

Demand forecasts for infrastructure equipment and services in the Middle East and North Africa - 2019 edition



Your comprehensive guide to expected procurement activities in 16 markets



MENA represents a diverse region, from developed markets in Gulf Cooperation Council (GCC) states where mobile penetration is high and data usage is growing exponentially, through to war torn regions such as Afghanistan and Iraq where significant rollout is required and operational challenges are high. Ahead of the TowerXchange Meetup MENA being held in early 2019, TowerXchange takes a deep dive into the MENA region, exploring the current appetite for passive infrastructure equipment and services in 16 countries.

Keywords: Access Control, Afghanistan, Algeria, Bahrain, Batteries, DAS, Egypt, Energy, Hybrid Power, IBS, Iran, Iraq, Jordan, Kuwait, Lebanon, Morocco, MENA, Middle East, North Africa, Oman, Pakistan, RMS, Site Management System, Small Cells, Qatar, Saudi Arabia, Tunisia, UAE

Read this article to learn:

- Where the volume of new build will be highest across MENA
- Countries, MNOs and towercos requiring significant investment in cell site energy
- Country by country requirements for site upgrade and turnkey infrastructure services
- Where the biggest opportunities exist for small cells and DAS deployment
- Expected investment in RMS, access control and site management systems
- Who the leading MNOs and towercos are in each country

Tower  Xchange

Meetup MENA 2019
29-30 January, Dubai

Meetup Europe 2019
9-10 April, London

Meetup Americas 2019
9-10 July, Boca Raton



Meetup China 2019
August, Beijing




Meetup Africa 2019
8-9 October, Johannesburg





Meetup Asia 2019
3-4 December, Singapore





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Demand forecasts: telecom infrastructure in MENA

Vendor opportunity matrix	Energy	RMS, ILM and access control	Tower manufacture	Turnkey infrastructure	Small cells, microcells, DAS and IBS*	Advisors	Towercos	MNOs
Afghanistan	High	High	Medium	High	Low	Medium		
	<p>With major security issues across the country, a large percentage of opex and capex is spent on security, a figure the country's operators are looking to reduce with remote monitoring and access control systems presenting viable solutions. Energy presents a major challenge across the entire country, with 99% of sites reliant on diesel generators. Solar solutions have been explored but currently the payback time on offer has not proven attractive. Delivery of fuel to sites is however problematic so hybrid solutions are being explored. Under investment means that there is a severe shortage of towers in the country and whilst Afghan Wireless (AWCC) is being the most proactive in expanding their networks, other operators remain conservative with rollout until the political situation improves.</p>						Asia Consultancy Group	Afghan Wireless Roshan MTN Etisalat Afghan Telecom
Algeria	Low	Medium	High	Medium	Low	Medium		
	<p>Collectively the country's MNOs plan to add 2,500 towers to the 19,000 tower market with Mobilis planning the biggest new build. The level of infrastructure sharing is low and many sites are unsuitable for additional tenants thus necessitating strengthening and upgrade projects. The MNOs in the market had trialed outsourcing managed services to smaller subcontractors in a bid to save costs but their lack of project management capabilities mean that the MNOs are reconsidering working with larger players. VEON backed Djezzy had looked into a tower sale but limits on foreign direct investment meant that appetite for the towers was limited; FDI rules are meant to be changing and should a company express an interest, one could expect the deal to return to the table. 99% of sites are on grid and with cheap fuel costs, generators are the mainstay technology for backup power.</p>						Infrashare Telediffusion d'Algerie (TDA)	Mobilis Djezzy Ooredoo

