



# Transparency

the global coalition against corruption

TRANSPARENCY INTERNATIONAL - MALAYSIA

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*Tasik Chini - View approaching Orang Asli settlement*

## Tasik Chini – A National Heritage in Peril

*Victor Soosai & Amaravathy Sivalingam*

**T**asik Chini is Malaysia's second largest fresh water lake system and its pioneer UNESCO biosphere reserve - the only site in Malaysia to be conserved as a biosphere for its interesting features and intrinsic values.

Located at the South Eastern State of Pahang, Tasik Chini is made up of 12 lakes which are referred to as 'The Sea' by

the *Orang Asli*. Every lake has its own name and the total area of the lake is about 202 hectares. The area surrounding Tasik Chini consists of mountains that greatly resemble the arch of a dragon's back. Mount Chini, in particular with a height exceeding 640 meters, magnifies the beauty of the lake.

Tasik Chini consists of multitude habitats and diverse biological resources. It is home to some 200 species of birds, 240 species of fish, 51 species of plants of the lowland forest type, several species of freshwater swamp forest crops and 25 species of aquatic plants.

The lake plays an important role as a natural wetland ecosystem as its presence reduces the frequency, level and velocity of floods and riverbank erosion. Wetlands act as natural sponges that absorb floodwater, and help protect

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The Orang Asli of Tasik Chini (photo: Dr. Henry Chan Chok Khuang, Fellow, Asian Public Intellectuals)

adjacent and downstream areas from flood damage. It can also help recharge ground water aquifers by holding water and allowing it to infiltrate the ground slowly. The Tasik Chini wetland plays an important role in providing fisheries as a source of revenue to the local people.

The main community that inhabits the area are the Jakun, as well as some Semelai, Indians and Europeans who are there as a result of inter-marriages.

The local community in Tasik Chini has an intimate spiritual connection with the lake's ecosystem as reflected in their culture and folklore. Legend has it that the lake was the site of an ancient Khmer city known as the Lost City of Gold, now completely submerged and guarded by mystical monsters. The Jakun people believe that the serpent Naga Seri Gumum is the spirit and guardian of the lake. This has attracted archaeologists to Tasik Chini, and structures have indeed been located on the bottom of the lake.

In 1995, the quiet and resolute Tasik Chini became National news when its forests surrounding the lake system were found dying. Further studies found that a weir that was built to manage the water level has caused negative impact to the environment. The decision to build the weir was reached due to very low levels of water that had caused major challenges to navigation of boats - the only mode of transportation - used by the local community.

Although the weir maintained the water level, it did not contain a mechanism to reduce or increase water level, thus inundating the lake system and the stagnant water became hazardous to the surrounding environment. The

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Map of Tasik Chini (courtesy of Institute of Foresters, Malaysia)

situation was rectified in early 2000 with a mechanism to adjust the water level. However, the water level could not be maintained to revive the system to its natural state of equilibrium.

In addition, economic activities such as the expansion of plantations and mining within the Tasik Chini area is further degrading environmental quality of the site affecting livelihood options of the local community that has been

# Corruption Perception Index (CPI): Wake Up Call for Malaysia

**M**alaysia's 2011 CPI score which was released on 1 December fell to 4.3 from 4.4 the previous year. This downward trend has continued for the past three years. Significantly, it is below the government's New Key Result Areas (NKRA) benchmark of 4.9.

Year	Country Ranking	CPI Score
2011	60	4.3
2010	56	4.4
2009	56	4.5
2008	47	5.1
2007	43	5.1
2006	44	5.0
2005	39	5.1
2004	39	5.0
2003	37	5.2
2002	33	4.9

## Malaysia's Country Ranking and CPI Score over the past 10 years

"The continuous decline should serve as a wake-up call to the Malaysian Anti Corruption Commission (MACC) and government leaders", said Josie Fernandez, Secretary General of TI-M. The CPI has not improved despite the increasing number of government initiatives to fight corruption such as the fight against corruption being one of the 6 key National Key Result Areas (NKRAs) of the government's

*Within other ASEAN nations, Thailand, Singapore and Brunei have also shown slight declines in their CPI scores. Improvements were recorded for Indonesia, Vietnam and the Philippines among others.*



TI-M's Deputy President, Prof. Ali Hassan, Secretary General, Josie Fernandez, and Exco member Ngooi Chiu Ing presenting the CPI results

transformation programme and the enactment into law of the Whistleblower Act.

As highlighted by Prof. Datuk Mohamad Ali Hasan, TI-M's Deputy President at the release of the results, Malaysia needs to act on "grand corruption" which is prevalent in the awarding of mega projects without open tenders, inflated military procurement and the close nexus between business and politics that is shrouded in secrecy.

"Singapore is way ahead and I would like to point out that Indonesia is improving very fast and may overtake us because Indonesia has shown some will," said Josie Fernandez.

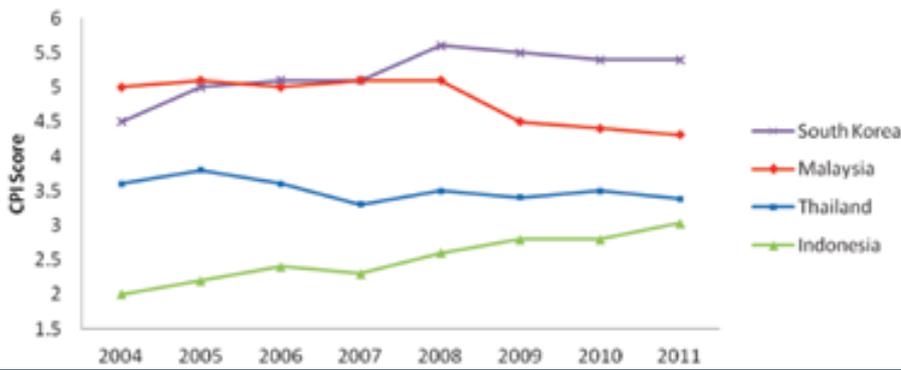
*"This year we have seen corruption on protestors' banners, be they rich or poor. Whether in a Europe hit by debt crisis or an Arab world starting a new political era, leaders must heed the demands for better government"* – Huguette Labell, Chair of Transparency International

Globally, nearly three quarters of the countries surveyed scored below five on their CPI, continuing a trend seen in previous years. However, 2011 brought about worldwide protests and demonstrations with people now seeking greater transparency and accountability from their leaders. It is hoped that the wave of reforms happening around the world will drive better governance and transparency, and that this will translate into improvements in future CPI results.

Country Rank	Country / Territory	2011 Score
1	New Zealand	9.5
2	Denmark	9.4
2	Finland	9.4
...	...	...
57	Czech Republic	4.4
57	Namibia	4.4
57	Saudi Arabia	4.4
60	Malaysia	4.3
61	Cuba	4.2
61	Latvia	4.2
61	Turkey	4.2
...	...	...
180	Myanmar	1.5
182	Korea (North)	1.0
182	Somalia	1.0

Snapshot of Country Ranking and CPI scores

## CPI Scores - Selected ASEAN Countries & South Korea



To find out more about the CPI, including the methodology and objectives, please visit Transparency International's Global website at:

[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

CPI Scores of selected ASEAN Countries and South Korea

### Press coverage:



#### Malaysia's corruption score falls again

UPDATED @ 02:22:53 PM 01-12-2011

KUALA LUMPUR, Dec 1 — Malaysia's Corruption Perception Index (CPI) score has worsened for the third year running, slipping to 4.3 this year from 4.4 in 2010, according to a Transparency International Malaysia (TI-M) report. Malaysia's country ranking also fell to 60 out of 183 countries from 56 out of 178 last year.



#### Wake-up call for nation

Posted on 2 December 2011 - 05:25am

PETALING JAYA (Dec 2, 2011): Malaysia's Transparency International Corruption Perception Index (CPI) score has declined for the third year running, this time falling from 4.4 last year to 4.3. Its international position fell to 60th from 56th place among 183 countries.

## Corruption Barometer

The Corruption Barometer (CB) survey gauges the public's perspective on corruption in the country and to consider their willingness to engage in the fight against corruption. The 2011 survey was done specifically for Malaysia. (TI's Global Corruption Barometer (GCB) which is typically conducted every 2 years was not scheduled to be done in 2011.)

1,000 individuals were surveyed in face to face interviews in urban and rural areas. When respondents were asked "How has the level of corruption changed in the year?" the following was the result of the survey, showing that the public believed the level of corruption has reduced in the year.

Year	Increased	Same	Decreased
2011	37%	40%	23%
2010	46%	35%	19%

How has the level of corruption changed in the year?  
Blue numbers denote significant improvement

The same poll also showed that the level of petty corruption has gone down in 2011 with only 1.2% of respondents admitting to paying a bribe in the year compared to 9% in 2010.

While these significant improvements in perception and actual bribe payments are commendable, perception of government's effectiveness in fighting corruption has worsened.

Year	Increased	Same	Decreased
2011	49%	27%	25%
2010	48%	32%	20%

"How effective is the government in the fight against corruption?"  
Red numbers denote significant deterioration

The public also expects the level of corruption to increase in the next 3 years.

