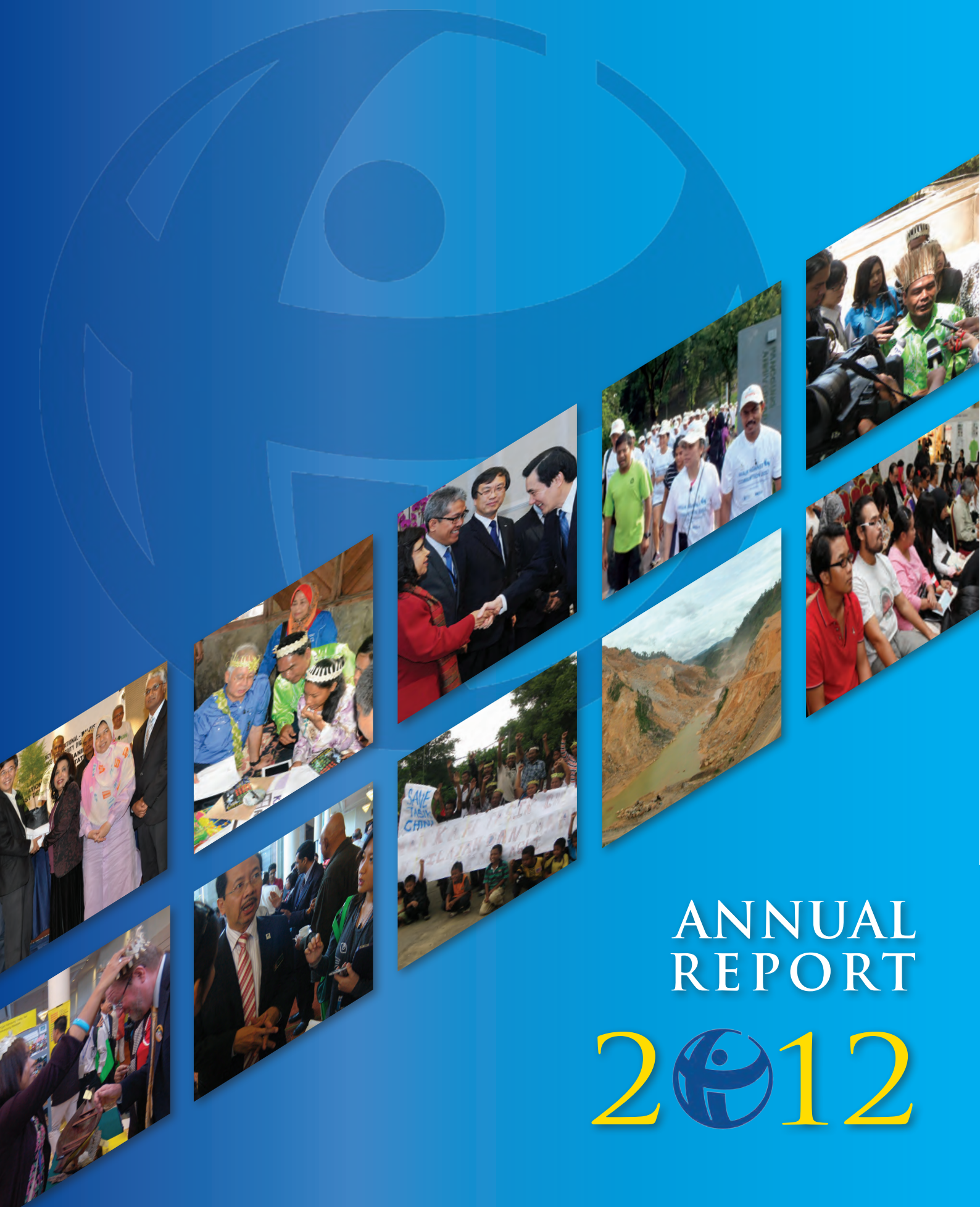




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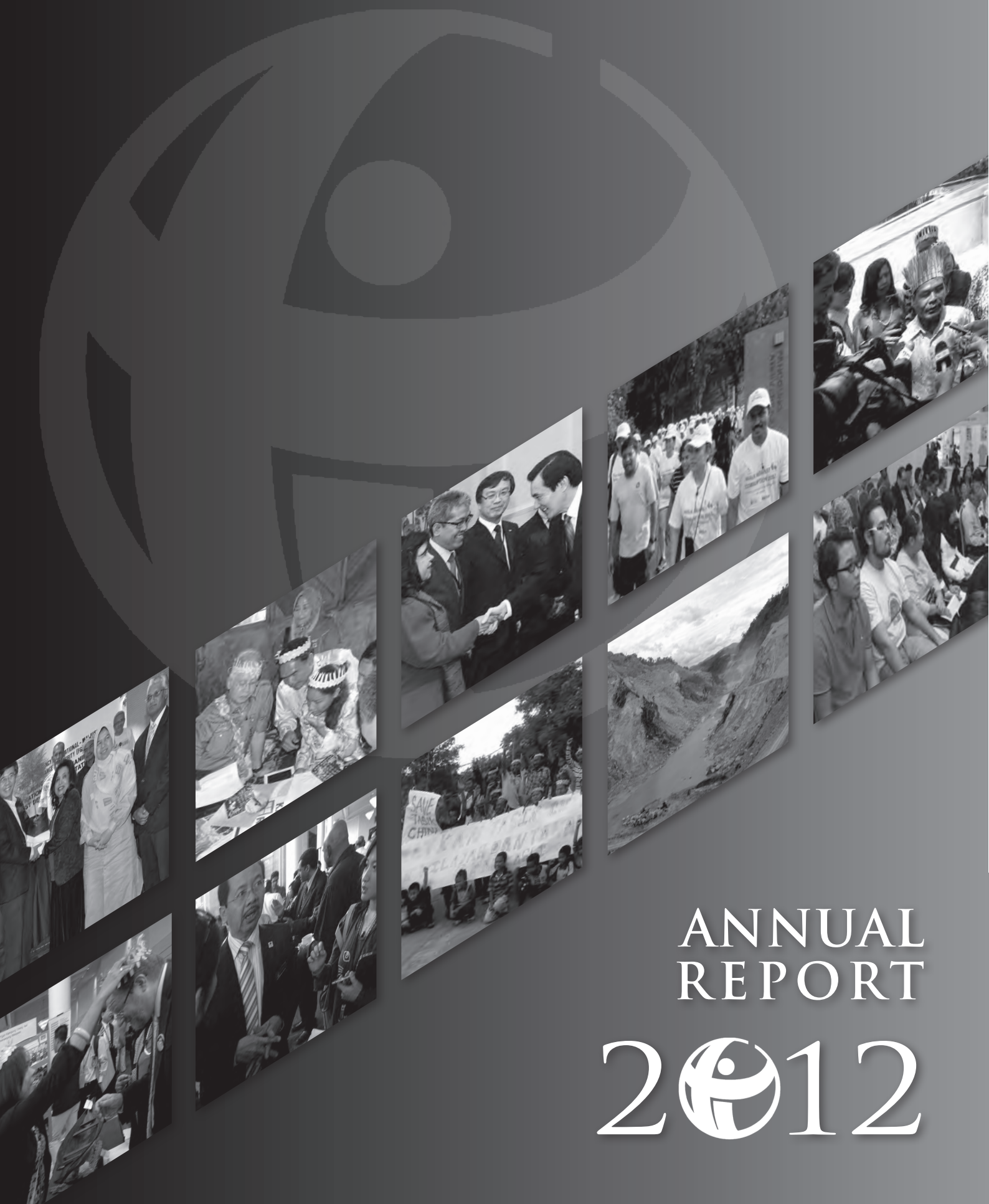


