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KEY SECTORS FOR OPPORTUNITIES

Investing in Kuwait: A guide for
Investment Opportunities in Kuwait

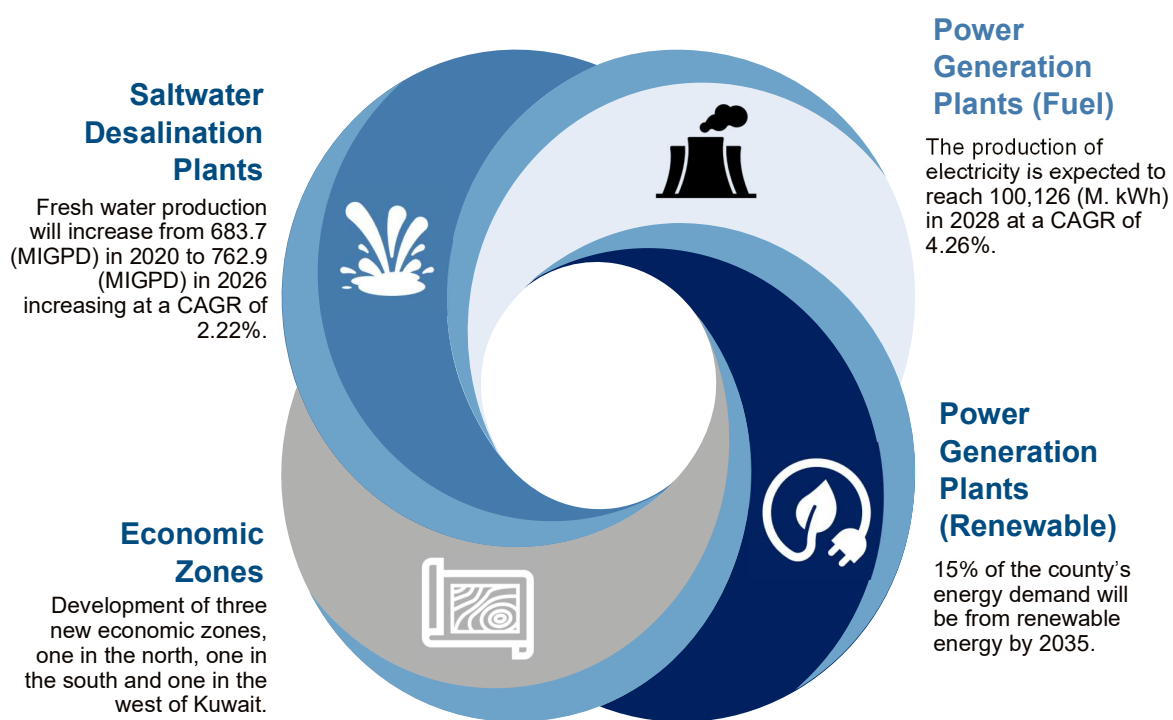


3.1 Infrastructure & Construction Sector

Sector Overview

Kuwait is investing substantially in infrastructural projects related to electricity and water to meet the demand of the rising population. A majority of the projects are being developed by the government through Public Private Participation (PPP) or by inviting foreign companies to provide engineering, design, and construction capabilities. Further, infrastructure is also prioritized by the development of a number of economic zones in the country that are expected to cater to different industries and businesses.

SUBSECTORS



The mega projects undertaken by the government as part of its development plan will create several opportunities for foreign investor participation.

3.1.1 Power Generation Plants (Fuel)

Generation of power by utilizing resources that are mainly based on fuel. In other words, the use of oil and other oil-based byproducts to generate power in the country.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait's electricity is generously subsidized by the government and one of the main factors for the exorbitant consumption of electricity in the country. The rates for electricity stood as below in 2020¹:

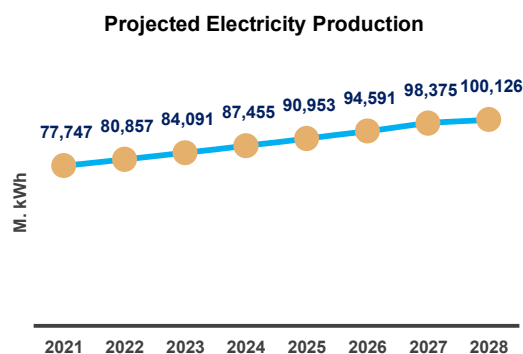
Sector	Tariff/(kWh) USD
Government	0.083
Residential	0.007
Investment and commercial	0.017
Industrial and agricultural	0.017

The rates are one of the lowest tariffs of electricity globally.

