



NEWSLETTER



A Nation Without Corruption, A Society with Integrity

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PRESIDENT'S MESSAGE

With the unity government made of coalition of parties in power for the past 6 months, there seems to some level of political stability in the country. The government can focus on driving the economy and controlling inflation. Having said that, civil societies have been in constant engagement with the law makers from both sides of the political divide to expedite key reforms. However, many of the reforms that the Harapan coalition spoke about when they were in opposition is yet to initiated since they took power.



Two APPG (All Party Parliamentary Group) have been formed. One is for governance, integrity and transparency and another is for political financing. Both APPGs are chaired by a law maker and members are from both sides of the political divide and representatives from civil societies which includes TI-Malaysia. Among the immediate reforms being pushed forward are as follows:

- I. Amendments to the Whistle Blower Act 2010
- II. MACC reforms to make it report to a Parliamentary Select Committee
- III. Separation of power between the Attorney General and the Public Prosecutor
- IV. Tabling a Political Financing Bill in parliament

The above four are not new initiatives but continuation from where reforms stopped after the collapse of the Pakatan Harapan government in January 2020. It is our hope with political stability and the political will the above major legislative reforms can be completed within the next 2 years.

Although the Prime Minister has been constantly mentioning about systemic corruption in the country, the need for good governance, transparency, integrity, and democratic accountability, only time will tell if Malaysia is able to make this major transformational change.

On TI-Malaysia's other activities, for the year 2023, project fundings secured are for advocacy work on political financing, asset declaration, beneficial ownership, and funding for Collective Action Project on community integrity building and Corporate Liability training programs.

Dr Muhammad Mohan

President

Transparency International-Malaysia

EDITORIAL

In this editorial, we shed light on the three vital pillars that have gained increasing attention and significance in recent years: beneficial ownership, asset declaration and political financing. These interconnected pillars play a pivotal role in promoting transparency, accountability and integrity, and are instrumental in our fight against corruption.



Firstly, let us focus on the concept of beneficial ownership. Briefly, beneficial ownership refers to the identification of the individuals (natural persons) who ultimately own, control or benefit from a company, trust or other entities. Very often, opaque ownership structures are employed as a means to disguise illicit activities, launder money or facilitate corrupt practices. The leak of over 11.5 million confidential documents from a Panamanian law firm, Mossack Fonseca in 2016 placed the issue of beneficial ownership at the centre of global media attention. By shining a light on beneficial ownership, we expose these hidden webs of influence, making it difficult for corrupt actors to hide behind layers of anonymity. Implementing robust systems to unveil beneficial owners is essential to prevent corruption, curb money laundering and ensure that those who engage in illicit activities are held accountable.

The second crucial aspect is asset declaration. Transparency International - Malaysia has called for legislation to be introduced to compel all members of parliament, politicians and those holding positions of power to declare and update their wealth on a regular basis. Public officials and those holding positions of power hold significant influence over public resources and policymaking. To mitigate the risk of corruption, it is imperative for these individuals to declare their assets, including financial holdings, real estate and other valuable possessions. In Malaysia there are currently only codes and circulars requiring Members of Parliament, Judges and Public Officials to make regular asset declaration. Asset declaration not only acts as a deterrent to corruption but also helps identify suspicious wealth accumulation and potential conflicts of interest. By requiring regular and comprehensive asset disclosures, we promote transparency and accountability and provide a means to investigate and address cases of ill-gotten wealth.

Lastly, let us explore the critical issue of political financing. Political parties and election campaigns require financial resources to operate effectively. However, when the sources of political funding are obscured or influenced by vested interest, the integrity of democratic processes can be compromised. Transparent and accountable political financing mechanisms are vital to prevent undue influence, corruption and the capture of political power by parties with vested interest. Malaysia currently does not have a Political Financing Act that governs inter alia sources of funding, limits and declaration. Robust regulations, disclosure requirements, and effective oversight are essential in ensuring political financing remains fair, transparent and free from illicit influence.

The interconnectedness of these three pillars cannot be overstated. Beneficial ownership transparency strengthens asset declaration by revealing hidden assets and unveiling potential conflicts of interest. Simultaneously, robust asset declaration mechanisms provide crucial information to identify suspicious sources of political financing. By reinforcing these pillars, we create a comprehensive framework that upholds transparency, accountability and integrity across sectors.

Countries around the world are increasingly recognizing the importance of these measures. Many have introduced legislative reforms, enhanced disclosure requirements and established independent oversight to enforce compliance.

Transparency International - Malaysia is actively advocating for the adoption and implementation of robust beneficial ownership frameworks, comprehensive asset declaration systems and transparent political financing regulations. These measures are indispensable in combatting corruption, protecting public resources and ensuring the equitable and sustainable development of our country.

Eulis Racmatiah Iskandar

TRANSPARENCY INTERNATIONAL MALAYSIA 25th ANNUAL GENERAL MEETING MEMBERS OF TI-MALAYSIA CAME TOGETHER FOR THE 25TH AGM

Transparency International Malaysia's 25th Annual General Meeting (AGM) was successfully held on the 11th of March 2023 at Crystal Crown Hotel, Petaling Jaya. Despite the challenges brought on by the pandemic, we were able to hold a fruitful and informative AGM, thanks to the dedication and commitment of our members and executive committee OF 2021/2023.

At the AGM, we reflected on our achievements and challenges over the past year. EXCO members for the 2021/2023 term, shared their insights on the current status of Transparency International Malaysia as well as the state of corruption in Malaysia. Their speeches were followed by Q&A sessions, allowing members to voice their views and ask questions.

The Audited Accounts and the Annual Report for the year was presented at the AGM. The report highlighted the successful implementation of various projects and initiatives that we had undertaken to raise awareness on anti-corruption efforts in Malaysia.

In addition, election for the new executive committee was held, giving our members the opportunity to exercise their voting rights and contribute to the leadership of the

organisation. We are pleased to announce that the new executive committee comprises dedicated and passionate individuals who shares our vision of a corruption-free Malaysia.

EXCO for the 2023/2025 term are as follows:

President: Dr Muhammad Mohan

Deputy President: Lawrence Chew Seng Chen

Secretary-General: Raymon Ram

Treasurer: Geetha Rubasundram

Committee Members:

Chew Phye Keat

Nurirdzuana Ismail

Alan Kirupakaran

Eulis Rachmatiah

Nisha Kamilla

Chuah Yean Ping

We would like to take this opportunity to thank all our members and stakeholders for their continued support and commitment towards our mission. Transparency International Malaysia will continue to strive towards a corruption-free Malaysia, and we look forward to your continued support and partnership.