ANNUAL
REPORT

2012



Transparency International – Malaysia



ANNUAL
REPORT

2012

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1.0 Introduction

Corruption is a prominent election issue for the 13th General Elections and it was among the top factors cited by voters for dissatisfaction with the government in the 12th General Election in 2008. The devastating effects of corruption are well known – corruption destroys human development, increases poverty, hunger and misery, disrupts law and order, exploits natural resources, facilitates land grabs. Corruption can lead to the capture of the state itself.

In 2012, TI-M members at the 14th AGM adopted the 2nd TI-M Strategic Plan for 2012 – 2015 (the first Strategic Plan was from 2004 – 2009). TI-M's strategic priorities are People, Institutions and Impact. TI-M takes a people centred approach to address corruption in various sectors such as forestry, procurement, defence budgets and labour migration. We engage people through project related activities such as forest watch, business integrity pacts, campaigns and coalition building. Through the Forest Watch programme, people use new information technologies to monitor corruption related to forestry.

TI-M in 2012 continued to advocate through research, training and stakeholder engagement for the implementation of strong anti-corruption measures in the public and private sectors, in forestry, defence budgets and for reforms in political financing.

Companies need to demonstrate zero tolerance to corruption. The business integrity programme provides training to promote implementation of anti-corruption standards and practices by business organizations and government institutions.

One of TI-M's strategic initiatives for 2012 was Coalition Building and Networking which were one of its weakest areas previously. Coalitions add diversity and strength in numbers and enable mobilisation of large numbers of people to participate in the fight against corruption.

A key FGI programme initiative is to save forest sites in the country that may soon become extinct.

TI-M has developed a coalition of 23 NGOs who are participating in campaigns to save these sites. The Save Tasik Chini Campaign is a significant coalition effort that has drawn the attention of Malaysians and authorities on the devastating impact of economic development on the Orang Asli community and the ecosystem of Tasik Chini.

Oversight organizations such as the Malaysian Anti-Corruption Commission, Forestry Department as well as individual experts increasingly participate in various activities of TI-M. Of particular significance is TI-M's engagement with indigenous communities in Peninsular Malaysia, Sabah and Sarawak through the work on forests, people and sustainability. This is a first for the organisation.

The media is central to generating awareness of corruption and mobilising public support and anti-corruption measures. Given the corporate and political control over the media in this country, it is a challenge to obtain wide coverage for TI-M's work and activities.

However, a major breakthrough in media coverage was evident in 2012 as a result of increased advocacy work, activities, press statements and interviews. Since 2011 the number of hits and media coverage have gone up by 50.5 %. If all the strategic activities are implemented effectively, TI-M would further enhance its media presence.

TI-M continues to remain the leading anti-graft NGO in the country although other civil society organizations have begun to make corruption a bigger part of their work.

Josie m Fernandez
Secretary General, TI-M
14 April, 2013

2.0 Projects

2.1 TI-M FOREST GOVERNANCE INTEGRITY (FGI) PROGRAMME

PROGRAMME DURATION: - 2012 (MARCH) -2013 (FEB):

OVERALL OBJECTIVE

The project contributes to improved and strengthened transparency, integrity and accountability of forest governance systems and related target groups in national, transnational and sub-national forest sector governance in Asia Pacific.

The project contributes to improved and strengthened transparency, integrity and accountability of forest governance systems and related target groups in national, transnational and sub-national forest sector governance in Asia Pacific.

- Threatened Forest Sites,
- Conferences /Seminars /Workshops /Training,
- Advocacy /Campaigns,
- Research,
- Policy reforms,
- Development of governance tools,
- Coalition building
- Publications

SPECIFIC OBJECTIVES

- Increasing awareness and knowledge of the challenge and systemic structure of forest sector corruption.
- Fostering the development and application of monitoring tools.
- Strengthening cooperation among relevant stakeholders addressing the challenge.

FUNDING: The project was funded by the Royal Norwegian Embassy–Kuala Lumpur

CURRENT STAFF:

- 4 full time staff
- 1 part time staff at Tasik Chini
- 1 Consultant
- 1 Volunteer TI-M EXCO (Secretary-General)

A SUMMARY OF THE FGI PROGRAMME:

The Programme focused on the following:

- ForestWatch Initiative,

FORESTWATCH INITIATIVE

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

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

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

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

SUMMARY OF FORESTWATCH INITIATIVE ACTIVITIES

ITEM	DETAILS	OUTCOME
<p>1. ForestWatch Initiative</p>	<p>Forest Watch Activities</p>	
	<p>Task Force Meetings</p> <ul style="list-style-type: none"> • TASK FORCE – PENINSULAR MALAYSIA The Task Force has met 5 times in 2012 to review public complaints received on deforestation. • TASK FORCE – SARAWAK The Task Force was set up in September 2012. The Sarawak Forest Watch Task Force members are TI-M, Forest Department Sarawak; Malaysian Anti- Corruption Commission, Sarawak, Sarawak Forestry Corporation, and Institute of Foresters Malaysia (IRIM). 	<p>In 2012, 16 reports were investigated by the Forest Watch Task Force. Of the 16 reports 5 warranted further investigation.</p> <p>The meeting decided on the process and responsibilities of the Task Force for the review of complaints received.</p>
	<ul style="list-style-type: none"> • LAUNCH OF FOREST WATCH INITIATIVE AND PUBLIC AWARENESS CAMPAIGN ON FOREST GOVERNANCE, BANDAR SUNWAY,P.JAYA, 2 FEB 2012 The campaign was launched to enhance public awareness on forest governance. The event included an exhibition, presentations by Forestry Dept, State Exco and NGOs, performances, colouring contest for children, training on the usage of geospatial technology and a public debate on Sustainable development. 	<p>The campaign brought together 262 participants. 65 individuals signed up as Forest Watch Monitors.</p> <p>The event was widely covered in the media.</p>
	<ul style="list-style-type: none"> • LAUNCH OF VOLUNTARY FOREST MONITORS (VFM) PROGRAMME ON EARTH DAY 2012, SUBANG JAYA, 18 APR 2012 The programme was launched to initiate the first batch of TIM-Voluntary Forest Monitors (TIM-VFM). Presentations focused on voluntary participation in forest governance, best forest management practices and 	<p>Attended by 59 participants.</p> <p>Formation of volunteer group with 25 volunteers recruited.</p>

