

Political financing in Malaysia: Aligning reforms with voters' expectations

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Introduction

Political corruption in Malaysia is multi-faceted, multi-layered and deep rooted. Ever since Malaysia gained independence, politicians and political parties have been involved in businesses, investments, utilised Government-Linked Companies (GLCs) and accepted donations from local and overseas donors, all with the purpose of strengthening political support, fund election campaigns and party activities. In 2015, revelations brought about by the 1Malaysia Development Berhad (1MDB) scandal became a turning point in Malaysia's history. The global scandal prompted civil society groups and ordinary citizens to mobilise and call for transparency and accountability in political funding.



Numerous recommendations to improve transparency in our political financing system have been submitted to the government over the years and Pakatan Harapan (PH) came close to tabling the Political Financing Bill in Parliament before the government collapsed during the Sheraton Move in February 2020.¹ Legislation is undoubtedly needed to ensure political donations are governed by a rules-based system, but passing an Act is just the beginning of the long journey towards a healthy, mature and inclusive democracy underpinned by a political system that is transparent, accountable and does not depend on large amounts of money from entities with vested interests. An important, but sometimes overlooked part of this long journey is the relationship between politicians and their voters. Some scholars have termed this relationship "relational clientelism", where personal connections are built with voters over the long term, which goes beyond disbursing patronage.² For political financing reform in Malaysia to be holistic, this clientelist relationship must be probed and examined further.

This paper provides some insight into the relationship between voter and politician by discussing the findings from a series of workshops IDEAS conducted with youth wings from political parties across Malaysia on the topic of political financing. To try and understand the perspective of voters, in May 2021 IDEAS commissioned a survey to understand Malaysians' perception of politicians. The findings from this survey will be presented and discussed, which will contribute to understanding the linkages between voter expectations and political financing.

Ultimately, legislation is urgently needed to institutionalise the many reforms needed to improve transparency and accountability in Malaysia's political financing system. Equally important however, are concrete efforts to decouple the party and the state, to professionalise our politics and to increase the capacity of state welfare institutions in providing for the most vulnerable in our societies.

¹ I See (1) Secretary General Ms Josie Fernandez and Executive Director Mr. Alan Kirupakaran to Mr Asrul Affendi, May 5, 2011, Prime Minister's Office, Transparency International Malaysia (TI-M), Reform of Political Financing in Malaysia, <https://www.transparency.org.my/pages/news-and-events/reforming-political-financing/submission-of-memorandum-on-reform-of-political-financing-in-malaysia-to-the-prime-minister-of-malaysia>

(2) G25 Malaysia, *Reforms for Transparent and Accountable Political Funding in Malaysia*, (Kuala Lumpur: G25 Malaysia, 2018), 1-12, <https://www.g25malaysia.org/media> and, (3) National Consultative Committee on Political Funding, *Report of the National Consultative Committee on Political Financing*, August 26, 2016, <http://transparency.org.my/filemanager/files/shares/LAPORAN-JKNMPP-ENGLISH.pdf>

² Meredith L. Weiss, "Clientelism, Institutional Change, and Civil Society Activism in Malaysia," An Interview with Meredith L. Weiss, *Georgetown Journal of Asian Affairs* 6, (2020): 111-118, https://repository.library.georgetown.edu/handle/10822/1059390#_ga=2.241189314.1927065921.1633603541-151145593.1633603541

Research methodology

The research process for this paper is as follows:

- Desk research to identify the literature on political financing, news coverage, policy papers and reports
- Findings from workshops with youth wing members from a range of Malaysian political parties, conducted by IDEAS in September 2020 and June - July 2021
- Findings from a survey conducted by IDEAS between 28 May - 8 June 2021, with a sample size of 2540³

The findings were supplemented by several interviews with politicians' officers.

Political parties: the neglected stakeholder

Although significant progress had been made to raise awareness on the importance of political financing reform, the Sheraton Move and subsequent change of government brought any discussion of tabling the Political Funding Bill to a grinding halt. Years of research and advocacy by numerous academics and CSOs was at risk of going to waste and the fate of the Governance, Integrity and Anti-Corruption Centre (GIACC)⁴ and the National Anti-Corruption Plan (NACP) was also uncertain. The subsequent onslaught of Covid-19 made it even more challenging to restart the discussion on political financing. In January 2021, Malaysia's democracy suffered a setback when the Yang di-Pertuan Agong declared a state of emergency to curb the spread of Covid-19, although the move was decried by the Opposition as a means to retain the Prime Minister's control of the government.⁵ More worryingly, the emergency also meant that Parliament and all state legislatures were suspended, allowing the government to act without any checks and balances.⁶ Parliament was finally reopened on 26th July 2021 for five days and subsequently suspended again before reconvening on 13th September 2021 upon the swearing in of Datuk Seri Ismail Sabri's new government.

