

**KEYNOTE ADDRESS BY  
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POVERTY ERADICATION THROUGH HUMAN CAPITAL DEVELOPMENT  
AND CAPACITY BUILDING

Your Excellencies, the Heads of State and Heads of Government,

Honourable Ministers,

Distinguished Guests,

Ladies and Gentlemen,

It gives me great pleasure to welcome all of you to this beautiful island for the Eighth Langkawi International Dialogue. L.I.D 2007 is particularly meaningful because this year we are celebrating fifty years of our country's independence, as well as five decades of productive relations with our international partners. L.I.D 2007 is symbolic of Malaysia's continuing dynamic engagement with other countries, especially those from the developing world.

2. In the last fifty years, massive changes have taken place in every part of the world. Yet the fundamental values and principles laid down by our leaders long ago, especially about bringing progress to our peoples, remain as valid as ever. Indeed, we have gathered here in Langkawi to discuss how best this can be done in our own times, taking into account the present realities in our respective countries and the challenges we face in the current global environment.

3. At the Seventh L.I.D or Global 2004, I had spoken about the problem of poverty in the context of global security. That particular linkage between the issue of security and the prevalence of poverty remains valid. Nevertheless, having taken that linkage into account I consider it appropriate that we expand the discussion this time, and deliberate on how we can and should effectively harness human capital development and capacity building as the way forward for reducing, and ultimately eradicating, poverty in our respective countries.

4. Poverty is indeed a global problem. The population of the world's 50 poorest countries account for 20 per cent of the total number of the world's people. But this 20 per cent of the world's people have access to only 2 per cent of the world's income. Expressed in another way, the statistics indicate that 1.1 billion people in the world live in extreme poverty which is defined as subsisting on an income of less than 1 U.S Dollar per day. The eradication of global poverty is definitely an international responsibility. However, in our own respective countries, we need to take action on our own immediately. Let us therefore, in the next two days, concentrate our thoughts on finding solutions to this problem.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

5. This is the main reason why I have chosen "Poverty Eradication through Human Capital Development and Capacity Building" as the theme for L.I.D 2007.

6. One of my aims for this L.I.D is to restart and re-energise the debate on poverty by reframing it in terms of what states can and should do at the practical level to reduce the magnitude of the problem, and finally eradicate poverty. I honestly believe that we can handle this task because we all have the vital resource for doing the job. We have our human capital. If there is any deficiency, it is because the state has inadequate capacities and the people have insufficient skills. Let us therefore address this twin problem and come out with some answers.

Ladies and Gentlemen,

7. The management of the new economy requires that we build and maintain knowledge capital. In the final analysis, the measure of our success in nation building, including economic development and sustainable competitiveness, is only as good as the amount of knowledge and skills we invest in our own people. We must develop quality human capital which has an outlook and frame of mind committed to achieving and maintaining excellence. In Malaysia, we refer to this as the process of nurturing a "first class mentality". We should do this through a holistic approach that emphasises the development of knowledge, skills, and intellectual capital in such fields as science, technology and entrepreneurship. We need to constantly push the frontiers of knowledge as well as the skills of our people further out and higher up. We must develop, at the same time, a work culture and a mind-set that is creative, innovative and progressive, imbued with strong moral and ethical values.

8. To enable us to do all these, we need the foundational support of an effective national education system that is capable of maintaining high educational standards at all levels of learning and teaching. Quality education is a crucial ingredient for the development of quality human capital.

Ladies and Gentlemen,

9. I would like to take this opportunity to share with you Malaysia's experience in tackling the poverty problem, an undertaking which we started in 1970, when the incidence of poverty stood at 50 per cent of the population. Our initial target was to reduce incidences of poverty among the rural poor, which constituted a significant portion of the population. We began by providing opportunities for education, job training, healthcare, housing and resettlement. By 1990, poverty in Malaysia had been reduced to 15 percent of the population.

10. Once poverty was no longer the principal impediment to further development, the Government embarked upon a programme which included the private sector. This public-private sector partnership created a more broad-based equity participation in business and commerce. This partnership programme succeeded in reducing poverty in Malaysia to 5.5 percent, and bringing down the figure for the hard core poor to 1 percent by the end of the millennium.