ITEM	DETAILS	OUTCOME
	wildlife protection. Presenters: Forestry Department, Peninsular Malaysia, International Forestry Cooperation Office, Royal Forest Department of Thailand, Department of Wildlife and National Parks, Peninsular Malaysia.	
	<ul style="list-style-type: none"> LAUNCH OF FORESTWATCH INITIATIVE IN SARAWAK AND PUBLIC AWARENESS CAMPAIGN ON FOREST GOVERNANCE, KUCHING, 22 SEPT 2012 <p>110 participants attended the event. Presentations were made by the Forest Department Sarawak, Malaysian Anti-Corruption Commission, and Centre for Rights of Indigenous Peoples Sarawak (CRIPS) and TI Malaysia. Five organisations took part in the exhibition on the environment. Many shoppers viewed the exhibition and attended the launch.</p>	<p>ForestWatch was launched in Sarawak.</p> <p>85 volunteers recruited. The local media highlighted the launch in Sarawak.</p>
	<ul style="list-style-type: none"> TRAINING ON GEOSPATIAL TECHNOLOGY, KUALA LUMPUR, 12 APR 2012 <p>Attended by 41 participants from Government agencies, NGO's, Orang Asal of Tasik Chini, Pahang, and others.</p>	<p>More requests for such trainings to be held at orang asli villages through the Network of Orang Asli Villages in Peninsular Malaysia.</p>

OTHER OUTCOMES OF THE FOREST WATCH INITIATIVE

- Increase in number of hits on ForestWatch website.
- Development of the Voluntary Forest Monitors programme (VFM). Currently 515 volunteers throughout Malaysia have registered as VFMs. An increasing number of young people from indigenous communities have signed up as volunteers.
- The Forestry Department and Malaysian Anti-Corruption Commission are collaborating by being part of the public awareness campaigns on Forest Governance.
- Sixty-nine TI National Chapters globally are aware of TI-M ForestWatch initiative after it was shared during the Speak up Global Conference in Berlin in March 2013.

THREATENED FOREST SITES IN MALAYSIA

Threatened Forest Sites in Malaysia are areas of ecological values, are indigenous communal forests and face serious environmental degradation.

The following sites have been identified as Threatened Forest Sites for research and advocacy:

- Tasik Chini, Pahang
- Belum-Temengor Forest Complex, Perak
- Bukit Kiara, Kuala Lumpur
- Mount Jagoi Forest in Bau, Sarawak
- Bukit Tinggi, Pahang
- Mantanani Island, Sabah
- Pondok Tanjung, Perak
- Raja Musa Forest Reserve, Selangor
- Segari Melintang Forest Reserve, Perak
- Taman Warisan Selangor
- Trantum Forest Reserve, Pahang
- Ulu Papar, Sabah

CAMPAIGN ON TASIK CHINI AS A SIGNIFICANT THREATENED FOREST SITE

Tasik Chini is a lake ecosystem near to collapse due to lack of accountability and integrity in the enforcement of laws that protect indigenous communities, forest, lakes and rivers in Malaysia.

Tasik Chini, Malaysia's only UNESCO Biosphere Reserve was selected as a threatened site for monitoring in 2011. Despite its protected status, it is estimated that forest cover in the Chini catchment declined from 5,270 ha in 1984 to 4,410 ha in 2002. Logging, plantations, mining, development and tourism activities have resulted in significant land use change within the catchment area of the lake. Extensive pollution of the lake has occurred which has severely affected the communities dependent on the lake for water and livelihood.

The Orang Asli community together with a coalition of non-governmental organizations and individuals spearheaded by TI-M, took various steps to Save Tasik Chini. These measures include:

- Community meetings, stakeholder discussions, field visits, technical meetings, development of a memorandum and media briefings, including formation of a coalition.
- On March 30, 2012, 100 representatives from Tasik Chini debated and endorsed a memorandum to the Prime Minister of Malaysia to halt the deteriorating and environmental conditions, preserve their ancestral territory and protect their livelihoods.
- Submission of a Memorandum to Reverse the Decline of Tasik Chini to the Prime Minister of Malaysia on 10 April, 2012.
- Site visit by coalition members, meeting with the local community and launch of the Campaign to Save Tasik Chini on 5 August 2012 at Tasik Chini.
- Forum and Launch of a National Campaign to Save Tasik Chini on 12 August 2012 at Subang Jaya, Selangor.
- On 24 September 2012 TI-M was invited by PEMANDU for a presentation on Tasik Chini. Josie M Fernandez, Secretary-General of TI-M presented the situation at Tasik Chini. The meeting was attended by Dato' Sri Douglas Uggah Embas, Minister of Natural Resources and Environment; Datuk Seri Idris Jala, Chief Executive Officer of PEMANDU; Dato' Sri Haji Abu Kassim Bin Mohamed, Chief Commissioner of Malaysian Anti-Corruption Commission; representatives of Menteri Besar Pahang; and government agencies such as the Department of Forestry Pahang, Department of Environment, Land and Mines, etc.

The Ministers and government officials recognized that there are problems in Tasik Chini and that many agencies are working together to resolve the issues. A cabinet paper for clearing the pollution caused by mining was tabled and approved.

PRODUCTION OF THE DOCUMENTARY ON TASIK CHINI

Considering the deteriorating environmental situation of Tasik Chini and the need to advocate for actions towards halting the continuous damage, TI-M decided to produce a documentary on Tasik Chini. The 37-minute documentary was produced in collaboration with the Orang Asal of Tasik Chini, coalition members and individual supporters. The production took about 3 months and efforts were made by the Tasik Chini community to provide information and materials. The community actively participated in all aspects of the production of the documentary.

THE LAUNCH OF DOCUMENTARY - *HACKING AT HARMONY: Tasik Chini An Ecosystem on the Brink*, Subang Jaya, 17 Nov 2013

The documentary on Tasik Chini was produced in English and Bahasa Malaysia to complement the National Campaign to Save Tasik Chini. The Launch was attended by 125 people including 40 representatives from the Tasik Chini community. Representatives of NGOs present demanded that action be taken to protect the rights of the indigenous people and environment.

As long as the power to govern is left in the hands of the politicians, I do not see an end to logging and mining activities which negatively affect our livelihood. We can scream and shout to the heavens but as long as there is no law which gives us power nothing will change.

***- Ismail Muhammad
(Chairman, Tasik Chini Action Committee)***

The five most crucial immediate actions needed to save Tasik Chini are:

- The Government to give permanent land titles to the **Orang Asli**.
- The Pahang Government is to gazette the water catchment area as the boundary and recognize land, water body and traditional territory of the **Orang Asli**.
- Plantations are to be relocated away from Tasik Chini.
- All mining activities have to be halted immediately.
- The weir must be removed.



