



Transparency

the global coalition against corruption

Transparency International - Malaysia

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President's Message



On behalf of the members of the newly elected Executive Committee (Exco) for 2009/2011, I would like to convey our appreciation to all members who turned up to participate in the annual general meeting. I believe that each and every one of us in the Exco has chosen to serve TI-Malaysia with a strong sense of commitment to uphold the primary goal of the Transparency Movement – **TO COMBAT CORRUPTION!**

Combating corruption requires a multi-prong effort and whilst advocacy, through speaking out on issues of integrity, ethics and corruption, is part of the strategy, by itself it is not sufficient. Combating corruption and improving integrity must involve all stakeholders in our society. It must involve those in the political arena, namely the politicians and the elected representatives of both the federal and state legislature, the civil service or the public sector, the private sector consisting mainly of the business enterprises and last, but not the least, the civil society at large. In other words, it is everyone's concern to deal with corruption and stop the moral cancer of society. All of us, being citizens of this country, have the moral obligation to our children not only to exercise our vote for a clean government, but also to take an active stand against corruption. We should not only NOT be a party to such practices, but should also express our intolerance for such practices in our sphere of influence.

Politicians, especially those in leadership positions, must eliminate money politics and political corruption through vote buying, unethical and unlawful political funding and fettering political patronages. A nation can only be successful in eliminating corruption when there is a strong political will to do so. Action must follow the rhetoric. Leadership by example means leaders must walk the talk, must be single minded and must not practise double standards. Effective oversight mechanisms and accountability must be put in place and only people of good character be appointed to positions of responsibility.

While enough is said about the need to improve the integrity of the civil service, attention must also be directed to the corruption in the private sector. While there now exists strict anti-corruption laws particularly in the developed nations from where most of the multinational corporations originate, Malaysian-based enterprises, with very few exceptions, do not adopt anti-bribery policies and programmes as part of their corporate governance initiative. Anti-bribery tools or measures such as integrity pact, appointment of a chief governance officer, whistle blowing policy, the establishment of an oversight committee for ethics and integrity and integrity compliance interviews are still not widely practiced in corporate affairs.

Corruption is costly to a nation. The World Bank estimates that corruption is costing the society world-wide as much as US\$1 trillion annually and for a developing nation with weak institutions it can cost between 2 to 4% of the country's GDP. In the case of Malaysia, at 2%, it would amount to about a RM11 billion loss, based on a 2009 forecasted GDP of about RM560 billion. It is not just the monetary loss that concerns us but also the impact on the poor and disadvantaged groups. Where there exists corruption, it is usually the poor and disadvantaged groups who are the hardest hit because they lack the means "to settle" the matter.

Transparency International - Malaysia needs the support of the community and we are now putting in place more activities to engage the public. We need more corporate support and we welcome a larger corporate membership. We also welcome membership from individuals, especially those who want to join to serve the movement and **not to be served**. If you are passionate about combating corruption and have a special interest and talent that would be useful to TI-Malaysia, please contact us.

Datuk Paul Low
President



Tan Sri Ramon Navaratnam, Immediate Past President of TI-M, and Datuk Paul Low, President of TI-M, presenting a memento to Tan Sri Bernard Dompok, Minister in the Prime Minister's Department, after his Keynote Address, while Dato' Dr. Michael Yeoh, CEO and Director of ASLI looks on.



One for the album: (L – R) Dato' Dr. Michael Yeoh, CEO of ASLI, Tan Sri Megat Najmuddin Khas, Chairman of Tradewinds Corporation Berhad, Mr. Atul Bhargava, Managing Director of INTEL Malaysia Sdn. Bhd., Mr. Lim Guan Eng, Chief Minister of Penang, Datuk Paul Low, President of TI-M, Dato' Hj. Abu Kassim Mohamed, Deputy Chief Commissioner of Malaysia Anti-Corruption Commission (MACC) and Datuk Eddy Chen, Patron & Past President of Real Estate & Housing Developers' Association (REHDA).

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The Anti-Corruption Summit, with the theme "Towards Zero Tolerance for Corruption", took place on 30th – 31st March, 2009 at the Sime Darby Convention Centre and was jointly organized by Transparency International – Malaysia and the Asian Strategy & Leadership Institute (ASLI). **(Full Story on pg 9)**

Transparency International Asia Pacific Regional Programme Meeting at Canberra, Australia



The Transparency International Asia Pacific (TIAP) Regional Programme Meeting (RPM), organised once a year, was held this year in Canberra, Australia from 18th - 21st May 2009 and was attended by TI-M President, Datuk Paul Low, and Secretary-General, Dr. Loi Kheng Min. The RPM, this year, focused on programmatic work and addressed operational and content-based issues serving the specific needs of National Chapters in the Asia Pacific Region. The Asia Pacific Region was divided into four (4) areas, namely (a) Pacific (Australia, Fiji, New Zealand, Papua New Guinea, Solomon Islands, Vanuatu); (b) South Asia (Bangladesh, India, Maldives, Nepal, Pakistan, Sri Lanka); (c) East Asia (China, Chinese Taipei, Japan, Korea); (d) South East Asia (Indonesia, Malaysia, Philippines, Thailand, Vietnam).

The Regional Director, Mr Pascal Fabie, and the Asia Pacific Department (APD) programme coordinators co-developed the meeting programme which featured three (3) distinct components:

- Component 1 that will bring sub-regions together and explore synergies and shared interests within and between sub-regions.
- Component 2 that will bring participants together along thematic interests and capacity development needs.
- Component 3 that will focus on outreach, through external advocacy, partnership and coalition building.