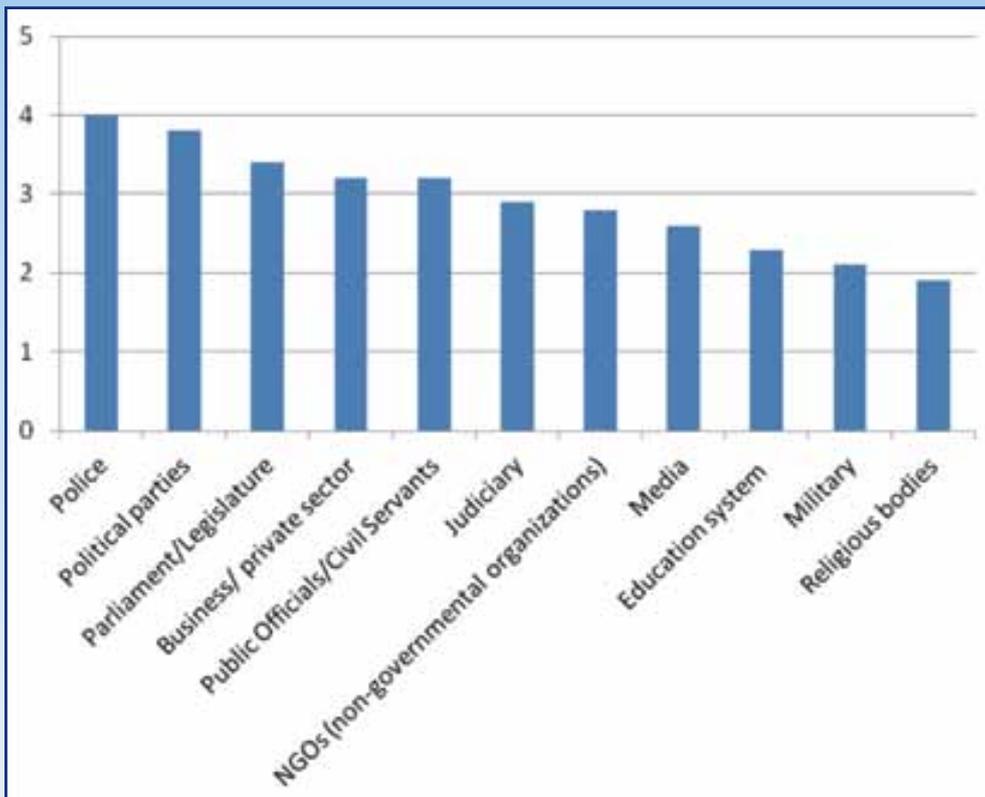
Year	Increased	Same	Decreased
2011	30%	40%	30%
2010	27%	44%	29%

"Do you expect the level of corruption in the next 3 years to change?"  
Red numbers denote significant deterioration

These results can be due to the public's perception of double standards and selective prosecutions by enforcement agencies in the discharge of their duties.

This is consistent with survey results which noted that perceived corruption within parliament/legislature has

increased from the previous year, while other institutions have seen improvements in their scores.



Perceived corruption in 11 institutions in the country

To improve the CPI and CB results, TI-M called on the government to immediately:

- i) Make the MACC more independent and autonomous to reinforce the rule of law without bias and give it prosecution powers to pursue corruption cases against officials of all levels.
- ii) Improve protection of whistleblowers to encourage them to come forward
- iii) Reform political financing and regulate political parties and elections as well as public disclosure of politicians' assets



The Secretary General stresses a point



A section of the guests and media present

- iv) Promote freedom of information by repealing and curbing legislation such as the Official Secrets Act and Sedition Act
- v) Enforce existing laws and policies, including money laundering and transfers by suspects in high profile corruption cases and applying stiffer penalties for corruption convictions
- vi) Make the awarding of all government contracts more transparent by implementing Integrity Pacts in all government procurement
- vii) Implement the core Electoral Reforms that have been submitted to the Parliamentary Select Committee on Electoral Reforms ■

# Sustainability of Forests within the Framework of Sustainable Development

**U**rgent solutions are needed to address the rapid loss of Malaysia's natural forests, the continued opening of forests for plantations, the displacement of indigenous people and the destruction of species.

The Forest Governance Integrity Project (FGI) of Transparency International – Malaysia therefore organized a one day forum on **The Forest Factor in Sustainable Development** at the Grand Dorsett Subang Hotel on 15 December 2011.

The event brought together 82 stakeholders including key officials from the Ministry of Natural Resources and Environment, Forestry Department of Peninsular Malaysia, Sabah and Sarawak, Malaysian Anti Corruption Commission, foreign missions, NGOs and academics.

Dato' Dr. Hj. Abdul Rahman Abdul Rahim, the Director General of Forestry, Peninsular Malaysia highlighted in his Keynote Address that Malaysia has adopted the principles of sustainable development defined by the Brundtland report or the report of the world commission on Environment and Development at the 1992 United Nations Conference on Environment and Development (UNCED)/Earth Summit held at Rio de Janeiro that ensures Economic growth, Social progress and Protection of the Environment together with the natural resources.

Josie M. Fernandez, Secretary General of Transparency International–Malaysia in her opening address said "a nation's sustainable development is linked to environmental



*YBhg. Dato' Dr. Hj. Abdul Rahman presenting the keynote address*

security in which the health of the rainforests is a crucial factor and that the rapid loss of forests for agriculture activities are most disturbing". "TI-M," Josie said, "calls for the urgent implementation and enforcement of sustainable development policies in forestry matters."

In his presentation **Progress and Challenges to Forests Sustainability**, Dato' Dr. Hj. Abdul Rahman proposed the way forward for Malaysia was to commit to 'Forest Management Certification'; strengthen forest laws and enforcement; collaborate with interested parties; and expand forestry related Research and Development and innovations.



*Participants of Forestry Forum Forest Factor in Sustainable Development*

TRANSPARENCY INTERNATIONAL - MALAYSIA  
 BEST GOVERNANCE INTEGRITY (FGI) PROGRAMME  
**FORESTRY FORUM**  
**FACTOR IN SUSTAINABLE DEVELOPMENT**

15 DECEMBER 2011

RAND DORSETT SUBANG HOTEL, SUBANG JAYA, SELANGOR

COLLABORATION :



(from left): Ms. Josie M. Fernandez, Secretary General of TI-M; YBhg. Dato' Dr. Hj. Abd. Rahman bin Hj. Abd. Rahim, Director General of Forestry, Peninsular Malaysia; and Alan Kirupakaran, Executive Director of TI-M responding to questions from the press

Rahim Sulaiman, Deputy Director, Management, Forestry Sabah informed that as much as 80,000 hectares have been allocated for oil palm plantations and another 40,000 hectares are to be added under the allocation. In his presentation, Hj. Sapuan Ahmad, Deputy Director of Sarawak State Government announced that 2 million hectares of land have been allocated for oil palm plantation.

The State Governments highlighted that agriculture activities such as the oil palm and rubber plantations are major revenue earners for the State. State officials said that if the state governments had access to federal revenues, the opening of forests for plantation agriculture would be halted.

The loss of forests through illegal logging was another concern raised by Azmi bin Hj. Mohd, Deputy Commissioner, Investigation Division, Malaysian Anti Corruption Commission.



Mr. Gurmit Singh, Chairperson of Centre for Environment, Technology and Development (CETDEM) actively participating in forum discussion

Transparency International – Malaysia announced that it will be launching its forest watch website [www.timalaysia-forestwatch.org.my](http://www.timalaysia-forestwatch.org.my) to involve the public to become eyes and ears of the forests. The initiative educates the public on the usage of geospatial technology such as the Google Earth and report suspicious or illegal activities through the website.

He highlighted that there were 46 reports of corruption in relation to illegal logging in 2010 compared to 33 in 2009. This was found to be an indication that the public is becoming more aware of issues related to illegal logging.

Participants at the discussion on indigenous people's rights to land noted that customary law is a source of law under the constitution. Associate Professor Dr. Ramy Bulan, Director of Malaysian Indigenous Studies, University Malaya informed that a morally defensible concept of native rights must take into account the statutory, the common law and the indigenous perspectives under customs. Any inadequacy in statutory law must be dealt with by reference to supreme law, the constitution, for full recognition of Aboriginal Rights.

According to Ramy Bulan, the challenge is that there are procedures to channel complaints and express their rights but they do not reach the right people as the complaints are usually not thoroughly entertained because there is no express reference to *Orang Asli* in the National Land Code although there is a mention that under certain conditions the loggers must not intrude certain areas of *Orang Asli*.

Participants proposed that Malaysia revise the policy of opening up of more forests for plantations and forest conversion for oil palm. ■



The Weir (photos: Dr Henry Chan)

depending on its rich natural resources for centuries.

Recognizing the challenges related to Tasik Chini, the Forest Governance Integrity Project (FGI) of Transparency International-Malaysia organized a 1-day **Workshop Care to Action: Multi-Pronged Strategy Needed to Reverse the Decline of Tasik Chini** at the Grand Dorsett, Subang Jaya, Selangor on 26 November 2011. The Workshop gathered 55 stakeholders from various federal and state government agencies, non-governmental-organizations, community-based-organizations, academia and the media to discuss pertinent issues and solutions to the environmental degradation of Tasik Chini.

