



NEWSLETTER

A Nation Without Corruption, A Society With Integrity

Volume 33 (June 2017). KDN Permit No: 11959/06/2016 (025399)

Launched: The Much Anticipated Global Corruption Barometer

WHERE DO WE STAND?

The much anticipated indicator on corruption, the Global Corruption Barometer (GCB) Asia Pacific Edition was released earlier this year in February. TI-M held the launch of the GCB at the Royal Selangor Club, Bukit Kiara. The indicator is based on a public opinion survey made from the public's perception and experience of corruption and the government's effectiveness in tackling the issue.

21,861 people across 16 countries in the Asia Pacific Region from July 2015 to January 2017 participated in the exercise. The countries surveyed were: Australia, Korea, Japan, Cambodia, Indonesia, Thailand, Vietnam, Taiwan, Hong Kong, China, India, Pakistan, Myanmar, Sri Lanka, Malaysia and Mongolia. Interviews were conducted throughout Malaysia's 13 states using random sampling. In total, 1009 respondents were interviewed between September and December 2016 and the gender distribution was 50% male and 50% female.

Based on the 2017 GCB, the positive developments in the Malaysian front is that Corruption & Bribery is considered a smaller issue in comparison to the



Announcing the Barometer, (L-R): Dato' Akhbar Satar (President, TI-M) & Dr. Muhammad Mohan (Secretary-General, TI-M)

Management of the Economy; Wages, Incomes and Salaries; Poverty; Unemployment and so on (figure 1). Besides that, 55% of the surveyed Malaysians believe that ordinary people can make a difference in combating corruption, 50% would personally feel obliged to report an incident of corruption if witnessed and 48% of the respondents are willing to report corruption even if they would have to spend a day at the court to provide evidence.

Another improvement is that 19% of the respondents knew a great deal about the Malaysian Anti-Corruption Commission (MACC) and 50% had a fair amount of knowledge about MACC. (Full story on Pg.3)

President's Message

FIRMER MEASURES NEEDED TO RAISE COUNTRY'S CPI AND GCB STANDING.

TI-M has gladly been on a roll for the first half of 2017. We had successfully released the Corruption Perceptions Index (CPI) and the much anticipated Global Corruption Barometer (GCB). Additionally, we held a workshop that looked into promoting integrity and good governance in the Malaysian defence sector and have also published a second version of the handbook, "Speak Up against Corruption", this time targeted primarily to the employees of Small-Medium Enterprises (SMEs).

While understandably TI-M is disappointed with Malaysia's lower standing in the CPI and the GCB, we believe that this will act as an impetus on the country to implement more firm measures to raise the country's standing in these indices. TI-M is pleased with the Malaysian Anti-Corruption (MACC) keeping up (increasing, in fact) the momentum to reign in corruption, as of mid-year. We hope that MACC would relentlessly continue its great efforts and eventually move towards tackling corruption at the highest level.

I would like to take this opportunity to thank Datuk Dzulkifli Ahmad (Chief Commissioner, MACC) and all the officers at MACC who are working tirelessly, at their best, to fight corruption, often at great risk to themselves. The nation truly owes them an immense debt of gratitude and the fullest support and backing for their unbiased efforts.



"We hope that MACC would relentlessly continue its great efforts and eventually move towards tackling corruption at the highest level."

As there are talks of a possible early General Election, I would also like to request the MACC to take measures and extend its efforts and authority in ensuring a corruption-free election. TI-M also urges politicians, candidates, the Election Commission and other relevant authorities to uphold fairness, integrity and justice leading up to the elections.

And to my dear friends and followers of TI-M, let us not be swayed by politicians that make use of race, religion, gender and quick incentives as means to "buy" votes. It is our duty to gather all important facts and information of the candidates before casting our votes. A vote-worthy candidate should have the needful skills to lead and protect the people, and most importantly, a vote-worthy candidate should not have a tainted record. Be mindful of the red-flags such as allegations of corruption, disproportionate wealth and those who do not keep their promises.

It is also our plea to all candidates to show their commitment to uphold the value of transparency and integrity by adopting the principles of asset declaration and signing TI-M's Election-Pledge. A decent statesman knows that making promises and winning the election is not the end. The real work starts after the winning – keeping the promises and walking the talk. Don't betray the people who have invested their trust in you!

Best Wishes,
Dato' Akhbar Satar
President
Transparency International Malaysia

Figure 1
Most important problems faced in Malaysia that the government should address

Management of the economy	54%
Wages, incomes & salaries	37%
Poverty / destitution	25%
Unemployment	24%
Rates and Taxes	18%
Corruption & Bribery	15%
Crime & Security	13%

The positive developments are very much based on the efforts of the general public's willingness to fight corruption. On the other hand, efforts undertaken by the government and enforcement agencies in curbing corruption are rather perceived nil, or negatively by the surveyed Malaysians. To our disappointment, the 2017 GCB revealed many flaws within the relevant systems and enforcement agencies that are yet to be rectified.

A large number of Malaysians do see the government and relevant enforcement agencies as incompetent. The survey found that 62% believe that the current government is doing badly in terms of fighting corruption and 53% of Malaysians feel that the government is ineffective in tackling corruption (as opposed to 25% in the 2013 GCB). 41% of the Malaysians feel that the Malaysian Anti-Corruption Commission (MACC) has been performing poorly despite the growing number of investigations and arrests made in the recent years.

On the opinions of effective methods to fight corruption, 22% of the surveyed Malaysians believe that nothing can be done, 17% believe that refusing to pay bribes is one of the way forward in fighting corruption, 14% believe in voting for clean parties/candidates, and 12% believe in lodging a report against corruption to find solutions.

One of the reasons for such rising high levels of distrust can be attributed to the government's lack of transparency surrounding controversial issues, restricted access to information, selective prosecutions, suppressed media and crackdown on free speech and expression.

The Whistleblowing Act by the MACC, for instance, is a policy meant to safeguard whistleblowers from threats resulting from reporting a corruption. However, the Act seems far from being clear, assuring or practical.

Based on the current 2017 GCB, the public is skeptical and are afraid of lodging a report against corruption.

Figure 2 **Why Malaysians are not reporting Corruption?**



The result in this area is far from the 2013 GCB, where 79% of the Malaysians surveyed claimed if encountered with corruption, they would report the incident.

The breakdown in the area of Malaysians willingness to report could have stemmed from the fact that the reputation of the enforcement agencies has been tainted by a few major incidences whereby whistleblowers have faced negative consequences for exposing corruption and there have been times where no action has been taken against the alleged corrupted person.