In addition to these components, two (2) extra days, 22nd - 23rd May, were dedicated to the Forest Governance Integrity programme, for which Dr KM Loi stayed back to attend.

Greg Thompson, Acting Chair of TI Australia, welcomed and thanked all the 34 participants from TI Asia Pacific Regions, 8 coordinators from Asia Pacific Department and 10 staff members from Transparency International Secretariat (TI-S) including the Managing Director, Dr. Cobus De Swardt, for their presence at the TIAP RPM in Canberra, Australia.



Datuk Paul Low with Pascal Fabie, TI Asia Pacific Director

The Opening Session saw the delegates going to the Parliament House where John Davidson, Assistant Director-General of AusAid, and Dr. Cobus de Swardt announced a 5-year partnership framework between TI and AusAid. The Opening Session saw the delegates going to the Parliament House where John Davidson, Assistant Director-General of AusAid, and Dr. Cobus de Swardt announced a 5-year partnership framework between TI and AusAid. It outlined a common vision for a strong anti-corruption movement in the Asia Pacific region, a strong demand for transparent and accountable government and reduced corruption in the Asia Pacific region.

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Several prominent speakers from the Asian Development Bank, Australian, National University, Australian government, WWF Australia, NSW Independent Commission Against Corruption (ICAC), TI National Chapters and others shared with the delegates not only on how different sectors can work together to improve public sector integrity, tools and solutions to counter political corruption and private sector governance, but also the different ways that citizen engagement can be mobilized to demand better governance.



National Chapter Galleries – Datuk Paul Low and Dr KM Loi sharing TI-M activities with other National Chapter delegates.

For the next couple of days in Canberra, the delegates were bombarded with the upcoming events of TI: findings of the Barometer Report, latest developments in the NIS methodology, latest policy positions and working papers and TI research on Perception Survey and

TRAC Report. We not only exposed ourselves to learning, un-learning and re-learning on tools used in advocacy but also participated in small group discussions with side meetings during breakfast, lunch and dinner on Crinis, IACC and EU Funding.

One of the most interesting programmes is the National Chapter Galleries, where a new approach this year is to enable and to provide National Chapter participants a greater amount of time to have in-depth discussions with other National Chapters on Projects and Activities that they have carried out over the past year. The National Chapters of each sub-region (from East Asia, South East Asia, South Asia and the Pacific) had to set up displays, each grouping at a time, in the “market hall” for all participants to visit and ask questions. Prior to this, participants from the remaining sub-regions were shown a slide show, highlighting the main projects that the National Chapters had carried out over the year. Having been given an idea of what had been happening in the region, participants could then speak in an open environment and receive more information on the projects they were interested in. The Chapter Galleries were generally very well received and we were able to learn more from the participating National Chapters.

The TIAP RPM ended with the drafting of a Resolution on the Financial Crisis, with the over-emphasis of profit maximisation for shareholders and a lack of concern with the wider interests of the community as well as the centrality of ethics. The Asia Pacific group wants to see the emergence of a fair and robust global trading and finance system as proposed by Gerald McGhie, Chairman, TI New Zealand Chapter.



Dr KM Loi with Gerald McGhie, Chairman, New Zealand Chapter

11th Annual General Meeting

The 11th Annual General meeting of TI-Malaysia was held on Tuesday, March 24, 2009 at Wisma FMM and was attended by 34 Ordinary and Corporate members. The Chair, Tan Sri Ramon Navaratnam, welcomed all present and thanked members for allowing him to serve as President for the past 2 years.

Tan Sri Navaratnam opted not to offer himself for the President's post so as to avoid any conflict of interest as he had been appointed as Chairman of the MACC Sub-Committee on Corporate Governance.

The election of the new Office Bearers was done by a show of hands as decided by the members present and the following were elected:

President: Datuk Paul Low, Deputy President: Dato' Mohamed Iqbal, Secretary-General: Dr. Loi Kheng Min, Treasurer: Richard Wong Chin Mun

Executive Committee Members: Tan Sri Datuk Robert Phang, Dato' Murad Hashim, Dr. Pola Singh, Ngooi Chiu Ing, Dr. Chin Yoong Kheong and Murad Ali Abdullah.

At the first EXCO Meeting of the newly elected Board, held on Friday, April 24, 2009, the EXCO agreed to admit the following by invitation into the Executive Committee: Amu Tharmarajah, Josie Fernandez and Mohamed Raslan Abdul Rahman



President
Datuk Paul Low Seng Kuan



Deputy President
Dato' Mohamed Iqbal



Secretary-General
Dr. Loi Kheng Min



Treasurer
Richard Wong Chin Mun



Tan Sri Datuk
Robert Phang



Dato' Murad
Hashim



Ngooi Chiu Ing



Dr. Chin Yoong Kheong



Dr. Pola Singh



Murad Ali Abdullah



Amu Tharmarajah



Josie Fernandez



Mohd Raslan
Abd. Rahman

Invitation to Datuk Paul Low to PKA Board



On 29th July 2009, Datuk Paul Low, TI-M's President who heads the Port Klang Authority (PKA) Ad hoc committee on administration and corporate governance, announced the ten recommendations to enhance and improve the Board governance of PKA and its subsidiary, PKFZ, at a press conference held at the Ministry of Transport. The recommendations were based on the following principles:-

- Board responsibility for governance
- Corporate governance and transparency
- Director's competency and commitment
- Board accountability & objectivity
- Independent board leadership
- Integrity, ethics & responsibility
- Attention to information, agenda and strategy
- Protection against board entrenchment and complacency

Following the announcement, the Transport Minister of Malaysia, Datuk Seri Ong Tee Keat, responded positively to the recommendations and suggested PKA appoints a TI-M member to sit on PKA board for six months. Subsequently, on 3rd August 2009, Datuk Paul was invited to sit on the PKA board for the next six months with effect from the same day.

