belonging to the elected representatives exclude what had been accumulated before they took their oath of office. This is a marked departure from similar assets declarations requirement in other Asian countries where elected officials have to bare all.

"There are some risks involved in public declarations as the public knowledge of a person's assets and liabilities can expose the individuals concerned to safety and security threats and dangers," explained Ramon.

"Thus, all elected or appointed public officials will start on 'a clean sheet'.

"However, this clean sheet or 'zero base' concept will not exempt and exonerate those officials who had accumulated ill gotten gains in the past from ACA investigation and/ or prosecution," Ramon added.

#### **\*Make the ACA fully Independent\***

On the subject of the Anti-Corruption Agency (ACA) - which currently comes under the Prime Minister's Department - Ramon urged the government to make the agency fully independent so as to enable it to combat corruption more effectively.

"This move will give the ACA greater strength and credibility and encourage much greater public support," he said.

Ramon also said that for the strategic execution of the battle against corruption "all the relevant laws have to be scrutinised and amended to combat corruption on all fronts."

This would include putting into place a Freedom of Information Act and a Whistleblowers' Protection Act, he said.

### Lingam Video - Clip Inquiry: Panel to submit on Friday - NST May 7

PUTRAJAYA: The much awaited report on the controversial Lingam video clip will be presented to the Yang Di-Pertuan Agong on Friday.

The five-man Royal Commission of Inquiry headed by retired chief judge of Malaya Tan Sri Haridar Mohamed Noor will present the report at the Istana Negara in the morning. It is understood that the Cabinet will decide if the report can be made public at its weekly meeting later in the day.

The New Straits Times understands that the commission had made observations on several witnesses for "further action by enforcement agencies and the Attorney-General's Chambers.

It had also recommended ways to strengthen the judiciary, especially in the promotion and appointment of judges, in the same veins as the Judicial Appointments Commission announced by Prime Minister Datuk Seri Abdullah Ahmad Badawi on April 17. The 17-day inquiry ended on Feb 15 after 21 witnesses took the stand.

The witnesses included former prime minister Tun Dr Mahathir Mohamad, former minister in the Prime Minister's Department Datuk Seri Tengku Adnan Tengku Mansor, tycoon Tan Sri Vincent Tan and retired chief justices Tun Mohamed Eusoff Chin and Tun Mohamed Dzaiddin Abdullah.

They gave their testimony on a video clip showing a man, who some claimed was Datuk V. K. Lingam, engaged in a telephone conversation over judicial appointments.

The Bar Council had lodged a complaint against Lingam after the video clip was posted online last September. The complaint was lodged with the Advocates and Solicitors Disciplinary Board.

Board chairman Tan Sri Khalid Ahmad Sulaiman said Lingam's case was being handled by a disciplinary committee led by a senior lawyer.

"We are awaiting their report and recommendations. This will be dealt with at our monthly board meeting."

Khalid said the board would then decide whether to reprimand, suspend, fine, strike the lawyer off the rolls or acquit him. Meanwhile, experts said the outcome of the inquiry should reflect the views of the public in the recent election.

Transparency International Malaysia president Tan Sri Ramon Navaratnam said by voting as they did the electorate expressed their wish for greater transparency and accountability. "We hope the commission's report is reflective of those changes."

Founder-director of Universiti Kebangsaan Malaysia's Institute of Ethnic Studies, Prof Datuk Dr Shamsul Amri Baharuddin agreed that the government had to carry out the proposals as soon as possible.

"This is not merely a legal case, it is also political in nature because the people have passed judgement through their votes." The inquiry, he said, was not about punishing anyone.

"The inquiry is not a court. If anything, the decision will be about restoring something that was lost."

Abu Talib, who is also Malaysian Human



Commission chairman, said there was nothing to prevent a case being brought if there was evidence to justify it.

During the inquiry, the Bar Council referred to a series of photographs which Lingam allegedly took with then chief justice Eusoff while they were in New Zealand in 1994.

The Bar Council also adduced evidence through Lingam's former secretary that Lingam drafted the judgement for a landmark 1994 defamation case brought by Vincent Tan.

#### Dewan Rakyat: Govt rejects inquiry into graft perception index : NST - May 15, 2008

The government will not establish a royal commission to look into why Malaysia has apparently fallen in Transparency International's Corruption Perception Index (CPI) ranking, the prime minister said.

"The attention of the Yang Berhormat on Malaysia's ranking in the perception index clearly shows that the Yang Berhormat himself does not properly understand the index," Datuk Seri Abdullah Ahmad Badawi said in a written reply to Lim Kit Siang (DAP - Ipoh Timur)

He said based on the explanation by Transparency International, the CPI could not be linked to the ranking of a country on a year-to-year basis.

This was because the number of countries in the index varied from year to year.

In 1995, a total of 41 countries were surveyed. In 2006, the figure was 163 countries and last year it increased to 179 countries, Abdullah said. Lim in his question had asked whether the prime minister would establish a commission of enquiry to determine the reasons behind the deterioration of Malaysia's position from 23 in 1995 to 44 and 45 in 2006 and 2007 respectively in the CPI rankings.

"An exact pointer to the performance trend of a country in the index is through the country's score, Abdullah said.

Malaysia's score since 1995 was around five, which was a good and stable performance, he said.

He said even though the government was of the view that it had to take into account the perception of the public on corruption, what was important was the substantive efforts being taken to reduce corruption and instill integrity among the people.

He said the government recently announced four steps to better combat corruption in the country, and increase the people's confidence in the country's Anti-Corruption Agency.

They included the strengthening and restructuring of the ACA into a commission, increasing the capacity of the anti-graft effort, creating a comprehensive policy to protect witnesses and whistleblowers, as well as tightening up public procurement.

#### Call to step up fight against corruption NST - May 19, 2008

KUALA LUMPUR: Transparency International Malaysia has called on the government to step up the fight against corruption and accelerate reforms to promote transparency and accountability in all sectors of the society.

Its president, Tan Sri Dr Ramon V. Navaratnam, welcomed the discussion of Transparency International's Corruption Perception Index (CPI) in Parliament.

Malaysia's CPI ranking moved up a notch to 43rd last year, ending a five-year downward spiral in the rankings from 33rd place in 2002.

Ramon said one could argue that Malaysia had more than held its own considering that 17 more countries were added in the latest ranking, bringing the total to 180 from 163 in 2006. Other Asian countries have been relatively static, with Singapore, Hong Kong, Japan and Taiwan either maintaining their position or moving up or down by one spot.

Singapore moved up to 4th place while Hong Kong rose to 14th. Japan maintained its position at 17th place while Taiwan is unchanged at 34th.

Thailand, Vietnam, the Philippines, Myanmar and Indonesia all scored much lower than Malaysia. Thailand ranked 84th, Vietnam 123rd, the Philippines 131st, Indonesia 143rd and Myanmar 179th.

#### BN govt defeated by lack of reforms NST- May 24, 2008

KUALA LUMPUR: The Barisan Nasional government should have done what it is doing now well before the March general election.

Former Deputy prime minister Tun Musa Hitam said last night if the BN had undertaken promised reforms earlier it could have performed better. Musa said the government now seemed to be apolitical and open.

"Credit should be given to BN for its change of attitude, which has even led to intense arguments about (what's expressed in) blogs.