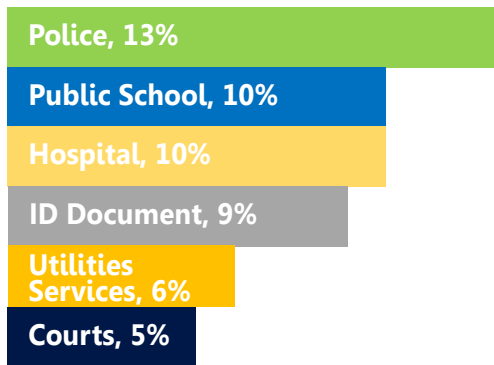
In terms of strengthening the Whistleblowing Act and gaining the trust of the people, key issues such as the independence of the MACC and the barrier posed by the Official Secrets Act in exposing corruption should be rectified.

Even though measures have been taken, it is also crucial that the government of today and relevant enforcement agencies take necessary steps to ensure that the people are well informed and given proper platforms to report corruption. Besides working on coming up with new actions that tackle corruption, the government and relevant agencies should also take the responsibility of keeping the people updated with the effectiveness (or weakness) of the action taken.

23% of our respondents have admitted to have paid bribes to public officials. The percentage of Malaysian paying bribes has increased in comparison to the 2013 GCB which only indicated 3% had paid bribes, indicating that culture of giving-and-receiving is still very much alive and would continue escalating if left unchecked.

Figure 3

Institutions Malaysians have paid bribes to



39% of the bribe payers are 35 years old and below, indicating that more youth of today are facing an integrity crisis. It is essential that the problems faced by them are addressed and changes should be made at root levels; ensuring that the culture of corruption ceases to exist.

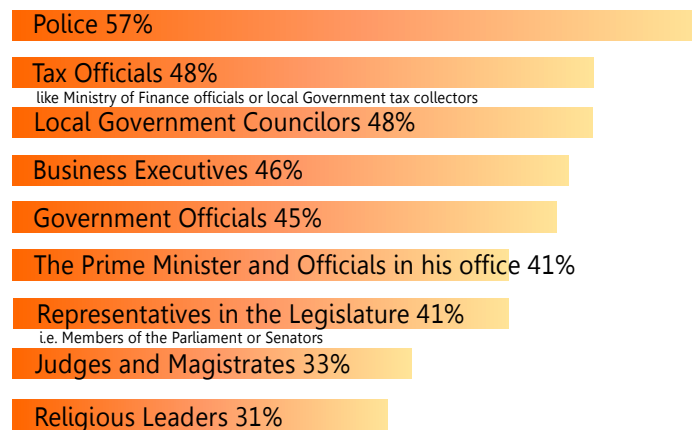
There is a serious need to look in to particular institutions deemed corrupted by the public. The government could put more effort in studying if the intrinsic and extrinsic satisfactions of the officers from the perceived corrupted institution are met.

One way forward for Malaysia in terms of combating corruption is to learn from countries that are doing well in terms of the GCB. Countries such as Switzerland, Sweden, Germany and Netherlands are countries that address the people's concerns, such as poverty, unemployment and welfare for the needy, keeping corruption at bay. They have good policies, laws and regulation against corruption and harsh punitive measures for the convicted, but what makes them truly effective is their will to apply thorough enforcement of such policies, laws and regulations and harsh punitive actions.

Figure 4

Perception of Corruption by Institution

Much of these issues burdening the people needs to be addressed and rectified in time should Malaysia hope to see herself as a developed nation by the year 2020.



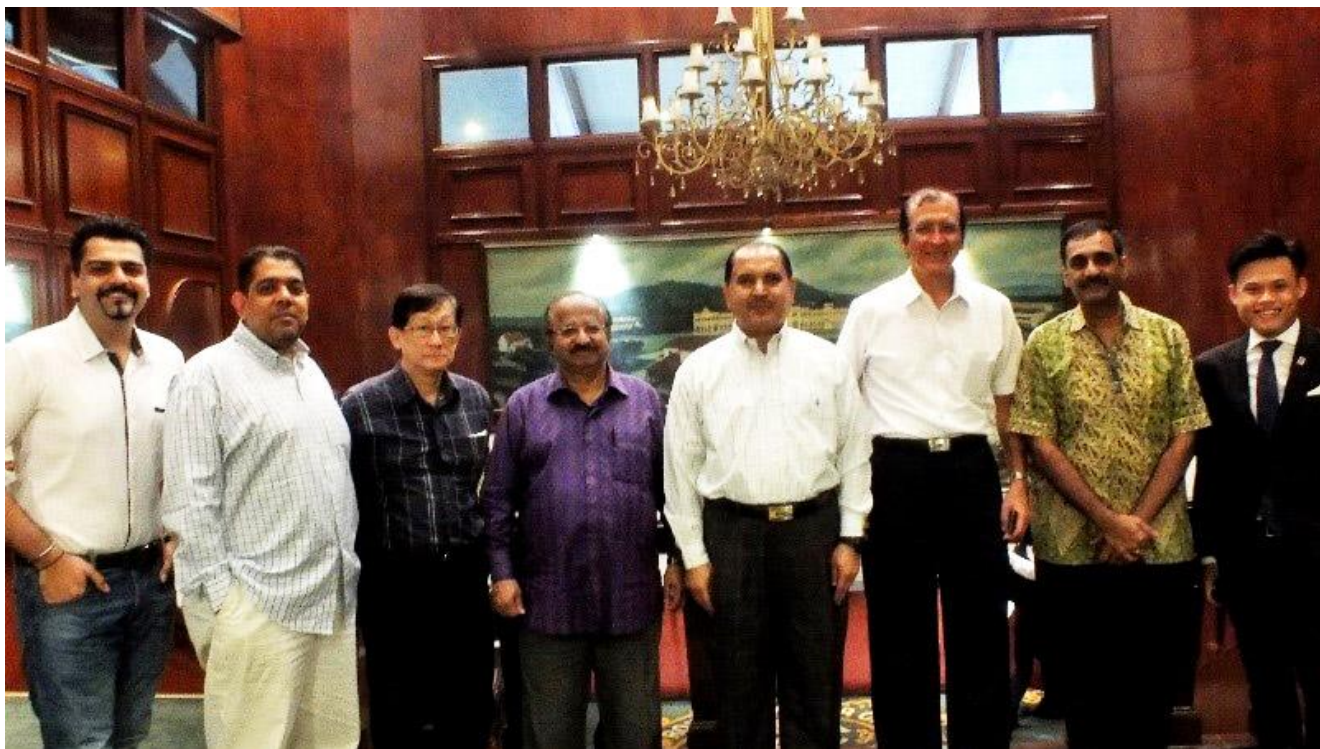
Further recommendations given by TI-M can be found here