Global Corruption Barometer 2009

At a Press Conference on Wednesday, 3rd June 2009, the President of Transparency International – Malaysia (TI-M), Yg. Bhg. Datuk Paul Low announced to a capacity crowd of members of the media the results of the *Global Corruption Barometer Report 2009* by Transparency International (TI). In its report, TI released the results of its public opinion survey of citizens' views on and experiences of corruption in 69 countries and territories around the world (including Malaysia).

TI's *Global Corruption Barometer 2009* highlights everyday experiences with bribery - people's views on corruption in both the public and private sectors covering six areas, namely: political parties, public officials/civil servants, parliaments/legislature, business, judiciary and media.



MAIN FINDINGS IN THE GCB 2009

- Increase in perception that private sector is corrupt (*a notable increase of 8 percentage points compared to 5 years ago*)
- On average, political parties and civil service perceived most corrupt sectors globally
- Increase in experience of petty bribery
- Ordinary people do not feel empowered to speak about corruption
- Governments considered ineffective in fight against corruption (*31% perceived them as effective; 56% perceived them as ineffective*)
- A significant proportion indicated that they would be prepared to support through buying the product of a corporation that shows integrity

In Asia Pacific countries 10% of respondents reported paying a bribe in the previous year. In Malaysia, 9% of respondents reported paying a bribe in the previous year.

Percentage of respondents in Asia Pacific that reportedly paid a bribe in the previous year

In the past 12 months, have you or anyone living in your household paid a bribe in any form?	
Country/Territory	Percentage of respondents who paid a bribe
Total	13%
Asia-Pacific	10%
Brunei Darussalam	1%
Cambodia	47%
Hong Kong	7%
India	9%
Indonesia	29%
Japan	1%
Malaysia	9%
Pakistan	18%
Philippines	11%
Singapore	6%
South Korea	2%
Thailand	11%

PERCEPTIONS OF CORRUPTION IN KEY INSTITUTIONS/SECTORS - ASIA PACIFIC COUNTRIES

- In the Asia Pacific region, the civil service is perceived as the most corrupt institution.
- In Malaysia, respondents viewed political parties as the most corrupt sector, followed closely by public officials/civil servant

Perceptions of the most corrupt sector in Asia Pacific countries

Which of these six sectors/organisations would you consider to be the most affected by corruption?						
Country/Territory	Political Parties	Parliament/ Legislature	Business/ Private Sector	Media	Public officials/ Civil Servants	Judiciary
Total	29%	16%	14%	6%	26%	9%
Asia-Pacific	31%	15%	9%	4%	33%	8%
Brunei Darussalam	10%	3%	44%	4%	33%	6%
Cambodia	9%	2%	3%	0%	23%	62%
Hong Kong	10%	2%	59%	15%	11%	3%
India	58%	10%	9%	8%	13%	3%
Indonesia	11%	47%	3%	1%	19%	20%
Japan	40%	4%	5%	3%	46%	1%
Malaysia	42%	4%	12%	1%	37%	5%
Pakistan	12%	14%	12%	8%	40%	14%
Philippines	28%	26%	3%	1%	35%	7%
Singapore	10%	5%	66%	8%	9%	2%
South Korea	38%	34%	9%	3%	12%	4%
Thailand	54%	6%	9%	2%	22%	7%

Willingness to purchase from "corruption-free" companies

Would you be willing to pay more to buy from a company that is clean/corruption free	Yes	No	Don't Know
Total Sample	52%	33%	15%
Asia-Pacific	52%	27%	21%
Brunei Darussalam	35%	57%	8%
Cambodia	98%	2%	0%
Hong Kong	82%	18%	0%
India	44%	45%	11%
Indonesia	59%	34%	7%
Japan	34%	12%	55%
Malaysia	50%	42%	8%
Pakistan	65%	32%	3%
Philippines	74%	26%	1%
Singapore	70%	30%	0%
South Korea	40%	43%	18%
Thailand	49%	44%	7%

How would you assess your current government's actions in the fight against corruption?

Country/Territory	Ineffective (%)	Neither (%)	Effective (%)
Total	56	13	31
Asia Pacific	62	14	25
Brunei Darulssalam	17	5	78
Cambodia	28	5	67
Hong Kong	12	0	88
India	45	13	42
Indonesia	19	7	74
Japan	68	21	11
Malaysia	67	6	28
Pakistan	51	24	25
Philippines	77	2	21
Singapore	4	0	96
South Korea	81	3	16
Thailand	65	6	28

TI-Malaysia (TI-M) was invited to attend a forum organised by Siemens on 20th July 2009 at The Royale Chulan. The theme was "A Symbiotic Approach to Integrity and Compliance in a Volatile Global Business Environment". Our **President, Datuk Paul Low** was the moderator for the topic "Initiatives are required to promote Integrity for Nation Building".

Two years ago, Siemens went through a painful period when the revelation of corrupt practices cost them a 2 billion Euros fine by the German and US authorities. Whilst its independent investigation is completed, Siemens' strife to fight corruption is a never-ending, continuous effort throughout all its offices around the world.