- Kuwait is one of the largest consumers of electricity in the world. Per capita energy consumption was 38.8 kWh per day in 2020 and 14,207 kWh per year in 2020¹. This is higher than the average consumption of Middle Eastern and OECD countries during the same year.
- Electricity demand for air-conditioning services in Kuwait accounts for some 70% of residential electricity demand.
- Kuwait's power is almost exclusively generated from oil and natural gas. The following are fuel-based power plants in Kuwait¹:

Stations	Total Available Capacity (MW)
Shuwaikh Station	252
Shuaiba South Station	720
Shuaiba North Station	875.5
Doha East Station	1,122
Doha west Station	2,541
Az-Zour South Station	6,055.8
Subiya Station	7,046.7
Az-Zour North Station	1,540
Total Capacity	20,153

- Oil holds a major share in terms of fuel utilized for generating power, with natural gas occupying a smaller proportion. However, the country is rapidly moving away from oil to natural gas as a means of power generation. Until recently, Kuwait held approximately 1% of the world's reserves in natural gas, but the recent discovery of oil and natural gas in the Neutral Zone area and offshore with KSA should increase the country's reserves and meet its requirements for power generation.
- The total production of electricity in the year 2020 was 74,757 (M. kWh), which has increased at a CAGR of 1.63% from 2016 at 70,085 (M. kWh). The total production is expected to reach 100,126 (M. kWh) in 2028 at a CAGR of 4.26%¹.
- Kuwait peak load demand was 14,960 MW in 2020. The peak load was expected to increase to 20,474 MW by the year 2028¹.



- The Kuwaiti government was the only producer and distributor of power in the country. However, it has now adopted the PPP model for developing new power plants and has thus involved the participation of the private sector in power generation.

The following projects are being developed under the PPP model²:

Stations	Capacity
Az-Zour North IWPP (Phase 1)	1,500 MW
Al Khairan IWPP (Phase I)	5,400 MW
Az-Zour North IWPP (Phase 2 & 3)	2,700 MW

- Further, Shuaiba North Station with an estimated value of USD 1.2 billion³ is expected to be privatized and will be the first existing utilities asset to be sold off to the private sector in Kuwait on completion.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait's demands for power have been increasing historically and are expected to progressively increase at a growing rate as a result of the population growth.
- Global warming and its impact on the country, which has seen soaring temperatures in summer and will thus cause an added demand for power.
- The country's plan to diversify from an oil-based economy to a more diversified economy in the near future will further add demands on electric power to sustain the growing economic environment.
- Considering the above, electricity expectations by 2028 will soar to levels which cannot be sustained by the current power generating infrastructure alone. Hence, the government has been launching new power plants through the PPP models seeking private sector participation. This provides lucrative opportunities for foreign investors to participate in power projects.

Source: ¹MEW, ²KAPP, ³Energy and Utilities

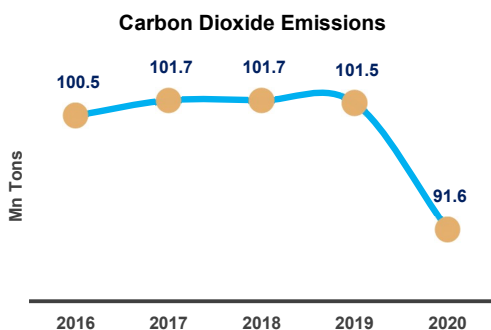


3.1.2 Power Generation Plants (Renewable)

Generation of power by utilizing resources that are mainly based on renewable energy. In other words, the use of solar, wind, water, and green hydrogen energy to generate power in the country.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait’s growing population means a need for increased electric power generation. Kuwait Vision 2035 Development Plan is an ambitious plan for diversifying the Kuwaiti economy and will place additional burden on the existing infrastructure of the country to meet the power requirements.
- Kuwait’s power generation is based on power plants that are predominantly fuel based and are thus not eco-friendly. Greenhouse-gas emissions of 91.6 Mt of CO₂-eq in 2020¹ are expected to increase to 103.4 Mt of CO₂-eq in 2035². This increase is expected at an approximate annual rate of 1.1%, which is twice the average of global emissions.² Greenhouse gas emissions in Kuwait increased rapidly in recent times as a result of the construction activities associated with infrastructural development, high oil prices and a major reliance on fuel for power generation.
- Further, Kuwait is rapidly moving away from oil to natural gas as a means of power generation. The share of natural gas is increasing at a rapid pace for this requirement. Until recently Kuwait held approximately 1% of the world’s reserves in natural gas and the production capacity was expected to reach 27.3 bcm by 2035.² This capacity though was thought to be insufficient to meet the growing needs for natural gas in power generation and Kuwait was expected to be a net importer of natural gas. However, the recent discovery of major oil and gas reserves in the Neutral Zone area and offshore with KSA is expected to sustain the country’s requirements for natural gas as a fuel for generating power. Nevertheless, while natural gas is less polluting than oil, it will still cause sustained carbon emissions.
- Today less than 1% of total energy capacity of Kuwait comes from renewable energy.³ However, the Kuwaiti government has set up an ambitious plan to generate at least 16% of the county’s energy demand from renewable energy by 2035.² In this regard and as part of Kuwait vision to move to a more sustainable form of energy generation, the below plants are being developed by the government on a PPP basis⁴:



Renewable Energy based Power Plants	Capacity
Al Shaqaya Renewable Energy Project	2,000 MW
ISCC Plant at Al-Abdaly	280 MW

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Global warming is a major concern worldwide and nations are coming together to place strict control on carbon emissions. Kuwait needs to play its part in reducing emissions and being at the forefront of climate initiatives.
- Kuwaitis' energy demands are expected to keep increasing and barely any requirements are met through renewable energy. Foreign investors, who specialize in providing renewable energy solutions have an excellent opportunity to enter the sector with their advanced expertise.
- Further, the Kuwaiti government seeks the initiative of the private sector in the participation of mega projects related to renewable energy through a number of PPP arrangements. Such arrangements can be utilized by international investors within the country.
- Moreover, Kuwait's government shall participate in Saudi and Middle East Green Initiatives Forum, which has been launched in October 2021.
- Green Hydrogen plants can be established to fulfill the renewable energy gap in the market.

Source: ¹British Petroleum, ²Kuwait Institute of Scientific Research, ³MEW, ⁴Kuwait Vision 2035 Development Plan



3.1.3 Saltwater Desalination Plants

Saltwater desalination plants convert sea water into fresh water. They are particularly used in arid regions where fresh water is in shortage but where there is ample access to seawater.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Despite its relatively small population, Kuwait is one of the largest consumers of water in the world. Per capita water consumption was 98 IG per day in 2020 and 35,857 IG per year in 2020, thus making it one of the highest water consumers in the world.¹ In fact, the demand for fresh water in the GCC is expected to increase by 62% by the year 2025.²

- Kuwait stands as the 3rd largest producer of desalinated water in the GCC only behind Saudi Arabia and the UAE.

- Kuwait’s water is extremely subsidized by the government and one of the main factors for the exorbitant consumption of water in the country.

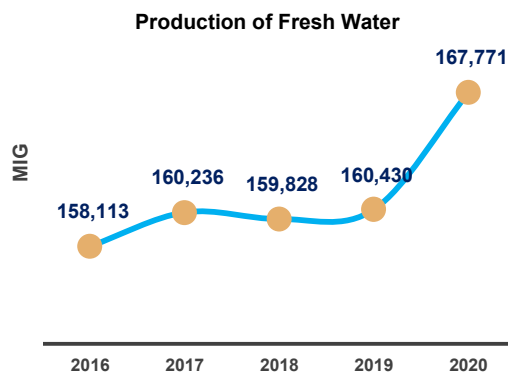
- The rates for water stood as below in 2020¹:

Sector	Tariff/ (1000 IG) USD
Government	13.3
Residential	2.7
Investment and commercial	6.6
Industrial and agricultural	4.2

- Kuwait’s desalination facilities supply almost 90% off its freshwater requirements in the residential sector and 60% of the demand in the industrial sector. The following are the desalination plants in Kuwait¹:

Stations	Total Available Capacity (MIGPD)
Shuwaikh Station	48.5
Shuaiba South Station	30
Shuaiba North Station	45
Doha East Station	42
Doha west Station	170.4
Az-Zour South Station	140.4
Subiya Station	100
Az-Zour North Station	107
Total Capacity	683.7

- The gross production of fresh water in the year 2020 was 167,771 MIG which has increased at a CAGR of 1.49% from 158,113 MIG in 2016¹.



- The installed capacity of desalination plants is expected to increase from 683.7 MIGPD in 2020 to 762.9 MIGPD in 2026 increasing at a CAGR of 2.22%¹.