<http://transparency.org.my/media-and-publications/press-release/transparency-international-malaysia-launches-the-2017-global-corruption-barometer-asia-pacific-region/>

Transparency International Malaysia's 19th Annual General Meeting

OLD AND NEW LINE UP DEDICATED TO TI-M'S VISION OF A CORRUPTION FREE MALAYSIA



L-R: Raymon Ram, Yunos Yusop, Lawrence Chew, Tan Sri James, Dato' Akhbar, Dr. Pola (former Exco), Dr. Muhammad Mohan & Nicholas Tan

On the 25th March 2017, Transparency International Malaysia (TI-M) held its 19th Annual General Meeting (AGM) in which the election for the Executive Committee (Exco) Members was held. The meeting commenced at 10am, with a quorum of 24 members present, which later increased to 29 members before the end of the meeting. TI-M would like to congratulate, as well as welcome (back) old and new Exco members. Dato Akhbar Satar has been re-elected as President, Tan Sri Dato Prof Dr James Alfred as the new Deputy President, Dr Muhammad Mohan has been re-elected as Secretary-General, and Kanakaraja Muthusamy has been re-elected Treasurer.

TI-M's six Executive Committee (Exco) Members include: Mr. Chew Phye Keat, Mr Lawrence Chew Seng Chen, Mr. Mohd Yunos Bin Yusop, Mr Nicholas Tan Check Foong, Mrs Nurirdzuana Ismail and Mr. Raymon Ram.

TI-M would like to express its greatest thanks and appreciation for the contribution, commitment and compassion of the previous Exco of 2015 – 2017: Dr Loi Kheng Min (former Deputy President), Dr. Pola Singh (former Exco), and Puan Faridah Rohani Rais (former Exco). Their commitment and compassion towards the fight against corruption has assisted TI-M in making valuable improvements to our mission and goal in striving for a better Malaysia. The new Exco Committee will continue to strive for a better nation and broaden our anti-corruption initiatives and stakeholder engagement. TI-M will continue to advocate works in relation to integrity and anti-corruption and to establish networks and coalitions that could work together to fulfil our vision of

**A Nation Without Corruption;
A Society With Integrity**

Editorial

Is it in Our Genes?

When we talk about corruption, the first thing that always comes to mind is the poor, over-worked policeman supplementing his meagre monthly income by accepting some cash in return to waiving away the summons for some trivial traffic offence. Thus leaving the offender free of paying a substantial amount for the traffic violation and removing the burden of some cumbersome paperwork for the law enforcer.

After that, all is well that goes well for everyone. Corruption is convenience. It makes life easier for all or so it seems. Businessmen oil the system to get their permits approved. Housing developers bribe council officials to get approvals for a whole list of licenses, permits and authorization without conforming to the building bylaws. Industrialists monetarily influence the authorities to approve their factories with scant regard to safety and environmental concerns. Yes, corruption is convenience for everyone. In the final analysis, it's good for business. It enriches everyone. But everyone overlooks is the sinister repercussions that come with this convenience. The buildings that do not adhere to safety standards, the factories that pollute and do not follow safety procedures endangering their workers' lives, the crooks that get away with pilferage, extortion and human trafficking.

If those who are in authority do not exercise their authority but use it for their own gain are actually being disrespectful of the responsibility bestowed upon them. They have betrayed the people's trust. Corruption seems to be endemic to developing nations but it is there in every fabric of life like it is embedded in our genes. Everyone is responsible in curbing this deadly disease. Do not be the giver even if it means there are delays in your project or ventures. Do not be the taker, even if it means you have to forego a life of luxury. Eventually, no matter where you came from, no matter what religion or race, there is always a higher authority that we are all answerable to.

Let our conscience be free.

Siva Nair

Editor



Corruption Perception Index (CPI) 2016



URGENT NEED TO IMPROVE OUR SCORES

TI-M launched the Corruption Perception Index (2016) on 25th January 2017. The annual survey measures the perceived level of corruption in 176 countries around the world. Countries surveyed use a maximum of 13 different data sources and a minimum of 3 data sources, capturing the perceptions of corruption in the public sector by experts and business people.

The following are the data sources used to compute the index for countries surveyed. The data sources listed in red are those used to compute the index for Malaysia;-

1. African Development Bank Governance Ratings 2015
2. Bertelsmann Foundation Sustainable Governance Indicators 2016
3. Bertelsmann Foundation Transformation Index 2016
4. Economist Intelligence Unit Country Risk Ratings 2016
5. Freedom House Nations in Transit 2016
6. Global Insight Country Risk Ratings 2015
7. IMD World Competitiveness Yearbook 2016
8. Political and Economic Risk Consultancy Asian Intelligence 2016
9. Political Risk Services International Country Risk Guide 2016
10. World Bank - Country Policy and Institutional Assessment 2015
11. World Economic Forum Executive Opinion Survey (EOS) 2016
12. World Justice Project Rule of Law Index 2016
13. Varieties of Democracy (VDEM) Project 2016

Overall, the CPI fared worse in 2016 compared to 2015. Malaysia shares the 55th spot with Croatia, and the CPI score is 50, on a scale from 0 (perceived to be highly corrupted) to 100 (perceived to be very clean). Malaysia ranked 54th and scored 50 in the 2015 CPI.

Year	2012	2013	2014	2015	2016
Ranking	54	53	50	54	55 ↓
Score	49	50	52	50	49 ↓
Countries	176	177	175	168	176

Denmark and New Zealand shared the first spot as "clean" countries, while Somalia was placed last with a score of 10, followed by South Sudan scoring 11.

69 per cent of the 176 countries on the CPI 2016 scored below 50, exposing a massive and pervasive public sector corruption around the world. Overall, this year sees more countries declining in the index rather than improving.

Though behind Malaysia in terms of the CPI scoring, other ASEAN countries, such as Indonesia, Laos, Vietnam and Myanmar sees an improvement in the score in comparison to the 2015 CPI. Alongside Malaysia, Singapore, Brunei and Thailand experienced declining scores.

TI-M is concerned over the lack of political will in tackling corruption. There has been so much lip service so far, yet no walking the talk. The people do sense the existence of systematic corruption, whereby a vast network of people have stolen and hoarded people's money. There seems to be corruption at all levels (federal, state, and local government) in the public sector. Besides that, Corporate Liability Act in Malaysia remains to be a bill yet to be passed by the parliament. Crucial access to information is also deemed to be low among the people.

The CPI results indicate that much needs to be addressed and rectified in the process of eradicating corruption and keeping up with an image as a country that conducts and engages in fair and clean business. It wasn't too long ago when Malaysia was making its way forward compared to its neighbor Indonesia. However, the tables have turned now and Indonesia has been making strides by leaps and bounds in terms of improving its position in the fight against corruption. It would not take long for Myanmar or Laos to do the same.