CONFERENCES

ITEM	DETAILS	OUTCOME
<p>Regional Conference on Sustainable Forestry through Good Governance, 23-24 Feb 2012</p>	<p>The regional conference brought together people involved in forest governance to identify challenges and discuss solutions; harmonization of forest management; facilitate formation of consistent control mechanisms that will create transparency and accountability in the operations and implementation of forest governance. The event was attended by 80 participants.</p>	<ul style="list-style-type: none"> • The need to look into land use policies that safeguard forest from indiscriminate clearing. These safeguards need to be formulated by the government for implementation at states. • The need to identify loopholes in the timber trade within the Asian region to curb the trade of illegal timber. • A network of monitoring mechanisms need to be in place to track legality of timber traded. This calls for closer collaboration by importing and exporting countries to assure legality of timber traded for sustainability • Feedback from participants <ul style="list-style-type: none"> - define what is a forest.
<p>National Conference On Environment – PEOPLE, FORESTS AND SUSTAINABILITY, 27-28 Feb 2013</p>	<p>The National Conference was organized to develop strategies and recommendations for the conservation of the remaining forests and to save threatened forest sites in the country.</p> <p>150 people participated in the conference. 17 presentations were made on selected threatened sites, rights of communities, environmental governance, reforming policies. The draft Eco- Manifesto was debated and adopted.</p>	<p>Outcome of Conference on People, Forest and Sustainability</p> <p>The Manifesto will be finalised and launched in March. A field trip to Segari Forest Reserve Perak was conducted in collaboration with KUASA, an NGO from Perak.</p>

RESEARCH AND DISCUSSION ON LAND USE POLICY

REVIEW OF LAND CAPABILITY CLASSIFICATION SURVEY DOCUMENT (LCCS)

The Land Capability Classification Survey (LCCS) is a document used by State and Federal authorities on Forestry to address conflicts related to land and forest matters. An Expert Discussion on the LCCS document will be held in early 2013 to analyse and review the document, and provide recommendations.

Outcome of Review of Land Capability Classification Policy Document Discussion

It was agreed that a review of the LCCS document is long overdue as it was produced in 1970 when environmental issues were not a priority.

The discussion group proposed for the document to be reviewed in collaboration with the Economic Planning Unit of the Ministry of Finance, Malaysia.

EXPERT DISCUSSION ON TIMBER TRADE AND FINANCIAL FLOW (MONEY LAUNDERING), SUBANG JAYA, 18 DEC 2012

The Expert Discussion was organised to assess risks related to money laundering in the forestry sector. The exact composition of these capital outflows have not yet been determined.

It was identified that that financial backers reap enormous Illegal proceeds from illegal timber trade and that financial institutions need to be

more transparent, accountable and conduct business with integrity.

Participants included representatives from Attorney General's Chambers, Inland Revenue Board Malaysia, Malaysian Anti-Corruption Commission, Royal Malaysian Customs Department, Forestry Department of Peninsular Malaysia, Forest Department Sarawak and NGOs.

IMPLEMENTATION OF FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE (FLEGT) IN MALAYSIA

The implementation of FLEGT is being done by Ministry of Natural Resources and Environment and will have significant impact on the timber trade in Malaysia.

Malaysia is in Voluntary Partnership Agreement with the European Union (EU) to curb the trade in illegal logging. However, negotiation with EU has been on-going for about five years and the implementation has just begun.

The TI-M FGI project currently engages with various stakeholders during discussions and consultations to develop necessary safeguards in timber trade to meet FLEGT agreement requirements.

Currently Peninsular Malaysia is ready to implement the requirements with Sabah and Sarawak expected to come in at a later stage.

IMPLEMENTATION OF REDUCING EMISSION THROUGH DEFORESTATION AND FOREST DEGRADATION (REDD+) - ANTI-CORRUPTION SAFEGUARDS

Ministry of Natural Resources and Environment has been using TI REDD+ Manual as a guide and as a tool for the development of the REDD+ strategy and safe guards for Malaysia.

Outcome of Implementation of REDD+ Anti-Corruption Tools

The current objective of REDD+ in Malaysia is to repackage sustainability efforts in improving the country's forest sustainable management efforts.

The idea is to start from existing practices, while identifying "best practices" and using these as models for implementation in other parts of Malaysia.

The various state Forestry Departments are governed by the Ministry of Natural Resources and Environment and the ministry will need to play a very persuasive role for the implementation for REDD+.

The TI-M-FGI project will become directly involved in the implementation of REDD+ in Malaysia, both as an independent adviser and a promoter to implement sufficient safeguards in the financial transparency and public/community participation in REDD+ initiatives in the country.

PUBLICATIONS BY TI-M – FOREST GOVERNANCE INTEGRITY PROGRAMME

1. Memorandum to Reverse the Decline of Tasik Chini, Pahang.
2. Save Tasik Chini (a handbook in English and Bahasa Malaysia).
3. Eko-Manifesto: Forests, People and Sustainability
4. Forest Monitoring A Guide for Public Participation (to be launched in April/ May 2013).



2.2 BUSINESS INTEGRITY PROGRAMME (BIP)

BACKGROUND

The BIP project was established to address corruption in the private sector and complement TI-M's advocacy in anti-corruption and transparency work with practical, working solutions through paid advisory services.

The BIP Delivery Unit aims to accelerate good governance practices by promoting business integrity and the implementation of measurable anti-corruption standards and practices.

It engages with private and public sector stakeholders, including state enterprises, private sector companies, Government Linked Companies (GLC), Multi-National Companies (MNC) and Small and Medium Enterprises (SME).

Through the design and implementation of Corporate Integrity Systems (CIS), the BIP Delivery Unit promotes good governance and controls, delivering value to companies taking a zero tolerance approach to corruption.

START DATE

May 2011



OBJECTIVES

1. To improve governance, accountability, integrity and transparency in the commercial sector.
2. To implement a Corporate Integrity System (CIS) for private companies based on TI's 6 Step Process.
3. To develop courseware and modules on the vital components of the CIS, and offer these training modules to private companies.

PERSONNEL

3 full time staff

OUTCOMES

Research and Documentation

1. Updated general templates for the CIS.
2. Updated anti-corruption policy templates for SME.

Impact: improved materials available for CIS projects.

Completed Projects

1. CIS with Thumbprints United Sdn Bhd (TUSB)
2. Integrity Pacts System (IPS) with Kumpulan Semesta Sdn Bhd (KSSB)
3. CIS with Perbadanan Kemajuan Negeri Selangor (PKNS)
4. IPS with Infineon Technologies (Malaysia)
5. CIS material review with Jambatan Kedua Sdn Bhd (JKSB)

Impact: strengthened governance and integrity systems to improve organisation's resistance to corrupt activities.