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Bahrain 	Low	Low	Low	High	Medium	Medium	None	Batelco Viva Zain
<p>With 1500 sites in a country that requires just 400, new legislation has been introduced to regulate the deployment of new towers and promote infrastructure sharing. Whilst there will be little to no new build, requirements to rectify sites to better blend into the environment means there is an appetite for camouflaged towers. Major decommissioning is required in Bahrain creating opportunities for turnkey services companies. Power is not a major concern with a robust grid in place. Tower sales have previously been looked at in the country and whilst there are no active processes, Zain is in the process of selling its Kuwait and Saudi sites and so its attention may turn to its portfolio in Bahrain once the previous deals are complete.</p>								
Egypt 	High	High	High	High	Low	Medium	HOI-MEA	Vodafone Etisalat Orange Telecom Egypt
<p>With over 22,000 towers, Egypt is one of the MENA's largest tower markets but with 103.2mn subscribers significant new build is still required. Since having been awarded the 4th license in the country, Telecom Egypt has been using national roaming agreements but has recently started to build their own sites with a plan to own their own infrastructure. Between 15-30% of each MNO's sites are understood to be off-grid and whilst the price of diesel is currently cheap, it is expected to rise steadily strengthening the business case for hybrid and energy efficiency solutions. Grid connections are slow and expensive and the high load on cell sites means that as many as three generators can be required. Orange are close to awarding an ESCO contract in the market, with one other MNO considering issuing an RFP. Orange had considered a tower sale but the deal was blocked by the regulator, no further tower sales are currently expected.</p>								
Iran 	Low	High	Medium	High	Low	Low	Iranian Towers Fanasia	MCI MTN- Irancell Rightel
<p>Operators, MCI and Rightel have joined forces with Fanasia to create a new towerco - Iranian Towers which had added 1000 new sites for the two MNOs with further site build planned. Iranian Towers plans to consolidate overlapping infrastructure between MCI and Rightel creating opportunities for turnkey service providers, whilst the requirement to replace sites with those with capacity for multiple tenants creates opportunities for tower manufacturers. Iranian Towers were known to be assessing site management systems to better manage their portfolio of sites. The towerco is also exploring energy and space saving solutions including new racks and solutions for outdoorisation</p>								

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Iraq	High	High	High	High	Low	Medium	None	Zain Asiacell Korek Telecom Tishknet Goran-Net Mobitel Newroz Telecom
	Opex costs are high in Iraq with security and logistics being the biggest contributing factors meaning that tools such as remote monitoring and access control to reduce site visits are in demand. Energy costs due to lack of grid power are the next biggest contributor to opex, most sites are understood to have two diesel generators and the assessment of hybrid solutions in the country has just begun. Restoration work is still ongoing repairing energy equipment and grid connections damaged during the conflict. TowerXchange has been made aware of at least one MNO looking to issue an RFP for an ESCO solution. Considerable new build is expected with major investment now being channelled into rebuilding the country's infrastructure and economy, one MNO has said they plan to add 3000 towers to their network and significant new build is expected by the others. Infrastructure sharing has begun but most existing structures are unsuitable for additional tenants, thus considerable strengthening work is required. In Kurdistan, in building solutions are being deployed and parallel infrastructure exists thus necessitating decommissioning. Early discussions have begun regarding outsourcing of towers with one company considering entering the market as a towerco.							
Jordan	Medium	Medium	Low	Medium	Low	Medium	TASC Towers	Orange Zain Umniah
	The telecoms sector has been hit by electricity price hikes in Jordan, negatively impacting opex. Orange has invested in a solar plant to produce the electricity it requires and other MNOs continue to look at ways to control their power costs. A tower sale had been looked at in Jordan back in 2012 and whilst there are no current processes underway, should Zain's tower sales in Kuwait and Saudi Arabia go well, the MNO may consider offloading their Jordanian assets.							
Kuwait	Low	Medium	Low	Medium	High	Medium	IHS*	Zain Viva Ooredoo
	Zain's sale of its tower portfolio to IHS Towers is expected to close imminently and decommissioning is expected to play a key part of the towerco's strategy in the market where significant parallel infrastructure exists. New build will be limited but expect tower strengthening and upgrade work as sites are prepared for additional tenants whilst IHS may look to put in place new site management systems across its portfolio as it integrates the sites into its business. 5G trials are underway in the country with small cells and DAS solutions required in order to carry out commercial rollout. Whilst the electricity grid is extensive in Kuwait, approximately 10% of sites are understood to lack grid connections and are thus reliant on diesel generators 24/7.							
Lebanon	Medium	Medium	Medium	Medium	Low	Low	None	touch Alfa
	Whilst a small market with just 2,600 towers, plans have been laid out for each operator to add 300-400 new towers starting 2019, an almost 30% increase in the country's total tower stock. Around 10% of sites are off-grid with a further 75% of sites on poor grid (poor grid availability ranging from 6-18 hours). IPT PowerTech recently won an ESCO contract to take over management of power on Alfa's sites. The country is small and security is not a major concern but a need to manage power creates remote monitoring requirements. There are major fibre rollout plans currently underway in the country, creating work for subcontractors.							

