



PRIME MINISTER'S DEPARTMENT



NATIONAL
ANTI-CORRUPTION
STRATEGY
2024 - 2028

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PRIME MINISTER'S DEPARTMENT

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Statement by Prime Minister

The future of this nation rests on us ridding it of corruption. Like cancer, corruption spreads insidiously, holding hostage the collective destinies of Malaysians to satisfy the avarice of a few. Left to fester, it erodes trust in authorities, exacerbates social injustice, and reduces economic opportunities across the board.

In this battle against corruption, the concept of MADANI serves as our north star. Grounded in the enlightened principles of sustainability, care and compassion, respect, innovation, prosperity and trust, it serves as an ethical framework guiding our decision-making process that is centred on transparency and accountability in Government and eschewing extravagance and avoiding wastage.

It is in this spirit that the National Anti-Corruption Strategy (NACS) was formulated. Being a detailed strategy containing comprehensive input and feedback from all stakeholders, it represents our collective conviction and commitment towards eradicating all forms of corruption.

A clear target has been set – for Malaysia to rank among the top-25 countries in Transparency International’s Corruption Perception Index within the next 10 years. To this end, entrenched corruption, compromised individuals, and vested interests must not be allowed to derail this national endeavour.

An environment with zero tolerance and no compromise for corruption must be created. Should there be any incidence of corruption, justice must be done, and must also be seen to be done.

Examples must first be set by leaders in the public and private sectors, before gaining the necessary trust for a whole-of-society mobilisation to stem out corruption at all levels. The rakyat, whom we are accountable to, are closely watching, and the onus is on us to prove that this strategy goes beyond mere rhetoric.

Anwar bin Ibrahim
Prime Minister of Malaysia



Statement of Commitment

The National Anti-Corruption Strategy (NACS) is a continuation of the National Anti-Corruption Plan (NACP), which was first developed in 2019 as a comprehensive plan to integrate efforts in addressing issues related to governance, integrity, and anti-corruption.

In 2020, the NACP was identified as one of the indirect factors contributing to Malaysia's success in improving its reputation in the Corruption Perceptions Index (CPI) in 2019. The global index, covering 180 countries worldwide, Malaysia soared to the 51st position compared to its 61st position in 2018. This marked the country's most significant and best international performance in over 20 years of Corruption Perceptions Index (CPI) ratings for Malaysia.

The NACP, which concluded in 2023, witnessed the achievement of implementing 85 out of 111 initiatives overall, equivalent to a 77% full achievement of the NACP.

The development of the NACS this time focuses on fundamental issues such as the welfare of the people through the Malaysia MADANI agenda. We believe that with continuous and collective cooperation among all parties, including politicians, the public sector, private sector, and non-governmental organisations, the goals of the NACS can be achieved. This will provide comprehensive benefits not only at the national level but also internationally, aiming to institutionalize good governance, integrity, and anti-corruption efforts for the country's success, genuinely felt by the people.



Mohd Zuki bin Ali
Chief Secretary to the Government of Malaysia



Azam bin Baki
Chief Commissioner
Malaysian Anti-Corruption Commission (MACC)

Abbreviations

ABMS	Anti-Bribery Management System	MOHA	Ministry of Home Affairs	USD	United States Dollar
AGC	Attorney General Chambers	MOHE	Ministry of Higher Education	USIM	<i>Universiti Sains Islam Malaysia</i>
CCM	Companies Commission of Malaysia	MOHR	Ministry of Human Resources	WGI	World Governance Index
CLBG	Company Limited by Guarantee	MOPC	Ministry of Plantation and Commodities		
CPI	Corruption Perception Index	MORRD	Ministry of Rural and Regional Development (<i>Kementerian Kemajuan Desa dan Wilayah</i>)		
CSO	Civil Society Organisation	MOTAC	Ministry of Tourism, Arts, and Culture		
DOIDM	Department of Islamic Development Malaysia (<i>Jabatan Kemajuan Islam Malaysia</i>)	MOW	Ministry of Works		
DOSM	Department of Statistics Malaysia	MOWFCD	Ministry of Women, Family and Community Development		
EC	Election Commission of Malaysia	MOYS	Ministry of Youth and Sports		
ETP	Economic Transformation Programme	MS ISO	Malaysian Standard International Organization for Standardization		
ESG	Environment, Social, and Governance	NACP	National Anti-Corruption Plan (2019-2023)		
GDP	Gross Domestic Product	NACS	National Anti-Corruption Strategy (2024-2028)		
GFI	Global Financial Integrity	NGPD	National Governance Planning Division		
GRI	Global Reporting Initiative	NIP	National Integrity Plan		
GTP	Government Transformation Programme	PCB	Public Complaints Bureau		
ICT	Information and Communications Technology	PMD	Prime Minister's Department (<i>Jabatan Perdana Menteri</i>)		
JTK	Committee on National Governance (<i>Jawatankuasa Tatakelola Nasional</i>)	PSD	Public Service Department		
JKKTN	Special Cabinet Committee on National Governance (<i>Jawatankuasa Khas Kabinet Tatakelola Nasional</i>)	RM	Malaysia Ringgit		
LAD	Legal Affairs Division (<i>Bahagian Hal Ehwal Undang-Undang</i>)	SC	Securities Commission		
M&E	Monitoring and Evaluation	SDG	Sustainable Development Goals		
MACC	Malaysian Anti-Corruption Commission	SOE	State-Owned Enterprises		
MCMC	Malaysian Communications and Multimedia Commission	TI	Transparency International		
MOAFS	Ministry of Agriculture & Food Security	TI-M	Transparency International Malaysia		
MOD	Ministry of Defence	TVET	Technical and Vocational Education and Training (<i>Pendidikan dan Latihan Teknikal dan Vokasional</i>)		
MOE	Ministry of Education	UN	United Nations		
MOF	Ministry of Finance	UNCAC	United Nations Convention against Corruption		
MOFA	Ministry of Foreign Affairs	UNODC	United Nations Office on Drugs and Crime		

Executive Summary

The National Anti-Corruption Strategy (NACS) is an essential part of Malaysia's reform agenda, providing a detailed plan for fighting corruption. It represents a continuation and enhancement of the National Anti-Corruption Plan (NACP) initiated in 2019. The NACS provides a detailed framework and trajectory for combating corruption across various sectors and levels of governance, aiming to strengthen integrity, transparency, and accountability in Malaysia.

At the core of the overarching vision lies the aspiration to foster a corruption-free nation, positioning Malaysia alongside developed countries in terms of economic robustness, national autonomy, and societal welfare. The strategy is crafted to tackle the detrimental impact of corruption in Malaysia, with the ultimate goal of promoting fairness and transparency throughout all levels of governance. By doing so, it aims to propel the nation towards greater prosperity and an improved standard of living for all Malaysians.

The NACS outlines critical strategies focused on promoting integrity, transparency, and accountability across diverse sectors in Malaysia, encompassing politicians, public administration, Government procurement, law enforcement, legal and judicial institutions, the private sector, and the public. It combines five strategies and 60 substrategies to be carried out over five years.

The success of anti-corruption reforms hinges on the commitment of all stakeholders tasked with their implementation. To oversee this process effectively, each responsible stakeholder must furnish conclusive and comprehensive data within specified timeframes for monitoring progress and conducting Strategy Performance Review Meetings.

Corruption poses a significant barrier to Malaysia's economic and social advancement, hindering progress and undermining public trust in Government and institutions. Despite Malaysia's robust legal frameworks, administrative structures, and parliamentary system, corruption persists and flourishes, fueled by greed, malice, and self-interest.

Addressing the root causes of corruption requires a multifaceted approach, including comprehensive reforms to strengthen existing checks and balances mechanisms. To this end, it is imperative to foster a culture of integrity, transparency, and accountability across all sectors of society.

Under the leadership of the Prime Minister Anwar bin Ibrahim, the current Government has prioritized the fight against corruption as a fundamental national agenda. However, the success of this endeavor hinges upon the collective commitment and cooperation of all stakeholders, from citizens to Government officials to politicians and lawmakers.

Encouraging public participation and engagement is essential in cultivating a society that resolutely opposes corruption. Citizens must actively support anti-corruption efforts and hold leaders accountable for their actions.

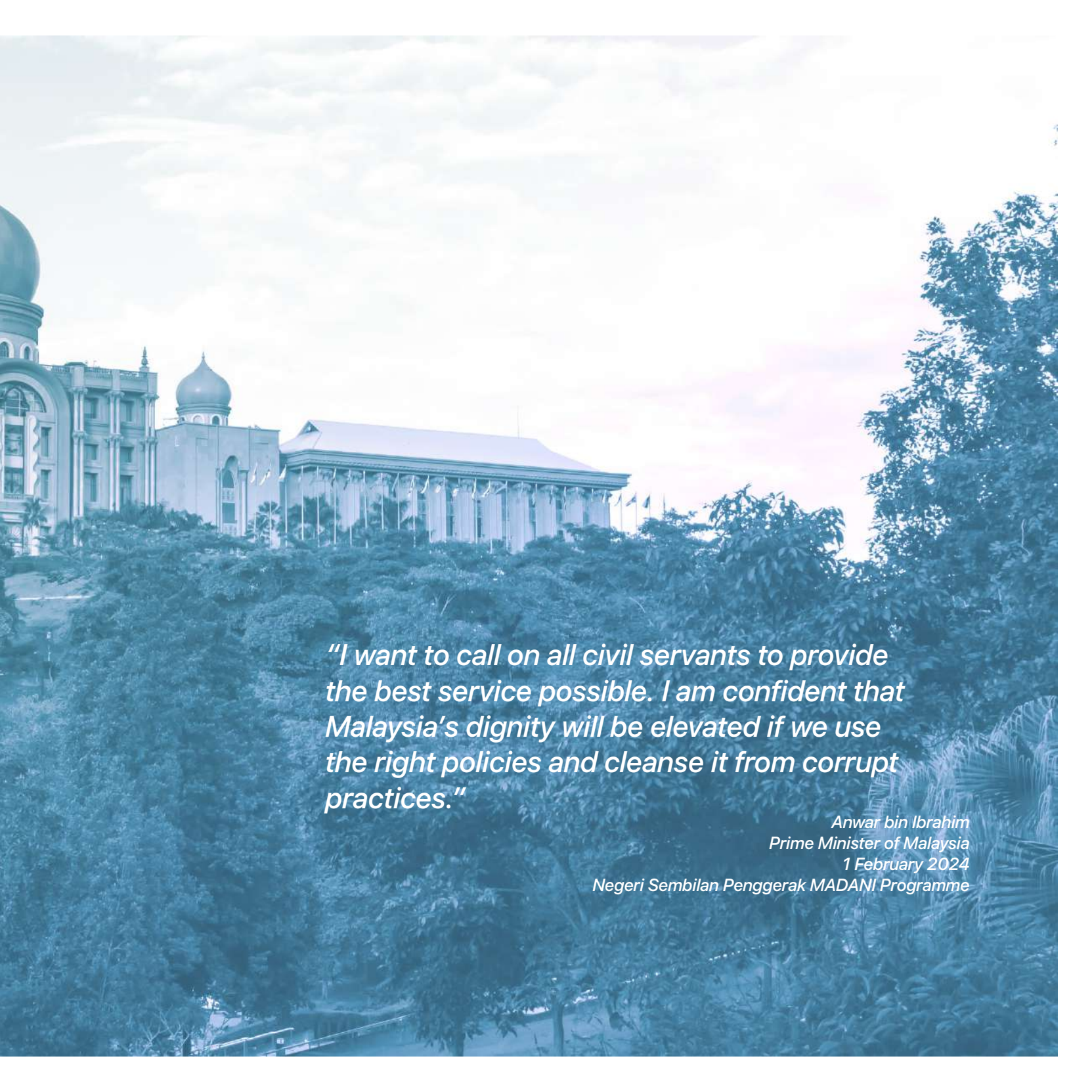
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Chapter 1

Introduction



"I want to call on all civil servants to provide the best service possible. I am confident that Malaysia's dignity will be elevated if we use the right policies and cleanse it from corrupt practices."

*Anwar bin Ibrahim
Prime Minister of Malaysia
1 February 2024
Negeri Sembilan Penggerak MADANI Programme*

Background

As Malaysia progresses towards its vision of becoming a fully developed and high-income nation, the fight against corruption emerges as a top priority on the national agenda. This commitment is underscored by a series of key national development framework, including the National Integrity Plan (NIP), launched in April 2004, which sought to establish a morally upright and ethically conscious society in line with the aspirations outlined in Vision 2020, the Economic Transformation Programme (ETP), and the Government Transformation Programme (GTP).

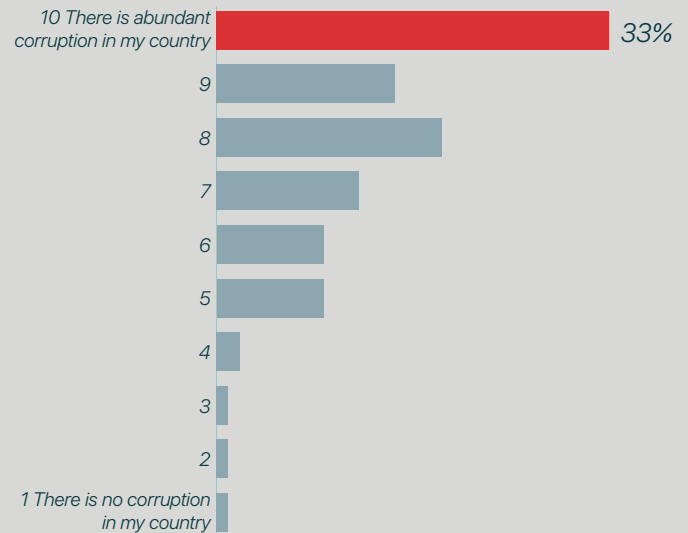
As Malaysia's fight against corruption is a long-term endeavor, sustained efforts are essential to achieving lasting impact and fostering a culture of integrity and transparency across all sectors of society. Through ongoing efforts and proactive measures, Malaysia aims to elevate its position on the global stage and pave the way towards a prosperous and corruption-free future.

Regrettably, notwithstanding the considerable efforts undertaken to date, the prevalence of corruption has reached unprecedented proportions. These entrenched corruption challenges have not only impeded the efficacy of anti-corruption efforts but have also eroded public trust in the Government's commitment to combat corruption.

In 2018, approximately one-third of Malaysians (33%) perceive corruption as a significant issue within the country. This perception underscores the magnitude of the challenge and the urgent need for intensified efforts to address corruption comprehensively and restore public confidence in Government institutions.

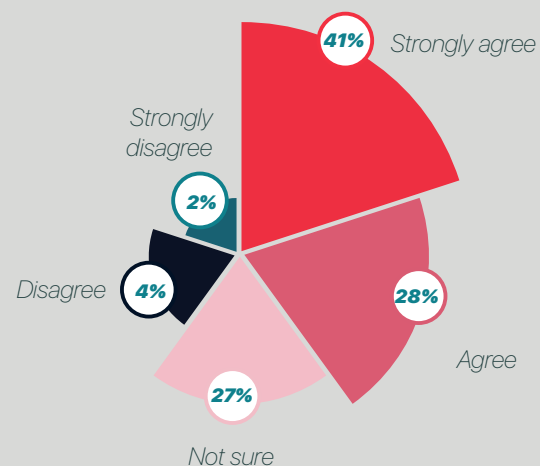
In 2023, findings from a comprehensive nationwide survey conducted by USIM revealed that 41% of respondents strongly agreed that corruption in Malaysia remained alarmingly high while 1 in 4 Malaysians agreed that corruption had worsened over the course of a year. In total, a staggering two-thirds (69%) of Malaysians believed that corruption had increased compared to the previous year.