“Governance and accountability in the economic development around Tasik Chini are key issues to be addressed to protect the lake and the community and there is an urgent need to resuscitate what has been lost,” said Ms. Josie M. Fernandez, Secretary General of Transparency International – Malaysia, in her Welcome Address.

In his Opening Speech, Dr. Azimuddin B. Bahari, Undersecretary of Mineral and Geo-science Division of the



Land clearing for agriculture activities (courtesy of Institute of Foresters, Malaysia)

Ministry of Natural Resources and Environment, Malaysia (MNRE) said, “In addition to the environmental conservation strategy there must be multi pronged strategies based on the principles of sustainability, good governance and recognition of the community, particularly the Jakun community as the guardian of the locality”. He was representing the Secretary General of the Ministry of Natural Resources and Environment, Malaysia at the Workshop.

In addition to the environmental degradation caused by the building of the weir, the Workshop identified agricultural, mining and logging (legal and illegal) activities to be affecting the health of the lake. The water quality has deteriorated to the extent that it is no longer safe for either consumption or swimming.



From left: Awang Alok, head of Orang Asli community in Tasik Chini relating his experiences and challenges to Tasik Chini and Ms. Josie M. Fernandez, Secretary General of Transparency International – Malaysia, chairing the session

“We are afraid to even dip our hands into the water,” said Awang bin Alok, head of the Orang Asli community in Tasik Chini.

According to Josie M. Fernandez, the run-off from fertilizers and pesticides used in plantations and waste from mining activities are affecting the water quality of the lake.

Prof. Dr. Maketab, President of the Malaysian Nature Society and a water quality expert confirmed that the Penyor



Dr. Azimuddin B. Bahari, Undersecretary, Mineral & Geo-science Division, Ministry of Natural Resources and Environment, Malaysia (right) and Dr. Habibah Ahmad, Senior Lecturer at Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia (middle)

mines that harvest Cobalt and Manganese is causing water pollution and run off from the Jembarau oil palm in the vicinity is also aiding eutrophication of the lake system. He further informed that the legal logging at Bt. Tembakang and illegal logging activities continue to degrade the health of Tasik Chini.

Tasik Chini's environmental Impacts include degradation of the health of the surrounding forests, reduced lotuses *Nelumbo nucifera*, fish and forests species, increased pest species such as misai kucing (*Cabomba caroliniana*) and Rasau (*Pandanus helicopus*) that are choking the system.

The Workshop recognized that a combined effort is needed to reverse the decline of Tasik Chini. The following resolutions were adopted with the participants having the confidence that Tasik Chini will be restored to its past glory. ■

### Preserving Intrinsic Values of Tasik Chini as a Resort & Heritage

- Restrict use of Tasik Chini as a resort, based on conditions of UNESCO's Biosphere Reserve site.
- Landuse to be controlled.
- Felda (oil palm plantation) schemes & rubber plantations to be relocated to another site. Alternatively adopt stringent mitigation measures with regards to pesticides, herbicides, etc.
- Mining activities to follow stringent guidelines in managing waste water, following the bench marks of developed countries.
- Natural vegetation & water quality to be restored.
- Preserve mythology, legend, culture, tradition & lifestyle of the Orang Asli.
- The Orang Asli should never be relocated.
- The Orang Asli are to be introduced with new innovations to enhance agriculture produce instead of opening more areas for agriculture.

### Sustainable Management of Natural Resources Surrounding Tasik Chini

#### How to Sustain the Resources?

- The State Government to agree that the water catchment area is the boundary (by gradient).
- Mark and gazette the water catchment area + Enforcement.
- The weir/dam must be removed.
- Once the weir/dam is removed, counter action must be taken.
- Use RAMSA as reference/ management model.
- Use integrated management plan.
- Implement Environmental Impact Assessments.
- Study boat capacity / engine horsepower / waste from boat engine.
- The Federal Government through the Ministry of Natural Resources and Environment is in progress to conserve Tasik Chini.
- The State government to take serious action to counter the issues.

### Land Use & Equity Issues – Development Opportunities for Local Communities around Tasik Chini

**Policy Plan Work – to impose water shed management Plan.** Pahang State Government to prepare a special management plan for Tasik Chini.

- An Action Oriented Committee to be formed; inclusive of relevant government agencies, civil societies, non-governmental-organizations, academia and local communities of Tasik Chini.
- The Action Oriented Committee is to report to a Commission chaired by the Prime Minister of Malaysia.
- The focus of the Committee is to provide recommendations to the Commission.

**Social Action Working Group to be formed to pressure the Government to institute Policy Plan Work (formation of the Action Oriented Committee and Commission)**

- The Group is to petition the government through public

participation & media involvement to influence policy makers & the Sultan of Pahang.

- To participate in existing initiatives – UKM & MNRE
- To organize media visit to the site.
- The Group to consist of participants of the Workshop.

**Local Community Empowerment. The existing Persatuan Pelindung Tasik Chini (PPTC) plays an important role in the conservation of the lake system**

- It provides monitoring & protection, for example encroachment of a developer was addressed immediately and the site was restored by planting wild rubber tree seedlings and fruit trees. Other monitoring activities include illegal mining, fishing and camping.
- PPTC rehabilitates & restores degraded forest areas.
- PPTC provides education, awareness & eco-tourism activities. To provide capacity building programmes to prepare reports & lodge reports to address monitoring results.

Victor is the Manager of the FGI project and Amara is the Senior Project Officer

# Native Customary Rights To Land in Malaysia

**A** Talk on Native Customary Rights (NCR) Land in Malaysia was held on 13 August 2011 at the Saujana Resort Hotel, Subang. The speaker was YB Baru Bian, State Assembly Member for Ba'kelalan, Sarawak, who is a prominent lawyer and expert on NCR land in Malaysia. The talk, held as part of the Forest Governance Integrity (FGI) Programme, was aimed at raising public awareness and understanding of the issues and challenges related to the status of NCR land in Malaysia.

Bian spoke on the challenges faced by indigenous communities in relation to NCR land and his personal experiences of their struggle in court.

According to Bian, land rights issues are far from being solved and would require State Governments to survey and issue titles under native customary laws/ordinances or demarcate and gazette areas deemed to be native customary land (NCL). He highlighted some of the differing views over what comprises NCL as described by the State Government and the natives.

These include varied definitions of native terms like 'temuda', 'pemakai menua/menoa' and 'pulay'. 'Temuda', in the Iban language, is understood by most natives in Sarawak, with the exception of the nomadic Penan, as land in the vicinity of the longhouses that includes land cleared for farming and left to regenerate into forest. Beyond the 'temuda' extends an area of communal land for the collection of forest products, hunting, fishing and burial grounds.

'Pemakai menua' refers to the combined area of the 'temuda' that is marked by natural boundaries such as rivers, streams, watersheds, mountain ridges and other landmarks. 'Pulay' refers to reserved primary forests within areas of 'pemakai menua'. A lively question and answer session followed and stakeholders were interested to organise similar



*Bian ... State Governments must issue titles for NCR land*



*Participants suggested holding similar talks in Sarawak and Sabah*

talks in Sarawak and Sabah. The event brought together 37 stakeholder representatives, including five from the media. ■



*A lively question and answer session followed the talk*

# UN Anti Corruption Day Event – Moving Forward with Corporate Integrity

**T**I-M commemorated UN Anti Corruption Day on 9 December by highlighting initiatives the private sector can implement in fighting corruption. A briefing on “Moving Forward with Corporate Integrity” was held at the Royal Selangor Club, Bukit Kiara which was attended by members of the press and guests.

This briefing was intended to outline a roadmap on how companies can move beyond signing the Corporate Integrity Pledge (CIP) through implementing an Integrity System. The CIP was launched in March 2011.

Thumbprints Utd Sdn Bhd (TUSB) is one of Malaysia’s leading printing and packaging companies which is committed to conducting business in a transparent manner – they have been a TI-M Corporate member since 2001. TUSB signed the CIP in August 2011, and subsequently worked with TI-M to implement a Corporate Integrity System (CIS) which is based on Transparency International’s 6-Step Integrity Programme.

Tam Wah Fiong, Managing Director of TUSB gave an overview of their initial challenges, experiences and benefits in undertaking this exercise. Among the key success factors for the CIS are management buy-in, designating staff dedicated to supporting the CIS and instilling a culture of zero tolerance towards corruption within the organisation.

TUSB is already reaping the benefits of its CIS with improved client relations and a clear demonstration of their public commitment to integrity. After signing to the CIP, TUSB has shown that progressing to a CIS is the natural step forward. Tam’s message for companies was clear - taking a strong stand in fighting corruption does make business sense.

The briefing also saw Ravindran Devagunam, Director of the Fighting Corruption NKRA sharing the government’s anti-corruption initiatives for the private sector. ■



Tam explaining the collaboration between TUSB and TI-M

## Press coverage:



Saturday December 10, 2011

### Firm leaves integrity imprint

KUALA LUMPUR: When a businessman decided to adopt zero tolerance for corruption in his business, people told him he was doomed to fail.

On the contrary, Thumbprints Utd Sdn Bhd managing director Tam Wah Fiong’s (pic) printing business grew from RM10mil in sales in 1998 when it started out adopting ethical practices, to RM32mil last year.

Tam shared his experience during the Transparency International (TI) Malaysia seminar yesterday on Moving Forward on Corporate Integrity in conjunction with the United Nation’s Anti-Corruption Day.