- The Government has already increased the capacity of the Doha West Plant and is in the process of increasing the capacity of the Al-Zour South Plant and Subiya Plant.
- Until recently the Kuwaiti government was the only producer and distributor of water in the country. However, it has now adopted the PPP model for developing new IWPP plants and has thus involved the participation of the private sector in water production.

Some of the projects currently developed under the PPP model include³:

Stations	Capacity
Az-Zour North IWPP (Phase 1)	102 MIGPD
Al Khairan IWPP (Phase I)	125 MIGPD
Az-Zour North IWPP (Phase 2 & 3)	165 MIGPD

- As part of Kuwait Vision 2035 Development Plan, the Shuaiba North Station is to be privatized, which will help it in increasing its efficiency and thus the production capacity of fresh water.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The increasing population of Kuwait is expected to add additional strain on the water desalination infrastructure of the country. Water desalination capabilities must be increased either through expanding capacity or through developing new plants.
- The economic diversification of the country and its growing demand for water in different sectors will further add a lot of pressure on the existing infrastructure that will certainly not be able to sustain such levels of demand.
- Multi-effect desalination technology is the most preferred technology for water desalination, away from the presently used multi-stage flash desalination technology. While this technology accounts for just 6% of water production today, it is expected to be utilized in almost 50% of water production by 2035.⁴
- Considering the above, the government is encouraging the participation of private players in the sector who can bring in the most cost-effective technology with the least environmental consequences. Thus, foreign investors with expertise in this domain can become major players within this sector of Kuwait market.

Source: ¹MEW, ²MEED, ³KAPP, ⁴Kuwait Institute of Scientific Research



3.1.4 Economic Zones

Special Economic Zones are Free Trade Zones that cater to logistics, manufacturing, trading and other activities. Taxes and custom duties are usually not levied in these zones. On the other hand, Economic Zones are a more inclusive concept and have additional benefits than Free Trade Zones. They are available to local and foreign investors. Incentives that may be provided in the economic zones are according to each country's laws, regulations and incentives. The Economic Zones in Kuwait are subject to the laws and regulations of KDIPA and incentives granted by KDIPA.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait's only free trade zone was established in Shuwaikh in the 1990's. The objective of the zone was to increase the inflow of foreign funds into the country for investment purposes while at the same time making it a commercial exchange point between the countries in the region. However, the zone was not able to achieve its true purpose and was closed down in 2019 based on Kuwait's Council of Ministers decision to cancel Decision No. 512/2018.
- In 2016, a detailed feasibility study was undertaken by Kuwait Direct Investment Promotion Authority for creating three economic zones in Kuwait. The areas allocated to the economic zones and the specific designated uses of the areas are provided below¹:
- The study was formally adopted by the Kuwait Municipality on 30 May 2016. The projects are currently being considered towards development.
- KDIPA may consider offering a number of benefits/incentives to foreign investors for establishing their presence in the zones including:
 - a) Competitive Infrastructure
 - b) Duty Free Exports
 - c) Tax Incentives/Tax Holidays/Tax Concessions
 - d) Import of capital goods at concessional rates

Area	Designated Activities
Al Abdali area near the northern part of the Arabian Gulf	Coke and petroleum products, logistics and storage, waste management and other activities
Al Naim area located in the western region	Basic industries, environmental concentrated industries.
Al Wafra area located in the southern region	Cross-border economic activity

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait has launched a number of mega projects in line with Kuwait Vision 2035 Development Plan initiative that intends to diversify Kuwait's economy away from oil into other diversified economic sectors. These projects provide foreign investors with opportunities to participate in the local market. Foreign investors can cater to the local markets by setting up their business in the economic zones and at the same time take advantage of the various concessions and benefits provided in these zones.
- Further, the zones are in close proximity to similar zones in other GCC countries thereby providing foreign investors an option of conducting cross border trade and tapping into other markets.

