



KEY SECTORS FOR OPPORTUNITIES

2.1 Infrastructure

- 2.1.1 Power plant- Fuel based
- 2.1.2 Power plant – Renewable
- 2.1.3 Desalination plan
- 2.1.4 Funding – Project finance
- 2.1.5 Marine transport infrastructure
- 2.1.6 Rail transport infrastructure

2.2 Environmental services

- 2.2.1 Solid waste management
- 2.2.2 Primary sewage treatment
- 2.2.3 Oil and effluent sludge treatment
- 2.2.4 Waste recycling

2.3 Industrial oil and gas downstream chemical

2.4 Education and training

- 2.4.1 Tertiary education
- 2.4.2 Institutes and training centers

2.5 Healthcare

- 2.5.1 Specialty hospitals
- 2.5.2 Lifestyle medical clinics

2.6 Integrated housing projects and urban development

- 2.6.1 Development planning for integrated housing projects
- 2.6.2 Property management
- 2.6.3 Facilities management

2.6.4 Construction contracting

2.7 Storage and logistics services

- 2.7.1 Logistics
- 2.7.2 Warehousing

2.8 Banking, financial services and insurance

- 2.8.1 Private equity
- 2.8.2 Asset management
- 2.8.3 Direct sales agent

2.9 Air, maritime and rail passenger transport

- 2.9.1 Airport facilities management
- 2.9.2 Rail facilities management

2.10 Tourism, hotel and entertainment

- 2.10.1 Branded theme park
- 2.10.2 Budget hotels

2.11 IT and software development

- 2.11.1 Web and application development

2.12 Culture, media and marketing

- 2.12.1 Digital media marketing
- 2.12.2 Digital content creation
- 2.12.3 Application stores and online portals

Attractive investment opportunities across diverse sectors

1. INFRASTRUCTURE

Kuwait has earmarked more than USD 103 Bn in the second Kuwait Development Plan (2015/16 - 2019/20) and has earmarked a similar amount for the new five year development plan for infrastructure development in sectors such as power, water, transport infrastructure (ports, aviation and rail) providing opportunities for international investors. Kuwait is the first country in the region to adopt a Public Private Partnership (PPP) framework to attract foreign developers.

2. ENVIRONMENTAL SERVICES

A number of projects have been initiated to address the current and future capacity constraints in critical environmental segments such as sanitation and waste management with the Government seeking active private sector participation.

3. DOWNSTREAM - CHEMICAL MANUFACTURING

Kuwait plans to double its chemical production capacity for ethylene and polyethylene providing room for international investors to forge partnerships/ strategic alliances with leading local players.

4. EDUCATION & TRAINING

Kuwait's education expenditure is expected to increase from USD 6.8 Bn in 2013 to USD 10.5 Bn by 2019. Kuwait is seeking to attract leading global educational institutions to reach international enrolment levels and standards of education.

5. HEALTHCARE

Kuwait has the third largest total healthcare expenditure in the GCC. Private sector investments are expected to reach USD 1.3 Bn by 2019 (6% annual growth between 2013-19) providing opportunities to establish specialty hospitals and lifestyle clinics catering to an affluent, growing population.

6. INTEGRATED HOUSING PROJECTS AND URBAN DEVELOPMENT

Kuwait has a pipeline of several large housing projects including integrated townships. These projects provide opportunities for international investors to participate across the real estate value chain including development planning, construction contracting and property and facilities management.

7. STORAGE AND LOGISTICS SERVICES

Kuwait is developing its transportation infrastructure across ports, airport and rail with a view to position the country as a hub for regional trade. This, combined with Kuwait's reliance on imports, logistics and warehousing presents considerable opportunities for international players.

8. BANKING, FINANCIAL SERVICES AND INSURANCE

A robust financial sector, proactive regulatory regime and rising personal and institutional wealth make Kuwait an attractive destination for international BFSI institutions to offer specialized products and services.

9. AIR, MARITIME AND RAIL PASSENGER TRANSPORT

Kuwait is developing over USD 20 Bn of transport infrastructure projects in aviation and rail which will facilitate increasing passenger transport activity in the country and augment demand for services allied to the transport sector.

10. TOURISM, HOTEL AND ENTERTAINMENT

Tourist arrivals are expected to grow from 306,559 in 2013 to 491,000 by 2022, creating need for greater hotel capacity. Limited presence of international budget hotel brands present an opportunity for concepts targeting business travelers.

11. WEB AND APP DEVELOPMENT

Demand from consumer focused sectors like retail and banking along with IT transformation initiatives at the Government level are augmenting demand for web-enabled IT services and solutions in Kuwait.

12. CULTURE, MEDIA AND MARKETING

High affinity for entertainment and media on digital platforms such as smartphones and tablets and high affordability are opening new markets and business opportunities in the digital media and marketing sector.

INVESTMENT
OPPORTUNITIES

2.1: Infrastructure

SECTOR OVERVIEW

The planned upgrades to Kuwait's aviation infrastructure are expected to support Kuwait's initiatives to position itself as a commercial hub. There exists potential to provide specialized facilities management (FM) services to maintain Kuwait's airport facilities at par with global standards and benchmarks.

POWER GENERATION – FUEL BASED

The Ministry of Electricity and Water (MEW) anticipates an investment of approximately USD 25 Bn to meet the electricity production capacity targets of 25,000 MW set for 2025. The private sector is expected to play a major role, leading to long term opportunities for foreign investors.

Fuel-based power production capacity to increase by over 10,000 MW by 2025

Project value

USD 25 Bn

POWER GENERATION - RENEWABLE

The Kuwait Government is considering alternative sources of energy to meet growing demand. Kuwait aims to generate at least 10% of its electricity (or over 2,000 MW) from renewable sources by 2020.

Kuwait National Rail Road System (tendering in 2016)

Project value

USD 10 Mn

DESALINATION PLANT

Scarcity of natural ground water resources in Kuwait is expected to put increased pressure on desalination facilities and drive demand for expansion and establishment of new desalination capacity.

FUNDING – PROJECT FINANCE

Private sector involvement in infrastructure projects is likely to promote growth of project finance in Kuwait.

MARINE TRANSPORT INFRASTRUCTURE

A number of port expansion and new construction projects are planned, presenting considerable opportunities for specialized global construction contractors, operators and service providers.

RAIL TRANSPORT INFRASTRUCTURE

The development of a national railway and metro network, with project values of USD 10 Bn and USD 7 Bn respectively are integral part of Kuwait's plan to upgrade the public transportation sector.

Power and transport being the main focus areas of the Government's infrastructure plan provide significant opportunities for foreign and local investors

2.1.1: Power Plant - Fuel based

OPPORTUNITY OVERVIEW

Demand for power in Kuwait is expected to grow at a rate of 5.7% per annum (p.a) from the peak load demand of 12,800 MW in 2013 to reach 25,000 MW by 2025. Currently, the Government is the sole producer and distributor of power in Kuwait. However, in order to meet this expected increase in power demand, the Government is inviting private sector participation through the PPP model creating significant opportunities for international investors to participate in Kuwait's power sector.

Conventional fossil fuels are expected to remain the dominant fuel mix for electricity generation in Kuwait. The Ministry of Electricity and Water has announced several large projects to strengthen Kuwait's electricity and water supply situation in order to meet the increasing demand from consumers.

Proposed power plants through the PPP model	Planned capacity
Kuwait KAPP - Al Abdaliya Hybrid Power Plant	280 MW
Kuwait KAPP - Al Khiran IWPP	2,500 MW and 125 million g/d (desalination)
Kuwait KAPP - Al Zour North IWPP - Phase 1	1,500 MW (power) and 102 million g/day (desalination)
Kuwait KAPP - Al Zour North IWPP - Phase 2	1,500 MW (power) and 102 million g/day (desalination)
Kuwait KAPP - Al Zour North IWPP - Phase 3	800 MW (power) and 50 million g/day (desalination)
Kuwait KAPP - Al Zour North IWPP - Phase 4	1,000 MW

- Rapid population growth and subsidized electricity prices has led to high electricity consumption.
- Demand for electricity is expected to grow as a result of Kuwait's growing economy combined with large scale infrastructure projects being undertaken in the country and planned development of the industrial sector.
- Seasonal variations and extreme temperatures are major drivers for power usage, with peak demand usually occurring during the summer months due to heavy use of cooling systems.

Kuwait's power generation capacity stood at 15,990 MW in 2014 and it is estimated that an additional capacity of 12,170 MW of power is planned by 2025 to meet the expected demand. The estimated market size of fuel-based power plants in Kuwait is projected at USD 25 Bn by 2025 with approximately USD 2.5 Bn of investment proposed over the next two to three years to cater to growth in demand for power until 2015.

The MEW has recently announced several power projects, including through the PPP route, to strengthen the electricity and water capacity in the country. These projects are likely to provide substantial business opportunities for local and international firms.

2.1.2: Power Plant – Renewable

OPPORTUNITY OVERVIEW

Rising population, growing consumerism and limited awareness or incentives for energy conservation have led to high per capita consumption of power in Kuwait. The MEW spends over USD 3.5 Bn per annum to meet the electricity requirements of the country and uses an estimated average of 200,000 to 300,000 barrels of oil and refined products per day to generate power.

The MEW is planning to enhance the efficiency of installed power stations through upgrading the technologies used in power generation. Renewable energy as a substitute to oil would allow Kuwait to conserve its oil for other uses including for export purposes. The PPP model being adopted by the Government for large projects provide significant opportunities for foreign and local private investors to participate in this sector.

Renewable sector projects	
Project Name	Capacity
Al Shaqaya Renewable Energy Project	2,000 MW
ISCC plant at Al-Abdaliya	280 MW

10% of the total electricity generation by 2020, or approximately 2,000 MW, is targeted to be met through renewable energy.

MEW has also received offers from US, European and Japanese firms to build power plants using alternative fuels and renewable energy sources, highlighting the scope for international participation in this sector.

- Shifting from fuel-based power plants to renewable energy can free up oil for other commercial uses. The Kuwait Government has set ambitious renewable energy targets of at least 10% of total power production by 2020.
- As Kuwait has become a net importer of natural gas, there is an urgent need to explore alternative means of power generation.
- Ratification of the Kyoto protocol for control of emission of greenhouse gases can provide an opportunity for energy conserving/environmentally efficient plants to benefit from the sale of greenhouse gases reduction units.
- Increased environmental awareness and Government support can drive renewable energy initiatives in Kuwait, taking advantage of abundant heat, wind and sunlight sources needed to generate renewable energy.



2.1.3: Desalination Plant

OPPORTUNITY OVERVIEW

Continuously increasing demand for water and scarcity of natural water resources is driving Kuwait to expand its desalination facilities. Currently the Government operates all desalination plants in Kuwait. However, the MEW is seeking to establish Integrated Water and Power Plants (IWPP) through the PPP model.

It is estimated that water consumption in Kuwait will rise to 780 Mn imperial g/d by 2020 (from 410 Mn imperial g/d in 2013 approximately 9.6% y-o-y). Kuwait has planned several projects to add new capacity, including the Al-Zour South Plant, Doha West Plant and Subiya Plant, to name a few.

Plant	Planned Capacity Mn Imperial g/d
Al-Zour North IWPP	276
Al Khiran IWPP	125
Doha West Plant	110
Subiya Plant	100
Doha East Plant	42
Shuaiba South Plant	36
Shuwaikh Plant	50

- Population growth and rising urbanization are leading to high levels of water consumption, driving the demand for new desalination facilities.
- Kuwait's per-capita consumption of water is among the highest in the world. Per capita consumption reached nearly 38,000 imperial gallons in 2013 and is estimated to have reached 44,611 imperial gallons by 2015.
- Government-led initiatives for the development of the industrial sector are likely to increase demand for water consumption.
- The scarcity of natural water resources in the country increases dependency on desalinated water as the primary source of water supply in Kuwait.

Estimates for water consumption in Kuwait, 2011-2020

2013

410 mn imperial gallons/day

2014 e

423 mn imperial gallons/day

2015 f

513 mn imperial gallons/day

2020 f

780 mn imperial gallons/day

- The planned and upcoming desalination projects represent potential opportunities for international developers, operators and investors.