EXCO member for 2021 addressing the AGM



Members of TI-Malaysia attending the 25th AGM



Lively Q&A session with our members

TI-MALAYSIA HOLDS 'BENKEL PENDANAAN POLITIK PERINGKAT NEGERI' JOINTLY WITH IDEAS AT THE INDERA MAHKOTA CONSTITUENCY & MUAR CONSTITUENCY

BRINGING POLITICAL FINANCING, ASSET DECLARATION AND BENEFICIAL OWNERSHIP TO THE GRASSROOTS



Organisers and Participants of the Bengkel Pendanaan Politik Peringkat Negeri - Indera Mahkota, Pahang

TI-Malaysia together with IDEAS with support from the International Republican Institute (IRI) organised our first workshop on Political Financing in Indera Mahkota, Pahang. The locations for this series of workshops were chosen based on the All-Party Parliamentary Group (APPG) members' represented constituencies.

The workshop was designed to provide information on Political Financing along with Asset Declaration and Beneficial Ownership to the average layperson. We took into account people who have been involved heavily in these topics (Political Financing, Asset Declaration, and Beneficial Ownership) as well as people who have never even heard of these topics before.

YB Dato Sri Saifuddin Bin Abdullah was present to officiate the workshop in his constituency. YB Dato Sri also stayed throughout the workshop and gave his insight on the topics that were discussed throughout the workshop.

Transparency International Malaysia was responsible for the Asset Declaration and Beneficial Ownership portion of this workshop. We invited Mohamad bin Hussain of the Malaysian Anti-Corruption Commission (MACC) to speak on Asset Declaration. A representative from the MACC was chosen as MACC has prior experience with Asset Declaration in Malaysia and were responsible for the data of Members of Parliament who previously declared their assets. This information is no longer available to the public but there have been efforts to have this data accessible to the public once again.



Organisers and Participants of the Bengkel Pendanaan Politik Peringkat Negeri – Muar, Johor

For Beneficial Ownership, TI-M invited Khairani M. Yusof of the Companies Commission of Malaysia (CCM) to speak on Beneficial Ownership. The CCM are currently focused on the development of the area of Beneficial Ownership in Malaysia. CCM produced a guideline on Beneficial Ownership titled "Guideline for the Reporting Framework for Beneficial Ownership of Legal Persons"

which came into force on the 1st of March 2020.



Q&A Panel Session (from left) - Khairani M. Yusof, Dr Muhammad Mohan & Mohamad bin Hussain

As mentioned, this workshop was the first in our series of five workshops throughout Malaysia. The second workshop was held in Muar, Johor. We conducted further training on the importance of Political Financing in Malaysia and hope this collaboration with members of the APPG will lead to the passing of laws on Political Financing in this country.



(From left)- Eulis Rachmatiah, Mohd Fauzi bin Shadollah and Ravinderjit Kaur

During the workshop, we invited Mohd Fauzi bin Shadollah from the Malaysian Anti-Corruption Commission (MACC) to speak on

Asset Declaration and Ravinderjit Kaur from the Companies Commission of Malaysia (CCM) to speak on Beneficial Ownership. The two sessions were moderated by Eulis Rachmatiah Iskandar exco member from Transparency International Malaysia.

The workshop concluded with a Q&A panel session, where Eulis Rachmatiah asked a question to each speaker before opening the floor for questions from the participants. During this session, YB Syed Saddiq posed some questions to both speakers from CCM and MACC, leading to a lively exchange with participants asking further questions on the topic.

We were able to successfully accommodate the 39 participants and conduct the workshop as planned. The participants represented a diverse group of individuals from various backgrounds and sectors, and we were able to achieve our goal of reaching out to a wider audience.

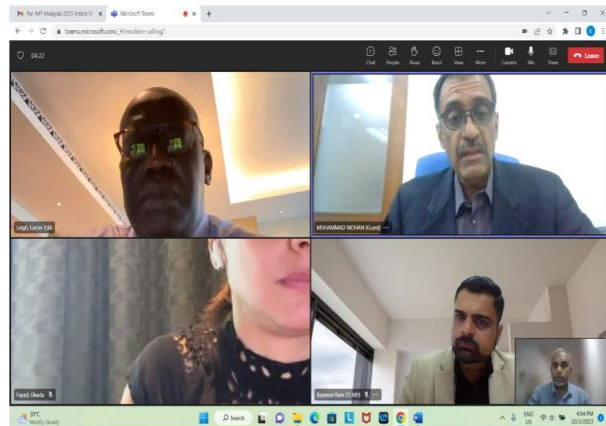
Overall, we were satisfied with the outcome of the workshop, and the increased number of participants is a positive development. We hope to continue to attract a diverse group of participants in our future workshops and events.

TI-M and IDEAS will continue to invite a diverse group of participants from across the political divide to participate in these workshops. We succeeded to have a diverse range of participants for our workshop in Muar, Johor ranging from members of several political parties, youth groups as well as business owners.

TI-MALAYSIA’S MEETING WITH THE INTERNATIONAL MONETARY FUND
TI-Malaysia shared their views with IMF representatives on Malaysia’s CPI Scores

Dr. Muhammad Mohan, president of Transparency International Malaysia (TI-Malaysia), Raymon Ram, secretary-general of TI-Malaysia, and Alan Kirupakaran, exco member of TI-Malaysia met with Lamin Leigh and Ghada Fayad, economists of the International Monetary Fund (IMF) on the 20th of March 2023 to explain on Malaysia’s score on the Corruption Perception Index and the need for the government to commit to institutional reforms and have the political will to make transformational changes in the public sector.

Raymon Ram and Alan Kirupakaran also shared their insight and expertise with IMF representatives on good governance and expertise with IMF representatives on the new government policies on good governance in the public sector.



Zoom Meeting with IMF (clockwise from left) – Lamin Leigh, Dr Muhammad Mohan, Alan Kirupakaran, Raymon Ram & Ghada Fayad

DR. MUHAMMAD MOHAN, ATTENDED TWO EVENTS IN SEOUL, SOUTH KOREA
OCR MEETING FOR TI-ASIA PACIFIC & 2ND SUMMIT FOR DEMOCRACY



TI Chapters’ Participation in the 2nd Summit for Democracy



Chapter OCRs – Group Photo

Dr Muhammad Mohan, President of Transparency International Malaysia, attended two events in Seoul, South Korea,

in March 2023. The first event was the TI-Asia Pacific Chapters' Meeting under the theme "Combating Corruption in the Asia

Pacific". TI-Malaysia presented their progress on the 10-year strategic plan and their upcoming book, "The Sin of Corruption a Religious Perspective". A panel discussion was held on civil society organizations' (CSOs) role in promoting transparency, accountability, and good governance against corruption.