Current Projects

1. CIS with KSSB
2. CIS with identified PKNS subsidiaries
3. Specific target areas (rolling programme) with PKNS
4. CIS with the Performance Management and Delivery Unit (PEMANDU)
5. SME-version CIS with RidPest Sdn Bhd
6. CIS with EP Plus Group Sdn Bhd

Events and Workshops

1. Joint Conference on Building Integrity in the Public and Private Sector on 11 June 2012 with PKNS. BIP Delivery Unit also set up an exhibition booth displaying CIS materials. The President gave a presentation at the Conference.

Impact: raising awareness of the integrity work done with PKNS, and the TI BIP offering presented to people attending the conference.

2. Joint workshop for CommerceDotCom's (government's eProcurement vendor) selected contractors in the education and hospitality sector on IP and the CIS on 29 May 2012. The BIP Manager gave an overview presentation, followed by a group case study session. A total of 36 contractors participated in the workshop.

Impact: raising awareness on the value of Integrity Pacts in the Government procurement supply chain.

3. Visit to Top Glove on 12 October 2012 to observe the integrity culture of the company, followed by a sharing session on best practices and challenges in inculcating an integrity-centric working environment. 6 organisations attended the visit, including Petronas, Sime Darby, PKNS, KSSB, Infineon and Thumbprints.

Impact: learning and networking opportunity for TI staff and organisations attending; support and open sharing for Integrity Managers and senior personnel on the challenges of implementing integrity systems.

Presentations

1. On "Managing the Ecosystem of Corruption" at the Malaysian Institute of Chartered Secretaries and Administrators Annual Conference 2012
2. To directors of Bursa listed companies on the BIP overview, followed by a scenario study workshop
3. To staff at Infineon Technologies (Malaysia)'s Integrity Day on the impact of private sector corruption

Impact: raising awareness on the importance of integrity in business for attendees.

Representations

1. At the bi-monthly Integrity Round Table Discussions headed by the Malaysian Anti-Corruption Commission (MACC) and including PEMANDU, Institut Integriti Malaysia (IIM), Bursa Malaysia, Bank Negara Malaysia, Suruhanjaya Syarikat Malaysia (SSM), and SME Corp. The roundtable charts initiatives to drive the government's Corporate Integrity Pledge (CIP)
2. At KSSB's briefing on Integrity Pacts to its 33 registered contractors. An IP signing ceremony later followed between KSSB and its contractors, witnessed by YAB Menteri Besar Selangor.
3. At the 1st Anniversary of the Corporate Integrity Pledge (CIP)
4. At the signing of the CIP by YAB Menteri Besar Selangor on behalf of PKNS

Impact: maintaining visibility of TI-M and its BIP work.

PROPOSED ACTIVITIES

1. Complete implementation of current CIS projects
2. Implement CIS and IPS programmes with GLCs, private sector companies and SMEs
3. Develop value added services for TI-M Corporate Members
4. Incorporate the BIP section into a limited company
5. Develop BIP training offering
6. Develop CIS pack for SME with SSM and PEMANDU
7. Engage in the Integrity Round Table Discussion hosted by MACC to promote CIS
8. Build a resource pool of CIS trainers and create an Asia-Pacific regional centre for BIP services (long term plan)

KEY OUTCOMES

- **Successfully implemented integrity projects in 5 companies**
- **Strategic implementation partner to the government's Corporate Integrity Pledge (CIP) initiative**
- **Increased awareness via workshops and seminars on the importance of CIS**

**Note:*

- *A study was undertaken in 2012 for the BIP to be developed into a social enterprise.*
- *In December the EXCO approved for the BIP to be established as a Sdn. Bhd.*

2.3 DEFENCE AND SECURITY PROGRAMME (DSP)

BACKGROUND

Transparency International Malaysia initiated the DSP with the collaboration of TI DSP in 2011 to address the corruption risks of defence and security sectors in Malaysia. The Defence Conference in Kula Lumpur in Nov 2011 has addressed the subject that has for long hidden under an excessive veil of “national Security” through which many dangerous and wasteful corrupt practices seem to have become embedded.

A conference on UN Arms Trade Treaty: Tackling Corruption, Saving Lives was held in Subang Jaya on 19 April 2012.

The half-day conference was organised to publicise the need to push for a robust UN Arms Trade Treaty which was scheduled to be tabled at the UN General Assembly in July 2012.

The ATT is of great interest to ASEAN countries including Malaysia because of the geopolitical interest that is being paid on the region by many global powers, including China and the US.

TI's main argument is that a robust ATT needs strong anti-corruption mechanisms. Parliamentarians play a very important role because when a treaty is signed, it has to be enacted in the parliaments of the member states.

890 Members of Parliament from 43 countries worldwide have signed on to the Global Parliamentarians Declaration on the Arms Trade Treaty (More than 40 MPs from Malaysia have signed).

The conference brought together advocates of arms trade regulation from the Asean region and defence and security experts from Transparency International's (TI) Defence and Security Programme based at TI UK, and 100 participants from a cross-section of public interest groups, members of the diplomatic corps, government officials, concerned members

of the public and members of TI-Malaysia. The conference was supported by the Royal Netherlands Embassy.

OUTCOME

Participants urged the Malaysian Governments to support a robust ATT.

RESEARCH

Transparency in defence budgets:

Research completed on:

1. Asean countries defence expenditure, comparison of defence budget with budget for essential sectors in Malaysia, Indonesia, Philippines, Singapore.
2. Dealing with corruption in the military in China at grassroots level (soldiers).
3. UN Arms Trade Treaty Progress.

Note: The United Nations General Assembly overwhelmingly approved the ATT on April 2nd 2013.

COALITION:

Coalition for TI Asia DSP: TI-M's proposal for a coalition of Asia Pacific members to develop campaigns, advocacy etc for the DSP has been

accepted. An initial discussion on a potential coalition with Indonesia, Japan, Malaysia, South Korea, and Taiwan is to be held in January 2013.

STAFF: Volunteer Exco Member- Josie M Fernandez (Sec Gen), Volunteer Exco Member- Major Rozni Hashim, MD Ashikur Rahman (Intern)

FUNDING: Nil

2.4 CORRUPTION IN MIGRATION

There are 2.1 million documented migrant workers in Malaysia, meaning that 25% to 30% of the workforce is composed of migrants.

Some NGOs, migrant support organizations, and the Malaysian Trades Union Congress (MTUC) estimate that there may be 1 to 2 million undocumented migrant workers in Malaysia, which indicate that as many as 1 in 3 of the workers in the country are migrants.

Corruption in Migration is a serious problem. TI-M has had informal meetings with TI chapters from Bangladesh and Maldives to develop a programme to examine the level and areas of

corruption in migration in the three countries. TI-M participated in meetings with Malaysian NGOs working on migrant labour issues.