Perception of Corruption in Malaysia (Scale 1-10), 2018 (%)



Source: World Values Survey, 2018. Wave 7: 2017-2022.

The issue of corruption increased within a year (12 months) ago (%)

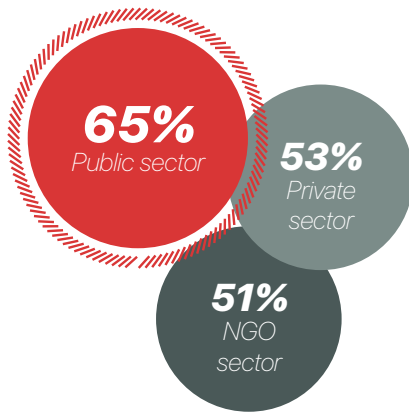


Source: Universiti Sains Islam Malaysia (USIM). 2024. Development of National Anti-Corruption Strategies (NACS): Views and Experiences on Issues Related to Corruption, Integrity and Governance in Malaysia: Nationwide Survey. 2023

Moreover, a pervasive suspicion among Malaysians persists regarding the involvement of various entities in corrupt activities. More than half of Malaysians believe that public institutions, private enterprises, and non-governmental organisations (NGOs) are entangled in corrupt practices. This prevalent perception underscores the widespread concern regarding corruption across different sectors of society and emphasizes the urgent need for robust anti-corruption measures to effectively address these challenges.

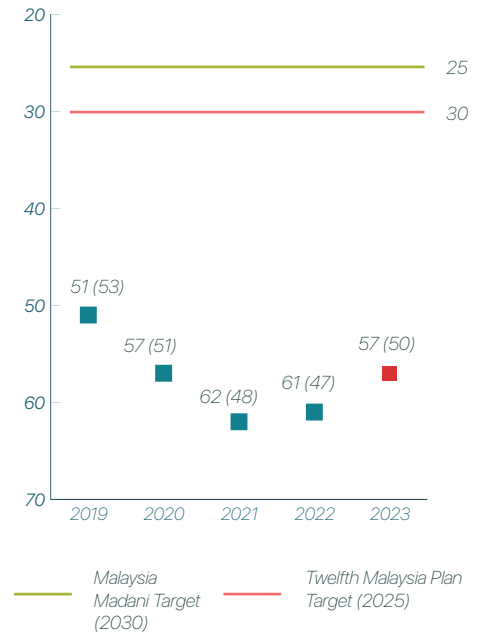
The perception of corruption within Malaysia has shown a worrying trend during the National Anti-Corruption Plan (NACP) period from 2019 to 2023. Based on the Corruption Perception Index (CPI), Malaysia's score decreased from 53 out of 100 in 2019 to 50 out of 100 in 2023. Malaysia's global ranking deteriorated from 51st out of 180 countries to 57th during the same period, falling far below the Government's targets, which aims to achieve a ranking of 30 by 2025 and 25 by 2030.

Perceived Sector with the Highest Corruption Issues (%)*



Source: Universiti Sains Islam Malaysia (USIM). 2024. Development of National Anti-Corruption Strategies (NACS): Views and Experiences on Issues Related to Corruption, Integrity and Governance in Malaysia: Nationwide Survey. 2023.
* Multiple answers possible.

Ranking (Score) of CPI for Malaysia, 2019-2023



Source: Transparency International. 2023. Corruption Perception Index (CPI); Ministry of Economy. 2023. Twelfth Malaysia Plan Midterm Review 2021-2025; Ekonomi MADANI.

Despite these challenges, there has been a slight improvement in both the CPI score and ranking from 2022 to 2023. While this improvement is a positive development, it underscores the ongoing need for sustained efforts to combat corruption effectively and restore public trust in governmental institutions.

The new anti-corruption strategy, akin to its predecessor, the National Anti-Corruption Plan (NACP), is designed to articulate clear and pragmatic targets aimed at addressing issues of integrity, governance, and corruption within Malaysia over a five-year period from 2024 to 2028.

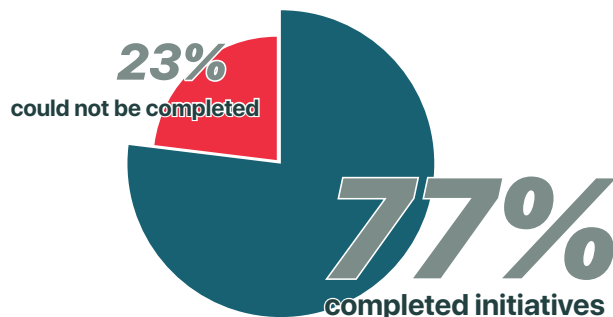
To ensure the effective implementation of these actions, a comprehensive strategy has been developed to ensure that all anti-corruption activities are coordinated collectively across governmental bodies, law enforcement agencies, non-governmental organisations, civil society groups, and various stakeholders.

Key Highlights NACP

The National Anti-Corruption Plan (NACP), concluded in December 2023, has achieved significant progress with 85 out of 111 initiatives completed, resulting in an overall completion rate of 77%. The status of initiatives that could not be completed is outlined in detail in Appendix 1, on page 59 of this document.

During the 17th Special Cabinet Committee on Anti-Corruption Meeting (JKKMAR) on July 6, 2023, chaired by the Prime Minister, it was decided to initiate the formulation of a National Anti-Corruption Strategy (NACS). This strategic move, in alignment with international standards, serves as a continuation of the NACP's efforts to combat corruption effectively.

NACP Initiatives as of December 2023 (%)



Several factors have contributed to the delay in completing these initiatives. The process of amending the Federal Constitution has necessitated significant time and resources, impacting the timely execution of anti-corruption measures. Additionally, the revisions to existing legislation has posed challenges, requiring careful consideration and implementation to ensure compliance and effectiveness. Moreover, the inclusion of feedback from pertinent stakeholders has caused delays as consensus is sought and adjustments are made based on received input.

As a result of these factors, new initiatives have been incorporated into the National Anti-Corruption Strategy (NACS) for implementation. This strategic integration allows for a comprehensive approach to combating corruption, addressing emerging challenges while building upon the progress achieved under the previous initiatives.

There are also several challenges that persist in ensuring the efficacy of anti-corruption measures, highlighted below.

Challenges

1. Hidden influence

Decisions are often susceptible to interference from influential figures who manipulate decision-making processes and outcomes. High-ranking public officials and key institutions are frequently swayed by such individuals. These situations can lead to maladministration, characterized by official actions lacking procedural fairness, proper justification, and occasionally violating the law.

2. Media manipulation

Media outlets, including social media platforms, are frequently used to disseminate propaganda, spreading misinformation to shape and sway public opinion. In many instances, they not only endorse but also glorify corrupt individuals and entities, perpetuating a culture where unethical conduct is normalized and sometimes even celebrated.

3. Symbolic nature of the NACS

The National Anti-Corruption Strategy (NACS) is often perceived as a symbolic gesture rather than a substantive effort, serving more as a political statement than an effective and comprehensive strategy for combating corruption at a systemic level.

4. Declining ethical standards and integrity

The erosion of ethical norms and integrity standards within institutions and society at large poses a significant obstacle, fostering an environment where corruption thrives unchecked, eroding public trust and confidence in governance systems.

5. Political will

The lack of consistent political commitment among politicians in implementing anti-corruption strategies, or their contradictory actions and statements, undermines the effectiveness of efforts to combat corruption and erodes public trust in such endeavors.



NACS's Methodology and Approach

A comprehensive examination of corruption challenges is essential for the Government to formulate effective anti-corruption strategies, policies, and advocacy programmes on a national scale. The development of the National Anti-Corruption Strategy (NACS) involves three crucial phases: Diagnosis, Prognosis, and Prescription. Among these phases, the Diagnosis phase holds utmost importance as it identifies corruption risks or issues through a meticulous examination of symptoms. This examination relies on actual data, assessments, experiences, public surveys, and direct engagements with stakeholders.

Multiple approaches were undertaken in developing the NACS:

<i>Approach</i>	<i>Description</i>
Data analysis on corruption-related issues	<ul style="list-style-type: none"> • Analysis of National Anti-Corruption Plan (NACP) 2019-2023 and Progress Reports from 2019 to 2023. • Analysis on various MACC statistics including corruption cases by sector, subsector, complaints category, and occupational groups. • Examination of international index such as Corruption Perception Index (CPI) by Transparency International and World Governance Indicator (WGI) by World Bank.
Stakeholder engagement	<ul style="list-style-type: none"> • Collection and analysis of complaints data from various Government agencies. • Nationwide survey to gauge public perception and attitudes towards corruption, including feedback on governance, integrity, and anti-corruption measures.
Review of documents and recommendations	<ul style="list-style-type: none"> • Examination of recommendations and insights provided by international bodies such as Transparency International Malaysia (TI-M), United Nations Office on Drugs and Crime (UNODC). • Synthesis of information gathered from data analysis, stakeholder engagement, and document reviews to formulate recommendations for anti-corruption strategies.

Issues identified from these sources were categorized based on sectors vulnerable to corruption. The data was further analyzed to determine the frequency of occurrence and the extent of impact on the economy, people's well-being, and the Government machinery over a five-year period (2019-2023).

Stakeholder Engagement





Chapter 2

The State of Corruption



Analysis on Corruption in Malaysia

Corruption is a pervasive scourge that poses a significant threat to the reputation and standing of an entire nation. Unfortunately, Malaysia has not been immune to this destructive force, leading to widespread disillusionment among its populace. The detrimental impact of corruption has dealt substantial blows to Malaysia's economic development, prosperity, and political stability. Under the leadership of Prime Minister Anwar bin Ibrahim, Malaysia is embarking on comprehensive reforms aimed at restoring the nation's integrity and reputation by eradicating all forms of corruption and governance issues in Malaysia, guided by principles of integrity, discipline, and ethical business conduct.

In this context, Malaysia has declared war on corruption. However, the success of this endeavor relies heavily on establishing robust and effective foundations and mechanisms. It is crucial to overhaul existing systems and foster a culture of reform and accountability to combat corruption more effectively. Through strategic reforms and unwavering commitment, Malaysia strives to become a shining example of transparency, fairness, and ethical governance on the global stage.

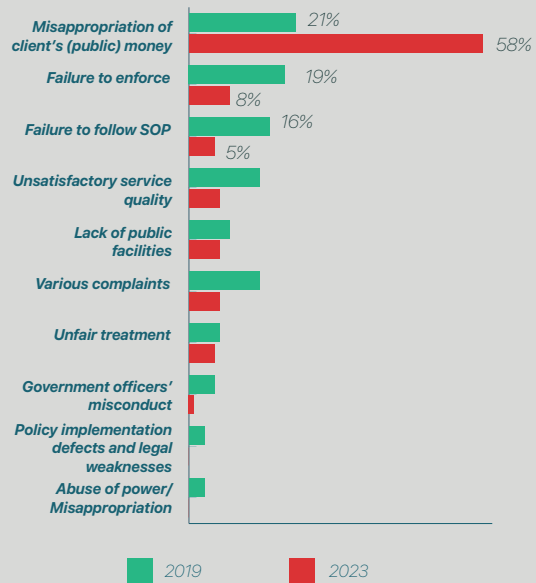
The discourse surrounding "corruption" often centres on the abuse of power by Government officials and public servants. However, it is important to recognise that corruption permeates all facets of society, deeply entrenched within its moral fabric. Viewing corruption as inherently unethical mandates a broader examination beyond the actions of politicians and public officials.

Despite ongoing reform, challenges persist within Malaysia's public service delivery system. The absence of transparency and accountability, and interference by politicians exacerbates these issues, resulting in subpar service delivery standards, diminished morale among civil servants, and a decline in ethical conduct.

Moreover, governance within statutory bodies, state-owned enterprises (SOEs), and companies limited by guarantee (CLBGs) in Malaysia is marred by favoritism and nepotism, with top appointments often influenced by political and personal connections. Regulatory reforms lack coherence and overlook Government interests, while contract awards often favor well-connected entities.

Analysis of public complaints received by the Public Complaints Bureau show that there are three main categories of public dissatisfaction with federal ministries during 2019-2023 period which are the misappropriation of client funds, enforcement failures, and noncompliance with standard operating procedures (SOPs). Collectively, these three issues constituted 56% of all public complaints received in 2019. In 2023, complaints on these three issues jumped to 72%.

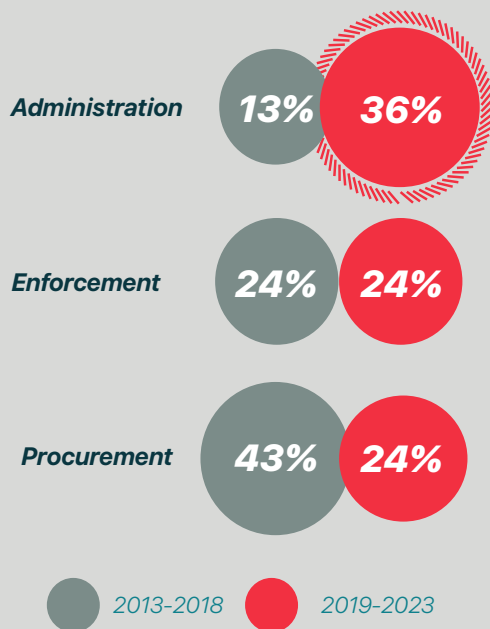
Categories of Public Complaints Received by Public Complaints Bureau on the Federal Ministries (%)



Source: Public Complaints Bureau (PCB). 2024. Statistics of Public Complaints on Ministries by Category.

The Administration, Enforcement, and Procurement sectors have emerged as the most susceptible to corruption. From 2019 to 2023, 36% of corruption-related information received by MACC pertained to the Administration sector, followed by Enforcement (24%) and Procurement (24%). This trend closely aligns with observations from the preceding period of 2013-2018.

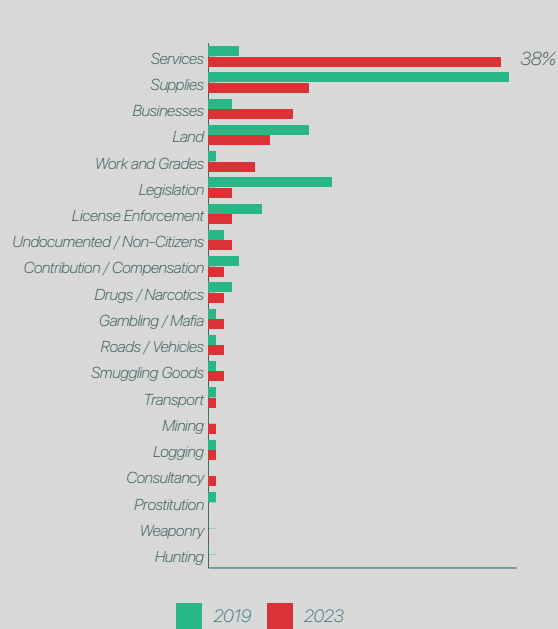
Statistics on Corruption Complaints by Sectors (2013-2023) (%)



Source: MACC. 2024. Statistics on Corruption Complaints. Information received by MACC: Overall information (by sector) for the year 2013 to 2023.

