



Opening Speech by TI-M President Datuk Paul Low Seng Kuan, at the Launch of the book on **“Reforms in Political Financing in Malaysia”** on 23 May 2010

The Malaysian public have over the years enjoyed good times and we often have a “give and take” attitude of tolerance towards corruption. Many of us accept that it is alright for someone to be corrupt as long as we ourselves are getting something or are comfortable. Therefore, we often close an eye to political corruption in all forms, and ignore the lack of accountability and governance in the stewardship of national resources, as long as political leaders are delivering economic benefits to the society, however meagre or disproportionate the amount of the benefits may be compared to the leakages.

Consequently, opacity in government procurement and granting of licences and concessions and other forms of political patronage increase the burden on taxpayers and the public. In 2008, the World Bank estimated that corruption in Malaysia could cost up to RM10 billion a year. More seriously, the Auditor-General reported in 2009 that RM28 billion was misspent in government procurement in the previous year.

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Reforming Political Financing in Malaysia - Launch of Book and National Campaign

On 23 May 2010, Dato’ Sri Abu Kassim Mohamed, Chief Commissioner of Malaysia Anti - Corruption Commission (MACC) launched the TI-M book and national campaign on reforming political financing in Malaysia.

The book is based on pioneering primary and secondary research undertaken in 2009. Interviews were conducted with senior politicians, such as former Prime Minister Tun Dr. Mahathir Mohamed, former cabinet ministers Tengku Razaleigh Hamzah and Datuk Seri Dr. Chua Soi Lek, members of parliament, and political analysts. Information obtained from a national conference on political financing and validation workshops on the research organised by TI-M enriched the book. Secondary data from literature review contributed to a more thorough and insightful analysis on the political financing scenario in Malaysia.

The Launch commenced with an opening speech by TI-M President Datuk Paul Low.

The opening speech was followed by three major components of the Launch: a Forum on “The Way Forward in Reforming Political Financing”, launch of book and launch of nationwide campaign. The panellists for the Forum were Tuan Haji Mustafar Haji Ali (Director of Investigation Division, MACC), Datuk Wira Haji Wan Ahmad Wan Omar (Deputy Chairman, Election Commission), Datuk Hafarizam Harun (Legal Counsel, UMNO), YB William Leong Jee Keen (Treasurer, PKR) and Professor Dr. Edmund Terence Gomez (University Malaya). Ms. Josie Fernandez, TI-M Director of Policy, Projects and Campaigns chaired the forum.

The panellists raised a number of important issues: money politics is a global issue that required great attention, lack of legislation to regulate the problem, the Election Commission (EC) currently lacks powers in the current situation to address the problem of money politics, and the worrying trend of the political-business nexus and ownership of media by political parties which are the major causes for political corruption. The EC needs stronger legislation to be effective in addressing the problem of money politics.

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Roundtable on Institutional and Legislative Reforms on Political Financing in Malaysia – 8 February 2010



Datuk Paul Low giving his welcoming remarks

A roundtable on “Institutional and Legislative Reforms on Political Financing in Malaysia” was organised on 8 February 2010 with support from Konrad-Adenauer-Stiftung.

The key objective of the Roundtable was to debate the proposed recommendations for reforms on political financing in Malaysia. TI-M had undertaken research on the state of political financing in Malaysia as well as a review of election laws in the country. The draft of the proposed recommendations was presented at the Roundtable to gain insights, feedback, comments and recommendations from various sectors, such as politicians, academicians, civil society organisation, and policy makers. Professor Yoon Jongbin from South Korea, who was a speaker for the event, shared the experiences of South Korea in reforming political financing in that country.

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Transparency

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Say "No" to Money Politics

There can be no escaping from the fact that politics is money

*Tun Dr. Mahathir Mohamed
Prime Minister of Malaysia, 1981-2003*

Political corruption is the mother of all corruption

*Dato' Sri Abu Kassim Mohamed,
Chief Commissioner, Malaysian Anti-Corruption Commission*

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This book concerns the financing of political activities, political parties, candidates and elections in Malaysia. It provides insights into the weaknesses of the electoral system and also internal party electoral campaigns. It calls for reforms such as greater public disclosure in political financing, autonomous and effective enforcement by regulatory agencies and de-linking of politics from business by party ownership of corporate enterprises, to create a level playing field in electoral competition.

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This translates into higher cost of living and inefficient delivery systems. Worse, it funds and safeguards the interests of highly influential persons who abuse their power. Similarly, enforcement institutions can be subjected to undue influence to act in a manner that compromises their independence and professionalism. All these can cause the nation to decline into an abyss of hopelessness that is characteristic of a failed state.

The current financial crisis in Greece provides us important lessons. Although the crisis is triggered by the large budget deficit of about 13.6% of GDP and the inability of Greece to meet the obligations of her sovereign debt, these are nevertheless only symptoms. The underlying root causes are grand as well as petty corruption that has existed for decades. Let me quote here a description of the level and nature of corruption in Greece as reported by a newspaper:

“According to the Wall Street Journal, a Transparency survey shows that last year, 13.5% of Greek households paid bribes of €1,355 (RM6,775) based on last year's exchange rate on average.

In an article titled Tragic Flaw: Graft Feeds Greek Crisis, the newspaper said ordinary citizens handed out cash-filled envelopes to get driver's licences, doctor's appointments and building permits, or to reduce their tax bills.

In the past three years, senior politicians had resigned or been investigated over allegations that included taking bribes for awarding contracts, employing illegal workers and selling overpriced bonds to public pension funds, the report noted.

Cheating the government, especially on taxes, is widespread in Greece. Government procurement bribery and political patronage have bloated the Greek government's spending, and pervasive petty bribery eroded its authority over taxpayers, the newspaper wrote.

“The core of the problem is that we don't have a culture of civic society,” Stavros Katsios, a professor at Greece's Ionian University who specialises in economic crime, was quoted by the journal as saying. “In Greece, complying with the rules is a matter of dishonour. They call you stupid if you follow the rules,” he added.”

One may rightly asked, “Are we any different from Greece today?” It is futile to talk about productivity increases, upgrading to high-income economic activities and improvement measures to increase government coffers when there are substantial leakages to benefit personal interest through abuses in entrusted powers by those that were given the trust by the people.

Transparency International (TI) and Gallup International in 2003 and 2004 identified political parties as the most corrupt institution in three out of four countries surveyed. Similarly, in TI's Global Corruption Barometer (GCB) 2009 report on the perception of the Malaysian public on institutional sector integrity, about 42% of respondents thought that political parties are the most corrupt group. Political parties top the list when compared with other entities namely; the civil service, judiciary, private sector and the media. It is very alarming if politicians who are elected to serve the people are perceived as corrupt.