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Morocco	Low	Low	Low	Medium	Low	Medium	None	Maroc Telecom Orange Inwi
	Morocco's 19,000 towers are all owned by the country's three MNOs, with market leaders, Maroc Telecom having the largest portfolio of around 10,000 sites. Etisalat are becoming increasingly involved in Maroc Telecom's operations and whilst the country has a reliable grid, energy efficiency measures will be likely priorities to improve operating margins. 4G rollout continues thus necessitating site strengthening as further equipment is added to towers.							
Oman	Low	Medium	Low	Low	Medium	High	Oman Towers Company	Omantel Ooredoo
	The entrance of a third MNO in the Omani market is imminent, with the operator expected to be backed by local funds. Infrastructure sharing has been limited to date but the entrance of a new MNO coupled with 4G rollout means that tower strengthening will be on the agenda as more equipment is added to sites. MNOs are understood to be growing their tower count by around 4-5% a year, suggesting that around 100-150 sites are built per annum. Rumours are circulating that a tower sale is on the cards in Oman creating a high demand for advisors in the market.							
Pakistan	Medium	High	Medium	High	Medium	High	edotco AWAL Telecom	Jazz Telenor Zong Ufone
	Power remains the number one operational challenge in the market with the grid being unstable and outtages reported to last eight or more hours. edotco offer power as a service across their ~800 towers in Pakistan and are focussed on reducing diesel consumption across their portfolio. Their deal to acquire the 13,000 Jazz towers fell through in September 2018 and there have been rumours that other interested parties may acquire Jazz's portfolio of towers, meaning the need for advisors in the country remains high. After power, security presents the next largest challenge to tower owners and so remote monitoring and access control systems are of key importance. There is extensive parallel infrastructure, especially in urban areas and so expect decommissioning to feature more heavily since edotco's entry into the country. In building coverage is in an early phase in the country, with around 100 buildings covered, growth is however forecast in the future.							
Qatar	Low	Low	Low	Low	High	Medium	None	Ooredoo Vodafone
	Qatar has ambitions to be one of the front runners in 5G with commercial deployment forecast for 2020. Such goals will necessitate investments in small cell and DAS with the country likely to be one of the earliest mainstream adopters of the technology. As a small country with good coverage, new build in the market is expected to be extremely limited although with little to no infrastructure sharing to date, decommissioning is likely to feature more heavily. There is a major focus on street level solutions and an interest in camouflage solutions, presenting opportunities for innovative tower manufacturers and designers. Qatar remains locked in dispute with several Arab nations and diplomatic ties have been cut and transport links severed meaning that supply chains have been shaken up.							

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Saudi Arabia 	Medium	Medium	High	High	Medium	High	IHS Towers* Communication Towers	Saudi Telecom Company Mobily Zain
<p>Data usage continues to grow exponentially and a further 1000-2000 new sites are required in urban areas to meet demand. All new high rise buildings need to be built with DAS and FTTH and STC have 5G trials currently underway meaning that alternative site typologies are growing in importance. Zain has reached a deal to sell its 8,100 towers to IHS, with a contract for 1500 new sites to be built included in the deal. Saudi Telecom Company has created a new towerco subsidiary, Communication Towers and is enlisting the service of advisors to finalise their strategy, a move which may include the assignment of a towerco management partner. Infrastructure sharing is becoming increasingly common meaning that strengthening will be required. In terms of power, urban towers all benefit from good grid, but rural and remote areas (approximately 25% of sites) are reliant on generators plus batteries. Batteries are reported to be performing well at high temperatures with shading and free cooling being preferred to other cooling solutions. Solar has gained little traction in the region due to the dusty conditions.</p>								
Tunisia 	Low	Medium	Low	Low	Low	High	NATIC Infrashare	Ooredoo Orange Tunisie Telecom
<p>Rumours had circulated that following Abraaj's acquisition of Emirates International Telecommunications' stake in Tunisie Telecom, a tower sale would follow. Abraaj's takeover has since fallen through and as such, talks of a tower sale appear to have cooled. A small country, the amount of new build required is limited but newly emerged towerco, NATIC, is in discussions regarding build to suit contracts with the country's MNOs. Should towers come to market, one can expect NATIC to have a keen interest. Infrastructure sharing is comparably prevalent in Tunisia with around one third of sites shared and a RANsharing agreement in place between Tunisie Telecom and Ooredoo.</p>								
UAE 	Low	Low	Low	Low	High	Low	None	Etisalat du
<p>With a large proportion of high rise buildings in dense urban areas and plans to launch commercial 5G in 2019, small cells and DAS rollout are a priority in the UAE with the country set to be one of the earliest adopters of the technology. The two player market, with Etisalat and du having a common shareholder in the form of the Emirates Investment Authority means that the country is less attractive to towercos and so no tower deals are expected any time soon. New build requirements are limited and power isn't a major challenge and so there are fewer opportunities for tower manufacturers and energy equipment manufacturers in the UAE than other regions. With Dubai acting as the regional hub to MENA however, companies looking to form partnerships with other suppliers would be well placed to invest time in local stakeholders based in the Emirates.</p>								

* Pending closure of the Zain deal