Even without the political instability, change of governments and the pandemic, getting the Bill passed in Parliament was going to be an uphill battle. One of the main reasons for this is a general lack of political will from both government and opposition parties. Realising that any proposed reform will eventually hit a dead end without buy-in from what is arguably the most important stakeholder of all - politicians and political parties, IDEAS decided to focus on working more directly with politicians and political parties themselves. This shift in approach also came with an awareness that senior party leaders are often the most challenging to convince, hence we decided to work more closely with young party leaders through engagement with their youth wings. From our engagements with them, it is evident that young leaders from almost all the major parties have exhibited more open-mindedness and acceptance of reforms and the need for a Political Financing Act.

³ IDEAS commissioned vase.ai to conduct this survey. The survey was carried out in the form of an online questionnaire. The questionnaire was distributed via email to the Vase database, each with a unique link to avoid duplicate responses. The email addresses the survey was sent to were from the email addresses registered with Getvase.com.

⁴ The GIACC was formed on 1st June 2018 and is tasked, among others, to oversee the strategy for the implementation of the NACP. The NACP was launched on 28th January 2019 and is the primary document that outlines the government's strategy to combat corruption. Both the GIACC and NACP were initiatives of the PH administration.

⁵ Rozanna Latiff and Joseph Sipalan, "Malaysia declares emergency to curb virus, shoring up government," *Reuters*, January 12, 2021, <https://www.reuters.com/article/us-health-coronavirus-malaysia-idUSKBN29H06G> (accessed October 7, 2021).

⁶ Al Jazeera, "At COVID-19 'breaking point', Malaysia suspends parliament," *Al Jazeera*, January 12, 2021, <https://www.aljazeera.com/news/2021/1/12/malaysia-heads-into-lockdown-with-hospitals-at-breaking-point> (accessed October 7, 2021).

Engaging political parties: workshops with youth wings

The first workshop series was conducted in September 2020 in Kuala Lumpur. The workshops saw participation from the national level youth wings of UMNO, MIC, Gerakan, PBRs, PKR, Amanah and DAP. The objectives of the workshop were as follows:

- To create a safe space where political parties and civil society can interact with each other openly
- To identify the challenges faced by political parties in obtaining and managing political funds
- To build a network of sustainable cooperation between civil society and political parties

The workshops were extremely useful in revealing what politicians face in their day-to-day work with their constituents on the ground. The main takeaways and lessons learned from the workshops are as follows:

- **Funding for political parties and constituency development should be kept separate in practice**

Although in theory, funding for political parties should be kept separate and independent from development funds, the current situation is that these funds are usually mixed and used interchangeably. Oftentimes, the elected representatives themselves do not understand the difference between the two and the importance of keeping them separate. Constituents also do not understand and are quite indifferent to the need to separate political and development funds.

- **Transparency in funding must begin from within political parties themselves**

Even within political parties, there is little transparency amongst party members about where funds come from. Unless one is in the upper echelons of power within the party, it is not likely that one will be exposed to from whom and where political funds are raised. This point was especially important coming from the participants because youth wings are not known to be powerful or influential within political parties. Thus, the lack of transparency within parties is to the detriment of youth wings and serves as yet another barrier for young people's participation in politics.

- **Public funding for political parties needed to mitigate reliance on single, large donors**

Overall, there was general agreement that some form of public funding is required to mitigate the negative effects of solely relying on wealthy tycoons and large corporate funders. The participants acknowledged that politicians are often trapped in situations where they are not able to refuse large donations due to the high cost of politics, which in turn means that these funders expect favours in exchange for their contributions.

- **Lack of clarity on the actual role of elected representatives**

All participants shared the same concerns about the difficulty for an elected representative to juggle between the roles of a policymaker, "24-hour on call welfare officer" and party obligations. There were also differing viewpoints on what is the actual role of an elected representative – many understood that they are meant to be policymakers, but acknowledge the reality of needing to cater to the "KBSM" (*Kahwin, Bersalin, Sakit, Mati*)⁷ for their political survival.

⁷ *Kahwin* = wedding, *bersalin* = giving birth, *sakit* = illness, *mati* = funeral. Attending these four events in their constituencies is seen as a must for MPs and ADUNs, to build close personal relationships with voters. During one of our workshops, a participant (who is an elected representative) shared the dread he feels whenever a constituent questions why he was not present at one of these occasions.

- **Concerns regarding exposure of donors must be mitigated**

Nearly all participants expressed concerns about their donors being exposed and persecuted for choosing to donate to a certain political party. Participants also acknowledged that donors often hedge their bets and contribute to parties on both sides of the political divide. In framing any legislation on political financing, this concern must be taken into account.