While it is highly commendable that present BN federal administration and some PR states are dealing with corruption more seriously than before, significant changes cannot be achieved on a sustainable basis unless the issue of political financing of political parties and other areas of the political arena are reformed. The current political system with its opacity and lack of accountability breeds unethical practices that are undermining the democratic process.

It is therefore not surprising that Malaysians are beginning to call for change and for more accountability from politicians and their political parties as well. The overwhelming opacity in the political arena and monetization of politics has become ingrained into the political system to an extent that the electoral process will continue to be seriously undermined if there are no reforms. Political corruption has been described as the “mother of corruption”, and therefore any serious effort to improve the country's integrity system must change the political culture. It is for this reason that Transparency International Malaysia (TI-M) has chosen to join TI's global thrust to deal with political corruption.

Fortunately, we do not have to reinvent the wheel as there are already very inspiring and successful cases of political reform in other Asian countries which had similar problems as that of Malaysia. Our study of reforms in South Korea and Taiwan has led us to believe that change is possible if civil society and the public demand it. Some of the key areas that are required for reform in political financing include the following:

- regulations for political financing
- promotion of fair political competition
- limiting the influence of money over policies and the electoral process
- an independent and effective public oversight mechanism
- greater disclosure of political donations and expenditure, and
- limiting the unhealthy nexus between politics and business to curb political patronage.

To obtain a more definitive assessment of the influence of money on the Malaysian political arena, numerous interviews were conducted with grass-root politicians, political leaders and ex-ministers from all parties that agreed to be interviewed. We thank them and we appreciate their frankness.

TI-M, as a responsible local NGO, has taken up the difficult and hazardous challenge of the Crinis project on political financing in Malaysia, mainly because of our concern for the well being and future of the nation. This report has been made in good faith without any malice towards any political party or individual. We hope that this report will serve as a catalyst to bring about public awareness on the importance of integrity in the political arena and that those in positions to make the necessary changes will respond in a positive way.

We trust that this Report will make a positive difference in our lives and that of future generations.

Syabas to Malaysia!

Datuk Paul Low Seng Kuan
President
Transparency International Malaysia

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Roundtable on Institutional and Legislative Reforms on Political Financing in Malaysia

The roundtable was well attended with a total of 40 participants from various sectors. They included Members of Parliament, representatives from PEMANDU, Malaysia Anti-Corruption Commission, politicians and academia. The TI-M President, Datuk Paul Low opened the Roundtable.

The Roundtable raised important issues related to the reforms proposed by TI-M. The participants agreed in principle that immediate reforms are needed to address the problem of political corruption. However, some of the participants disagreed on some of the proposals such as the banning of media ownership by political parties.

In his presentation, Professor Yoon highlighted several key issues such as the driving forces for reforms in political financing and the reformed institutional settings of campaign finances system in South Korea. He cited four key driving forces behind the electoral reforms that South Korea has undertaken since 2003, namely, (1) public outcry of illegal political financing, (2) the role of reform-oriented political party, (3) the role of civil society, and (4) the role of the National Election Commission (NEC).

As South Korean had undergone electoral reforms since 2003, there are several key features in the new electoral system that contributed to the transformation of political financing in South Korea. A new campaign financing law – Political Fund Act, was introduced in 2004. The Act emphasised on key issues such as transparency and accountability in sources of income for parties and candidates, imposing donation limit, transparency in disclosure and reporting of parties and candidates' account, reimbursement of campaign expenditure, and to encourage political donation from the public. The Act also imposed strict enforcement and punishment for violation of any regulations stipulated in the Act.



Participants listen attentively



Professor Yong stressing a point

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Launch of Book

The EC representative mentioned that political parties do not like to be regulated, and suggested that all parties should voluntarily refrain from election "goodies" prior to and during the polling period. A complete overhaul of election offences-related legislation is needed in order to deal with money politics.

The participants raised several interesting points on corruption and money politics in Malaysia, including: why the government could not be charged under the Election Offences Act 1954 for vote-buying inducements in elections, political corruption is a sophisticated and organised crime which needs to be eliminated immediately, and the EC and the MACC have to cooperate to eliminate money politics, instead of working individually. A participant suggested that TI-M carry out projects that are grassroots-based to educate members of the public on the importance of reforming political financing.

Dato' Sri Abu Kassim emphasised the importance of eliminating money politics as money politics is the mother of all corruption. The MACC was not only trying to eradicate money politics in general and by-elections, but also in intra-party elections. MACC believes that political parties and civil society are integral in achieving reforms in political financing. Dato' Sri Abu Kassim also quoted a paragraph from the book: "In countries where political corruption is rampant, 'people become disempowered politically, economically and socially and, in the process, further impoverished. Leakages through corruption compromise a country's economic growth, investment levels, poverty reduction efforts and other development-related advances."

More than 100 participants representing the Election Commission, the Malaysian Anti-Corruption Commission, government agencies, foreign missions, funders, political parties, NGOs, academicians, political analysts and the media attended the Launch.

The media was well represented, and reports were aired on TV1, TV2, TV3, NTV7, 8TV, TV9, Astro Awani and Bernama. Articles covering the Launch appeared in print and electronic media such as MalaysiaKini, the Star, theSun, Bernama, Berita Harian Online, Sin Chew Daily, China Press, Nanyang Siang Pau, Oriental Daily, Kwang Hwa Jit Poh, and The Malaysian Insider.



The Forum (from left to right): Datuk Hafarizam Harun (Legal Counsel, UMNO), Tuan Haji Mustafar Haji Ali (Director of Investigation Division, MACC), Ms. Josie Fernandez (Chair), Datuk Wira Haji Wan Ahmad Wan Omar (Deputy Chairman, Election Commission), YB William Leong Jee Keen (Treasurer, PKR) and Professor Dr. Edmund Terence Gomez (University of Malaya)

Konrad-Adenauer-Stiftung supported the research and book production.

The Book Project Team:

Editor: Josie M. Fernandez
Researchers: Joseph Tong Wai Kin
K.S. Usha Devi
Wong Chan Wai
Advisor: Professor Dr. Edmund Terence

Synopsis of the Book:

The book is made up of six chapters, with the first chapter providing a brief definition and introduction of the political financing scenario in Malaysia. Chapter Two of the book provides a brief description of various elements in the Malaysian political arena: the parliament, political parties, key institutions that regulate political financing and major legislation on political financing.

Chapter Three covers the legitimate funding needs of political parties, the various forms that money politics can take, sources of income of political parties and the involvement of political parties in business. The growing monetisation of politics is illustrated with the example of the UMNO party. Ownership of business by other political parties and new trends in UMNO's business interests are also discussed, followed by the funding of Opposition parties.

