

**5TH GLOBAL ORGANIZATION OF
PARLIAMENTARIANS AGAINST CORRUPTION
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SPEECH TEXT BY

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PROCUREMENT AND BUSINESS AND CIVIL SOCIETY

OVERSIGHT

**Honourable Chairperson,
Distinguished Delegates,
Ladies and gentlemen,**

First of all, let me express my sincere appreciation to the Government of the Republic of Philippines and the organizer for their kind hospitality extended to the Malaysian delegation and other delegations as well. We wish that such an important conference, gathering Parliamentarians and officials from more than 70 countries across the globe may serve as another milestone in the worldwide movement against corruption.

**Distinguished Delegates,
Ladies and gentlemen,**

Governments provide goods and services to meet a variety of citizen needs. Public procurement is one of the most important channels of government spending. Many governments today spend a big portion of their Gross Domestic Product (GDP) in the procurement marketplace, impacting both the domestic and international trade.

Unlike a private company operating in a free market where it is judged by its customers solely on the quality of its products, Governments on the other hand are not only judged on the quality of services they rendered, but also on the quality of governance on which the public procurements are awarded.

The basic tenet of public procurement is very straightforward -- acquire the right item at the right time and at the right price, to support government actions. Although the formula is simple, it involves questions of transparency, accountability and integrity.

The challenges in public procurement faced by countries are very similar – procurements are regularly manipulated, procurers leak insider information to chosen bidders, procurement agencies write tenders that are specially tailored to certain companies, tenders being split up to avoid stricter procurement rules, tender winners modify the content during fulfilment by lowering quality or raising price. In exchange, decision-makers receive kickbacks from winners, invite government friendly companies to take part as sub-contractors, etc.

Thus, a major reform needs to be in place in order to improve the level of public's confidence in government procurement system. This will include a high degree of transparency, integrity and accountability which nowadays are very paramount in any public procurement. After all, it is "The People's Money" that the government is dealing with.

There is a broad agreement that the degree of transparency can be further strengthened by empowering monitoring and oversight organizations within business and civil society to scrutinize procurement as they can play an important role as watchdogs for public sector integrity and help raising awareness around public procurement and other areas of public financial management.

**My fellow Parliamentarians,
Ladies and gentlemen,**

Malaysia is happy to inform that we place transparency as the core principle in our public procurement. We believe the imposition of transparency requirements will be successful in eliminating opportunities for corruption in Malaysia.

One of the initiatives that Malaysia has introduced is the Integrity Pact. The Integrity Pact comprises of a declaration process by bidders not to offer or give any form of bribes as a means to obtain a contract or to facilitate certain processes in government procurement. Bidders and civil servants are required to sign a pact to refrain from getting involved in corrupt practices throughout the procurement processes until the project is completed. To date, more than 142,268 tenderers for Government contracts have signed the Integrity Pact since it was introduced in 2010,

A non-compliance will result in a charge for offences under the Malaysian Anti-Corruption Commission Act 2009 and on conviction be fined not less than 5 times the amount of corruption involved or RM 10,000 (approximately USD3,300), whichever is the higher and imprisonment up to 20 years. On top of it, the companies involved will be blacklisted from doing business with the Government up to five years if they were found to have been involved in corruption.

Another initiative taken by Malaysia is the Corporate Integrity Pledge (CIP) which was introduced in 2011. CIP is a document that allows a company to make a commitment to uphold the Anti-Corruption Principles for Corporations in Malaysia. By signing the pledge, the company is making a unilateral declaration that it will not commit corrupt acts, will work toward creating a business environment that is free from corruption and will uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with its business partners and the Government. By end of 2012, 179 companies have signed the CIP.

Another important step introduced by Malaysia is the Mega Project Monitoring by an Integrity Governance Committee (IGC). The IGC is responsible to monitor Government projects worth RM500 million (approximately USD162 million) and above or projects that of public interest that has an impact on the community, environment and its financial resources. One of the examples is the development of Mass Rapid Transit (MRT) System costing RM36 billion (approximately USD 11.6 billion). Not only it involves a huge amount of money, it also will have an impact to more than 6 million users in Kuala Lumpur and its surrounding. For this particular project, a non-governmental organisation has been entrusted to verify the preparation of the Integrity Pact by the project owner and project delivery partner and contractor.

Malaysia acknowledges that business and civil society oversight has the potential to strengthen transparency in public procurement. We believe that there are still much to learn about ways and means necessary to develop procurement regimes that include business and civil society monitoring. We feel that GOPAC can serve as a good platform for Parliamentarians from all around the world to share good practices and experiences among its members through such a constructive session like we are having right now.

Thank you.