- **The public must be made aware of the actual role of their elected representatives**

There was general agreement on the need to improve political literacy amongst the public. The root cause of many of the problems identified lies in the public's expectations that their elected representatives should assist them with matters that concern their livelihoods. In reality, this is not a role that should be played by MPs or ADUNs, as their main duty should be policymaking.

- **The reliance on elected representatives by constituents signals a breakdown in social security systems and other state institutions**

The fact that constituents expect their elected representatives to pay their bills, provide goods, services and cash handouts signals a breakdown in social security systems and other state institutions whose duty is to ensure vulnerable communities needs are provided for.

The 2020 workshops received positive feedback from the participants. Many of them felt that their party members at the state and divisional levels would benefit greatly from these workshops. Thus, in 2021, due to the demand, we decided to further deepen our relationship with youth wings of political parties and organised a series of workshops on political financing with youth wing representatives at the state level. We held four virtual workshops throughout June and July 2021, with a total of 116 participants from 13 states and 11 political parties: UMNO, MCA, MIC, PKR, DAP, Amanah, PBRs, Warisan, MUDA, Pejuang and PPBM.

The findings from the 2020 workshops prompted a deeper focus on the questions of voters' expectations of their MPs and ADUNs, public funding of political parties and parties' involvement in business. Some of the main takeaways from the 2021 workshops are:

- **Voters expect their elected representatives to act as their guardians and saviours**

It was striking that the 2021 participants shared almost identical experiences with their 2020 counterparts regarding voter expectations. MPs and ADUNs roles are relegated to that of monetary and welfare aid providers, problem solvers and promise-keeper. One participant likened this to MPs and ADUNs needing to be *jelmaan tuhan* (God incarnate) to their constituents. Some of the participants realised this fundamental flaw and called for reforms to be introduced.

- **Party-owned assets and businesses should not be banned but they must be transparent, accountable and governed under the same rules**

One of the key questions during the workshops was whether or not political parties should be allowed to own businesses and assets. A majority of participants were in favour of parties being involved in businesses and asset ownership. Doing business is seen to be a necessity in Malaysia's political climate where public funding of parties does not exist and crowdfunding, at least on a large scale, is not the norm. Owning assets such as office buildings was also seen as important to ease party operations, especially for parties in Opposition constituencies that do not receive development funds from the state. However, there was broad agreement that there must be transparency and accountability in how these party-owned businesses are managed, and the usual corporate governance rules that

apply to any other business in Malaysia should apply to these businesses as well. Most participants agreed that the current system is plagued by allegations of corruption, conflict of interest and abuse of power.

- The distribution and management of constituency development funds (CDFs) is problematic**
CDFs are funding arrangements that channel money from the central government directly to electoral constituencies for local infrastructure projects.⁸ CDFs ensure that the central government's funds reach the community directly, typically through MPs representing their constituency.⁹ The inequality in the disbursement of CDFs was brought up frequently during both rounds of workshops. Even participants from the PH parties, who were in government for 22 months, admitted that they should have implemented equal funding while they were in power. Unequal CDFs were a major source of dissatisfaction amongst the participants, especially the ones from PH component parties and smaller BN parties such as MIC.
- The intertwined nature of political party and the state**
Many participants, especially from PH, shared that they faced problems when dealing with government agencies when they were in power. This is due to the agency's perceived loyalty to the previous government, which signals that, whether consciously or unconsciously, UMNO/BN is seen to be synonymous with government. This perceived fusion between party and state is worrying, especially now that it is unlikely for one party to hold absolute majorities both at the federal and state levels.
- Public funding is needed to level the playing field between political parties**
There was broad agreement that public funding of political parties is needed, especially for party operations. Many participants shared that the high costs incurred by parties come from paying staff at the branch and divisional levels all around the country. However, there was scepticism to this idea because of mistrust towards the impartiality and integrity of state institutions. Some participants argued that public funding can be misused by the party in power to allocate more funds to their own party, resulting in other parties being marginalised.

From the two rounds of workshops, some common trends can be identified. Firstly, there was agreement that there is a mismatch between what voters expect from their elected representatives and the role they are supposed to play. Second, the mechanism of CDFs allocation and distribution needs to be re-examined. Third, separating political parties from the state is critical if transparency in political financing is to be achieved holistically. Voter expectations is an aspect that is rarely thought about in discussions about political financing within civil society circles. Furthermore, voters' expectations of their elected representatives has a great impact on many other areas of policy, such as social protection, development spending, inequality and poverty.

The trends identified during the workshops have also raised some questions, such as what has existing research said about clientelism? How do the key findings from research drive our understanding of what are the policy solutions needed to tackle the problems that currently plague our political financing system?