2.1.4: Funding – Project Finance

OPPORTUNITY OVERVIEW

Over a period of six years (2009-2014), over USD 148 Bn of infrastructure projects were funded through project finance in the GCC. Over 72% of these project finance transactions were in the utilities sector with KSA and United Arab Emirates attracting 70% of total project finance lending among GCC countries. Historically, the lack of private sector participation in infrastructure has hindered the growth of project finance in Kuwait.

However, this scenario is set to change with the Kuwait Government adopting PPP models especially in core sectors such as power and water. Projects worth over USD 358 Bn are expected to be implemented over the next 15 to 20 years, presenting an attractive, high-growth market for project finance.

- The Kuwait Development Plan includes a number of large infrastructure projects, which are expected to drive significant construction activity.
- The Kuwait Government is pursuing projects under the PPP law to create wider private sector ownership in large projects.
- Private sector led development of these projects under the PPP model is expected to give rise to a need for project finance, presenting a sizeable opportunity for international banks and other long term infrastructure investors.



GCC- Project Finance Market

2009

24,928 USD Mn

2010

20,396 USD Mn

2011

29,601 USD Mn

2012

22,164 USD Mn

2013

28,788 USD

2014

21,745 USD Mn

2.1.5: Marine Transport Infrastructure – Construction & Engineering

OPPORTUNITY OVERVIEW

The prioritization of marine infrastructure development across GCC countries has led to several global companies establishing direct regional presence. The planned development of new ports and expansion work on the existing ports present considerable long-term potential for international engineering and construction enterprises in Kuwait.

Kuwait ports	Expansion and development plans
Mubarak Al Kabir Port – Bubiyan Island	The development of the new port is expected to be executed in 3 phases, once completed it will have a capacity of 2 Mn TEUs.
Shuwaikh Port	New gantry cranes and yard equipment, redevelopment of stacking areas, and installation of enhanced computer systems are in the pipeline, in addition to the deepening and widening of the approach channel to allow larger ships to use the terminals.
Shuaiba Port	Shuaiba Port could see further investment in its infrastructure. Kuwait had invited international consultants in 2009 to draw up a master plan to redevelop and expand Shuaiba port.
Doha Port	Plans to develop Doha port to handle more commercial cargo as the port is endowed with ample space for the expansion of warehousing and cargo handling facilities.

- Kuwait's economic growth and favorable socio-demographic balance positively impacts international trade and supports the development of Kuwait's local port infrastructure.
- The Kuwait Government has undertaken major initiatives for development of new ports, as well as the maintenance and expansion of existing ports.
- The limited local production capacities across sectors translates to a dependency on imports for items ranging from vehicles, electronics, building materials to food stuff and other consumables.

Kuwait's port volume for the two primary ports of Shuaiba and Shuwaikh had reached 840,149 TEUs (Twenty-foot equivalent units) in 2013. The government is currently developing plans for six additional ports in Kuwait besides the redevelopment of the existing three ports - Shuwaikh, Shuaiba and Doha. The construction of Mubarak Al Kabir Port alone constitutes a USD 4 Bn opportunity for marine construction and engineering companies in addition to the need for new marine facilities for the Al Zour refinery project.

2.1.6: Rail Transport Infrastructure – Construction, Engineering and Maintenance

OPPORTUNITY OVERVIEW

Transportation infrastructure constitutes a major area of focus under the Kuwait Development Plan. There is a need to significantly develop Kuwait's transport infrastructure in order to support Kuwait's increasing population as well as to service additional movement of people and goods arising from higher domestic economic activity.

To address these challenges, the Government is planning the development of rail and metro networks in Kuwait. These two are expected to require specialized multi-disciplinary and integrated service providers.

- The value of the Metro project is estimated at USD 7 Bn. The project is targeted to be operational by 2020.
- The USD 10 Bn railway project comprises of a new integrated rail network connecting Kuwait's key port and industrial installations as well as linking the country with the GCC rail network. This project is targeted to become operational by 2018.
- Both these projects are expected to provide opportunities for a host of industry players including integrated engineering services providers, construction contractors, rolling stock manufacturers, signaling and communication equipment firms, among others.

The planned rail and metro projects, with a combined value of around USD 17 Bn are expected to generate an annual market of USD 100-150 Mn for operations and maintenance on an annual basis. Kuwait's increased focus and awareness on environmental sustainability indicates the requirement for "green architecture" for these projects and presents opportunities for specialized, experienced firms.



Source: KAPP and Zawya

2.2: Environmental Services

SECTOR OVERVIEW

The growth of Kuwait’s environmental services sector is expected to be driven by the long term requirement of safeguarding Kuwait’s natural environment and limited land resources, the fast-growing population, the environmental needs of the thriving oil and gas sector and an emerging industrial sector.

The Government is undertaking a series of projects to address the current situation of under-capacity in critical segments such as sanitation and waste management.

Planned BOT municipal solid waste treatment facility - Kabd
Expected land area for the facility

500,000 sq. m

Umm Al Hayman Waste Water Treatment Plant – Expected to commence operations by 2019

Capacity (cm/d)
500,000 to 700,000

SOLID WASTE MANAGEMENT

The KAPP is seeking to develop a solid waste treatment project at Kabd area of Kuwait on a PPP basis. The project will be awarded as a 30 year long term contract from the Kuwait Municipality. The plant is expected to have a capacity to treat approximately 50% of total municipal solid waste produced in Kuwait.

PRIMARY SEWAGE TREATMENT

The current capacity constraints are proposed to be addressed through a combination of capacity expansions and initiation of new projects. These projects are expected to increase Kuwait’s sewage handling capacity from the existing 947,300 cm/d to approximately 1,500,000 cm/d. Most of these projects are proposed to be undertaken through the PPP route.

WASTE RECYCLING

Waste recycling as a concept is relatively new in Kuwait with only a few active players. Most of the solid waste is currently disposed off at landfill sites which are facing capacity and environmental issues.

EFFLUENT SLUDGE TREATMENT

Sludge treatment involves treatment of oil or industrial effluents. Kuwait’s oil and gas exploration industry provides significant opportunities for oil sludge treatment. Recent directives by the Kuwait Environment Public Authority (KEPA) have directed focus towards treatment of industrial effluents increasing the demand for environmental remedial services.

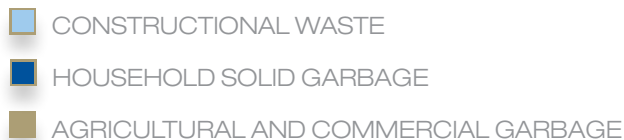
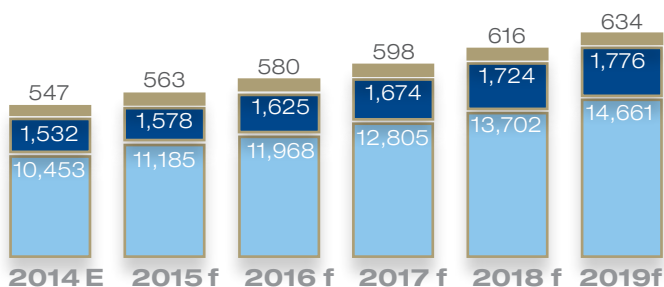
Implementation of stricter environmental regulations and the need to address current under-capacity situation in key segments is expected to drive the growth of environmental services sector in Kuwait.

2.2.1: Solid Waste Management

OPPORTUNITY OVERVIEW

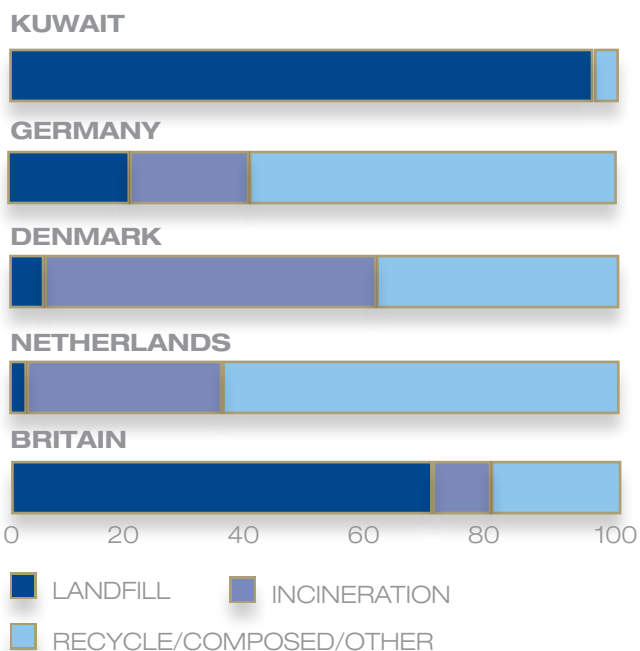
Kuwait's solid municipal waste generation of 1.4 kg/day per capita is among the highest in the GCC region. Factors such as strong growth in the energy sector, growing construction activities, increasing population and rapid urbanization are expected to drive annual solid waste generation from an estimated 12.5 Mn tonnes in 2014 to more than 17.1 Mn tonnes by 2019.

Municipal waste estimates, 2014-2019,
(‘000 tonnes)



- In comparison to European countries, landfills remain the dominant method of solid waste disposal in Kuwait, driving the need for additional waste management facilities.
- The Kuwait Government is seeking to involve private sector in the area of solid waste treatment with a view to bring in international expertise and private sector efficiencies.
- The KEPA and the Kuwait Municipality are taking initiatives towards strict compliance with environmental regulations. This is expected to encourage better management of solid waste, moving away from the past practice of dumping untreated waste at landfill sites.

Kuwait vs. other developed markets,
waste disposal method



By 2019, Kuwait is expected to generate 14.6 Mn tonnes of inorganic waste per annum, primarily comprising of construction waste. Organic waste, consisting of household solid garbage and agricultural waste is expected to constitute another 1.8 Mn tonnes per annum. Opportunities exist for establishing solid waste treatment facilities as well as for remediation of accumulated waste at existing landfills.



2.2.2: Primary Sewage Treatment

OPPORTUNITY OVERVIEW

Kuwait is primarily served by five major wastewater treatment plants (WWTP) located at Al Jahra, Sulaibiya, Kabd, Al Riqqa and Umm Al Hayman areas. In 2014, the total design capacity of these five major plants was 947,000 cm/d, servicing over 98% of the population. In addition, there are three small-scale plants at Khiran, Wafra and Failaka.

Kuwait's per capita consumption of fresh water reached nearly 38,000 imperial gallons (IG) in 2013 and is estimated to reach approximately 45,000 IG by 2015. High levels of water consumption contribute to a corresponding increase in generation of wastewater, thereby creating demand for additional treatment capacity. The Government has earlier successfully utilized the BOT model for WWTP projects at Sulaibiya, Jahra and Kabd while the Umm Al Hayman WWTP project has been floated under the PPP route through the KAPP.

Considerable capacity expansion is planned for the plants at Sulaibiya and Umm Al Hayman. By 2016, the older plants at Al Riqqa, Al Jahra and Al Khiran are planned to be decommissioned. The treatment capacity will have increased by nearly 60% to 1.5 million cm/d with private developers set to control over 80% of the capacity by 2016.

Waste Water Treatment Plants	Expansion and development plans	Planned capacity (cm/d)
Sulaibiya	425,000	600,000
Umm Al Hayman	27,000	500,000 to 700,000
Kabd	250,000	250,000
Al Riqqa	180,000	-
Al Jahra	65,000	-
Al Khiran	300	-
Total	947,300	Approx 1,500,000

- In the absence of natural lakes or perennial rivers and limited rainfall, Kuwait has only three sources of water- ground water, desalination and water reuse. Fresh groundwater is limited to two reservoirs (Rawdatain and Umm Al Aish) having estimated reserves of 40 billion gallons.
- Desalination, an expensive practice, is not environmentally friendly and contributes to wastewater discharges that affects the quality of coastal water and marine life. Wastewater reuse is seen as a means to address issues with both environmental pollution and water resource deficit.

The market size of sewage treatment plants is expected to reach 1.5 Mn cm/d per day, with all three plants (Sulaibiya, Umm Al Hayman and Kabd) being operated by the private sector. The Government is preparing a new Sanitary Master Plan project that seeks to define the strategy for expanding Kuwait's wastewater network and treatment facilities for the next 35 years.

There exists a sizeable opportunity for international firms to participate in the PPP process and carry out design, construction, operation and maintenance activities for the WWTPs.