Today, Siemens has set compliance as its topmost priority, with collective action from staff of all levels in the organisation with the government as well as the society, to pave the way for an anti-corruption culture in its organisation. Its CEO, Mr Peter Loescher, sets the clear tone from the top that "Only Clean Business is Siemens Business". To ensure corporate governance is entrenched in all its business units and regions, Siemens employ around 580 compliance experts worldwide.

Siemens has also incorporated **Transparency International's Integrity Pact** into its way of doing business whereby it proposes project-specific Integrity Pact when approaching the public sector customers

SUMMARY OF 2009 GCB REPORT ON MALAYSIA

Q. In the past 12 months, have you or anyone living in your household paid a bribe in any form?

A. 9% of respondents paid a bribe

Q. Which of these six sectors/organisations would you consider to be the most affected by corruption?

A.

Political Parties	: 42%
Public officials / Civil servants	: 37%
Business / Private sector	: 12%
Judiciary	: 5%
Parliament / Legislature	: 4%
Media	: 1%

Q. Would you be willing to pay more to buy from a company that is clean/corruption free?

A.

Yes	: 50%
No	: 42%
Don't Know	: 8%

Q. How would you assess your current government's actions in the fight against corruption?

A.

Ineffective	: 67%
Effective	: 28%
Neither	: 6%

Siemens: From "Corrupt to Clean" with Integrity Pact



via an independent third party or directly approaching the public sector customers. Furthermore, Siemens also approaches competitors to set up Compliance Pacts as a long-term industry initiative against corruption.

Siemens is proud to announce its success story in the use of Integrity Pact in tendering for the Berlin-Schönefeld Airport. After the inclusion of Integrity Pacts in all its contracting processes involved in the project implementation up to date (2005-2009), not a single allegation of corruption has occurred.

Transparency International is pleased to be associated with Siemens in its efforts to promote a Clean Business environment worldwide.

Malaysians say politicians the most corrupt lot

By Shannon Teoh – *The Malaysian Insider*

KUALA LUMPUR, June 3 — We may have voted them into office but the truth of the matter is, we don't think very highly of our politicians. Malaysians believe that politicians are the most corrupt group, according to a global survey by anti-graft body Transparency International (TI).

In the 2009 Global Corruption Barometer (GCB), 42 per cent of Malaysians said that political parties are the most corrupt institution, followed closely by the civil service at 37 per cent. They are also not optimistic that graft will be curbed as two-thirds of Malaysians have no faith in the government's efforts to fight corruption. TI Malaysia president Datuk Paul Low said that this was due to the fact that the public had no idea how political parties were funded. "Corruption in politics is the mother of all corruption. Nobody knows how they are funded. They need to eliminate money politics as well as disclose their sources of funding," he said, adding that changes in electoral laws as well as compulsory audits would be needed to reverse public perception.

However, he felt that the results may not be accurate as the survey was conducted three months ago, amid speculation of monetary inducement that resulted in the Perak political crisis as well as vote-buying in the Umno party polls. Low also called for better accessibility to information regarding government contracts and concession agreements as well as reviewing the Official Secrets Act as "these are not strategic interests" which could compromise national security. Malaysia regularly scores close to five out of 10 on TI's Corruption Perception Index and last November's results left it ranked 47th out of 180 countries.

Despite the move to give further powers to the national anti-graft squad when it was converted from the Anti-Corruption Agency to the Malaysian Anti-Corruption Commission (MACC), 67 per cent of Malaysians still feel the government has been ineffective in dealing with corruption.

While Low said it was still too early to judge the MACC, he acknowledged public perception was that it practised selective prosecution and must instead "take the big fish along with the small fish." TI Malaysia would also attempt to conduct a public poll on its performance later this year.

Meanwhile, of Malaysians polled, only 9 per cent admitted to paying a bribe in the last 12 months, slightly below the global average of 13 per cent. Low noted that while three out of 10 Indonesians admitted to bribery, three-quarters felt their government has been effective in fighting graft.

"We can see that the Indonesian president has become more popular so it shows people value the integrity of politicians," he said, referring to surveys showing Susilo Bambang Yudhoyono's popularity has increased ahead of this year's presidential elections.

Globally, political parties were considered by 29 per cent to be the most corrupt followed by the civil service at 26 per cent, while on average, 56 per cent felt their governments had not tackled graft well.

Also, respondents indicated an 8 per cent increase in the perception that the private sector is corrupt. Low said that companies should take heed to the fact that 50 per cent of Malaysians said they would prefer to purchase from "corruption-free" companies. "The private sector should introduce anti-bribery and whistle-blowing policies as well as integrity agreements," he suggested.

He also said that while he was disappointed that Malaysia has not improved its corruption index for over eight years, he was encouraged by Prime Minister Datuk Seri Najib Razak's statements on graft so far as it was early days yet in his two-month-old administration.

Low said that TI Malaysia has been consulted by the government many times before and he would be submitting a copy of this year's GCB, its sixth edition and the first with Malaysian participation, to Najib and was hopeful of further discussions with the government on the matter.

TI welcomes PKFZ role

PUTRAJAYA: Transparency International Malaysia has hailed the move to involve the non-governmental organisation with the Port Klang Authority (PKA) as a historic milestone. Its president, Datuk Paul Low, said the NGO's appointment as PKA's corporate governance committee chair would allow the NGO to implement the world's best practices.

"We have to introduce a system of checks and balances. For example, a code of ethics or conduct relating to conflict of interests would need to be put in," he said when asked how they would approach the audit report on the Port Klang Free Zone (PKFZ).