Tam outlining TUSB’s Corporate Integrity initiatives

# Conference on “Building Integrity and Reducing Corruption Risks in Defence and Security”

## Launch of the TI Defence Budget Transparency Report

On 19 November, TI-M in collaboration with Transparency International’s Defence and Security Programme (DSP) organised a conference on “Building Integrity and Reducing Corruption Risks in Defence Security” at the Grand Dorsett Subang Hotel. The conference aimed to raise the public’s awareness on the issue of transparency in the arms trade. The use of defence contracts to fund political parties were also discussed.

The panel of speakers were Dr Mark Pyman, Director, International Defence and Security Programme, Transparency International (TI), Mr. Jan A. Soer, Deputy Head of Mission, Embassy of the Kingdom of the Netherlands and Dr. Kua



*Dr. Mark Pyman, Director of TI's Defence and Security Counter-Corruption Programme team*

Kia Soong, Director of SUARAM and a strong advocate for transparency in Arms Procurement. A total of 98 participants attended the conference – they included representatives from the Ministry of Defence, MACC, Treasury, Auditor General’s Office, National Defence University of Malaysia, retired military officers, academics and members of civil society. The event was covered by both the print and electronic media.

In conjunction with the conference, TI-M launched the TI Defence Budget Transparency Report which was produced by TI UK’s Defence and Security Counter-Corruption Programme (DSP).

In his welcoming address, Datuk Paul Low, the TI-M President highlighted a number of issues pertaining to defence expenditure and governance such as:

- lack of transparency in the purchasing process
- paying inflated prices for military equipment
- secrecy about defence procurements
- risk of state capture

The first presentation entitled “Building Integrity and Reducing Corruption Risk in Defence and Security” was by Dr Mark Pyman. He began by introducing the TI DSP initiative. It began in 2004, with the aim of reducing corruption risks in defence by working with nations, policy makers, defence companies and civil society. The team that is working on the programme consists of retired military officials, former senior officials of the Ministry of Defence, defence and industry experts, legal and financial experts, TI experts worldwide and secondees and interns.

Why should people care about defence spending? Defence and security personnel themselves, in discussions with TI, have expressed views against corruption because of several reasons:

- It is a waste of resources
- It impacts operational effectiveness
- It reduces public trust in the armed forces and police
- Defence corruption is very easy and so is a target for politicians, re-election budgets and reward for favours
- International companies avoid corrupt economies, and
- It has a big impact on operations in peacekeeping

Corruption risks in defence and security exist in several areas, including the political field, personnel, finance, operations and procurement.

There are various practical reform measures that can be undertaken to reduce corruption risks in defence and security:

1. Know the risks
2. Use good diagnostic tools
3. Use public surveys and metrics
4. Encourage transparency in defence budgets
5. Develop a counter-corruption plan
6. Engage the leadership, build confidence

## Country Rankings

<b>High Transparency (13)</b>	Bosnia & Herzegovina Costa Rica Croatia France	Germany New Zealand Norway	Portugal Slovakia South Africa Sweden	United Kingdom USA	
<b>Moderate to High Transparency (20)</b>	Botswana Brazil Chile Czech Republic	Ecuador Ghana Guatemala Kazakhstan	Kenya Mali Mongolia Mozambique	Peru Philippines Poland Russia	Slovenia South Korea Spain Ukraine
<b>Moderate Transparency (14)</b>	Argentina Bangladesh Bolivia Columbia	Indonesia Italy Liberia	FYR Macedonia Namibia Nepal Papua New Guinea	Sri Lanka Uganda Zambia	
<b>Moderate to Low Transparency (21)</b>	Afghanistan Albania Azerbaijan Bulgaria	Dominican Republic El Salvador Georgia India	Jordan <b>Malaysia</b> Mexico Morocco Nicaragua	Romania Rwanda Tanzania Thailand Trinidad & Tobago	Turkey Venezuela Vietnam
<b>Low Transparency (25)</b>	Algeria Angola Burkina Faso Cambodia Cameroon	Chad China DR Congo Egypt Eq. Guinea	Fiji Honduras Iraq Krygyz Republic Lebanon	Malawi Niger Nigeria Pakistan São Tomé e Príncipe	Saudi Arabia Senegal Serbia Timor Leste Yemen

7. Provide serious training in counter-corruption
8. Set clear standards of conduct for officials and officers
9. Introduce independent monitors on defence procurements
10. Actively engage the media and civil society
11. Work with the defence and security contractors
12. Establish a counter-corruption director and team

In an effort to improve defence budget transparency, TI has embarked on a global survey of national defence budgets. There is currently no comparative global data, and the TI report "The Transparency of National Defence Budgets" is a first look at 93 countries.



Conference participants



Seminar speakers (L to R): Dr. Mark Pyman, Director, International Defence and Security Programme, Transparency International; Josie M. Fernandez, TI-M Secretary General; Mr. Jan A. Soer, Deputy head of Mission, Embassy of the Kingdom of the Netherlands; Dr. Kua Kia Soong, Director, Suaram

The results of the survey, in overview, are:

- 60 out of 93 nations have moderate to low defence budget transparency
- The lowest levels of budget transparency are found in the Middle East and Africa
- Asia and Latin America each show a wide range of budget transparency

Malaysia's performance in the survey is mixed. On the positive side, it does provide the executive's budget proposal, enacted budget and audit report to the public. However, the defence budget has very little detail in it. Moreover, secret items in its budget reached more than 8.5% of the total expenditure.

In comparison, the percentage of secret items relating to national security in South Korea is 0.26%. In New Zealand, such expenditure is also less than 1%. In Germany, secret items added up to 0.6%.

The second presentation entitled **“The Dutch Position Towards a Robust UN Arms Trade Treaty”** was by Jan A. Soer.

The Netherlands has adopted a robust position towards the arms treaty but this does not mean that the country wants to stop the arms trade. The Netherlands has some defence manufacturing capacity, and although in an ideal world there would not be any arms, in the present reality it is important to ensure that arms do not fall into the wrong hands.

The arms trade needs to be regulated to prevent their misuse for piracy and regimes like the Taliban. A comprehensive international instrument is needed to set the standards for a responsible arms trade to exist.

In 2012, the Netherlands will be pushing for a robust treaty with broad participation. The treaty should be as ambitious as possible so that meaningful national legislation can be developed based on its principles.

The Netherlands government looks forward to the implementation of the treaty by all countries.

The third presentation entitled **“Questioning Arms Spending in Malaysia”** was by Dr. Kua Kia Soong.

A number of questions arise concerning the transparency of Malaysia’s defence policy. The first is whether ASEAN countries are engaged in an arms race. Since the end of the Cold War, defence spending in the region has risen by 10%. Secondly, the stated purpose of Malaysia’s defence policy is “deterrence and forward defence”. However, it is unclear who its enemies are.

A comparison between the budget allocations for defence and health from Malaysia’s First Five Year Plan (1955-1960) until the 10th Malaysia Plan (2011-2015) shows that it has ballooned from RM35 million in the first plan to RM23 billion in the current plan.

Another significant trend is the growth of Malaysia’s military-industrial complex that has been fuelled by the outsourcing of Western arms companies. Facilities have grown up in Pekan, Sungai Buloh and elsewhere.

Dr. Kua made the following proposals:

- ASEAN needs to pool resources to save on defence expenditure as countries in Europe have done
- Defence budgets should be slashed to below 1% of GDP
- military production converted to the civilian economy

He advocated for a Non-Aligned Policy which is based on a culture of peace that respects human dignity, social justice, human rights and democracy.

Press coverage:

**malaysiakini**  
news and views that matter

## Defence budget transparency rated 'moderate to low'

Malaysia’s defence budget was found by an international index in 2010 to have ‘moderate to low’ transparency. According to the Transparency of Defence Budgets Report by Transparency International launched in Subang today, Malaysia scored 4.5 points with 12 being the most transparent.

This places Malaysia alongside countries like Afghanistan, Thailand, Georgia and Azerbaijan.