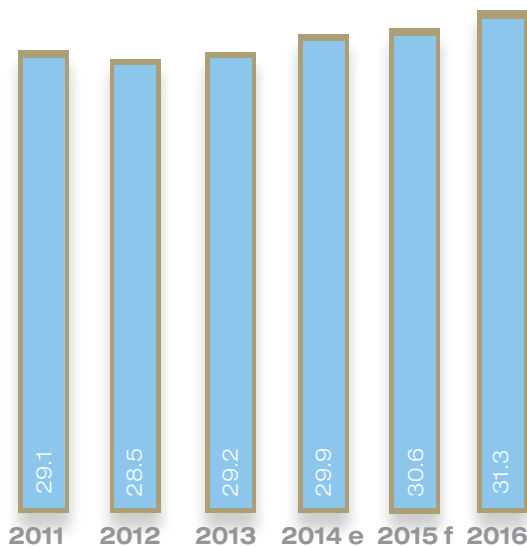
2.2.3: Oil and Effluent Sludge Treatment

OPPORTUNITY OVERVIEW

Kuwait's oil production levels are expected to increase from 2.9 Mn barrels per day (bpd) in 2014 to 3.5 Mn bpd in 2021. The considerable amount of oil sludge generated as part of the oil extraction process has traditionally been deposited in large sludge pits. Separately, there are around 114 square kilometers of oil wells that were created as a result of oil spills from damage caused to oil wells by the retreating Iraqi army in 1991. The Kuwait Oil Company is undertaking pilot projects to explore technologies for prevention of environmental contamination and potential for recovery of oil.

The growth of the manufacturing sector is leading to increased generation of industrial effluents which used to be discharged into public sewer systems without treatment. With the Government tightening regulations on adequate treatment of effluents prior to discharge, there are opportunities for specialist service providers.

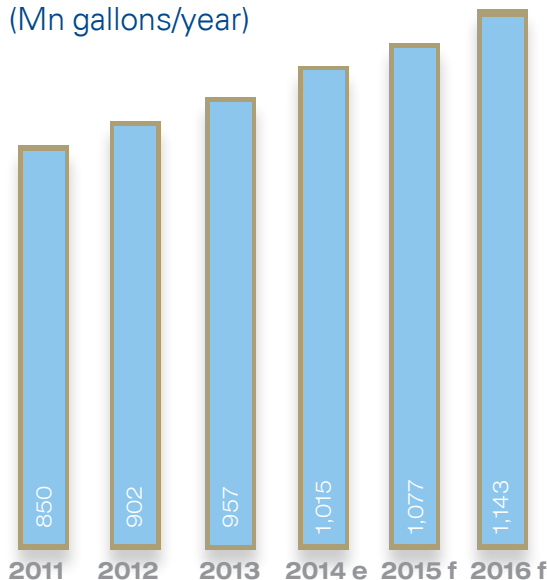
Oil sludge estimates, 2011-2016, (Mn bbl/year)



- With the growth in industrial and petrochemical sectors, the amount of effluent generated is expected to increase considerably resulting in a corresponding increase in demand for effluent treatment facilities.
- Further emergence of low cost new technologies for recovering crude oil from oil sludge provides additional stimulus to the demand for sludge treatment.
- Increased regulatory and public scrutiny combined with heightened awareness of corporate social responsibility towards conservation of the environment are driving the demand for treatment of sludge and effluents.

Kuwait's plan to increase oil production capacity to nearly 4 Mn barrels per day (bbl/day) by 2030, will lead to generation of approximately 36 Mn bbl/day of oil sludge would be generated per year. With the treatment of this oil sludge there is a potential to recover around 16 Mn bbl/day of reusable crude oil.

f Effluent estimates, 2011-2016, (Mn gallons/year)



The rising industrial effluent volumes are expected to reach approximately 1,143 Mn gallons by 2016. There is an opportunity for international specialists to bring in comprehensive technology solutions to address these issues in Kuwait.

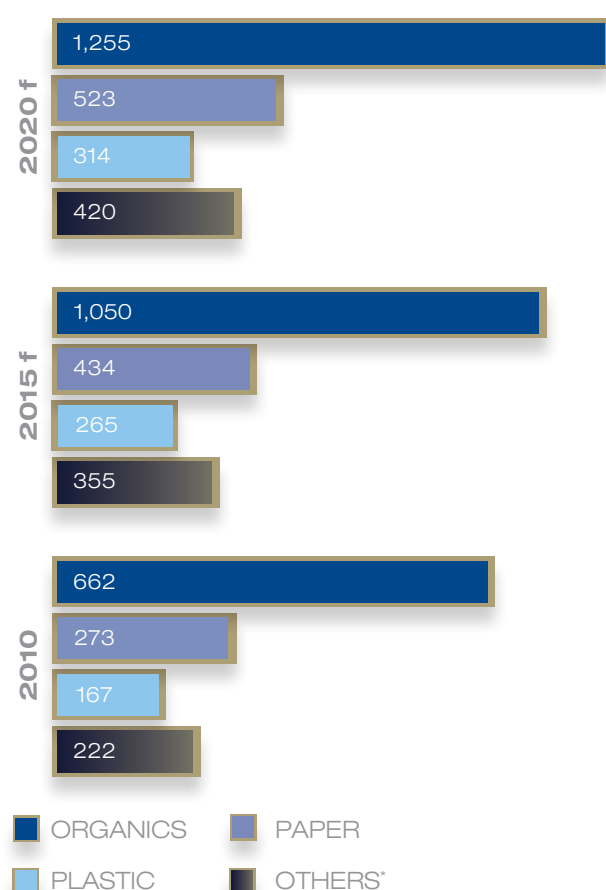
2.2.4: Waste Recycling

OPPORTUNITY OVERVIEW

Kuwait produces over 32,000 tons of total solid waste per day of which only 6,700 tons (21%) is being recycled and used to produce various types of reusable products such as scrap plastic products, flakes, and other scrap materials. The remaining solid waste is disposed at landfill sites, creating potential public health and environmental issues.

Construction waste is the major contributor to solid waste in the country, accounting for 81.3% of total solid waste produced between 2009–2013. Construction waste typically comprises metals, plastics, wood and other materials.

Forecasted Municipal Solid Waste Production By Type, 2010-2020 - '000 tonnes



- Municipal solid waste comprises the second largest source of solid waste in the country. Generation of municipal solid waste is expected to reach over 2.5 million tonnes in 2020 as compared with 2.1 million tons in 2015 on account of growth in population. Organic waste is the second largest component of municipal solid waste, followed by paper and plastic.
- Environmental regulations controlling disposal of waste are expected to drive demand for additional waste recycling facilities.
- While some high value components of waste such as metals have attracted interest from recycling companies, there is a need to establish facilities to address recycling of complex components such as plastic and lower value components such as fibers, wood, glass and paper.
- Lower manufacturing and energy costs for recycled materials are also driving demand for waste recycling.

The size of the domestic waste recycling market is estimated at over USD 350 Mn in annual revenues. Most of the existing waste recycling companies in Kuwait are privately owned. There is significant potential for introducing technological expertise and experience in enhancing Kuwait's ability to recycle waste.

*Note: Others include Metals, Glass, Fibers, Wood and Plastic

Source: Life Cycle Assessment (LCA) of Municipal Solid Waste Management in the State of Kuwait

2.3: Industrial Oil & Gas Downstream Chemicals Manufacturing

OPPORTUNITY OVERVIEW

Chemicals constitute Kuwait's second largest manufacturing industry. Kuwait produces ethylene, polyethylene, urea, ethylene glycol and chemical catalysts. Kuwait's chemicals industry primarily services Asian markets such as China and India which have strong domestic demand for chemicals.

Kuwait's largest petrochemicals manufacturer, the Petroleum Industries Company, has proposed to undertake the Olefins III project and a PTA/PET project to increase Kuwait's production capacity from 7.6 Mn tons in 2014 to 10.3 Mn tons by 2016, mainly driven by increase in polyethylene and ethylene glycol capacity.

The construction of the 615,000 b/d Al-Zour refinery project, together with the planned upgrade of the Mina Abdullah and Mina Al-Ahmadi refineries are expected to increase Kuwait's refining capacity from the current 936,000 b/d to over 1.5 Mn b/d and in turn strengthen Kuwait's petrochemical sector.

Kuwait petrochemicals sector - chemicals capacity		
in '000 tpa	2014e	2019f
Ethylene	1,700	3,100
Polyethylene	825	1,800
Polypropylene	160	160
Benzene	370	370
Ammonia	885	885
Urea	1,040	1,040
Xylenes	822	822
Ethylene glycol	1,000	1,600
Ethylene oxide	765	765
Total	7,567	10,542

- Increasing demand for chemicals in Kuwait's key Asian export markets is expected to drive the chemical manufacturing industry in Kuwait.
- Though domestic demand for chemicals is currently low, it is expected to increase as a result of Government's focus on the manufacturing sector and increasing industrial output.
- The projects at Al Zour, Mina Abdullah and Mina Al-Ahmadi are expected to increase availability of naphtha which can be used as an alternative feedstock for petrochemicals, alleviating concerns around shortage of gas feedstock.

There could be opportunity for international investors to participate in the Olefins III and the PET/PTA projects which seek to double Kuwait's production capacity for ethylene and polyethylene

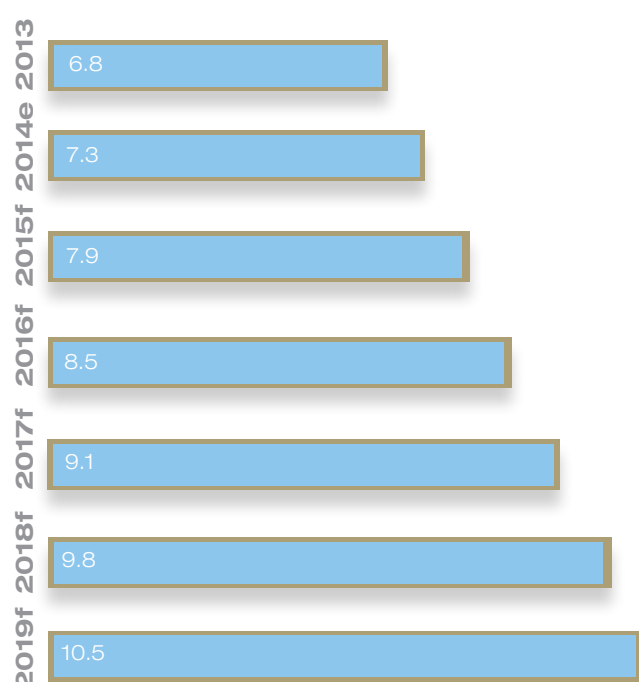


2.4: Education and Training

SECTOR OVERVIEW

The Kuwait Government has identified education as a key to achieving economic development and social progress. Education expenditure in the country is expected to increase from USD 6.8 Bn in 2013 to USD 10.5 Bn in 2019 (7.5% y-o-y), as a result of significant spending in this sector. The Kuwait Development Plan includes several education focused projects including the Sabah Al-Salem University City which will accommodate the new campus of Kuwait University.

Education expenditure:
2013-2019 (USD Bn)



TERTIARY EDUCATION

Kuwait has a diversified system of higher education with approximately 106,680 students enrolled in both public and private universities in 2013. The tertiary education in Kuwait has a number of local universities, offering select courses to students. Growth potential exists for foreign universities to setup branches in the country and provide niche offerings in higher education, as Kuwait attempts to reach global enrolment levels in tertiary education.

INSTITUTES AND TRAINING CENTERS

The Kuwait Government has laid a strong emphasis on development of its technical and vocational training sector by establishing several training institutes in the recent past, Public Authority for Applied Education and Training (PAAET) being the most noted among others. In Kuwait, the demand for vocational training is mainly driven by the training needs of corporate sector and students who are unable to pursue university education. Partnerships with reputed foreign companies and institutions are seen as a preferred approach to improve the quality of vocational training, and provide opportunities for new entrants.