"Likewise, the opposition should be commended for supporting policies that are for the good of the country," Musa said at a fellowship dinner talk on "Asean within the World's New Economic Order", at the Sime Darby Convention Centre in Bukit Kiara. "This shows that partisan politics need not happen," he said in response to a question by Transparency International-Malaysia president Tan Sri Ramon Navaratnam.

Navaratnam had asked Musa during question time if there was a lack of political will and sense of urgency to achieve good governance. Pressed further by Navaratnam if there were reforms and changes since the elections, Musa said: "It is perhaps one of the most open for a good many years.

"This is reflected in the opposition winning a large number of seats, thus denying the BN a two-thirds

Musa, who is Sime Darby Berhad chairman, was speaking at the event organised by the Kuala Lumpur Malay Chamber of Commerce and the Malaysian International Chamber of Commerce and Industry.

On his membership with UMNO, Musa, who is a Segambut division member, said: "I am an UMNO man through thick and thin.

He said this is in reference to the salvos fired at him by his former boss, Tun Dr Mahathir Mohamad. Dr Mahathir Mohamad had lambasted on his blog after the latter was reported as saying that the former prime minister's resignation from the UMNO was like "removing a thorn in the flesh".

#### Don't ignore 'duit kopi' corruption NST June 12, 2008

Petty corruption - those that involved small sums of money - has greater impact on the lives of the poor, warned the United Nations Development Program (UNDP).

The UN agency finds the issue important enough to publish a special report on what it called 'petty', 'hidden' and 'street' corruption, which is often referred to in Malaysia as 'duit kopi' (coffee money).

According to the Asia-Pacific Human Development Report's (APHDR) 'Tackling Corruption, Transforming Lives', among the damaging effects of corruption are weakened national institutions, inequitable social services and economic inefficiency.

"Grand corruption is misleading (us into thinking that small corruption is non-existent). There are much bigger fish but there are many small fishes too," said Transparency International Malaysia president Ramon V. Navaratnam in launching the report today.

The report said Malaysia's police force comes out tops in survey on 'duit kopi' corruption. In an index where 1 is 'least corrupt' and 5 'is most corrupt', the police force scores 3.8.

It is followed by Registry and Permits (3.1), Judiciary (2.8) and Tax Office (2.5), Media (2.4), Education system (2.2), NGOs (2.2) and Medical services (2.1).

"The people are affected when we get poor health service, poor education because of corruption and greed. We pay 10, 20, 30 percent more because of negotiated contracts," added Navaratnam.

"The majority of the poor in the country are Malays, and the NEP (New Economic Policy) is seriously undermined by corruption."

The APHDR report, the first of its kind, introduces no new index of its own to measure the level of corruption.

Instead, the report refers to three key existing corruption indicators in corruption- World Bank's Control of Corruption Index (CCI), International Country Risk Guide's Corruption Score (ICRG) and Transparency International's



Perception Index (CPI).

These indexes are derived from wide-ranging surveys based on the perception of corruption among business, academics and the general public.

The report finds an inverse trend as human development increases, the level of corruption in the country tends to decrease.

*\*Making Malaysia some headway but...\**

According to the indexes, Malaysia has made some headway in the fight against corruption. It improved the score on the CCI from 0.25 to 0.38 in the period of 2005-2006.

On the CPI, there is a slight improvement - from 5.05 to 5.10 - in the period of 2005 - 2007. In both cases, higher values represent a lower level of corruption.

"The question to be asked here, is are we satisfied with the progress?" asked Navaratnam, who was accompanied by UNDP Malaysia officer-in-charge Daratul Baide Osman Khairuddin.

"I refer to the ICP index, Malaysia has a HDI (Human Development Index) of 0.8, Bhutan has a HDI of 0.6 and yet in terms of corruption perception, they are both at a 5. Despite of our development, we don't seem to improve on the corruption front," he lamented.

"We are doing not so bad, (but) we need to speed up our progress. We need a stronger dosage of medication, because if we don't recognise the critical point, instead of turning towards recovery, our condition can deteriorate further," warned the TI president.

Meanwhile, Anis Yusaf Yusoff from the Malaysia Institute of Integrity told journalists that the government's actions taken to combat corruption should be highlighted by the media in order to change the public perception of corruption.

"Malaysia's CPI is seen to be stagnant at the level of a 5. Efforts by the government, for example the Khazanah coloured book projects which provide GLCs (government-linked companies) a guideline of their conduct, should be highlighted," he stressed.

**Bribery 'rampant' at lower levels  
NST June 13, 2008**

KUALA LUMPUR: Bribery is rampant at the lower level of government agencies like the police and offices dealing with permits, Transparency International Malaysia president Tan Sri Navaratnam said yesterday.

Bribes, he said, were being offered for tenders, import and export licences and a host of other transactions.

Navaratnam was speaking at a press conference during which he distributed the UN Development Programme's "Asia-Pacific Human Development Report: Tackling Corruption, Transforming Lives".

He said Malaysia's rating on corruption in Asia has been deteriorating steadily over the last decade.

Malaysia ranked sixth in Asia on the World Bank's Control of Corruption Index (CCI) and Transparency International's Corruption Perception Index (CPI) but was placed ninth on the International Country Risk Guide (ICRG).

Navaratnam said the country's corruption score on the ICRG, which measures the investment climate and corruption, fell from 4 points in 1996 to 2.38 in 2006.

This placed Malaysia behind Singapore (4.5), Hong Kong (4), Japan (3.5), Brunei, South Korea, India and Sri Lanka (all 2.5) and Vietnam (2.46)

On the CCI, Malaysia is ranked behind Singapore (2.3), Hong Kong (1.71), Japan (1.31), Bhutan (0.89) and Macao (0.41).

"The lower the index signals that bribery and rent-seeking behaviour is still rampant in lower levels of the government like the police, registry and permits, judiciary and tax offices. Even the media, education system and medical services is not spared."

**Abdullah need only make some changes  
The Star-July 8, 2008**

The latest issue of respectable 'The Economist' compared Prime Minister Datuk Seri Abdullah Ahmad Badawi as possibly the Mikhail Gorbachev of South East Asia, referring to the Russian statesman who oversaw risky reforms that gently killed the old Soviet regime and saw the birth of a new Russia.

The weekly posed question, without answering it whether Abdullah had the gumption to take a similar risk like Gorbachev to reform an increasingly dysfunctional system dominated by a single party and a single theme since independence.

Abdullah promised major reforms soon after taking power in November 2003 and the people welcomed the promise, giving him the biggest political mandate in our history but the promises were not translated into concrete action. As a result, voters punished Abdullah on March 8 2008.

The Opposition with Datuk Seri Anwar Ibrahim at its head exploited the frustration of voters who were unhappy with Abdullah's failure to rapidly curb corruption and build an open society based on equality and meritocracy.

Although weekend nationally and facing challenges in Umno, Abdullah put reforms back on track back within the first 100 days since he was sworn in as Prime Minister for a second term in March.

Significantly, he also appointed critics and reform-minded individuals like lawyer Datuk Zaid Ibrahim and Datuk Shahrir Abdul Samad into the Cabinet as initiators of reforms.

He also announced a new broad-based anti-co-

ruption commission to oversee the ACA and a Judicial Appointment Commissions to return cabinet as initiators of reforms.

He also announced a new broad-based anti-corruption commission to oversee the ACA and a Judicial Appointment Commissions to return credibility to the battered judiciary.

However, both these and other reforms measures are plodding along so slowly that people are worried.