⁸ Albert Van Zyl, "Budget Brief No. 10 – What is Wrong with the Constituency Development Funds?," *International Budget Partnership*, June 29, 2010, <https://internationalbudget.org/publications/brief10/>

See also, Murniati Sri, Jason R.J. Lee, Danial Ariff, Armand Azra, and Jeffrey Law, "Removal or Reform: Charting the Way Forward for Malaysia's Constituency Development Funds," *Bersih & Adil Network Sch. Bhd.*, (2021), 1-59 <https://www.bersih.org/download/removal-or-reform-charting-the-way-forward-for-malysias-constituency-development-funds/>

⁹ Sri, et al., *Constituency Development Funds*, 2

Literature review

Post GE-14, there has been an increasing number of scholars looking into the voter-politician relationship in Malaysia. Weiss and Dettman (2018), in their analysis of political patronage in Malaysia argue that even though BN lost in GE-14, political patronage and clientelism has not changed very much.¹⁰ PH has built their own clientelistic relationships with their constituencies to allow better competition against their BN counterparts that have a track record of real and targeted benefits to their loyal voters. Weiss and Dettman also bring up the important point of unequal allocation of funds between government and opposition constituencies, a practice that continued when PH won power, albeit PH did grant the then opposition MPs one-fifth of their own MPs' annual allocation. To a lesser extent than BN did, PH also punished Malaysians who did not vote for them. Weiss (2019) characterises Malaysia as a competitive electoral authoritarian state – governed by political parties who do not simply manufacture wins; instead they focus on building real popularity within their voters.¹¹ This makes it difficult for reform. She analyses relational clientelism in terms of “network, resources and discretionary control over said resources and the effects of such practices for electoral outcomes and governance.” Weiss argues that PH partly mimicked BN’s clientelist outreach and replicated some features that were within their capacity. This is an important point as it shows that clientelism is utilised consciously by both sides of the political divide to outdo each other in winning over voters. Saravanamuttu and Mohamad (2019) coined the term “monetisation of consent” to describe the reliance on money to consolidate political dominance.¹² Interestingly, the authors posit that monetisation of consent is differentiated from money politics “as it represents a subtler notion of monetary transactions that does not always or necessarily imply any iniquitous, fraudulent or criminal use of money in the shaping of public opinion and consent.” The authors then draw useful contrasts between money politics and monetisation of consent, as shown in the table below.

Image 1

Table 1. Political financing	
Money politics	Monetisation of consent
Definition	
The corrupt use of money and monetised instruments for political gain. Law can usually establish the illegality of most acts. Money politics is thus likely to be on the wrong side of the law	Pacification and gratification of groups through cash payment of public funds and use of monetised instruments on a short-term programmatic basis. Although the legality of acts is not in question, in some instances it may constitute a grey area within law
Forms and practices	
Vote-buying and electoral financing in relation to political campaigning that are prohibited by law	Cash payments to groups with voting potential such as poor households, single mothers, youth, socially vulnerable groups and vote banks done even before or after electoral campaigning period
Source of funds is public institution but obfuscated by various transference mechanisms to conceal origin	Public funds distributed through state institutions but disbursed as direct cash payment. Public budget allocations are skewed towards massive cash pay-outs in relation to short-term and customised programmes involving palpable monetary benefits
Patronage leading to rent-seeking and crony capitalism which directly benefit party or elites within party	Subsidies and credit schemes to clientelist bases rather than rents to party elites and cronies
Favouritism, nepotism in dispensing rents, licences, contracts and various monetary benefits	Favouritism of socially defined and “deserving” special interest constituents
Illegal dispensation and laundering of funds	Not illegal but ambiguous and risky in terms of fiscal and budgetary justification and integrity

Source: Saravanamuttu and Mohamad (2019)

¹⁰ Sebastian C. Dettman and Meredith L. Weiss, “Has Patronage Lost Its Punch in Malaysia?,” *The Round Table: The Commonwealth Journal of International Affairs* 107, no. 6 (2018): 739-754, <https://doi.org/10.1080/00358533.2018.1545936>

¹¹ Meredith L. Weiss, “Duelling networks: relational clientelism in electoral-authoritarian Malaysia,” *Democratization* 27, no. 1 (2020): 100-118, <https://doi.org/10.1080/13510347.2019.1625889>

¹² Johan Saravanamuttu and Maznah Mohammad, “The Monetisation of Consent and its Limits: Explaining Political Dominance and Decline in Malaysia,” *Journal of Contemporary Asia* 50, no. 1 (2019): 56-73, <https://doi.org/10.1080/00472336.2019.1569710>

This classification is useful in understanding the relationship between voter and constituent as it distinguishes between vote-buying and practices such as cash payments to vulnerable groups who have voting potential outside campaigning periods. This is an important distinction as it echoes Dettman and Weiss's argument that "one-time episodic vote-buying" does not happen much in Malaysia. They therefore argue that the "material lures that marked GE-14 punctuated enduring relationships between politicians and their constituents."