Planned education sector
expenditure - Education expenditure
by 2019

USD 10.5 Bn

Government support, private sector participation and favourable demographics form a conducive environment for investment in Kuwait's education and training sector

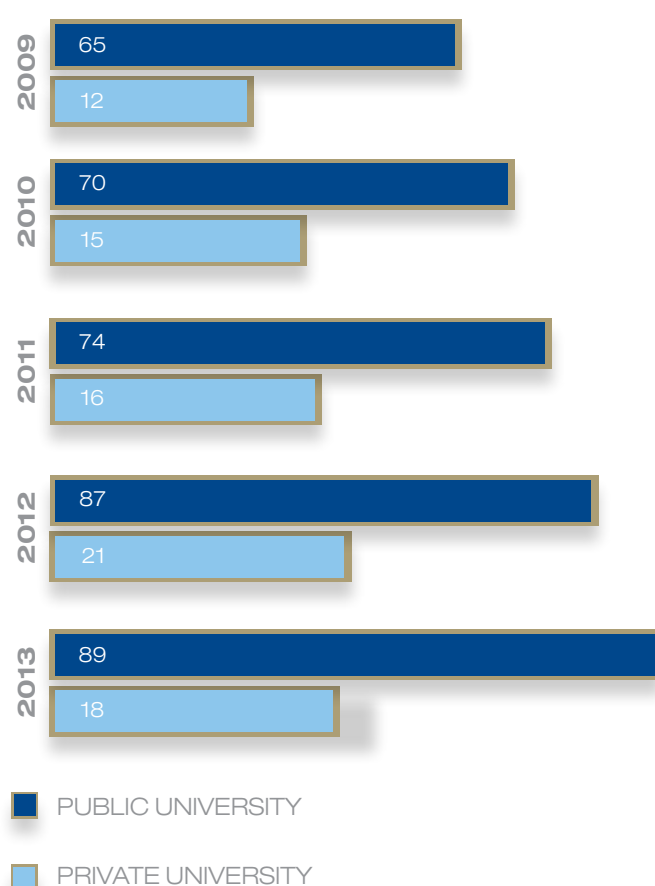
2.4.1: Tertiary Education

OPPORTUNITY OVERVIEW

Tertiary education is a key focus area for the Kuwait Government and there is high interest from local investors to establish educational institutions in partnership with leading international brands. The Government's efforts towards private sector participation in management of schools and limited presence of international schools offering high quality accredited education presents strong potential for growth in this sector.

The private universities segment has been a subject of active interest from global/regional education operators compelling students to go abroad for higher education. Significant potential exists for foreign universities to setup branches in the country and provide international standards of higher education.

Private and Public University enrolled students ('000)



- Healthy population growth and an attractive demographic mix, drives the growth of the tertiary education sector
- High GDP per capita and state subsidy for citizens represents considerable potential to spend on quality education in Kuwait
- The Government is supportive of foreign universities seeking to establish branches in Kuwait and also promotes private sector participation in management of business.

Public and private universities witnessed a year on year increase of approximately 8% and 11% during the period 2009 to 2013, respectively. Education expenditure in Kuwait crossed USD 6.8 Bn in 2013 and is expected to reach USD 10.5 Bn by 2019.

Opportunity exists to establish tertiary institutions offering graduate and post graduate courses in partnership with leading international brands.

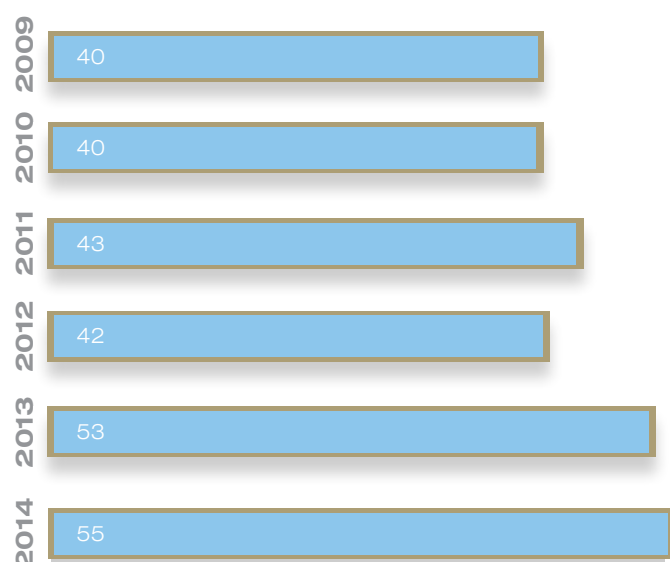
2.4.2: Institutes and Training Centers

OPPORTUNITY OVERVIEW

Kuwait Government is keen to make a concerted effort towards skill enhancement for its young workforce and address rising requirements of the job market. This has put a strong emphasis on the technical and vocational training sector which seeks to address the training needs of the corporate sector and students who are unable to pursue university education.

Expansion of a relatively young workforce in Kuwait together with initiatives undertaken by private companies are expected to drive demand in the sector as increasing number of recruits consider upgrading their skill levels and better aligning themselves to job market requirements.

Vocational training ('000)



- Kuwait's young demographic profile, with 25% of the population between the age of 15-29 years, forms the key segment for vocational training and is expected to drive further demand.
- Several private sector companies have begun to establish vocational training institutes, offering high quality education programs to the growing population of Kuwait, driving growth in this segment.
- Considering the expansion of the workforce in Kuwait, the relatively young demographic profile (target workforce – age group of 20 to 34 years) and rising unemployment, there is a likely potential for the population to enroll in vocational programs and re-skill or upgrade their skill levels.

Kuwait is seeking to attract regional and global education providers including established vocational training institutes.

Opportunities exist to provide training in disciplines like engineering and business which are aligned with job market requirements. Currently there is limited provision for quality training in the country.



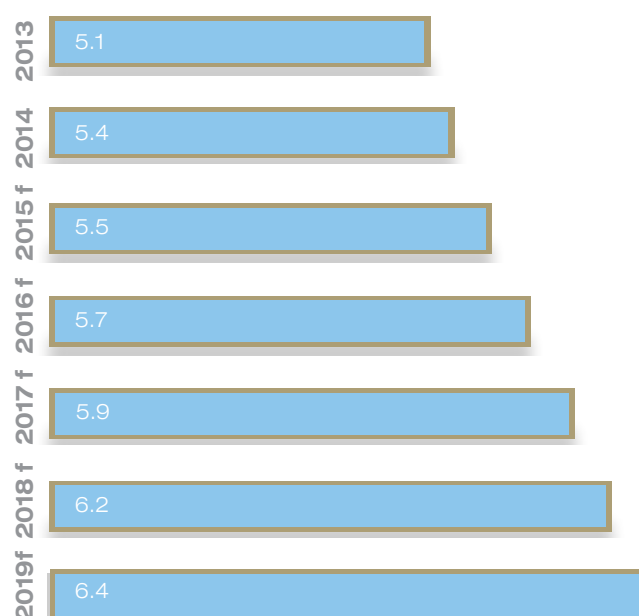
2.5: Healthcare

OPPORTUNITY OVERVIEW

Kuwait recorded the third largest total healthcare expenditure across the GCC region after UAE and Qatar and demand for healthcare is expected to rise significantly in the near term. Kuwait's evolving healthcare industry is characterized by a large public sector infrastructure and a growing private sector. The Government has spent approximately USD 5.1 Bn in 2013 on healthcare and is expected to spend over USD 6.4 Bn in 2019.

Private sector investments are expected to increase from USD 0.9 Bn in 2013 to USD 1.3 Bn by 2019 indicating the potential growth and rising share of private sector as part of the overall healthcare landscape.

Healthcare expenditure in Kuwait - 2013-2019, (USD Bn)



LIFESTYLE MEDICAL CLINICS

There is an increasing demand for lifestyle clinics which follow a proactive approach to health and wellness, with the objective of enhancing the quality of life and improving individual health and lifestyle. Kuwait has one of the highest rates of obesity and diabetes globally with over half of the female population and two-fifths of males reported obese, highlighting the growing need for lifestyle related disease treatment.

SPECIALTY HOSPITALS

Concentrated efforts by the Government to ensure availability of quality treatment for high-end healthcare specialties is expected to stimulate market demand for specialty hospitals.

Private sector hospitals in Kuwait offer multiple specialties. This trend is likely to grow further, especially in tapping opportunities to reduce treatments performed overseas and develop inbound medical tourism market by developing high end specialty hospitals.

KUWAIT HEALTH ASSURANCE COMPANY

The Government established the Kuwait Health Assurance Company in 2011 as a public-private partnership initiative to manage the healthcare needs of expatriates in Kuwait by developing a dedicated healthcare system.

Planned healthcare expenditure in 2019

USD 6.4 Bn

Stable economic growth, increasing population, high per capita expenditure on healthcare and Government support will drive the overall development of the healthcare sector and specialties treatments

2.5.1: Speciality Hospitals

OPPORTUNITY OVERVIEW

Most private hospitals in Kuwait offer multiple specialties. Increasing private sector participation is likely to help foster growth in this segment through development of infrastructure and expertise to provide specialty healthcare treatment in Kuwait, reducing the need for outbound medical tourism.

Private sector OPD has rapidly emerged during the last 5 years, with the introduction of specialties such as gastroenterology and neurosurgery that did not exist earlier in the private sector.

Specialty hospitals in Kuwait (2013)		
Hospital Name	Speciality	No. of Beds Current (new)
Al-Razi	Orthopaedic Surgery	290 (240)
Physical Med. & Rehabilitation (PPP model)	Physical Med & Rehabilitation	75
Maternity Hospital (Al Sabah)	Maternity	441 (617)
Chest Diseases Hospital	Chest Diseases	329
Infectious Diseases	Infectious Diseases	173 (255)
Psychological Medicine	Psychiatric	764
Ibn Sina Hospital	Spinal Surgery	364
Kuwait Cancer Control Centre	Cancer	199 (618)
Allergy Centre	Allergies	36

- Kuwait's population reached around 4.2 Mn by June 2015 and is expected to grow annually at nearly 3% to reach 4.8 Mn by 2019. This represents potential demand for healthcare facilities and infrastructure, especially given the high incidence of lifestyle related diseases and treatment.
- Insurance coverage is one of the key demand drivers for healthcare. Public health insurance is mandatory for all expatriates, while multinational corporations in Kuwait provide private healthcare insurance as part of the compensation package. Increasing level of insurance penetration drives the demand for specialty medical procedures and treatments within the country.

Obstetrics, gynecology, cardiology, are amongst the fastest growing specialties in the healthcare sector in Kuwait and present opportunities for establishment of specialty hospitals and clinics catering to lifestyle diseases.

To address the growing demand, the Government is investing in capacity expansion at existing hospitals as well as constructing new hospitals.



2.5.2: Lifestyle medical clinics

OPPORTUNITY OVERVIEW

Lifestyle clinics include spas, alternative medicine, nutrition and diet solutions, preventive and personalized healthcare, solutions for lifestyle related diseases such as hypertension and obesity, beauty and anti-aging and weight loss and fitness solutions.

A combination of an indoor, sedentary lifestyle and poor diet habits is leading to a high incidence of lifestyle related diseases including diabetes and cardiovascular ailments in Kuwait, highlighting the growing need for lifestyle disease treatments and a greater demand for advanced treatment services.



- Increased life expectancy and rapid population growth (projected to grow annually at 3% to reach 4.8 Mn by 2019) are expected to lead to increased demand for lifestyle clinics.
- Rising health awareness is driving the demand for personalized healthcare programs at lifestyle clinics to address high incidence of obesity and other lifestyle diseases.

Lifestyle clinics in Kuwait are predominantly Government-owned. The private sector is highly fragmented with a number of private lifestyle clinics present across governorates in Kuwait. Opportunity exists for specialized healthcare providers to set up a chain of lifestyle medical clinics catering to the growing demand for high quality inpatient and outpatient services.



“The private sector is highly fragmented with a number of advanced private clinics in various areas. Consequently, there is an opportunity for specialized health care providers to set up a series of advanced medical clinics that meet the growing demand for healthcare services in Kuwait.

2.6: Integrated housing projects and urban development sector

SECTOR OVERVIEW

Kuwait has outlined plans for development of a number of large scale integrated housing projects to address the housing needs of its growing population. These projects are expected to propel growth of the real estate sector and provide opportunities for investors to participate across the real estate value chain from development planning, construction contracting to real estate services like property and facilities management.