Further recommendations given by TI-M can be found in the following link; - <http://transparency.org.my/what-we-do/indexes/corruption-perceptions-index/corruption-perceptions-index-2016/>

“Speak up” SME Version Handbook Launch

SPREADING THE ANTI-CORRUPTION MESSAGE TO THE BUSINESS SECTOR

TI-M with the support from ASEAN CSR Network Small Grants Fund through the support from the Government of Sweden, has published a new practical guide dedicated to SMEs to promote corrupt-free business environment. The new handbook was launched on 18th July 2017.

The newly published handbook aims to educate employees to identify the common types of corruption and bribery at their workplace as well as the negative impacts of these unethical practices towards individual and businesses. It has more illustrations in it, making it easily comprehensible. The handbook is available in three languages; English, Malay & Mandarin.

An estimated of 30 people from various organizations attended the launch.

Among them: Leow Chai Chin from Thumbprint, which has an admirable transparency policy, SME Corporation Malaysia’s Rizal bin Nainy, with which we want to cooperate in the future, representatives of the MACC and many members of TI-Malaysia.

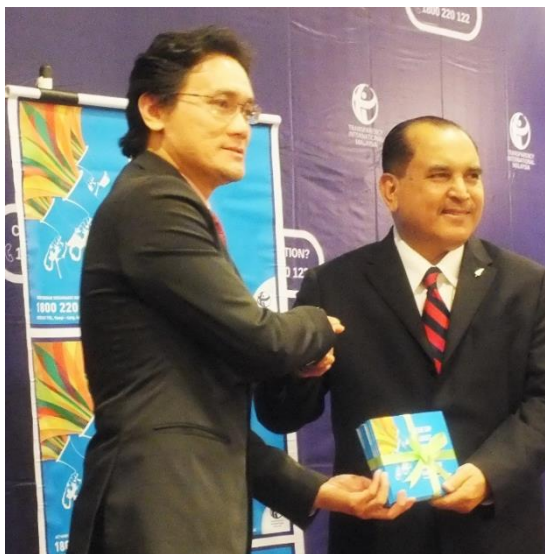
Dato’ Akhbar (President, TI-M) was able to capture the audience with some light jokes and an emotional speech. How Transparency International can offer the tools to effectively fight corruption. What we can do to change things for the better.



Miss Pang Chin Fang (Project Officer, TI-M)

Next was the speech of Rizal bin Nainy from SME Corporation Malaysia with an elegantly crafted speech, stressing the importance of transparency in the face of corruption and praise for Transparency International Malaysia.

The event ended with a short video to increase corruption awareness and the distribution of TI-M goodie bags containing a whistle, pencil and two employee’s books (Malay and English). Demand for the Mandarin version was higher than anticipated.



Mr. Rizal (SME Corporation) & Dato' Akhbar



Business Integrity Workshop

INSTILLING INTEGRITY AT ALL LEVELS OF BUSINESS

Transparency International – Secretariat (TI-S) held the third cross regional workshop on integrity in Berlin (21-23rd March, 2017). The three-day Business Integrity workshop was funded through the Siemens Integrity Initiative. About a 100 participants from 50 over TI Chapters, including TI-Malaysia (TI-M) participated at the workshop.

The workshop generated a lot of input and enthusiasm for our work as a movement in the next years. Both the availability of tools and the approaches that can be adopted in engaging business were covered.

A form of effective approach to business at the country level is to create Business Integrity Forums, sometimes referred to as Corporate Supporters forums. Many chapters have now established, or are in the process of establishing, these forums by which TI brings together local businesses to create a collective action hub for anticorruption efforts.

Several have developed as a result of preparing Transparency in Corporate Reporting reports, either at the global or local levels, and the resulting engagement with companies about their disclosure performance and how it could be improved.



The activities of the forums include:

- Experience sharing among businesses how to deal with specific local challenges
- Updates on local and international anti-corruption laws and practices
- Presentations to the forum participants from outside local and international experts
- Distribution of newsletters
- Running training programmes
- Joint working on adaptation of TI tools to reflect local laws and practice
- Outreach to other stakeholders, such as chambers of commerce, business associations, local and international government representatives, to achieve a multi-stakeholder voice in calling for reforms and improvements in administrative practices



*Welcoming Speech by
Anna Thayenthal,
BIP Programme Coordinator
– TI-S*

Business Integrity Workshop

Some chapters have developed – in addition to the above areas of activity – specific programmes, e.g. toward dealing with SMEs (France, Italy and Norway, among others), preparing detailed guides for participants, providing benchmarking tools for forum participants and leading industry sector focused initiatives (United Kingdom, Australia).

For business, these forums provide a safe space where real issues of combatting corruption can be shared and solutions compared. For many compliance staff it is important to be able to gain confidence from the experience of similarly placed managers in other companies, rather than continuing solely within the sometimes isolated structures of their own company. Modest fees are paid by participants towards the cost of running the forums, but it is a condition of membership that TI retains the right to criticize those companies which fall short of their anti-corruption commitments.

The main takeaway for TI-M from the workshop is that engaging with more corporations is essential. Engagement with State Owned Enterprises (SOEs) and Small-Medium Enterprises (SMEs) are particularly crucial in the fight against business corruption due to their growing economic importance and global spread. The engagement with entities should be long-term and not just focus on having one or two days training.

TI-M was also able to capture some of the ideas on developing materials related to building integrity in the business arena. For example, TI-M could learn from TI-Italy on developing handbooks for SMEs. Besides that, TI-UK has many materials in relation to countering corruption (e.g., 'How to Bribe' book) and invites other chapters to modify and use it for the purpose of approaching companies in their respective countries.

Though the business and political context should be taken in to consideration, chapters should also work equally on both, engaging and confronting. There needs to be a proper balance between being diplomatic and bold.

Based on the presentations by chapters that have experience with the Business Integrity Country Agenda (BICA) and Transparency in Corporate Reporting (TRAC), it can be said that BICA and TRAC is something promising for TI-M. In the business world, sometimes competition works better than engagement and inspires companies. As such TI-M will continue working on TRAC as it has been doing since 2013 and it is also in the planning stage of implementing the BICA.

The workshop also discussed the possibility of applying a Thematic based leadership among chapters, depending on the chapter's capability in terms of skills and experience and resource availability. TI-M was mentioned as an exemplary chapter that could lead the Business Integrity Program as it has many times in the past produced positive outcomes through its business programs. Chapters could also look at training the trainers to share knowledge in order to save resources. Using technology could assist a lot in this area, for example setting up a training session through webinars.