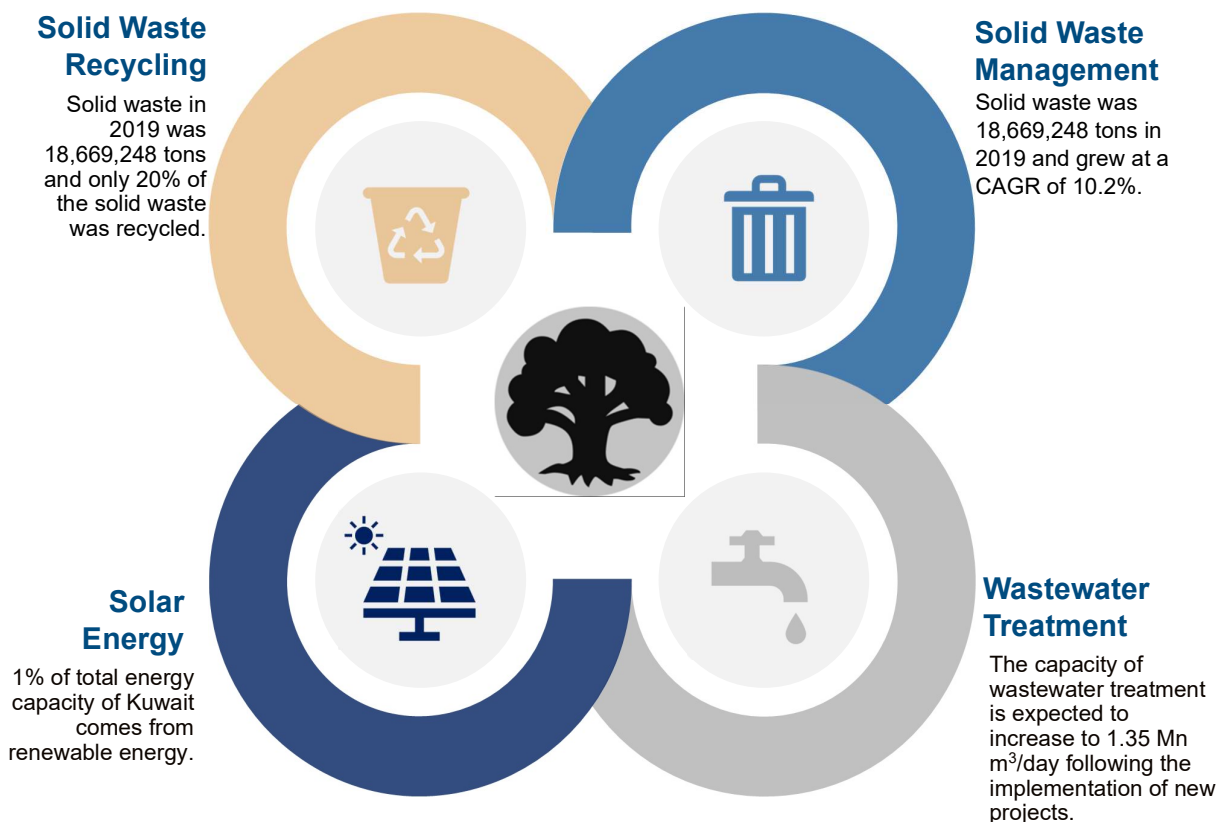
Source: ¹KDIPA

3.2 Environmental Services (Renewable Energy and Clean Technology) Sector

Sector Overview

Environmental projects undertaken by Kuwait are a step taken in the right direction for reducing carbon emissions of the country and ensure the protection of the natural environment. It also signifies Kuwait's commitment globally to utilize green forms of energy and reduce dependence on fuel-based sources of energy. Most of the projects undertaken in this sector require international expertise as the segment is in a very early stage in Kuwait.

SUBSECTORS



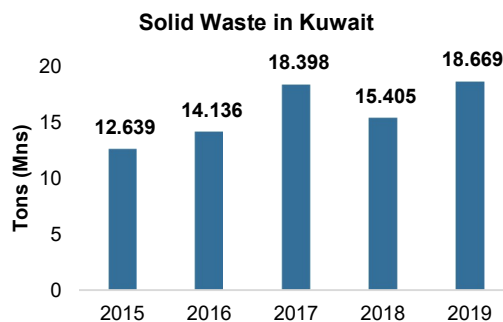
Considering the continuous adoption of new environmental projects in the country and the limited availability of specialized players in the local market for providing similar services, it creates a good opportunity for specialized foreign investors to participate in the segment.

3.2.1 Solid Waste Management

Solid waste management is the process of collecting, treating, and disposing of solid waste.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The growing population of Kuwait and the rising infrastructure and construction activities in the country have caused Kuwait to accumulate rising amounts of solid waste placing it in the top 3 countries within the GCC.¹
- As per the latest available data, Kuwait's total solid waste amounted to 18,669,248 tons in 2019 which grew at a CAGR of 10.2% from a base of 12,639,459 tons in 2015.²

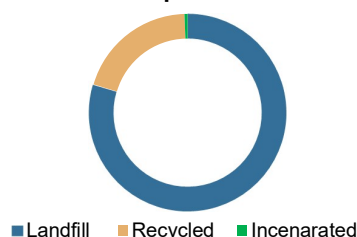


- Most of the solid waste in Kuwait is dumped into landfills.