DEVELOPMENT PLANNING

The Government is seeking to develop large scale integrated housing projects with an estimated value of USD 135 Bn. These projects are likely to drive the growth of development planning services such as concept planning, design and feasibility studies for real estate projects

CONSTRUCTION CONTRACTING

Kuwait has a strong pipeline of planned construction projects across sectors like real estate, infrastructure, power, water and oil and gas. This constitutes a sizeable opportunity for international construction contractors to establish presence in the country.

FACILITIES MANAGEMENT

The facilities management market in Kuwait is fragmented and there is a need for specialist facilities management services and competent professional resources. The planned increase in real estate assets is likely to drive demand for such services.

PROPERTY MANAGEMENT

A large proportion of properties in Kuwait are owner-managed and several real estate services companies offer property management as part of their service portfolio. Demand for specialized property management services across residential, commercial and retail segments is expected to increase as owners seek to focus their core business and outsource property management services.

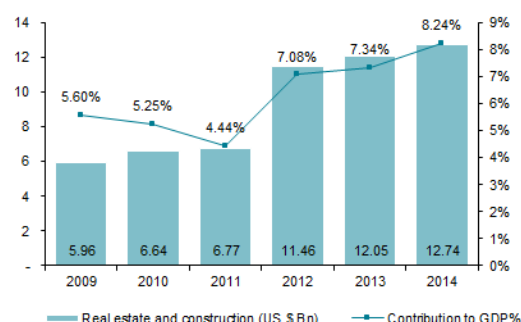
The planned construction of large scale integrated townships and housing projects is expected to drive demand for services across the real estate value chain.

Pipeline of construction projects -

Project value

**200+ projects,
USD 250 Bn**

Real Estate Sector contribution to GDP, 2009-2012



Development of large scale integrated housing projects and urban development

Project value

USD 135 Bn

**Madinat Al Hareer (Silk City) project
– Expected operations by 2023**

Project value

USD 88 Bn

2.6.1: Development planning for integrated housing projects

OPPORTUNITY OVERVIEW

With a number of large projects for housing and urban development currently in the initial stages and several others yet to be initiated, there exists considerable opportunity for development planning services such as concept planning, design and feasibility studies for such projects.

Kuwait has planned a number of large integrated housing projects including the Madinat Al Hareer (Silk City) project, Khairan Residential City and the Sabah Al Ahmad Future City. Development planning for such large scale projects requires specialists and creates demand for local and international development planning firms and real estate service providers to offer such services in Kuwait.

Select Housing Projects*	Value (USD Mn)
Tamdeen - Madinat Al Hareer	88,000
PAHW - Khairan Residential City	14,000
PAHW - Sabah Al Ahmad Future City	27,000
KIPCO - Daiya real estate project	5,000
PAHW - Sabah Al Ahmad Future City - Daiya A4, A5	452
PAHW - North West Sulaibikhat Residential City	274
PAHW - Sabah Al Ahmad Future City - Area B Public Buildings	136
PAHW - North West Sulaibikhat Residential City –310 Apartments Package	130
PAHW - Sabah Al Ahmad Future City - Area C - Area Public Buildings	121
PAHW - North West Sulaibikhat Residential City - 396 House Package	11
Total	135,124

The potential market size for development planning services is approximately USD 900 Mn

Currently, there is a limited presence of specialized development planning firms in Kuwait with most of this work done by foreign players who do not have a physical office presence in the country which is not a very efficient model.

The planned construction and infrastructure development activity would create opportunities for international investors to establish presence in the country

- The large scale integrated housing projects planned by the Government to address the current undersupply in the residential and investment sectors will create opportunities for development planning services in the next few years.
- Obtaining finance is expected to be a critical aspect for large scale integrated housing projects, many of which will be undertaken with private sector participation.
- These projects are expected to drive demand for services such as development planning, master planning, technical and financial feasibility studies and due diligence that banks and investors require for evaluating projects.



2.6.2: Property Management

OPPORTUNITY OVERVIEW

Property management (PM) firms are often used when the asset owners lack the time, resources or expertise necessary for day-to-day management of the property. PM firms liaise between owners and tenants to manage property related services on behalf of owners. Property management is still relatively underdeveloped in Kuwait with most of these services being offered in-house by owners/ asset operators

However, as the real estate market matures, asset managers will need to focus on their core business of real estate development and outsource property management services to specialized professional management firms. This would result in a strong potential for specialized third party, pure play property managers to establish their presence and bring in leading practices in this sector.

Kuwait - Residential real estate market (2011)		
Category	No. of buildings	Potential annual property management fees (USD '000)
Class A+	22	1,040
Class A	435	10,825
Class B+	657	11,760
Class B	1,195	15,865
Class C	3,578	42,157
Other	5,182	50,792
Total	11,069	132,438

Kuwait - Retail market(2011)		
Category	Total GLA (SQM '000)	Potential annual property management fees (USD '000)
Malls - operating space	618	31

Kuwait-Office and mixed-use real estate market (2011)			
Category	No. of buildings	Total GLA (SQM'000)	Potential annual property management fees (USD'000)
Class A+	340	2,550	28,556
Class B+	400	2,400	27,554
Class B	1,200	6,000	66,662
Class C	1,803	6,311	67,137
Other	549	1,098	7,513
Total	4,292	18,359	197,421

- Kuwait's economic growth, together with the steadily growing population and increasing number of expatriates has led to additional demand for real estate developments and corresponding opportunity for PM services.
- With several real estate development initiatives being planned by the Kuwait Government, an opportunity exists for PM firms to manage assets on behalf of the operators.

In 2014, the Real Estate and Construction sector contributed around 9.6% and 2.6% of the nominal GDP

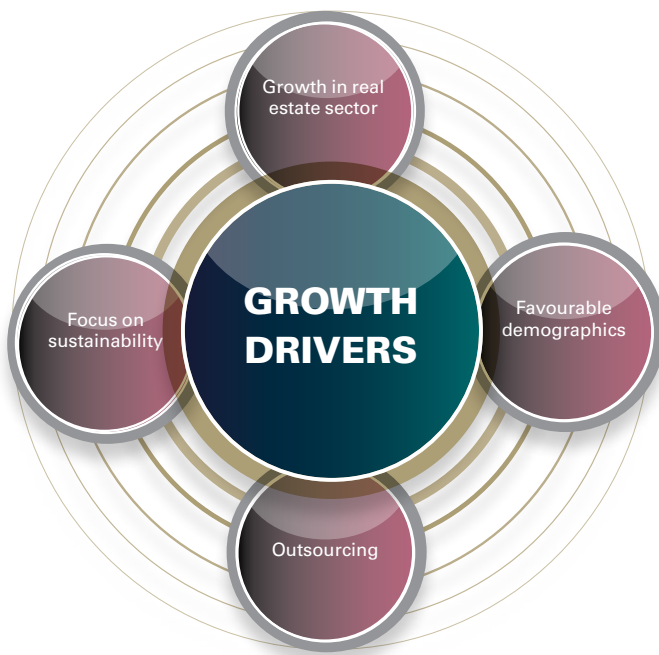
The market size for PM was estimated at USD 350 Mn in 2011, with commercial real estate being the key segment.

Development of large scale residential projects and expansion of retail and commercial space would provide opportunities for global and regional property managers to offer specialized services.

2.6.3: Facilities Management

OPPORTUNITY OVERVIEW

Facilities Management (FM) services are mainly driven by an increase in available real estate activities. Several large infrastructure projects initiated in Kuwait will result in a growing need to manage these facilities and requirement for FM service providers. Additionally, a change in mindset of asset managers to outsource this non-core activity to specialized FM service providers is likely to further augment demand for FM.



- Kuwait's expanding real estate sector and high per-capita income of its relatively young population are leading to demand for higher quality residential options. Investment in the residential real estate sector is expected to grow, resulting in a demand for high quality FM services.
- Companies focusing on reducing operating costs are further expected to outsource their non-core activities, resulting in growing demand for professional FM services.
- Rising focus on sustainability and growing number of developments conforming to green/LEED standards, leads to demand for specialized FM service providers.

The FM industry in Kuwait was estimated at USD 270 Mn in 2011, and is expected to have reached USD 430 Mn by 2013. Local players currently dominate the market and there is limited presence of specialized global FM service providers. There is an opportunity for such specialized firms to enter Kuwait, establish industry standards and benchmarks and enter into long term contracts with infrastructure asset owners and operators in Kuwait.

2.6.4: Construction Contracting

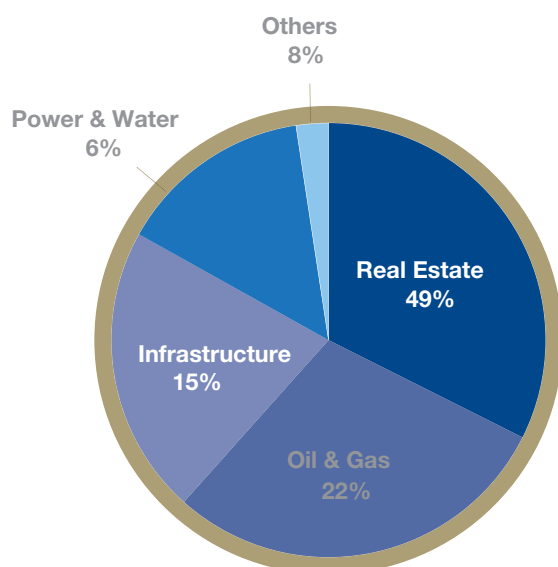
OPPORTUNITY OVERVIEW

Kuwait Government's focus on development of infrastructure (roads, ports, airport, rail) along with large scale integrated housing projects is expected to drive a large volume of construction activity in the country.

Construction contractors in Kuwait face constraints in terms of technological expertise and experience in executing large scale complex projects, thereby creating an entry point for international companies. Additionally, the scale of announced projects is likely to be more than what can be absorbed by domestic players which further highlights the potential market for international contractors to consider Kuwait as a key market within the GCC region.

The pipeline of current projects is valued at over USD 250 Bn in 2015. This provides considerable opportunity for construction activity. Real estate projects account for a majority of the planned construction activities, followed by oil and gas, infrastructure and power and water.

Proposed construction projects by sector
(by value) in %



- A growing, young population is driving the need for additional residential units and construction activity.
- The planned integrated housing projects will further augment the demand for construction management services.
- The Kuwait Development Plan includes construction of large infrastructure projects such as roads, bridges, ports, airports, rail and Government buildings which will lead to significant construction activity.

Over 90,000 housing units are proposed to be added over a period of 6 to 7 years under the various housing projects initiated by the Public Authority for Housing Welfare. The Ministry of Health is undertaking construction of 8 additional hospitals in the country. These projects offer significant opportunities for international construction contractors particularly in large, complex or technically challenging areas where local contracting capacity and expertise may be stretched.

2.7: Storage and Logistics services

SECTOR OVERVIEW

Imports constitute a key component of Kuwait's economy and are expected to increase annually at 4.3% during 2014-2019 to reach USD 62 Bn in 2019. The importance of foreign trade and Kuwait's central location in the Gulf make logistics a strategic priority for the country.

Kuwait's Third Kuwait Master Plan seeks to develop Kuwait as a regional transport center with excellent multimodal logistic infrastructure supported by favorable trade regulations.

LOGISTICS

Logistics services in Kuwait are expected to benefit from several transportation infrastructure projects being initiated as part of the Kuwait Development Plan. Key among these projects are the initiatives to upgrade existing ports, a new port at the Bubiyan Island, upgrade of airport infrastructure and a new national railroad network linking the country to the GCC railroad network.

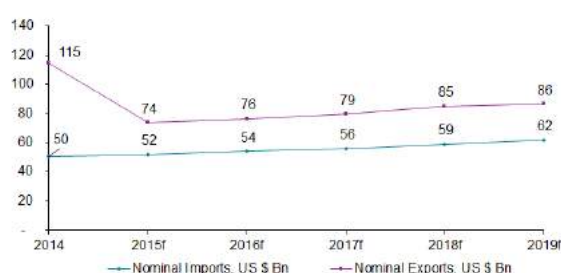
Projects such as the proposed Cargo City, which is intended to serve international air freight, are expected to support the increased demand for logistics.

WAREHOUSING

Kuwait's increasing population and consumer spending are expected to accelerate demand for various kinds of goods, requiring the development of additional warehousing facilities.

The Government is seeking to address the demand for new warehousing facilities through development of the Cargo City and other projects.