Low said the NGO's experience would help to make PKA a model government agency.

Chartered Institute of Marketing Malaysia president Tan Sri Dr James Alfred, who co-chairs the executive committee tasked with turning around the PKFZ, said it was going to be a tough job.

"We will be meeting twice a month to discuss how to market and sell PKFZ to investors." When asked how the committee would approach the situation, considering the low tenancy in PKFZ and the general outlook by investors, Dr Alfred said: "We will have to erase the bad view that investors have and tell them we are starting with a clean slate."

He said reviving the PKFZ project was also important in the sense that it would be providing job opportunities to future generations. In Petaling Jaya, Centre of Public Policy Studies (Asli) chairman, Tan Sri Ramon Navaratnam, said he was glad that the post-mortem of the PKFZ project was taken seriously by the formation of the three bodies.

"However, there must be concrete follow-up actions based on the recommendations made by the committees."

Ramon, who is also the former president of Transparency International, expressed his approval of Low's appointment. He also urged the Government to form a royal commission of inquiry to look into the PKFZ report as it would provide a more thorough investigation into the issue.

Bar Council president, Ragunath Kesavan, said an independent inquiry should also be considered because the inquiry would be able to compel Transport Ministry officials to testify before a court.

Institute of Corporate Responsibility Malaysia deputy chairman, John Zinkin, said the formation of the special task force was a wise decision as investors, both local and foreign, would need to know that the Government was taking this seriously.

Malaysian Associated Indian Chambers of Commerce and Industry president, Datuk K.K. Eswaran, said whoever was responsible should face the consequences as soon as possible.

"It's all taxpayers' funds and if there is any misuse of funds, whoever is caught should be taken to task."

National Chamber of Commerce and Industry of Malaysia president, Syed Ali Alattas, said the minister has taken the right steps.

Thursday June 11, 2009
The star online



Dr. Loi appointed an MPSJ Councillor

TI-M is pleased to announce that our Secretary-General, Dr. Loi Kheng Min, has been appointed as a Subang Jaya municipal councillor (MPSJ) under the NGO quota, for a one-year term ending 8th July 2010. Dr. Loi said that he would strive to improve the transparency and accountability in the local council and curb corruption in public procurement, such as tenders. Our congratulations to Dr. Loi on this well-deserved recognition and wish him all the very best as he faces the challenges ahead.

Congratulations and best wishes!

(L - R: Dr. Loi, Robert Tan Siang Chiok (DAP), MPSJ President Datuk Adnan Md. Ikshan, Rajiv Rishyakaran (DAP) and Chong Hoon Ming (DAP)

PRESS STATEMENTS BY TI-M

PKFZ FIASCO: ROOT PROBLEM IS THE MIXING OF POLITICS WITH EFFICIENCY OF A GOVERNMENT AGENCY

Transparency International Malaysia (TI-M) welcomes public disclosure of the findings concerning the Port Klang Free Zone (PKFZ) of the independent audit report conducted by Pricewaterhouse-Coopers (PWC) and commends the effort taken by the Transport Minister Datuk Seri Ong Tee Keat for allowing the "cleaning up" process to go through.

The disclosure reveals blatant abuses in stewardship of public assets and shady deals as reflected by the lack of transparency, conflict of interests between the parties involved, involvement of politicians, the inflated prices of the transactions, questionable transactions and perhaps even corruption with individuals financially benefiting at the expense of the public. All of these indicate a malaise of mixing politics with the proper administration of government assets. It is therefore appropriate for the Najib's administration to review the way transactions are conducted and procurement made in all government agencies so that similar "leakages" and abuses can be prevented.

If Malaysia wants to improve her competitiveness to be able to compete in the era of globalization and to attract both domestic and foreign direct investments the cost of doing business and complexities and uncertainties that arise from corruption must be reduced. The fiasco in the PKFZ only serves to make the use of these facilities

for international business more expensive and uncompetitive especially if coupled with the lack of professionalism in managing these facilities. Malaysia can ill afford maladministration and fiascos like this when the well-being of her economy is highly dependent on international trade.

TI Malaysia therefore calls for prompt action with full force of the law against the parties involved and that the people who are responsible to exercise fiduciary duties but have not done so, to be brought to task. Deals that are done without full disclosure of conflicts of interest must be annulled and corruption must be promptly and diligently investigated by the MACC for further action.

6th May 2009

Corruption Watch in Tender Boards of Selangor Local Councils

Transparency International – Malaysia (TI-M) is encouraged that the Selangor Government will introduce a new measure towards integrity in the award of contracts by local authorities by having MACC officers sitting on the tender boards of the twelve local councils. However, perhaps the public might be better served by MACC officers being deployed to promptly investigate and clear corruption cases.

If the Selangor Government wishes to address integrity at every stage of the procurement process, including the performance of contracts and post-contract evaluation, TI-M has the expertise, and is willing to help together with civil society, the achievement of this worthy objective.

For example, an initial step would be the implementation of Transparency International's Integrity Pact (IP). It encourages suppliers not to bribe by providing a level playing field with the assurance that their competitors will also not bribe. The IP comprises a process that includes an agreement between a buyer of goods or services (government department at federal, state or local level) and all bidders/suppliers. The parties will contractually commit not to pay, offer, demand or accept bribes, or collude with competitors before or during performance of the contract. The IP includes a monitoring system that provides for independent oversight (including by civil society) and accountability.

TI Malaysia therefore urges the Selangor Government (and Federal and other state governments) not to hesitate to call upon TI-M to help achieve commitment to accountability, integrity, transparency and good governance.