Participants at the 3rd Cross Regional BIP Workshop



Integrity in the Defence Sector

PROMOTING TRANSPARENCY IN DEFENCE PROCUREMENTS

Transparency International Malaysia (TI-M) in collaboration with Transparency International Defence and Security (TI-DS) organised the 'Integrity & Good Governance in Defence Sector' defence workshop on 16th February 2017. As a form of pre-preparation for the next Government Defence Anti-Corruption Index (GI), the workshop aimed to encourage further improvisation and suggest recommendations that can enhance transparency and integrity in the Defence sector. Malaysia ranked 'D' in the 2015 index.

The workshop was attended by representatives from the Malaysian Ministry of Defence (MINDEF), Economic Planning Unit as well as representatives from the Embassy of Netherlands and the Australian High Commission. The Malaysian Anti-Corruption Commission (MACC), Transparency International-Taiwan, and academicians from University Malaya and Singapore's S. Rajaratnam School of International Studies, were invited to present their views in regards to the GI and corruption within the defence sector in Malaysia as well as in their respective countries

Mr. Mohd Nur Lokman Samingan, who was representing Dato' Shamsun Baharin (Deputy Chief Commissioner, Prevention Division) from MACC, shared the experience and future plans of MACC in its efforts to curb corruption in the defence sector. He notes that it is rather difficult for MACC to force MINDEF to apply full transparency and disclosure in any of their acquisition or financial transactions as it may risk national security. However, they are looking at ways they could collaborate with MINDEF to apply proper preventive measures.

As such, the MACC has established the Corruption Risk Management (CRM) as a tool in the form of modules and workshops that can help organizations to identify corruption risks and offers systematic risk management plan by establishing good governance that can reduce chances of corruption, embezzlement and abuse of power. MINDEF is currently using this tool to assess and mitigate corruption risks. It isn't mandatory for organizations to implement the CRM. Hence, MACC sees the voluntary effort taken by MINDEF as a good move towards practicing a corrupt-free business.

Speaking of how the Singaporeans deal with the issue of transparency in the defence sector, Professor Bernard Loo says that it is not a topic that is widely discussed or lectured about, but the GI Index is something that the Singaporeans take pride in. He explains that Singapore has a number of elements that allows them to address the issue of corruption – Legislation, Independent Investigating Body, Independent Attorney General. The advantage to Singapore is that the pride Singapore government places on its anti-corruption reputation around the world.



Mr. Lokman Samingan

Similarly, Dr. Ernie Ko from Transparency International Taiwan shared the views of Taiwan on the GI index and also the challenges faced by TI-Taiwan as a movement in gaining the support from the Taiwan government. Though initially the government was sceptical and unwilling to collaborate with the movement, the government has made tremendous improvement currently in terms of being open to the suggestions of TI-Taiwan. Dr. Ernie says that it was important to them to keep knocking at the Taiwan's Defence Ministry's door to be accepted.

Malaysian academician, Dr. K.S Balakrishnan shared his ideas on the GI Index and corruption in the field of defence. Commenting on Malaysia's rank in the GI Index, Dr. Bala says the sad truth is that it never hits the right point. With surveys based on ranking and numbers, the precision is never there and there is constant need to manoeuvre in order to keep improving. He believes that Malaysia is better than what the GI Index indicates as subjective evaluation are turned in to numbers, which is not right and the integrity is gone in the survey itself due to the fact that adjustments are made.



Dr. Bala believes it is not just the corrupt defence sector, but an overall corrupt business world and the mere existence of capitalism. He attributes this to the Malaysian authoritarian ruling style two decades ago, which is also known as Crony Capitalism. Though Malaysia has been gradually moving away from that over the last 10 years, we still have a few bad apples with strong connections to the business world.

The seminar moved on to the panel discussion with panelists; Professor Bernard, Dr. Ernie, Mr. Andrew Watsons from TI-UK and Dr. Loi, Deputy President of TI-M as moderator to the discussion. The panel discussed some of the issues with the GI. Some of the questions asked in the index require answers from people relevant to a specific area, but it is usually answered by one person within the Defence Ministry in charge of the GI. The question on how much of sharing can be of hindrance to national security was raised. The panel agreed that information on tactical operations need not be revealed, but information on budget and salary would bring no harm. In a nutshell, the panel maintained that the defence sector should always engage in a transparent manner as it reduces miscalculations and builds the people's trust towards the government.



L-R: Dr. Ernie, Dr. Loi, Mr. Andrew Watson & Prof. Bernard

The session ended with concluding remarks by Dato' Akhbar, who acknowledged that the methodology used in the GI Index does need to be revised, making it more suitable in the Malaysian context. He also believes that there is a need to ensure that MINDEF procures products and services that are only vital, cutting down unnecessary costs. He understands the government's need to safeguard national security, but it also needs to be open to feedbacks that can improve areas susceptible to corruption. Learning from Taiwan and Singapore, MINDEF should open itself more in building up cooperation with CSOs such as TI-M who could provide valuable feedback on ways to improve the GI index and overall issues related to the defence sector.

ASEAN Calls For Greater Cross Cooperation In Fighting Cross Border Corruption



REGIONAL CONFERENCE ON FAST TRACKING UNCAC IMPLEMENTATION FOR ECONOMIC AND SOCIAL DEVELOPMENT IN SOUTH-EAST ASIA

The regional conference on **Fast-tracking Implementation of UNCAC for Economic and Social Development in Southeast Asia**, was held in Bangkok from 1st – 3rd February 2017. It is a pivotal time in Southeast Asia, as UNCAC coalition*, was invited to be participate in this conference. More than 150 government, civil service, private sector and civil society representatives from ASEAN countries discussed over 3 days on anti-corruption according to the United Nations Convention Against Corruption particularly on the following three thematic areas

- *Strengthening capacities for detecting, investigating and prosecuting corruption at the national and international level*
- *Preventing money laundering, preventing and detecting transfer of proceeds of crime and recovering stolen assets*
- *Preventing corruption and enhancing transparency and accountability of public services*

*UNCAC coalition is a global network of over 350 civil society organizations (CSOs) from over 100 countries, committed to promoting the ratification, implementation and monitoring of the UN Convention against Corruption (UNCAC)

The regional conference provided an opportunity to create and foster partnerships, and to establish a regional platform to fast-track implementation of UNCAC in support of the 2030 Sustainable Development Agenda, in particularly Goal 16. The representatives of civil society organisations attending the regional conference, agreed on a set of proposals for action by states acting at ASEAN and national levels. Their recommendations reflect the following priorities

- *Member States should join efforts within ASEAN to fight grand corruption and create a regional mechanism to receive and review complaints about cross-border corruption*
- *They should also commit to activating and resourcing the “ASEAN Integrity Dialogue” in order to hold joint discussions on follow up to the anti-corruption commitments in UNCAC and Goal 16, as well as those in the ASEAN Community Vision 2025 and the three Community Blueprints 2025*
- *Promote passage and application of comprehensive freedom of information legislation, as well as*
- *Establish comprehensive and effective whistleblowing systems that include protection of witnesses and whistle blowers in both the public and private sectors*

The CSOs highlighted the importance of establishing a transparent and comprehensive second cycle of the UNCAC review process. “States should ensure civil society participation in the fight against corruption in line with UNCAC Article 13, including through public consultation processes, inclusion in enforcement efforts and asset recovery processes and through making provision for private prosecutions and public interest litigation on behalf of victims. They should publicly commit to and, where required, adopt measures to guarantee protection of civil society space and media freedom as well as citizen’s participation.

