

Project Sponsor information

Company Name	Mada Al Arab
Is the company registered?	Yes
Year of Establishment	2010
Owner	
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Focal Contact Point	
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Does the Company have External Auditor? if Yes, please specify.	Deloitte

Project Information

Title of the Project	Fibre to the Home - FTTH
Location	Ramallah and Al Bireh
Status of the Project	Not started
Estimated Starting Date	2021-07-01
Starting Date	
Status of the Project	
If the project is selected for funding, how long would take you to kick-off the project and begin operations?	Less than 6 months
Is this a new project investment?	Yes, a new project Investment
What is the business sector?	Information Technology
What is the estimated total value of the whole Investment (Debt + Equity)?	USD 2,000,000 – USD 3,000,000
Have you secured the equity investment?	Yes

What is the amount?	5200000
Have you secured debt financing for the project?	No
What is the amount?	
Source of Debt Financing	
What is the amount needed?	5200000
Have you applied for loan?	No
Loan Source	
How much is the financial gap of the total investment of the project?	20% - 30%
What type of financial support is requested?	Capital expenditure (Assets)
Have you done a feasibility study for the project?	Yes
Feasibility study	IRR
Do you have a financial model, including cash flow analysis?	Yes
Have you secured the required licenses, permits and agreements from relevant authorities?	Yes
specify	Agreement with JDECO & Ministry of Telecommunication
Do you have a financial and admin software? if yes, please specify.	CRM System, Sinatra & Bisan Enterprise
Do you have a written manual for financials, administration and procurement system?	Yes

Project Description

Describe the project	
	<p>Proposed New product and as pilot for Ramallah & Surrounding – Project Description. Product Name: Connect. (FTTH) Considering the increased demand for faster internet and communication services, especially in the era of modern applications and businesses, that rely heavily on faster and stable services, and since what is currently on offer are no longer able to meet the needs and demands of the user or considered feasibly effective for the provider, it has become very necessary to offer services that provide solutions to the growing needs of customers, such as FTTH. Therefore, based on the last meeting with the Ministry of Telecommunications, in which it announced its intention to launch the (FTTH) service through various service providers that can invest and develop the industry utilising and expanding current infrastructure, creating jobs and positively impacting the industry in general. Palestine's GDP is around 100 billion dollars, and the telecom sector is around 10 billion dollars. The telecom sector is a key sector in the economy, and it is expected to grow in the future. The telecom sector is a key sector in the economy, and it is expected to grow in the future.</p>

1. Product, market, and market opportunity.

the industry in particular and Palestine's GDP in general. Issues that very much fall within our vision on this natural development and progression of the telecommunications services & industry and our expectations on the changes in the behavioural and the needs of the end-users, the decision to invest in this expansion came without any hesitation or doubts, to introduce such services capable of keeping pace with natural growth and market changes. At Mada, we believe that time has come to develop the environment for providing faster access and Internet services in Palestine in line with the general needs and demands of the society and users and the pressure that the pandemic has created in the past year. Therefore, to achieve this, the best solution is to provide these services through optical fibre networks to cover a large, populated areas & centres. As part of its development strategy, Mada chooses to cooperate with the Jerusalem District Electricity Company (JDECO) in Ramallah, to implement its first FTTH pilot, targeting 100 KM length of the current infrastructure, that includes the terrestrial networks and poles, which is widely spread to all its electricity subscribers. Therefore, if the proposed project is agreed upon, JDECO and Mada will be able to utilise that infrastructure to provide subscribers with Fibre access services that will give them access to wider Internet service providers. Thus, it becomes possible to achieve the following goals:

1. Providing an access service for subscribers with higher speeds and stability.
2. Solve the dilemma of currently low upload speeds.
3. Providing services at lower prices, and within internet bundles that are separated from the unused landline phone subscription.
4. Connecting smart meters for electricity service (Smart grid).
5. Creating smart zones in large gatherings within the served areas, where external internet services are provided free of charge.
6. Provide high speed IPTVoF (IPTV over Fibre), with international franchising from sport, entertainment, science, and movies service providers such as BeIN Sport, and NetFlix with good pricing campaigns.

The Feasibility of the Pilot project for Central West Bank: Ramallah Area.