During the 2019-2023 period, two subsectors remained vulnerable to corruption, specifically Supplies (13%) and Land (8%). However, in 2023, new subsectors emerged as significant hotspots for corruption compared to 2019. These encompassed Services (38%), Businesses (11%), and Work & Grades (6%).

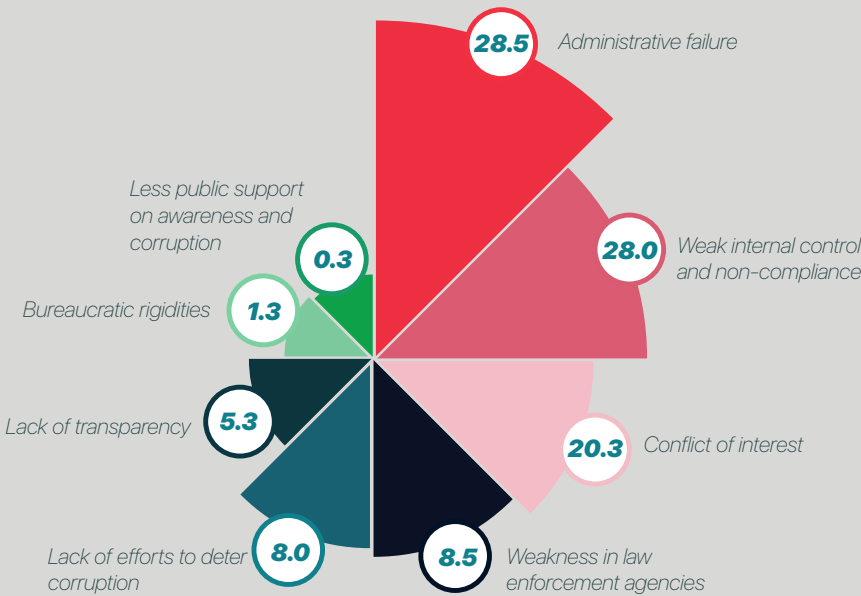
Statistics on Corruption Complaints by Subsectors (2019-2023) (%)



Source: MACC. 2024. Statistics on Corruption Complaints. Information received by MACC: Overall information (by subsector) for the year 2013 to 2023.

Corruption practices manifest due to various underlying factors. Administrative failure, deficient internal controls, non-compliance with regulations, conflict of interest, inadequacies within law enforcement agencies, and insufficient anti-corruption measures emerge as the primary causes. These five categories collectively account for over 90% of all reported complaints.

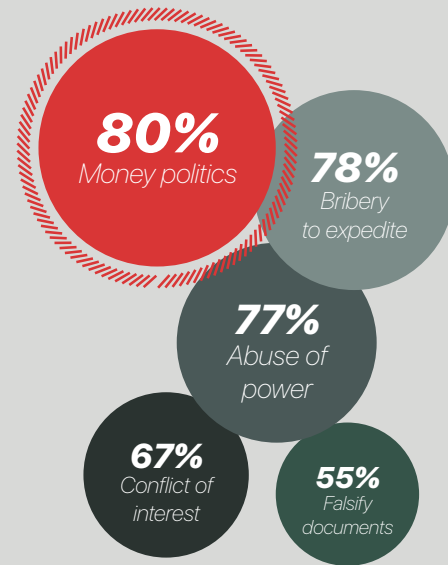
Causes of Corruption Identified During Engagement Sessions with Ministries/Departments/Statutory Bodies (%)



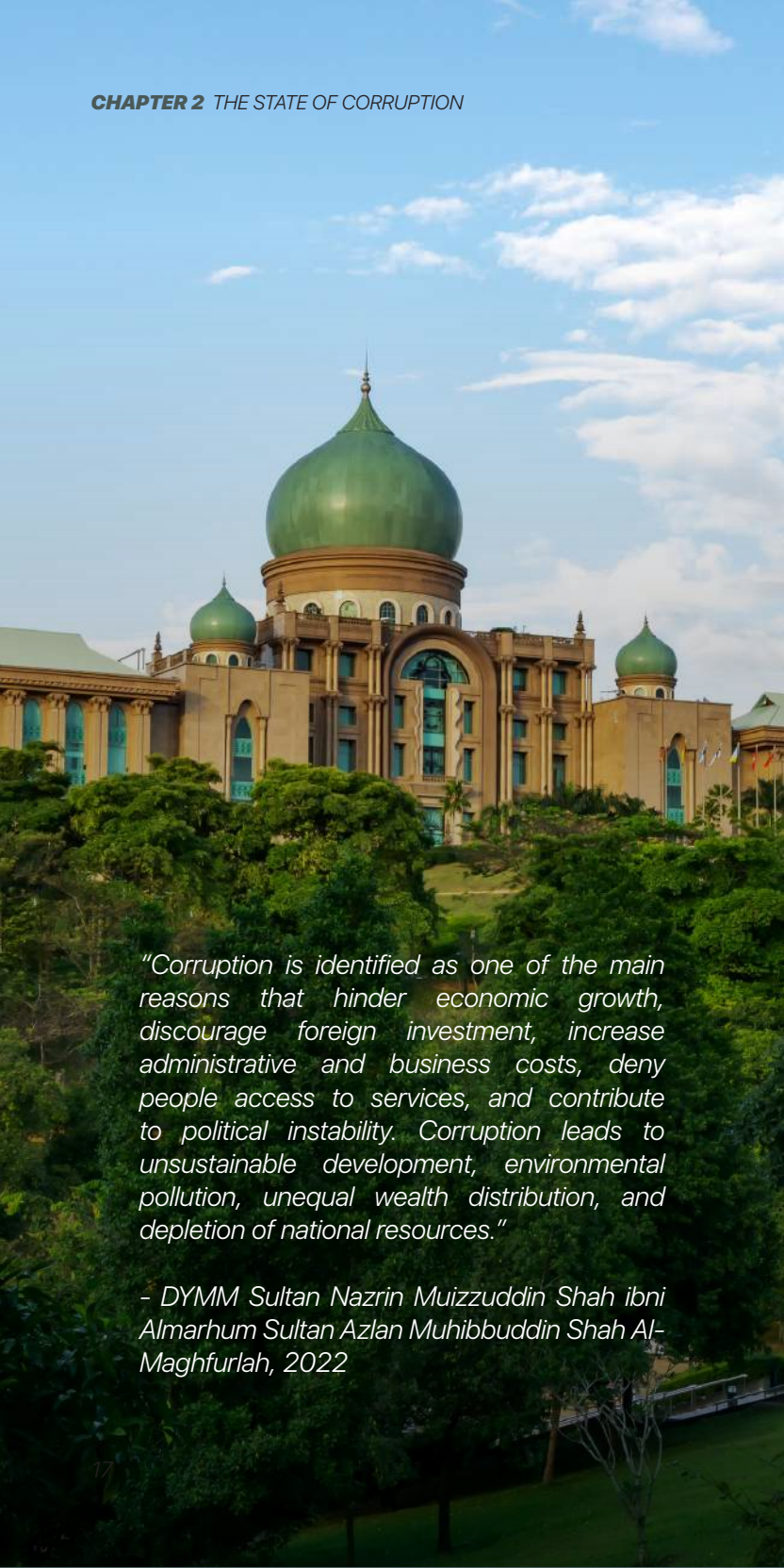
Source: MACC. 2024. Complaints Received by MACC: Engagement session with Government Agencies.

Corruption manifests in various forms, reflecting systemic challenges within Malaysian society. Public perception believes that prevalent forms of corruption include money politics (80%), bribery to expedite processes (79%), and abuse of power (77%). These findings underscore the multifaceted nature of corruption and highlight the urgency of implementing comprehensive anti-corruption strategies to combat these pervasive issues effectively.

Public Perception on Corruption by Different Activity (%)



Source: Universiti Sains Islam Malaysia (USIM). 2024. Development of National Anti-Corruption Strategies (NACS): Views and Experiences on Issues Related to Corruption, Integrity and Governance in Malaysia: Nationwide Survey. 2023. * Multiple answers possible.



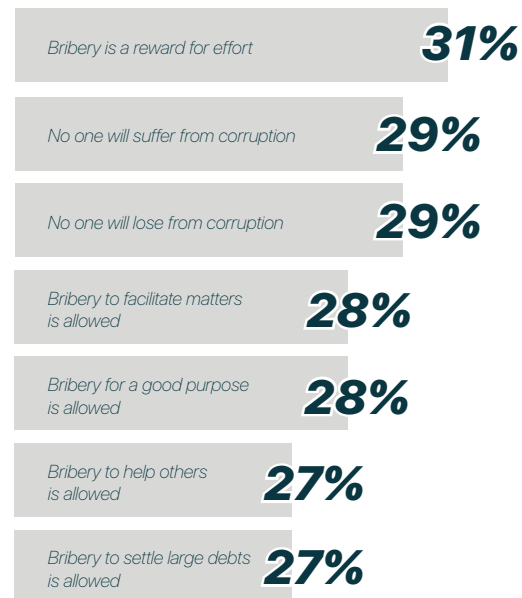
“Corruption is identified as one of the main reasons that hinder economic growth, discourage foreign investment, increase administrative and business costs, deny people access to services, and contribute to political instability. Corruption leads to unsustainable development, environmental pollution, unequal wealth distribution, and depletion of national resources.”

- DYMM Sultan Nazrin Muizzuddin Shah ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfurlah, 2022

Enablers of Corruption

In the public sphere, there is a concerning trend of attempting to justify corruption. Alarming, more than 30% of Malaysians believe that bribery should be seen as a reward for effort, effectively legitimizing the acceptance of bribes. Similarly, around 30% perceive corruption as having minimal impact on individuals and not damaging. It is also striking that 28% believe bribery is acceptable to facilitate transactions while 27% condone the acceptance of bribes to settle debts. Despite the majority of respondents expressing disagreement with these viewpoints, a notable segment of the Malaysian public still believes that accepting bribery is acceptable under specific circumstances.

Factors Rationalising Corruption (%)*



Source: Universiti Sains Islam Malaysia (USIM). 2024. Development of National Anti-Corruption Strategies (NACS): Views and Experiences on Issues Related to Corruption, Integrity and Governance in Malaysia: Nationwide Survey. 2023.

* Multiple answers possible.

The Cost of Corruption

Economic Stability for Greater Prosperity

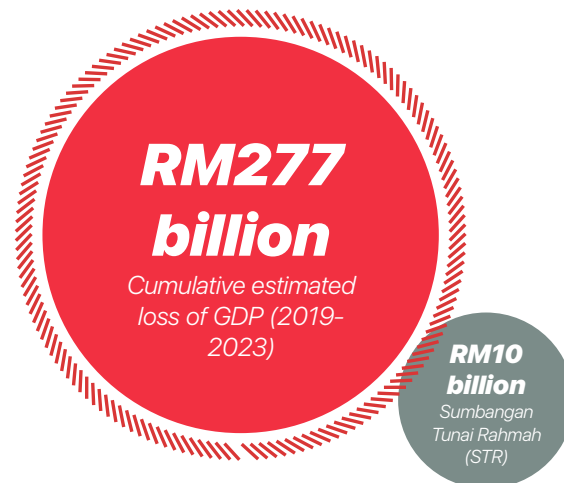
Corruption manifests in various forms, impacting societies across the spectrum, from the most affluent to the most deprived, encompassing mature democracies and emerging economies alike. Its ramifications extend beyond mere financial burdens, penetrating the fabric of society and eroding the foundations of law and democracy.

Pervasive corruption in politics and governance not only lower economic growth and living standards, but also exacerbating inequalities in income, wealth, and opportunities. The consequences reverberate throughout society, manifested in escalating living costs, diminished purchasing power, power imbalances, wage disparities, stunted growth, increased criminal activity, and in many cases, loss of lives.

On a macroeconomic scale, the detrimental impact of corruption in Malaysia is profound, culminating in staggering losses amounting to RM277 billion in economic output during the period from 2019 to 2023. To put this figure into perspective, it equates to 28 years of Sumbangan Tunai Rahmah (STR) or nearly matches the combined GDP of Johor and Penang. Addressing corruption is imperative to safeguarding national prosperity and fostering a fair and equitable society.¹

The escalation of public debt and the prevalence of leakages stemming from mismanagement and corruption, including in the public sector, warrants urgent attention. The persistent leakages within ministries, Government departments, Government link companies, and statutory bodies, require urgent rectification. This is essential to ensure the optimal utilization of public's money.

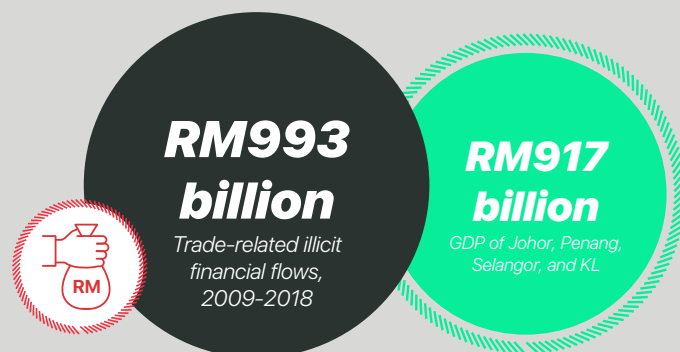
The GDP loss from 2019-2023 due to corruption is equivalent to 28 years of Government allocation for the STR.



Source: New Straits Times. 2017. Malaysia lost RM47 billion in GDP value to corruption last year - Dr Wan Azizah; Ministry of Finance (MIOF). 2024. 2024 Budget Speech.

¹ The estimation of losses due to corruption is derived from a statement by the former Deputy Prime Minister Datuk Seri Dr. Wan Azizah Wan Ismail during a press conference after the Senate Meeting at the Parliament Building. According to her statement, estimates from Transparency International Malaysia (TI-M) shows that Malaysia experienced a GDP loss of approximately RM47 billion (equivalent to 3.4% of Gross Domestic Product (GDP)) as a result of corruption in 2017. This percentage is used as a benchmark to estimate the losses for the period from 2019 to 2023, assuming a similar impact of corruption on the GDP during this timeframe.

Cumulatively, illicit financial flows from 2009 to 2018 is more than the total GDP of Malaysia's four richest states in 2022.²



Source: Global Financial Integrity. 2021. Trade-Related Illicit Financial Flows in 134 Developing Countries (2009-2018); DOSM. 2023. GDP by State 2022

Since 2016, Malaysia has consistently ranked among the top three countries out of 43 selected nations with the highest proportion of billionaires' wealth originating from sectors associated with crony capitalism and rent-seeking.