For Malaysia, the first 5-year cycle review for Malaysia by two peer state parties covering UNCAC Articles 15 – 42 of Chapter III (Criminalization and Law Enforcement) and Articles 44 – 50 of Chapter IV (International Cooperation) was completed in 2013 and the summary review report was published on May 28, 2013. The second part of the 5-year cycle review covering Articles 5 – 14 of Chapter II (Preventive Measures) and Articles 51 – 59 of Chapter V (Asset Recovery) is currently in process. TI-M together with other civil society organizations (C4 and IDEAS) has been actively involved in engaging MACC on the implementation of the UNCAC and of the transparency of the review process.

Corporate Integrity System Malaysia Lab

TAKING THE RIGHT STEPS TO IMPROVE BUSINESS INTEGRITY

The Corporate Integrity System Malaysia (CISM) lab was hosted by MACC at INTAN Bukit Kiara in February. It aimed to refine the terms of reference for CISM roundtable partners and steering committees, strengthen CIP implementation framework, and discuss CISM way forward for year 2017-2020 and also implementation of ISO 37001: Anti Bribery Management System.

TI-M as part of the CISM Roundtable (RTD) members was appointed as facilitator and secretariat to the lab together with other RTD members, i.e. Companies Commission of Malaysia, Malaysian Institute of Integrity, Securities Commission, Bursa Malaysia, Performance Delivery and Management Unit (PEMANDU) and Integrity and Governance Division in Prime Minister's Department.

The organizers managed to bring in representatives from the public sector, private sector, academia and non-profit organizations to the lab, allowing multiple perspectives to collectively improve business integrity in Malaysia. The lab was attended by CIP signatories- PETRONAS, Sime Darby, MRCB, CCM, EPF & TM; from civil societies-Minority Shareholders Watchdog Group, Malaysian Employers Federation and Business Integrity Alliance; academia team from Accounting Research Institute, USM, UTP and other agencies like Malaysia Productivity Corporation & Securities Industry Development Corporation.

The discussion outcomes, using a multi-stakeholder approach, were impressive. Participants actively deliberated over the topic "Is MACC relevant to CISM?" In short, most believe that MACC is relevant but not as the main driver of CISM, its function is as an enforcement agency and as advisory on corruption prevention.

Some salient points are presented here, moving forward:

- Set up plan to promote CIP by stages; firstly focus on Public Listed Companies and to MNCs, GLCs & GLICs on later stage.
- Proposed CIP Model
 - Registration: Interested companies register and sign up for CIP
 - Self-assessment: Registered companies shall complete self-assessment within 6 months after registration
 - Verification: The Company is subject to at least one audit by a panel/committee within 5-6 years

Companies can be deregistered from the CIP Signatory list by the panel, if:

- There is any adverse news about the company, pertaining integrity and governance issues
- The company fails on verification
 - Recognized CIP signatories using Star Rating approach and awards
 - Provide incentives, tender evaluation advantage and companies integrity practices database to CIP signatories

The lab facilitated the recapitulation of CISM Initiative and CIP framework since its inception in 2011 and suggested new dimensions to intensify the collaborative effort against corruption. TI-M is committed to work closely with other RTD members to support the corporate integrity agenda in Malaysia.



Participants representing various agencies at the CISM Lab

Civil societies want more say in UN graft convention review process

TI-M AS PART OF THE REVIEW PROCESS UNDER THE INTERNATIONAL TREATY



CSOs (TI-M, C4 & IDEAS) & MACC with the team of reviewers during the country visit – CSOs were in for the review of Article 13 (Participation of Society)

Civil societies have urged Putrajaya to allow them to take a greater part in the review process of the country's implementation of the United Nations Convention against Corruption (UNCAC).

This comes after the Institute for Democracy and Economic Affairs (IDEAS), the Center to Combat Corruption and Cronyism (C4) and Transparency International Malaysia (TI-M) were invited recently to participate in the review process for Article 13 of the convention which deals with participation of societies.

In a joint-press conference, C4 executive director Cynthia Gabriel said it came as a surprise to learn from civil societies in other countries that there was no rule which confined participation of civil societies to one Article.

"We were very fortunate that the panel did ask us many questions relating to topics outside of Article 13," she said.

One of the questions the panel asked was regarding existing mechanisms to collect comments on proposed legislation.

TI-M executive committee member Chew Phye Keat told it there were no mandatory processes for public consultation, but noted that it did happen occasionally. He revealed to reporters today that on the question of participation in revealing corruption, the civil societies had pointed out the lack of protection the Whistleblower Protection Act actually accorded whistleblowers.

"The fact that you must disclose corruption to law enforcement and that you're not protected if in disclosing corruption you are committing an offence, creates a general sense of fear to actually report cases of corruption."

He gave an example that if one were to go against the Official Secrets Act (OSA) in disclosing incidences of corruption, the person who made the report would no longer be protected.

Another recommendation that the civil societies are making is that Putrajaya continue the practice of revealing the UNCAC review reports to the public. IDEAS chief operating officer Tricia Yeoh said this would ensure the public was aware that Malaysia was a signatory, as well as reveal to the public whether or not Malaysia was actually following the reviews' recommendations.

"This is the second cycle of reviews and it will continue until 2020. The government had actually made the reviews from the previous cycle in 2012 available to the public and we hope they continue that practice."

In 2012, the first cycle dealt with chapters on law enforcement and international cooperation. The second cycle, which started last year, deals with chapters on prevention and asset recovery.

Malaysia ratified the UNCAC in 2008. This second cycle, which started last year, deals with chapters on prevention and asset recovery. Malaysia ratified the UNCAC in 2008.

BICA Training with TI Malaysia

STUDYING THE MALAYSIAN BUSINESS ENVIRONMENT

Our colleagues from TI Malaysia, joined the TI-S BIP team for a two-day **Business Integrity Country Agenda (BICA)** training at Berlin few weeks ago, this was also the last training Finn gave right before his departure of TI after nine years of great work in fighting corruption.

