



**FIGHTING CORRUPTION**

**RAISING THE  
STANDARDS  
OF INTEGRITY**



**YB SENATOR DATUK PAUL LOW SENG KUAN**

Minister in the Prime Minister's Department

The Malaysian Government remains firmly committed to eliminating the scourge of corruption. This has necessitated tough reforms which require buy-in from all parties. While further efforts are needed for corruption to be eradicated within our country, we must also acknowledge that significant strides have been achieved since the Government made fighting corruption a priority under the NTP.

This is reflected by the drafting of the Corporate Liability Provision in the MACC Act, which marked an important step in holding companies accountable for corrupt practices, as well as the introduction of the MS-ISO 37001 Anti Bribery Management System to help organisations enforce measures that meet internationally recognised anti-bribery practices and controls. I have no doubt that these developments will contribute towards enhancing a culture of honesty and integrity in the nation.

I am also pleased to note that the Malaysian Anti-Corruption Commission (MACC) has been intensifying efforts in investigating and resolving corruption cases. In 2017, MACC completed investigations and secured conviction for 80.7% of corruption cases. The MACC will continue to strengthen its enforcement in battling corruption as long as it exists.

In tandem to the initiatives above, the National Integrity and Governance Division (BITU), which was established in 2015, has been upgraded to become the Jabatan Integriti dan Tadbir Urus Negara (JITN) to strengthen the institutional infrastructure for anti-corruption. This will support and sustain the NKRA through better coordination

of stakeholders and capacity-building of civil servants to further improve the delivery of good governance, integrity and compliance in human rights practices. JITN is also collaborating with external organisations such as the Business Integrity Alliance (BIA) and Malaysian Institute of Corporate Governance (MICG) to promote good governance initiatives within the private sector, and improve knowledge and exposure to best practices in corporate governance.

These initiatives are critical to improving our score on Transparency International Corruption Perception Index (CPI). Malaysia was ranked 62<sup>nd</sup> out of 180 countries worldwide in 2017, with our stated goal to be among the top 30 countries by 2020. As such, a workshop was conducted in September 2017 to improve Malaysia's CPI ranking, following which seven initiatives concerning prevention, enforcement and perception are currently being pursued.

With strong political will and determination to curb corrupt activities, fraud and other abuses in a much more pragmatic and holistic approach, I am confident that Malaysia will achieve a higher level of integrity by 2020.

## TAKING A STRICT STANCE AGAINST CORRUPT PRACTICES

The NTP Roadmap has identified stricter enforcement and compliance as key elements to reduce corruption in Malaysia.

In 2017, 58.9% of corruption cases were successfully disposed within a year of registration in 2016. The Court also convicted 80.7% of the total number of cases. These achievements can be attributed to the effectiveness of the Special Courts for Corruption and MACC investigations. Additionally, 1,405 of the 1,695 cases listed in the 2015 Auditor General's (AuG) Report were resolved in 2017, giving a resolution rate of 76.5%.

The integrity of enforcement agencies is another focus area identified under this NKRA. As outlined by the GTP Roadmap in 2010, the effectiveness of these agencies, such as the Royal Malaysian Police (RMP), Royal Malaysian Customs Department (RMCD), the Immigration Department and the Road Transport

Department (RTD) had come under scrutiny due to an increase in crime and apparent inaction towards offences at that time. This paved the way for the establishment of the Enforcement Agency Integrity Commission (EAIC) in 2011 to strengthen the integrity of the various enforcement agencies under its purview, with the goal of building public confidence in these authorities. As of 2017, 343 cases have been resolved, representing 64% of total registered investigation papers between 2012 to 2017. During the year, the EAIC held two public hearing on the death of detainees while in custody.

**“MACC successfully completed investigations on 58.9% of corruption cases within a year of registration and convicted 80.7% of the total number of cases.”**

Meanwhile, to better understand issues faced by the agencies and forge closer cooperation with them, the EAIC visited 32 agencies in 2017, including the Penang National Anti-Drug Agency,



Special Corruption Court Judges Seminar held in November 2017.