Kuwait's import and exports, 2014-2019



 NOMINAL IMPORTS, US \$ Bn

 NOMINAL EXPORTS, US \$ Bn

Mubarak Al Kabir Port in Bubiyan Island

Estimated project value

USD 4 Bn

Investment plan for road infrastructure

Project value

USD 7.5 Bn



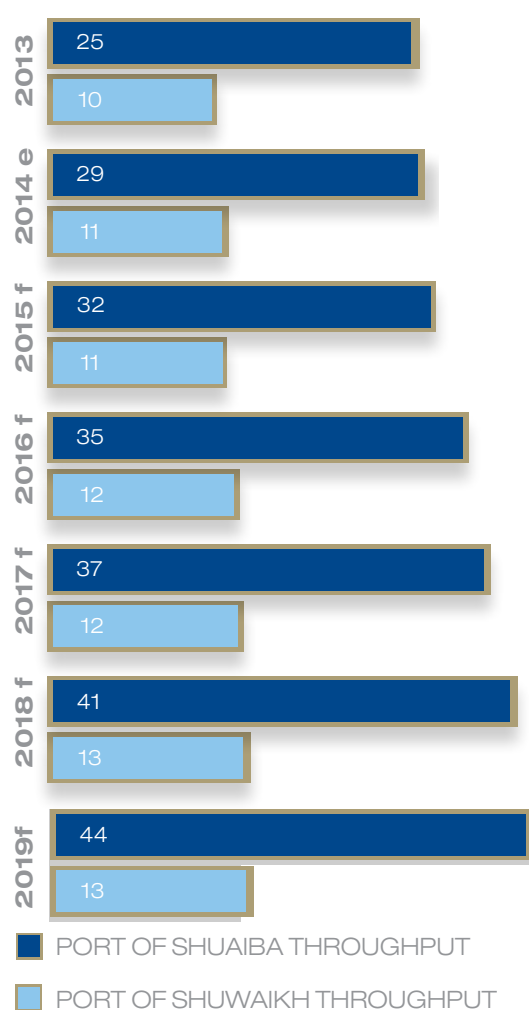
Though Kuwait's current share of the logistics sector in the GCC is relatively small, the proposed infrastructure developments have the potential to promote it as a key logistical and warehousing hub in the region.

2.7.1: Logistics

OPPORTUNITY OVERVIEW

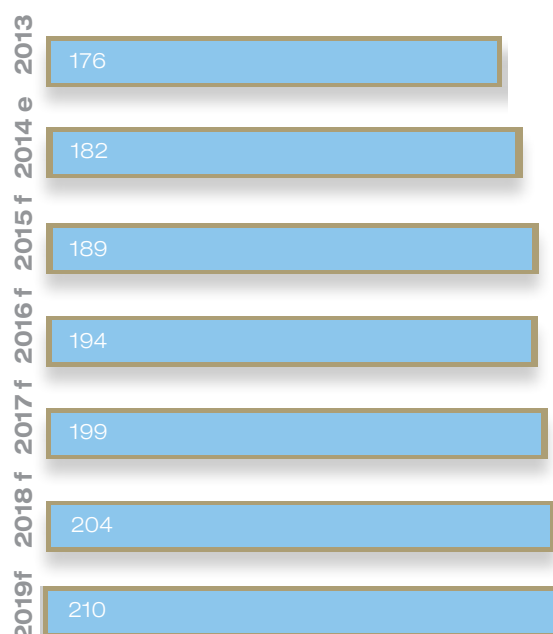
Maritime transport is the primary mode of commercial freight movement in Kuwait. The two key commercial ports of Shuaiba and Shuwaikh handled a combined throughput of 40 Mn tonnes of freight in 2014. Plans are underway to expand the capacities of both these ports. Kuwait's trade activities with regional countries, particularly the Kingdom of Saudi Arabia and Iraq, generate considerable volumes of road freight.

Maritime freight throughput, 2013-2019, (Mn tonnes)



Imports in Kuwait are projected to increase annually at an average rate of 4.3% during 2013-2019 to reach USD 62 Bn by 2019. The planned Mubarak Al Kabir Port will add a capacity of additional 2.5 Mn TEUs and facilitate access to regional markets. Investment of over USD 7.5 Bn is planned over the next five years in the development of new and existing road infrastructure, particularly in the north of Kuwait which will enhance overland freight transport.

Air freight throughput, 2013-2019, ('000 tonnes)



- The domestic demand for freight logistics is expected to be driven by the growth in trade of agricultural materials, manufactured goods, ores and metals as well as a renewed focus on industrial development.
- The upcoming Mubarak Al Kabir port and other planned port infrastructure upgrades are expected to leverage Kuwait's strategic location within the Arabian Peninsula and give rise to re-export opportunities.
- The national railroad network seeks to connect ports with key industrial areas and with the GCC railroad network, opening up opportunities for bringing goods to Kuwait's ports and transporting overland to the Kingdom of Saudi Arabia and Iraq in a cost and time-efficient manner.

2.7.2: Warehousing

OPPORTUNITY OVERVIEW

While freight throughput has increased steadily, warehousing capacities at Kuwait's ports have remained static resulting in significant un-met/ pent up demand. The upcoming Mubarak Al Kabir Port at the Bubiyan Island is expected to provide much needed additional port warehousing capacity.

Warehousing capacity is also expected to be added through projects such as the planned Cargo City which will cater to air cargo.

Current stock of Warehousing in Kuwait at sea ports and airport		
Shuwaikh port	Within the port	
	Warehouses:	70,000 sq. m
	Covered sheds:	15,000 sq. m
	Open storage area:	500,000 sq. m
	Outside the port area	
	Warehouses:	100,000 sq. m
	Covered sheds:	40,000 sq. m
	Open storage area:	78,000 sq. m
Shuaiba port	Warehouses:	14,500 sq. m
Doha port	Warehouses:	8,110 sq. m
Kuwait International Airport	Import warehouse:	5,600 sq. m
	Export warehouse:	2,300 sq. m

- Kuwait's increasing import and export volumes indicate the need for warehousing services. The country's reliance on imports further drives the demand for storage facilities.
- The ongoing and planned infrastructure projects are placing further strain on the limited warehousing facilities.
- Private sector logistics services providers control a considerable part of the supply of inland warehousing space in Kuwait. Providing connectivity between the ports and these warehouses can be expected to help address the demand to an extent.

While Government initiatives are expected to expand Kuwait's warehousing capacity, considerable market space for local and international investors is expected to remain, presenting sizeable opportunities for warehousing and warehousing related value-added services.



2.8: Banking, Financial Services & Insurance

SECTOR OVERVIEW

Kuwait has a well developed banking and financial services sector, accounting for over 5.6% of total GDP in 2014. The local financial services sector consists of 23 local, regional and international banks, 81 local investment and finance companies, 113 local investment funds and over 23 local, regional and international insurance companies

The CBK oversees banking and financing activities and the CMA regulates securities market activities. The insurance industry is governed by the Ministry of Commerce and Industry

The banking environment has witnessed tighter regulations governing stakeholder interests. The growing insurance industry is also expected to benefit from the favorable policies of mandatory medical insurance for expatriates and nationals along with rising affordability. Kuwait Government's planned infrastructure development projects are likely to further support development of the banking and financial services sector.

PRIVATE EQUITY

The public sector accounts for more than 50% of GDP, with only a relatively small number of business listed on the stock exchange. As the private sector's economic contribution continues to grow, Kuwait is likely to emerge as an attractive destination for Private Equity (PE) firms, especially for fund raising due to high liquidity among investors.

ASSET MANAGEMENT

Rising wealth in the Kuwait economy, coupled with an increased number of High Net-Worth Individuals (HNWIs) and a burgeoning middle class are driving demand for asset management products and services.

As of 2014, Kuwait had one of the highest per capita income in the Middle East region (USD 37,821), and ranks second behind KSA in terms of total assets under management (USD 4.1 Bn) in 2013.

DIRECT SALES AGENTS

Direct sales agents (DSA) act as an intermediary between the financial companies and clients. Demand for sophisticated financial investment instruments and a preference for personal attention are expected to create demand for DSA services.

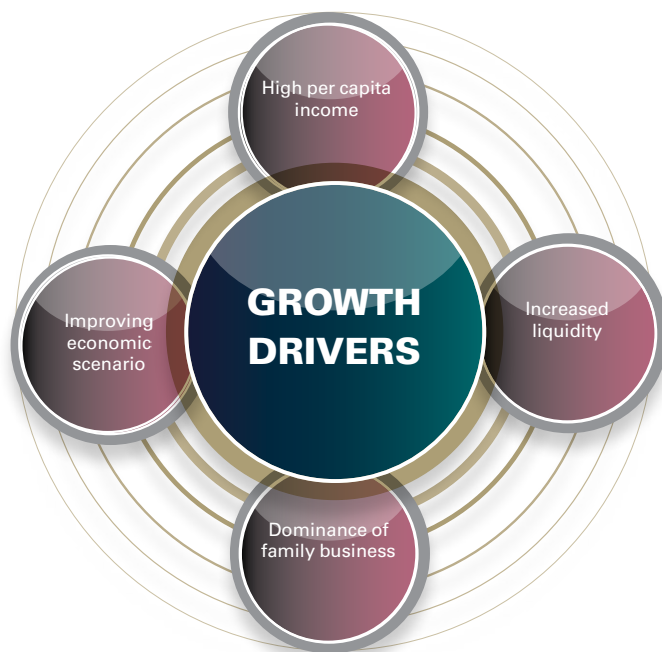


Robust GDP growth and high GDP per capita income are indicative of increasing wealth in Kuwait, driving the growth of the financial services sector in the country.

2.8.1: Private Equity

OPPORTUNITY OVERVIEW

Kuwait's economy is witnessing high liquidity, owing to increasing oil prices. Institutional and private investors are looking for avenues to invest surplus capital. With traditional assets such as real estate and listed securities falling out of favor with many investors, there is renewed interest in Private Equity (PE) opportunities. Kuwait has several PE players ranging from private firms to publicly listed companies, most of which offer multiple financial services including asset management and investment banking advisory alongside PE.



- Kuwait has an affluent population and a rising number of HNWLs providing impetus to growth of PE.
- Increasing liquidity with the Government and sovereign wealth funds is creating opportunities for fund raising.
- Mid-sized family-owned businesses in Kuwait have ambitions for growth and are seeking growth capital and professional sector expertise, driving demand for experienced PE firms who can guide and support such growth.
- Stricter regulatory requirements and improving corporate governance standards in Kuwait are leading to increased confidence among investors.
- Kuwait's strong economic environment presents substantial business opportunities and creates significant opportunity for PE investments.
- However, the Kuwait market remains significantly underpenetrated compared to developed economies.

Government initiatives towards promotion of private sector involvement in the economy as well as fostering Small and Medium Enterprises (SME) growth are favorable to the development of the PE market.

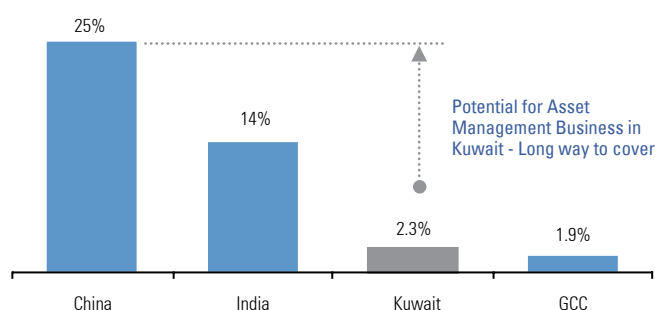


2.8.2: Asset Management

OPPORTUNITY OVERVIEW

Kuwait's Asset Under Management (AuM) to GDP ratio of 2.3% surpasses the GCC average of 1.9% making it one of the more developed markets across the GCC region. However, Kuwait has a relatively low level of penetration compared to other emerging economies such as China and India, which exhibit a penetration level of 25% and 14% respectively. This indicates strong potential for growth supporting introduction of new entrants and more sophisticated products.

Comparison of penetration (AUM/GDP) across emerging economies



- A strong economic outlook leading to increasing liquidity in the market is expected to increase demand for asset management services in the country as investors consider deployment of surplus cash in various investment products.
- High number of HNWLs is likely to propel the demand for asset management services in Kuwait.
- The CMA and Kuwait Government have taken steps to enact and amend regulations to safeguard investor confidence in the local asset management industry, supporting the growth of AM service providers.