TI-Malaysia also participated in the 2nd Summit for Democracy, attended by various stakeholders, including representatives from Malaysian civil society organizations. The summit consisted of four sessions on International Cooperation for Anti-Corruption, Non-Governmental Stakeholders in Anti-Corruption, Technology and Anti-Corruption, and Financial Transparency and Integrity. In all four sessions most speakers frequently referenced the Corruption Perception Index (CPI). Although the CPI remains the perception of corruption in the public sector, it is still the widely used measure of corruption by everyone.

The key takeaway for TI-Malaysia will be in two areas highlighted in the four sessions of the summit: Anti-Money Laundering and Beneficial Ownership. TI-Malaysia found these areas to be of significant importance and recommended that they should be incorporated into our strategic plan for the next three years. TI-Malaysia also saw an opportunity to push for an act that would make it mandatory for companies to declare the ultimate beneficial ownership. Countries that have adopted a law on beneficial ownership include the British Virgin Islands, Croatia, France, Cyprus, Greece, Hungary, Italy, and Ireland, among others.

Overall, TI-Malaysia found the events in Seoul informative and insightful, allowing them to gain more knowledge about various anti-corruption initiatives, especially in the Asia Pacific region. The events also provided an opportunity for TI-Malaysia to showcase the work they have done and receive feedback from other stakeholders.

TI-MALAYSIA IN THE MEDIA

Compel MPs, senators to declare assets, PM told

Transparency International Malaysia says this will ensure good governance and eradicate corruption among members of the two Houses.

FMT Reporters - 18 Apr 2023, 1:39pm

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Transparency International Malaysia reminded MPs that they sought election and must, therefore, be transparent in their actions. (Bernama pic)

PETALING JAYA: Prime Minister Anwar Ibrahim has been urged to introduce an Asset Declaration Act as part of his reform agenda.

Anti-corruption group Transparency International Malaysia (TI-M) said the legislation will

Syor letak SPRM di bawah Parlimen dibangkit di Dewan Rakyat hari ini

Dikemas kini 1 bulan yang lalu · Diterbitkan pada 28 Mar 2023 8:51AM · 0 Komen · P



Persoalan sama ada kerajaan bercadang meletakkan SPRM di bawah bidang kuasa Parlimen antara yang dibangkitkan di Dewan Rakyat hari ini. — Gambar fail The Malaysian insight, 28 Mac, 2023.



PERSOALAN sama ada kerajaan bercadang untuk meletakkan Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) di bawah bidang kuasa Parlimen antara yang dibangkitkan di Dewan Rakyat hari ini.

Menurut Aturan Urusan Mesyuarat di laman rasmi Parlimen, Mas Ermieyati Samsudin (PN-Masjid Tanah) meminta perdana menteri menyatakan kesediaan kerajaan melaksanakan syor daripada Transparency International Malaysia (TI-M) supaya SPRM diletakkan di bawah bidang kuasa Parlimen dan bukan lagi di bawah Jabatan Perdana Menteri.



TI-M: Compel all MPs to declare assets, liabilities, income to MACC

Published: Apr 18, 2023 12:34 PM - Updated: 12:34 PM

Transparency International Malaysia (TI-M) has called on the government to compel all MPs to declare their assets to the MACC.

Legislation such as the Asset Declaration Act must be introduced to make both politicians and those holding positions of power declare and update their wealth on a regular basis, TI-M president Muhammad Mohan said in a statement today.

"As has been raised before, we need to push for a bill to be tabled in Parliament in the form of an Asset Declaration Act or another similar statute to ensure all elected MPs and appointed senators declare their assets, liabilities and income.

"Those whose wealth has grown significantly within a short period must be compelled to provide an explanation with the necessary supporting information.





NGOs want Whistleblower Act amendments to be sped up

Geraldine Tong
Published: Feb 24, 2023 8:38 PM - Updated: 8:38 PM

Anti-graft groups Transparency International Malaysia (TI-M) and the Center to Combat Corruption and Cronyism (C4) welcomed the planned amendments to the Whistleblower Protection Act but they hope it will be

Let Nurul Izzah report to lead Finance Ministry adviser instead of PM: TI-M

Muhammad Mohan says Datuk Seri Anwar Ibrahim's daughter fit for role
Updated 3 months ago - Published on 25 Feb 2023 12:08PM



Answering the 'Nurul Izzah Anwar' question - what is the PM's role president - taking as the role without it being done and begin the possibility of separate position taking place in the future. Muhammad Mohan says that it would be better for Datuk Seri Anwar Ibrahim to step for position as vice as possible - AUI/ClickTheVibes/Bejo/24 February 2023

By Gisena Nadia Dzulqarnain

KUALA LUMPUR - The kerfuffle over Nurul Izzah Anwar's appointment as a senior adviser to her father, Prime Minister Datuk Seri Anwar Ibrahim, can be solved with a simple redesignation, opined Transparency International Malaysia (TI-M) president Muhammad Mohan.

Warning that Nurul Izzah reporting directly to Anwar gives "wrong signals" and might reflect badly on the nation's administration, Mohan urged the prime minister to consider allowing the former Permatang Pauh MP to report to someone else within the Finance Ministry.

"Nurul Izzah should report to (former Petronas chief executive officer and president) Tan Sri Mohd Hassan Marican, who is Anwar's lead adviser in the ministry," he told The Vibes when contacted today.

"Let her work with him (Hassan) and they can function as a group of advisers instead of her dealing directly with (Anwar).

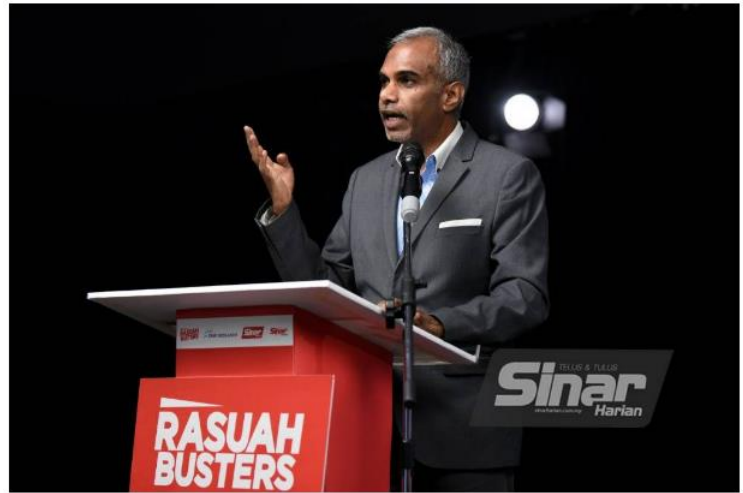
"We can understand that (Anwar) needs help, but the way it (Nurul Izzah's appointment) has been done just needs a bit of recalibration, and then we can get on with the work."

