

Project Summary Information (PSI)

Project No: 000027

Project Name	Oman Broadband Infrastructure Project
Country	The Sultanate of Oman
Sector	Telecommunications / Fiber Broadband
Project No.	000027
Borrower	Oman Broadband Company SAOC
Environmental and Social Category	Category B
Date of PSI prepared or updated	November 9, 2017
Estimated Date of Board Consideration	December 2017
Concept Decision	Approved on April 17, 2017
Final Review	Approved on November 6, 2017

I. Introduction

Broadband services in Oman are currently offered mainly via buried copper or LTE modems, which are either unreliable or expensive to the operators. There is urgent need to put in place fast and reliable broadband connections across the country to meet the demand from both the business community and the residential end users. The Cabinet of the Ministers ratified the National Broadband Strategy during its Session No. 23/2013 in October 2013, and mandated the Ministry of Transport and Communications (MoTC) to oversee its implementation.

To implement the National Broadband Strategy, Oman Broadband Company SAOC (Oman Broadband) has been incorporated as a private company to focus on the deployment of a passive fiber network infrastructure, providing equal and open access to telecommunication service providers, on a wholesale basis, and owners and operators of private networks, on a retail basis, thereby enabling end users to efficiently leverage high speed fiber in Oman.

AIIB's taking a leading role in structuring and arranging the financing of this Project will help mobilize private capital into an infrastructure market segment underserved by private sector financiers to date.

II. Project Objective and Expected Results

The objective of the Project is to improve the telecommunications connectivity in Oman and increase the digital literacy and productivity of its human capital. The finance provided to Oman Broadband will be used for its rollout of a fiber optic broadband cable network to c. 406,003 homes/premises by the end of 2021 (i.e. Phase 1 of the rollout of a national network). It comprises of laying cables of c. 4,097 km, drop cables of c. 9,535 km and installing supporting infrastructure such as fiber distribution hubs. Upon its completion, 80% of Muscat will be fiber-ready for connection with the gigabit-capable optical networks. The Project will improve Oman's infrastructure in the information and communication technology sector, thereby increasing the attractiveness of Oman as a destination for manufacturing business and strategic logistics services. The Project is in alignment with the country's goal to progressively diversify the economy away from its current dependence on export of hydrocarbon products.

III. Project Description and Components

Oman Broadband will rollout fiber optic infrastructure to cover the country area by area, i.e. passing in front of each house before releasing one given area (Homes Passed). Once an area is released, service operators can offer broadband services within the area.

Oman Broadband currently offers two main service types as follows:

Service Type	Description
Basic End User Connection (BEUC)	Provision of fiber access to service operators so as to enable them in turn to provide FTTH services to end-users, whether residential or corporate
Backhauling	Access to a passive fiber optics, or dark fiber, but delivered point to point, upon request from the service operator

IV. Environmental and Social

The Project involves the installation of fiber optic cables and associated passive infrastructure, such as Points of Presence (PoPs), Network Access Points (NAPs) and Frame Distribution Hubs (FDHs). The Project will utilize the existing infrastructure such as, existing telecom lines conduits or pipe chases for installing the new fibers. The borrower has a comprehensive health, safety and environment (HSE) policy which ensures the protection of fiber optic installers and electricians. No land acquisition or displacement of population is envisaged in the Project. Environmental and social impacts during the time of construction are temporary and reversible in nature. According to AIIB's Environmental and Social Framework the Project is classified as Category B. As required for a Category B project, an Environmental and Social Management Plan (ESMP) has been developed. The scope of the draft ESMP (see <https://www.aiib.org/en/projects/proposed/2017/broadband-infrastructure-project.html>) has been determined with respect to Oman Broadband's activities and their context to cover impacts and define required management and monitoring measures in line with AIIB's Environmental and Social Framework and Omani laws. It is disclosed in English and Arabic on Oman Broadband's website (<http://www.omanbroadband.om/Environmental+%26+Social+Management+Plan.html>) since October 2017 and presented to key stakeholders at a public consultation in Muscat on 24 October 2017. Following this consultation, Oman Broadband is requesting feedback on the document for a 30 days' period prior to its finalization and further disclosure.

V. Cost and Financing

Oman Broadband's fiber broadband rollout plan started since 2014 and further envisages intensive capex over the next decade. The total project cost through 2021 is estimated to be around USD 467 million and is to be funded by equity, debt and operating cash flow from its on-going operation.

The financing plan envisages a long-term debt financing with the combination of A Loan and B Loan in total of approximately USD239 million. The size of the total debt and its component may be refined alongside the appraisal process.

VI. Implementation Arrangements

Oman Broadband will outsource all civil work and fiber deployment to numerous companies, selected through open tender process as per its Procurement Policy Manual. On the high level, there are three types of assignments in relation of fiber deployment exist:

- 1) Rollout of core network civil work

- 2) Rollout of Homes Passed fiber or access network (up to Network Access Point-NAP)
- 3) Rollout of Home Connections

To date, Oman Broadband passes more than 145,000 homes in Muscat for delivering services to 32,000+ end-customers.

Contact Points

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