1. This project is for access service only and does not include internet services.
2. Number of buildings serviced: 10,000.
3. Number of subscribers served: 40,000.
4. JDECO ensures the readiness and full use of its infrastructure to serve the project.
5. Mada has all the licenses that authorises it to implement and manage the network.
6. The service-level-agreement reporting systems (SLA) and Optical Line Amplifier (OLA) agreements will govern the relationship between the parties, explain in detail the work needed, manage the project, deal with subscribers and deal with any defect or network malfunction, furthermore, they will make the reporting procedures in case of fault, or over consumption.
7. The service will be launched in all geographical areas covered simultaneously. Pilot will start in Ramallah and some of the surrounding areas.
8. There will be a grace period of 6-9 months from the date of network operation to check and provide the service without billing any subscriber during that period. (Part of our social satisfaction that we will offer on this project).
9. Mada will take over all responsibilities of subscribers' technical support, billing, and collections.
10. Mada will take care of the costs of the billing and subscriber management systems.
11. Revenue includes the 7% assigned for the Ministry of Communications and Information Technology.
12. The business plan is based on forecast and projection data, so it is possible that variations will arise after launch.

Mada Readiness of the project:

1. Mada has all the licenses needed and approvals from the Ministry of Telecommunications, JDECO ...etc.
2. Mada has a Tier1 data centre, that is responsible for delivering applications and shared resources to all networks including corporate broadband and value-added services, additionally,
3. Mada's has a nationwide broadband network that is used to provide corporate customers with broadband connectivity.
4. Mada has deployed a hybrid fiber and microwave network to serve corporate broadband customers. Thus, Mada has approximately 22 km of deployed fiber-optic cables and approximately 9 km of empty ducts which can be used to extend fiber services in the
5. Mada's international broadband network provides corporate customers with international broadband connectivity along to serve Mada's alleys to connect to their customers in Palestine.
6. This is a normal result of the connection of Mada through different sea routes to Frankfurt-Interexion and London-Telecity, in order to aggregate internet from different Tier 1 providers.
7. Mada has the finances for the project except a gap of 20%-30%, which are needed. Another indicator shows that Mada is ready to a new technology that its national wide distribution, as Mada is connected to DSL users through backhauling over PALTEL's network. This network is deployed in the West Bank with a current capacity of 63G, and 4G in Gaza.

Company Background: Mada is a private shareholding company established in June 2010 by 4 executives from the Palestinian telecommunication sector. It provides internet, data connectivity and value-added services. Mada was recognized as the 2nd fastest-growing Palestinian company in 2012 (All World Network Arabia Fast Growth 500 Index). The company is the 2nd largest (and fastest-growing) ISP in Palestine, with a market share of

around 30% . Moreover, it is the only ISP (beside the incumbent) covering both the West Bank and Gaza Strip. Since its inception, Mada has built a state-of-art network and services infrastructure, with a focus on quality and customer satisfaction. To date, Mada has invested about USD 7 million in this infrastructure, which includes an advanced data-centre in Ramallah, and an additional data centre in Gaza, as well as hybrid, nation-wide fibre and microwave network (Multi-Protocol Label Switching, MPLS). Today, working with close to 400 distributors, Mada's services are provided to more than 56,000 DSL subscribers, 17,000 Mada TV customers and more than 450 businesses. The company employs 138 staff, working with numerous partners to build their networks and provide quality services. Each staff member is trained on how to provide first-rate customer services and sustain healthy financial operations. Current Products "Mada offers its customized, high-quality products and services to three main segments: individual customers (households and SOHO), corporate customers and wholesalers. These segments need telecom services for different purposes."