He also suggested that Nurul Izzah's title be amended from senior economic and finance adviser to "senior adviser on compliance and good governance", which would reflect her workload related to managing government contracts and tenders.



Transformasi segera SPRM, bebas pengaruh kerajaan

Oleh ROSKHOIRAH YAHYA, RAIHAM MOHD SANUSI & MUHAMMAD SHAMSUL ABD GHANI 22 Februari 2023 03:47pm Masa membaca: 2 minit



Alan ketika berucap pada program Nota Rasuah Busters kepada PMX yang disiarkan secara langsung di Facebook Sinar Harian dan Astro Awani pada Rabu. - Foto SINAR HARIAN / RAFEQ REDZUAN



Untuk informasi lebih menarik, jangan lupa ikuti Telegram dan TikTok kami

SHAH ALAM - Transformasi menyeluruh Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) dengan meletakkan agensi itu di bawah Parlimen perlu dilakukan segera bagi mengelakkan wujudnya potensi pendakwaan terpuh melalui pengaruh eksekutif.

Exco Transparency International Malaysia (TI-M), Alan Kirupakaran berkata, negara memerlukan agensi anti rasuah yang bebas sepenuhnya daripada pengaruh kerajaan.

Menurutnya, kegagalan berbuat demikian akan menjejaskan kredibiliti kerajaan, agensi berkaitan dan komitmen kolektif terhadap tadbir urus yang berintegriti.

MALAYSIA

'Good governance steps in Budget 2023 commendable, but follow-ups necessary'

Anti-graft watchdogs urge transparency in releasing outcome of actions to citizens
Updated 2 months ago - Published on 27 Feb 2023 7:00AM



Prime Minister Datuk Seri Anwar Ibrahim's 'commendable' steps on good governance and anti-graft will only bear fruition if followed by actions, say anti-corruption watchdogs. - AZIM RAHMAN/The Vibes/Bejo/February 27, 2023

By Gisena Nadia Dzulqarnain

KUALA LUMPUR - Although Prime Minister Datuk Seri Anwar Ibrahim's revised Budget 2023 has commendable promises on good governance and anti-corruption efforts, they will only bear fruition if translated into actual actions, said anti-graft watchdogs.

Transparency International Malaysia (TI-M) president Muhammad Mohan said besides apparent steps in the war against corruption, tangible outcomes of such measures should also be presented to citizens.

Popular Trending

- 1 Wan Nurzila ends stint as PMO media, strategic...
- 2 HR Ministry's new chief secretary to conduct internal...
- 3 'Topping unity gov't not impossible, but...

Malaysia Politics: Corruption perceptions worsen despite high-profile cases

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The German-based organization Transparency International says Malaysia has slipped for a third straight year in its global index which measures of businesses' perceptions of corruption. The country's new prime minister Anwar Ibrahim says he will reverse that trend. Rian Maelzer reports from Kuala Lumpur.

MUHAMMAD MOHAN, President, Transparency International Malaysia "The ones who are very much affected are the small and medium scale enterprises. They would require a lot of approvals from the council, from the various agencies, ministries and so on, that is where the problem starts."

'Whistleblowers deserve better'

By JUSTIN ZACK and GERARD GIMINO



NATION

Thursday, 16 Feb 2023

PETALING JAYA: Any amendments to the current Whistleblower Protection Act must ensure better protection for whistleblowers, say experts.

Transparency International Malaysia president Dr Muhammad Mohan said amendments should allow for whistleblowers to be protected even if their disclosure broke any laws such as the Official Secrets Act, Penal Code or banking secrecy.

"Internal whistleblowing should be protected under the Whistle-blower Protection Act instead of it being just towards enforcement agencies.

"Instances of external whistleblowing should also allow lodging reports to other bodies, such as NGOs and other government agencies, instead of it being limited to enforcement agencies," he said, adding that these aspects were crucial towards protecting whistleblowers.

He also noted that letting whistleblowers report any instances of wrongdoing to entities apart from enforcement agencies should also be allowed, in cases of trust deficit with enforcement agencies when handling such cases.

"Whistleblowing is a powerful tool to fight corruption.

"The longer we wait (for studies or further amendments) the worse corruption can become," he said.

Corruption Kills: Turkey Earthquake

By E. Oya Özarslan

Chair of Transparency International Turkey

We know that corruption takes away resources, damages the environment, impoverishes the people, but it also kills!

We have seen a number of incidents how corruption can be deadly. Remember 2013 Rana Plaza factory collapse in Bangladesh where 1134 people died in one building because warnings were ignored and the workers forced into a building full of cracks. Or the explosion in Beirut in 2020. It was the result of the actions and omission of official conduct in a longstanding corruption and mismanagement at the port, causing 218 people's death.

According to a study^[1] released at the anniversary of Haiti earthquake, it is calculated that 83% of all deaths from building collapses in earthquakes for the past 30 years occurred in countries that are extremely corrupt. The answer to question of how an earthquake magnitude over 7 causes much more fatalities in countries like, Indonesia, China, Iran and others, indeed lies in the corruption. Poorly constructed buildings, lack of implementation of the regulations, use of substandard materials, improper site buildings, etc are all sign of serious wrong doings in the process.

Latest example of an earthquake turning into deadly human disaster is the recent earthquake in Turkey happened in February 6, 2023. Earth shaking with a magnitude of 7,7 affected the area where 13,5 million people live. So far, the death toll is over 31.000 (and counting^[2]) and 120.940 housing units are collapsed or highly damaged. The country already experienced another deadly earthquake in 1999 where 18.373 people died. It seems that no lessons were learned all this time, but, what actually happened in this 24 years?

Construction industry has been booming in the last 20 years of AKP government. While construction is known as one of the most corrupt industries around the world, it flourished in Turkey with major government concessions of roads, airports, bridges, hospitals etc. However, the roads and airports in the earthquake areas, some of which built recklessly on top of the fault, collapsed along with critical public buildings like hospitals. Ironically, even the AFAD (Disaster and Emergency Management Directorate) was among the state buildings collapsed.

A number of reasons can be easily mentioned for current tragedy in the country, *i.e.*, greedy constructors, lack of audits, impunity for the previous wrongdoings, conflict of interests between the construction firms and auditing firms, and so on. They are all different forms of corruption, which is very rampant in the country. Let's remember that Turkey is one of the countries constantly dropping in Corruption Perception Index^[3] in the last 10 years, currently having a score of 36 and ranking 101st in 180 countries.

Since Turkey is also very high-risk country for earthquake, it is clear that structural legal reforms needed to be made urgently. After 1999 disaster, new building regulations for earthquake resistant buildings were issued, but its implementation has been very poor. The fact that high number of newly constructed buildings also collapsed in this earthquake may be just the proof of this lack of implementation. Also, it is a well-known fact that zoning regulations have often been changed due to populist moves by the central and local governments.

