BIBLIOGRAPHIC INFORMATION

Title	Remember the National Integrity Plan
Source	http://www.mier.org.my/mierscan/archives/pdf/greg26_2_2007.pdf
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Publication/Conference	MIERScan, 26 February 2007
Edition	NA
Document Type	Article
CPI Primary Subject	Governance and Public Admin
CPI Secondary Subject	Good governance & Transparency; ; ;
Geographic Terms	Malaysia;

Abstract

The government can hasten the achievement of the National Integrity Plan through the immediate implementation of transparency as a core principle at all government levels.

Remember the National Integrity Plan

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The government can hasten the achievement of the National Integrity Plan through the immediate implementation of transparency as a core principle at all government levels.

The overall objective of the National Integrity Plan (NIP) is to fulfil the fourth challenge of Vision 2020, which is “to establish a fully moral and ethical society whose citizens are strong in religious and spiritual values and imbued with the highest ethical standards.”

The NIP identified for the first five years (2004 – 2008) the following five targets known as Target 2008 to achieve the above stated objective:

- Effective reduce of corruption, malpractices and abuse of power;
- Increase efficiency of the public delivery system and overcome bureaucratic red – tape;
- Enhance corporate governance and business ethics;
- Strengthen the family institution; and
- Improve the quality of life and people’s well-being.

The main obstacle to the achievement of the NIP Target 2008 appears to be the perception that the public sector and the elected and appointed representatives are corrupt and inefficient. International rankings such as Transparency International’s Corruption Perception Index confirm this affecting Malaysia negatively.

Transparency is an essential precondition for containing corruption, as it renders abuse difficult and increases the likelihood of detection. Most importantly, through transparency, accountability and economic efficiency is raised. When processes are transparent, lawmakers, regulators and civil servants are made to be accountable for their decisions.

Some compelling trends in Malaysia call for an immediate implementation of transparency as a core principle. Privatisation programmes and government procurement in Malaysia are conducted through non–transparent processes. Only notifications of tenders are made public. The criteria for selection and the selection process are secretive. There is also no avenue for arbitration. A greater cause for concern is the fact that concessions agreements are considered ‘official secrets’. Compounded with a non–transparent selection process, the concession agreements and government procurement lead to sub-optimal outcomes from a public policy standpoint. This has also lead to allegations of corruption.

For example, the contracting out of health support services from the public sector to three monopolies has raised the estimated expenditure of the Ministry of Health for these services from RM220 million in 1994 to RM750 million in 2005. The privatisation of water services in Johor, Selangor, Kuala Lumpur and Putrajaya has seen the water tariffs increase at higher rates compared to states where water utilities are managed and operated by the public sector. The Public Works Department is under siege for the multi-billion fiascos involving the MRR2, the Matrade Building and the Navy Recruit Training Centre. The recent upward revision of toll rates in the Klang Valley based on clauses in the concession agreement and not on cost considerations has angered the public. All these contracts were tendered and approved through non–transparent processes.

Malaysia recently achieved top position in a pilot project "*Reports of the Observance of Standards and Codes*" (ROSCs) initiated by the IMF/World Bank. This indicates good governance in the financial sector as the project surveys the adherence to international standards of the domestic financial sector. The underlying philosophy of the ROSCs is the importance of international standards in enhancing transparency which in turn strengthens the international financial architecture by identifying weaknesses and fostering market efficiency and discipline that ultimately contribute to a more robust financial system. At the national level, these international standards provide a benchmark that can help identify vulnerabilities and guides policy reform.
The Water Services Industry Bill passed in 2006 is also a step in the right direction as it includes provisions to ensure full transparency. So too are the publicly known

benchmarks for GLCs. Limiting the use of the Official Secrets Act for matters relating only to national security, defence and international relations, is also an important step in strengthening the institutional framework for an efficient market economy.

The government can hasten the achievement of the NIP Target 2008 through the single stroke of implementing transparency as a core principle at all levels of government. Together with transparent privatisation and government procurement processes that include civil society participation, transparent, clear and defendable criteria, and making all documentation from these processes publicly available and accessible, will enable Malaysia to conform to international standards and enjoy all the attending benefits.

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