Chapter 4 of the book looks at the challenges facing the Election Commission in acting on money politics both in party elections and general elections. Inadequacies in the laws governing political financing, including the Election Offences Act 1954 and the Societies Act 1966, and the need for legislative reforms are highlighted in this chapter.

In Chapter 5, a case is made for the monitoring and advocacy roles of the media and civil society for ensuring free and fair elections. It touches on the importance of voter education to enable the public to make informed voting decisions. The media is utilised by political parties to promote their manifestos and policies through advertising campaigns.

Finally, Chapter 6 of the book provides a list of recommendations for reforming political financing in Malaysia. It calls for the restoration of the independence of regulatory institutions, greater public disclosure in the financing of politics, equitable access to resources and the media, and the de-linking of politics from business.

Conclusions

The book recognises that the monetisation of politics is a widespread and worrying phenomenon in Malaysia and that it contributes to the cancer of corruption. In order to eliminate political corruption, it is imperative to undertake significant reforms of the political system, which cover all aspects that are relevant to political financing.

The book calls for greater public disclosure in the financing of politics, autonomous and effective enforcement by regulatory agencies and a de-linking of politics from business in terms of party ownership of corporate enterprises to create a level playing field in Malaysian electoral competition.



Press Conference (from left to right): Ms. Josie Fernandez (Director Policy, Projects and Campaign, TI-M), Dato' Sri Abu Kassim Mohamed (Chief Commissioner, MACC) and Datuk Paul Low (President, TI-M)

4-6 May 2010 - TI-AP (Asia Pacific) Regional Programme Meeting (RPM), Gurgaon, India

4 May 2010: The RPM provides a valuable opportunity for knowledge sharing and networking among the regional chapters and with TI-S. With a focus on programmatic exchange and operational development, operational management staff were encouraged to attend.

TI is determining TI as a movement wants to achieve by 2015 and to formulate a strategy to achieve this. The first day's sessions were attended by all participants and included a stock-take of TI-wide programmes, including the Corruption Perception Index (CPI) Chapter Highlights of each Chapter and Chapter Marketplaces by sub-region (where Chapters in a sub-region took turns to display materials such as reports, books and other publications and posters for viewing and answered questions by representatives of other Chapters).

The second and third days were split into two parallel sessions. Chapters had one representative at the TI 2015 strategy and the second representative for the thematic (projects) exchange.

The thematic sessions discussed specific themes and areas that they considered to be priorities in their work and the fight against corruption. These included public procurement, youth and education and government and politics. There was a communications training session to improve the impact of advocacy undertaken by chapters.

5 & 6 May 2010: The Strategy sessions were based on the Summary Report of the Stock Taking Phase, with emphasis on the Strengths, Weaknesses, Opportunities and Threats (SWOT) and Global Trends analyses. Weaknesses highlighted were: Not speaking out courageously on corruption cases and variable quality of chapters.

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FGI ANTI CORRUPTION TOOLS WORKSHOP ON 29 APRIL 2010

FOREST GOVERNANCE INTEGRITY ANTI-CORRUPTION TOOLS WORKSHOP 29 APRIL 2010



This workshop was co-organised with the Malaysian Anti Corruption Academy (MACA) and Traffic International. 27 participants attended in the workshop held at MACA's Training Centre in Kuala Lumpur. The workshop was conducted to review and adapt the anti-corruption tools that have been developed by Natural Capital Advisors, LLC, one of the consultants for the FGI project. The participants included representatives from the Forestry Department, Customs, Universities, Sirim Bhd, NGOs and Embassies.

Discussion

The Anti-Corruption Tools were reviewed, with the focus on how the tools can be streamlined and adapted to the local context and implemented for the purposes of the various stakeholders.

The workshop concluded that further expert consultation is required to look further into the implementation of the tools. Updates on the FGI Anti-Corruption Tools are expected to be finalised and implemented in the 2nd half of 2010.

Integrity Pacts – An Overview

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WHAT IS AN INTEGRITY PACT (IP)?

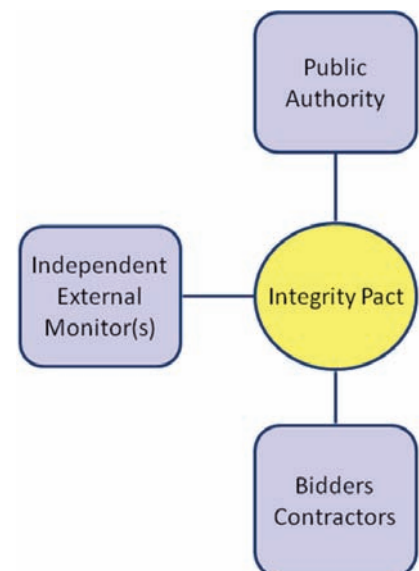
WHAT IS THE IP FOR?

WHY IMPLEMENT AN IP?

ADVANTAGES OF IPS

POSSIBLE RISKS OF IPS

CONDITIONS NECESSARY FOR SUCCESS



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DELEGATES FROM ASIA PACIFIC CHAPTERS WHO ATTENDED THE RPM AT GURGAON, INDIA

Threats highlighted were: Growing pressure (by funders) to demonstrate results and damage to reputation by weak Chapters. The Chapter representatives were asked to participate on the basis of what is best for the TI Movement as a whole instead of what may be best for individual Chapters.

5 May 2010: The sessions included Results from the Stock Take, Our Aspirations: 4 Key Corruption Improvements in the World by 2015, Our Aspirations: 2015 Key TI Programmatic Goals.

There was a side meeting on Advocacy and Legal Advice Centres. Problems raised were funding, lack of personnel, jurisdiction of cases and not crossing the line into investigation of cases.

6 May 2010: The sessions included Thematic Priorities, Support to National level work & effectiveness, and the Movement's Key Organizational Development Choices. The Key Organizational Choices included: Values, Principles & Policies (accreditation, accountability and governance), Performance (requirements, monitoring & evaluation, strengthening), Geographical Presence and Size, Organisational Roles and Relations, Funding & People (size, type, flows).

Key overarching proposals included: Setting standards/measures for performance, monitoring and evaluation, and for this to be part of the accreditation process; TI values, policies, procedures and governance to be recorded in a policies and procedures manual. Interesting proposals included: full transparency (including sources of funding,

accounts and salaries), tightening up of TI-membership and perhaps membership by invitation only, and limiting votes of individuals to 10% of total votes.

There was a Forest Governance Integrity programme side meeting, for a briefing on the progress, past and potential problems and future plans for the programme.

Two representatives from TI-AP were selected for the Task Force to develop TI Strategy 2015, to meet for a week in June 2010 in Berlin. The draft Strategy will be circulated to chapters.

Two representatives from TI-AP (including TI-M Secretary-General) were also selected for the Task Force to study reform of the Corruption Perception Index (CPI).