Crony Capitalism Index (Billionaires' wealth from rent-seeking-related sectors as % to GDP) (Ranking of selected countries)

2016		2021		2023	
Rank	Country	Rank	Country	Rank	Country
1	Russia	1	Russia	1	Russia
2	Malaysia	2	Malaysia	3	Malaysia
4	Singapore	3	Singapore	4	Singapore
6	Mexico	6	Mexico	5	Mexico
7	Indonesia	8	Indonesia	9	Indonesia

Source: The Economist. 2023. The 2023 Crony-Capitalism Index; The Economist. 2016. Comparing crony capitalism around the world.

Evidence of the detrimental impact of corruption on Malaysia is glaring. In 2017, the President of Transparency International Malaysia (TI-M) revealed that Malaysia incurred losses amounting to nearly RM46.9 billion due to corruption. Furthermore, the Global Financial Integrity (GFI) Report highlighted that illicit financial flows related to trade resulted in losses totaling nearly RM1 trillion (USD279 billion) between 2009 and 2018, with a significant portion attributed to corrupt practices.³

The losses amount to the size of Johor, Penang, Selangor, and Kuala Lumpur's economies combined, totaling RM971 billion in 2022.

Malaysia has frequently been cited as a country where billionaires disproportionately profit from their connections to politicians, a phenomenon commonly referred to as crony capitalism and rent-seeking. Since 2016, Malaysia has consistently ranked among the top three out of 43 selected nations with the highest proportion of billionaires' wealth stemming from sectors associated with crony capitalism and rent-seeking. It is imperative to address these issues of cronyism and rent-seeking to cultivate a fair and equitable society.⁴

2 Trade-Related Illicit Financial Flows refers to "trade misinvoicing" where importers and exporters deliberately falsify the declared value of goods on the invoices they submit to their customs authorities in order to illicitly transfer money across international borders, evade tax and/or customs duties, launder the proceeds of criminal activity, circumvent currency controls, and hide profits in offshore bank accounts.

3 The conversion is based on the average MYR/USD rate for each year during 2009-2018 period.

4 There are 10 rent-seeking sectors considered in the index: Casinos; Coal, palm oil and timber; Defence; Deposit-taking banking and investment banking; Infrastructure and pipelines; Oil, gas, chemical, and other energy; Ports; Airports; Real estate and construction; Steel, other metals, mining and commodities; Utilities and telecoms services.

Malaysians are concerned about the negative economic impact of corruption

The economic repercussions of corruption are profoundly detrimental. Nearly 80% of the Malaysian public is convinced that corruption will result in a loss of confidence among foreign investors, increased poverty among families, diminished competitiveness and economic growth, higher unemployment rates and weakening of domestic currency. These concerns are not unfounded; they are legitimate apprehensions voiced by the populace, highlighting the urgent necessity to redouble efforts in combating corruption.

Perceived Economic Impact of Corruption (%)*



Source: Universiti Sains Islam Malaysia (USIM). 2024. Development of National Anti-Corruption Strategies (NACS): Views and Experiences on Issues Related to Corruption, Integrity and Governance in Malaysia: Nationwide Survey. 2023.

* Multiple answers possible.

National Sovereignty and Security

In line with security concerns worldwide, Malaysia faces significant challenges in safeguarding its national interests, including the protection of sovereignty, territorial integrity, Government institutions, among others. Geographically, Malaysia shares both land and maritime borders with neighboring countries, presenting strategic complexities and vulnerabilities.

In recent years, border control and entry points have emerged as critical security issues, underscoring the importance of robust enforcement measures. Smuggling activities along common borders and entry points have proliferated, resulting in substantial economic losses.

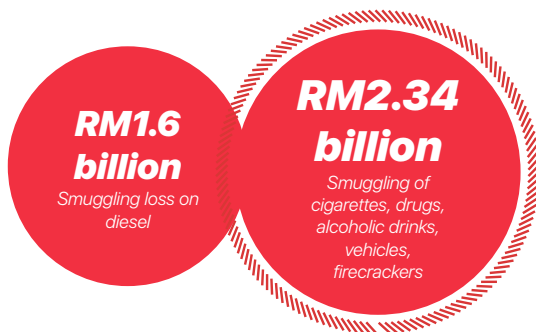
Subsidized goods intended for domestic consumption are illicitly diverted and sold at lower prices abroad, while contraband and narcotics are smuggled into the country in large quantities.

In 2024, a study found that smuggling activities has cost Malaysia 3 million liters of diesel worth RM4.5 million per day.¹ This is equivalent to RM1.6 billion annually. In 2023, the Royal Malaysian Customs Department revealed that Malaysia lost RM2.34 billion in the period between 2019 and June 2023 due to the smuggling of cigarettes, drugs, alcoholic beverages, vehicles and firecrackers.²

In spite of having legal frameworks to regulate border and entry points, lax border enforcement and potential involvement of security and politically well-connected personnel in corrupt practices contribute to ongoing issues with illegal immigrants. Without stringent enforcement measures, Malaysia risks continued influxes of illegal immigrants, undermining security and socio-economic stability.

Addressing these security challenges requires a comprehensive approach, encompassing enhanced border control measures, strengthened enforcement mechanisms, and greater cooperation with neighboring countries. Efforts to combat illegal immigration must prioritize transparency, accountability, human rights, and adherence to legal frameworks to safeguard Malaysia's national interests effectively.

Smuggling losses on diesel and other items



1 The Star. 2024. Greed fuels subsidized diesel leak. <https://www.thestar.com.my/news/nation/2024/03/28/greed-fuels-subsidised-diesel-leak>.

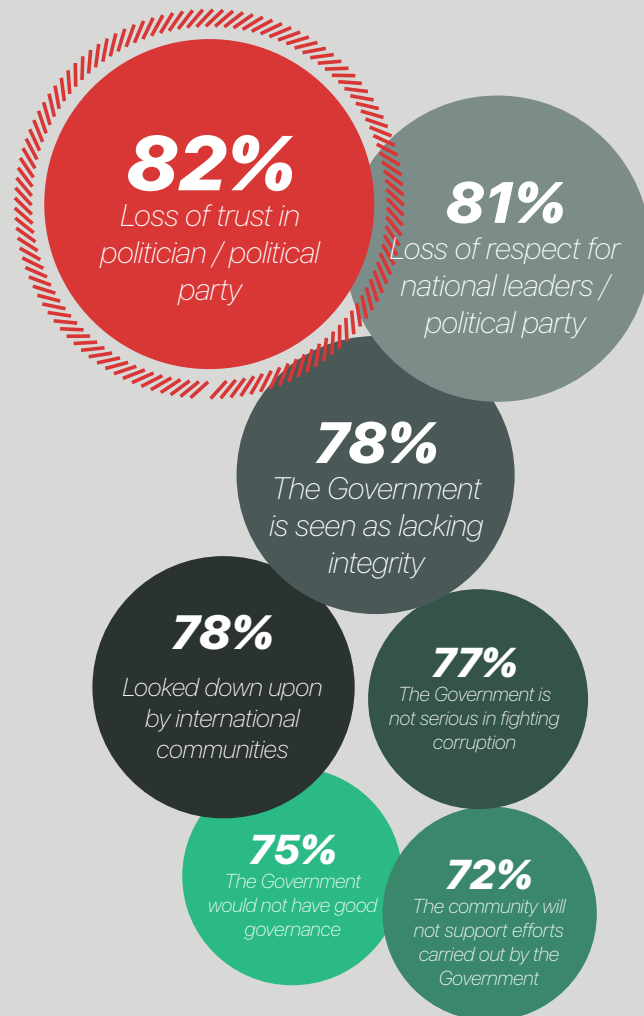
2 New Straits Times. 2023. Smuggling cost us 28 schools. <https://www.nst.com.my/news/nation/2023/10/969883/smuggling-cost-us-28-schools-nsttv>.

Loss of public trust and respect in governance and political will

The political ramifications of corruption are undeniably severe. The Malaysian public regards this issue with deep concern. Over 80% of Malaysians have expressed a loss of trust and respect for politicians and national leaders as a direct consequence of ongoing corruption issues. Furthermore, the Government is perceived as lacking integrity by 78% of the population, with 77% believing it to be insufficiently committed to combating corruption, and 75% viewing it as exhibiting poor governance.

The lack of serious leadership, appointment of dubious characters into key political positions and lack of political commitment to implement anti-corruption measures or punish those who engaged in corrupt practices have undermined the trust and effectiveness of anti-corruption efforts thus far.

Political Impact of Corruption (%)*



Source: Universiti Sains Islam Malaysia (USIM). 2024. Development of National Anti-Corruption Strategies (NACS): Views and Experiences on Issues Related to Corruption, Integrity and Governance in Malaysia: Nationwide Survey. 2023.

* Multiple answers possible.

A blue-tinted photograph of a crowd holding Malaysian flags. The flags are the national flag of Malaysia, featuring a green canton with a white crescent and a 14-pointed star, and nine horizontal stripes of red and white. The text 'Chapter 3' is overlaid in a bold, black, sans-serif font.

Chapter 3

**Malaysia Moving Forward:
NACS 2024-2028**





The Malaysian Government acknowledges the imperative need to comprehensively address corruption, recognising its detrimental impact on the integrity of governmental institutions and the welfare of the people. With a firm commitment to eradicate corruption, the National Anti-Corruption Strategy (NACS) has set a very clear national goal to achieve the national vision towards a corrupt free nation, in-line with the national aspiration of Building Malaysia MADANI.

Definition of MADANI:

“Advance in terms of thinking, spiritual and material (not societal, generation and so on) efforts to form a society – by sowing genuine family values, with the aim of community building.”

Source: Anwar Ibrahim. 2022. Building a MADANI Nation: Vision and policy framework reformation, Page 6. Institut Darul Ehsan (IDE) and The Centre for Postnormal Policy & Future Studies.

The NACS will supersede the National Anti-Corruption Plan (NACP) launched in 2019. This shows that Malaysia is always consistent in formulating strategies and actions to combat corruption.

In ensuring the holistic coverage of the National Anti-Corruption Strategy (NACS) and to meet the aspirations of the public, concerted efforts are directed towards enhancing transparency, embedding integrity and accountability principles across all sectors in Malaysia, curbing abuse of power, eliminating political interference, eradicating cronyism and nepotism, and mitigating embezzlement and mismanagement.

These strategies are positioned to enhance the transparency and integrity of the Government, thus bolstering Malaysia’s international reputation and perception.

General Principles and Strategic Priorities for Malaysia

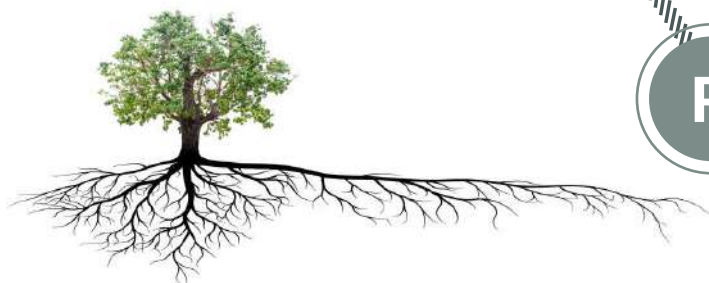
Considering the multifaceted nature of corruption and its global prevalence, it becomes evident that while corruption may manifest differently across various contexts, it often shares common traits. Whether in the form of bribery, conflicts of interest, embezzlement, abuse of power, influence peddling, nepotism, or similar malpractices, the underlying causes and impacted areas can exhibit certain similarities. However, the scale of corruption and its repercussions can vary significantly across societal, economic, and political dimensions. By delving into the potential factors contributing to these manifestations of corruption, such as the pursuit of wealth and power, it becomes feasible to characterize the types of corruption, integrity issues, and governance challenges faced. This understanding aids in identifying the root problems and formulating appropriate measures not only to address the causes but also to prevent their recurrence.

Through meticulous exploration, rigorous data analysis, comprehensive examination of past experiences, and gathering insights from diverse sources, we can systematically identify common vulnerabilities and sectors at risk of corruption. By synthesizing this information, we can offer valuable assistance to the Government and

other stakeholders in pinpointing potential areas vulnerable to corruption. This process also allows us to predict the types of corruption likely to occur and highlight sectors susceptible to corrupt practices. Such insights play a crucial role in crafting targeted anti-corruption strategies and implementing preventive measures to safeguard against corrupt activities. Armed with a deeper understanding of the problem and its underlying causes, we can develop a comprehensive strategy tailored to address corruption at its roots. These strategies encompass actionable steps that relevant stakeholders can undertake to tackle corruption within their respective organisations or affected areas, as outlined in their organisational anti-corruption frameworks.

Addressing corruption at its root is imperative as it serves as a symptom of underlying systemic issues, indicating a departure from established norms and values. By addressing the root causes of corruption, we can redirect societal norms towards ethical behavior and ensure that governance systems operate in accordance with principles of integrity and accountability.

Good Governance Principles



Good Governance Principles



Transparency

To uphold the principle of transparency to restore people's trust in the Government.



Reinforce Accountability

To ensure leaders in the public sector take responsibility in every decision made.



Efficiency

To measure on the implementation of Government policies that have a positive impact and in which the resources utilised in an optimal manner for the betterment of the country and people.

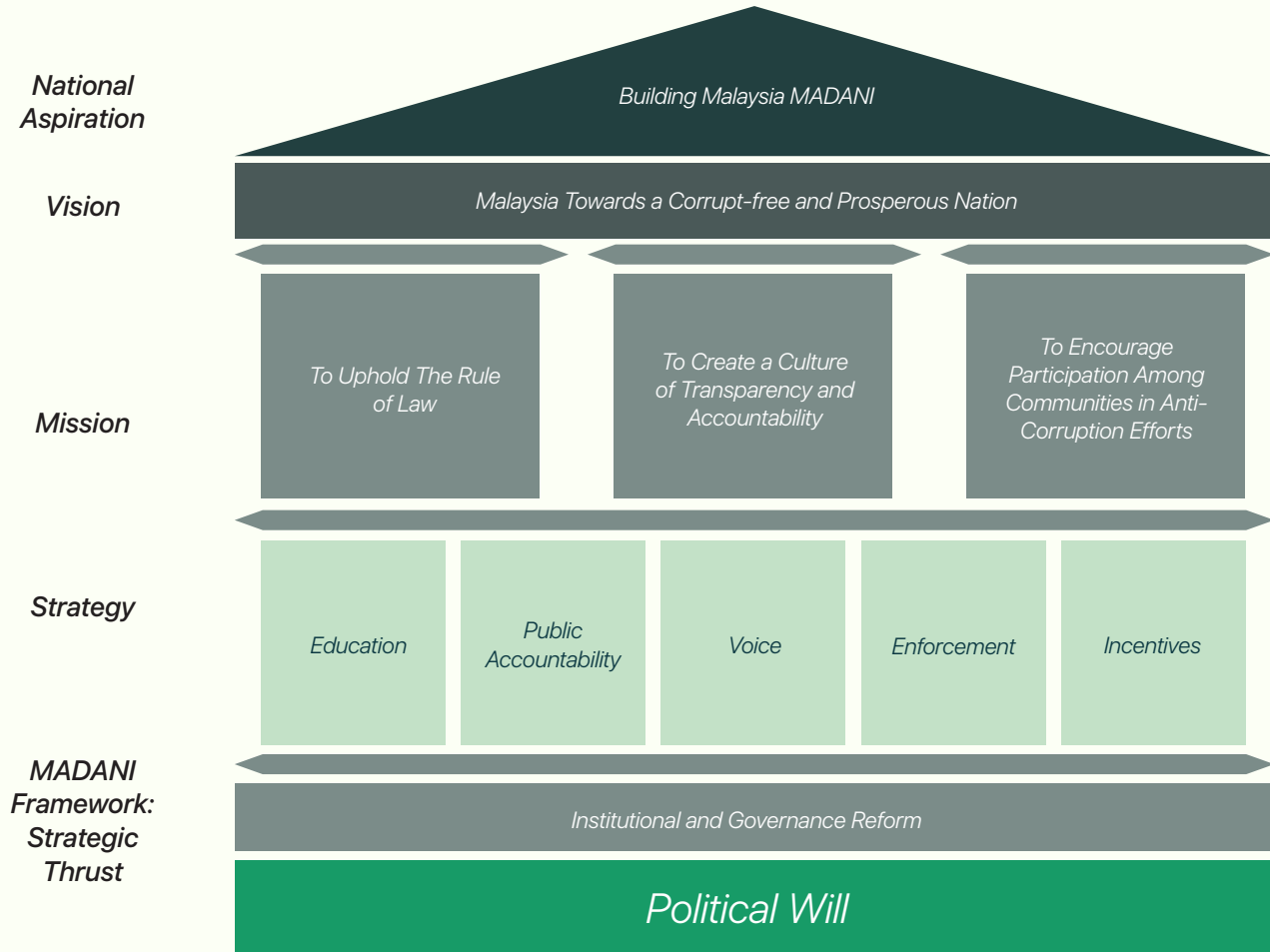


Effectiveness

To ensure that every policy and initiative that is decided is implemented in line with their intended purpose and is carried out effectively through strategic and systemic periodic monitoring.