Sabah Police Contingent Headquarters and the Johor RTD.

Parallel with the responsibilities of anti-corruption authorities, the rakyat also plays a pivotal role in fighting corruption. The Whistleblower Protection Act 2010 (Act 711) encourages reporting of alleged crime, corruption as well as abuse of power amongst others. The protection afforded by the Act encompasses confidentiality of information and protection from lawsuits. It also protects against detrimental action, a term generally used to describe negative repercussions that arise from revealing information. Such repercussions can range from the threat of physical harm to discrimination at the workplace.

Hence, the Act offers a trusted channel which protects those who reveal information, thereby encouraging more whistleblowers to come forward. This helps foster an environment of zero tolerance towards corrupt practices and any other forms of wrong-doing. However, efforts need to be strengthened to increase the public's willingness to come forward to provide information on integrity and corruption issues.

To further encourage public participation in anti-corruption, an online reporting system called the Complaints Management System (CMS) was set up for the public to lodge complaints or provide information on corruption. Public officials may also be rewarded for reporting corrupt practices. The Anti-Corruption Revolution Movement (Gerakan Revolusi Anti-Rasuah, GERAH), a public anti-corruption campaign and engagement platform which promotes and encourages the public to report corruption, has also been established. Since the 4<sup>th</sup> GERAH campaign, MACC has successfully signed up 160,000 individuals. The efforts undertaken by GERAH are supported by Sahabat GERAH, members of the public who register as friends of GERAH and are willing to support MACC in the battle against corruption.

Finally, the Corruption-Free Pledge (Ikrar Bebas Rasuah, IBR) initiative was also introduced, which consists of a written open pledge by individuals from public and private organisations to express anti-corruption sentiments and to report such activities as well.

## STRENGTHENING THE FRAMEWORK AGAINST CORRUPTION

### Fighting Corruption, Together

Combating corruption will require the commitment of all stakeholders. With this in mind, the Government has worked diligently to include the business community and civil society in its anti-corruption efforts. Both private and Government-linked companies are encouraged to sign a Corporate Integrity Pledge. Public-private collaborations to promote integrity and good governance in private entities are based on the Corporate Integrity System Malaysia (CISM) framework which is modelled to support the corporate integrity initiatives in Malaysia. These include enhancing corporate governance, business ethics and corporate social responsibility. These efforts will require long-term commitment and a deep sense of ownership from all stakeholders for the objectives of the CISM to be fully met. To date there are 1,119 CISM signatories.

**“ 223,167 integrity pacts have been signed involving 8,681 projects worth RM13 billion as part of the initiatives to promote transparent Government procurement processes. ”**

It has also been mandatory for companies participating in Government Procurement to sign the Integrity Pact. The Integrity Pact is an initiative of the Fighting Corruption NKRA under the Government Transformation Program (GTP) that began in 2010, which aims to enhance transparency in the Government procurement processes as well as to help combat corruption. Up to 31 December 2017, 223,167 integrity pacts have been signed, involving 8,681 projects worth RM13 billion.

## Ensuring the Integrity of Corporations

The proposed introduction of a Corporate Liability Provision as part of the amendment in the MACC Act 2009 aims to dissuade companies from directly or indirectly abetting its employees to engage in corrupt practices. The provision would make companies liable for acts of corruption by its employee unless the company in question is able to prove that it has adequate procedures in place to prevent such acts. It will also strengthen the MACC Act which currently cannot hold board members, chief executive officers and corporate bodies directly liable for the corrupt practices of their employees. In some cases, the employee is caught and punished, although it was the company that gave the offending instruction to the employee. The Corporate Liability Provision aims to address such occurrences and has been recommended by the Organisation for Economic Co-operation and Development (OECD) as one of the best legislations in curbing corruption. This new provision is scheduled to be tabled in Parliament in 2018.