There were parallel Thematic Sessions, with an induction and presentations and discussions of projects.

19 Chapters (41 representatives) and TI-S (13 staff) were represented. From TI-M, C I Ngooi (Secretary-General), Josie Fernandez (Director – Policy/Projects) and Alan Kirupakaran (Executive Director-designate) attended.

(The proceedings of the thematic sessions are available at the TI-S Chapter Zone).

Integrity Pacts

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WHAT IS AN INTEGRITY PACT (IP)?

- Formal Agreement between public authority and bidders for public contracts
 - Establishes rights and obligations between parties
 - Provides privately enforceable sanctions in case of violation
 - Provides for Alternative Dispute Resolution
- Process occurring during all stages of procurement
 - Increased Transparency
 - Independent External monitoring
 - Detection of risks/red flags, facilitating corrective measures
- Applicable to all sectors & types of contracts

ADVANTAGES OF IPS

- Feasible – IPs can often be implemented without legislative reforms
- Collaborative – Built on trust and support among parties
- Preventive – Tackles corruption risks from the outset and promotes transparency, integrity and accountability
- Inclusive – Involves Civil Society as active contributor and as channel to increase legitimacy and public trust in authority/government
- Saves costs by curbing corruption
- Saves delays – Reduces frivolous interventions and false complaints

WHAT IS THE IP FOR?

- Enables bidders/suppliers/contractors to abstain from corruption and malpractices
 - Level playing field: discourages others from corruption and malpractices
 - Authority curbs corruption/extortion
- Enables governments/buyers to reduce high costs and distorting impact of corruption, to achieve social, economic and development goals
- Builds up public confidence in the procurement system and the government/authority and improves reputation and image
- Improves investment climate

POSSIBLE RISKS OF IPS

- Just another piece of paper?
- An extra step in the bidding process?
- It's only a contract?
- Will there be proper implementation?
- Will there be proper enforcement?
- Corruption not 100% ruled out
 - Effective detection and enforcement mechanisms by relevant agencies also needed
- Misused as window dressing
 - Independent External Monitoring is crucial
- Violation of confidentiality and intellectual property
 - Protection and remedies provided in IPs

WHY IMPLEMENT AN IP?

- As Authority/Buyer
 - Saves public money/Increases value for money and quality
 - Helps increase credibility and legitimacy of the process
 - Reduces unnecessary complaints/problems
- As Bidder/Contractor/Supplier
 - Levels the playing field
 - Obligations and responsibilities are upfront and transparent
 - Reduces corrupt, illegal and improper demands
 - Trusted channel for complaints
- As NGO (Civil Society)
 - Opportunity to participate in short and long term changes by contributing to integrity in procurement
 - Support increased trust & credibility on public procurement
 - defend public interest
- As anyone interested in better government performance (e.g. Donors)
 - A way to start from facts and not theory or law: "roll up sleeves" to change actual behavior
 - A way to improve aid effectiveness and contribute to deliver better services to the needy and deserving

CONDITIONS NECESSARY FOR SUCCESS

- Political will of authority to reduce corruption and promote integrity
- Maximum transparency via public access to relevant information
- Independent External monitoring to verify fulfillment of obligations by the parties, to provide trusted channel for complaints, and to facilitate stakeholder involvement
- Multi-Stakeholder Involvement by Civil Society Organizations, government and private companies

Integrity Pacts - Frequently Asked Questions (FAQs)

1 Legal framework / context

What are challenges posed by existing laws and legal framework on IP implementation?

In every country it is important to check on the legal framework and implications of the implementation of IPs.

TI-Secretariat is not aware of a single case where the legal framework has made it impossible to implement IPs. Normally, the legal frameworks that govern procurement, access to information and citizens' participation in public affairs, when combined, allow the application of IPs without need for legal reform.

The recommended approach is to use the existing legal framework for some initial applications and then decide if reform is needed. If done the other way around, it is easy to get stuck in the reform process. It is better to base the action on the current regulations and the political will of champions within the government, show results and then advocate for reform of the legal framework, if needed.

2 One model for IPs?

Is a single model/purist IP capable of being adopted?

There is no single/purist model for IPs. Different countries have adapted it to their particular situations; the contents of the signed agreement and the implementations show variations from one country to another.

However, there are basic elements that applications share. One of the aspects that have been identified as most important is the independent external monitoring. This is the feature that makes the Transparency International IP special and different from anti-corruption clauses included in public contracting processes, and is essential for the integrity and success of IPs.

3 IP included as a general rule in all public contracting

Is it a positive development that the Government (the Ministry of Finance) has issued a directive for IPs to be used for all public contracting projects, before details of implementation are being worked out?

A number of countries have done this, but it is not necessarily the best way to go.

- In Pakistan, signing an IP is part of the procedures established by the procurement law for all projects above a certain threshold.
- In Italy and Indonesia, the IP has been included in local government regulations for local government contracts
- In China, it is part of a sector regulation (Construction sector) and also signed in all contracts above a threshold.

This becomes a problem when the IP becomes only an additional document that bidders are required to sign in order to be allowed to participate in the bidding process, but it does not come complemented with the additional activities of IP implementation, in particular the Independent External Monitoring. In these cases, the contracting process is subject to the regular oversight of any public contract by the external control bodies (e.g. Auditor-General). Unfortunately because the IP is signed in so many contracts, it is impossible to monitor each one of them with the rigorous monitoring that the IP process requires. This type of control is normally ex-post and selective, and historically it has not been very effective in curbing corruption.

It would be useful to discuss with the Government the scope of the monitoring, and how they propose to ensure it if the IP is introduced as a general procedure.

4 IP in complex projects

Can IPs be applied to Public-Private Partnerships (PPPs)?

IPs can be applied wherever there is any kind of competitive process. If there is a competitive process to select the partner of a PPP, it can be used. Special issues come about in these cases regarding confidentiality of sensitive commercial information but this can be handled with appropriate confidentiality agreements signed by the Independent External Monitor (IEM) and by the TI chapter if the monitoring is performed under the chapter's umbrella.

In particular in complex cases, it is useful to have a very trustworthy third party monitoring, who can be the "eyes of society" over the project.

5 Private Sector IPs

Can public sector contracting be distinguished from private sector contracting with respect to IPs? The main stakeholders in the private sector are the shareholders, and public listed companies have independent non-executive directors on the board who are governed by their fiduciary duties, and they are appointed precisely to provide independent oversight. These directors can be sued if they breach their duties.

Without independent external monitoring for private sector IPs, will IPs be compromised?

Corporates may resist independent external monitoring, but perhaps we should work on a mindset change for corporate? After all, they have outside auditors and ISO inspectors.