*A section of the Conference Participants*

## Comments and Suggestions from the Floor

- It would be useful for the public to have templates for disclosure on defence matters
- To discuss military expenditure in parliament, MPs also need access to comparative costs
- The Auditor-General is one of the best checks on defence corruption. For example, the UK Audit Office uncovered major scandals in the past 10 to 15 years
- There are also conflict of interest issues in Malaysia’s defence procurement landscape. For example, the largest defence contractor is owned by the Armed Forces Fund Board
- Malaysia has not bought any useful military hardware at all, according to a former military officer who had been involved in the selection process.
- The political culture of secrecy when referring to defence spending is not helpful as well. ■

# Defence Workshop – Toolkit for Integrity, Accountability and Transparency in Defence and Security

On 18 November 2011, a workshop for civil society representatives was conducted by Dr. Mark Pyman of TI-UK's Defence and Security Counter-Corruption Programme (DSP) on analysing defence budgets. Held at the Grand Dorsett Subang Hotel, it was attended by representatives from TI chapters in Indonesia and Philippines, and Malaysian NGOs such as Suaram, Aliran and Amnesty International. ■



Workshop participants discuss the tools with Dr. Mark Pyman

## Reforming Political Financing

### Electoral Reforms

TI-M was invited to present our position on Electoral Reforms to the Parliamentary Select Committee on Electoral Reforms at Parliament House on 11 November 2011. Datuk Paul Low (President), Josie M. Fernandez (Secretary General), Alan Kirupakaran (Executive Director) and Joseph Tong (Integrity Officer) attended. Copies of TI-M's memorandum on Reforming Political Financing submitted in May 2011 to the government were distributed to the committee. Recognising that not all reforms can be implemented at once, TI-M proposed the following seven recommendations to be implemented before the 13th General Election:

1. **Enhancing the Autonomy and Independent Functioning of the Election Commission**
2. **State Funding for Political Parties to Finance Their Electoral and Non-electoral Activities**
3. **Regulation of Reporting of Political Financing**
4. **Full disclosure of Political Party and Candidate Financing**
5. **Regulating Political Donations**
6. **Equal and Fair Coverage by and Access to Public Media**
7. **Establishing a Neutral Caretaker Government After Elections are Called**

An open and candid discussion followed, with members of the PSC requesting further information on a variety of areas. TI-M provided examples of how various forms of the proposed recommendations have been implemented in many countries, especially in Asia. ■

#### Press coverage:



Saturday November 12, 2011

### TI wants campaign expenditure disclosed to weed out money politics

KUALA LUMPUR: Transparency International (TI) Malaysia proposed that candidates and political parties be required to disclose the amount of money spent on election campaigns.

Its president **Datuk Paul Low** told the Parliamentary Select Committee (PSC) on electoral reforms that TI was concerned about money politics.

"All funds should be given to political parties, not individual candidates. The Election Commission should regulate the expenditure," he said during the first public hearing by Parliamentary Select Committee on electoral reforms in the Parliament meeting room yesterday.

Low said there must be a limit to the funding that each candidate got.

### 'Withholding allocations till election win is corruption'

malaysiakini Malaysiakini – Fri, Nov 11, 2011  
news and views that matter

# Conference: Making Business Sense from Integrity

**TI-M and the Federation of Malaysian Manufacturers (FMM) jointly organized a conference on “Making Business Sense from Integrity” on 10 November 2011.**

Held at FMM’s Wisma Institute in Kuala Lumpur, this conference is a follow up activity from the “Pledge to Fight Corruption by the Business Community”, signed by the six main chambers of commerce and industry in the country on 9 December 2010.

The objective of the conference was to raise the business community’s awareness on the value and importance of an anti-corruption programme to their business, and encourage companies to initiate an anti-corruption programme with tools provided by TI-M. The audience received updates on the latest international anti-bribery legislation and its impact on business and heard personal accounts from Malaysian businessmen of the rewards in implementing integrity systems in their companies.

The conference was opened by YM Raja Dato’ Abd Aziz Raja Muda Musa, Vice President of FMM. In his speech, Abd Aziz applauded the Government’s efforts in combating corruption in the public sector. He called on the private sector to join the fight against corruption, and cited examples of the high cost of corruption to businesses. Abd Aziz pointed out that a shift is taking place in the global business environment, with companies facing increasingly strong anti-bribery legislations. As such, he urged companies to start initiating integrity programmes internally as it would make good business sense for them.

Companies that shared their experiences included Thumb prints United Sdn Bhd (TUSB), Top Glove Sdn Bhd (TGSB) and Nestle (Malaysia). Participants representing Alcatel Lucent (M) Sdn Bhd, Karambunai Corp Bhd, Kumpulan Semesta Sdn Bhd (KSSB), Perbadanan Kemajuan Negeri Selangor (PKNS), Perwira Niaga Malaysia (PERNAMA), Sunway Berhad, Top Glove Sdn Bhd, Yokohama Batteries Sdn Bhd among others attended the conference.

## What the Speakers said...

- Dato’ Sri Hj Abu Kassim Mohamed (Chief Commissioner of Malaysian Anti-Corruption Commission (MACC)) touched on MACC’s process for handling complaints and reports from the public. Abu Kassim also conducted an impromptu survey of the conference participants and found that most had not been asked to give or gave a bribe, yet perceived corruption level in the country as high.
- Alan Kirupakaran (Executive Director of TI-M) spoke on “Impact of Corruption on the Business Sector”. He pointed out that rampant monetisation of politics and state capture as the two major reasons of increasing level of corruption



*YM Raja Dato’ Abd Aziz Raja Muda Musa spoke on the benefits of Integrity Systems to the private sector*

in the country. However, Alan also noted that the playing field is changing now as governments and regulators across the world are setting higher standard of governance and corporate sustainability, e.g. the adoption of the new extra-territorial UK Bribery Act 2010.

- Dr Mark Lovatt (TI-M’s Consultant on Corporate Governance) presented TI-M’s Corporate Integrity System (CIS). The System is a four-stage process based on the methodology developed by TI’s experience working with major multinational companies. Benefits of implementing the CIS include:
  - o Improved access to the MNC supply chain
  - o Funds channelled to products & services: genuine improved competitiveness
  - o Enhanced control of your business
  - o Risk mitigation: legal and brand
  - o Enhanced attractiveness to investors, especially international banks
  - o Heightened morale; improved staff retention
  - o Demonstration of CSR values
- Tam Wah Fiong (Managing Director of TUSB) shared his experience of working with TI-M to implement CIS in his company (see article on page 11 – Moving Forward with Corporate Integrity). He testified that the implementation of CIS has brought many benefits to his company, such as new business opportunities, international recognition, improved products quality and reduced cost of doing business.
- K. M. Lee (Managing Director of TGSB) shared with the audience Top Glove’s self-initiated anti-corruption measures which were started back in the 1990s’. Lee highlighted some of TGSB’s current initiatives such as the establishment of a Top Glove Prevention and Anti-Corruption Committee (TGPAC) to maintain the system and seek continuous improvement. TGSB employees are also asked to prominently wear their anti-corruption badge,

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# TI ANNUAL MEMBERSHIP MEETING

## 12 - 17 OCT 2011

### Berlin Germany

**T**ransparency International's (TI) Annual Membership Meeting (AMM) was held in Berlin from 12-17 October 2011. TI-M's Official Chapter Representative to the meeting was Josie Fernandez, the Secretary General.

More than 400 people from the Transparency International Movement gathered in Berlin from 14-16 October for its largest ever Annual Membership Meeting.

The proceedings included 20 'Connecting Sessions' in which participants talked about their experiences and offered each other advice on issues as diverse as social media and stolen asset recovery. TI-S aims to enhance Responsiveness, Presence, Performance and Impact at all levels through operations, advocacy and capacity in anti corruption work resulting in a stronger presence as civil society. Chapters are to be effective, sustainable and credible organizations.

The resolutions adopted were on aid effectiveness, government accountability in the Middle East and North Africa region, anti-corruption mechanisms for climate change finance, G20 action on stolen assets, and civil society participation in the United Nations Convention against Corruption country review process. These resolutions are immediate advocacy priorities for the Movement

In the election for the Board of Directors, the Movement re-elected Huguette Labelle (Canada) as chair and Akere Muna (Cameroon) as Vice-Chair. Two incumbent board members – Delia Ferreira Rubio (Argentina) and Rueben L. Lifuka (Zambia) – were re-elected. Four new board members were also elected: Jermyn P. Brooks (UK/Germany), Elena



A. Panfilova (Russia), José Carlos Ugaz (Peru) and Elisabeth Ungar Bleier (Colombia).

Appreciation was expressed for the four outgoing board members, Sion Assidon (Morocco), Boris Divjak (Bosnia and Herzegovina), Iftekhar Zaman (Bangladesh) and Gerard Zovighian (Lebanon).

TI-M proposed that as a global movement, TI should focus on developing and strengthening more chapters to reflect the global nature of the movement. There were no candidates from Asia offering themselves to be elected to the TI Board. As such TI-M proposed that a mechanism be established to nominate members to the Board to reflect constituency representation. ■

*continued from page 16*

which was subsequently extended to include visitors. The badge is displayed prominently at the gate, emphasised at meetings, given as souvenirs and displayed on company vehicles.

- Mohamed Shah Hashim (Executive Director – Legal and Secretarial of Nestle (Malaysia) Berhad) spoke about Nestle's own integrity system. Whistleblowing is a crucial element in Nestle's system. A good whistleblowing system must have support from the top management to create a strong culture of accountability, integrity and compliance. On the other hand, protection for whistleblowers, whether internally or externally, is equally crucial for a successful whistleblowing system. Nestle's system protects the identity of complainants who can also request for information on the progress of their reports. Mohamed Shah pointed out three "must haves" for a successful whistleblowing system:

(1) all reports must be investigated, (2) all investigations must be translated into actions, and (3) all reports must be genuine.

- Anthony Kevin Morais (Deputy Director – Legal and Prosecution Division of MACC) gave a detailed presentation on some of the key concepts and tenets of the Malaysian Anti-Corruption Commission Act 2009. These include "offence and penalties", "bribery of foreign officials", "gratification", "offence of accepting and giving gratification" and "protection of informers and information". Morais stated that the two main challenges in prosecuting were the difficulty in gathering concrete evidence and the inconsistencies in witness testimonies. However, he believed that with the new Whistleblower Protection Act 2010, it would help MACC in gathering more concrete evidence. ■

# 2011 TI Asia Pacific Programme Meeting (RPM) in Kuala Lumpur

**T**I-M hosted the RPM at the Saujana Hotel Resort, Subang from the 13th to 15th July 2011. A total of 65 delegates comprising of board members, executive directors and programme staff from 21 Asia Pacific chapters and the TI Secretariat attended this year's event.