Voter expectations, political funds and the role of the state

It was interesting that many of the problems the workshop participants shared can be traced to the roles played by the MPs and ADUNs. Many constituents, especially in the rural areas rely almost completely on their MPs and ADUNs to provide various forms of aid such as food, shelter, paying telephone bills and repairing infrastructure such as clogged drains, fallen trees, potholes and others. Despite this, many participants also understood and acknowledged that the role of "welfare officer" is not a role that MPs and ADUNs should be playing, at least not as their main duty. An MP or ADUN, once elected, should primarily be involved in the policymaking process at the federal and state levels respectively. Instead of being the primary provider of aid to their constituents, elected representatives could instead direct their constituents to the right government agency or act as a "nudge" for welfare bodies to provide the aid needed in their constituency.

One of the key findings from the workshops was that constituents have become accustomed to asking their MP or ADUN for basic needs and help with infrastructure problems, because politicians "move things faster" and are more responsive compared to government agencies, state welfare bodies and local governments. Constituents often face a barrage of bureaucratic red tape and long waiting times when dealing with government agencies which leads to them turning to their MP or ADUN who, because of their power, either can channel resources to get things done quicker, or can compel government agencies to attend to constituents' requests immediately. One of the reasons why government welfare agencies are not well equipped to cater to the needs of the constituents is due to capacity issues, for example, an Social Welfare Department officer handles around 400 active cases daily.¹³ The Social Welfare Department offices are often inaccessible to people who need them the most, as they are located in areas that are difficult to reach unless one owns a car.¹⁴ Thus, lack of capacity and accessibility are major factors that contribute to constituents' reliance on their elected representatives for basic needs.

Lastly, it is important to examine the role CDFs play in the discourse on political financing. During the workshops, some participants were confused at the beginning as to whether we were talking about constituency allocations (CDFs) or campaign financing - in reality, the lines between the two are blurred. The fact that CDFs were brought up multiple times by many participants throughout the workshops show the significance of CDFs in building politicians' relationship with their voters and maintaining political support. The politicisation of CDFs is a common, even expected practice despite the circulars issued by the Implementation and Coordination Unit (ICU) prohibiting the use of CDFs for political activities or to fund political organisations.¹⁵ Because there is little transparency and accountability in the way CDFs are allocated and distributed, MPs and ADUNs who receive them can choose projects and groups that can potentially increase their political support.¹⁶ There are also instances where MPs and ADUNs use the allocation to donate to non-governmental organisations (NGOs) that are indirectly linked to them. On paper, these donations might look impartial, but in reality, these NGOs contribute to the support that the MP or ADUN needs.¹⁷

¹³ Interview with Afiqah Zulkifli, YB Syed Saddiq's officer in the constituency of Muar

¹⁴ Interview with Nalina Nair, YB Lim Yi Wei's officer in the state constituency of Kampung Tunku

¹⁵ Sri, et al., *Constituency Development Funds*, 30

¹⁶ *Ibid*

¹⁷ *Ibid*

For opposition MPs, who were discriminated against from receiving CDFs, a lack of institutional support when it comes to funding means that they need to find other sources of income to service constituents. Besides that, opposition politicians also need to compromise on research officers, parliamentary officers and interns. In many cases, these officers are paid using the salary of the MP or ADUN. This situation is problematic because these officers and interns play an important role for an MP and ADUN to credibly play their roles as effective policymakers. Furthermore, working as a research officer or intern of a politician is often the first step towards a political career for many young people. Recently, the Opposition Leader openly urged elected representatives from his party PKR to use their own money to help constituents, and not depend on allocations given by the government.¹⁸ Once again, statements like these normalise the inadequacy of state resources to cater to people's needs, and reinforces the expectation for elected representatives to act as the provider of aid for their constituents.

CDFs also continue to reinforce incumbency advantage through the personal relationships developed with constituents over decades. The current flawed system is a major contributor to why transparency and accountability in political financing remains a challenge. When politicians themselves are unclear about the need to separate development funds, party funds and campaign funds, the political system is ripe for conflict of interest and money politics to be entrenched more deeply.

IDEAS survey: Malaysians' perception of politicians

To better understand voters' expectations towards their elected representatives, IDEAS commissioned a nationwide survey that was carried out between 28 May - 8 June 2021. The survey was conducted online and collected a total of 2540 responses. Respondents were Malaysians aged 21 years and above and the distribution of age, race and region was according to Malaysian census data. The survey objectives were:

- To understand Malaysians' perception of the roles of their elected representatives
- To find out Malaysians' perception of money and financial aid in politics

The survey questions were structured to first understand the respondents' political involvement and literacy. The following questions were asked¹⁹:

- What is your source of political information?
- Do you know the difference between an ADUN and an MP?
- Which party is your ADUN/MP from?

The survey then asked questions to test the respondents' understanding of the role of their elected representatives:

- What are the main functions of an MP/ADUN?
- What are the most important factors in choosing a candidate during an election?

