

climate, which mirrors suggestions submitted in September 2004 by the Investment Committee of the International Business Chamber, which is chaired by the Canadian Advisor to BKPM.

In Indonesia, investments are often regarded as projects rather than enterprises that can grow and expand dynamically. It is recommended that consideration be given to sharing Canadian models of federal and provincial incorporations, open access, corporate registries, etc., as a means of providing wider scope of action for investors within an effective framework of central and regional government policy and regulatory control.

For its part, the Canadian Government should enlist the active support of Canadian firms active in Indonesia to help bring about equitable and sustainable development by encouraging firms to engage in such activities as helping develop local sources of goods and services, participatory community development, technology and skills transfer, and education and training, which will serve the interests of both the companies involved and the communities their activities affect.

It is recommended that CIDA's private sector development not focus entirely on SMEs in one region, where they may be limited absorptive capacity, but be coupled with activity focusing on central-government reforms to the regulatory environment.

■ **Produce case studies on successful Canadian investments in Indonesia as examples for others on how to deal with decentralization, the regulatory environment and civil society.**

Reflecting mutual interest in supporting environmentally responsible mineral development and corporate social responsibility while contributing to growth and employment, as well as in addressing constraints to investment in general, the Canadian and Indonesian government can draw lessons from a study of some of the 'best practices' of such enterprises as PT International Nickel Indonesia, which has been able to operate effectively and with confidence within the now-decentralized governmental system and the new political and social environment that has accompanied *reformasi*. A focus on, and replication of, such best practices can assist in the search for lasting solutions to the problem of enhancing investor confidence.

The new Indonesian government recognizes that laws and implementing regulations can act as disincentives to investment if they are drafted in the absence of full multi-stakeholder