It is common knowledge the reform measures face serious opposition from the remnant of the old regime that still populate Abdullah's Cabinet, the large political establishment and the bureaucracy.

**CEO FORUM REPORT**

**"Addressing Economic Needs Vital to Fight Graft"  
Reported by The Edge Daily**

KUALA LUMPUR: Tackling the economic needs of low-income workers is vital for addressing corruption in the public and private sectors, Petra Group chairman Datuk Vinod Sekhar said.

It is not realistic to talk from a high moral platform, telling low-income employees or struggling companies not to accept or give bribes when they are not able to make ends meet, he said.

"We've got to seriously look at salaries and incentives in the public and private sectors," Sekhar said yesterday.

He said it was not enough just to tell struggling entrepreneurs to be true to their principles in a situation where they were like the sole athlete competing without using drugs while the rest were on steroids.

Immediate past president Vince Lausner and FIABCI Malaysian Chapter president Datuk Richard Fong at the TI-M CEO Forum in KL. However, corruption due to greed would be a different issue, he said, to be countered with education and the appropriate punishment. "There is no point fining some one RM5,000 when he had taken RM5 million," he said.

Another speaker, American-Malaysia Chamber of Commerce (Amcham) immediate past president Vince Leusner said that while the regulatory environment in Malaysia needs improvement, the level of corruption now was still unacceptable.

The government would have to address the issue as it had to compete for foreign direct investments (FDI) with giants such as China and India, he said. "Malaysia is moving forward but not moving fast enough," he noted.

If the level of corruption was lower, said Leusner, investors' confidence in Malaysia's financial markets would improve.

Sekhar and Leusner were among five speakers at the forum, moderated by The Edge Communications Sdn Bhd managing director and editor-in-chief Ho Kay Tat. The event was held at the Securiti-



es Commission. The other speakers were CIMB Group CEO Datuk Nazir Razak, Glomac Bhd CEO Datuk Richard Fong and Federation of Malaysian Manufacturers' president Tan Sri Yong Poh Kon.

A member of the audience pointed out that "the most important question" was whether the present leadership of the country had the political will to fight corruption as what they had been doing so far appeared like cosmetic "touches."

"Many forms of corruption are due to the dishing out of contracts by political leaders locked up in the closet under the OSA (Official Secrets Act) and reinforced by the ISA (Internal Security Act)," he said.

He said that the previous government had appeared to be "privatising profits and nationalising losses". The question, he said, was whether the current leadership would be moved by the recent general election results to do more to address the issue of corruption.

In his reply, Yong, who is co-chairman of the Taskforce to Facilitate Business (Pemudah), said the government only announced the various measures it had taken, such as those to be carried out by Pemudah after the 12th general election.

#### "Open Tender For State Land Proposal" Reported by The Edge Daily

KUALA LUMPUR: All state land should be sold via an open tender system in order to promote greater transparency, said FIABCI (International Real Estate Federation) Malaysian Chapter president Datuk Richard Fong.

He said there should be an open tender for the award of privatisation projects and a stop to the alienation of state land in order to curb corruption and nepotism.

"In Malaysia, after 50 years of independence, we are still alienating state land to friends," said Fong, adding that there should be more transparency by the city and local councils.

He pointed out that the housing industry was plagued by difficulties in getting approvals for transfer of land title, development orders, buildings plans, and conversion of land titles which only led to corruption.

"Transfer of leasehold land may take two to three years but a middleman may come to offer his services and get it done in a few months," said Fong, who was one of the panel speakers at the forum.

On the fight against corruption, Fong, who is also Glomac Bhd group executive vice-chairman, said there should be more accountability by policy makers by introducing proper guidelines and their enforcement.

He said there should also be leadership by example to ensure that citizens do things morally and ethically correct. "The fight against corruption must begin from our schools," he said.

According to him, the role models today for children are people like Cristiano Ronaldo and

Mawi as opposed to President John F Kennedy and Prime Minister Winston Churchill during his childhood. "Is our children growing up with a strong sense of morals?" he asked. He added there should be a bigger role played by the press in highlighting abuses in the system.

#### "ACA Should Think Of Contractual Workforce, says Pemudah" Reported by The Edge Daily

KUALA LUMPUR: The Anti Corruption Agency (ACA) should consider having a workforce on a contractual basis in its battle to weed out corruption, said the co-chairman of The Special Taskforce to Facilitate Business (Pemudah) Tan Sri Yong Poh Kon.

He said ACA could conduct investigations more effectively with a contractual workforce as such personnel would be diligent to gather evidence for prosecution of cases.

"If such contract workers don't perform, say within two years, then off they go," said Yong adding that Hong Kong's Independent Commission Against Corruption (ICAC) was mainly made up of a contractual workforce.

He said ICAC had a multi-pronged approach to enforcement, corruption and community relations since its establishment in 1974 to tackle corruption that was rife in Hong Kong.

"In 2007, a poll showed 99% of the Hong Kong people having confidence with the ICAC but such confidence will be much lower if Malaysians were to gauge the ACA's performance," said Yong who was one of the panel speakers at the forum.

Elaborating on the ICAC, he said 65% of complaints received by the ICAC in 1974 were anonymous but this figure had since been reduced to 27% in 2006 with the effectiveness and integrity demonstrated by the commission in the past three decades.

Yong, who is managing director of Royal Selangor International Pte Ltd, said some 61% of corruption complaints to the ICAC in 2006 involved the private sector as opposed to only 14% in 1974.

He pointed out that between 2000 and 2006, the ACA received 71,000 reports but with only 10% of the reports were investigated as compared to the ICAC's 28,000 reports with 77.2% of them investigated.

"Taking only population factor alone, we ought to have four times the Hong Kong number of reports that is 112,000 cases with 86,000 investigations," said Yong adding that Malaysia's population was four times that of Hong Kong's.

He said the government had to address the problem of corruption as Malaysia's ranking on Transparency International corruption perception index declined from 29th position in 1998 to 43rd in 2007. "World Bank research shows there is a 2%-4% per annum difference in a country's gross domestic product (GDP) due to the cost of corruption," he noted.

#### "Nazir: NEP Could Have Ended In 1990, If Implemented Properly" Reported by The Edge Daily

KUALA LUMPUR: The New Economic Policy (NEP) could have probably ended in 1990 if it was implemented properly, said CIMB group chief executive Datuk Nazir Razak.

Lamenting that the NEP had been "bastardised" to benefit a select few through negotiated tenders, Nazir said the policy had to be prolonged because it was not properly implemented.

He said that he could not understand why privileges such as construction jobs could not be given to bumiputera contractors through a competitive bid.

"The government should have created competition among bumiputeras through a 'preferential open tender' system under the NEP," said Nazir.

"If a certain portion of the jobs are to be given to bumiputera (contractors), I can't understand why they cannot do preferential open tender limited to bumiputeras," he said during Transparency International Malaysia's (TI-M) CEO Forum entitled Transparency in Motion, which is jointly organised by TI-M and The Edge here yesterday.

"If we have implemented it properly, the NEP could have been over in 1990."

Nazir was elaborating on an answer given by the Special Taskforce to Facilitate Business (Pemudah) co-chairman Tan Sri Yong Poh Kon who said there would be more opportunities for corruption if the government had a complicated layer of red tape.

In Malaysia, the matter was further complicated by the "NEP layer" and the government had to peel these layers one by one to prevent corruption, Yong said in response to question from an audience on whether the government actually had the political will to fight corruption.