1. Individual Customers (Households and SOHO)

1.1. DSL Services

1.1.1 ADSL Services

1.1.2 VDSL

1.2. Value-Added Services

1.2.1 Mada TV

1.2.2 Content Filtering for Internet Security

1.2.3 Internet Security and Anti-Virus

1.2.4 Free Email at Mada's Domain

2. Corporate Customers

2.1 Broadband

2.1.1 Dedicated Business Internet

2.1.2 Dedicated Connectively (Local and International)

2.2 Added Value Services

2.2.1 Web-Hosting

2.2.2 Domain Name Registration

2.2.3 Co Location (Server Hosting)

2.2.4 Radio and Video Streaming

2.2.5 IVR System

2.2.6 Bulk SMS

2.2.7 MadaTv

2.2.8 Content Filtering & Internet Security

2.2.9 Network and Onsite Support

3. Wholesalers

3.1 BroadBand Services

3.1.1 IPLC services

3.1.2 MPLS Network

3.1.3 DIA Market: Market study has targeted five competitors in comparison to Mada in addition to Paltel, where the analysis focused on the type of internet service provided (ADSL, Wi-fi, Microwave, Fiber, etc.), and the add-ons services provided such as IPTV, VoIP, VPN, Fix IP, Hosting and Domain services, video streaming data center, providing SMS through mobile phone providers, and other services. The market analysis has the following components: ISP sizes, service provided, along with the prices in comparison to Mada current provided services along with the price. The analysis is ending with identifying market share for Mada in addition to its current one from the ADSL services provided. Mada has a current market share of approximately 32% of the total West Bank market of DSL, 12% of broadband including leased lines and fiber, and 60% of the IPTV market. However, Hadara the largest ISP in West Bank has 33% of the total West Bank DSL market, 0% of the broadband, and 25% of the IPTV market. The analysis also reflects a number of growing internet service providers such as Furrera, which has a very competitive price for the ISP service comparing to Hadara, and Mada. As for the Connect Pilot, Mada is aiming to maintain its percentage of the market targeting 20% of the current market, which are 10,000 subscribers. This penetration will allow Mada to have a control on the market and will maintain the price to achieve proper revenues, also it will allow other investors to penetrate the market without the market saturation. The unique selling point of Mada is it added-one services such as IPTV, websites hosting, and domains, and the VoIP services, in addition to the security services. Competitive advantages of Mada's FTTH Service:

1. Direct connectivity: Mada partners with best-practice international providers, allowing the company to offer higher quality and more cost-effective services.

2. Aggressive investment in customer services and after-sales functions is reflected back in higher acquisition rates and longer customer lifecycle. In addition to flexibility in adapting to market changes.

3. As for Mada position, Mada is considered the second ranked into providing broadband services including fibre optics, microwave, and direct connectivity with international partners, coming after the Paltel (69% of the broadband market), with 14% market share.

2.Social and environmental positive impacts of the project.

The Impact: Employment Opportunities Fibre optic network installation requires workforce, especially, laying down the fibre optic infrastructure is a labour-intensive project that requires a significant number (10-30 directly and over 100 indirectly) of skilled workers for usually an extended time period. Fibre optic brings employment on multiple levels (Advanced & Highly qualified (limited no), Mid level, such as new graduates with some experience and semi-skilled labour that will complete the demand circle. These constitute direct and indirect opportunities) . Thus, fibre optic offers an excellent opportunity for skilled workers. The best thing about the deployment of fibre optic is that it is a growing industry. Therefore, it plays an essential role in developing long-term careers of individuals of a society. Fibre optic cables usually pass from deserted lands and rural areas. Fibre optic requires security from data intruders; therefore, locals get amazing employment opportunities after FTTH cable's deployment. All-in-all fibre optic empowers thousands and millions of people, especially the locals. Environmental Impact One of the most significant advantages of fibre is that fibre usually completes its lifespan, and it can be recycled multiple times. The recycling process is also good for the environment because fibre's recycling does not require a substantial amount of heat, which is not suitable for the environment. Whereas copper needs regular replacement because it mostly it does not even reach half of its lifespan and melts due to overheating. Recycling copper is not only a lengthy process, but it requires a substantial amount of water and heat. Therefore, fibre is better for the environment in the long-run. FTTH provides significant economic and social benefits, regardless of their current state of development. It enables developing countries like Palestine to grow and help to meet the United Nations Sustainable Development Goals such as SDG 3: Good health and well-being; where such project will help into providing proper and high speed internet access to health institution which will lead to save lives and will enable the environment to develop an advanced health solutions. Furthermore, this project will help Palestinians to achieve SDG 4: Quality Education, by providing high and stable internet access to academic institutions to increase their ability to fulfil their educational commitments toward their students, and will become a proper and stable tool to utilise online education classes in natural or human made disasters such as COVID-19 pandemic. The SDG 5 of Gender Equality is achievable by the provision of this project, as this project will give the opportunity for different gender groups to able to have equal access to internet access with a proper price, and through different technologies of distribution, this also leading to achieve SDG 6 where equal and safe access to water and sanitations services can be achieved through such a project, as it will enable the PWA to have more control on the World Bank funded project of fair water distribution model on bulk level. Moreover, this project will contribute into economic growth and create a decent working environment for entrepreneurs and will enable the environment for the innovation of new industries in Palestine. This project will enable the city of Ramallah to be more sustainable and to be more attractable for investments and daily lifestyle for students, families, and entrepreneurs, which also will decrease the effect of climate change in the city by utilizing the already existing infrastructure. Finally, this project will contribute into creating partnerships through utilizing the networks into 4K video conferences with other countries, that share the same challenges, and opportunities, and can be a niche of development of infrastructure and innovation industries.

