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“The role of dialogue and networking:
From a transitional to an industrialized country”

Stakeholder Forum as Dialogue and Networking Platform, Instrument to Strengthen Economic Competitiveness — The Central Java Experience

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Abstract

The Indonesian economy has been dominated by the state for more than 50 years. In the wake of the multidimensional crisis in the end of 1990's, a fundamental reform process towards democratization, market economy and decentralization has been initiated. Decentralization and the empowerment of the sub-national levels are key building blocks in the continuing process of political and economic transformation in Indonesia. The decentralization framework is to give rural urban and districts the opportunity to manage development in a pro-active fashion and in accordance with their constituents' aspirations.

The decentralization process has created already an internal competitive environment among Indonesia's districts — where they are entitled to pursue their own economic promotion policies. Strengthening competitiveness under democratic and decentralized political system is a very complex tasks — involving manifold players at different levels. It is quite obvious that only a systematic and strategic approach will pave the way towards a solution, which finds the backing of the majority of the economic, social and political stakeholders within each respective district. The Province of Central Java serves as an example on how such an approach could be designed and implemented.

In November 1999, the Province Government of Central Java and six of the Province's districts commenced the development of new instruments in order to optimize public economic promotion. They were driven by widespread complaints that the output of many government programs on Economic Development has been less efficient than expected. Publicly funded programs only make sense when they are responsive to the market demands of companies and their clients. Therefore the private sector should be institutionally involved in planning and monitoring on Economic Development Programs. To reach this objective, the six districts (Cilacap, Jepara, Pati, Pekalongan, Klaten, Wonosobo) set up an instrument called Forum for Economic and Employment promotion (FEDEP). FEDEP should enhance regional competitiveness within the public-private partnership model, which promote the dialogue and networking among the government and the private stakeholders. The FEDEP can be seen as change agents comprising both the public and the private sector and optimizing the process of change towards market orientation and competitiveness.

Keywords: Competitiveness, dialogue, networking, stakeholder forum