In the case of procurement by a private company for its own business purposes, and since there are no public funds involved, there is no compelling reason to bring in a civil society actor for oversight. Instead, the IP can be used to strengthen an anti-corruption program of the company, which would have to be linked to its supply chain management with their suppliers, and enforced through the regular mechanisms of its compliance program. This is something for the company's board to decide.

TI Secretariat has no documented experience of IP implemented internally by private sector companies.

6 Public Sector IP Monitoring - civil society or Auditor-General?

For public contracting, the government prefers external monitoring by a representative from the Auditor-General's department, to independent external monitoring by civil society.

Without independent external monitoring for public sector IPs, will IPs be compromised?

Monitoring has been very diverse with many adaptations by chapters/countries. There have been different experiences, as follows:

- Argentina, Mexico, Colombia, Pakistan (with their original IP experience on the Karachi project): Independent monitor with technical expertise, good reputation and working under the umbrella of civil society.
- Latvia: monitoring done directly by the TI chapter
- Germany: Independent monitor with technical expertise, good reputation, selected together by TI Germany and the authority but working under a contract with the authority. The monitor became a member of the chapter.
- India: an Independent External Monitor (IEM) selected by the Central Vigilance Commission from a shortlist presented by the

Integrity Pacts - Frequently Asked Questions (FAQs)

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contracting agency (State Owned Companies in this case). The monitor is a very high level ex-public servant. His role is limited to processing complaints. He reports to the authority.

- South Korea: IP Ombudsmen play the role as monitors, appointed by the authority.

This shows that there are very different ways of doing it. The issue is how to ensure a credible and effective IEM. The credibility is affected by the actual independence the IEM has vis a vis the parties to the IP and the sources of funding for his work, plus the expertise he has on the subject of the contract. The effectiveness has to do with the level of his involvement in monitoring and reviewing the process and having access to all the necessary information and assistance to detect corruption and malpractices.

In the case of Malaysia it is important to analyse if the role of the Auditor-General (A-G)'s office fits with what is needed. This is whether:

- the A-G's office can choose/decide to monitor those processes where the IP is introduced
- the A-G's office would be entitled to review the whole process, starting at the latest when the bidding documents are drafted. This implies overseeing the activities and reviewing all the documentation for the process (see list of documents in the IP manual for the Water Sector – page 30). It is important to verify if under the law, the A-G has the right to get involved in all these stages or if he is limited to reviewing afterwards the procedures applied and decisions taken by the authority. This is the case in many countries, and if so, the A-G's office could not perform the preventive role of the monitor.
- the independence of the A-G from the Executive. If public perception is that the AG is not really independent, the whole IP process will lack credibility.

7 Monitoring (community involvement)

Large projects that affect lives of ordinary people will need independent external monitoring, particularly where political parties/politicians own business (directly or through proxies). Should community involvement in the monitoring be encouraged?

Community involvement is much encouraged. One of the trends is how to strengthen the capacity of civil society at community level to monitor procurement using social accountability tools. TI is starting to work on a project with the World Bank Institute on this. It would be a good idea to have community based organizations that can be trained and supported on their monitoring role by a second level NGO with greater expertise and capacity (ideally the TI chapter), who could also help process the community's complaints with the authority and help it improve its procurement procedures. This should be another focus of TI's efforts.

New Executive Director at TI-Malaysia

We are delighted to announce the appointment of Alan Kirupakaran as Executive Director of Transparency International Malaysia with effect from 1 July 2010.



ALAN KIRUPAKARAN

Alan graduated with a B.S. Computer Science degree from Deakin University, Australia. He has worked in various positions within the I.T. industry, including software development, project management, sales, business development and general management. He worked for many years with a pioneering Malaysian I.T. company which focused on developing local applications and providing support services.

He has, among other things, managed a region-wide Helpdesk and Maintenance Services project for an established Multi National client, managed the operations of the company's Systems Integration and Enterprise Management units, and overseen the development of a Malaysian Healthcare solution. He was awarded the Company Sales Achievement Award for excellence in Sales Performance in 2004. His most recent employment involved developing business strategy and planning for an organisation in the Brand Protection industry.

He is the Secretary of a Malaysian NGO that provides mentoring and business coaching skills to disadvantaged communities; with the aim of equipping them with skills that will allow them to be self-sustaining.

We warmly welcome Alan to the movement, and look forward to his contributions towards professionalising our organisation and our fight against corruption.



The Heart of Corruption by SP Yap, a concerned citizen

I could not have spent a better Sunday morning today than to attend the launch of the book on “Reforming Political Financing in Malaysia” by TI Malaysia. The event was well attended by concerned citizens with panel speakers in the form of Datuk Wira Haji Wan Ahmad Wan Omar (Deputy Chairman of the Election Commission), Tuan Haji Mustafar Hj Ali (Director of Investigation of MACC), YB William Leong (MP and Treasurer of PKR), Datuk Hafarizam Harun (Legal Counsel of UMNO) and Professor Dr Edmund Terence Gomez (Professor of the University of Malaya), Datuk Paul Low (President of TI-M) and Josie Fernandez (Editor and member of TI-M). The discussion was constructive, frank and mature. At the end of the panel discussion, the book was launched by Dato’ Sri Abu Kassim, Chief Commissioner of MACC, recognizing that we all must collectively eradicate money politics. Collectively because malice of political financing is not

We had been quick to criticize the CPI ranking by saying that more countries have been included which contributed to the slide in our ranking or that the researchers have little knowledge about Malaysia. We cannot take pride when some of the countries added in the survey are marginal countries. The index is based on perception of others of our country. The typical response in the past is to shoot the messenger instead of listening to the message. Many are pleased that the government is now focused in improving the CPI ranking. The improvement can only be realized with substantive action plans and cannot be just a branding exercise.

Eradication of corruption must start from the top; hence the launch of the book on “Reforming Political Financing in Malaysia” by TI-M. The theory is if we can eradicate corruption by political parties, we can work our way down to the civil service and other segments of the society including the private business sector. A key point that was brought up in the panel discussion is the politics of development. Does the promise of development by a

Year	CPI Score	Country Position	Number of Countries Surveyed
2002	4.9	33	102
2003	5.2	37	133
2004	5.0	39	145
2005	5.1	39	158
2006	5.0	44	163
2007	5.1	43	179
2008	5.1	47	180
2009	4.5	56	180

Malaysia’s CPI Score

Source: www.transparency.org

for the battle of one institution but all including the man in the street as we are all stakeholders in the web of society.