¹⁸ The Malaysian Insight, "Anwar tells reps to dig into own purses to quickly aid voters," *The Malaysian Insight*, September 17, 2021, <https://www.themalaysianinsight.com/s/339779> (accessed October 7, 2021).

¹⁹ Please see the full survey report for a full breakdown of questions.

- Would you vote for someone even if it is unlikely that they will win?

The last segment of the survey tested the respondents' understanding of where politicians get their money from. Some of the questions were as follows:

- To the best of my knowledge, my MP gets most of his money from the following sources:
 - The government
 - The party he belongs to
 - Fundraising dinners
 - Public donations
 - Business tycoons
 - His salary
 - Constituency development funds
 - Not sure
- Do you agree with the following statement?
"I am not concerned about where my MP gets money from as long as he caters to the needs of his constituents."
- Do you agree with the following statement?
"I am fine with my MP receiving money from business tycoons and large corporations to fund their political activities."
- Do you agree with the following statement?
"If my MP appears poor, I do not trust him to carry out his duties."
- Have you ever received BRIM or Bantuan Sara Hidup?
- Have you ever received direct financial assistance from your MP?
- When you face economic or financial difficulties, have you asked for help from any of the following? (Select all that apply)
 - State Welfare Department
 - Zakat bodies
 - Private charities
 - My MP
 - My ADUN
 - My MP service center
 - My ADUN service center
 - None of the above
- When you face economic or financial difficulties, have you received aid from the following? (Select all that apply)
 - State Welfare Department
 - Zakat bodies
 - Private charities
 - My MP
 - My ADUN

- My MP service center
 - My ADUN service center
 - None of the above
- Have you ever donated to a political party?
 - Have you ever donated to an individual politician?
 - When you encounter the following problems in your constituency such as the following, but not limited to, who do you seek help from?
 - Damaged infrastructure (broken bridges, clogged drains, leaking pipes)
 - Pollution or disruption resulting from development projects
 - Falling trees
 - Flooding and other natural disasters
 1. Relevant government departments, for example: district office, district education office, district welfare office
 2. City council
 3. Village chief
 4. Tuai rumah
 5. Tok batin
 6. Residence association
 7. MP
 8. MP service center
 9. ADUN
 10. ADUN service center
 11. Others

Selected findings



→ **70%** of respondents use Facebook as one of their sources of political information.

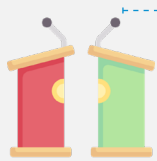
→ **37%** of respondents ranked Facebook as their most frequently used source of political information.



→ TV3 and WhatsApp come at a distant second, with **12%** of respondents choosing the two.



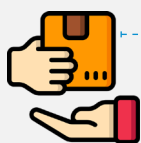
→ **65%** of respondents know the difference between an ADUN and an MP, **23%** are unsure and **12%** do not know at all.



→ **59%** of respondents believe that debating policies and enacting legislation in Parliament is the main function of an MP



→ **57%** of respondents believe that providing a check and balance to the government's decisions in Parliament is the main function of an MP



→ **42%** of respondents believe that giving aid to constituents in the form of cash and basic goods is the main function of an MP



→ **53%** of respondents believe that giving aid to constituents in the form of cash and basic goods is the main function of an ADUN



→ **49%** of respondents believe that debating policies and enacting legislation in the State Assembly is the main function of an ADUN



→ **36%** of respondents will seek help from relevant government departments when they encounter problems in their constituency. **Less than 10%** will seek help from their MP or ADUN.



→ **61%** of respondents think that their MP gets most of his money from the government



→ **65%** of respondents have never asked for help from any of the bodies listed (State Welfare Department, zakat bodies, private charities, MP, ADUN, MP service center, ADUN service center) and **68%** have never received help from any of those bodies

Key takeaways

- The sources of funding for MPs and ADUNs are not clear to people on the ground**
 More than half (61%) of respondents chose the government as the main source of funding for their MP, when in fact Malaysia does not have a public funding system for political parties. This is interesting to observe as it may allude to the point about CDFs made earlier. CDFs might be seen as “money from a politician” by people on the ground who receive these funds, either directly or indirectly. This corresponds with findings from the workshops where the participants named CDFs as one of the most problematic issues they face on the ground.
- It is unclear where Malaysians get help from when they are in need**
 Another interesting finding is that over 60% of respondents never received nor asked for help from either state institutions, private charities or their elected representatives. Considering that the survey was conducted in the midst of the pandemic, it is likely that there might have been sources that the survey did not capture, for example youth groups, religious organisations and resident associations.
- There is some understanding of the proper role of an MP**
 More than half of the respondents chose debating policies, enacting legislation and acting as a check and balance to government decisions as the main functions of an MP. This shows an encouraging understanding of what an MP should do, although the fact that 42% of respondents chose giving aid to constituents as a main function should not be discounted.
- ADUNs’ main function is still seen as a provider of aid to constituents**
 Despite the relative understanding of what an MP’s role is, the role of an ADUN is still seen to be a provider of aid such as cash and basic goods. If Malaysia had local council elections, it will be interesting to see whether an ADUN’s role is still seen in the same light, or will these roles be viewed as the responsibility of local councillors.
- Facebook overwhelmingly dominates the sources of political information**
 The overwhelming number of respondents chose Facebook as their main source of political information, which echoes the current debate going on in the rest of the world about the role of Facebook in undermining democracies.²⁰ Although these concerns have not been very serious in Malaysia, it is still important to keep in mind that social media can exacerbate mistrust and division that is already prevalent in our political climate today.²¹

