

ABSTRACT

“ICT developmental initiatives”

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Indonesia Information and Communication (ICT) service is experiencing impressive growth. The main growth engine will be the mobile service with data expected to be significant as internet has been factored to boost national productivity and economic growth.

Fixed market growth will be driven by limited mobility services and strong factor of its viability. Dynamic and expansion of other sectors and geographic challenge will be aligned by adoption of alternative technology. Developments of value-added service will also inline with its ability to improve efficiency and effectiveness of users and their activity.

Double digit CAGR of total telecom service revenue during the 2007 - 2012 forecast period and with expected revenue around US\$ 18 billion by 2012 placed Indonesia to be one of Asia Pacific's fastest growing markets.

To remove bottlenecks in the provision of infrastructure services and thereby help achieve the macroeconomic targets of its Medium-Term Development Plan, the Government of Indonesia has embarked on accelerating infrastructure development by increasing private sector participation. A number of policy reforms have been implemented since early 2005, with the view to providing a conducive environment for both national and international investors. Among other things, the reforms have included a new framework for private sector participation and risk management that is based on international best practice.

The Palapa Rings Project has been proposed by the Ministry of Communication and Information Technology. The Project is technically and economically feasible. Its financial feasibility will continue to depend on Government subsidies to the project as long as telecommunication tariffs remain below the cost-recovery levels. The Project is still on bidding process.