What is happening to our society? Many from both sides of the political divide have acknowledged that our core values have deteriorated over the years. Has corruption filtered from the top to the bottom echelons of our society? Or has corruption pushed its way through from the bottom to the top? Or has the corrupt practices weaved their way to the fabric of society that we regard as a cultural norm such as having to pay tea money to move a file? However corruption has manifested in our society, we know there is a great need for us to change if we care for the future generation of our society. We need to change now and not later for the sake of our children. The change must start from the top. Our political leaders must change. But how can you change a system that have provided a platform for many to rise in power and of which, many have invested their way up and waiting for their returns now? Many change management consultants can articulate that effective change can only start from the top and for the change to be sustainable; the echelons below must buy into the change. If not, the eradication of corruption will continue to remain a slogan and an election rhetoric.

The discussion today has highlighted that we need to go beyond the change within the political parties. Perhaps the people have been disillusioned by the worsening corruption in our society despite all the years of electoral pledges to eradicate corruption. The table below shows that our Corruption Perception Index (CPI) has slid downhill over the years in the midst of our leaders having promised to champion the eradication of corruption.

political leader of a constituency in an electoral pledge constitute corruption especially when the ruling government has the power to allocate the funds for development? It is time that our society needs to move on from the politics of development to the politics of issues.

Our society needs to understand that an ill gotten gain today is obtained at the expense of the future income of our children. Someone has to pay for this ill gotten gain. If it is not the taxpayers today, it will be the taxpayers of tomorrow. I hope that TI-M will continue with the good work in this area and extend the advocacy work on the corruption of political financing to the man in the street. The people need to be educated of the repercussions of corruption. History has shown time and again that wealthy economies have been brought down by corruption. We cannot afford that to happen to Malaysia. I am glad that both sides of the political divide agree with this goal.

TI-M has a policy of zero tolerance on corruption. Can we have this policy embedded in our political parties? If we cannot succeed in overcoming corruption in political financing, we cannot expect the rest of the society to reverse the digression of societal values but instead add fuel to the deterioration of values. Corruption in political financing is the heart of corruption of our country. Just as much as we want our political parties to stamp out corruption, we must not partake in corruption. Corruption cannot manifest on its own. It needs two or more parties to be involved. Our future is all in our own hands. We all need to act wisely and see beyond money in front of us.

“Corruption”

Extract of Speech by Y.B.M. Tengku Razaleigh Hamzah at the launching of the book “The Shafee Yahaya Story – Estate Boy to ACA Chief” written by Datin Kalsom Taib on Saturday, 19.6.2010 at 4.00 pm at Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara, Kuala Lumpur

The word “corruption” comes from a Latin word meaning “to break” or “to destroy”. Corruption is a cancer that steals from the poor, eats away at governance and moral fibre, and destroys trust. Although corruption exists in both the private and public sector, the corruption of the public sector is a more fundamental evil. This is because the public sector is the enforcer and arbiter of the rules that hold us together, the custodians of our common resources.

Corruption is the abuse of public office for personal gain. Corruption exacts a huge toll on our economy. In a survey of more than 150 high ranking public officials and top citizens from over 60 developing nations, these officials ranked corruption as the biggest obstacle to development and growth in their countries.

Corruption empties out the public purse, causes massive misallocation of resources, dampens trade and scares away investors. The World Bank estimates that corruption can reduce a country's growth rate by 0.5 to 1 percentage points per year. Where there is a lack of transparency and a weak court system, investors stay away.

Corruption is a form of theft. But it is a form of theft that also damages what is not stolen. This is because corruption involves the capture of decisions involving public funds. Corrupt decisions mis-allocate public resources and cause tremendous waste in the expenditure of public money. Public money is poured down the drain when projects are selected not because of the value they deliver to the public but because of what can be skimmed from them.

But corruption is more than an economic cost. It is a curse that attacks the root of the tree. Corruption destroys trust, which is nothing less than the glue holding a society and its institutions together. When it becomes rampant and is conducted with impunity, it also demoralizes even those public servants not involved in it. The common people's experience with government breeds the expectation that they need to pay before things will move. Small businesses suffer as city hall officials come on their rounds to collect mandatory “donations.”

It is time we recognise corruption as the single biggest threat to our nation. In our economy, corruption is the root of our inability to make the economic leap that we know we are capable of. There is no other reason why a country so blessed with natural resources, a favourable climate and such immense talent should not have done a lot better than we have.

In our political system, corruption is the real reason why our political parties refuse to reform. Some people say the party I belong to has debased a once noble nationalism and a concern with the welfare of marginalised people into a rush for the gravy train. They also said that the economic development we must bring our people is reduced to nothing more than patronage, and patronage is inflated into a right.

Therefore, it appears that the root cause is in our political parties. It is an open secret that tender inflation is standard operating procedure. Within the parties and among politicians, it is already an understood matter that party followers must be ‘fed’. Politics is an expensive business, after all. Where else are we to get the funds? Thus theft of public goods is normalised and socialised among an entire community, and what we had planned to attain by capability is seen by some as something to be attained through politics.

Politicians are the villains in this piece, they are the villains but they themselves are also trapped. The leadership is trapped because they are beholden to political followers who demand that they are looked after. They demand patronage, and turn the party's struggle for the welfare of a community into their sense of entitlement to that patronage. So they take their slice of the project. By the time they and each person down the line all the way down to the contractor takes a lot and there is not enough left to do a decent job, bridges collapse, highways crack, stadiums collapse, hospitals run out of medicine, schoolchildren are cheated in their textbooks. Corruption may look to its perpetrators like a crime without victims, but it leaves a trail of destruction.

No domain seems safe. Some say that the humble school canteen is the domain of party branch chiefs. The golf course becomes a favoured way to pass the cash over. We can place bets for RM5000 a hole. For some reason one party keeps losing. And there are 18 holes. Money thus obtained is legal. It can be banked.

We spend billions on the refurbishment of defence equipment; on fighter jets, frigates and submarines. When a supplier lays on an exorbitant commission to some shadowy middleman, that commission is built into the price the government pays. That money comes from the ordinary Malaysian.

Military toys are very expensive. I remember from my time in the Ministry of Finance. Even then, patrol craft cost about RM280mil each. We loved Exocet missiles. As Minister, I had to sign each time the military fired an Exocet missile for testing. Every time we test fired one of them, RM2mil literally went out with a bang. When the UK went to war against Argentina, the UK Government tried to borrow them from us because outside of the UK we had the most of them in the world. We must have been under some extraordinary military threat which I did not understand.

The list is long: procurement of food and clothing for the military, medicine for hospitals and so on. In all these things the Government has been extraordinarily generous. And paid extraordinarily high prices. Government servants have to face pressure from politicians who expect to be given these contracts because they need money for politics. This corruption is justified because the party's struggle is sacred. The civil servants can either join the game or be bypassed.