In 2013, Kuwait was reported as the second largest market in the GCC with an estimated USD 4.1 Bn of assets under management (AUM). With a positive economic environment and limited number of specialized service providers in the sector, the investment opportunity looks promising for asset management companies.

2.8.3: Direct Sales Agents

OPPORTUNITY OVERVIEW

The growth of DSA's is driven by the demand among Kuwait's investors for personalized services and individual attention. Investors place trust in their financial advisors and base investment decisions based on their advice. Growing wealth in Kuwait, coupled with the demand for sophisticated financial investment instruments will support the growth of business for DSA. The financial services distribution market remains fragmented with presence of multiple channels which compete with DSAs.



- Kuwait's young and affluent population, coupled with the increasing number of expatriates, is expected to demand more comprehensive financial solutions commensurate with their investment needs.
- The sophistication of financial markets and the introduction of complex financial products increase the need for advice in making investment decisions.
- Despite growth of alternative distribution channels, the strength of relationship enjoyed by DSAs continues to foster growth in this segment.

Kuwait has a well developed banking and financial sector. The launch and usage of more sophisticated financial products, will provide growth opportunities for DSAs.



2.9: Air, maritime and rail passenger transport

SECTOR OVERVIEW

Air and road are the primary modes of international passenger transport in Kuwait. Kuwait's strong economic growth and a steady population growth are driving the development of the country's transport infrastructure.

The Kuwait Government is seeking to enhance the transport infrastructure including redevelopment of the airport, maritime facilities and development of rail infrastructure within the country.

AIR PASSENGER TRANSPORT

The Kuwait International Airport is the primary airport and the only civil/passenger airport of the seven airports in the country. The number of passengers at the Kuwait International Airport has reached 10.3 Mn passengers in 2014 compared with its official capacity of 7.2 Mn.

An expansion of the airport is under way which is expected to raise the capacity to 25 Mn by 2025 and help ease congestion. The new terminal will help Kuwait position itself as a transit point within the GCC region.

RAIL PASSENGER TRANSPORT

The Government intends to introduce rail transport in Kuwait through two large railway projects.

The Government is planning a metro rail network project in Kuwait City to ease road congestion. Another railway project, the Kuwait National Railway Network seeks to connect Kuwait with the GCC Railway Network, providing seamless rail connectivity across the GCC region for passengers and freight.

MARINE PASSENGER TRANSPORT

Growing demand from Kuwait based tourists has seen a number of cruise liners including Star Cruises, Silversea Cruises and Crystal Cruises adding Kuwait as a port-of-call. The planned introduction of a single GCC visa for cruise passengers is expected to lead to growth of this sector.

Planned aviation sector projects in Kuwait by Directorate General of Civil Aviation (DGCA)

Project value

USD 5 Bn

National railway network- Expected operations by 2018

Project value

USD 10 Bn

2.9.1: Airport Facilities Management

OPPORTUNITY OVERVIEW

The planned upgrades to Kuwait's aviation infrastructure are expected to support Kuwait's initiatives to position itself as a commerce hub. There exists potential to provide specialized facilities management (FM) services to maintain Kuwait's airport facilities at par with global standards and benchmarks.

FM Contracts in the GCC Aviation sector	
Bahrain Airport	15 year contract to manage facilities at Bahrain Airport in 2008. Scope of work includes technical & infrastructural building management for an area of 70,000 sq. m.
Abu Dhabi and Al Ain Airports	Comprehensive contract to manage more than 260,000 sq.m areas at the Abu Dhabi International Airport and the Al Ain International Airport.
King Fahd international Airport (KFIA)	5 year contract initiated in 2008 for management of KFIA's maintenance and operations including FM services.
Sharjah International Airport	Sharjah Department of Civil Aviation (SDCA) signed 3 year FM contract in 2009 for multi-technical and specialized facilities management services at Sharjah International Airport.
Dubai Airport	Integrated facilities management contract for Terminal 3.

The current terminal at the Kuwait International Airport measures approximately 190,000 sq.m. The new terminal under development is expected to add an additional area of 710,000 sq.m for the facilities management. Once the new terminal is operational, there is likely to be a multi-fold growth in requirement for FM services in the aviation sector with an estimated market size of USD 30-40 Mn in annual revenues.

FM contacts across the GCC aviation sector tend to be long-term multi-year contracts for management of airport infrastructure. There could be a similar opportunity for experienced FM service providers to enter into long term contracts with airport authorities/ operators in Kuwait.

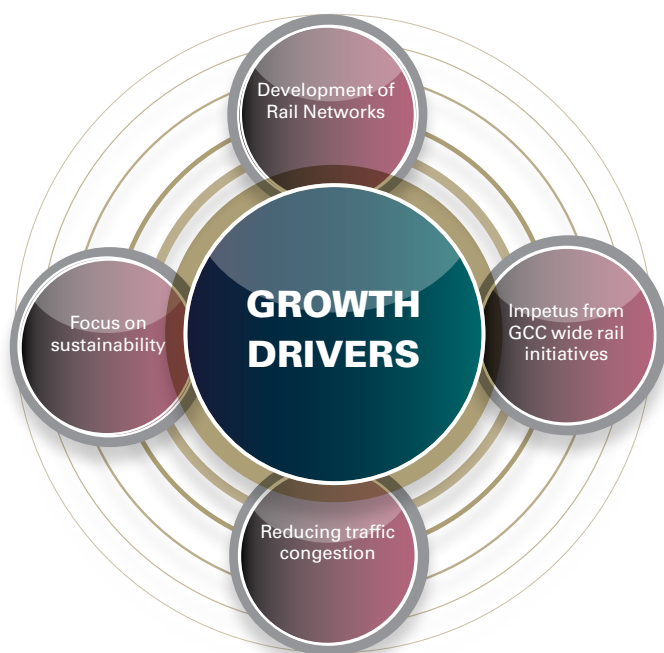
- Expansion of airport infrastructure will augment demand for FM services in Kuwait.
- There is existent demand for aviation focused FM providers as the FM services market in Kuwait is at a nascent stage.
- There is increased focus and awareness globally on environment sustainability which could potentially require new specialized FM services.



2.9.2: Rail Facility Management

OPPORTUNITY OVERVIEW

The proposed rail and metro projects under the **Kuwait Transportation Masterplan** are expected to expand the market for rail service delivery and facilities management (FM). Rail FM is a new segment in Kuwait and presents opportunities for specialized FM providers.



- The Kuwait National Rail Road project is of strategic interest to the Government in view of the potential trade benefits it offers the country and as part of integration with the broader GCC Railways project.
- Automobile traffic in Kuwait has outgrown the capacity of the road infrastructure, especially in the Kuwait Metropolitan Area. The Kuwait Metropolitan Rapid Transit System is planned to significantly enhance public transport in Kuwait.
- Focus on sustainability and resource optimization will lead to requirement of potentially new FM services, to build environment friendly stations and allied infrastructure.

The Rail FM market in Kuwait has the potential to generate approximately USD 90 Mn p.a. in revenues. The Kuwait National Rail Road System will be an integrated rail network with 511 km double track total length with total investment of around USD 10 Bn. The metro network seeks to cover 50 km and 28 metro stations in the first phase by the year 2020, increasing to 69 stations with a total length of 160 km. The metro project is expected to entail an investment of USD 7 Bn. The envisaged rail and metro networks offer a sizeable addressable market for FM services.



2.10: Tourism, Hotel and Entertainment

SECTOR OVERVIEW

As a business hub, transit arrivals into Kuwait comprise primarily of business travelers. Business travel spending in Kuwait is expected to grow by 8.9% in 2014 to reach USD 1.2 Bn and thereafter rise by 5.4% per annum to USD 1.9 Bn by 2024.

Tourist arrivals are expected to increase to 491,000 by 2022 from 306,559 in 2013 on account of planned infrastructure projects, economic expansion and tourism related initiatives.

HOTELS

The growth in business activities in Kuwait is expected to result in increased demand for hotel rooms. Budget hotels and hotel apartments are preferred for extended stays.

Hotels in Kuwait have among the highest average daily rates in the region, estimated at USD 246 in 2013. Most of the room capacity is concentrated in the four-star, five-star and resort categories.

Spending on leisure and tourism sector

Estimated value by 2015

USD 4.2 Bn

Hotels in Kuwait (2013)

NO. OF HOTELS		NO. OF ROOMS
FIVE STAR	10	2,120
FOUR STAR	10	1,381
THREE STAR	13	1,057
TWO STAR	2	62
ONE STAR	3	82
HOTEL APARTMENTS	43	1,854
RESORTS	12	2,017

ENTERTAINMENT

Kuwait has a limited number of theme parks and amusement centers. High per capita income and a propensity to spend on leisure and entertainment are expected to drive demand for amusement and entertainment options in Kuwait.

During the year 2013, the average household spend was approximately USD 4,000 per annum on leisure, entertainment and cultural services annually implying 8.5% of GDP per capita was directed towards recreational purposes.

Revenue of branded theme parks

Expected y-o-y growth over 2011–2015

7-8%

Economic growth and demand for entertainment options are expected to create investment opportunities in this sector.

2.10.1: Branded Theme Park

OPPORTUNITY OVERVIEW

Kuwait has a number of relatively small recreational concepts, including amusement and water parks, as well as other concepts like a zoological park and cultural attractions. The Entertainment City is the largest theme park in Kuwait and covers an area of one million square meters. This was established in 1984 by the Touristic Enterprises Company, a Kuwait Government entity. The footfalls for recreational and cultural attractions reached 2.4 Mn in 2013.

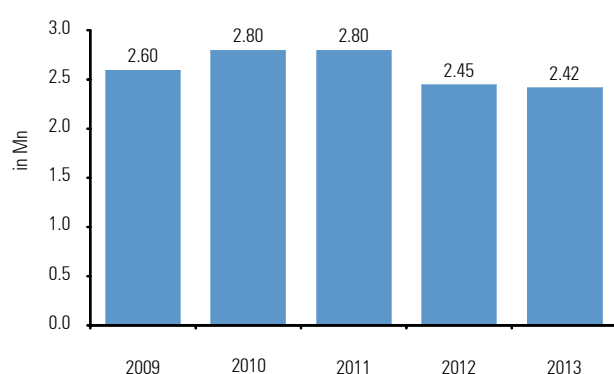
	<i>Recreational places in Kuwait</i>	
Zoo	Kuwait Zoo	
Aquarium	The Scientific Center	
Water Theme Park	Aqua Park Messila Beach	
Indoor Entertainment	Future Kid Infinity Zone Kid Land Kuwait Magic	Magic Planet Kidzania Trampo
Amusement Park	Lagoons Marah Land Play Land Entertainment City Hawally Park Sha'ab Leisure Park	
Branded Theme Park	99 Village Cartoon Network World	

- Amusement parks tend to attract families, young adults and children. Kuwait has a young and growing population, with more than 58% below the age of 35, presenting a sizable market for branded theme parks.
- Lifestyle preferences, and the relatively high level of disposable income also positively impact the demand for the branded theme parks.
- Increased tourism investments in the tourism sector along with a rising number of tourists from other GCC countries are expected to increase demand for entertainment options in the country.

Kuwait's spending on travel and tourism is estimated at approximately USD 6.4 Bn in 2013, with an expected annual growth of 6.2% until 2025.

In view of the limited options available in Kuwait, there is significant potential for introducing a large, branded family-oriented theme park conducive to Kuwait's climatic conditions.

Footfalls in recreational places in Kuwait



2.10.2: Budget Hotels

OPPORTUNITY OVERVIEW

The planned infrastructure projects and economic development plans are expected to stimulate business travel in Kuwait over the foreseeable future, creating additional demand for hotels. An increasing global trend towards cost-conscious business travel along with the development of new commercial hubs in Kuwait will augment need for more budget hotels. Budget hotels currently constitute less than one-fourth of Kuwait's overall hotel capacity.