What happened in this BICA training?

This training consisted of different sessions in order to help our Malaysian team starting smoothly into their BICA project: an introduction of BICA, BICA assessment process, turning the assessment into collective action, BICA assessment indicators in both public sector and private sector and drafting the preliminary research plan were all included in the agenda.



Top L-R: Nurirdzuana, Dr. Zaleha, Dr. Hassan, Mr. Finn

Bottom L-R: Ms. Pang & Mr. Fahmy

How did our colleagues think about it?

By Pang Chin Fang on behalf of TI Malaysia

It was indeed an utmost privilege and wonderful experience for BICA Malaysia project team training in Berlin from 31 May until 1 June 2017. Surprisingly we were informed personally by Finn Hein-rich that he will be leaving TI-S very soon, his last day to be on 2nd June! Shocked and sad with the news but wishing him all the best for his new venture. Nevertheless we look forward for the success of BICA and seek more guidance from TI-S.

he kick-off training covered the fundamental elements of BICA project, past research experiences, challenges, the success stories and milestones in countries like Mozambique. This helps us to set out clear direction to conduct BICA in Malaysia and increase our confidence to visualize a reform agenda for the country, although lots of effort is needed.

What is BICA?

Finn has simplified the concept of BICA

CPI is like a thermometer which tells you how the fever is but it doesn't tell you why and what to do; to know the cause, you need to do blood tests and thermography to really know what happens inside your body, and that's what BICA is. It opens it up and looks into the body of business integrity from all angles, it takes time and is more expensive but this is what we need in order to change.

In context of business integrity of our country, the frame-work of Corporate Integrity System Malaysia TM utilized a fundamental multi-stakeholder model by involving government agencies, regulators and NGO in the initiative.

BICA National Advisory Group (NAG) is trying to extend this existing model by engaging broader stakeholders like business associations, market players, media, international organizations and academician to collectively improve transparency, integrity and accountability in business practices. We envisage completing first stage of BICA within 7 months, probably the shortest BICA research among the countries carrying out the same assessment.

We would like to express our highest gratitude to TI-S, BIP team, Finn & Anna for having us in Berlin. It was a fruitful and inspiring training. When times are tough, we stand together to get through, like the ficus tree owned by Finn.

The plant grows for years with limited care, small amount of water, yet it grows well.

Fighting against corruption and bribery in private sector is based on long-term vision with much of effort; TI-M would like to take the lead.

WORQ, Cradle & BFM Edge VenturePalooza 2017

ENGAGING WITH THE CHANGE MAKERS OF THE FUTURE

By Dana Coleby and Valentin Iseli

The conference put us in contact with the people that heavily form the future of Malaysia.

As a smaller scale investor, I was shocked when Nasrid Hassan, CEO of Cradle a government owned company, proclaimed that he did not even look at the financials of WORQ to give them money for their project. He said: "I like their faces. Faces that you can trust." It made me think and listen up. They undoubtedly had a good idea to create an environment, where creativity and co-operation can flourish, but the statement made me doubt his ability as an investor. It stands to a stark contrast to other start-ups, which struggle for years to attain funds for their vision. It seems kind of a reflection what happens with a lot dealings in the Malaysian business world: a lack of transparency and open competition.

If you want to see it. The right questions must be asked. The fascinating part of the event were not the talks that happened on the stage, but below. Throughout my stay, I distributed my superior's cards and booklets, from our Speak Up campaign of our organization, Transparency International Malaysia (TI-M).

I heard disillusioning stories of people working in government trying to change it for the better. "I knew a guy in the police", says Clement Chew, principal consultant of Atlas Solutions and ex government worker, "He did not accept bribes and did not get promoted for eight years. When he finally got promoted I asked him, 'So, did you finally accept bribes?' And he nodded."

"The fascinating part of the event were not the talks that happened on the stage, but below"

Mr. Chew is not alone. In 2016 a survey of 1'009 Malaysians found that 57% said they think the police is involved in corruption as revealed by Transparency International Malaysia, a corruption watchdog, by which the author is employed. The Asia Pacific average is 39%.

I met an investor, who does not want to be mentioned by name. I asked:
"Does corruption affect the rent prices in Malaysia?"
"Are you a journalist?"
I say: "No, I just want to understand the situation better."
"Ok, I do not want to be cited in any newspaper. A big cost factor when starting construction is the permission costs, the kinds you must receive before you start building. Those costs get passed on to the rents."

Kenneth, a social entrepreneur, who organises social events to raise awareness towards many present issues, tells me: "When I went to get authorisation for one of my projects, I was told with no convincing reason that it's not possible. I got frustrated and then a friend came to me and said that I must ask: "How can I make it possible? How am I supposed to know this?"

Many entrepreneurs seem to lose out on opportunities since they decide to refuse to pay or receive bribes. I have yet to find any stories of one reporting such an event to the enforcing authorities. Many are afraid to do so, or simply believe it would not change anything. To the former I want to say: 84% of the people asked by TI-M in 2016 did not suffer any kind of negative consequences after reporting a bribery. Cases such as Teoh Beng Hock and Ahmad Sarbani Mohamed exist, but they are the exception, not the rule. To the latter: 23% of Malaysian who reported bribery saw an action taken by the authorities against the officials. So more than every fifth case had an effect. A difference can be made, if we try.

I was happy to hear that all the people, I have met at the conference were aware of corruption and saw it as a problem. This gives me hope that maybe one day Malaysia will judge the future business leaders by their potential and not their faces.

MACC Integrity Forum & Official Tour

TI-M and Junior Chambers International KL (JCI) jointly initiated the Integrity Official Tour and Forum to Malaysia Anti-Corruption Commission (MACC)-Putrajaya. The event was organized by TI-M Exco, Mr. Nicholas Tan.

The tour gathered around 20 youths and was held on 20th May 2017 with the purpose of developing strong moral attitudes in shaping civic integrity and the role young people play in developing and following anti-corruption values and also get to know the role of MACC.



Participants were briefed and brought on a tour within the MACC by MACC Officers, Tuan Ho and Tuan Lokman. Participants were exposed to the Video Interviewing Room, Identity Parade Room and the MACC.FM.

WELCOME ABOARD!

TI-M's New Employee & Intern



Aliaa Sofian

Accounts/Admin Executive

Upon her graduation from Universiti Teknologi Mara, Selangor with Bachelor (Hons.) in Accountancy, Aliaa joined TI-Malaysia on 20th March 2017 as Accounts cum Admin Executive. She has completed her 6-months internship at one of the audit firm in Kajang, Selangor as a junior auditor. At that time, she was given an opportunity to be involved with the audit process for one of government agency. Although her main focus is in the field of accounting, she also has an interest in the subject of crime and corruption and hopes to support TI-Malaysia.