On another question if CIMB Group had a racial bias in its recruitment process, Nazir said everything in the company was based on merits except for a training programme at entry level that is for bumiputeras only. "If they make the cut after one year, they will be absorbed," he said of the trainees.

On whether his appointment as CEO in Malaysia's second largest bank is due to the position of his brother Datuk Seri Najib Razak who is the deputy prime minister, Nazir said his appointment came from the company's board of directors and that he had been with the company since 1989.

In his speech earlier, Nazir reiterated his suggestion for the government to implement "something dramatic" such as an amnesty programme to complement the proposed Malaysian Commission on Anti-Corruption (MCAC).

He said it should look at how the Hong Kong government implemented a limited amnesty for corruption in 1977.

According to him, Hong Kong's Independent



Commission for Anti-Corruption (ICAC) had decided to look into previous corruption practices, except those that had been already investigated and serious cases.

Nazir said the amnesty programme allowed everyone to move forward and to embrace the new culture without hesitation.

"It created a whole new beginning for everyone. Those who may have taken RM2 of 'duit kopi' (bribe) 20 years ago will not have the lingering fear that it will bite them back? What is important is the future, not the past. The past is gone," he added.

However, Nazir pointed out that while the past was forgotten, those pardoned were also reminded that the ICAC would "shoot to kill" if they were ever to cross the line again in the future.

Nazir also said there was a need to give more freedom to the mainstream media to help them regain their credibility as part of the efforts to fight corruption.

"We cannot control (the press) anymore because it will give more credibility to the blogs," he said, citing examples of Indonesians who were not so bothered with what posted on the Internet since their mainstream media was free.

#### Global Corruption Report 2008: Corruption in the Water Sector

Water is a right, and a resource with no substitute. The current water crisis has wide ranging implications for human and economic development, energy and food security, as well as political stability and environmental sustainability. On 25 June, Transparency International launched its Global Corruption Report 2008: Corruption in the Water Sector, which argues that the water crisis is a crisis of governance, with corruption as a root cause.

#### A Global Concern

The governance of water spills across agencies, public and private sectors and national boundaries, which makes it difficult to manage and monitor. Water resources management involves safeguarding the sustainability and fair distribution of water resources, but can be corrupted due to bribery and capture by powerful elites. As competition for water increases as a result of population growth, changing dietary habits, increasing dependency on water intensive industries and climate change, the risk of corruption becomes greater and the amounts of money involved more lucrative; a lethal combination that is expected to hit the poor hardest.

The Report shows that a fundamental issue is the impact of corruption on drinking water and sanitation. The stakes are high and the poor pay with their health. It is estimated that in developing countries, 80 percent of health problems can be linked to inadequate water and sanitation.

Corruption risks can be found at all stages of water delivery, from policy design and contracting to the billing of customers. A study in South Asia in 2001-2 claims contractors often form cartels or pay bribes to win contracts, raising the cost of a sustainable water connection by 25 to 45 percent (J. Davis, World Development Journal, 2004). In Guatemala more than 15 percent of respondents in a national household survey in 2006 reported paying bribes for a water connection or reconnection (Acción Ciudadana, 2006).

Corruption in irrigation seriously undermines attempts to address the global food crisis. Irrigated land accounts for 70 percent of water consumption and produces 40 percent of the world's food. The Report explains that irrigation systems are difficult to monitor and easily captured by the larger more powerful users. This results in larger users reaping disproportionate subsidies and taking more than their fair share of the water, to the disadvantage of smaller farmers. This is clearly illustrated in Mexico, where the largest 20 percent of farmers take more than 70 percent of irrigation subsidies (UNDP Human Development Report 2006).

With currently one sixth of the world's electricity coming from hydropower, producing power from water is central to the debate around sustainable energy. As such, hydropower encourages massive investment (US \$ 50-60 billion, € 32-38 billion, each year in the coming decades, according to International Energy Agency's "World Energy Outlook 2006") in highly complex, bespoke projects that are particularly vulnerable to corrupt practices. The Report details how dams often involve the displacement and resettlement of local communities with up to 80 million people displaced in recent decades because of them. Resettlement funds can also be highly prone to corruption risks. For example, the corruption in the resettlement programme for China's Three Gorges Dam, which began in 1994, led to the reported misappropriation of US \$36.4 million (€23 million) in resettlement funds for Hubei-Province and Chongqing Municipality for the years 2004 and 2005 alone (National Audit Office, China Daily, 2007). The effects of such misappropriation on the intended recipients are clear. In 2006, the residents of the Hubei Province protested to the local government at receiving only US \$700 (€443) of the promised US \$ 5000 (€3,200) in settlement fees for having their land expropriated (Chinese Sociology and Anthropology, 1999)

#### Recommendations for reform

Although one size never fits all in fighting corruption, the Global Corruption Report shows that taking action against corruption in the water sector is both timely and feasible. Key recommendations of the report include:

Establish transparency and participation s guiding principles for all aspects of water governance: From transparent budgeting and participatory policy making to public mapping of water pollution, public audits of projects and access to contract terms and performance reports, tra-

nsparency and participation strengthen integrity in water governance, but need to be adopted globally.

Strengthen regulatory oversight: Government and the public sector continue to play the most prominent role in water governance and should establish effective regulatory oversight, whether for the environment, water and sanitation, agriculture or energy. Institutional reform and capacity building are essential to bring oversight in water up to the standards already achieved in other sectors.

Ensure fair competition and accountable implementation of water projects: All stakeholders have a role to play. Contracts should incorporate anti-corruption measures. Governments and contractors can enter into agreements for fair public procurement. Lenders and donors must strengthen anti-bribery provisions in their due diligence requirements.

#### TI work around the world to counter corruption in the water sector

In 2006, Transparency International, together with the International Water and Sanitation Centre, Stockholm International Water Institute, Swedish Water House and the Water and Sanitation Programme, founded the Water Integrity Network (WIN) to fight corruption in all parts of the water sector. Hosted at TI's International Secretariat, the WIN is today a growing network of organisations and individuals around the world that promotes anti-corruption activities and coalition building at the local, regional and global levels. The Global Corruption Report 2008 benefited from expert input and financial support from the WIN.

In 2003, Transparencia por Columbia assisted the Colombian Sanitary and Environmental Engineering Association (ACODAL) to find a remedy to corruption in the procurement of water pipes: it was estimated that in order to secure the contract, a competing company would have to pay an additional 12% of the contract's value (A. Balcázar, presentation at the World Water Week, 2005). Following negotiation, eleven of ACODAL's affiliated companies signed an Anti-corruption Sectoral Agreement. Based on TI's Business Principles for Countering Bribery, the agreement included specific measures for dealing with inter alia bribery, whistleblowing, facilitation payments and political contributions. In addition, an Ethics Committee was established in order to resolve issues in the event of disagreements. By 2006, the impact was clear as the prices of winning bids had dropped significantly.

In 2005, TI India sampled 14,405 respondents from 151 cities and 360 villages, and found that water was one of the public services seen to be most associated with corruption. The study reported that the most commonly perceived malpractices were in the supply of water tankers, meter installations, bill payments and the connection or restoration of water supplies. Of the respondents who had visited the water supply department, more than half considered that corruption in the department had increased and nearly 25 percent claimed to have used alternative means such as bribery or influence to get work done.