The Corporate Liability Provision is to be introduced by 2018 and is supported by the adoption of the ISO 37001 standard into Malaysia's Anti Bribery Management System (ABMS - MS-ISO 37001), which will further support existing anti-bribery controls. It was launched on 27 October 2017 and will help bring Malaysia in line with the United Nations' Conventions Against Corruption (UNCAC). The standard prescribes a specific series of measures to help organisations prevent, detect and address bribery. Among the prescribed measures are adopting an anti-bribery policy and appointing a person to oversee anti-bribery compliance, training and risk assessments.

For now, compliance to MS ISO 37001:2016 is being implemented on a voluntary basis until the standard is gazetted or referred to in relevant Acts or regulations. To date, 11 organisations including corporations, public agencies and local authorities have been awarded MS ISO 37001:2016 certification by SIRIM QAS International Sdn Bhd.

## Increasing Oversight into the Political System

Reforming the governance of political financing has been a priority to fight corruption under the NTP, with the rakyat calling for greater transparency in sources of political funding over the years. Heeding this call, the YAB Prime Minister formed the National Consultative Committee on Political Financing (NCCPF) on 14 August 2015 to construct a regulatory structure which comprehensively addresses political financing.

**“The passing of the Political Financing Bill will signal a revolutionary transformation to improve the integrity of the Malaysian political system.”**

2017 saw the formation of a Special Committee for drafting the Political Financing Bill. This draft law takes into consideration feedback received from all parties during the NCCPF engagement period held since 2016. Once the Bill is tabled and passed in Parliament, it will signal a revolutionary transformation to improve the integrity of the Malaysian political system. 32 recommendations are being considered in the new Bill including political donations and its administration, expenditure, disclosure and state-funding. The drafting of this Bill is currently being undertaken by the Malaysian Institute of Integrity (IIM).



**The Corruption Perception Index (CPI) Workshop is conducted with the aim of improving Malaysia's CPI score.**



19 judges from 14 states attended the Special Corruption Court Judges Seminar.

## TAKING PRIDE IN GOOD GOVERNANCE

The effectiveness of the country's efforts against corruption requires compliance to anti-corruption controls and enhancement in integrity standards. This in turn requires improvements in awareness and training of related officials in organisations, especially those engaged in processes with high risk of corruption and bribery. In light of this, the Government is collaborating with groups such as the Malaysian Institute of Corporate Governance (MICG) and the Business Integrity Alliance (BIA) to provide guidance for organisations to improve governance and prevent corruption in their ranks. In 2017, MICG and BIA successfully trained 53 public-listed companies (PLCs) and government-linked companies (GLCs).

In the area of training for the courts, Special Corruption Courts Judges Seminars have been held annually since 2011 with the aim of enhancing the comprehensive understanding of the law provisions as provided in the MACC Act 2009. Training for judges on corruption includes a range of topics from writing legal reasoning to the intricacies of dealing with several types of challenges in handling corruption cases. From 2011 to 2018, a total of eight courses have been held to train Special Corruption Court Judges and involved 152 judges throughout the country. This course is generally focused on the application of national law on issues dealing with corruption. In 2017, 19 judges from 14 states attended a three-day course held in Shah Alam, Selangor.

## JITN's crusade against corruption



**Zaeidah Mohamed Esa,  
Director-General,  
National Integrity and  
Governance Department.**

In the fight against corruption, the National Integrity and Governance Department (JITN) stands at the forefront. Originally established as the Integrity and Governance Division (BITU) of the Prime Minister's Department, prior to its upgrade as a standalone department in November 2017, JITN is the Delivery Management Office (DMO) monitoring the implementation of the Fighting Corruption NKRA initiatives, acting as the central agency for the management of integrity, governance, and human rights in both public and private sectors.