STAFF: Volunteer Exco Member- Josie M Fernandez (Sec Gen), MD Ashikur Rahman (Intern)

FUNDING: Nil

2.5 ELECTION INTEGRITY PLEDGE

When polled for Malaysia's 2011 Corruption Barometer, respondents perceived the police, political parties and parliament/legislature to be the third most corrupt institutions in the country, showing a lack of faith in politicians and political institutions.

In response to this, TI-Malaysia launched the Election Integrity Pledge.

The pledge is a voluntary, non-binding social contract for candidates of the 13th General

Election to show their support in the promotion of integrity, good governance, transparency and accountability in government. Signatories pledge to:

1. Observe the principles of truth, integrity, ethical conduct and accountability, including not accepting or giving bribes or being involved in any way in corrupt practices
2. Uphold and give priority to the interests of the Rakyat (People) as a whole
3. Practice good governance and transparency
4. Comply with all applicable laws and regulations of Malaysia

Launched on 17 March 2012, the objective of the pledge is to safeguard the integrity of political office and of the democratic political process. The first signatory, Datuk Saifuddin Abdullah, signed the pledge on 18 March 2012, stating in

his pledge that he signed it because he believes that Integrity is the defining pillar of a politician's character.

Led by Jeffrey Kitingan, 9 members of the STAR party signed the pledge in September 2012, making the party the first to do so en masse.

All pledges are made available to the public on the Election Pledge website.

Visitors can also find contact details of signatories, including their twitter and facebook pages, as the website is aimed at facilitating communication between voters and candidates.

A forum for discussing the pledges and signatories can also be found on the website.

For further information on the pledge, visit the website at <http://www.timalaysia-electionpledge.org.my> or e-mail us at election-pledge@transparency.org.my

3.0 MEDIA COVERAGE

The role of a free and independent media is central to generating awareness of corruption and mobilizing public support for anti-corruption measures and given the corporate and political control over the media, it is a challenge to obtain wide coverage of TI-M's press statements, events, conferences and campaigns.

However, in 2012 a major breakthrough was evident in the media coverage.

Since 2011 the numbers of hits and media coverage have gone up 50.5% as a result of increased advocacy work, conferences, press

statements and interviews for different subject matters. Countless blogs and journals have cited information published by TI-M. The increase of 50.5% shows TI-M's effectiveness in highlighting corruption and governance issues.

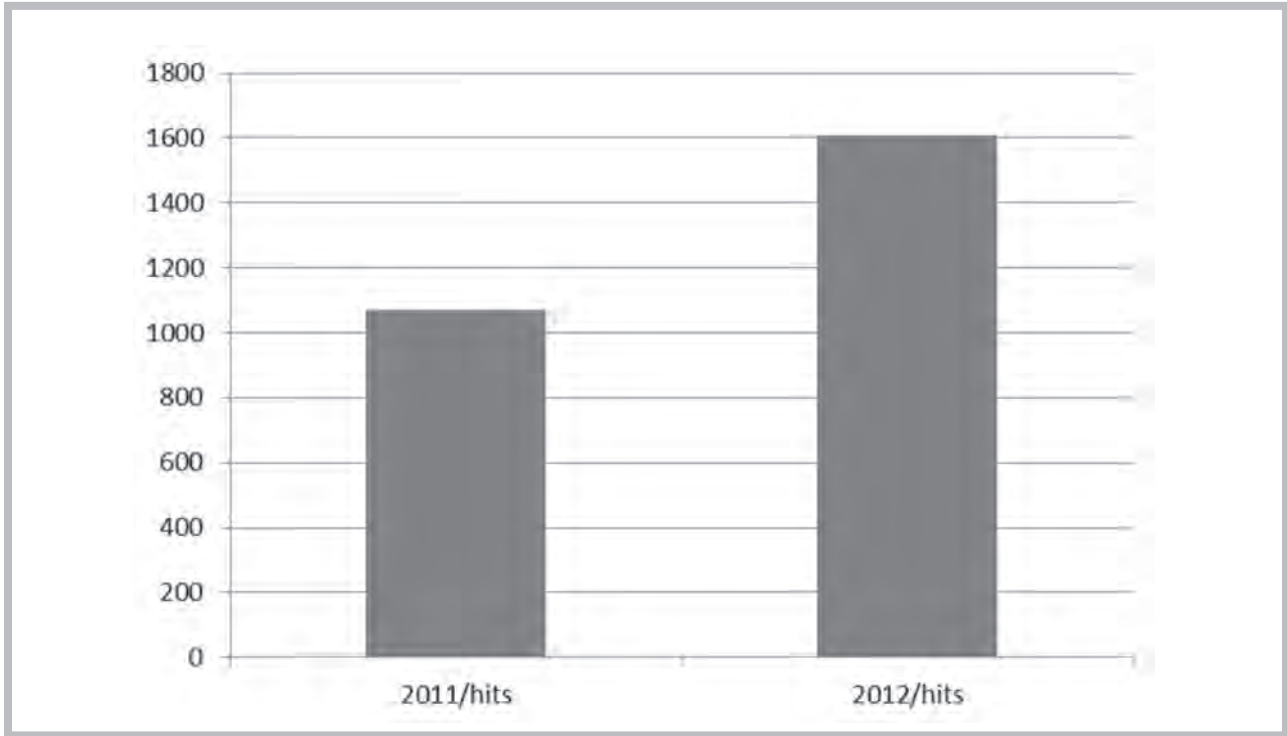


Fig 1: Time series Media coverage analysis 2011 and 2012

Through comparative monthly analysis, it is clear that over all media exposure of TI-M's work has increased in 2012. The CPI and Government Defence Anti-Corruption Indexes have media

impact only at the time of the releases. However, other activities of TI-M are covered by the media throughout the year.

