

**KEYNOTE ADDRESS BY  
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI  
AT THE ENABLING ENVIRONMENT CONFERENCE  
AT KABUL, AFGHANISTAN  
4 JUNE 2007**

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[DELIVERED VIA VIDEO CONFERENCING]

His Excellency Mr Hamid Karzai,  
President of the Islamic Republic of Afghanistan,

His Highness Prince Agha Khan,  
Founder and Chairman of the Agha Khan Development Network,

Honourable Ministers,

His Excellency Mr. Tom Koenig, Special Representative of the UN Secretary General  
in Afghanistan,

Excellencies, Distinguished Guests, Ladies and Gentlemen.

Assalamualaikum Warahmatullahi Wabarakatuh.

Mr. President, please accept sincere greetings from me and from the people of Malaysia.

2. It is indeed a special privilege for me to be given this opportunity to address you, and be part of your conference, although I am not with you in Kabul. Thanks to the marvels of modern communications technology, we can be far apart yet are very near to each other. I regret very much that I am not able to be present in person.

3. I wish to congratulate you, President Karzai, for your dynamic leadership of Afghanistan especially in charting a course for peace through such challenging times and other daily hazards.

4. I commend also His Highness The Agha Khan for his tireless efforts in co-organizing this event. He visited us in Malaysia, and he was persuasive that all people of goodwill should do something for Afghanistan. Your Highness, I am there with you in spirit although not in person.

5. I must also recognize the important role played by the Asian Development Bank, the United Nations Development Programme and the World Bank in making this conference a reality today.

6. Let us hope that this conference will achieve its intended purpose, which is to find ways and means of creating an enabling environment for effective private sector contribution to development in Afghanistan.

Excellencies, Ladies and Gentlemen,

7. We are all aware that unless security is established throughout the country, it would be difficult to implement projects for economic and social development. I do

hope, however, that projects and programmes already in place do not get destroyed, putting to waste past efforts.

8. We do appreciate the continuing contribution to security inside Afghanistan made by the United Nations, the International Security Assistance Force and other international agencies.

9. But, security will not endure unless we can win the hearts and minds of the people and secure the trust and confidence of all those who can exert influence to keep or break the peace.

10. We must also accept the fact that, in the end, it is the people of Afghanistan who should count, and it is they who can and should decide their own future and the future of their country.

Ladies and Gentlemen,

11. In discussing the issue of creating an enabling environment in Afghanistan, I will draw heavily on the Malaysian experience, for two reasons. Firstly, it is the story of nation-building which I know best. Secondly, it is a case study relevant to Afghanistan because of the many similarities in both cases.

12. Afghanistan can draw lessons from the Malaysian experience to decide what would be best for this country.

13. Like Afghanistan, Malaysia is a Muslim country but, unlike Afghanistan, we have a significant non-Muslim minority. Like Afghanistan, the population of Malaysia is ethnically diverse. But I can say with candor that we have achieved national unity in Malaysia. This year, 2007, we shall celebrate 50 years of independence, stability and socio-economic progress.

14. The fact that practically all Afghans are Muslims should make the task of establishing national unity that less complex for Afghanistan than it has been for Malaysia. Islam does not condone conflicts between religions and peoples. The religion definitely abhors conflicts between fellow Muslims.

15. If there is any particular secret to the Malaysian success story, it is our success in establishing national unity among the diverse population. We really had no choice but to abide by the principle of mutual respect and accommodation. We forged this national imperative through a system of power sharing in the government. Decisions are taken on the basis of consensus. They feature as the hallmark of democracy in Malaysia.

Ladies and Gentlemen,

16. On the economic front, one of the most fundamental decisions taken by the Government in Malaysia, as early as the 1980s, was to progressively reduce the role of Government in the conduct of business. We made the private sector, not the public sector, the primary engine of growth. We opened and liberalized our economy.

17. Of course, the public sector should never abandon its responsibility of maintaining efficiency in the process of governance and be responsive to the needs of the private sector. In Malaysia, we gradually removed red tape without sacrificing

regulation and law enforcement. In fact, my Government is still giving top priority, until this day, to instituting a public service delivery system of the highest quality in terms of efficiency and integrity.

18. A business friendly public sector must always exist to stimulate the private sector, to enable the private sector to institute cost savings and maintain high productivity. This is the best incentive for wealth creation, allowing for more savings and attracting more investments.

19. We have established a synergistic relationship between the public and private sectors in Malaysia, and we have called it "Malaysia Incorporated". The whole nation is conceptualized as a corporate entity, jointly owned by both the public and private sectors. This required both parties to work closely together to pursue the common mission of the nation.

20. To put the Malaysia Incorporated concept into practice, we established several mechanisms and adopted specific methodologies. These included the deregulation of cumbersome bureaucratic rules and procedures; the institutionalization of consultative mechanisms between the private and public sectors; the establishment of smart partnership programmes between the private and public sectors; the pursuit of privatization as well as improvements of the delivery system

21. With the reduction of bureaucracy, the private sector was able to make more profits which, in turn, came back to the Government coffers in the form of larger amounts of taxes paid.

22. Through the vehicle of Malaysia Incorporated, we created an environment which enabled smart partnerships to flourish between the government and the private sector, both local and foreign.