In 2007, TI Pakistan was made an independent observer by the World Bank in the Sindh Province Water Improvement Project, which aims to improve the efficiency and effectiveness of irrigation water distribution. The chapter is responsible for monitoring the tender process and ensuring and certifying compliance with the tendering rules.

**Project in the News: Accountability and Transparency in Political Finance**

**The Issue: Money and Political Representation.**

Modern democracies require strong party organizations that compete in fair elections for political power. To keep the system functioning, political parties must have the resources needed to run successful campaigns and political machines. But parties (and their candidates) also must reconcile the drive for resources with the risk of distorting political competition and corrupting elected officials. Depending on where they come from, how they are distributed and what they are spent on, resources given to parties and candidates can turn from a blessing to a curse.

**Money in Politics Presents Corruption Risks**

Political finance can undermine the same democratic values and good governance that it also supports. The two main risks are that resources (monetary and non-monetary) can distort the electoral process and undermine the integrity of a country's elected representatives.

Electoral processes. Money can distort the electoral competition when it is unfairly distributed between candidates. When accountability is lax, resources are left open to abuse by parties and candidates. Incumbent politicians may abuse state resources to fund their re-election campaigns. Resources for electoral contests may be diverted and the money pocketed by candidates or used for vote buying. When proper controls are not in place, campaign financing can even be converted into a conduit for money laundering.

Elected representatives. Political financing can perversely shape policy-making after the elections are over particularly when candidates are funded instead of parties. When there is no transparency in political financing, there is no mechanism to detect whether policies are pushing private policy agendas to "repay" campaign supporters. Poor communities at the losing end of this money game. A mining company can use campaign contributions to sway votes; poor citizens concerned about related environmental problems cannot. Domestic policies may not be the only area affected. In countries where non-domestic contributions are allowed or have occurred de facto, political finance can also distort a government's foreign policy decisions.

Modern democracies strive to contain these two risks through laws and regulations, including ceilings for campaign spending and contributions, bans on funding sources and the use of public subsidies for parties and campaigns. However, these measures have not been sufficient means for many countries to mitigate the negative impacts

that political finance can produce. Either the laws are too lax or enforcement is lacking. Public oversight by citizens, civil society and the media plays an important role in challenging and complementing political finance controls by state agencies. Yet for both to function, transparency must exist.

Transparency means that comprehensive, detailed and reliable information on the financing of political campaigns is available to the public in a timely, intelligible and accessible way.

There are three interconnected levels across which increased transparency can be promoted to reduce some of the corruption risks related to political finance. To have transparency, there needs to be:

- 1) accountability by parties: the requirement to use proper internal bookkeeping and accounting systems.
- 2) accountability to the state: the requirement of parties and candidates to report on their income and expenditure to state agencies.
- 3) accountability to citizens (i.e. "public disclosure"): the requirement of parties, candidates, donors and/or oversight bodies to disclose publicly all information on campaign finance.



A REVIEW BY WESLEY MORRIS OF BOSTON.COM

The new documentary "Manda Bala" merely grazes the surface of political corruption in Brazil. But what a surface! The problem seems as vast as it is deep.

Directed by Jason Kohn, who worked for two years with Errol Morris, the film centers on Sao Paulo's kidnapping industry and suggests a casual relationship between elected officials who have ignored the people and slum-bound thugs who snatch the children of the well-to-do for ransom. The crimes are born of political neglect. The title is Portuguese for "send a bullet" and the clever American tag line is "the rich steal from the poor; the poor steal the rich."

The movie has a great flashiness - copter shots that swoop over Sao Paulo; swift, playful editing; and a pop-operatic sequence driven by catchy songs. Out of the stylistic polish arises a vividly assembled nexus of kidnappers, victims, cops, politicians, lawyers, and one gentleman operating a frog farm that might be a money-laundering front for Jader Barbalho, a hugely distrusted senator, who, amazingly enough, sits for an interview with the filmmaker.

Rather than employ a lot of subtitles (the ones that do appear are well used), Kohn has decided to pair his Brazilian subjects with English-speaking translators. For the most part, they sit in sunny locations and talk directly into the camera, which frames them in medium-long shots. The effect is evocatively portrait-like.

With other material and other subjects, Kohn's chic and self-consciously styled approach might seem gaudy or touristic or too flattering. But the world of these kidnappings is as bizarre and surreal as the crimes are gruesome and terrifying. They're impossible to sex up.

Throughout, the movie includes videotapes from actual kidnappings (one set of thieves hold a child's fingernail up to the camera). The film even spends time with a doctor who performs expensive reconstructive plastic surgeries on victims. There's a lyric sequence of him working his graphic magic.

The Sao Paulo Kohn presents a woefully underpoliced megalopolis whose troubles bloom from a kernel of corruption. According to a historian in the film, it's all institutional, dating back centuries to the arrival of the Portuguese. The class system more or less grew out of

**MOVIE REVIEWS**

**MANDA BALA (SEND A BULLET)**



Year of release : 2007  
 Run time: 85 minutes  
 Directed by: Jason Kohn  
 Cast: Claudio Fonteles, Helbio Dias, Jader Barbalho, Juarez Avelar, Paulo Lamarao.

Synopsis:  
 Brazil is a nation where political and economic corruption and violent crime are a way of life for many, and filmmaker Jason Kohn examines some of the more unusual ways they manifest themselves in this documentary. In Manda Bala (Send a Bullet), Kohn's subjects include a plastic surgeon whose practice is dominated by the victims of kidnappers who lost their ears to their captors; a political figure who uses his frog ranch as a cover for illegal business operations which have made him a multi-millionaire; and an auto customizer whose specialty is bullet-proofing luxury cars. Manda Bala (Send a Bullet) won the Grand Jury Prize for Documentary at the 2007 Sundance Film Festival. - Mark Deming, All Movie Guide