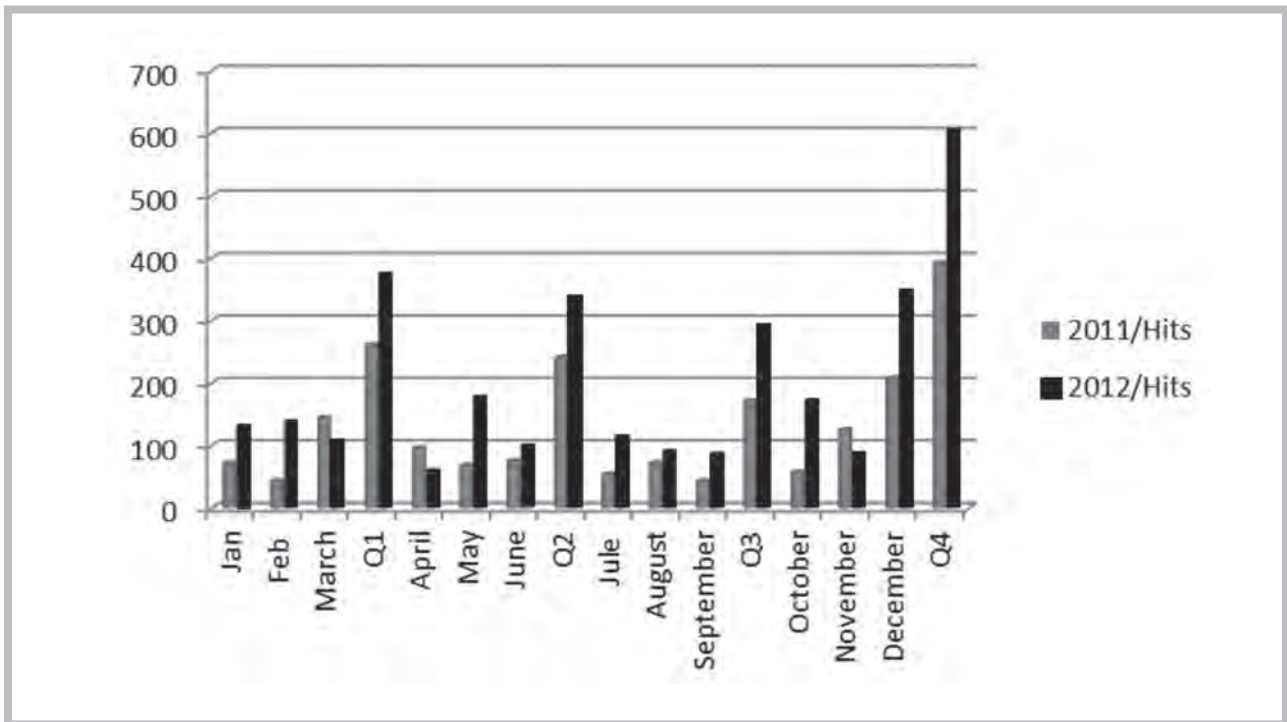


Fig 2: Comparative monthly analysis of 2011 with 2012

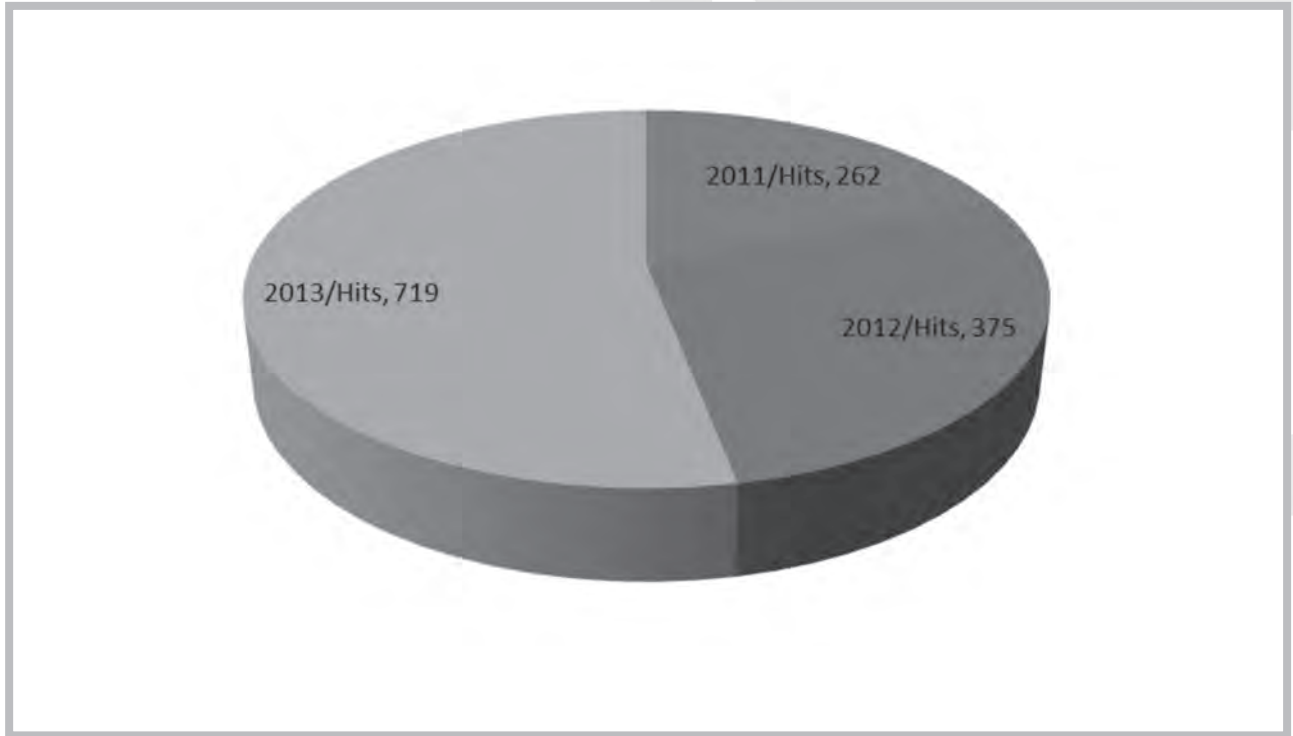


Fig 3: Time series analysis of Q1 media hits 2011, 2012 and 2013

Quarterly comparisons show that TI-M is increasing its media profile - in Q1 2013 TI-M has gained more than the accumulated hits of 2011 and 2012 Q1 together.

It is notable to mention that in Q1 2013 TI-M has gained 70% media coverage then in 2011 and it is continuing to grow due to the National Conference on Forests, People and Sustainability, Government Defence Anti-Corruption Index and TI-M's responses to allegations of corruption in Sarawak in the Global Witness video.

CONCLUSION:

The CPI and Defence Indexes play a vital role in the media coverage related to TI-M but it only accounts for 35% of the hits. Sixty-five per cent of the coverage is related to the work of TI-M consisting of public forums, its advocacy activities, campaigns, press statements, conferences, interviews etc. TI-M will continue to increase its media profile if it implements the Strategic Plan for 2012-2015. It is expected to reach above 4000 hits a year if labour migration and Defence and Security programmes take off.