As Director-General of JITN, Zaeidah Mohamed Esa's responsibilities include overseeing and monitoring the overall implementation of JITN's core functions, based on its principles of preventing corruption through the transformation of Malaysian mindsets and attitudes. This involves establishing good governance practices, procedures, and regulations that contribute to the reduction of corruption in this country.

"JITN is committed to carrying out its responsibility to monitor all NKRA initiatives and ensure they are successfully implemented. These include setting up the Corruption Perception Index (CPI) Workshop, with the aim of improving Malaysia's CPI score from 49 in 2016 to 55 by 2020; and promoting the Anti-Bribery Management System (ABMS) to encourage companies to undergo MS ISO 37001 certification, amongst others," Zaeidah explains.

She also stresses that although JITN is the vanguard in the fight against corruption, it does not stand alone. Within the civil service, the heads of the various integrity units in all government ministries, departments, and agencies are responsible to help drive change towards strengthening integrity

and good governance internally. "They serve as transformation agents within their respective government bodies, and are answerable to me, as the Director-General of JITN. This new chain of command will help to foster a strong organisational culture of accountability, with zero intolerance towards abuse of power and corruption."

Beyond this, courses for judges serving in the Special Courts for Corruption were held in collaboration with the Federal Court of Malaysia's Chief Registrar's Office. JITN also worked together with the Malaysian Anti-Corruption Commission (MACC) to maintain the Corporate Integrity System Malaysia (CISM) web portal.

"Corruption happens in the private sector as well. Through strategic collaborations with Business Integrity Alliance Berhad and the Malaysian Institute of Corporate Governance, the agenda of empowering integrity and private governance in the private sector can be implemented more effectively. JITN is also involved in funding Malaysian representatives to the United Nations Convention Against Corruption, and the International Anti-Corruption Academy; both of which provide solid avenues for multilateral cooperation in various corruption prevention initiatives," Zaeidah highlights.

The Director-General acknowledges that corruption is not found only in Malaysia, or only in public or private sectors. "It exists everywhere, whether in international institutions, religious institutions, voluntary bodies, or sports organisations. I personally think that the effort to fully curb corruption at all levels is the ultimate challenge for JITN. However, fighting corruption should begin with a proactive solution; hence, it is JITN's duty to ensure that integrity and good governance is successfully incorporated and cultivated, especially in all government systems and policies."

All of these efforts and planned initiatives are believed to contribute to the reduction of corruption in Malaysia, and at the same time, aligning people's mindsets with Malaysia's NTP goals of becoming a high-income developed nation. "The NTP's aim is not just about achieving a higher growth rate, but also one that is sustainable and inclusive. It has made the economy more resilient and sustainable, in my opinion; Malaysia's aim of achieving developed-nation status by the year 2020 is not too far to reach."



## MOVING FORWARD ▶▶

In the coming years, we can expect renewed efforts to improve Malaysia's CPI ranking and ensure stronger improvements in transparency and integrity from the public service delivery. The newly established Jabatan Integriti dan Tadbir Urus Negara (JITN) will be the lead agency to monitor and coordinate activities related to the Fighting Corruption NKRA.

To ensure that Malaysia's CPI ranking improves in the years ahead, a workshop was held from 5 to 7 September 2017 to address the decline in the nation's CPI ranking. The key outcomes from this workshop include seven priority initiatives that were identified to address 13 major issues highlighted concerning prevention, enforcement and perception. In 2018 we will implement these initiatives with the relevant stakeholders.

Aligned with the introduction of the Corporate Liability Provision under the MACC Act and as a safeguarding measure to reduce corruption and promote good governance, the Government will also encourage companies to obtain the certification of MS-ISO 37001. As the standard can be used as anti-corruption compliance guidelines for all parties in line with the inclusion of the Corporate Liability Provision in the MACC Act 2009, it is expected to encourage more companies to obtain certification to show compliance with the new provision.

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