TI-M's official representatives were the Secretary General and Executive Director. The President, several members of the Exco and programme staff attended various sessions during the RPM.

The RPM was preceded by an Induction programme for new and recently joined Executive Directors and Board Members from National Chapters in the Asia Pacific region. The programme covered an overview of the TI movement, its integrity policy and expectations, tools and products, the accreditation process, regional programmes and pioneering work of some of the local chapters.

Pascal Fabie, TI-S Group Director, Chapters Network and Support opened the RPM by giving an overview of the TI Strategy 2015 and highlighted its 6 strategic priorities – People, Institutions, Laws, Values, Working Together and Strengthening TI's Impact. In formulating their strategic plans, chapters were encouraged to support and adopt at least one of the strategic priorities.

TI's new National Integrity Studies (NIS) was also introduced along with its methodology and challenges. The NIS is an in-depth diagnostics tool developed by TI which has been used for the last 10 years. It has been implemented in several European countries, and most recently in Sri Lanka. It



*TI-M's Secretary General presenting a paper at the meeting*

measures the independence and integrity of 13 institutional pillars in a country, such as parliament, media, police, judiciary and others.

Other thematic areas discussed during the RPM include:

- The successes and challenges of Advocacy and Legal Advice Centres (ALACs) in the region
- Challenges to Advocacy in difficult political environments
- Advocating anti-corruption initiatives for G20 countries and UNCAC ratification
- Youth and education initiatives
- Importance of an independent electoral process

Discussions were also held to explore joint working opportunities among chapters. Among the areas identified were:

- Human trafficking
- Youth integrity survey

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*Delegates to the RPM*

- Exchange programme where staff are rotated among various chapters
- Sharing of research material and reports
- Identify a subject matter expert (either from a chapter or TI-S) for a particular theme
- Using regional forums (ASEAN, CHOGM) to push the anti-corruption agenda

## Outreach Programme

The Outreach Day programme brings together regional experts from government, business and civil society to forge innovative and concrete solutions for a chosen theme. It is also an opportunity to raise the profile of TI-M through examples of the movement's work. In line with TI-M's in-country initiatives, the theme for this year's event was "Confronting the Bribery and Corruption Nexus in the Private Sector".

The first part of the programme highlighted international experiences in countering bribery in the private sector. The speakers were Peter Wilkinson, Senior Advisor from the TI-S Private Sector team; Lee Chong San, Senior Advisor of TI and Individual Member; Ren Jianming, Vice Chair of TI China and Lawrence Stephens, Chair of TI Papua New Guinea. They touched on TI's private sector engagement, the Global

Reporting Initiative (GRI), China's new Anti-Bribery provision in its Criminal Law and Business Against Corruption Alliance formed in Papua New Guinea (PNG).

Part 2 covered Malaysia's experiences with the Corporate Integrity Pledges. The speakers were Datuk Paul Low, President of TI Malaysia; Ravindran Devagunam, Director-Fighting Corruption at the Performance Management and Delivery Unit (PEMANDU) in the Prime Minister's Department and K.M. Lee, Managing Director of Top Glove Sdn Bhd. Participants were given an introduction to private sector corruption in Malaysia, followed by the current and future plans of the Malaysian government to address this issue. It also included practical experiences and challenges of how a Malaysian company successfully introduced anti-corruption initiatives within its organisation.

The Outreach programme concluded with an offsite traditional Malaysian dinner at the Subak restaurant in Sungai Penchala for the delegates.

At the end of the RPM, an often repeated theme during various discussions was the importance of engaging with the younger generation to help raise awareness on the importance of fighting corruption and instilling integrity values at a young age. ■

# Selected Press Statements

**30 July, 2011**

## Transparency in Arms Deals Vital

The arms trade is one of the most corrupt prone sectors. The impact of corruption in the arms trade has severe consequences for citizens, governments and nations.

The payment of kickbacks and bribes in defence purchases inflate the cost of weapons and this impedes the ability of governments to defend their countries. When there is high level of secrecy in arms deals, weapons may end up in the hands of criminals and violent dictators ending in the cost of many lives.

Transparency in the purchase of arms will assist governments in checking that arms do not fall into the hands of those involved in criminal activities.

Taxpayers money intended for development needs such as education and healthcare have often been diverted to the purchase of arms with dire consequences for social development at national levels.

Member states of the United Nations are currently negotiating a UN treaty by 2012 to regulate the arms trade. Anti-corruption provisions will be an important part of the treaty. Transparency International Malaysia (TI-M) certainly

hopes that Malaysia will not object to the inclusion of anti-corruption provisions in the Arms Trade Treaty (ATT). The 27 member states of the European Union and others such as Australia, Costa Rica and South Africa are supporting the inclusion of anti-corruption provisions in the ATT.

Exporting governments, importing governments and defence companies are already beginning to introduce tools and mechanisms such as Integrity Pacts for greater transparency and accountability in defence procurement. Some of these tools include civilian oversight of defence procurement.

Strong anti-corruption tools and measures are vital in defence procurement as payments of bribes in defence purchases are widespread.

**27 October, 2011**

## Going After Root Causes (Ti-M letter)

Every year when the Auditor General presents his report many are shocked by the findings on many of areas of maladministration. Mismanagement has often included purchasing items at ridiculously high prices for equipment and tools, goods that are wrongly specified and cannot be

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used, facilities built grossly in excess of what is required and at inflated prices, and procurement done without tender, thus flouting regulations. While one may try to be politically correct, and say that these are “mistakes” made due to a lack of knowledge, poor training and mismanagement, one must not dismiss that there are elements of corruption here. Such misdeeds continue to occur year after year and actions that may have been taken (if any) against those who are accountable have not been made public. In addition, effective preventive measures must be instituted against such abuses. Going for significant improvement would require identifying the root causes that gave the abusers the opportunities to extract gains for themselves or for their proxies.

Corruption, defined as the abuse of entrusted power for personal gain, is often fed by the process of “state capture” whereby those in a position to determine or influence important decisions, abuse this privilege to change policies, procedures and processes to favour themselves or their proxies. State capture is usually carried out through a process of manipulation and may involve politicians, high-ranking officials and businessmen, all acting in a concerted manner to favour a bid (in case of tender) of their choice. The lopsided awards of concessions in the privatisation of utilities are classic examples of how state capture has occurred to benefit certain groups of individuals. In many cases, the civil servants who are involved in these processes do not benefit personally from them. But, either for fear of reprisal, or because they want to be obedient to their bosses, they may carry out certain instructions, even though they know that they are contrary to good governance. Furthermore, with the opaqueness in government decision making as fettered by the all-encompassing Official Secrets Act, public accountability is undermined.

State capture usually thrives in a highly politicised civil service administration where civil servants’ opinions are often disregarded and replaced by political expediencies. It is also prevalent where there are few or ineffective check-and-balance systems, and potential abusers believe that they can enjoy immunity from investigation and prosecution. Coupled with a lack of administrative reforms to strengthen accountability and the clarity of law and regulations, abusers can find it easy to extract economic rent from the state without the fear of being reprimanded.

In order to see a more significant improvement in its financial management, the government must take the bold step to remove any apparatus supporting corruption through the process of state capture. In addition, the process of procurement, especially for items involving large sums of money, must involve the participation of independent monitors at every stage of the tender process, starting from the need analysis, formulating the required specifications, prequalifying bidders, evaluation of tenders, and the implementation of the successful tender. What is currently practiced in the implementation of the MRT project is commendable, and the independent monitors nominated by the MACC and the Auditor General must exercise true independence without fear or favour.

With the increasing government budget deficit and the removal of subsidies, the public is demanding more accountability and public disclosure of how and what decisions are made.

### **9 December – UN Anti-Corruption Day**

## **Implement the United Nations Convention Against Corruption**

Transparency International Malaysia (TI-M) calls on the Malaysian Government to stop the devastating impact of grand corruption by implementing all measures proposed in the United Nations Convention Against Corruption (UNCAC).

The UNCAC came into force on 14 December, 2005 and Malaysia ratified the Convention in 2008.

It is disappointing that the Government has shown little political will in implementing the range of initiatives and measures proposed in the UNCAC. Asset recovery is a fundamental principle of the UNCAC. The government needs to put in place comprehensive legislation and procedures for both conviction and non conviction-based confiscation.

As cited by numerous reports, corrupt money transferred out of developing countries is estimated at between US \$20 billion to US \$40 billion annually, money that is much needed for development.

To implement the UNCAC effectively, the anti-corruption strategy must be transparent and agencies such as the Malaysian Anti-Corruption Commission (MACC) involved in combating corruption must have legal and political independence.

Malaysia needs to respond quicker to reform and implement legislation that will include the provisions of the UNCAC.

Asset recovery processes are complex requiring a great deal of expertise. Malaysia needs a cadre of specialist investigators and prosecutors to address grand corruption cases. Adequate resources should be provided for training, monitoring and evaluating under the UNCAC.