Recommendations

The approach IDEAS has taken, which is to engage more closely with political parties and to understand more about voters’ expectations, has given us the opportunity to view political financing with a broader lens. Our findings have shown us that introducing transparency in political financing is not only urgent, but also a first crucial step that must be taken to enable other fundamental changes to take place.

²⁰ Larry Madowo, “Is Facebook undermining democracy in Africa?,” *BBC News*, May 24, 2019, <https://www.bbc.com/news/world-africa-48349671> (accessed October 7, 2021).

²¹ “Do Malaysians lack trust in Government and Institutions?,” *Ipsos*, January 19, 2020, <https://www.ipsos.com/en-my/do-malaysians-lack-trust-government-and-institutions>

This paper puts forward the following recommendations:

- **The management and disbursement of CDFs must be transparent and accountable**

On 23rd September 2021, Deputy Minister in the Prime Minister's department Datuk Mastura Mohd Yazid announced that MPs from both government and opposition will receive equal allocations for the next four months.²² In the short term, equal CDFs allocation regardless of political affiliation is a good start. However, more must be done to ensure the system remains sustainable and institutionalised in the long term. This paper has made clear the real complications that the current CDF mechanism presents on the ground. This is why transparency must be introduced into the system by firstly revising the current circulars and guidelines to indicate clearly the sources of CDF.²³ A transparent formula for distribution must be introduced and disclosed in relevant budget documents.²⁴ Furthermore, Malaysia's rapid urbanisation must be taken into account when reviewing how CDFs are allocated.²⁵ Different levels of development means that people's needs in different areas differ; thus CDFs may be useful in rural areas, while urban areas may rely on more institutional funding mechanisms via local councils.²⁶ In the longer term, a CDF Act must be introduced which should include the allocation formula for each constituency, sources of funding, requirements to publish key information to the public and punitive measures for any instances where CDFs are misused.²⁷ Ultimately, Malaysia should move towards a system where MPs and ADUNs are no longer the gatekeeper of CDFs.²⁸ YB Gooi Hsiao Loong, the ADUN for Bukit Tengah and former MP for Alor Setar attempted to table a Constituency Development Fund Bill in 2017 where he proposed the creation of a constituency development fund to be coordinated by the Federal Development Office in each state; a formal committee chaired by the MP on all projects within the constituency; a twice yearly public forum for feedback purposes; and a bipartisan parliamentary select committee to oversee and review the allocated funds.²⁹ However, the Bill was never tabled.

- **State welfare institutions must be strengthened**

Much of the feedback shared during the workshops was regarding the role an MP and ADUN needs to play to fulfill the expectations of constituents who are in great need of basic goods and services. One way to solve this problem is through strengthening state welfare institutions such as the Department of Social Welfare and Lembaga Zakat. More staff needs to be allocated to these bodies so that applications can be processed efficiently and in a timely manner. In terms of welfare spending, The World Bank has highlighted that Malaysia only spends about 0.7% of GDP on safety nets, which they categorise as being "lower than the expenditure of 1.5 - 3.4% of GDP found in almost all the countries that have graduated to high-income status since 2000."³⁰ Analysing social protection systems is beyond the scope of this paper; however, it is important to recognise that low investment on social safety nets means that politicians become the arbiter and gatekeepers of welfare, which increases risk of discretionary

²² Martin Carvalho, Rahimy Rahim, Tarrence Tan and Fatimah Zainal, "Equal allocation for all MPs announced in Dewan Rakyat," *The Star*, September 23, 2021, <https://www.thestar.com.my/news/nation/2021/09/23/equal-allocation-for-all-mps-announced-in-dewan-rakyat> (accessed October 8, 2021).

