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# Installation of nationwide fibre-optic network in Indonesia to be completed by 2019

Once completed it is expected to provide high-speed Internet connection in remote areas, where it might not be commercially viable for telecom operators to extend operations.  
01/03/2017 *By Priyankar Bhunia*



The Indonesian Minister of Communications and Information [said last week](#) that the installation of fibre-optic network under the Palapa Ring Project is expected to be completed by 2019. Currently 400 out of 514 regencies have been connected with the network enabling high-speed Internet access and the remaining 114 will be completed by the deadline.

The Palapa Ring Project, one of the national strategic projects stipulated in Presidential Decree No. 3 of 2016, aims to develop a nationwide fibre-optic network, which will provide the backbone for a national information superhighway. It is part of the Government's USO (Universal Service Obligation) to ensure telecommunications and informatics for the public.

Providing reliable Internet connection in remote areas has proven to be challenging in developing nations, with Indonesia's geographical layout and terrain creating further complications.

In order to bridge the digital divide and provide affordable access to Internet, the project will connect all districts and cities in Indonesia, even those which are located in areas where it might not be commercially viable for telecom operators to lay cables. It is viewed as an important step in moving towards economic equality. It would open up new opportunities for education and expand business reach for Small and Medium Enterprises (SMEs) to provide just a few examples of the benefits.

However, the project is being implemented in collaboration with the private sector, which will handle the construction and ensure service delivery up to desired standards during the concession period.

The enterprises will be able to recover capital costs and operating costs, and earn a reasonable profit desired by business entities, contingent on the availability of the infrastructure services, as per criteria agreed upon in the partnership agreements. Demand risk will be borne entirely by Kominfo or the Ministry of Communications and Information.

It is estimated that regular Availability Payments will reach IDR 4 trillion (-USD 300 million) during the concession period of 15 years. The continuity of the payments will be guaranteed by the Government through PT Indonesia Infrastructure Guarantee Fund (PII).

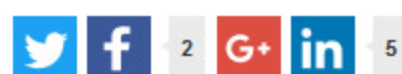
The project is divided into [three packages](#):

- **Southwestern package:** It covers an area of Riau and Riau Islands (up to Natuna Island) with total length of fibre optic cable around 2,000 km. The agreement was signed with a private consortium on February 29, 2016 and construction started in August 2016.
- **Central package:** This package covers Kalimantan, Sulawesi, and North Maluku (up to Kep. Sangihe-Talaud) with a total length of fibre optic cable about 2,700 km. Agreement was signed in March and construction began in September.
- **Eastern package:** It covering East Nusa Tenggara, Maluku, West Papua and Papua, to the interior of Papua, with a total length of fibre optic cable over 8000 km. The agreement was signed at end September 2016 and construction will start after March this year. The Eastern Package had been postponed last year to further study the complex terrain in the east. A special business entity, called PT Palapa East Telematics (PTT), was formed by the government to be the executor of Eastern Palapa Ring Project.

Minister Rudiantara also [affirmed](#) the role of local government in the Palapa Ring project, saying that it can be implemented only with support from the regents and communication agencies in the local administrations.

**Read the press releases (in Indonesian Bahasa) [here](#) and [here](#).**

Featured image: [Kominfo](#)



**Priyankar Bhunia**

Priyankar is based out of our Singapore office and is part of the editorial team. An engineer and MBA by education, he has prior experience in investment banking, media and tech startups. He spends his spare time reading and rambling.

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