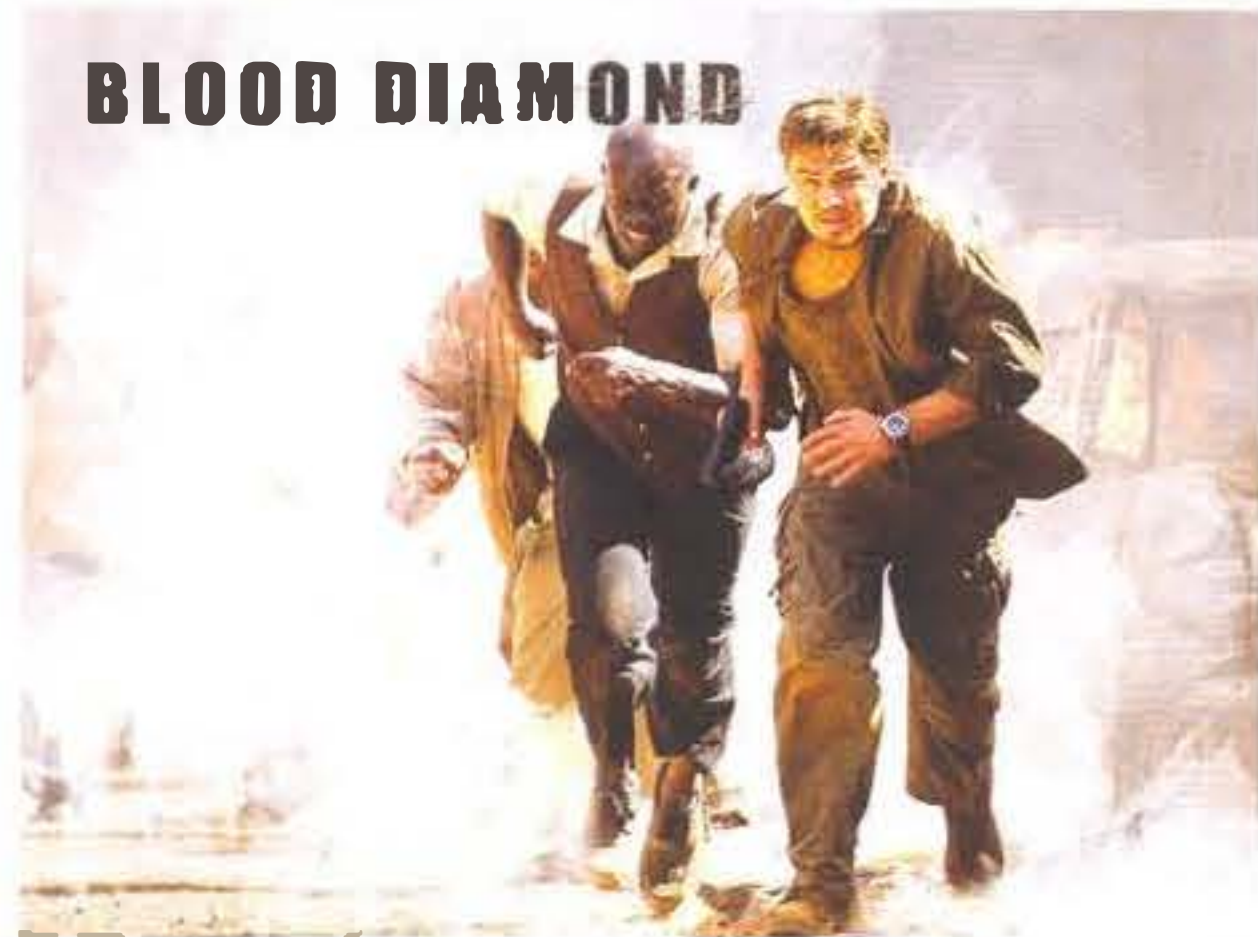


crookedness, and, as is the case with any such hierarchy, the haves either exploited or ignored the have-nots. Since Sao Paulo is the country's economic capital it's also a magnet for the poor, a beacon for the destitute rotting in the surrounding states.



Which brings us back to the frogs on that farm (it's the biggest such plantation in the world) living in cramped quarters, trying frantically, uselessly to free themselves from large plastic bags. They're then hung, splayed, boxed, breaded. The farmer says his amphibious charges turn cannibalistic only when they're hungry and desperate enough. Nobody in the movie points it out, but as a human parallel, his observation is disturbingly apt.

**BLOOD DIAMOND**



Released on: Dec 8, 2006  
 Runtime: 2 hrs 23 mins  
 Directed by: Edward Zwick  
 Cast: Leonardo DiCaprio, Jennifer Connelly, Djimon Hounsou, Stephen Collins, Jimi Mistry

**Synopsis:**

Set against the backdrop of the chaos and civil war that enveloped 1990s Sierra Leone, "Blood Diamond" is the story of Danny Archer (Leonardo DiCaprio), an ex-mercenary from Zimbabwe, and Solomon Vandy (Djimon Hounsou), a Mende fisherman. Both men are African, but their histories and their circumstances are as different as many can be until their fates become joined in a common quest to recover a rare pink diamond, the kind of

stone that can transform a life...or end it. Solomon, who has been taken from his family and forced to work in the diamond fields, finds the extraordinary gem and hides it at great risk, knowing if he is discovered, he will be killed instantly. But he also knows the diamond could not only provide the means to save his wife and daughters from a life as refugees but also help rescue his son, Dia, from an even worse fate as a child soldier.

Blood diamonds: How a coalition of the willing has made a difference.

by Benita Ferrero-Waldner of Europe in the UK Culture

No-one wants to wear a ring with a stone extracted amid bloodshed, misery and human rights abuses. Diamonds may be a 'girl's best friend', as Marilyn Monroe had it, but they have been a bad friend to millions of civilians caught in Southern Africa's war.



That is the problem the plot of Blood Diamond so powerfully illustrates. That is why Southern African diamond-producing countries met in Kimberley, South Africa, in May, 2000, launching talks involving governments, non-governmental organisations, which first drew attention to the issue, and the mining industry itself.

The United Nations passed a resolution supporting a certification scheme to prevent so-called conflict diamonds from entering legitimate international trade, and the Kimberley Process was born in 2003. The EU has supported the process since its birth, and serves as its Chair this year.

Blood Diamond takes us to Sierra Leone in 1999, to one of Africa's most brutal civil wars. It pulls no punches in showing the horrors of the illicit diamond trade: violence, destruction, the kidnapping and drugging of children turned into killers.

There are now 71 countries involved in the Kimberley Process. They have promised to control their diamond production and trade. All international shipments of rough diamonds must be in tamper-free containers and accompanied by a government-issued certificate guaranteeing their conflict-free origin. Any country failing to follow these stringent requirements can be excluded from the scheme, preventing them from selling diamonds on the international market. Inspectors check compliance with on-the-

ground visits, and analyse annual reports, as well as production and trade statistics.

The Kimberley Process is an unparalleled example of the way in which civil society, industry and governments can successfully cooperate to address the horror of war.

Today, as the film shows, Sierra Leone is at peace, as are most of the other countries which suffered conflicts fuelled by diamonds: Angola, Liberia and the Democratic Republic of Congo (DRC). But there is no reason to be complacent just because the guns are silent - they are still fragile

Now these countries can harness their natural wealth to promote peace and prosperity. The DRC enjoyed its best-ever year for diamond exports in 2006, with some \$700 million in official exports, about 80% of its total exports. In Sierra Leone, legal exports have increased 100-fold since the end of the war, bringing obvious benefits for the estimated 10% of the population who depend on the diamond industry.