Key Players	Hotel Brands
Accor Hotels	IBIS Hotel Kuwait – Sharq IBIS Hotel Kuwait – Salmiya
Salhia Real Estate	Courtyard Marriott Hotel
Al Argan International Real Estate Company	Movenpick Hotel & Resort Al Bida'a Rimal Hotel & Resort
Rotana Hotel Management Corporation Limited	Al Manshar Rotana
Kuwait Hotels Company	Safir International Hotel

- Economic growth in the country, supported by a growing oil industry stimulate demand for business travel.
- Government incentives to promote non-oil industrial sectors are major drivers for developing Kuwait as a business hub, providing an opportunity for budget hotels.
- Growth in business travel and prevailing high average room rates in Kuwait, will further augment the need for budget hotels.
- Shift of corporate mind-set from luxury hotels to the curtailment of travel expenditure is expected to stimulate the demand for budget hotels in Kuwait.

Kuwait's hospitality market is projected to reach USD 500 Mn by 2016. The low presence of budget hotels in the country and 100% foreign ownership is allowed in the sector which makes it an attractive entry opportunity for local and international players. Spending on business trips in Kuwait is expected to have reached USD 1.2 Bn in 2014. Currently, only a few budget hotel brands operate in Kuwait.

The planned infrastructure projects in Kuwait (e.g: Cargo City, Mubarak Al Kabir port development, airport expansion, etc.) and rising inflow of business travelers could yield a higher average hotel occupancy rates and revenue per room, indicating considerable potential for new budget hotels.

2.11: IT and Software Development

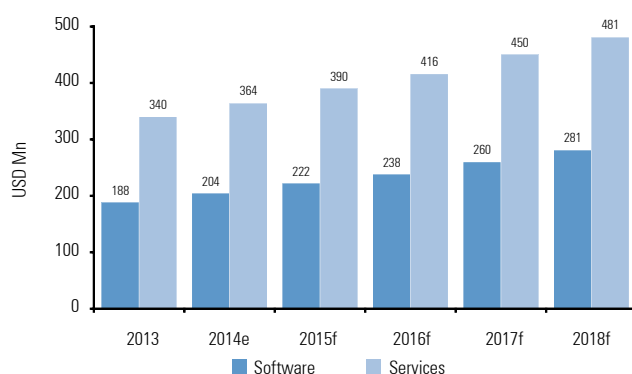
OPPORTUNITY OVERVIEW

Kuwait ranks high on key IT and mobile infrastructure related benchmarks in the MENA region, such as internet penetration (62%) and mobile penetration (138%) reflecting quick technology adoption and supporting development of software and IT businesses.

The country's young and affluent population also supports demand for emerging technologies and associated software. On the institutional front, the Kuwait Government has initiated many e-governance projects which are expected to drive the use of electronic services by Government organizations and the general public.

The market size for software and IT related services amounted to around USD 528 Mn in 2013 and is expected to grow annually at 8% over the period 2013 to 2018.

Software and service sector sales



WEB AND APP DEVELOPMENT

Web and app development is gaining importance as businesses strive to meet customer demands and expectations on service quality.

Kuwait's internet traffic in general is expected to continue its historical growth trend over the foreseeable future primarily driven by private consumers, reaching 45.4 petabytes per month by 2016. This overall development will induce the further development of digital applications and solutions especially those which are web enabled.

The opportunity to offer web based services in Kuwait and wider GCC region is relatively new as these sectors have been traditionally served by international players and, to a limited extent, by some regional players.



Favorable demographics and digitization of content are expected to drive the need for IT services such as web and app development.

2.11.1: Web and App Development

OPPORTUNITY OVERVIEW

Web and app development is becoming increasingly important for customer-centric businesses in Kuwait. Demand from consumer focused sectors like retail, banking along with IT transformation initiatives at the Government level are augmenting demand for web-enabled IT services and solutions. This provides opportunities for international players with local and regional presence.



- Kuwait's young and educated population is expected to drive consumption of content and engagement via multiple digital tools (including social networking platforms, mobile applications, online videos, etc.).
- Kuwait's e-government initiatives are expected to drive the expansion of web and app development.
- Kuwait has one of the highest internet penetration rates within the MENA region with 62% of the adult population using internet more than once a day, resulting in demand for mobile apps and internet based services. Around 41% of the population has access to the internet over mobile phones, with more than 64% of Kuwaiti nationals using smart phones.

The market size of the IT services segment (including web and app development) was estimated at USD 340 Mn in 2013, with a projected growth rate between 7% per annum. The market in Kuwait is still at a nascent stage with most requirements being currently serviced out of other markets in the region. There also exists potential for localized and Arabic content.



2.12: Culture, Media and Marketing

SECTOR OVERVIEW

Kuwait has a diverse population, reflecting a wide range of cultures and ethnic backgrounds, which generates demand for diversified advertising, marketing, entertainment and media.

Kuwait has demonstrated a high affinity for entertainment and media especially considering majority of its population is young and affluent. Kuwait's high penetration of broadband, mobile phone and television also indicate the magnitude of the potential opportunity in the space of media and marketing especially in the digital segment.

DIGITAL MEDIA MARKETING

Digital media marketing is aligned with new age marketing platforms connected via internet to devices such as computers, tablets, smart phones and gaming consoles. High penetration of broadband and mobile based internet are a key driver of digital advertising in Kuwait.

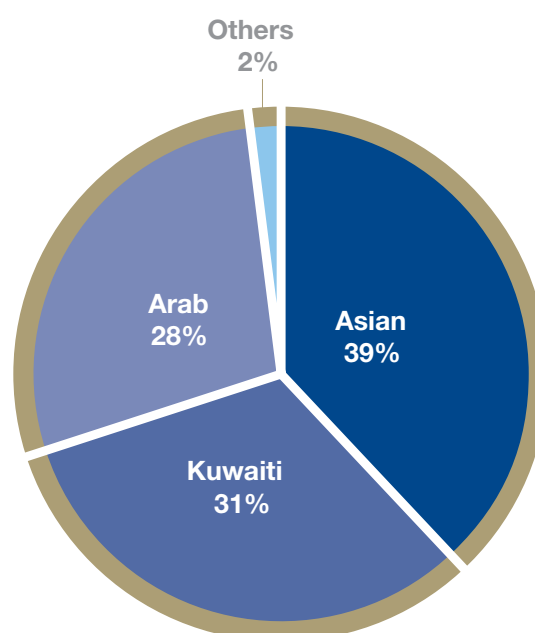
DIGITAL CONTENT CREATION

Digital Content Creation (DCC) includes creation of digital tools such as games, e-books, apps and widgets, web/ blog development (text, animation, graphics, images, design and audio-video). Increasing adoption of digital devices like smart phones, tablets and smart televisions, is likely to drive the market for digital content in Kuwait especially for service providers offering localized Arabic content.

APPLICATION STORES & ONLINE PORTAL

The prevalence of internet and broadband penetration in Kuwait is leading to many consumer businesses considering presence through online formats, thus providing reach across a wider audience. The growing penetration of web enabled devices (smart phones, tablets, smart televisions) coupled with rising income levels in Kuwait are expected to provide growth opportunities for online retailers and service providers.

Population by ethnic groups (June 2015)



A wealthy population with high living standards and cultural diversity offer opportunities in the culture, media and marketing sectors.

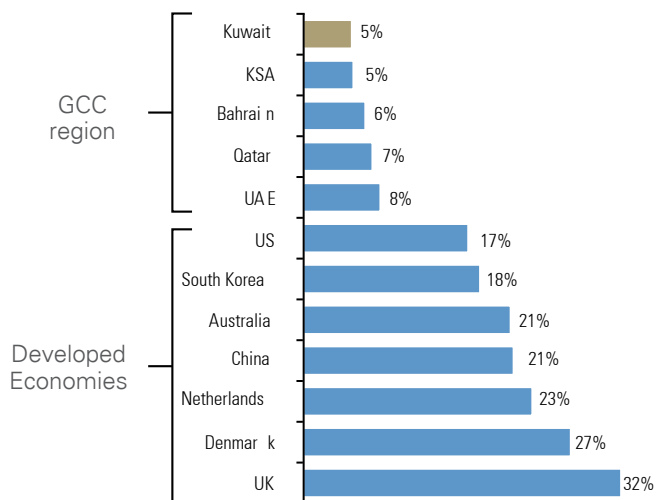
2.12.1: Digital Media Marketing

OPPORTUNITY OVERVIEW

Kuwait has the fourth highest advertising expenditure in the MENA region. The digital marketing industry is however at a nascent stage in Kuwait, with players offering multiple services such as marketing, advertising, analytics, technology etc. Growing traffic on social networking sites and increased time spent online by the resident population is fueling the growth in digital advertising, which currently accounts for only 5% of the total advertising spend.

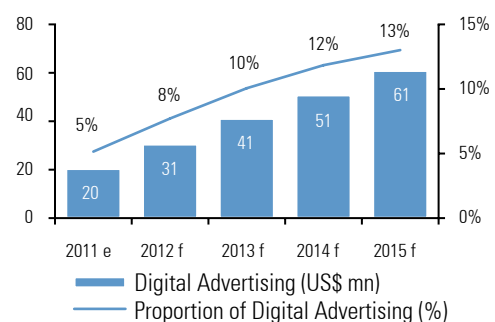
The sector comprises of global, regional and local boutique players but is largely dominated by international firms who are primarily operating through local tie-ups and catering to in-house digital marketing requirements indicating room for presence of specialized international players in Kuwait.

Digital advertising expenditure as % of total advertising expenditure (2011)



- Kuwait's favorable demographics, coupled with high literacy rates and per capita income, translate into high rates of information consumption across multiple media formats including social media.
- The country has high penetration of internet (62%), mobile (138%) and TV (99%), and hence is quick in technology adoption, which supports opportunities in the digital marketing space.
- Cost effectiveness of the digital medium also makes it easier for advertisers to target niche audiences thereby propelling the growth of digital media marketing.

Digital advertising expenditure as % of total advertising expenditure in Kuwait



The advertising market in Kuwait is expected to reach around USD 470 Mn by 2015, with share of digital advertising rising from 5% in 2011 to approximately 13% (nearly USD 61 Mn) by 2015. This is expected to provide significant opportunities for companies in this sector to grow in the Kuwait market.

Additionally, linguistic and cultural similarities within the Middle Eastern countries provide potential for replicating digital marketing offerings across neighboring markets.

2.12.2: Digital Content Creation

OPPORTUNITY OVERVIEW

The size of the global consumer digital content industry was estimated at approximately USD 49 Bn in 2012 in terms of revenues. This industry is poised to grow to over USD 62 Bn by 2016, recording an annual growth of around 5% per annum.

Kuwait is, however, still in the early stages of development with regards to digital content market especially in areas like games, e-books, apps and widgets, web and blog development (text, animation, graphics, images, design and audio-video). Increasing adoption of digital devices like smart phones, tablets and smart TVs is likely to drive the market for digital content in Kuwait especially for service providers who can offer localized Arabic content.



- A young, well-educated and relatively affluent population drives demand for entertainment and media content.
- With Kuwait's high penetration of TV, mobile and internet, localization of content and regional trends of Pan-Arab television, film and music is likely to propel demand trends in digital content creation.
- The increasing adoption of smartphones and tablets provides large potential opportunities in segments such as social networking and online gaming.
- Encouragement from advertisers to sponsor content designed for these digital devices can lead to monetization of digital content.

In Kuwait, the digital content creation market remains a nascent market with few niche players indicating room for established international players to explore this untapped opportunity in areas like mobile applications, Arabic e-publishing, local comic series and gaming applications.

For instance, the gaming market in the Middle East region is reported to have the fastest growth with a size that is variously estimated in the region at USD 1 Bn.



2.12.3: Application Stores and Online Portals

OPPORTUNITY OVERVIEW

High levels of internet penetration and technology adoption are likely to stimulate the market for application stores and online portals. Kuwait has witnessed many popular examples of online portals some of which are expanding across the GCC and the wider region. Growing penetration of web enabled devices (smart phones, tablets, smart TV's) coupled with rising income levels in Kuwait will further augment the market for online portals along with increasing acceptance of online payment systems.

GROWTH DRIVERS

Young population

High per capita income

High literacy levels

Successful initiatives in this space

High rates of broadband and mobile penetration

Supportive Government measures

- The broad reach of social media, internet and mobile in the country is leading to successful adoption of the medium of e-commerce and online platforms in Kuwait and the GCC region.
- Kuwait Government is implementing various measures to promote IT across numerous sectors, such as infrastructure, education and Government services.

Category specific online portals (e.g.: electronics, fashion) and subscription based websites (e.g.: Zawya, MEED) are expected to have high demand along with preference for localized Arabic content.