For every government job big or small that goes down, someone feels entitled to a slice of the pie, not because they can do the job, not because they have some special talent or service to offer, but because it is their right. They do not realise that what they demand is the abuse of power for the sake of personal gain, or party gain. They elect those leaders among themselves who are most capable of playing this game. So we get as our leaders people who have distinguished themselves not by their ability to serve the public but at their long proven ability to be party warlords, which is to say, distributors of patronage. And that is a euphemistic way of saying that because of corruption the old, stupid and the criminal are elevated to positions of power while young, talented and honest individuals are frozen out. Corruption destroys national wealth, erodes institutions and undermines character. And it also destroys the process by which a community finds its leaders.

The consequence of this is that the majority are marginalized. Government contracts circulate among a small group of people. Despite all attempts at control and brainwashing, the majority soon catch up to the game. This game cannot last forever. The longer it is played the more people hate the government and the governing class. They vote against the government, not for the Opposition. They resent the government of the day. In 2008 we saw how the Malaysian people feel about the abuse of power and incompetence caused by corruption.

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Source: engr.usask.ca

A Question of Integrity

22 June, 2010
by
Fahri Azzat

A meditation on the concept of integrity in its application to a w a r d ceremonies.

Sometime in April 2010, Edmund was awarded the

Young Professional Integrity Award at an event jointly organised by The Malaysian Professional Centre or Balai Ikhtisas Malaysia (BIM), Rotary International District 3300 and Integrity International Malaysia (IIM). He was kind enough to invite a starving struggling lawyer like me to feast for free at his table so I went.

At the beginning of his acceptance speech, everybody must have been taken aback because he did not spent 2 1/2 minutes addressing all the VIPs in the room but dove straight into the issues he wanted to talk about, i.e. the worrying trend of giving awards at the expense of greater, more pressing issues that need to be addressed.

The visible discomfort in the hall started when Edmund launched into how there were many human beings who still slept on streets, went without food and had no access to health and educational facilities in our country. How others were victims of corruption, abuse of power, torture, cruel, inhuman and degrading treatment and punishment.

The hushed whispers started when he called on BIM to do something meaningful like "build a school for refugees, or develop a hospital for a marginalised community, or construct a bridge for an Orang Asli settlement" instead of using that money to host dinners to give awards out. Some uncomfortable and confused faces and body gestures in the crowd were evident when he said those things.

After the speech, some remarked that it was improper it was for Edmund to say such things and to criticise the body that was giving him the award for not doing enough. I was puzzled by this. Wasn't the award about integrity?

The attitude implicit in the remark is that if you are awarded with something and accept it, you cannot criticise the award giver? But what if the award giver had serious failings that needed to be pointed out – is it integrity to shut up about it simply because they gave you an award?

Obviously not. Integrity demands that you act in accordance with your own principles and stand by them. Integrity demands that you speak your mind honestly about the issues that confront you. And integrity is a demand, not an option. There is no such thing as choosing to act with integrity in one moment and then not doing so in the next.

But clearly, we had a different notion than the organisers and some of those that attended that night. To some of them it was plainly obvious that integrity was just a word like any other. It served merely as occasion to wear nice clothes, sit in a nice room with dinner, indulge in polite meaningless conversation and

restrained claps. Integrity is like a the Royal Doulton cutlery that you bring out once a year to show off and then keep in the cupboard until the next grand occasion. And to some, integrity means you do not criticise those who have given you the award.

Penguin Dictionary defines one facet of "integrity" as an "uncompromising adherence to a code of moral values."

The key word is "*uncompromising*."

That was the problem with some of those that felt uncomfortable, took umbrage and quietly complained about Edmund's speech – their definition of integrity lacked that key word, which is often substituted with "*an appearance of*."

Corruption

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Since party funding has become the excuse and the vehicle for wholesale corruption, any measure we take to fight it must include the reform of political funding. It is time we enact a law regulating donations to political parties. Donations must be capped. No donor is to give more than a specified limit, on pain of prosecution. This is to prevent special interests from dominating parties. Such money is source of corruption.

Let us limit political donations by law. On top of that let the government set up a fund to provide funding to registered political parties for their legitimate operational needs. This money can be distributed based on objective criteria and governed by an independent panel. This would close off the excuse that the parties need to raise political funding through government contracts.

Another idea is that we should freeze the bank accounts of people who are being investigated for corruption. Public servants and politicians are by law required to be able to demonstrate the sources of their assets. Those with suspiciously ample assets should have these assets frozen until they can come up with evidence that they have accumulated them legally. This may sound harsh, but only because we live in a country in which almost no one ever gets nabbed for corruption. In China, those found guilty are shot.

In Malaysia we read about MACC investigating this and that but there are no convictions. No one has been punished. We are the nation with no consequences. The MACC finds no fault. The courts do not convict. And our newspapers do not have the independence and vigour to follow up. We have an MACC with no results. It was a good idea to model our anti-corruption agency after one of the most successful in the world, Hong Kong's ICAC. However we have taken just bits and pieces of that model. So really this will be no more than PR exercise unless we adopt the model wholesale.

We should repeal the OSA so that people can go to the MACC and the authorities with documentary information on corrupt practice. As things stand, any document which might be incriminating to corrupt public officials is stamped an Official Secret. A whistleblower risks 7 years jail for being in possession of such documents.

We need to identify rot eating through our roots as a nation. It is corruption. We cannot expect the corrupt to embrace reform. It is time for our citizens to stand up and call corruption by its name, and demand reform.

Source: www.razaleigh.com

PRESS STATEMENTS

18th January 2010

Re: TI Malaysia Supports Reforms to Curb Political Corruption

Transparency International Malaysia (TI-M) views positively and is encouraged that The Performance Management and Delivery Unit (PEMANDU) will study political corruption to propose reforms to laws governing political parties especially in political financing.

Lack of transparency and accountability on sources of political financing allows abuses in the political system that undermines the democratic process of elections. This leads to political patronage as manifested by closed procurement, partisanship and maladministration. Political corruption is the "mother" of all corruption, and often the driver of abuse of government powers. Malaysia cannot achieve a high-income economy if economic decisions are subject to political influence or considerations.

TI-M is currently undertaking a comprehensive review of the legislative and institutional reforms that are needed to ensure integrity, transparency and accountability in political financing. The proposed reforms to be presented to the government will include proposals for financing of political parties and funding of electoral campaigns, and a Political Party Act. However, a Political Party Act cannot be effective without other reforms to existing legislation such as the Elections Act and the Malaysian Anti-Corruption Commission Act.