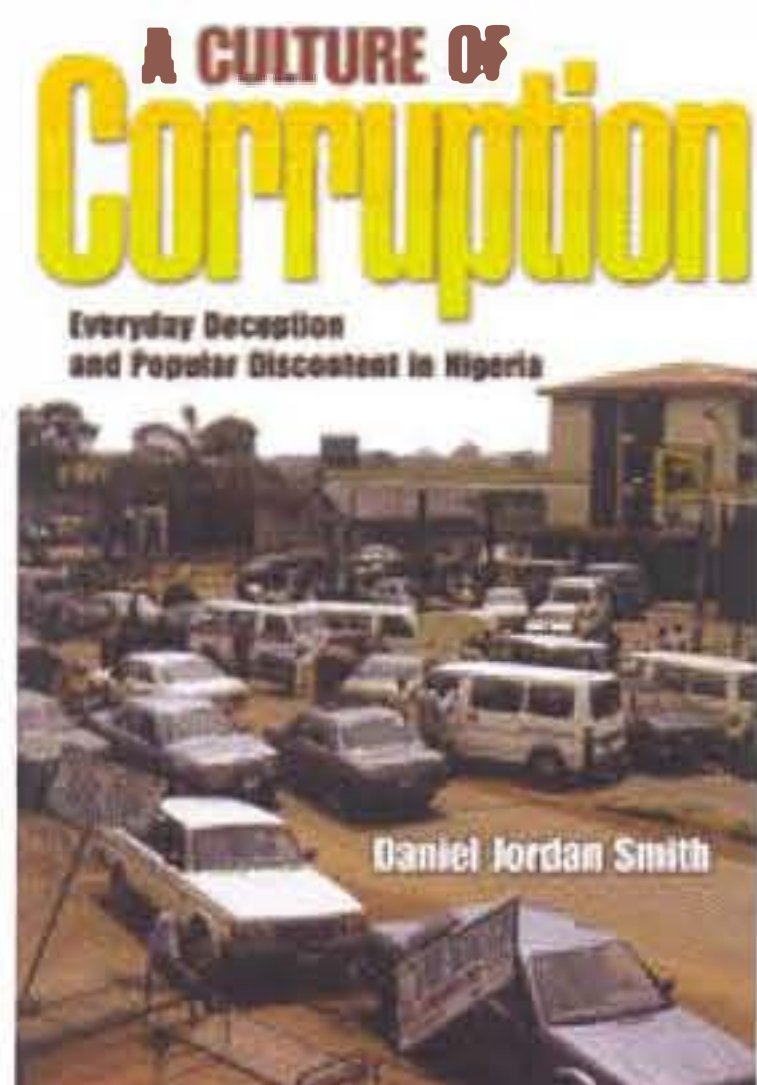
The only rebel forces controlling diamond-producing areas today are in Cote d'Ivoire, where they account for less than 0.2% of the world's production. There has to be a political settlement to end this crisis. But even after that, the Kimberley Process will go on playing an important role in preventing conflicts from flaring up again.

The European Union has started to implement an action plan on Kimberley lines to stop timber fuelling wars, and intends to work with others in the international community to prevent other natural resources from feeding conflicts too.

**BOOK REVIEW**

**A Culture of Corruption: Everyday Deception and Discontent by Danial Jordan Smith**

Paperback: 296 pages  
 Publisher: Princeton University Press (February 25, 2008)  
 Language: English  
 ISBN-10: 0691136475  
 ISBN-13: 978-0691136479





#### About the Author

Daniel Jordan is associate professor of anthropology at Brown University. He has worked in Nigeria since the late 1980's first as a public health adviser with a non-governmental organization and later as an anthropologist.

#### About the book

By all measurements Nigeria, richly endowed with natural and human resources and the United States' fifth largest source of imported oil, should be one of the most prosperous of the world's developing countries. Instead it is one of the poorest. No one has done a better job than Daniel Jordan Smith of showing how and why the cancer of corruption has hobbled the giant of Africa. A Culture of Corruption is an absorbing cultural study by an anthropologist who deeply cares about the society into which he has married.

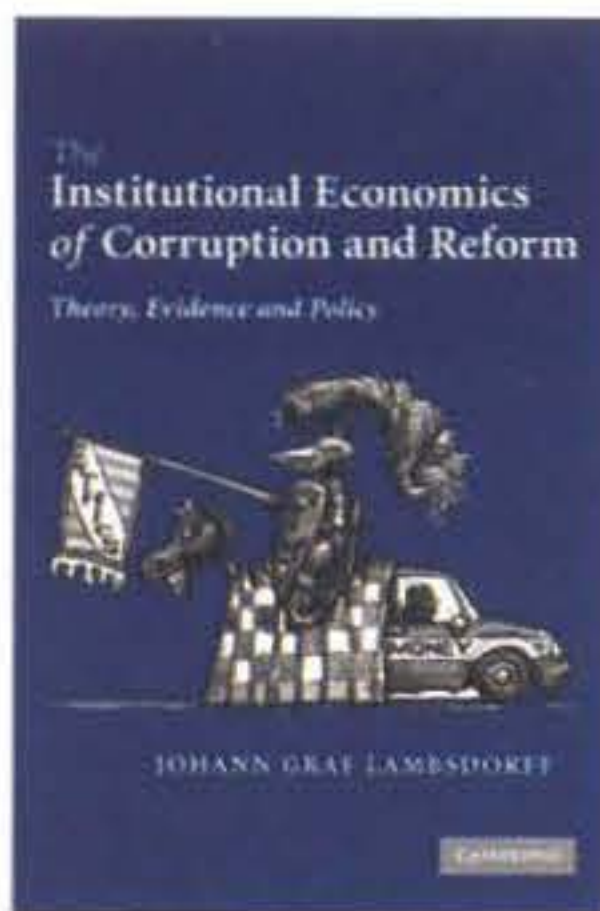
(Walter Carrington, former U.S. Ambassador to Nigeria)

#### Product Description

E-mails proposing an "urgent business relationship" help make fraud Nigeria's largest source of foreign revenue after oil. But scams are also a central part of Nigeria's domestic cultural landscape. Corruption is so widespread in Nigeria that its citizens call it simply "the Nigerian factor." Willing or unwilling participants in corruption at every turn, Nigerians are deeply ambivalent about it--resigning themselves to it, justifying it, or complaining about it. They are painfully aware of the damage corruption does to their country and see themselves as their own worst enemies, but they have been unable to stop it. 'A Culture of Corruption' is a profound and sympathetic attempt to understand the dilemmas average Nigerian face every day as they try to get ahead--or just survive--in a society riddled with corruption.

Drawing on firsthand experience, Daniel Jordan Smith paints a vivid portrait of Nigerian corruption--of nationwide fuel shortages in Africa's oil-producing giant, internet cafes' where the young launch their e-mail scams, checkpoints where the drivers must bribe police, bogus organizations that siphon development aid and houses painted with the fraud-preventive words "not for sale." This is a country where "419" the number of an antifraud statute --has become an inescapable part of the culture, and so universal as a metaphor for deception that even a betrayed lover can say, "He played me 419." It is impossible to comprehend Nigeria today--from vigilantism and resurgent ethnic nationalism to rising Pentecostalism and accusations of witchcraft and cannibalism--without understanding the role played by corruption and popular reactions to it.

**The Institutional Economics of Corruption and Reform: Theory, Evidence and Policy by Johann Graf Lambsdorff**



Paperback: 300 pages  
 Publisher: Cambridge University Press; 1 edition ( July 10, 2008)  
 Language: English  
 ISBN-10: 0521068673  
 ISBN-13: 978-0521068673

#### About the Author

Johann Graf Lambsdorff is Chair in Economic Theory at the University of Passau, Germany, and senior research consultant to Transparency International.