In cases of grand corruption, judicial cooperation is necessary for example to allow for temporary freezing or seizing of assets. Capacity building efforts are needed to put in place comprehensive legislation and procedures for both conviction and non conviction-based confiscation in relation to stolen assets.

The UNCAC Article 9 urges governments to take appropriate measures to promote transparency and accountability in the management of public finances, including timely reporting of revenue and expenditure; and calls on governments to also ensure such transparency and accountability with respect to returned assets.

Since an ounce of prevention is worth a pound of cure, special consideration should be given to anti-money laundering regulations in the fight against grand corruption.

# Press Interviews: July – Dec 2011

## **22 July – Star, TV1**

Subsequent to the public release of Royal Commission of Inquiry (RCI) report on the Teoh Beng Huat death, the media interviewed The President (reported in the Star newspaper) and Deputy President (on TV1's morning programme).

## **23 July – RTM Radio**

The Secretary General was interviewed by RTM Radio on its "Segmen Komentar Hari Ini dalam Program Selamat Pagi 1Malaysia" on the findings of the Royal Commission of Inquiry on the Teoh Beng Hock case.

## **26 July – TV Selangor, Sinar Harian**

The Secretary General and Executive Director attended a public forum on Reforms to the Electoral Process. Organised by the Karangkrak Group, the panellists included Datuk Wira Wan Ahmad, Deputy Chairman of the Election Commission EC and Datuk Ambiga Sreenivasan, Chairperson of Bersih 2.0. The EC maintained its position that it was only a Management Body tasked with overseeing the running of elections, and was not empowered to undertake enforcement action or reviews of existing election laws. The Secretary General was interviewed by TV Selangor and Sinar Harian after the event.

## **2 August – TV1**

The Deputy President was interviewed on TV1's Komentar programme on the topic 'Rasuah Tidak Kenal Sempadan'.

## **8 August – Globe and Mail (Canada)**

The President was interviewed by a reporter from the Globe and Mail, a Canadian newspaper. Some of the questions raised were the challenges faced by TI-M in fighting corruption in Malaysia, what form these challenges took and our hopes for transparency and integrity in Malaysia. He specifically also asked about TI-M's statement in March 2011 voicing our "grave concern" over "the numerous serious allegations of extraordinary corruption and abuse of power against the Chief Minister of Sarawak".

## **8 August – Sin Chew**

Sin Chew daily newspaper interviewed The President on the FGI project. Among areas covered were the statistics on logging by state, and key data on forestry in Malaysia.

## **16 August – Bernama TV**

The Secretary General was interviewed by Bernama TV on the announcement of the Parliamentary Select Committee on Electoral Reform by the PM for its 8pm news.

## **6 September – Durian.fm**

The President gave an interview to Durian.fm, a local online radio station which covers news, current affairs and politics among others. Among the topics covered were TI-M's role in Malaysia, challenges we face in implementing policies, good governance, how we overcome these challenges and public awareness of TI-M's work.

## **17 September – TV1**

The Deputy President was interviewed live on TV1's commentary programme for his views on the topic "Pemansuhan ISA: Harapan dan Nafas Baru".

## **19 September – Transparency Review**

The President was interviewed by AMG International, a publisher of magazines for corporations, including the Transparency Review for NKRA Rasuah. They are producing a magazine that will focus on Transparency matters, with a print run of 5,000 copies to be distributed to government agencies, the corporate sector in Malaysia and to MIDA and MATRADE offices around the world. The interview covered TI-M's work, Malaysia's CPI results, the government's efforts in making transparency a culture and how Malaysia's anti corruption efforts compare with that of other countries in the region.

## **24 September – TV3**

The Deputy President was interviewed by TV3's "360" programme on the subject of graft payment among Malaysians, both in the public and private sector. The programme was aired on 27/9 at 9pm.

## **29 September – Various Media**

A forestry workshop was held at the Boulevard Hotel, KL to discuss and review the FGI report on REDD+. Among papers presented were on REDD+ in Malaysia by University Putra Malaysia, Technology in Sustainability and REDD+ efforts by Kspartial Sdn Bhd and an overview of the FGI - PAC REDD+ by the FGI Asia Pacific Department. The President gave the opening address and was interviewed by the Chinese media on the FGI REDD+ report. A total of 30 participants attended.

## **28 October – NST**

In response to the 2010 Auditor General's report, The Deputy President asked government agencies to get down to the root of the identified problems and take remedial measures to show that they were taking the matter seriously.

## **14 November – Bfm Radio**

The President and Consultant for the BIP project were interviewed by Bfm on its Corporate Integrity System (CIS) for private companies. They spoke of the immediate and long term benefits in implementing the CIS.

## **17 November – Bfm Radio**

Dr. Mark Pyman, Programme Director for the TI Defence and Security Counter-Corruption Programme at Transparency International UK was interviewed by Kathleen Tan, News producer at Bfm on TI's Defence Budget Transparency Report.

## **17 November – MalaysiaKini**

Dr. Pyman was also interviewed by Kuek Ser Kuang Keng, Chief Reporter and Nigel Aw, Journalist from Malaysiakini TV. The interview covered among others, best practices for defence procurement, average defense spending around the world and reform measures that can be implemented by the Malaysian government.

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### **2 December—Bfm Radio**

The Secretary General was interviewed by Bfm on corruption, money politics and elections.

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### **5 December – Durian TV**

The President was interviewed by Durian TV on the subject of corruption in Malaysia. This was a follow up to his earlier interview on 6 September.

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## **Presentations by TI-M**

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### **7 July 2011 – FMM CEO Dialogue**

The 3rd edition of the Federation of Malaysian Manufacturers (FMM) nationwide CEO Dialogue was held in Melaka, where The President, Paul Low, spoke on “Combating Corruption in the Private Sector”.

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### **18 July 2011 – FGI Training**

As part of TI-M’s advocacy works under the FGI programme the FGI team organized a training session on using Google Earth Mapping Technology as a tool to monitor corruption in the Forestry sector. Google Earth displays satellite images of varying resolution of the Earth’s surface, allowing users to view images such as forest areas, cities and houses from differing angles. Held at Institut Tadbiran Awam Negera (INTAN), this training is aimed at promoting the use of remote sensing technology among civil society to monitor forested areas. A total of 50 participants attended. The Secretary General, Josie M Fernandez gave the welcoming remarks.

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### **21 July 2011 – Pemandu CIP Session**

The President, Paul Low, was a panellist at Pemandu’s session for pioneer signatories of the Corporate Integrity Pledge(CIP) held in Putrajaya. He spoke on the topic “Ethics and Integrity – Issues and Concerns”.

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### **23 July 2011 – FGI Tree Planting Programme**

A Tree Planting Programme organized by the TI-M FGI project was held at the Ayer Hitam Forest Reserve in Puchong to raise awareness of good governance in forest conservation and sustainability. Organised by the FGI team, a total of 78 participants comprising faculty and staff of Universiti Putra Malaysia, MACC, NGOs and government agencies, school children, media and residents from the surrounding area attended. The Deputy President, Prof Ali Hassan, gave the opening remarks. The highlight of the event was the planting of 80 forest seedlings at the forest reserve.

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### **11 August 2011 – FGI Training and Workshop**

The FGI team conducted the 2nd workshop on using Google Earth at MACA. The half day training was held at Malaysia Anti Corruption Academy (MACA). It was conducted by En Shamsudin Ahmad from Geomatika Kolej. Josie Fernandez, (Secretary General) gave the opening address. A total of 32 participants attended the training. Among the attendees was the Deputy Ambassador of the Royal Norwegian Embassy Ms Aashild Kjek.

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### **13 August 2011 – Talk on NCR to Land**

A Talk on Native Customary Rights (NCR) to Land in Malaysia was held at the Saujana Resort Hotel. The speaker was YB BARU BIAN, State Assemblyman for BA’KELALAN, Sarawak. The talk aimed

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### **12 December – Al Jazeera TV**

The Secretary General was interviewed by Al Jazeera TV on issues related to corruption and transparency in Malaysia. ■

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All TI-M’s Press Statements can be accessed at TI-M’s website [www.transparency.org.my](http://www.transparency.org.my)

to raise public awareness and understanding of the issues and challenges related to the status of NCR to Land in Malaysia. YB Baru Bian also gave updates on NCR to Land cases in the Malaysian courts. The President, Paul Low, gave the opening remarks and Josie Fernandez, the Secretary General chaired the session. Exco members Prof. James Chin and Major (B) Rozni Hashim attended the session.

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### **19 August – PKNS Governance and Integrity Meeting**

The 1st meeting of the PKNS Governance and Integrity committee was held at the Selangor State Secretariat building in Shah Alam. The President, Paul Low, attended as a member of the committee. The other members were Dato Noordin Sulaiman, Timbalan Setiausaha Kerajaan (Pembangunan) as Chairman and Dato Fauziah binti Yaacob, Setiausaha Bhg Perolehan, Kementerian Kewangan (also PKNS Board Member). The meeting discussed PKNS’s internal procurement processes. The President gave an overview of TI-M’s Corporate Integrity System (CIS).

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### **20 August – FGI Sarawak Training**

The FGI project team conducted the Sarawak leg of the training on Google Earth at the Customs Academy in Kuching. A total of 32 participants including the Institute of Foresters (IRIM), Forestry Department Sarawak and local NGO’s such as Biological Conservation Society Sarawak (BCSS), Sarawak Dayak Iban Association (SADIA), Sarawak Timber Association (STA) attended the session.