29 January 2010

Re: FIGHTING CORRUPTION

Transparency International Malaysia (TI-M) commends the Federal Government for recognising the worsening of perception of corruption and corruption's cost to the nation of as much as RM10 billion per year, and for launching the National Key Result Area (NKRA) of fighting corruption. It is encouraging that KPI measures that are independent and internationally benchmarked, TI's Corruption Perception Index and Global Corruption Barometer have been adopted. There are many encouraging proposals, such as tackling petty corruption at enforcement agencies and grand corruption by politicians and senior civil servants, whistleblower protection and reducing leakages in government procurement.

Additional steps that should be taken include strengthening the independence of MACC and other institutions that safeguard integrity and justice to assure that they act without fear or favour, prosecution of "big fish", and implementation of open tenders and TI's integrity pacts for public procurement. Reforms in political financing must not give unfair advantage or disadvantage to any party, and the government should ensure that its agencies and employees are apolitical.

TI-M reiterates the crucial importance of the political will of political and government leaders to fight corruption and instill a culture of zero-tolerance of corruption, and to do so by setting the tone and leading by example.

15 March 2010

TI-Malaysia calls for Integrity Pacts (IPs) in Klang River Rehabilitation Project

Transparency International, Malaysia (TI-M) notes with interest the appointment by the Selangor government of four companies for the Klang River rehabilitation project. This is a major 15-year project that involves substantial expenditure of RM50 billion.

To ensure integrity, transparency and accountability for the benefit of the public especially where it involves substantial public funds, TI-M strongly urges the Selangor Government to sign Integrity

Pacts (IPs) with these four companies to curb abuses and corruption and to minimize costs. An IP is a proven anti-corruption measure that legally binds the buyer of goods and services and the supplier not to pay or receive bribes whether directly and indirectly and to observe key integrity principles in their relationship. Violation of the terms of the IP is subject to sanctions such as termination of the supply contract, blacklisting and forfeiture of a performance bond.

18 March 2010

Launch of TI-M Legal Defence Fund

Transparency International, Malaysia (TI-M) will launch the TI-M Legal Defence Fund at 12 noon on 27 March 2010 (Saturday) at the Royal Selangor Golf Club (The Green, 1st Floor). TI-M's President, Datuk Paul Low is being sued by Datuk Seri Tiong King Sing, the Chief Executive Officer of Kuala Dimensi and Kuala Dimensi Sdn Bhd for defamation regarding statements on the Port Klang Free Zone (PKFZ) fiasco published in Transparency International's Global Corruption Report (GCR) 2009 and the media.

This highlights the serious risks of speaking out without fear or favour. We seek the support and commitment of the public to be able to continue to be outspoken and fight against corruption that ruins Malaysia. The fight against corruption is crucial for the sake of Malaysia and future generations.

Name of account : TI-M Legal Defence Fund

Bank : CIMB Bank, Universiti Malaya Branch

Account no : 1440 000 985 3051

SWIFT/BIC code : CIBBMYKL

The Fund will be managed by a panel of trustees comprising TI-M Executive Committee members.

13 May 2010

MP's Allegation Concern Graft in Mining Firm

We refer to the report today concerning the MP's allegations of graft in Kumpulan Semesta Sdn Bhd, TI Malaysia would like to commend the Kapar MP for bringing the issue to the public domain. The action taken by the MP establishes a principle in the fight against corruption that MP has a responsibility to provide a check and balance on the government administration of the day regardless of their political affiliation. All MPs must act with integrity in accordance with their good conscience to uphold good governance. This applies to all elected representatives from all political parties.

9 June 2010

PKFZ Fiasco – No further action (NFA)?

Transparency International Malaysia (TI-M) is disturbed at reports that the newly appointed Transport Minister Datuk Seri Kong Cho Ha has said that there is no need for a further re-look into the Port Klang Free Zone (PKFZ) fiasco. TI-M hopes that this does not mean that the PKFZ fiasco will not continue to be probed, contrary to an earlier report that MCA President Datuk Seri Dr. Chua Soi Lek said that the probe will continue although Datuk Seri Ong Tee Keat is no longer the Transport Minister. For the time being, it is disquieting that investigations seem to have gone, well, quiet.

The PKFZ fiasco is one of the biggest scandals in Malaysia involving poor transparency, governance and integrity. It has severely damaged the credibility of major political parties and the Government in the eyes of Malaysians and those outside Malaysia including perhaps foreign investors.

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PRESS STATEMENTS

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The Malaysian Government professes a commitment to fight corruption as one of the six National Key Result Areas (NKRAs). In order for the Government to rebuild its credibility in the light of scandals that have resulted in official or unofficial NFA, the Government and relevant authorities such as Malaysian Anti Corruption Commission (MACC) and the Attorney-General's Chambers, must diligently and vigorously follow through with its many investigations, wherever and to whomever they lead. They must then take to task all the wrongdoers, not just the small fry, but more importantly, the big fish, so that Malaysians can be persuaded that no one can act with impunity and be above the law.

18 June 2010

More transparency, governance and integrity in Government contracting

Transparency International Malaysia (TI-M) is growing increasingly alarmed by the apparent lack of transparency, governance and integrity in Government contracting. Despite promises of open (or restricted) tenders, there have been many awards without tender, open or otherwise. These include the sports betting licence, the Palace and ancillary works, and mega land development projects such as the MATRADE expo, Sungei Besi air base and Sungai Buloh hub. Cost overruns and defective performance persist with apparently no one, either the contractors or those awarding and monitoring the contracts being taken to task. Lack of transparency and governance allows corruption and waste of public funds.

TI-M lauds the Government's intention to implement TI's Integrity Pacts (IPs). IPs provide privately enforceable contractual sanctions such as termination of contract, forfeiture of bid and performance bonds, damages to the authority and competitors, and blacklisting, for corrupt practices and anti-competitive behaviour. IPs should be implemented pre-bid and post bid as abuses can occur at every stage of contracting and performance of contracts, and most importantly there must be proper and rigorous independent external monitoring.

In the meantime, TI-M urges the Government to walk the talk on transparency, governance and integrity and at the minimum to implement open tenders for mega projects

Forthcoming Events

July

Integrity Pact presentations to:

- Federation of Malaysian Manufacturers
- Penang Development Corporation/Invest Penang

August

- Political Financing Workshop – Shah Alam
- Forest Governance Integrity Programme
 - Bilateral seminar with Indonesia on implementing Anti corruption tools
 - Workshop in Sarawak with stakeholders

September

- Political Financing Workshop – Penang
- Forest Governance Integrity Programme
 - Workshop in Sabah with stakeholders

October

- Release of Corruption Perception Index (CPI) 2010

November

- 14th International Anti Corruption Conference (IACC) in Bangkok, Thailand (10-13)

December

- UN Anti Corruption Day – Workshop and Dinner Talk
- Release of Global Corruption Barometer (GCB) 2010

Transparency International - Malaysia

(The Malaysian Society for Transparency and Integrity)

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Corruption Ruins our Country.

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