22nd June 2009

Integrity Pact and Corporate Governance

The Integrity Pact (IP) is an anti-corruption tool developed during the 1990s by Transparency International (TI) to help governments, businesses and civil society intent on fighting corruption in the field of public contracting. IP encourages suppliers not to bribe by providing a level playing field with the assurance that their competitors will also not bribe. The IP comprises a process that includes an agreement between a buyer of goods or services (government department at federal, state or local level) and all bidders/suppliers. The parties will contractually commit not to pay, offer, demand or accept bribes, or collude with competitors before or during performance of the contract. The IP includes a monitoring system that provides for independent oversight (including by civil society) and accountability.

IP has been in existence for some time and past efforts contributed by the Transparency International – Malaysia (TI-M) team resulted in adoption by organizations such as POS Malaysia and SEDC (Sarawak Economic Development Corporation) with numerous trade organizations signing memorandum of collaboration with TI-M to promote integrity among their members.

Based on the original IP established by TI, TI-M is developing training modules on IP and corporate governance. A training seminar for the first module will be conducted in early September 2009. Subsequently, more modules would be launched progressively to integrate the culture of accountability, integrity and transparency in public procurement into the fabric of all walks of life.

The recent appointments of TI-M President, Datuk Paul Low, to head the Port Klang Authority (PKA) Ad-Hoc Committee on Administration and Corporate Governance, and that of our Secretary-General, Dr Loi Kheng Min, as a MPSJ Councillor, has now opened a window of opportunity (and perhaps a floodgate of challenges!) for TI-M to further promote Integrity Pacts to other federal and state government agencies as well as Government-linked corporations.

Corruption in procurement in the public sector often attracts greater attention than the private sector. However, the latter is not without its share of problems. The long-term plan in this domain is to develop the scope to cover the entire spectrum of business ethics and corporate governance, which is closely linked to the seed of integrity, as a means to curb corruption in the commercial world of materialism. It would be an ideal situation whereby companies that uphold integrity in a focused and defined manner emerge as the preferred vendors or customers in the business sector they are in. They in turn will be the beacon of light to attract others to conform and comply to the level of integrity generally expected in business transactions. We are at the drawing board on this concept and more information will be revealed in due course and disseminated to all TI-M members and the public at large to promote and enhance integrity and transparency in combating corruption in public procurement.

Right to Information (RTI) *also known as FOI (Freedom of Information)*

FOI "Train the Trainer" Workshop

As a follow-up to the "Access To Information" Workshop, a two-day workshop held at the PJ Hilton in October 2008 and supported by the Swedish Embassy, the Canadian High Commission and Centre for Independent Journalism (CIJ), chief facilitator, Mr. Toby Mendel, was invited again to Malaysia to conduct the "Train the Trainer" Workshop. Comprising of key people from CIJ, TI-M and selected groups such as Centre for Public Policy Studies (CPPS), Suaram, Amnesty International (AI), SEA Media Defence Network, Al-Jazeera, this core group of RTI advocates and trainers underwent an intensive three-day training on RTI – laws, cases, implementation – in January 2009 and will go on to train other interest groups or talk to identified target groups.

(Mr. Mendel has directed the Law Programme at Article 19 for the past 11 years. Article 19 is an international non-governmental organization focusing on freedom of expression and the right to information.)



Training by Mr. Mendel

FOI Awareness Workshops

Phase 2 of the FOI project involves a series of half-day talks and sessions to create awareness amongst targeted groups. These groups will represent, among others, the business, legal, academic and civil society groups, the civil service and political parties. The purpose is to introduce the main ideas of FOI and to persuade or gain support for FOI legislation. It is proposed that 10 sessions be organized over the year. Six workshops have been successfully organized to-date: in Klang, KL, Ipoh, Penang, Sabah and Kelantan.



Workshop in Penang.

National Conference on the Enactment of the Freedom of Information Act

All these activities – "Train the Trainer" workshop and "Awareness Sessions" - will culminate in a national conference in November 2009 to present regional experiences and case studies to support the local push for freedom of information legislation. Targeting policy makers, civil servants and the civil society organizations, the main objective is to raise the profile of the issue and to get media coverage on the initiative for FOI/access to information. Local and international speakers, known for being advocates of FOI, will be invited to speak at the Conference.

Our efforts on FOI so far have not been in vain. At least one State Government hears the call for 'Freedom of Information'. Shaila Koshy tells us more in her article reproduced below:

Selangor to be first to have freedom of information law

By SHAILA KOSHY
Wednesday May 20, 2009

PETALING JAYA: The Selangor state government will be the first state to table a Freedom of Information (FOI) Enactment in its legislative assembly by the end this year.

Mentri Besar Tan Sri Khalid Ibrahim said the Pakatan Rakyat government in Selangor had decided to do so because it believed all citizens have the right to have and know as much information as they need.

"Freedom of information and media freedom stand shoulder to shoulder. Without access to information, how can journalists be effective in their jobs?" Khalid said yesterday at the government's belated observance of World Press Freedom Day and the launch of its Communications and Media Network - a monthly newspaper *Selangor kini*, a web portal *Selangor kini* and TV *Selangor* - at the Petaling Jaya Civic Centre here.

He said the state government had set up a Freedom of Information Taskforce, chaired by assemblyman Elizabeth Wong, comprising of

assemblymen and the public last year to en-sure an FOI Bill was tabled in the Legislature before the end of the year.