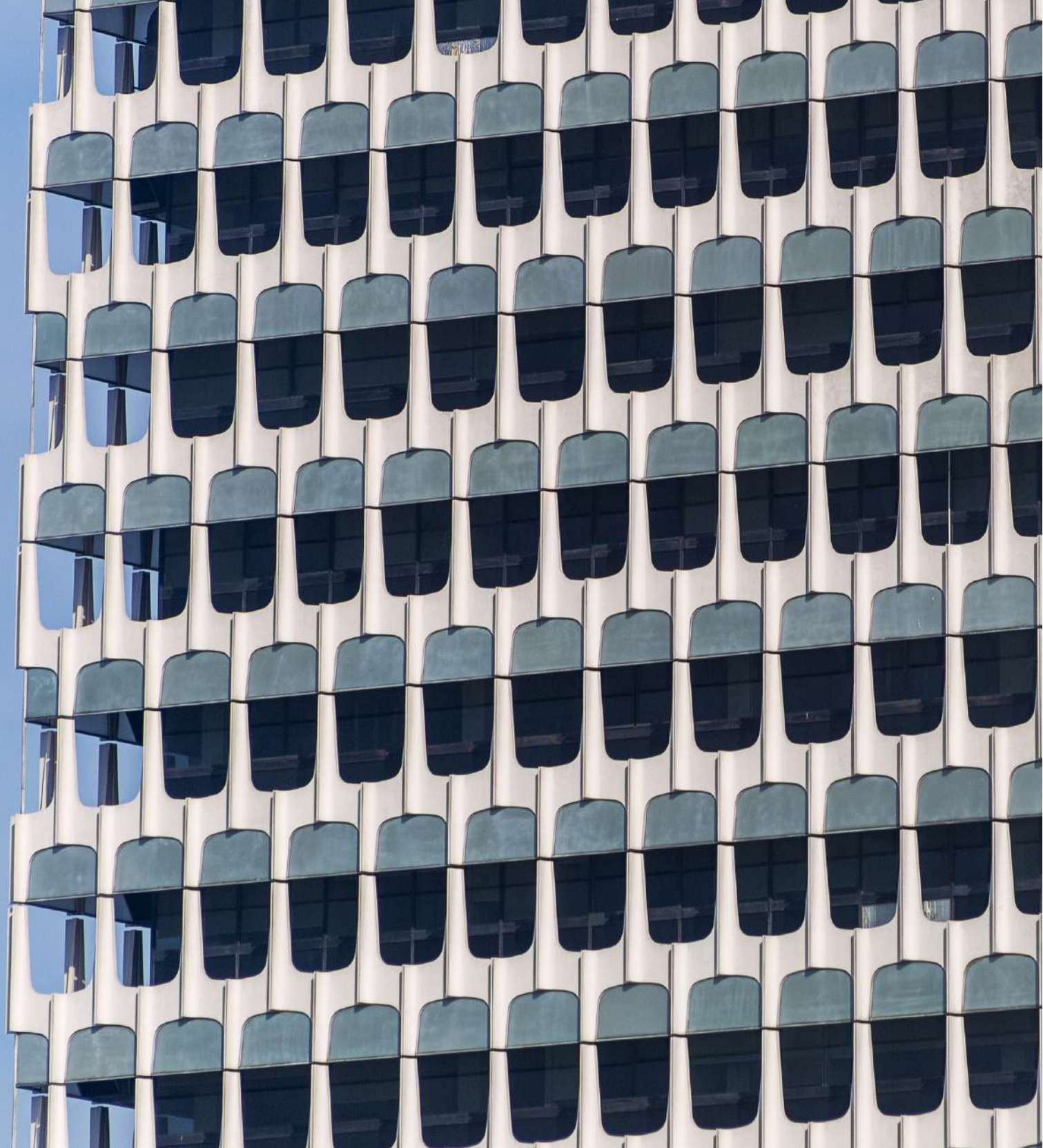
Source: National Centre for Governance, Integrity and Anti-Corruption (GIACC). 2021. *The Malaysian Governance Indicators 2020*, page 3.

The National Anti-Corruption Strategy Framework



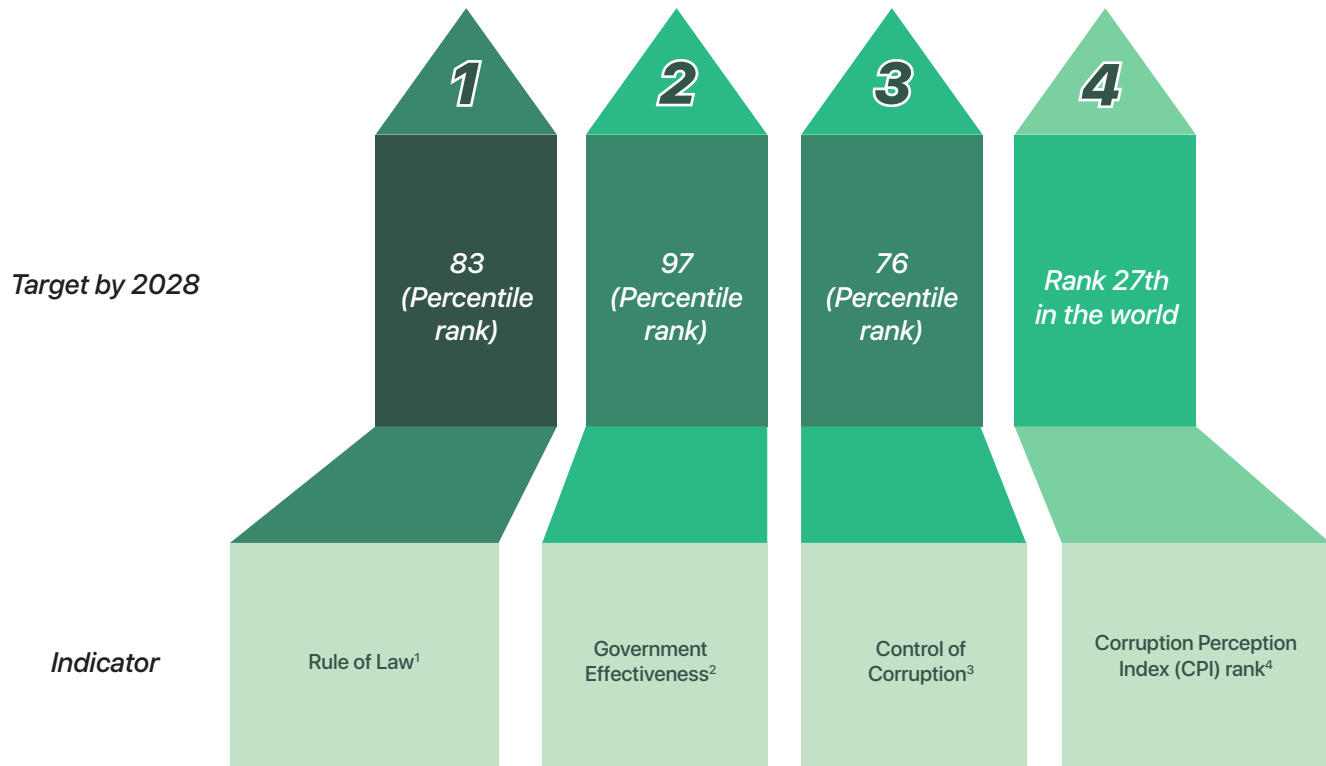
The Goal of Malaysia MADANI

To build Malaysia into a SUSTAINABLE, PROSPEROUS, CREATIVE, MUTUAL RESPECT and COURTEOUS country based on BELIEF in each other and TRUST between the Government and the rakyat on the basis of transparency and cooperation.



Targets

In order to achieve the Vision and Mission as stated in the NACS, four (4) specific targets have been identified.



Note: Worldwide Governance Index (WGI) used percentile rank to report country performance on governance. Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank). For example, Malaysia recorded a percentile rank of 62 in 2022. It means that Malaysia is only better than 62% of the countries in comparison. The description of indicator 1 to 3 of WGI is as follows:

Rule of Law: Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

Government Effectiveness: Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the Government's commitment to such policies.

Control of Corruption: Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

The projection made for 2028 target is based on the trend on the target set up for CPI under the 12th Malaysia Plan and Malaysia MADANI.

Sources:

1 World Bank. 2023. Worldwide Governance Indicators (WGI): Rule of Law. <https://www.worldbank.org/en/publication/worldwide-governance-indicators>.

2 World Bank. 2023. Worldwide Governance Indicators (WGI): Government Effectiveness. <https://www.worldbank.org/en/publication/worldwide-governance-indicators>.

3 World Bank. 2023. Worldwide Governance Indicators (WGI): Control of Corruption. <https://www.worldbank.org/en/publication/worldwide-governance-indicators>.

4 Transparency International (TI) Malaysia. 2024. Corruption Perception Index. <https://www.transparency.org/en/cpi/2023/index/vnm>.

The Government remains steadfast in its commitment to fostering good governance and eradicating corruption for the betterment of the nation and the well-being of its citizens. Embracing a forward-looking approach, the Government is committed to vigorously upholding integrity and combating corruption, with the ultimate goal of attaining recognition as a paragon of good governance on the global stage. This proactive stance underscores the Government's dedication to fostering a culture of transparency, accountability, and ethical conduct across all sectors, laying the foundation for a resilient and prosperous nation.

To realize this vision, the Government has outlined a comprehensive strategy centred on the principles of good governance, the establishment of robust institutions, and the promotion of integrity and accountability within the public sector. These pillars will serve as the foundation for the Government's efforts to curb bribery, prevent conflicts of interest, mitigate leakages, deter embezzlement, curb abuse of power, combat influence peddling, and eliminate nepotism.

The Government is also committed to fostering a culture of accountability in private sector and business community. Furthermore, strong support and active participation from the people in efforts to combat corruption are also important. It involves increasing awareness on the negative impact of corruption, the role of the public in fighting corruption, and fostering culture of integrity and accountability.

International Commitment and Perception

Corruption has become a widespread problem worldwide. It takes advantage of differences in laws between countries, how banks work, and how technology is improving quickly. It spreads easily, sometimes just by a click online. In the last ten years, while economies have been growing, corruption has also increased. It often mixes with other crimes like organized crime, fraud, terrorism, money laundering, and human trafficking. These groups can operate across borders, impacting an extensive array of business transactions.

To combat this multifaceted issue effectively, it is imperative to reassess past efforts and their efficacy. Preventing corruption requires not only political will, robust legal frameworks, transparent procedures, and heightened public awareness within each jurisdiction, but also necessitates unprecedented international collaboration and cooperation. Conventional methods alone are inadequate to stem the tide of corruption on a global scale.

The Government's commitment to combat corruption aligns with its obligations under international law, notably the United Nations Convention against Corruption (UNCAC). Adopted by the UN General Assembly in October 2003, UNCAC serves as a comprehensive international anti-corruption instrument, encompassing preventive and punitive measures. Provisions within UNCAC address cross-border corruption, asset recovery, and mechanisms for inter-agency and international cooperation. Malaysia ratified the convention on 24 September 2008, demonstrating its dedication to enhancing anti-corruption efforts.



UNCAC mandates the development and implementation of effective, coordinated anti-corruption policies that promote societal participation and reflect the principles of the rule of law, integrity, transparency, and accountability. Emphasizing the importance of these principles, Articles 5 and 6 of UNCAC require States Parties to develop and implement or maintain coordinated anti-corruption policies that uphold these fundamental principles.

At the international level, Malaysia has committed to achieving the 17 Sustainable Development Goals (SDGs) and adheres to Environmental, Social, and Governance (ESG) principles, with the United Nations Global Compact and the Global Reporting Initiative (GRI) being the two biggest ESG framework providers. Anti-corruption plays a central role in the UN Global Compact, with its principle on anti-corruption emphasizing that "businesses should work against corruption in all its forms, including extortion and bribery"¹.

Participants of the UN Global Compact commit not only to avoiding corrupt practices such as bribery and extortion but also to developing policies and programmes to address corruption within their companies and supply chains. This commitment aligns with Goal 16 of the SDGs, which emphasizes the significance of addressing corruption in achieving peace, justice, and strong institutions. Without substantial efforts to reduce corruption, progress towards other SDGs and ESG principles is likely to be impeded, highlighting the critical role of anti-corruption measures in sustainable development and responsible business practices.

¹ Transparency International. Anti-Corruption in ESG standards. https://knowledgehub.transparency.org/assets/uploads/kproducts/Anti-corruption-in-ESG-standards_Final_15.06.2022.pdf.

The background of the slide is a repeating pattern of rectangular shapes, each divided into four quadrants by a horizontal and a vertical line. The colors of these shapes vary, ranging from light blue to dark purple, creating a textured, grid-like effect. The text is overlaid on the left side of this pattern.