<p>3. Why do you think this is a financially feasible project?</p>	<p>Why Mada: 1. Mada has a well-developed organizational structure that assure the best management scheme along with accountability and governance hierarchy, thus, it has its board, that govern the company along with external audited system, and legal support. Managerial and operational. 2. Mada have Technical function department, Finance and administrative department, commercial department, and operations department. 3. Currently, Mada has 138 employees. More than 70% of employees joined Mada as new graduates. 83% of employees hold a bachelor's degree. 70% of Mada's employees have been with the company for 2 years or less. 4. Another reason, that reflect the sustainability and proper growth, is the future expansion and growth plan where Mada is planning to bring new services, make geographical expansion, increase the number of facilities, and create a promotional tool, and offers, such growth will lead to more job opportunities for youth and women in the sector as part of our social responsibility and inclusion. Estimated Financial Feasibility: 1. The initial financial model of the project shows the revenues, and operating expenses over the project lifespan. 2. The total gross revenue ranges from USD 87 K in the first year to USD 3.90 M in the tenth year. 3. The total expenses range from USD 0.3 M in the first year to USD 1.6 M in tenth year. 4. The overall operation shows negative income of (USD 0.4 M) to positive USD 1.1 M in the tenth year. 5. The IRR of the project is 12.84%. 6. The NPV is USD 1.1 M, and 7. The payback period is 7.2 years. 8. The total investment of the project including the pilot is USD 10.4M.</p>
<p>How many new "direct jobs" are expected from the new investment?</p>	<p>(10-30]</p>
<p>From the above, how many jobs are for Women?</p>	<p>40%-60%</p>
<p>Please, explain what the challenges and obstacles that are preventing you from proceeding with this investment including how COVID 19 pandemic affected your proposed investment.</p>	<p>Political Challenges: 1. Political instability and security situation. 2. Competition by Israeli ISPs. (some backbone depends on Israel) 3. Restrictions on importing by Israeli authorities. 4. The long period of waiting in seaports, and crossing ports. 5. Utilizing political arena against the Palestinian right to access to high internet speed. 6. Restrictions on having permits to create national internet line in case of expansion. 7. Inability to reach out one single zone as a one zone due to the defragmentation of land classifications. Technical Challenges: 1. National network fragmentation. 2. The terrestrial of the country is complicated due to different elevations. 3. In some places the electricity distribution network, is mixed between the new and old network styles. (and mixed in terms of providers). Market Challenges: 1. Large number of Palestinian ISPs. 2. Monopoly status of PALTEL Group in the Palestinian internet market. 3. The awareness of the customer of the importance of receiving stable internet access. Regulatory framework 1. ICT sector is suffering from weak regulatory and legal framework. 2. Lack of investment and understanding its importance. 3. Lack of government support for such national projects. 4. Lack of PPP cooperation. COVID 19 Impacts: 1. Positive impact: a. COVID-19 has make an extra demand on services such as IPTV and increase of internet speeds to households. 2. Negative impact: a. More internet pings delay on the network due to high demand on 4K content, video conferences, and Gaming while the lockdown of the country. b. The restriction of movement did not allow the maintenance staff to operate as usual, and has decrease the response time to the claims. c. COVID-19 make it hard to part of our customers to be able to proper pay their internet bills due to the lockdown, and to the increase decrease.</p>