11. I have cited Malaysia's experience in order to illustrate the point that poverty reduction, and its eventual eradication, is not impossible anywhere. I need to

emphasize, however, that this is a task which must be shared by all stakeholders in the society if success is to be ensured. These include the government, the private sector, academia and civil society, among others. It is a long drawn process which requires constant engagement and adjustments to meet the nation's development needs and goals. Our experience also showed that we needed a lot of political willpower, drive, perseverance and patience.

12. Given the central role of people in the development process, it is crucial for developing countries to give priority to the development of skilled human capital. Economic success and prosperity are increasingly measured in "value-added" terms. In this day and age, "knowledge", "innovation" and "creativity" have become the new sources of value, and are increasingly becoming the main requisites for wealth creation, alongside traditional drivers such as industrial production. In essence, "value-add" has become one of the defining criteria of the new economy. Developing countries must take advantage of these new sources of wealth and respond to the new requirements for growth.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

13. Let me now turn to the question of capacity building.

14. Here, I will begin by quoting the description as written in the Introduction to Chapter 37 of the United Nations Agenda 21 programme for sustainable development. I quote part of it, as follows:

"The ability of a country to follow sustainable development paths is determined to a large extent by the capacity of its people and its institutions as well as its ecological and geographical conditions. Specifically, capacity-building encompasses the country's human, scientific, technological, organizational, institutional and resource capabilities. A fundamental goal of capacity building is to enhance the ability to evaluate and address the crucial questions related to policy choices and modes of implementation...."

15. It is clear that capacity building encompasses a wide scope. But for those of us who are decision-makers and public servants, we have a specific role to play. We must create the necessary infrastructure and a policy environment which is necessary not only for social and economic development but also conducive for achieving the ultimate objective, that is the eradication of poverty in our community.

16. At the ground level, there should be facilitation of income-generation programmes for the poor. They must be enabled to have better access and make better use of various resources including land, labour, physical capital, infrastructure and technology, among others. Innovative micro-credit financing schemes, such as the successful Bangladesh model, could assist small scale or home-stead entrepreneurs in starting or expanding their businesses. This will help small entrepreneurs gain a foothold in the mainstream economy, and lift themselves out of poverty at the same time.

17. On a similar note, the development of small and medium scale industries (S.M.Is) are equally important to generate economic activity, provide employment and ultimately assist in breaking the shackles of poverty. Foreign Direct Investments (F.D.Is) too can be channelled towards activities which are engaged in poverty eradication.

18. Another important component of capacity building involves the strengthening of specific technical and administrative capacities of individual organisations through technical cooperation or other exchanges in training, fellowships, expert services and supply of equipment. Special attention should also be given towards the empowerment of youth and women. Much of their talents and potentials have suffered neglect in many parts of our developing world.

Excellencies, Distinguished Guests, Ladies and Gentlemen

19. It goes without saying that the diversity of the developing world requires a multiplicity of approaches in the fight against poverty, to suit local conditions, sensitivities, prevailing circumstances and most importantly the specific needs of each country. Localising ownership over policies, plans and programmes would increase the potential for their success. People need to be able to feel that they are directly involved in charting the future of their own country.

Excellencies, Distinguished Guests, Ladies and Gentlemen

20. I reiterate my hope that, in the next two days, we can find agreement on what needs to be done, even if we do not have the final answers on the best way of doing it. I am confident, nevertheless, that the ethos and principles of our smart partnership through the sharing of experiences would ultimately help us to discover the best solutions for our problems.

21. As we get down to business, in an informal setting, for some intensive exchange and sharing of knowledge, experience and ideas, I earnestly urge that you do not allow yourselves to be restrained by protocol, and instead reach out to the others around your table. What we seek most are the actual, real-life, experience-based inputs which will form the substance of our action plan post-L.I.D 2007. We shall print this action plan in a conference document to be entitled "The Way Forward". We will do this to ensure that the wisdom we impart and the lessons we learn in L.I.D 2007 will not remain mere propositions and instead serve as a firm guide for reducing, and ultimately eradicating, poverty in every part of our developing world.

22. I look forward to a frank and fruitful discussion on the topics before us. With that in mind, I have now the pleasure of declaring open the Eighth Langkawi International Dialogue.

I thank you for your kind attention.