

PIT—A GREAT IDEA WORTHY OF SUPPORT



ing solar, wind, pico hydro, and so on.

It's not often that one comes across a government program that is well thought through, bankable, and would have brought significant rural economic growth to Indonesia. Every village that is electrified will result in increased consumption for white goods such as TVs, fridges, as well as increased access to education services via computers, increased revenues to cottage businesses with access to power, farmers and fishermen who would have access to cold storage facilities and so on.

The government's previous attempts to fund rural electrifications have failed because of the programs' unbankability. In reality, PLN cannot expand its rural electrification services without consider-



ONE UNFORTUNATE fallout from the recent changes at the Ministry of Energy and Mineral Resources (MEMR) is the dissolution of the rural electrification program called PIT, or Program Indonesia Terang. It was a well-thought through and timely program to bring electricity to over 10,000 villages unconnected to

the country's electricity grid. To enable this watershed program, the MEMR also crafted a joint government-industry financing scheme called Dana Ketahanan Energi (DKE), or energy resilience fund, designed to be funded via a combination of the government, industry contributions, donor agencies and clean energy funds.

PIT's aim was to electrify parts of Indonesia simply impossible to be served by PLN. Indonesia's archipelagic geography exacerbates the connectivity problem. However, compared to the archipelagic Philippines, Indonesia's rural electrification rate lags far behind that of the Philippines. The PIT program also had the added benefit of using clean energy via renewable energy schemes, includ-

able government subsidies and private sector investors will not take revenue risks for rural electrification since rural households have limited ability to pay. Indeed, that is why DKE's design was clever, farsighted and solved the government's funding problems.

A comparable paradigm for DKE is the telecommunication industry fund that most telcos had contributed to over the years, and is now used by the government to fund the laying of broadband cables nationwide (Palapa Ring Project). This project is designed as an Availability Payment Scheme—the private sector is given a concession to build the infrastructure (laying cables) and, in return, receive regular payments for their investments over an agreed period, after the asset is made “available.” Similarly, DKE would have allowed MEMR to engage private sector investors on a concession to provide power to rural villages in exchange for repayments over an agreed period via the DKE fund.

I am emphatic that PIT and DKE are great ideas to bring economic growth to rural Indonesia in a clean and sustainable manner. It's a worthy program deserving the government's and everyone's support, and it should be agnostic to who the minister is or will be. A great idea is a great idea, period. **F**

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