Ladies and gentlemen,

23. Fifty years ago, Malaysia was merely the largest producer of rubber and tin in the world. Today, Malaysia produces palm oil on an industrial scale and leads as an exporter of many manufactured products as well as services. The World Trade Organization has ranked Malaysia as the 19th largest trading nation in the world in 2006.

24. We are willing to share the Malaysian experience for study by Afghanistan. Like Malaysia, Afghanistan can transform itself from an agriculture-based economy to a centre for labour-intensive manufacturing, and eventually moving to high technology, skills and capital-intensive manufacturing.

25. Since agriculture is presently the biggest provider of employment, it would be logical to start with an examination of the best ways of reinvigorating the agricultural sector in the face of damage by the war to much of the arable land in Afghanistan. After all, Afghanistan was self-sufficient in agriculture before this country suffered foreign occupation at the end of 1979. In fact, Afghanistan was at one time one of the largest exporters of raisins to the world.

26. Malaysia will expand its cooperation with Afghanistan and provide places for trainees from Afghanistan under the Malaysian Technical Cooperation Programme (M.T.C.P). We can focus on training modules which have relevance to the question of modernizing the agricultural sector in Afghanistan.

27. Malaysia has considerable experience with the development of Small and Medium Enterprises (S.M.Es) and would be ready to share this knowledge with Afghanistan. It should be possible for Afghanistan to find for itself a niche in the international market place, especially for niche products such as hand-woven carpets.

28. Mineral deposits which remain unexplored represent another potential source of wealth which is untapped in Afghanistan. An enabling environment is certainly needed before foreign entrepreneurs can be attracted to invest in the mining sector.

Ladies and Gentlemen,

29. The development model adopted by Malaysia is based on a philosophy of growth with equity or, more specifically, growth with equitable distribution. This is particularly crucial for a heterogeneous society like Malaysia.

30. We have made Islam the unifying rather than a dividing factor among the multi-religious Malaysian population. We call the approach Islam Hadhari or Civilizational Islam. Underlying the whole message of Islam Hadhari is a call for tolerance towards people of others faiths.

31. The teachings of Islam are undoubtedly the foundation and inspiration for our actions but the benefits are intended for equitable sharing by all Malaysians, Muslims as well as non-Muslims alike.

32. A continuing challenge for us in Malaysia is to ensure an equitable distribution of the country's wealth because economic disparities continue to exist among the people. This is a challenge not unique to Malaysia, and it certainly applies to the case of Afghanistan as well.

33. Our national Five-Year Development Plans, coupled with the overarching New Economic Policy, is our blueprint to affirmatively spread the wealth among the ethnically diverse population on the basis of an ever expanding economic cake. We want to reduce and eventually eradicate poverty among all Malaysians, irrespective of race. We also wish to restructure the Malaysian society to correct the economic imbalances among racial groups, reduce and eventually eradicate the identification of race with economic function.

Excellencies, Ladies and Gentlemen,

34. I do believe that a fundamental requirement for sustainable economic growth is detailed forward planning. We have launched in Malaysia, in April last year, the Ninth Malaysia Plan. In addition, my Government has also put in place the Third Industrial Master Plan which is aimed at enhancing Malaysia's long term competitiveness.

35. It is the simple truth that for any country to develop, it must have the right policies and plans. It is desirable that plans exist for the long-term, the medium-term as well as the short term including year to year budget strategies. There may be a necessity to establish special development plans for special issues, including special sectoral and industry-specific master plans.

36. May I also suggest that a good development plan includes projects for eliminating diseases and sicknesses as part and parcel of the process of eradicating poverty.

37. We require no reminder that in addition to physical security, the process of economic development can only take place in an environment of political stability. The practice of power sharing has served Malaysia well. Ever since its independence in 1957, Malaysia has been ruled by the same Government representing a coalition of political parties called the National Front.

Excellencies, Ladies and Gentlemen

38. Although I have elaborated the Malaysian nation-building experience in some detail, I would equally emphasize that no two countries are really alike in all respects. Afghanistan needs to draw its own indigenous development plan.

39. The planners need to be pragmatic and flexible. Plans may need to be modified or updated so that they remain relevant and suitable to changing circumstances.

Excellencies, Ladies and Gentlemen

40. The importance of creating a vibrant and sustainable private sector should not be underestimated. When you have a strong and growing private sector, the economy will be more resilient and more capable of creating jobs as well as linkages with other sectors of the economy.

41. To create and sustain an enabling environment for effective private sector contribution to development in Afghanistan, the role of foreign governments in providing financial assistance will remain crucial for quite some time. The same applies to the continuing important role to be played by multilateral development institutions such as the Islamic Development Bank, the United Nations Development Programme and the World Bank.

42. It is also my firm belief that a fundamental key to success for any country lies in the quality and ability of its people to create and innovate. In this new global environment, the availability of high quality human capital is indeed a necessity, not a luxury.

43. Over and above everything else, let me be frank and say that the destiny of Afghanistan hinges upon one critical factor. And this concerns the willingness and determination of the people of Afghanistan to bring an end to the present tumultuous situation in the country and make a fresh start towards peace and prosperity.

Excellencies, Ladies and Gentlemen

44. Before I conclude, allow me to express once again my deep gratitude and appreciation to His Excellency President Hamid Karzai for this opportunity to be part of your conference in Kabul. I wish to thank also the Aga Khan Development Network for assisting us in various ways to facilitate my participation in this video conference. I sincerely wish this conference every success.

Thank you.