Dana Coleby

Intern (March – June 2017)

Dedicated To The Cause Of Human Rights And Equality

Dana has finished her Bachelor of Arts degree in Anthropology and her Global Master of Arts in International Relations. She is pursuing a career in international development and hopes that working with TI-M will give her some insights into this field. Dana has strong interests in human rights and equality. She hopes that during her time here with TI-M she can learn new skills to apply to her career and bring forth a change, in some small way.



Valentin Iseli

Intern (May – July 2017)

A Firm Believer Of Justice

The new Intern in his second year of a Bachelor for International Business at the London Campus of Grenoble Graduate School of Business with a specialization in Finance. He has first-hand, successful experience as a whistleblower in the Swiss military and his present school. Previously he worked in the Institute for Mental Health in Zurich to implement virtual reality in psychotherapy, in the Swiss military as an aspiring officer and as a caretaker for the elderly for the Swiss Civil Service.

BE A CONTRIBUTOR

We welcome articles and contributions to make this newsletter interesting and informative. Those of you who think that they are skilled writers and are committed to the cause of a clean and ethical society can send their articles and photos to:

bavani@transparency.org.my

Get Involved Report Corruption!

Have you or someone you know been a victim of corruption? Are you unsure of what step you need to take next? Please allow us at TI-Malaysia to assist you. Any Malaysian citizen can report their complaints in relation to corruption through the 'Speak Up' Hotline and receive free legal assistance.

Working alongside the Malaysian Anti-Corruption Commission, TI-M can guide you through the redress mechanisms available, the process of submitting a complaint, or information about the Protection Act 2010 for Whistleblowers. TI-M aims to encourage people to speak up against wrongdoings and contribute to a nation free of corruption. Would you like to help us on our mission? Then...

Report Corruption! Call Hotline 1800-220122, Monday to Friday, 9am to 6pm

LET'S STAND FIRM AGAINST CORRUPTION

The time of being a bystander is over. The time to take action has begun. Are you thinking, "But what could I possibly do to contribute?"

The correct answer is JOIN US.
The time to make a better future for our children is NOW.
Do you believe in the values that uphold GOOD GOVERNANCE?
Would you like to be a part of THE VOICE against corruption?
Then come join us as a member @ Transparency International-Malaysia!

For membership, contact
ti-malaysia@transparency.org.my or call 03-7960 6630

Editorial: Mr. Sivasanqaran Nair, Ms. Bavani Javadevan. R & Ms. Chun Yuan Hu

Source: SAPinsider



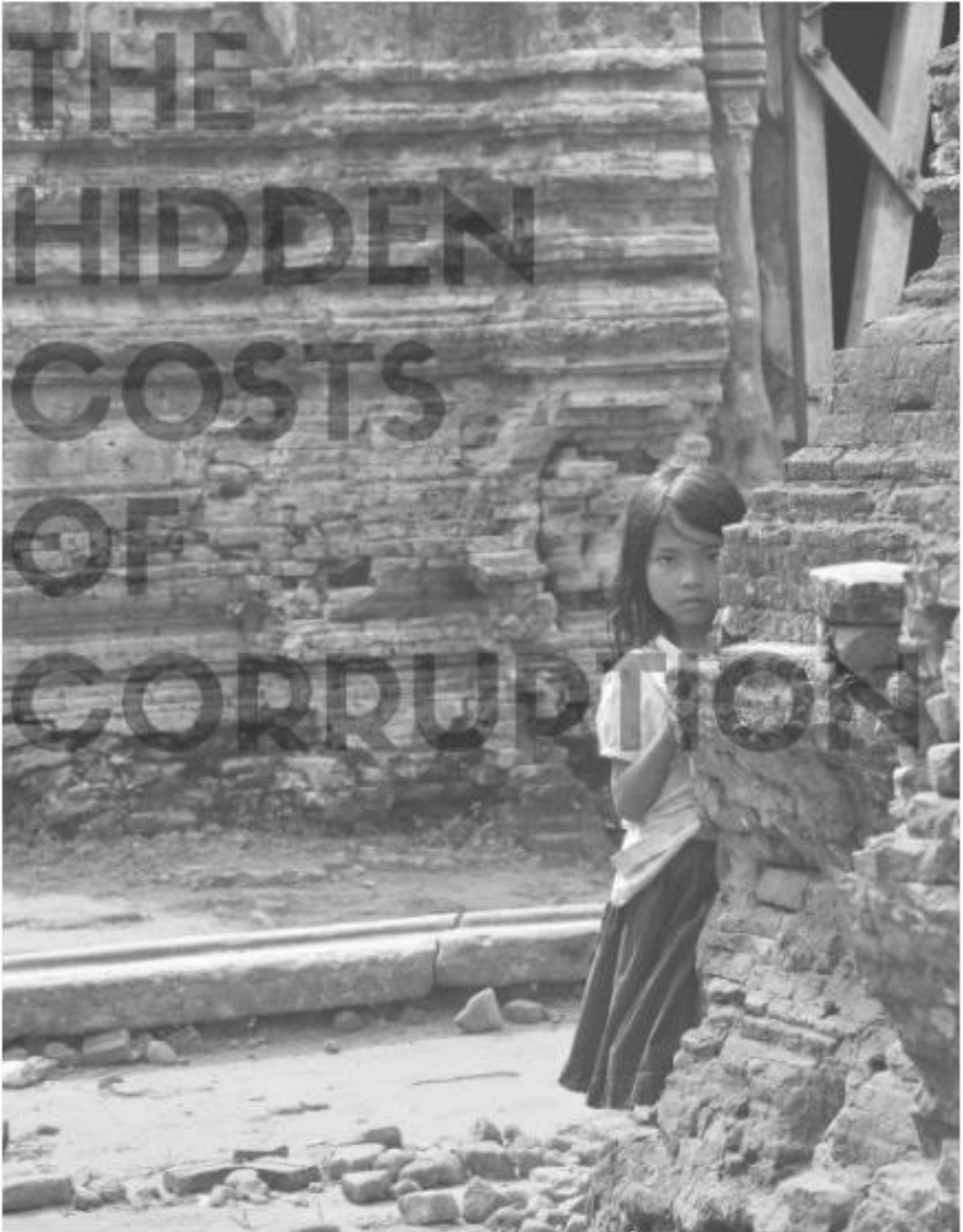


Photo Credit: Valentin Iseli

**The poor suffer.
Corruption increases cost of rent
And increases inequality.**

**Join us.
Be the light you want to see.**



**TRANSPARENCY
INTERNATIONAL
MALAYSIA**