Chapter 4

Key Strategies



National Anti-Corruption Strategy 2024-2028

Strategy 1: Education

Description: Short term (1-2 years), Medium term (2-3 years), Long term (4-5 years)

No.	Substrategy	Period	Lead Agency	Supporting Agency
1	To enhance activities on ethics, good values and anti-corruption at pre-schools with the assistance from the teacher training institutions.	Medium	Ministry of Education	Malaysian Anti-Corruption Commission
2	To review and improvise ethics, good values and anti-corruption elements in primary and secondary school text books.	Medium	Ministry of Education	Malaysian Anti-Corruption Commission
3	To strengthen age-appropriate activities in primary and secondary school that integrate ethics, integrity, and anti-corruption.	Medium	Ministry of Education	Malaysian Anti-Corruption Commission
4	To enhance extra curriculum activities at schools with the participation by individual and private entities.	Short	Ministry of Education	Malaysian Anti-Corruption Commission
5	To include ethics, good values and anti-corruption theme week in the academics' calendar at schools.	Short	Ministry of Education	Malaysian Anti-Corruption Commission
6	To improvise the implementation of Integrity and Anti-Corruption Course at higher learning institutions.	Medium	Ministry of Higher Education	Malaysian Anti-Corruption Commission
7	To introduce the implementation of Integrity and Anti-Corruption modules or course for TVET trainees at TVET Institutions.	Short	Ministry of Human Resources	<ol style="list-style-type: none"> 1. Malaysian Anti-Corruption Commission 2. Ministry of Education 3. Ministry of Higher Education 4. Ministry of Youth and Sports 5. Ministry of Agriculture and Food Securities 6. Ministry of Defence 7. Ministry of Works 8. Ministry of Tourism, Arts and Culture 9. Ministry of Women, Family and Community 10. Ministry of Plantation and Commodities 11. Ministry of Home Affairs 12. Ministry of Rural and Regional Development

Strategy 1: Education (con't)

No.	Substrategy	Period	Lead Agency	Supporting Agency
8	To collaborate with civil society organisations to develop educational materials, facilitate guest lectures, and organize extracurricular activities aimed at raising awareness about corruption and promoting ethical behaviour.	Medium	Malaysian Anti-Corruption Commission	<ol style="list-style-type: none"> 1. Ministry of Education 2. Ministry of Higher Education 3. Institute of Integrity, Malaysia
9	To strengthen the implementation of extra-curriculum activities on integrity and anti-corruption at the higher learning and TVET institutions with the participation by individual and private entities.	Medium	Malaysian Anti-Corruption Commission	<ol style="list-style-type: none"> 1. Ministry of Human Resources 2. Ministry of Education 3. Ministry of Higher Education 4. Ministry of Youth and Sports 5. Ministry of Agriculture and Food Securities 6. Ministry of Defence 7. Ministry of Works 8. Ministry of Tourism, Arts and Culture 9. Ministry of Women, Family and Community 10. Ministry of Plantation and Commodities 11. Ministry of Home Affairs 12. Ministry of Rural and Regional Development
10	To ensure the implementation of MPGIA by Ministries Secretaries and Director Generals at ministries, department and agencies.	Short	Public Service Department	Malaysian Anti-Corruption Commission
11	To conduct a survey on the effectiveness of integrity and anti-corruption education initiatives in schools.	Medium	Malaysian Anti-Corruption Commission	Ministry of Education
12	To promote utilization of digital platform in cultivating ethics, good values, integrity and anti-corruption in schools.	Medium	Ministry of Education	Malaysian Anti-Corruption Commission
13	To conduct integrity and anti-corruption course for educators at higher learning institutions.	Medium	Ministry of Higher Education	Malaysian Anti-Corruption Commission

Strategy 2: Public Accountability

No.	Substrategy	Period	Lead Agency	Supporting Agency
1	To introduce the Public Procurement Act.	Medium	Ministry of Finance	Attorney General Chambers
2	To relook requirements in the appointment and the dismissal of the MACC Chief Commissioner and the establishment of MACC Service Commission.	Long	Malaysian Anti-Corruption Commission	1. Legal Affairs Division 2. Attorney General Chambers
3	To enhance screening system in hiring public servants.	Medium	Malaysia Office of the Chief Government Security Officer	1. Public Service Department 2. Malaysian Anti-Corruption Commission 3. Police Service Commission 4. Education Service Commission
4	To conduct study on the feasibility in enacting Governance Bill.	Long	Malaysian Anti-Corruption Commission	Attorney General Chambers
5	To propose Anti-Bribery Management System (ABMS) MS ISO 37001 certification as a requirement for companies in order to bid for Government contracts at procurement value of RM10 million and above.	Short	Ministry of Finance	1. Department of Standards Malaysia 2. Malaysian Anti-Corruption Commission
6	To implement an integrated procurement system taking into account emerging technology that provide a digital financial platform, artificial intelligence, cloud computing and end to end process.	Short	Ministry of Finance	
7	To revive the Parliamentary Service Act.	Short	Legal Affairs Division	Parliament of Malaysia
8	To amend the Parliamentary Privileges and Powers Act 1952 [Act 347] by incorporating a code of ethics for Members of Parliament.	Long	Legal Affairs Division	Parliament of Malaysia
9	To standardise enforcement actions and compounds among maritime agencies in the country to ensure that the actions taken are appropriate.	Medium	Ministry of Transport	1. Marine Department Malaysia 2. Malaysian Maritime Enforcement Agency 3. Marine Police Force
10	To set the implementation of duty rotation in corruption high risk sectors as Key Performance Indicator (KPI) of the Head of Departments.	Medium	Public Service Department	Malaysian Anti-Corruption Commission
11	To introduce a single identification document for foreign students in order to avoid abuse of power by enforcement agencies.	Short	Ministry of Home Affairs	Ministry of Higher Education

Strategy 2: Public Accountability (con't)

No.	Substrategy	Period	Lead Agency	Supporting Agency
12	To introduce a mechanism for declaration of interest and gift by members of the administration and members of Parliament.	Medium	Parliament of Malaysia	Malaysian Anti-Corruption Commission
13	To introduce policy or guideline for the "cooling-off" period for public officials and senior civil servants moving to corporate entities for executive posts.	Medium	Public Service Department	Malaysian Anti-Corruption Commission
14	To improve governance effectiveness by implementing the recommendations mentioned in the Auditor General's Report through continuous monitoring using the Auditor General's Dashboard (AG Dashboard)	Medium	National Audit Department	
15	To enact Freedom of Information Bill for public to access government information.	Short	Legal Affairs Division	Malaysia Office of the Chief Government Security Officer
16	To strengthen governance and the function of Internal Audit in Public Services.	Medium	National Audit Department	
17	To oblige companies to declare their beneficial ownership in order to participate in public procurement.	Medium	Ministry of Finance	Malaysian Anti-Corruption Commission
18	To oblige public sector in developing organisational anti-corruption measures based on corruption risk assessment with the assistance of MACC.	Medium	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
19	To review provisions related to the use of Government's machinery for campaigning by candidates and political parties in elections to be included in the Election Offences Act 1954 [Act 5].	Long	Election Commission	

Strategy 3: Voice

No.	Substrategy	Period	Lead Agency	Supporting Agency
1	To create an avenue for CSO members to share experience in anti-corruption efforts by annually publishing a report and recommendations.	Short	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
2	To conduct a national survey on vulnerable areas prone to corruption.	Long	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
3	To conduct a national assessment to identify the level of corruption among Malaysians annually.	Long	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
4	To organise annual conferences on anti-corruption research.	Short	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
5	To establish an anti-corruption caucus comprising of CSOs.	Short	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
6	To establish anti-corruption caucus comprising indigenous communities.	Short	Ministry of Rural and Regional Development	Malaysian Anti-Corruption Commission
7	To introduce the implementation of an integrity and anti-corruption plan to members of the Interfaith Harmony Council.	Short	Ministry of National Unity	1. Malaysian Anti-Corruption Commission 2. Department of Islamic Development Malaysia
8	To strengthen bilateral and multi-lateral relationship in matters of anti-corruption prevention.	Long	Malaysian Anti-Corruption Commission	Ministry of Foreign Affairs
9	To establish anti-corruption caucus comprising of business chambers.	Short	Malaysian Anti-Corruption Commission	Institute of Integrity Malaysia
10	To leverage the Corporate Integrity System Malaysia (CISM) programme to promote good governance, integrity, and anti-corruption in the private sector.	Medium	Institute of Integrity Malaysia	1. Central Bank of Malaysia 2. Companies Commission of Malaysia 3. Securities Commission 4. Bursa Malaysia 5. Malaysian Anti-Corruption Commission
11	To intensify the anti-corruption campaign to foreign embassies and foreign business chambers established in Malaysia regarding the misuse of power, mismanagement of public funds, and legal processes in Malaysia.	Short	Ministry of Foreign Affairs	1. Malaysian Anti-Corruption Commission 2. Ministry of Investment, Trade and Industry Malaysia
12	To enhance the reporting procedures of the MACC by updating the status of complaints to the complainant.	Medium	Malaysian Anti-Corruption Commission	
13	To organise annual stakeholder engagement sessions with legislators in the Parliament and State Legislative Assemblies.	Short	Malaysian Anti-Corruption Commission	1. Parliament of Malaysia 2. State Legislative Assemblies

Strategy 4: Enforcement

No.	Substrategy	Period	Lead Agency	Supporting Agency
1	To amend the Whistleblower Protection Act 2010 [Act 711].	Short	Legal Affairs Division	Attorney General Chambers
2	To implement technology-driven equipment in detention centres.	Medium	Ministry of Home Affairs	
3	To introduce the Political Financing Bill.	Long	Legal Affairs Division	1. Malaysian Anti-Corruption Commission 2. Election Commission 3. Registrar of Societies Malaysia
4	To review the spending limit of election candidates.	Long	Election Commission	Attorney General Chambers
5	To review Part III (Corrupt Practices) of the Election Offences Act 1954 [Act 5].	Long	Election Commission	
6	To introduce the Malaysian Ombudsman in providing a platform for the public to voice their complaints against the public service delivery system.	Medium	Legal Affairs Division	Attorney General Chambers
7	To study the feasibility of implementing Deferred Prosecution Agreements within the Malaysian legal framework.	Long	Malaysian Anti-Corruption Commission	Attorney General Chambers
8	To implement live streaming of corruption trials at the Court of Appeal for public viewing.	Medium	Office of the Chief Registrar of Federal Court Malaysia	
9	To legislate regulations at entry points to ensure national border security.	Medium	Ministry of Home Affairs	

Strategy 5: Incentives

No.	Substrategy	Period	Lead Agency	Supporting Agency
1	To include tax rebates for individuals and companies that participate in and contribute to anti-corruption programmes organised by civil society organisations recognised by the MACC.	Medium	Ministry of Finance	Malaysian Anti-Corruption Commission
2	To review the witnesses' allowances in corruption trial cases.	Medium	Ministry of Finance	Malaysian Anti-Corruption Commission
3	To offer incentives to whistleblowers who expose any improper misconduct leading to case detection.	Medium	Legal Affairs Division	Malaysian Anti-Corruption Commission
4	To review the tax reduction mechanism to encourage participation by entities organising anti-corruption programmes.	Short	Ministry of Finance	Malaysian Anti-Corruption Commission
5	To encourage tax incentives among companies that obtain ABMS ISO 37001 accreditation.	Short	Ministry of Finance	1. Malaysian Anti-Corruption Commission 2. Department of Standards Malaysia
6	To provide additional financial incentives (culture test) from the Film in Malaysia Incentive (FIMI) to local producers for the production of anti-corruption creative content.	Medium	Ministry of Communication	Malaysian Anti-Corruption Commission