Latest catastrophic step in the whole system was the Zoning Amnesty regulations issued in 2018 in spite of strong objections from the experts and civil society. This amnesty regulation targeted legalizations of illegally made constructions by just paying a fee to the government. According the Environment and City Planning Ministry, close to 9 million people applied for it. More critically, this process has not included any earthquake screening and compliance with the earthquake building standards left to the owners' responsibility. Even the buildings carrying previous demolishing notices due to incompliance were included within the scope of regulations, which apparently proved itself as a fatal mistake.

Another peculiarity was that the special purpose tax collected from Turkish people after 1999 earthquake, amounting to \$38,4 billions, have not been used for earthquake prevention measures. As declared by the ex-finance ministers, this money was used for other public works, *i.e.*, building roads, airports and hospitals, unfortunately, first to collapse in this earthquake.

Disasters are true testing times to realize how good governance plays a critical factor in affecting the capacity of the state to deal with the crisis. Institutions weakened by appointments which are not based on merits lose their very basic capacity. And this is what exactly is happening to the institutions mandated to rescue people and organize humanitarian aid in the country now. Thousands of people on the ground cry out that rescue authorities were not on time and lacked organizational skills that actually caused a great number of people losing their lives. Apparently, financial capacity of AFAD has also been reduced by a recent cut in 2023 state budget by 32%^[4]. For a country whose majority regions are under the high earthquake risk, this clearly does not appear to be a farsighted management as well.

Natural disasters may be inevitable, but corruption, mismanagement and bad governance are not. Common narrative in Turkey is that "it is not the earthquake killing us, it is the buildings". It is about time to change this to "it is not the earthquake killing us, it is the corruption..

[1] https://www.researchgate.net/publication/49749502_Corruption_kills

[2] According to sources in UN, death toll is estimated to double this figure. <https://www.sozcu.com.tr/2023/dunya/birlesmis-milletler-deprem-bolgesinde-olu-sayisi-iki-kat-artabilir-7588588/>

[3] <https://www.transparency.org/en/cpi/2022>

[4] <https://medyascope.tv/2023/02/12/afet-planlari-yonetici-kadrolari-azalan-butcesi-ve-personeli-afad-bu-depreme-ne-kadar-hazirdi/>

Corruption and climate change: the key to the past and the fight for the future¹



Dr Ketakandriana Rafitoson, Executive Director of Transparency International Madagascar. Independent Researcher (PhD in Political Science and PhD in Social Sciences for Development). Human Rights Defender at risk. National Coordinator of Publish What You Pay (PWYP) Madagascar.

François Valérian, Member of the International Board of Transparency International and of the Board of Transparency International France, Professor of Finance, Regulation and Supervision at Mines ParisTech and Associate Professor of Finance at Conservatoire National des Arts et Métiers.

Abstract:

Corruption lies at the root of the climate crisis. This article highlights the linkages between the two phenomena in various aspects, starting with a short case study on Madagascar and exploring the evidence drawn from civil society action, available data and recent literature. It clearly sets that without corruption, carbon emissions would have been and would be much lower, as corruption facilitated hydrocarbons' extraction for more than a century and reduces forests' ability to absorb carbon. Climate policies are hampered by corruption and climate finance is diverted by corruption. Ultimately, corruption weakens our resilience to climate change, increasing our societies' vulnerability to it, and therefore threatens human lives, which in turn fuels corruption. This vicious circle implies that fighting for climate justice is fighting against corruption.

In 2019, an [investigation conducted by Transparency International – Initiative Madagascar through its MALINA unit](#) exposed the implication of former Member of Parliament, Ludovic Raveloson, into the massive destruction of thousands of hectares of primary forest in the Menabe Antimena area, in favor of growing corn and peanuts for multinational agri-food companies. Using his influence, he would have paid villagers and migrants to transform the wooded area into agriculture fields, and bribed various authorities for ensuring himself a political protection and impunity. In 2020, he was sentenced to three years in prison for intentional assault and battery against a collector of local products and to two years for monopoly, before escaping from jail in trouble circumstances. In 2022, he faced the court again, suspected of attempted murder, death threats and armed robbery.

¹ We would like to express our gratitude to our friend and Transparency International colleague Laurence Cockcroft, whose very intelligent reading of our text helped us improve it greatly.

Madagascar, Paradise Lost?

The nexus between corruption, environmental degradation and climate change is striking in Madagascar. In January 2021, WWF published an alarming [report](#) identifying 24 “deforestation fronts” across the globe, including Madagascar. These are regions with a significant concentration of deforestation “hot spots” and where significant areas of remaining forests are threatened. According to the report, between 2002 and 2019, a total of 1.3 million hectares was burned in Madagascar, and the annual trend is increasing. In 2020, according to the Malagasy Ministry of the Environment and Sustainable Development, 67,351 fire points were located in the forest areas of Madagascar. This is an absolute record compared to the preceding years, with an increase of around 11% between 2019 and 2020.

Among the main drivers of deforestation stand the conversion of forest areas for small-scale agriculture, slash-and-burn agriculture; coal mining and cutting for firewood and charcoal production; uncontrolled fires and bush fires. The linkages between corruption and deforestation are not very clear at first sight, but the case of the Menabe Antimena protected area makes them very obvious.

According to scientists, the entire forest of central Menabe risks to disappear completely before 2050 if the current rate of deforestation continues. This situation, added to other phenomenon, enhance climate risks and their potential impacts. Madagascar currently faces several severe climate risks: increased temperatures, increased precipitation during the rainy season, reduced rainfall in the dry season and increased drought conditions, but mostly increased cyclone intensity. No later than in late February and early March 2023, [cyclone Freddy](#) – said to be one of the strongest Level 5 cyclone ever – devastated Eastern and Southern coastal regions of the country, still wounded by previous cyclones.

Every cyclone kills numbers of people, generates massive destruction of vital infrastructures and increases the country’s rate of poverty. In Madagascar, corruption destroys forests which could have absorbed carbon from the atmosphere and corruption weakens the defenses of an impoverished population against cyclones made more frequent and violent by too much carbon in the atmosphere. What happens in Madagascar happens, to various degrees, on the entire planet.

Corruption lies at the root of the climate crisis

On December 9th last year, shortly before the switch to a Republican majority in the US House of Representatives, the House Oversight and Reform Committee [released](#) a new set of documents in its two-year investigation on how big oil companies, until now, have kept increasing carbon emissions while claiming to be involved in the fight against climate change. These companies have been aided in this by their capture of the public mind and decisions through their immense financial power. There are two ways of explaining why climate is changing, - and changing for the worse. They are complementary, but one is more complete than the other.