#### About the book

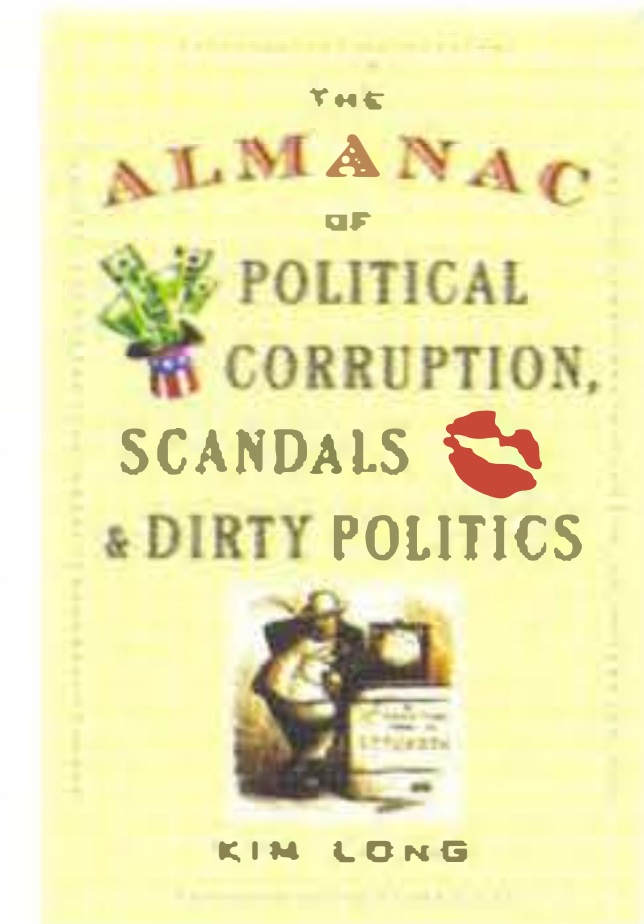
Corruption has been a feature of public institutions for centuries yet only relatively recently has it been made the subject of sustained scientific analysis. Lambsdorff shows how insight from institution economics can be used to develop a better understanding of why corruption occurs and the best policies to combat it. He argues that rather than being deterred by penalties, corrupt actors are more influenced by other factors such as the opportunism of their criminal counterparts and the danger of acquiring and unreliable reputation. This suggests a novel strategy for fighting corruption similar to the invisible hand that governs competitive markets. This strategy--the 'invisible foot'--shows that the unreliability of corrupt counterparts induces honesty and good governance even in the absence of good intentions. Combining theoretical research with state-of-the-art empirical investigations, this book will be an invaluable resource for researchers and policy-makers concerned with anti-corruption reform.

#### Book Description

This book shows how insight from institution economics can be used to develop a better understanding of why corruption occurs and the best policies to combat it. It will be an invaluable resource for researchers and policymakers concerned with anti-corruption reform.

**The Almanac of Political Corruption, Scandals & Dirty Politics by Kim Long**

Hardcover: 368 pages  
 Publisher: Delacorte Press (September 25, 2007)  
 Language: English  
 ISBN-10: 055380510X  
 ISBN-13: 978-0553805109



#### About the Author

Kim Long is the author of The American Forecaster Almanac, published annually since 1984. He has been a columnist with News America Syndicate, does market research for organizations and companies, and has written dozens of other books on history, business, and nature. He has been widely interviewed and has appeared on Good Morning America, CBS This Morning, NBC Sunday Today, CNN, NPR, CBS radio, Atlantic Monthly, Harpers, and USA Today.

Watergate, Billygate, Iran-Contra, Teapot Dome, Monica Lewinsky, American history is marked by era-defining misdeeds, indiscretions, and the kind of tabloid-ready scandals that politicians seem to do better than anyone else. Now, for the first time, one volume brings together 300 years of political wrongdoing in an illustrated history of politicians gone wild--proving that today's scoundrels aren't the first, worst, and surely won't be the last...

From high crimes to misdemeanors to moments of licentiousness and larceny, this unique compendium captures in complete, colorful detail the foibles, failings, peccadilloes, dirty tricks and astounding blunders committed by politicians behaving badly. Amid stories of brawlers, plagiarists, sexual predators, tax evaders, and the temporarily insane, this almanac tells all about:

- \* The only (so far!) president to be arrested while in office: Ulysses S. Grant, who was allegedly issued a ticket for racing his horse and buggy through the streets of Washington, D.C.
- \* The former New Jersey state senator David L. Friedland, who disappeared during a scuba diving accident in 1985. It turns out the staged the accident and served nine years in prison after being captured in the Maldives.
- \* Tape-recorded instructions from highbrow president Franklin Delano Roosevelt on how his staff should carry out some low-down political tricks.
- \* The bizarre story of U.S. congressman Robert Potter, who castrated two men he suspected of having affairs with his wife. Potter won election to the state house while in jail--but was kicked out for cheating at cards.
- \* Texas congressman Henry Barbosa Gonzales: he was charged with assault in 1986 after he shoved and hit a man who called him a communist. Gonzales was seventy years old at the time.

## EVENTS &amp; ACTIVITIES

## APRIL 2008

April 7 - Meeting with the Embassy of Sweden

Richard Yeoh and Theresa Stanslas met with the Deputy Ambassador of Sweden to discuss the possibility of funding and assistance for the Freedom of Information Workshop, to be held in October, 2008.

April 23 - "The Reform of ACA," Wisma Bernama

Datuik Mohd Ali Hasan spoke on Bernama TV panel discussion on "The Reform of the ACA".

April 24 - Occasional Talk by Tunku Abdul Aziz, The Bar Council

Tunku Abdul Aziz spoke on the "Realities of Malaysian Life" at the Bar Council Auditorium.

## MAY 2008

May 20-25 - Theresa Stanslas and Dr KM Loi attended the TI Strategic Meeting in Manila

Theresa Stanslas and Dr KM Loi attended the TI Strategic Meeting in Manila to discuss programmes and projects run by TI Chapters in Asia Pacific.

May 21 - TIM Presentation in Manila

Theresa Stanslas spoke on TI-M Judicial Integrity Programme in Manila



## JUNE 2008

June 9-11 - Dato' Ali attended a conference in Doha called "Corruption Free Asia; A Long Term Vision."

June 10 - Visit by the Netherlands Embassy, TI-M Office

TI-M Office hosted a visit by Ms Jacob Bolderheij, Head of Economic and Trade Section, of the Netherlands Embassy and Mathilde of the Export Promotion Board of the Netherlands Ministry of Econo-

mic Affairs. The purpose of the meeting was to learn about TI-M's work as well as the state of transparency in Malaysia.

June 12 - Launch of UNDP Report on Corruption

The Asia-Pacific Human Development Report (APHDR) 2008 Report entitled "Tackling Corruption, Transforming Lives" was launched by Tan Sri Navaratnam.

June 13 - Visit to Konrad Adenauer Foundation

Tan Sri Megat Najmuddin, Richard Yeoh & Theresa Stanslas visited Dr Thomas Knirsch, Representative of KAF to discuss possible collaboration in research work on political financing.

June 16 - Tunku Aziz speaks to Perak Academy

TIM Founder, Tunku Abdul Aziz Ibrahim spoke on "The benefits and advantages of a corruption-free administration" to members and guests of the Perak Academy in Ipoh. Dr Y K Chin who accompanied Tunku, also spoke on TI's work and organization.

June 19 - CEO Forum, Securities Commission

The CEO Forum entitled "Transparency In Motion" was organized by TI-M at the Securities Commission. The forum was packed with about 200 participants from the private sectors, banks, international organizations, embassies, government officials, and representatives of non-governmental organization and civil societies.

June 21 - TIM-ACEM sign Memorandum of Collaboration

Tan Sri Navaratnam represented TIM in signing the MoC with the Association of Consulting Engineers, Malaysia

June 26 - Institution of Surveyors, Malaysia Congress

Dr YK Chin spoke on "Enhancement of Integrity for professionalism" at the Institution of Surveyors' Annual Conference.

June 28 - TIM-MPMA sign Memorandum of Collaboration

Tan Sri Navaratnam represented TIM in the signing with Malaysian Plastics Manufacturers' Association which was represented by its President Mr Lim Kok Boon. The signing was witnessed by Y.B. Dato' Jacob Dungau Sagan, Deputy Minister of International Trade & Industry.

## Executive Committee 2007 - 2009

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