Asked at a press conference later what would happen if the state government declares a document public under its proposed FOI law but the Federal Government deems it a secret under the Official Secrets Act (OSA), Khalid said federal law would supersede.

Wong said the common view was that everything was under the OSA but their view was all information should be made public, with some exceptions.

After the second reading, she said the Bill would be referred to a Select Committee that will have six months to get feedback and hold consultations with the public and public bodies and study the FOI laws in other countries.

Later, at a public consultation and forum themed "Freedom of Information: The Right to Reclaim", Wong listed public interest override, legal privilege, health and safety as some of the usual exceptions to public access under any FOI law.



The **Anti-Corruption Summit**, with the theme **“Towards Zero Tolerance for Corruption”** took place on 30th – 31st March, 2009 at the Sime Darby Convention Centre. Jointly organized by Transparency International – Malaysia and the Asian Strategy & Leadership Institute (ASLI), it provided a timely opportunity for policy and management decision-makers in the public and private sectors to update on the importance of incorporating good ethical practice and transparency, promote greater awareness of accountability and responsibility in management practices and set up acceptable benchmark standards in good corporate governance with the objective of eradicating corruption and unethical practices. This is especially important as the trend of the Corruption Perceptions Index (CPI) for Malaysia has remained mediocre at midpoint (4.9 – 5.1) with no improvement for the last eight years.

The aim of the summit was to build a National consensus towards zero tolerance for corruption. It brought together prominent experts in the field to share their insights and perspectives on how to better encourage good ethics in both the public and private sectors.

In his Opening Keynote Address, Tan Sri Bernard Dompok, the then Minister in the Prime Minister's Department, said that corruption still remains rampant around the world, not solely in the developing world and certainly not in Malaysia alone. He said that efforts for containing it have been put in place by the Government but the journey would be smoother and swifter if collaborative effort of government, private institutions, investors, civil society organizations and other stakeholders are put in. He added that corrupt practices are usually attributed to the private sector as the “giver” and the public sector as the “recipient”, in order to secure or expedite matters with government. This is why the solution to the problem of corruption in this country lies not just in ensuring a clean government administration but also a clean private sector.

On the topic “Conflicts of Interest – the Latent Part of Corruption”, Deputy Chief Commissioner of MACC, Dato’ Hj. Abu Kassim Mohamed, in his remarks, said that conflict of interest arises when there is conflict between the private interests of a public official and public duty. He went on to say organisations should develop a clear code of conduct and promote it to all staff as well as develop policies and procedures for identifying and dealing with areas of potential conflicts of interest. Organisations must clearly state who is responsible for receiving conflict of interest disclosures and fully documenting any disclosures made, he added.



YB Datuk Hj. Talib Zulpilip, Chairman of Sarawak Economic Development Corporation, speaking on the topic “Effectiveness and Transparency in Public Procurement”, said that effective public procurement should achieve two broad objectives: best value for money for goods and services procured and it serves the public good. Whilst competitive bidding vs. direct negotiation are both not perfect systems, there is a consensus that competitive bidding is far superior to direct negotiation in terms of effective and transparent procurement. On the matter of Level of Corruption, he said that Malaysia does not fare too well in this respect. Benchmarking ourselves with neighbours such as Indonesia and Thailand or the likes of Bangladesh and Nigeria, is an admission that we tolerate corruption. Instead we would do our Nation a favour if we were to benchmark with our little neighbour, Singapore, or countries such as New Zealand or the Scandinavian countries, Denmark, Sweden and Norway.



Left to right: En. Abdullah Abdul Hamid, Y.B. Datuk Hj. Talib Zulpilip, Dr. David K.L. Quek and Datuk Mohd. Tap Salleh after their session on “Effectiveness and Transparency in Public Procurement”.

On the topic “Integrity & Sustainable Development”, Ir. Gurmit Singh K.S., Chairman of the Centre for Environment, Technology & Development, Malaysia (CETDEM) spoke passionately about environmental stresses such as Climate Change – temperature change and sea-level rise; Biodiversity Loss – extinction of species, drop in food supply; Water Supply and Quality – distribution losses, pollution, shrinking catchments, etc.; Solid and other Wastes – mushrooming volumes and increasing non-biodegradables; etc.. He says Sustainable Development has to ensure that environmental stresses are minimized while social and economic benefits are equitably shared but Sustainable Development, as articulated in Agenda 21 at the 1992 Rio Summit, has been mostly ignored in Malaysia and many other countries. He added that, in a statement he had made in 1978, where he had pointed out that corruption was the main cause of environmental destruction as rules and laws were flouted and that greed, within the rich and powerful elites, caused excessive exploitation of resources, remained true till this day.



En. Mohd. Azhar Osman Khairuddin, Senior General Manager, Legal & Corporate Affairs Division of PETRONAS presenting a paper on “Creating a Corporate Culture for Combating Bribery”.