For several decades, the [Intergovernmental Panel on Climate Change \(IPCC\)](#) has proven, report after report, that human activity is the main cause of climate deterioration. Since the European and North American industrial revolutions of the 19th century, humans have extracted carbon from the earth and used it, mainly in the form of coal, oil or gas, for transportation, heating or factories, and then released it into the atmosphere. Once in the atmosphere, the carbon began to accumulate and ended up rapidly changing the climate in the late 20th century. There are not enough trees to return the carbon from the atmosphere to the subsoil. Policies to tackle the build-up of carbon in the

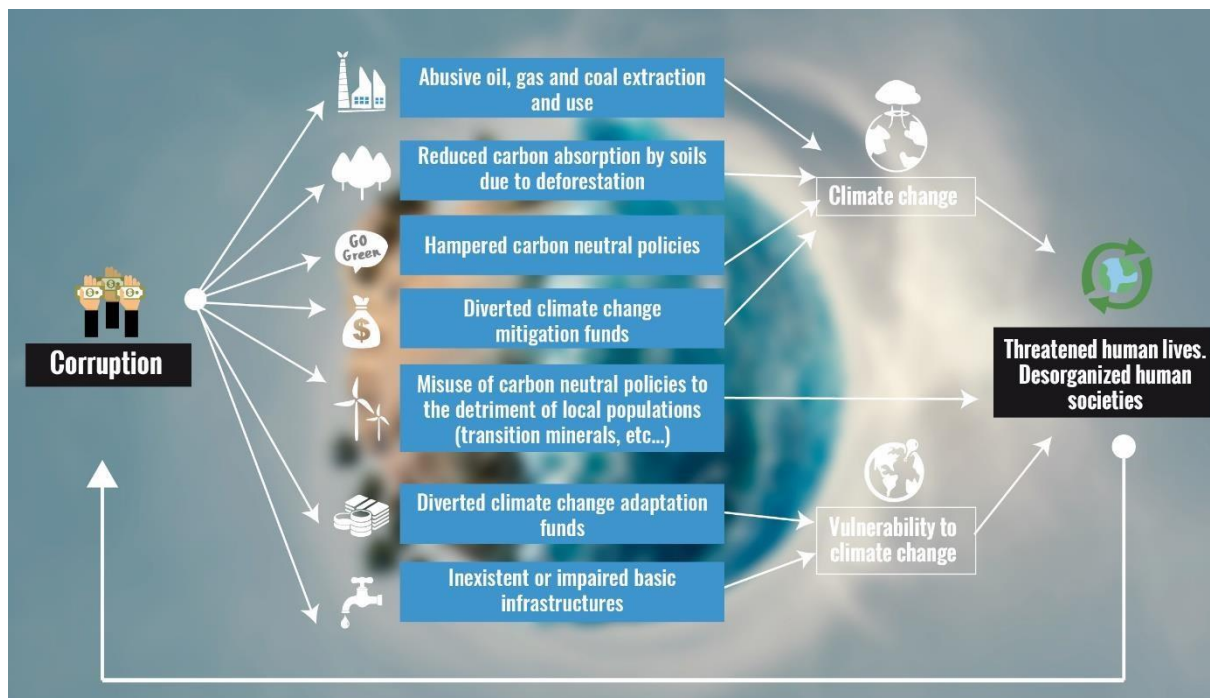
atmosphere are too slow or ineffective, as are policies to create a new carbon-neutral economy.

This view is accurate and supported by scientific consensus. However, to know what to do in the face of such a bleak outlook, we need a more complete picture. The global expansion of carbon extraction in the 20th century, in its most common form of hydrocarbons, was mainly enabled by corruption, which was itself nurtured by the massive financial revenues from the new industrial and transport uses that were created. Most forests have been damaged or removed because of corruption. Policies to reduce carbon emissions or to adapt to climate change are rendered ineffective or diverted from their purpose by

corruption. Policies to transition to a new economy are themselves threatened by corruption.

Moreover, climate change damages social infrastructures already weakened by corruption, further aggravating lack of water, inequality, loss of livelihood and access to natural resources, poverty, and thus increasing corruption itself, which always feeds on the wounds of society. As illustrated by the below diagram, saving our societies and human lives from the threats of climate change requires us to fight against corruption. Further details on each component of this reasoning are provided in the following sub-sections.

Corruption at the root of the climate crisis



Without corruption, carbon emissions would have been and would be much lower

From the distant days of Rockefeller's monopolistic Standard Oil in the United States and throughout the era of the 20th century 'oil majors', the history of fossil fuels is inextricably linked to state capture and outright corruption. The creation of the [Extractive Industries Transparency Initiative \(EITI\)](#) twenty years ago, with what may have been genuine company participation in some cases, was in some ways a recognition of this major fact of economic history.

The [deplorable saga of Elf Aquitaine](#), the French oil major, is just one example of how oil extraction in the twentieth century, for many companies, was about owning governments and ignoring the lives and needs of local people. Owning governments: at least the government of the country where the oil was extracted, which had to ensure that extraction took place even if it completely transformed and sometimes devastated an entire region, and to a large extent the French government itself, whose leaders were occasionally funded by Elf and sent military or diplomatic support when Elf needed it. The local populations were often treated no better than those sent to the gold or silver mines of America centuries ago to extract minerals from which they did not at all benefit.

Oil scandals, most often related to alleged state capture by a company, have abounded in recent decades, [in Nigeria with Shell](#), [in Libya with Norsk Hydro](#), those scandals also involving oil field services companies such as [Halliburton, in Nigeria again](#).

The reason why hydrocarbon extraction has been so riddled with corruption is intrinsically linked to the mechanisms at play in climate change. The idea of extracting carbon in Africa and putting it into European cars and then into the atmosphere, and doing so on the massive scale that has been practiced since the mid-20th century, was good neither for the planet nor for the people of most oil-rich territories, in Africa or elsewhere. More

often than not, it had to be imposed through the capture of state power, which used force to enable industrial operations that damaged local living conditions. Those who wielded state power were bribed by the immense wealth of the hydrocarbon industry, itself financed by the exponential growth of huge industrial and transportation markets, mostly in northern countries.

In most countries, the legal infrastructure has paradoxically fostered corruption. Underground wealth is owned by the state, which is supposed to use it for the benefit of the population, but in fact this legal framework allowed corrupt political leaders to sell exploitation rights for the highest bribe.

As illustrated by the Elf case, the governments of the oil giants' home countries were not immune to corruption. Part of the bribes paid in the host countries of the exploitation went back to these governments and helped to ensure a favorable legal environment for the companies.