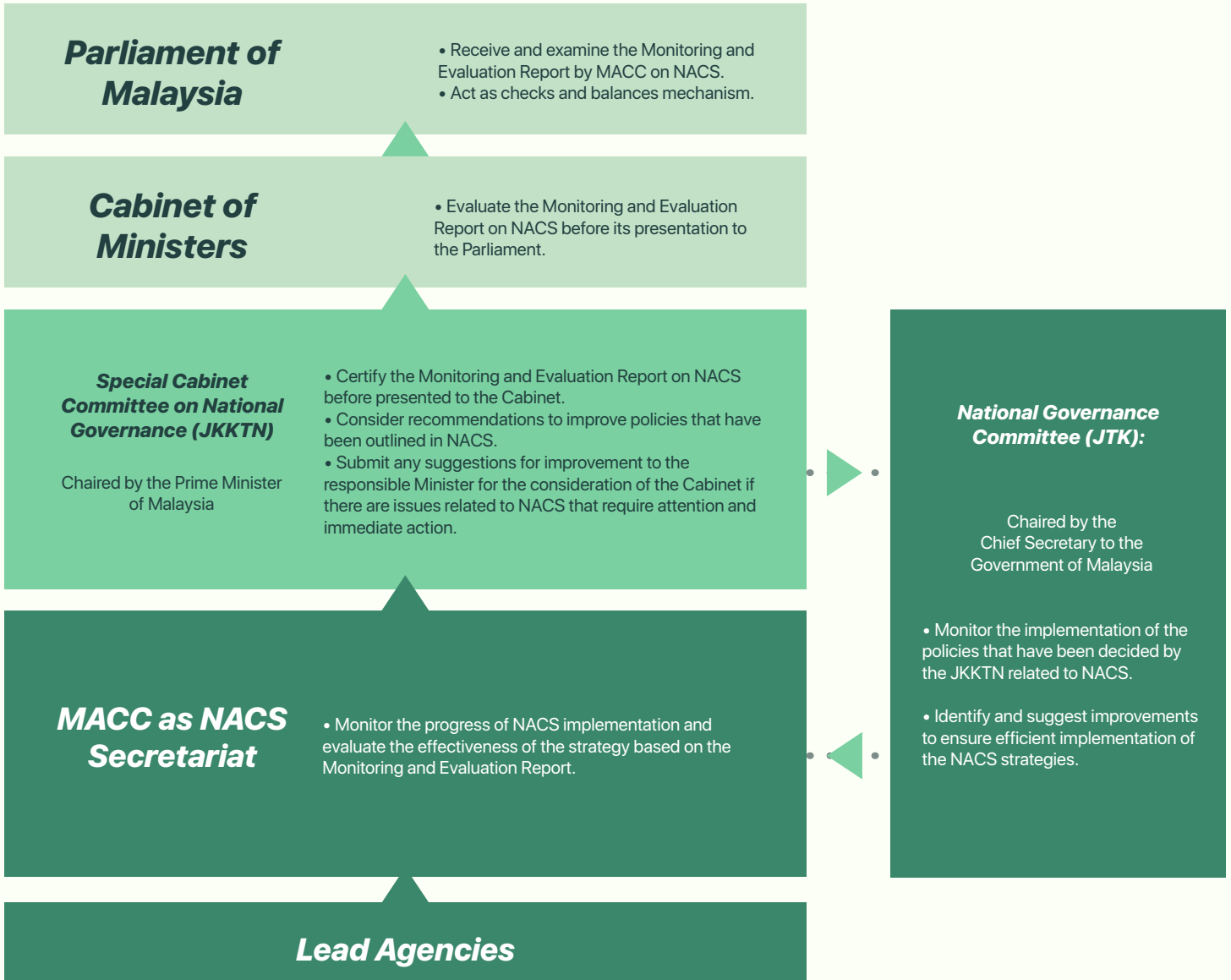


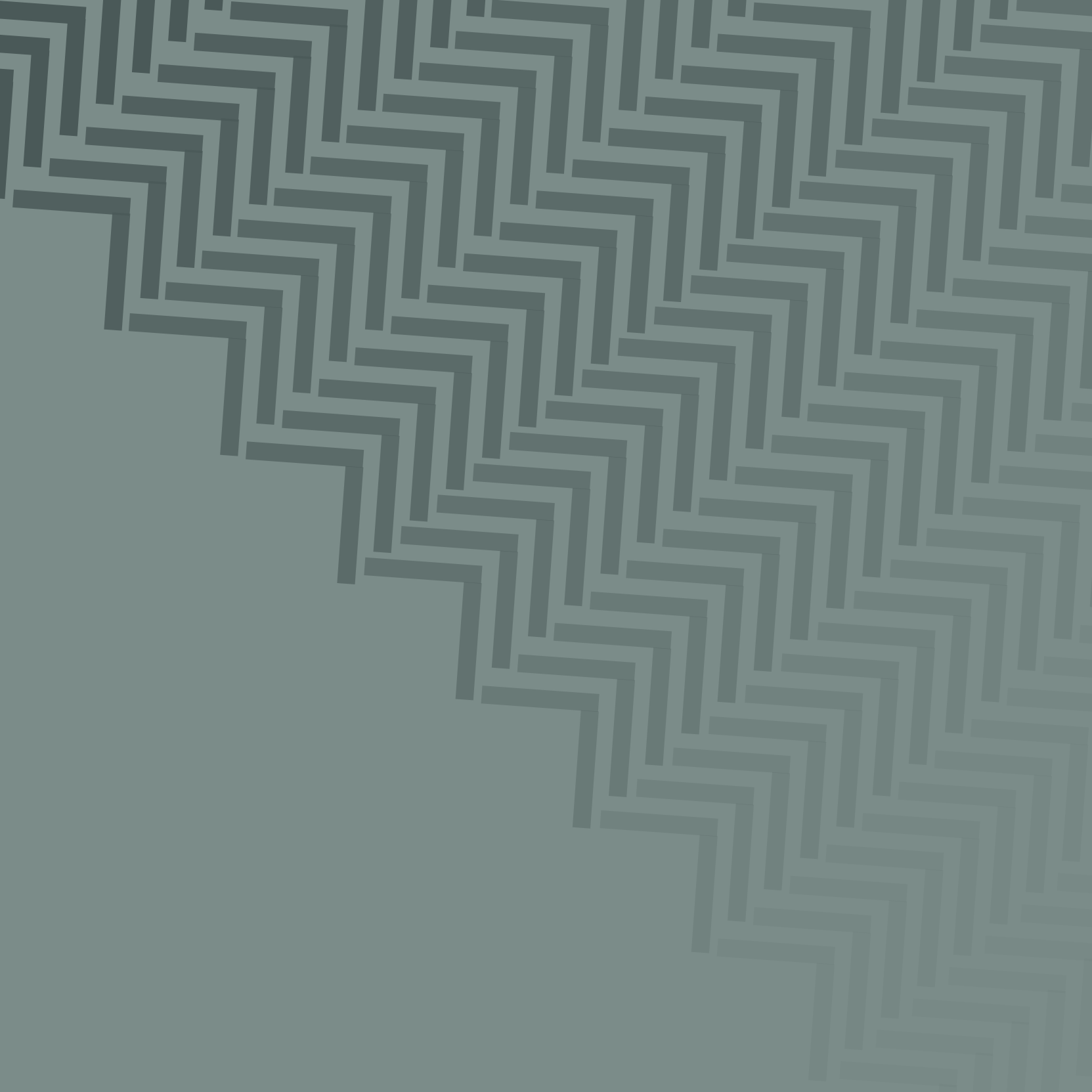
Chapter 5

NACS Implementation



The National Anti-Corruption Strategy (NACS) Governance Structure





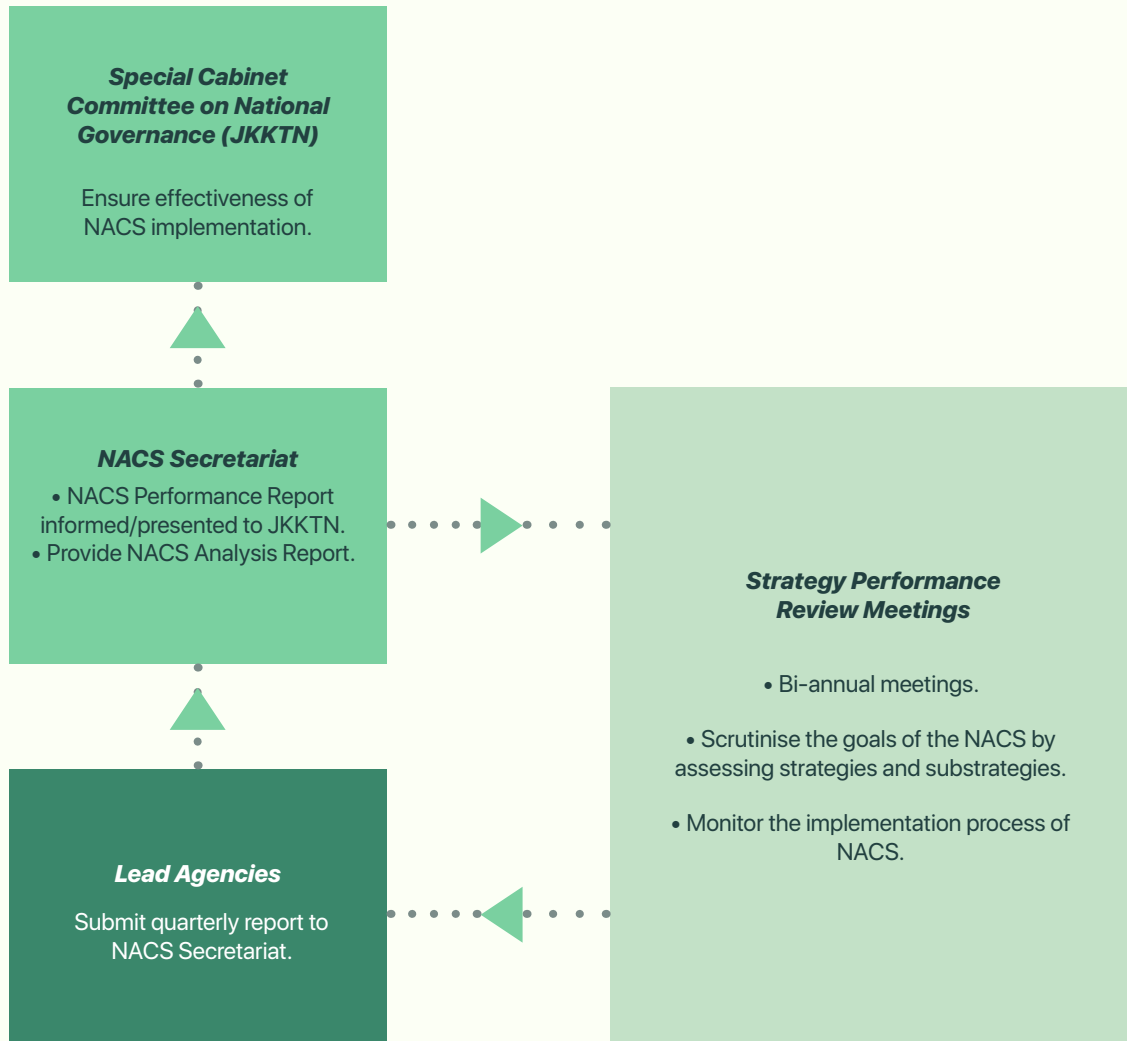


NACS Monitoring and Evaluation

The National Anti-Corruption Strategy (NACS) serves as a dynamic framework designed to facilitate the effective implementation of anti-corruption measures by all pertinent stakeholders, thereby contributing to the ongoing reform of anti-corruption strategies in Malaysia. Central to its success is the meticulous monitoring of progress and outcomes, underscoring the imperative of converting monitoring and evaluation from theoretical principles into tangible practices integrated with the execution of strategies and action plans. Rather than a superficial endorsement confined to written documents, the commitment to monitoring and evaluation must permeate every facet of strategy execution, engaging all relevant stakeholders throughout the process.

To ensure the realization of the strategies outlined in the NACS, it is essential to establish a robust mechanism for implementing strategies and action plans, underpinned by systematic monitoring and evaluation procedures. Each step taken must align with the overarching objectives of the anti-corruption strategies, fostering transparency, accountability, and demonstrating the value added by coordinated efforts. Effective monitoring of coordination performance ensures that lead agencies execute strategies efficiently and effectively, thereby reinforcing the integrity and efficacy of the anti-corruption framework.

The National Anti-Corruption Strategy (NACS) Evaluation Mechanism



The Need for Monitoring and Evaluation

In assessing the progress and efficacy of endeavors undertaken during the execution of strategies and action plans, it is imperative to monitor developments comprehensively. This entails scrutinizing the various facets of implementation to identify potential impediments and evaluate the output and outcomes achieved. Effective monitoring hinges on robust inter-institutional cooperation, whereby the MACC through the National Governance Planning Division (NGPD) will serve as the coordinating and monitoring body for the NACS, collaborate closely with all relevant stakeholders to oversee strategy implementation and provide guidance as needed.

The successful implementation of national anti-corruption strategies hinges upon the establishment of a coherent coordination mechanism and cooperation among diverse departments and agencies tasked with executing strategies and action plans. To facilitate this, MACC will convene biannual Strategy Performance Review Meetings, bringing together key personnel from relevant stakeholders to review progress and address any challenges encountered during implementation. Concurrently, stakeholders are required to submit quarterly progress reports using a designated template to ensure regular updates on implementation progress.

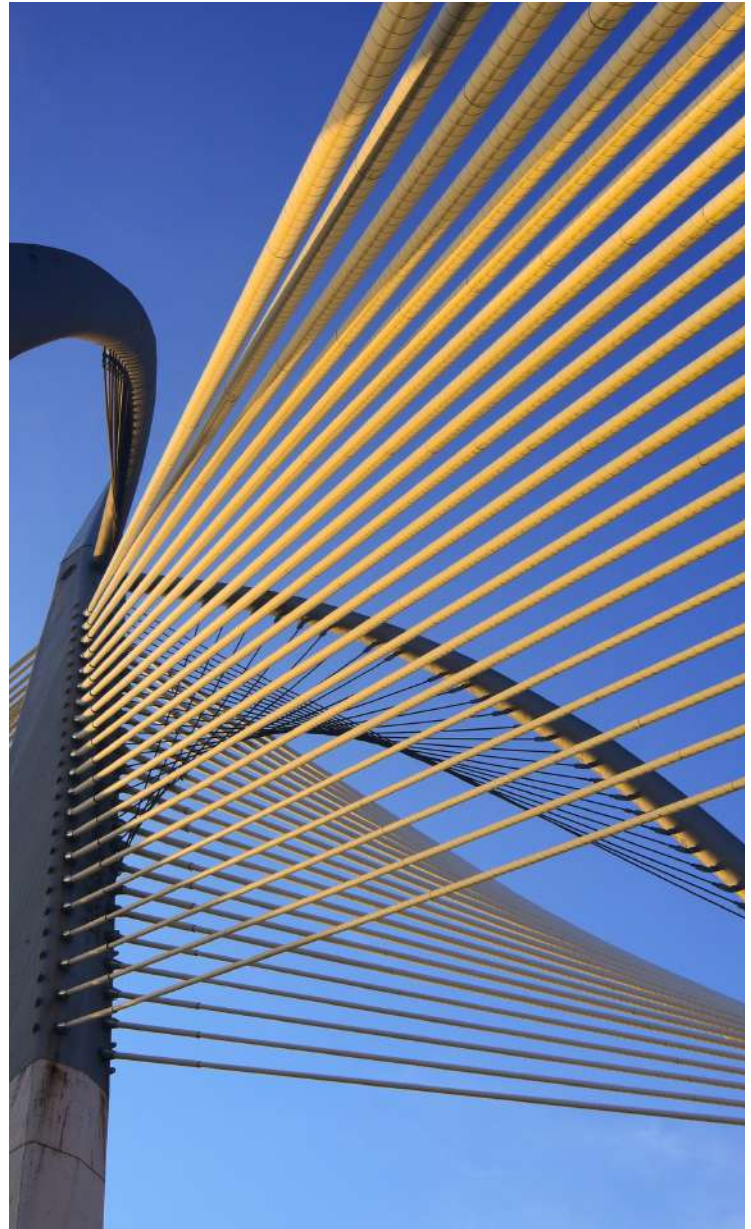
The Monitoring, Evaluation and Reporting Mechanism

The Malaysian Anti-Corruption Commission (MACC) will serve as the central entities responsible for monitoring, evaluating, facilitating discussions, and reporting on the implementation of all strategies and substrategies. In line with guidance from the United Nations on Anti-Corruption Policies, monitoring activities are essential for gathering critical information to inform the design of new strategic elements and the adjustment of existing ones as needed. To facilitate this process, MACC will conduct Strategy Performance Review Meetings, providing a platform for stakeholders to collectively assess the efficacy of implemented measures.

Understanding Monitoring and Evaluation

Careful data collection serves to inform programme managers and stakeholders, facilitating decision-making regarding various elements such as strategies, resource allocation, activities, outputs, and outcomes. Monitoring relies on both existing and newly acquired data to report factual information. It is distinct from evaluation but serves as a crucial prerequisite for it. Evaluations become significantly more challenging in the absence of monitoring data for a programme or project.

Evaluation, on the other hand, constitutes a systematic assessment and value judgment of the appropriateness, effectiveness, and efficiency of a programme, component, or activity. It is conducted with the aim of assisting stakeholders in gaining a comprehensive understanding of the programme and its outcomes, including the causal relationships between various critical success factors.

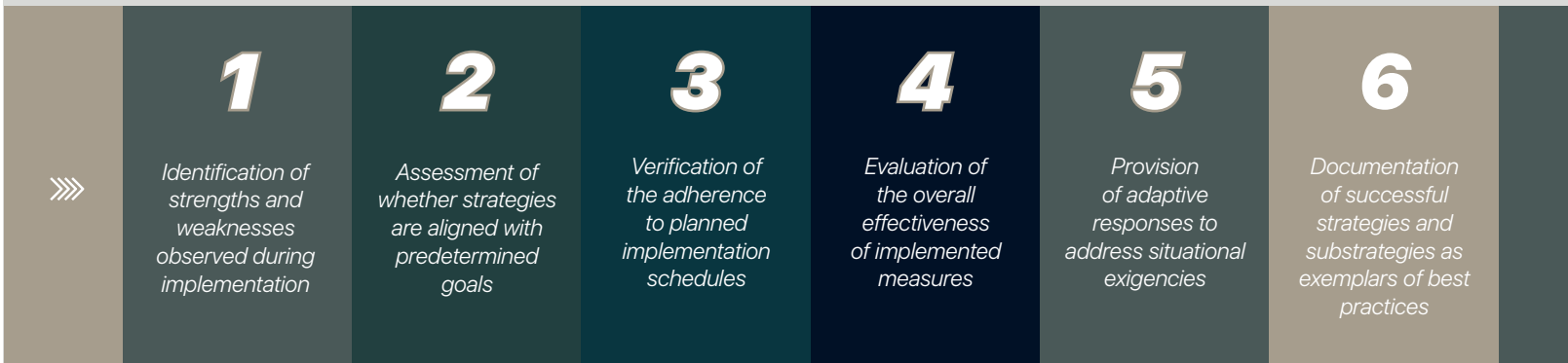


Evaluation Process

The primary objective of evaluation is to determine the efficacy and significance of anti-corruption strategies, identifying both successful approaches and areas requiring improvement. Through evaluation, the Government can address shortcomings, manage challenges, and refine strategies for enhanced effectiveness. It is imperative that every strategy undertaken by stakeholders undergoes thorough assessment to ensure the sustainability of the anti-corruption strategies.