4.0 PRESENTATIONS, MEETINGS, REPRESENTATIONS, EVENTS

PAPERS BY TI-M AT CONFERENCES/SEMINARS 2012

Building Processes for Accountability and Integrity, Making Good Governance Work – Axiata Berhad, KL. Josie M Fernandez

Combating Corruption: Understanding Anti-corruption Initiatives in Malaysia, Eradicating Grand Corruption in Malaysia - How successful have we been? IDEAS, KL. Akhbar Satar

Combating Corruption in the Commercial Sector, Building Integrity in the Public and Private Sectors, PKNS, Shah Alam. Paul Low

Corporate Integrity Systems, National Procurement & Integrity Forum for Malaysian Contractors, MICG, KL. Sabtu Md. Ali

Corruption in Malaysia, Malaysian-German Chamber of Commerce and Industry, KL. Paul Low

Corruption and Economical Development, What Enables Clean Governance in Democracies? ASEAN perspectives, Penang. Paul Low

CSR in Action – Best Practices and Lessons to be Learnt, National Conference on Corporate Social Responsibility (CSR) & Social Business, ASLI, KL. Josie M Fernandez

Democracy and Governance in ASEAN: Experiences, Challenges and Prospects, The 3rd Dialogue on Democracy and ASEAN Integration (DODAI), Philippines. Ngooi Chiu Ing

Governance in the Forestry Sector, Discussion: Malaysian Dutch Business Council on Forestry, KL. Victor Soosai

How the Corporate Governance Culture Could be Embedded Throughout the Organisation, MIA's Symposium on Accountants in Business, KL. Paul Low

Importance of a Strong Whistle Blowing Policy, Creating a Trusted Channel of Communication and Key Aspects of Malaysia's Whistle Blower Protection Act 2010, Talent Acceleration in the Public Service, KL. Dr. KM Loi

Integrity in Procurement and Best Practices, GLC Procurement Circle, KL. Alan Kirupakaran

Managing the Ecosystem of Corruption, The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) Annual Conference, KL. Mark Lovatt

REDD Governance, The National Inception Workshop on REDD, KL. Victor Soosai

The National Integrity System, Strengthening Social Science Networks in Asia to Enhance Good Governance and Accountability, World Bank, Bangkok. Josie M Fernandez

REPRESENTATION

Representation: TI Asia Pacific Regional Programme Meeting

Date: 13-16 May

Venue: Seoul, Korea

Attendees: Alan Kirupakaran (Executive Director) and Mark Lovatt (BIP Manager)

Representation: Annual Membership Meeting (AMM)

Date: 5-6 November

Venue: Brasilia, Brazil

Attendees: Datuk Paul Low (President)

A WALK AGAINST CORRUPTION

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

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

To kick off the event, Datuk Paul Low, president of TI-Malaysia spoke of the struggles faced by Malaysians in our daily lives due to the impact of corruption on the nation. He and Josie Fernandez, secretary general of TI-Malaysia then led the 3km public walk around the Gardens. On their return, participants were rewarded with nasi lemak and chocolate buns.

5.0 INDEXES RELEASED

TI-M released the 2012 Corruption Perceptions Index (CPI) results at the Shah's Village Hotel, Petaling Jaya. Malaysia scored 49/100, with a country ranking of 54 out of 176 countries.

Malaysia's position continues to be in the mid-range average, indicating that while many steps have been undertaken under the GTP/NKRA initiatives, the respondents have not experienced

a significant decrease in corruption. Bolder measures must be taken to eliminate entrenched interests and processes that support abuses.

6.0 MEMBERSHIP

TI-M membership as of Dec 2012:

CATEGORY / AS OF	DECEMBER 2012	DECEMBER 2011
Individual	97	95
Corporate	40	37
Friends	5	5
Total	142	137

7.0 FUNDING

Following are the main sources of funding in 2012 for TI-M:

- a) **Petronas:** We continued to received Petronas' annual General and Administrative (G&A) grant amounting to RM 120,000
- b) **BIP Unit:** For training and advisory services provided by the BIP unit, RM 340,000 was received in the form of grants from various organisations
- c) **FGI project:** RM 613,945 was received from the Royal Norwegian Embassy. This was the 2nd year the Embassy has funded our FGI project.
- d) **Subscriptions:** We recorded a 53% increase in 2012 membership subscriptions from the previous year, to RM 37,050.

This was mainly due to the new membership fees taking effect in 2012, new corporate members and payment of outstanding dues by existing members.

However, corporate membership declined significantly in 2012 due to the new membership fees.

Following are our major funders (> RM 30,000) in 2012:

PROJECT	FUNDER
Secretariat	Petronas TI – Asia Pacific
Forest Governance Integrity	Royal Norwegian Embassy
Reforming Political Financing	Embassy of the Kingdom of Netherlands
BIP (Grants for Advisory Services)	Perbadanan Kemajuan Negeri Selangor (PKNS) Kumpulan Semesta Sdn. Bhd. (KSSB)

8.0 ACKNOWLEDGEMENT

We wish to acknowledge and thank the strong support and contributions from the following organizations:

- Petronas
- Royal Norwegian Embassy, Kuala Lumpur
- Embassy of the Kingdom of the Netherlands, Kuala Lumpur
- Kumpulan Semesta Sdn. Bhd. (KSSB)
- Perbadanan Kemajuan Negeri Selangor (PKNS)
- NGO Coalition Partners for the Forest Governance and Integrity Programme
- Tasik Chini Orang Asli Community
- Network of Orang Asli Villages Peninsular Malaysia
- PEMANDU
- Malaysia Anti-Corruption Commission (MACC)
- Ministry of Natural Resources and Environment, Malaysia
- TI International Defence and Security Programme (based in the UK)
- TI Secretariat - Asia Pacific Department

**THANK YOU
for YOUR SUPPORT**

9.0 EXECUTIVE COMMITTEE, STAFF & CONSULTANTS

The 2011-2012 Executive Committee:

NO.	NAME	POSITION
1	Datuk Paul Low Seng Kuan	President
2	Prof. Datuk Haji Mohamad Ali Hasan	Deputy President
3	Josie M. Fernandez	Secretary-General
4	Brian Fong Wai Kheong	Treasurer
5	Ngooi Chiu Ing	Member
6	Dr. Chin Yoong Kheong	Member
7	Mohamed Raslan Abdul Rahman	Member
8	Ir. Hj Sabtu Md Ali	Member
9	Datuk Akhbar Sattar	Member
10	Chew Phye Keat	Member
11	Mejar (B) Rozni Hashim	Member
12	Dr. Loi Kheng Min	Member
13	Prof. Dr. James Chin Ung Ho	Member

Staff

NO.	NAME	POSITION
	Secretariat	
1	Alan Kirupakaran	Executive Director
2	Izma Yazlina Yacob	Administrative Assistant
3	Forest Governance Integrity (FGI) project	
4	Victor Soosai	Project Manager
5	Amara Sivalingam	Senior Project Officer
6	Syarilla Mohamad Suhaili	FGI Project Officer (from June 2012)
7	Business Integrity Project (BIP) unit	
8	Dr. Mark Lovatt	Manager
9	Joseph Tong	Integrity Officer
10	Melissa Ong	Integrity Officer (from February 2012)

Consultants

NO.	NAME	POSITION
1	Dato' Baharuddin Haji. Ghazali	FGI
2	Hasam bin Ismail	FGI

The following staff and interns left the organization in 2012. We thank them for their services.

NO.	NAME	POSITION
1	Puteri Arlydia Abdulah	FGI Project Officer
2	Ateryi Bhattacharjee	Intern
3	Sakshi Mohan	Intern
4	Anna Briedel	Intern



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