The pattern that we describe here has remained valid since the beginning of oil extraction. Capture of local law or administration by abusive foreign companies or governments was the rule in the Arabic peninsula from the 1920's, a rule administered by England, France, the United States and their companies. After StateOwned-Enterprises took over most oil rights in a number of countries, the same methods very often remained in place, maximizing oil profit or simply plundering the resources for the enrichment of the few and to the detriment of the local populations, sometimes to the point of a humanitarian disaster such as in [Venezuela](#).

Unfortunately, this pattern is not something from the past. The strong civil society concerns around [the Exxon permits in Guyana](#), the embezzlement of huge public debt proceeds supposed to be reimbursed through [a gas discovery in Mozambique](#), or [the recently exposed links between Total, the French company that absorbed Elf, and the Myanmar generals through an offshore center](#), confirm the persistence of a very strong relationship between carbon extraction and corruption risks.

Once carbon is in the atmosphere, the only natural way to return it below the earth's surface is to facilitate its absorption by trees. The problem is that here again, massive corruption has been and is at work to enable massive deforestation, in Madagascar as well as in many other countries around the globe.

Corruption severely reduces carbon absorption by forests

According to FAO's [Global Forest Resources Assessment 2020](#), 420 million hectares of forest have been lost globally to deforestation since 1990, an area exactly equivalent to that of the entire European Union.

There is now ample evidence that corruption is a major driver of deforestation, for reasons very close to those at play between corruption and oil extraction. Deforestation is very similar to mining. You need to own the rights to a large area and, more often than not, send your products to distant markets. Even more so than in mining, you are significantly altering or even destroying the lives of local people.

Civil society, in Madagascar like [in Brazil](#) and in many countries of Africa, Latin America, Asia and Oceania, has documented for decades that corruption thrives in each of those aspects of deforestation. As the political power owns the rights to the subsoil wealth, it is the custodian of the titles to land. These titles can therefore be bought or falsified through bribes. Illegal trade and timber exports are facilitated by corruption in customs, tax and other public services. Finally, violence is exercised [against the local populations](#), which in several countries, such as [Peru](#), also are indigenous populations with long-standing living conditions and informal land rights. Such violence can be exercised by the police and the army, it can also be exercised directly by those interested in deforestation while governmental forces choose not to intervene. In both cases, corruption is coupled with state capture, and [human beings are killed](#).

[Killings](#) may also occur as a result of state capture induced by hydrocarbon extraction. We know that

excess of carbon in the atmosphere kills. The operations leading to carbon extraction or to the impairment of the forests' absorption capacities also may kill, and they kill because of corruption. Since the 1990s and the beginning of global awareness of climate change, attempts have been made to design and implement policies to mitigate change or facilitate adaptation. Unfortunately, these policies are hampered by undue influence.

Climate policies are hampered by undue influence

Last November at the Sharm el-Sheikh Climate Change Conference (COP 27), [there were more fossil fuel lobbyists](#) than representatives of the ten nations most suffering from climate change. There were 636 such lobbyists, a 25% increase over COP 26. Still more worryingly, 29 countries had fossil fuel lobbyists within their national delegations, with, for example, 70 fossil fuel lobbyists in the United Arab Emirates delegation and 33 in the Russian delegation.

[Research by Influence Map](#) shows that in the three years since the 2015 Paris Agreement, the five largest publicly listed oil and gas majors (ExxonMobil, Royal Dutch Shell, Chevron, BP and Total) have spent over one billion dollars on misleading climate branding and influence.

The figures are impressive and point to a phenomenon vastly confirmed by [civil society research](#) in many countries. [In Brazil](#), political capture and misinformation favor fossil fuel power generation. [In Germany](#), an environmental foundation sponsored by a regional government hid its financial ties to Gasprom, the main Russian gas producer. [In France](#), ten years ago, an environment minister was forced out of office because her plans to revise the offshore oil permit policy would have displeased Total. Two years ago, the French financial prosecutor's office [opened an investigation](#) against the CEO of Total, accused of having participated in the decision made by the Board of the best French scientific university, where he sits, to create a Total research center on the campus.

Quietly influencing universities seems to be part of a global strategy for Big Oil, according to the US

House of Representatives' [investigation](#). A BP vice-president explained in an e-mail released by the House committee that the relationships with Princeton, Harvard, Tufts or Columbia were "key parts" of their "long-term relationship building and outreach to policy makers and influencers in the US and globally". Such relationship building was not disclosed as such in any official document or lobbying registry.

Despite these extensive lobbying efforts, however, policies are adopted by a number of governments or international organizations. They direct financial flows to climate change mitigation or adaptation projects. Large sums of money are therefore at stake, and with them come large risks of corruption, especially in those climate change-affected countries with weak governance standards and poor rule of law. Without proper safeguards and strong monitoring procedures, climate change mitigation as well as Loss and Damage Funds will be no more than a new Big Business for populist and careless governments, or for unscrupulous companies.

Climate finance is often diverted for private profit

Researchers of the Australian National University [recently issued](#) a series of papers assessing the performance of the Australia's Emissions Reduction Fund (ERF). Their conclusion is that the ERF is an "environmental and taxpayer fraud", characterized by a "distinct lack of integrity" and a waste of billions of dollars. The ERF issues carbon credits that give financial incentives to organizations supposed to help reduce emissions, but according to the researchers 70 to 80% of the carbon credits issued do not go to projects with a real reduction in carbon emissions. The beneficiaries obtain credits for actions that they would have undertaken anyway, for nonsense projects such as growing forests on lands which will never sustain permanent forests, or for growing trees that are already there.

Inefficiency always feeds fraud, as Europeans know it since the [carbon credit fraud](#) which cost 5 billion Euros to the taxpayers.

Forest funds and carbon markets are affected by a lack of integrity which can also be observed in the management of the massive funds that go to the former coal industry regions of Eastern Europe, for example the [Czech Republic](#). By 2030, the European Union will have given the Czech Republic ten billion euros to address the climate crisis, with a focus on the transition from a carbon-dominated economy. Current analysis of the framework adopted for the use of these funds shows that speed of disbursement is clearly prioritized over integrity, opening a wide avenue for corruption and conflicts of interest in a country where several high-profile corruption cases [already dominate public life](#).

The political will to signal fast climate action has fostered the creation of numerous national and/or multilateral funds over the past 15 years, which now spend [more than 600 billion dollars a year](#). Governments and international organizations have been quicker to spend than to organize the governance of spending, providing immense opportunities for those with well-placed connections or who simply abuse the obvious shortcomings of existing disbursement systems.

The [multilateral funds](#) urgently need better governance, as the highest risk is that the money disbursed will miss its target of reducing emissions, mainly because [the reduction was misrepresented or wrongly measured](#).