Among the distinguished role players (in order of appearance) were Dato’ Dr. Michael Yeoh, CEO of ASLI, Datuk Paul Low, President of TI-Malaysia, En. Mohd. Azhar Osman Khairuddin, Senior General Manager, Legal & Corporate Affairs Division of PETRONAS, Datuk Mohd. Tap Salleh, President of Institut Integriti Malaysia (IIM), Y.B. Datuk Hj. Talib Zulpilip, Chairman of Sarawak Economic Development Corporation, Sarawak, Dr. David K.L. Quek, the President-Elect of Malaysian Medical Association(MMA), En. Abdullah Abdul Hamid, Executive Director, Transformation Management Office (TMO) of Khazanah Nasional Berhad, Datuk Kok Wee Kiat, Chairman of Environment Quality Council (EQC), Tan Sri Dato’ Seri Dr. Salleh Mohd. Nor, President of Malaysian Nature Society (MNS), Mr. Cyril Pinso Tan, CEO of Borneo Conservations Trust, Ir. Gurmit Singh K.S., Chairman of the Centre for Environment, Technology & Development Malaysia (CETDEM), Mr. Caesar Loong, Director of EU-Malaysia Chamber of Commerce and Industry, Datuk Saw Choo Boon, Chairman of SHELL Malaysia, Datuk Eddy Chen, Exco & Former President of REHDA, Puan Fatimah Merican, Business Services Director of ExxonMobil Subsidiaries in Malaysia, En. Aziz Manas, Chief Internal Auditor of Pos Malaysia Berhad, Mr. Lim Chee Wee, Vice-President of the Malaysian BAR, YAB Mr. Lim Guan Eng, Chief Minister of Penang, Dato’ Abu Kassim Mohammad, Deputy Chief Commissioner-Operations of the Malaysian Anti-Corruption Commission (MACC), Tan Sri Megat Najmuddin Khas, Chairman of Tradewinds Corporation Berhad and Mr. Atul Bhargava, Managing Director of Intel Malaysia Sdn. Bhd..

The Sponsors for the Summit were the CIMB Group, DRB-HICOM Berhad, Sime Darby Berhad and Tenaga Nasional Berhad.

Project on Forestry Governance and Integrity (FGI)

FORESTS are the key to the world's environmental well-being. Their degradation is a pressing social, economic and environmental challenge, affecting the daily lives of millions of people. The importance of forests has long been recognised, yet even after years of advocacy from local and global pressure groups, the illegal harvesting of timber continues to thrive on the back of corrupt behaviour and opaque systems.

Transparency International's **Forest Governance Integrity Programme (FGI)** tackles corruption as a primary driver of illegal logging and poor forest management. The programme looks at corruption at all stages in the timber production and processing chain and examines how it facilitates the unsustainable harvesting, production, conversion, export, import and procurement of timber and wood products.

The activities of a regional FGI centre in Indonesia and local FGI units in China, Indonesia, Malaysia, Papua New Guinea and the Solomon Islands will contribute to curbing corruption and improving forest governance. This will be done by using TI's proven strengths and experiences in research, analysis, monitoring, awareness-raising and advocacy, and using them to build on, and strengthen, existing forest governance institutions and initiatives, and help create new ones.



Tan Sri Dr Salleh Mohamed Nor introduced the Malaysian team and gave a briefing on the current status of FGI in Malaysia

OUR GOAL: The Forest Governance Integrity Programme works towards a society where corruption-free forest governance and sustainable management will enable increased economic development, poverty reduction and environmental protection.

CURRENT STATUS: The FGI programme is well on track and its first component, the Forest Governance Integrity Anti Corruption Advocacy Analysis and Monitoring (FAAA) Phase 1 is rapidly developing.

The Kick Off Meeting was held in Jakarta from 29th June till 2nd July 2009 with the participation of the five involved countries.

The key areas of focus during the Kick Off meeting were on:

- Introduction to the Project
- Project Management
- Finance Management
- Work Plan
- Knowledge Management.

Follow-up action proceeding from the Kick Off meeting for the Malaysian Chapter would be:

- To have closer ties with FGI regional office in Jakarta and TI-S
- To produce diagnostic report on Forestry in Malaysia
- To source for matching fund (20% of Funding)

FORTHCOMING EVENTS:

Crinis (Political Financing) Workshops

30 Sept: for media, academics, NGOs, students from higher learning institutions

30 Oct: for political parties and corporate figures

30 Nov: CRINIS Stakeholders Conference – to table recommendations to Government

RTI (Right to Information) Workshops

22 July: Sabah

23 July: Kelantan

14 Aug: Wisma FMM, KL – for FMM staff by Usha/Noel

17 Aug: IIM – for IIM & Cuepacs staff – By John and Khairiah

Dates to be announced:

Cameron Highlands - Dipendra/ Claudia

Johor - Sevan/ Yohendra

Seremban - Claudia/Noel/Usha

DINNER TALK ON 'CRINIS' BY PROF. DR. EDMUND TERENCE GOMEZ

To educate TI-Malaysia members and the general public on 'Crisis', a research project undertaken by TI-Malaysia on the transparency and accountability in the financing of political parties, Prof. Dr. Edmund Terence Gomez, adviser to the TI-M research team, was invited to speak at a Dinner Talk held at Sime Darby Convention Centre, Kuala Lumpur on Saturday, June 27, 2009.



The author of numerous books on politics and business in Malaysia amongst others, Prof. Terence (as he is popularly known) led all present through the maze of Malaysian politics. He took us to the beginning, when the country gained independence, to the present-day scenario; he filled us in on how political financing became entrenched and a part of the machinery that moves political parties and he rounded it all up by saying that that it's not all "doom and gloom", that there is hope yet for the country. It was an insightful and entertaining evening as Prof. Terence is a knowledgeable and engaging speaker. Coupled with the wonderful buffet spread served up that evening, a truly memorable evening was had by all.

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Suite B-11-6, Level 11, Wisma Pantai, Plaza Pantai, 5, Jalan 4/83A, 59200 Kuala Lumpur, Malaysia.

Phone : 603-22840630

Fax : 603-22840690

Email : admin@transparency.org.my

Website : www.transparency.org.my

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