The evaluation process seeks to gather analytical insights into the actual outcomes of implemented strategies and substrategies. Key aspects addressed are as below.

Overview of the Evaluation Process



Purpose of Evaluation

Components scrutinized during the evaluation process encompass:

1. The degree of goal attainment within the National Anti-Corruption Strategy (NACS), evaluating the strategies and substrategies implemented by stakeholders.
2. The procedural aspects of NACS implementation, including the execution and oversight mechanisms employed.

The evaluation of the National Anti-Corruption Strategy (NACS) is guided by four primary objectives:

a) Enhancing Stakeholder Performance

Evaluation and feedback mechanisms are designed to facilitate continuous improvement among stakeholders, enabling them to refine their strategies and approaches.

b) Promoting Governance and Accountability

By providing evidence-based findings on the efficacy of programmes and projects, evaluation supports governance and ensures accountability among stakeholders.

c) Facilitating Knowledge Generation

Evaluation endeavors to generate knowledge by elucidating what strategies prove effective and which ones do not, thus contributing to a collective understanding of anti-corruption efforts.

d) Informing Evidence-Based Decision-Making

Through the dissemination of evaluation results, stakeholders are empowered to make informed decisions, leveraging insights from programme outcomes and activities.



Chapter 6

Conclusion



Malaysia has grappled with significant challenges in its anti-corruption endeavours. Proactive action has been taken by the Government in prioritizing efforts to combat corruption for the sake of national development. Malaysian Anti-Corruption Commission (MACC) has been tasked to formulate the National Anti-Corruption Strategy (NACS) in addressing governance, integrity, and corruption issues supported by lead agencies which will implement the outlined strategies.

The NACS delineates a long-term vision of action against corruption, aiming for a nation free from corrupt practices. It encompasses a comprehensive set of approaches deemed most feasible for implementation through 5 clear strategies and 60 substrategies to foster collaboration across various sectors. Sufficient resources should be allocated to facilitate the execution of these substrategies.

To ensure the NACS's effective implementation, a comprehensive monitoring and evaluation mechanism will be established to track the progress of all strategies. Furthermore, all parties need to join hands to overcome internal governance issues while advancing the goals set forth in the NACS.

Failure to secure cooperation from all stakeholders could impede our progress and tarnish Malaysia's reputation, thereby jeopardizing its future prosperity.

Finally, and most importantly, there are three key prerequisites to ensure the success of NACS implementation during the 2024-2028 period:

1. Political will

The effectiveness of these strategies hinges greatly on maintaining unwavering political commitment to combat corruption. Such dedication is essential from key leaders from the Prime Ministers, Members of Parliament, royalty, community leaders, to religious figures. However, actions speak louder than words. A consistent national leadership across all levels, cognizant of the gravity of corruption and its repercussions, is essential. The absence of political resolve only perpetuates systemic corruption, a trend evident in numerous countries.¹

Leaders should lead by example, demonstrating determination and possessing the authority to advocate for transparency and accountability. Furthermore, the Government must consistently enforce punishment for corrupt individuals, reclaim their unlawfully acquired assets, ensure expeditious prosecution, and avoid selective prosecutions under all circumstances.

2. Strong institutions

The success in combating corruption depends on the presence of strong, transparent, effective, and accountable institutions at all levels, upholding the rule of law and anti-corruption efforts. This begins with upholding the constitution, and safeguarding and preserving the independence of three branches of Government – executive, legislative, and judiciary. Such an institutional framework is vital for fortifying specialized anti-corruption bodies, ensuring their autonomy and accountability, allocating necessary resources and training, and adapting their structures as required to meet contemporary challenges.

Source:

1 Khan, M. (2006). Corruption and governance. https://eprints.soas.ac.uk/9849/1/Corruption_in_Jomo_and_Fine.pdf.

3. Inclusive and responsible policy

Anti-corruption strategies must extend beyond mere reliance on transparency and accountability frameworks. The strategies deployed should be seamlessly integrated across all relevant policies, programmes, and institutions. Effective policies should exert influence on all stakeholders vested with the authority and capacity to enforce regulations, ultimately culminating in successful transparency and accountability mechanisms.²

To effectively combat corruption and uplift society, it is imperative to adopt a comprehensive and holistic all-of-nation approach. This strategy should prioritize enhancing access to social protections (including healthcare, education, and social welfare programmes), providing alternative economic opportunities (such as skills training, job creation initiatives, and entrepreneurship support) to empower Malaysians to reject corrupt practices.

Furthermore, addressing the immediate negative impacts of corruption, such as poverty, inequality, and lack of access to basic services, is crucial. This holistic approach acknowledges the complex interplay between corruption and social inequality, aiming to foster inclusive development and strengthen the fabric of society.

Source:

² Khan, M., & Roy, P. (2022). Making anti-corruption real: using a 'Power Capabilities and Interest Approach' to stop wasting money and start making progress. <https://eprints.soas.ac.uk/37906/1/ACE-SynthesisPaper001-MakingAntiCorruptionReal-1.pdf>.

Acknowledgements

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Appendix 1

NACP Initiatives That Could Not Be Completed as of December 2023

Initiatives That Could Not Be Completed as of December 2023: 26 Initiatives

No.	Initiative No.	Initiative	Status
1	5.2.1	To use Information and Communications Technology (ICT) in all detention centres.	To be included in NACS 2024–2028 under Strategy 4 substrategy 2.
2	5.2.2	To improve existing foreign workers centralised management system i.e. streamlining and integrating the existing online systems for foreign workers application.	To continue implementation in other Government committees meeting at national level.
3	5.2.3	To apply digital technologies to monitor all illegal and illicit activities such as illegal immigrants, smuggling and other illicit activities at all border control and entry points into the country.	To be included in NACS under Strategy 4 substrategy 9.
4	5.2.4	To establish an integrated database system for the registration of immigrants flowing into and out of Malaysia.	To continue implementation in other Government committees meeting at national level.
5	4.1.2	To promote clear separation of powers and impartiality, i.e. the power of the Attorney General should be separated from the power of Public Prosecutor. Attorney General. The Attorney General should no longer assume responsibility and power in prosecution matters. Public Prosecutor. The Public Prosecutor takes over the prosecutorial duties and powers from the Attorney General.	To continue implementation in other Government committees meeting at national level.

Initiatives That Could Not Be Completed as of December 2023: 26 Initiatives (Con't)

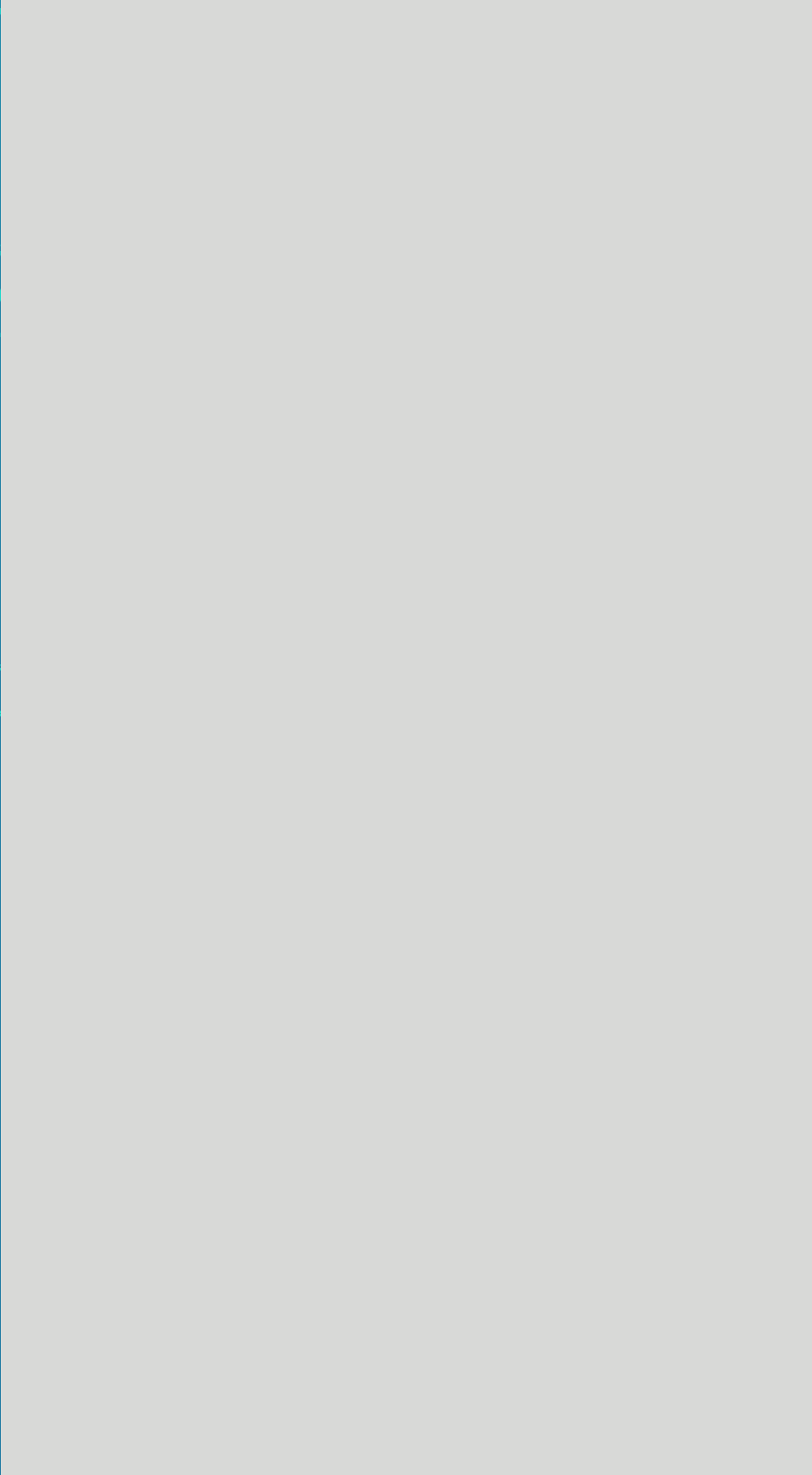
No.	Initiative No.	Initiative	Status
6	1.1.1	To undertake a study on the viability of electronic electoral system and to implement if deemed feasible.	Initiative to continue implementation in other Government committees meeting at national level.
7	1.1.2	To review the amount of election expenses allowable for each constituency; by whom such amount should be allowed to be spent on; to clearly define what constitutes to "election expenses".	To be included in the NACS under Strategy 4 substrategy 4.
8	1.1.3	To establish transparent process of boundaries delimitation for Parliamentary and state legislative assemblies	To continue implementation in other Government committees meeting at national level.
9	1.1.4	To review and strengthen Part III (Corrupt Practices) of the Election Offences Act 1954 [Act 5].	To be included in NACS in Strategy 4 substrategy 5.
10	1.1.5	To insert legal provision on the use of Government's machinery in promoting the election of any candidate or political party as an offence under Election Offences Act 1954 [Act 5].	To be included in NACS in Strategy 2 substrategy 19.
11	1.2.1	To strengthen the independence and widen the autonomy of the National Audit Department by placing them under the Parliament.	To continue implementation in other Government committees meeting at national level.
12	2.3.1	To empower Local Authorities through amendments of the Local Government Act 1976 [Act 171].	To continue implementation in other Government committees meeting at national level.
13	3.4.1	To introduce legislation on public procurement in regulating the procurement activities, improving efficiency resource utilisation, safeguarding public and national interest as well as protecting the rights of contracting parties.	To be included in NACS under Strategy 2 substrategy 1.
14	3.1.5	To create accountability and transparency in defining the exercise of power of Minister as stipulated in legal provisions especially in procurement and financial system.	To be included in NACS under Strategy 2 substrategy 1.

Initiatives That Could Not Be Completed as of December 2023: 26 Initiatives (Con't)

No.	Initiative No.	Initiative	Status
15	3.2.2	To establish procurement complaints mechanism for aggrieved parties.	To be included in NACS under Strategy 2 substrategy 1.
16	3.2.5	To introduce the eWorks system in monitoring project management, project approval(s) and value analysis.	To be included in NACS under Strategy 2 substrategy 1.
17	3.2.6	To enhance the technology-based procurement system (e-perolehan) in order to reduce human intervention between parties.	To be included in NACS under Strategy 2 substrategy 1.
18	3.2.11	To oblige tenderers/companies to declare their beneficial owner in order to participate in Government procurement, based on guidelines issued by the Companies Commission of Malaysia (CCM).	To be included in NACS under Strategy 2 substrategy 1.
19	3.2.4	To amend rules and regulations in monitoring the wrong doings by contractors and project consultants (Engineer, Architect, and Quantity Surveyor).	To continue implementation in other Government committees meeting at national level.
20	1.2.4	To transform the Public Complaints Bureau (PCB) into Malaysian Ombudsman.	To be included in NACS Strategy 4 substrategy 6.
21	3.2.3	To introduce a checks and balances mechanism in procurement dealings with the involvement of Integrity Unit and Internal Audit Officers.	To continue implementation in other Government committees meeting at national level.
22	5.3.2	To empower the Malaysian Anti-Corruption Commission (MACC) in terms of the appointment of Chief Commissioner, budgetary, oversight committee, establishment of service commission and manpower.	To be included in NACS Strategy 2 substrategy 2.
23	5.4.1	To insert a new provision in the existing law that criminalises misconduct in public office which shall impose punitive measures against public officials who deliberately cause leakage or wastage of Government funds.	To be included in NACS in Strategy 2 substrategy 1.

Initiatives That Could Not Be Completed as of December 2023: 26 Initiatives (Con't)

<i>No.</i>	<i>Initiative No.</i>	<i>Initiative</i>	<i>Status</i>
24	5.4.2	To include a new provision in the Malaysian Anti-Corruption Commission Act 2009 (Act 694) which provides that a commercial organisation/ person commits an offence if the commercial organisation/person to sell off a Government project/tender to another party for monetary gains without undertaking the project/tender; this provision shall also require any person who benefits from the sale of the project/ tender to reveal the beneficiary ownership.	To be included in NACS in Strategy 2 substrategy 1 and 17.
25	6.3.2	To study implementation mechanism on Anti-Bribery Management System (ABMS) MS ISO 37001 certification requirement for companies which are participating in Government procurement.	To be included in NACS Strategy 2 substrategy 5.
26	1.3.1	To issue guidelines for Members of the Administration as a mechanism to facilitate and manage applications of support.	To continue implementation in other Government committees meeting at national level.





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