This is all the more concerning as the amounts spent, even at their current size, are notoriously insufficient to respond to the climate emergency. Some mention the need for a multiplication of the effort by [a 7-factor](#). Such a dramatic increase would require the massive mobilization of both public and private finance, coming from a multiplicity of sources. If climate finance is poorly governed today, it is very unlikely that a change of scale will improve the situation unless a global EITI-like structure, dedicated to the governance of climate finance, is put in place, involving civil society organizations, governments and private sector.

The misuse of climate finance is clearly an embezzlement of international funds and it goes beyond that. For some countries barely above sea level, such as Bangladesh or the [Maldives](#), it is life-threatening to the country's entire population. In those places and in many other countries such as

Brazil, Costa Rica, [Kenya](#), [Mexico](#), [Nepal](#) or [Rwanda](#), civil society has put in place an active monitoring of the climate finance flows.

Corruption is therefore one of the main causes of climate worsening, with climate policies being hampered by undue influence and climate finance often diverted by fraud or conflicts of interest and influence peddling. Furthermore, corruption increases our societies' vulnerability to climate change. Societies in countries severely affected by corruption lack the basic infrastructures that would help them survive climate change better. Being considerably weakened by climate change, as a result and in a vicious circle, they are more exposed to corruption.

The vicious circle between climate worsening and corruption

The worsening climate primarily affects the weakest, those who are already victims of pervasive corruption and who, for example, could not afford living outside the areas threatened by annual floods.

It also puts great pressure on essential public infrastructure, such as water supply systems already weakened by corruption. Water management and supply has always been an area of high corruption risk, as is the case in all areas where elected officials award large public contracts to private operators. Political party and campaign financing is often the quid pro quo for the contract, the cost of this political financing increases the prices of the services provided or of the water distributed, and the services themselves are of poor quality, which explains, for example, water shortages.

Rising average temperatures and decreasing rainfall are undermining a system already weakened by corruption, leading to water crises, a dramatic example of which has been seen for years [in Venezuela](#).

Corruption increases the impact of climate change, and in a vicious circle, climate change reinforces corruption. Increasing inequality and poverty, forced migration and the collapse of public infrastructure create a huge space for the abuse of political and financial power to flourish. By

progressively destroying politically organized communities or countries, the climate crisis can create a world where the abuse of power, which is corruption, would become the norm of all human relations.

Listening to the silent stakeholders

Local populations in areas of oil extraction or deforestation have always been stakeholders of those operations that impacted their own fate, their stake being perhaps the most important of all. But unlike other stakeholders, such as car owners or buyers of wooden furniture, in many places they are barely listened to, they are silenced, or given only marginal consideration in the context of corporate social responsibility.

The reprisals and retaliation against anticorruption or environmental defenders and whistleblowers are increasing around the world, and police forces are often used by companies and governments – in a total collusion – as a powerful tool to silence communities who are only claiming for their rights. The paradox of many policies aimed at the “just energy transition”, or the transition to a carbon-neutral economy, is that they affect again local populations, often not far from where the oil was or still is extracted, with transition minerals or reforestation projects. Indeed, new and growing markets, mainly around energy production and use, need more critical minerals, such as cobalt or copper, to produce wind turbines, solar panels or batteries for electric vehicles. New mines would have to be opened, as in the past, to supply distant, energy- or transportintensive markets. Companies wishing to offset their carbon emissions also engage in reforestation programmes, not always in close consultation with local populations which may be forced to turn to new forms of agriculture if they have to abandon their land for reforestation. For instance, Madagascar is not only rich of forests and biodiversity threatened by corruption, it is also rich in transition minerals with mining prospects not necessarily designed to answer the needs of local populations.

For exactly the same reasons as for hydrocarbons and deforestation, the [risks of corruption](#)

associated with these economic operations are high: economic interests target vast tracts of land, often with their underground riches, in order to supply distant markets. Political power is again at risk of being captured. In some regions, state power or rule of law are very absent and mining is controlled by gangs to which companies subcontract the exploitation, [with disastrous consequences on human rights](#). As highlighted by the [Natural Resources Governance Institute \(NRGI\)](#) in one of its latest reports, mining can potentially benefit Africa's populations, their environment and the energy transition in a triple-win scheme, but this would not work unless foundations of governance, including strong anticorruption policies, are in place.

It should be noted that the rush for transition minerals and the increasing need for reforestation is due to number of countries', especially in the global North, reluctance to slowing down their growth or considering degrowth. It is beyond the scope of this article to further comment on this aspect, but there is a general relationship between the amount of corruption associated with economic activities and the sheer size of those activities.

The fight against corruption should be streamlined across the entire climate agenda, from reducing emissions to creating a carbon neutral economy. As climate is a global issue, among the most pressing of our time, this fight cannot be undertaken without strong international and national climate governance that would help fund and regulate

climate policies. This means knowing the beneficial owners of each company, ensuring transparency of the income and assets of elected officials, ending impunity for the powerful, restoring rule of law where it no longer exists, enforcing law in a full and effective manner, and increasing the sanctions. This is the whole anticorruption agenda, which should now be coupled to the climate agenda.

Climate change and corruption are two deeply interrelated global issues. The fights for climate justice and against corruption are undertaken by civil society in every country, but a global civil society is also needed in that fight, which means a vibrant international civil society united in a network of national Civil Society Organizations, and committing to jointly address common challenges.

The [first international school](#) for anticorruption and forest governance was held last week in [Bogota](#) for the countries of the Amazon basin (Brazil, Colombia, Peru and Ecuador) as well as Mexico. Forest governance or climate governance are still new ideas on the international political scene, particularly if we want governments and companies to leave the comfort of beautiful rhetoric and start acting on the scale required. The Amazon Basin's as well as Madagascar's agendas are the agenda of all civil societies around the world. It is the agenda of mankind, an agenda for recovering the lost paradises of our planet and creating better societies, - freed from corruption.

MEET OUR TEAM

PROJECT EXECUTIVE - ASYRAF SHAADAN

Warm welcome. We are thrilled to have Mr. Asyraf to be part of our TI-M family. Asyraf graduated from the International Islamic University Malaysia with a major in Political Science, class of 2022. During his studies, he specialized in Public Administration and International Relations. He also studied a variety of public and foreign policies, including US foreign policies, the foreign policy of the Russian Federation, ASEAN Foreign policy, and Technology and Policy Management. Asyraf also contributed to writing a policy paper about good governance during his time at IIUM. In 2023, he joined Transparency International Malaysia, hoping to make a lasting impact in our fight against corruption and contribute to our efforts to implement more extraordinary measures of accountability and integrity in businesses, governments and civil societies. As a Project Executive, Asyraf will be responsible for developing and implementing projects to promote transparency and accountability in government and business sectors, as well as helping to create a culture of good governance in Malaysia.