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### **22 August – FGI Sabah Training**

The FGI project conducted the Sabah leg of the training on Google Earth at University Malaysia Sabah, Kota Kinabalu. A total of 28 participants from the Malaysia Nature society (MNS), WWF Sabah, PACOS Trust, Sabah Environment Protection Association (SEPA), Koperasi Pengguna Sabah, Sabah Timber Industry Association (STIA), KOMAS, Sabah Land Development Board (SLDB), Daily Press and The Borneo Post attended.

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### **3 September – UCSI University Seminar**

UCSI University/ICMS (International Council of Malaysian Scholars and Associates) Malaysia organised their Public Policy Competition 2011 at UCSI University, Taman Taynton View, Cheras, Kuala Lumpur. Exco Member Ngooi Chiu Ing spoke at a seminar session for local and overseas university students on “Influencers of Transparency, Integrity and Accountability” regarding TI’s approach, indices and surveys and projects: Reform of Political Financing, Integrity Pacts, Forest Governance Integrity, Freedom of Information and Private Sector.

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### **7 September – INTI International College Lecture**

TI-M was invited by INTI International College Subang to provide a lecture for the topic “The Nexus between Corruption and Business”

on 7 Sept 2011. This lecture was part of the compulsory module for the Bachelor of Commerce programme known as "Principles of Ethical Commerce". Exco member Chew Phye Keat delivered the lecture and covered the definition of corruption, role of TI, tools that have been developed to address corruption, Corruption Perception Index, challenges facing the eradication of corruption, steps taken by the Malaysian Government and other initiatives that need to be done. The lecture was attended by about 160 students and was well received.

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### **7 September – Swiss Malaysian Business Association Presentation**

The President was invited by the Swiss Malaysian Business Association (SBMA) to provide an update on TI-M's current initiatives in Malaysia, Malaysia's position in the international corruption index, and the various measures being taken by the Malaysian government and business community in fighting corruption. The President elaborated on the various pledges launched to date for the business community, namely the Pledge to Fight Corruption by the chambers of commerce and the Corporate Integrity Pledge, both of which TI-M was involved in. A total of 25 SBMA members and H.E. Dr. Rolf Lenz, the Ambassador of Switzerland attended.

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### **16 September – UCSI University National Congress on Integrity**

Josie Fernandez, the Secretary-General, delivered a keynote address at the UCSI University 6th National Congress on Integrity (NCOI) on the theme "Addressing the ecosystem of Bribery & Corruption". The goal of the Forum was to cull out serious issues and concerns related to the topic at hand: how to mobilize a people movement against bribery and corruption in Malaysia energizing different religious perspectives while deploying personal professional and faith commitments? The end product was a people-driven agenda contained in a Cabinet Paper for tabling to the Government. The Secretary General's paper covered the anatomy of corruption, its consequences and cost and the way forward. The paper is available.

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### **16 September – Malaysia Day Event**

TI-M was invited to participate in the annual Malaysia Day carnival in KL to raise the public's awareness of our activities. Themed Malaysia Ku 2011 Street Festival, it was held at Jalan Bangkung, Bangsar. TI-M's booth displayed our PF book and materials related to our FGI and IP projects. An estimated 2,000 people attended the festival, which was held from 3-11pm. Victor, Vani, Lydia and Joseph from the FGI and BIP project manned our booth.

As part of the festival, an environment debate organised by MyCGN (an environment NGO) was held. The Executive Director gave an overview of how the public's disconnect affects the environment, it's cost to us, why it is important to do something and what members of the public can do to protect the environment.

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### **17 October – Workshop on Paid Advisory Services, Berlin**

Josie Fernandez, the Secretary General, made a presentation on TI-M's Business Integrity Project at the Workshop on Paid Advisory Services. The workshop was held after the Annual Members Meeting in Berlin. The purpose of the meeting was to provide an opportunity for chapters that are offering paid services to share their experiences, aiming to identify TI best practices in advisory work. The discussion focused on the practical experience TI national chapters have gained in providing paid services to the

private and public sectors in the past few years so that TI can set the highest standards.

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### **17 October – Rotary Club of Pudu Luncheon Talk**

The Rotary Club of Pudu, KL held its weekly luncheon meeting for its members on the topic "Transparency & Accountability in the Corporate World" at the Shangri-La Hotel, Kuala Lumpur. The Executive Director, Alan Ariaratnam, presented to a group of 36 Rotarians, followed by a question and answer session.

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### **21 October – INTAN (National Institute of Public Administration) Conference**

The President, Paul Low, presented a paper on "Integrity in the Public Sector: Are We Doing Enough?" at the 16th Civil Service Conference themed "People First, Performance Now: The Public Service Response" organised by INTAN.

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### **3 November – Malaysian Institute of Accountants Conference**

The Malaysian Institute of Accountants (MIA) in collaboration with the ASEAN Federation of Accountants (AFA) is organising the MIA International Accountants Conference 2011 with the theme, 'Converge, Transform, Sustain: Towards World Class Excellence'. The President spoke on the topic "Unveiling the Latest Tactics & Techniques of Corruption".

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### **4 November – Talk at Senior Citizens Club, Petaling Jaya**

The Executive Director gave a presentation on "Fighting Corruption" to the Happy Club, a senior citizens organisation. The talk was part of their monthly speaking activity on current events. The audience was interested to know how they could contribute in anti-corruption measures.

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### **10 November – FMM Conference**

TI-M in collaboration with FMM organised a conference on "Making Sense from Integrity". The conference aimed to provide the business community with up to date information about new international bribery legislation and how it could affect their business, tools and practical procedures to insulate companies against the financial impact of corruption. (see article titled Integrity Conference on page 16)

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### **11 November – Parliamentary Select Committee on Electoral Reforms**

TI-M was invited to present its position on Electoral Reforms to the Parliamentary Select Committee on Electoral Reforms at Parliament House. The President, Secretary General, Executive Director and Joseph Tong (Integrity Officer) attended. Copies of TI-M's memorandum on Reforming Political Financing highlighting its 6 immediate recommendations to the government were distributed to the committee.

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### **22 November – Macquarie Capital Securities Ltd Luncheon**

The Macquarie Seminar Series programme in Kuala Lumpur was held at the Mandarin Oriental, Kuala Lumpur. Organised by Macquarie Capital Securities Ltd based in Hong Kong, The President spoke on corporate governance and how that affects corruption perception and investment in Malaysian corporations. Representatives from the local banking industry, Bursa Malaysia and private corporations attended the talk.

### 25 Nov 2011 – UNDP Human Development Report 2011, Sustainability and Equity: A Better Future for All

The Secretary General, Josie Fernandez, was a panel speaker in conjunction with the launch of the UNDP Human Development Report 2011, Sustainability and Equity: A Better Future for All. She spoke on sustainability and equity in the Malaysian setting on 25 Nov 2011 at the Royal Chulan Hotel, Kuala Lumpur.

### 14 to 15 December – TI Berlin Private Sector Workshop

The President attended the private sector workshop in Berlin, where he presented on the work done by the BIP unit in Malaysia. There were exchanges on best practices for working with the private sector and TI's position on payment for consultancy services.

### 15 December – FGI Forum

The Forest Governance Integrity Project (FGI) of Transparency International–Malaysia (TI-M) organized a forum 'The Forest Factor in Sustainable Development' at the Grand Dorsett Subang Hotel on 15 December 2012 with an aim of finding solutions to the rapid loss of Malaysia's natural forests through corruption and continued deforestation for plantations. The event brought together 82 stakeholders, including key officials from the Ministry of Natural Resources and Environment, Forestry Department of Peninsular Malaysia, Sabah and Sarawak; Malaysian Anti-Corruption Commission, NGO'S and Academics. ■

## Press Statements

10 statements were released between July to December 2011.

MONTH	DATE	TITLE
July	4	Release All detained under the Emergency Ordinance
	30	Transparency in Arms Deals Vital
August	16	Parliamentary Select Committee on Electoral Reform
	19	Increase in Graft Sentence
October	27	Letter to Editors - Going after the Root Causes
November	2	Malaysia's 2011 BPI results
December	1	Malaysia's 2011 CPI Dips
	7	Alstom Bribery Conviction
	8	Implement the United Nations Convention Against Corruption
	9	Moving Forward on Corporate Integrity

The full statements can be found at our website [www.transparency.org.my](http://www.transparency.org.my)  
See **Selected Press Statements** on page 19.

## Upcoming Events – 2012

### FEBRUARY

- Launch of Forest Watch Website
- Regional FGI Conference: Sustainable Forestry through Good Governance

### MARCH

- TI-M Annual General Meeting (10am, 17 March at Grand Dorsett Subang Hotel)
- Launch of Integrity Pledge for Candidates for the 13th General Election
- Forest Watch Launch in Sarawak

### APRIL

- Reforming Political Financing: Seminar on UN Arms Trade Treaty
- Forest Watch Launch in Sabah

### MAY

- Workshop on Integrity Pact for Government Contractors
- Working visit to Timber Complex in Terengganu as part of Groundwork to propose pre-preparation of concession areas before licensing

### JUNE

- Review of Land Capability Classification Survey (LCCS) Document by working group of Forestry experts

