

Malaysia

2015 Country Summary

Recommendations

Malaysia's GI ranking in Band D places it in the high risk category for corruption in the defence and security sector. Personnel is the highest scoring, lowest risk area in Band C. The highest risk area assessed, with the lowest score is Operations in Band E. The Malaysian Government completed a government review of the GI 2015 research, which shows a willingness to open dialogue with an international NGO on defence corruption issues.

With formal regulations governing the actions of military personnel and independent investigative organizations like the Malaysian Anti-Corruption Commission (MACC), Malaysia is in a good place to build its anti-corruption framework. But significant vulnerabilities to corruption persist as a result of a weak legislative scrutiny, opaque budgets, weak whistleblower protections, and insufficient anti-corruption training. We suggest the following recommendations:

Strengthen Legislative Scrutiny

The legislature plays a very limited role in scrutinising defence policy or spending. Despite calls from the opposition coalition Pakatan Rakyat (PR), and in particular, the Democratic Action Party (DAP), for a limited or bi-partisan defence committee to be established. As a result, the legislature is given no detailed information on the defence budget, including secret items, beyond the aggregated sums for operating and development expenditure leading to lack of scrutiny regarding defence spending and procurement decisions.

We recommend that the government establish a parliamentary committee tasked specifically with oversight of all aspects of the defence and security sector. This committee should have the power to access to a fully detailed defence budget and internal audit reports; be able to call expert witnesses and scrutinise defence agencies and institutions; meet regularly and publish reports on its activity.

Enhance Budget Transparency

A budget is submitted to Parliament; however, it lacks sufficient detail regarding specific expenditures. Furthermore, parliament has only a limited amount of days to approve the budget as a whole, which precludes effective scrutiny.

We recommend that the government publish an annual defence budget that includes detailed information on expenditure across functions including research and design,

training, salaries, acquisitions, disposal of assets, maintenance and personnel expenditures and appropriately lengthens the time that budget items can be discussed by the Parliament.

Enhance Anti-Corruption Measures across Operations

According to interviewees who served in the Malaysian military, no comprehensive anti-corruption training – aside from ad-hoc integrity talks is provided. An Integrity Plan Manual exists, but it is insufficient preparation for commanders on deployment and there is evidence that corruption is a high risk issue for the Eastern Sabah Security Command (ESSC).

We recommend Malaysia adopts an operational doctrine which specifically recognises corruption risks as a strategic operational issue; provides comprehensive and systematic training and guidance for commanders and personnel on corruption risks faced in operations, including in contracting, and deploy trained professionals capable of monitoring corruption in the field who regularly report while on mission, with these reports made available to the public, at least in summary form.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	0
		Defence Committee	1
		Defence Policy Debated	2
		CSO Engagement	2
		International AC Instruments	3
		Public Debate	1
		AC Policy	1
		AC Institutions	2
		Public Trust	2
		Risk Assessments	1
	Defence budgets	Acquisition Planning	2
		Budget Transparency & Detail	2
		Budget Scrutiny	1
		Budget Publicly Available	1
		Defence Income	1
		Internal Audit	2
		External Audit	2
	Other Political Areas	Natural Resources	3
		Organised Crime Links	4
		Organised Crime Policing	3
Intelligence Services Oversight		1	
Intelligence Services Recruitment		1	
Export Controls		1	
Finance	Asset Disposals	Asset Disposal Controls	2
		Asset Disposal Scrutiny	1
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	0
		Secret Program Auditing	0

		Off-budget Spending in Law	1	
		Off-budget Spending in Practice	2	
		Information Classification	2	
	Links to Business	Mil. Owned Businesses Exist	2	
		Mil. Owned Business Scrutiny	2	
		Unauthorised Private Enterprise	4	
	Personnel	Leadership	Public Commitment	3
			Measures for Corrupt Personnel	3
			Whistleblowing	1
			Special Attention to Sensitive Personnel	2
Payroll and Recruitment		Numbers of Personnel Known	2	
		Pay Rates Openly Published	4	
		Well-established Payment System	3	
		Objective Appointments	2	
		Objective Promotions	2	
Conscription		Bribery to Avoid Compulsory Conscription		
		Bribery for Preferred Postings		
Salary Chain		Ghost Soldiers	4	
		Chains of Command and Payment	4	
Values, Standards, Other		Code of Conduct Coverage	2	
		Code of Conduct Breaches Addressed	2	
		AC Training	2	
		Prosecution Outcomes Transparent	2	
		Facilitation Payments	2	
Operations		Controls in the Field	Military Doctrine	1
			Operational Training	0
	AC Monitoring		2	
	Controls on Contracting		1	
	Private Military Contractors		1	
Procurement	Government Policy	Legislation	1	
		Transparent Procurement Cycle	1	
		Oversight Mechanisms	2	
		Purchases Disclosed	2	
		Standards Expected of Companies	2	
	Capability Gap	Strategy Drives Requirements	2	
		Requirements Quantified	3	
	Tendering	Open Competition v. Single-Sourcing	2	
		Tender Board Controls	1	
		Anti-Collusion Controls	2	
	Contract Delivery / Support	Procurement Staff Training	3	
		Complaint Mechanisms for Firms	3	
		Sanctions for Corruption	2	
	Offsets	Due Diligence	2	
		Transparency	1	
		Competition Regulation	2	
	Other	Controls of Agents	1	
		Transparency of Financing Packages	0	
		Subsidiaries / Sub-Contractors	0	
		Political Influence	2	