²³ Sri, et al., *Constituency Development Funds*, 38

²⁴ *Ibid*

²⁵ Tricia Yeoh, "The Political Economy of Federal-State Relations: How the centre influences resource distribution to the periphery," *IDEAS Policy Paper No. 63*, (2020), <https://www.ideas.org.my/publications-item/policy-paper-no-63-the-political-economy-of-federal-state-relations-how-the-centre-influences-resource-distribution-to-the-periphery/>

²⁶ Yeoh, *Federal-State Relations*, 19

²⁷ *Ibid*

²⁸ Sri, et al., *Constituency Development Funds*, 31-32

²⁹ The Malay Mail, "Claiming voter blackmail, Kedah MP pushes for new law to disburse constituency funds," *The Malay Mail*, March 3, 2017, <https://www.malaymail.com/news/malaysia/2017/03/03/claiming-voter-blackmail-kedah-mp-pushes-for-new-law-to-disburse-constituen/1327551> (accessed October 8, 2021).

³⁰ World Bank, *Aiming High: Navigating the Next Stage of Malaysia's Development. Country Economic Memorandum*, (World Bank, 2021), 84, <https://openknowledge.worldbank.org/handle/10986/35095> License: CC BY 3.0 IGO

allocation of funds and politicisation of government agencies³¹ that are meant to serve the needs of all Malaysians.

- **Reintroduce the Parliamentary Services Act to strengthen the role of MPs as genuine policymakers and to professionalise politics**

The professionalisation of parliament and in turn, politics, is at the heart of institutional reforms. One of the key institutional reforms needed is to reintroduce the Parliamentary Services Act, which will give parliament the autonomy to decide on its staffing and maintenance (which is currently managed by the Public Service Department) and its finances (which currently must be approved by the Ministry of Finance).³² At an institutional level this is important to truly separate the Legislative body from the influence of the Executive. For MPs, an autonomous parliament means that the role of Parliamentary Select Committees (PSCs) can be strengthened through larger budgets and the hiring of a proper secretariat and researchers. When PSCs are empowered, greater scrutiny can be given to government policies. All of this contributes to the professionalisation of an MP's job, which reduces the time and need for the MP to attend to requests by constituents. Additionally, parliamentary sitting days must also be increased at both the federal and state levels, which are currently very short compared to our Commonwealth counterparts.³³ With a higher number of sitting days and an autonomous parliament, Malaysians will eventually understand the important role their MPs need to play in policy formation and the larger nation building agenda instead of being overly focused on constituency works.

- **Reintroduce local council elections (LCEs)**

Ever since LCEs were suspended in 1965, civil society has called for its reintroduction. Benefits of LCEs include enabling accountability for local council elections, combating and disincentivising corruption, providing bottom-up leadership for localised areas, especially urbanised areas and facilitating decentralisation of powers from federal to state and local governments.³⁴ Furthermore, LCEs will enable MPs and ADUNs to focus on their legislative duties instead of being overly focused on local council matters.³⁵ At the moment, local councillors are not very visible and their job scope is not well-known, which is part of the reason why constituents often overlook them when in need of infrastructure repairs or roadworks around their housing area. With the reintroduction of LCEs, Malaysians get to choose their local councillors, thus instilling a sense of ownership and accountability in local government.

³¹ Keertan Ayamany, "Don't turn JKM into your political machine, Hannah Yeoh tells Rina Harun regarding plans to hire 8,000 contract workers," *Malay Mail*, December 16, 2020, <https://www.malaymail.com/news/malaysia/2020/12/16/dont-turn-jkm-into-your-political-machine-hannah-yeoh-tells-rina-harun-rega/1932354> (accessed October 7, 2021).

³² Imran Ariff, "It may be coming back, but what is the Parliamentary Services Act?," *Free Malaysia Today*, September 4, 2021, <https://www.freemalaysiatoday.com/category/nation/2021/09/04/it-may-be-coming-back-but-what-is-the-parliamentary-services-act/> (accessed October 7, 2021).

³³ Sri, et al., Constituency Development Funds, 1-59, see also (1) Robert Marleau and Camille Montpetit, "8. The Parliamentary Cycle," *In House of Commons procedure and practice*, (Ontario: House of Commons, 2000),

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³⁴ Danesh Prakash Chacko, "Reintroduction of Local Government Elections in Malaysia," *Bersih & Adil Network Sdn. Bhd.*, (2021), 1 – 75, <https://www.bersih.org/download/bersih-policy-research-reintroduction-of-local-government-elections/>

³⁵ Prakash Chacko, *Local Government Elections*, 4

Conclusion

Transparency in political financing is the cornerstone of a mature and healthy democracy. Through the workshops and survey IDEAS conducted, we gained a deeper understanding of how money politics affects the day-to-day workings of our *wakil rakyat* and the livelihoods of ordinary Malaysians. At the heart of voter-politician relationships is a dependency that is fulfilled using resources that are unclear and sometimes questionable, which is in turn used to maintain political support over decades. This paper has shown how some of this dependency can be reduced, and how politics can be shifted to being more programmatic and professional. For Malaysia's democracy to thrive, the state must play its role in supporting those who fall through the cracks, and our elected representatives must prioritise policy formation that benefits all people who call this country home.

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