Some of the areas are as below²:

Location	Size (Million sqm)
Jahra	1.915
South Seventh Ring	5.358
Mina Abdullah	6.7
Other	6.0

Waste Disposal Method



- Kuwait has one of the largest recyclable tire reserves in the world containing approximately 50 Mn tires. Often these tires cause fire hazards that release toxic fumes into the atmosphere.
- In order to address the issue of the disposal of solid waste, the Kuwaiti Municipality, in line with the government's Kuwait Vision 2035 Development Plan, licensed a Solid Waste Treatment Facility in Kabd area on a PPP basis. The solid waste treatment plant has a capacity of 3,275 tons per day and is estimated to cost approximately USD 1,926.9 Mn.³

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait's solid waste is expected to increase at a much more rapid pace in the coming period, far outpacing the past growth of 10.2%. This is expected because of the growing population and fast-paced construction projects.
- The Environment Public Authority of Kuwait, established in 1995, had issued a new environmental protection law in 2014 thereby ensuring a strict adherence to the regulations prescribed in the law. The law is expected to create further opportunities in the sector by ensuring that no unlawful dumping of harmful solid waste happens in Kuwait.
- Based on a study published by Global Recycling magazine in 2016 on an "Integrated Solid Waste Management System", installing seven recycling plants in Kuwait could help recycle 95% of waste tires and organic waste, 90% of construction and demolition waste, glass, and metal, 80% of paper and 50% of plastic. The remaining non-recyclable materials would be sent to a sanitary landfill.⁴

- Thus, attractive opportunities exist for foreign investors who specialize in solid waste management to move into the sector. Opportunities exist not just in waste management solutions but also soil remediation solutions for existing landfills.

Source: ¹International Journal of Environmental Science and Development, ²CSB, ³KAPP, ⁴Global Recycling



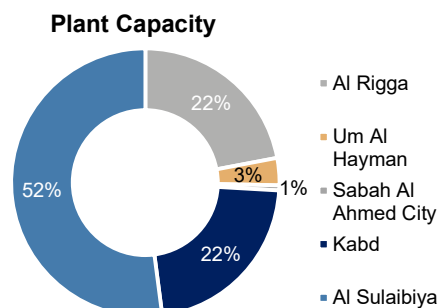
3.2.2 Wastewater Treatment

Wastewater treatment is the process of removing contaminants from sewage and any other contaminated water and treating it in such a way that it can be released back into the natural environment without causing any harm or damage to it.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait is one of the largest consumers of water in the world. The per capita water consumption per year was 35,857 IG per year in 2020.¹ The water tariffs in Kuwait are one of the lowest in the world with- water being subsidized substantially by the government. This has encouraged extravagant utilization of water and has caused maximum wastage.
- Kuwait has 5 household wastewater treatment plants with a maximum capacity of 817,000 m³/d.¹ They include the below:

Treatment Plants	Operating Year	Design Capacity (1000 m ³ /day)	Average Water Treatment (1000 m ³ /day)
Al Rigga	1982	180,000	151,558
Um Al Hayman	2001	27,000	24,300
Kabd	2011	180,000	145,000
Al Sulaibiya	2004	425,000	350,000
Sabah Al Ahmed Sea City	2020	5,000	-
Total		817,000	



Al Wafra station having a capacity of 6,000 m³/day is currently out of operation. On the other hand, Al Khairan Station with a capacity of 5,600 m³/day is not yet operational.

- The government is actively seeking the participation of the private sector in wastewater treatment projects and had previously operated Al Sulaibiya and Kabd projects successfully on a PPP basis. Currently, a new plant is proposed at Um Al Hayman with a capacity of 500,000 m³/d which is being developed through Kuwait Authority for Partnership Projects (KAPP) on a PPP basis.²
- Further, the government of Kuwait is pursuing the increase of the capacity of Al Sulaibiya and Kabd plants to 600,000 m³/d and 250,000 m³/d respectively.³

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The utilization of water is expected to rise in Kuwait with the growing population and the rise in infrastructural activities. A direct consequence of this will be a massive increase in wastewater in the country.
- Kuwait's wastewater provides an opportunity for the country to reuse this resource considering its limited access to fresh water from the land and the very expensive desalination process of water retrieved from the sea.
- The government's proposition to increase the capacity of wastewater treatment in the country through private sector participation provides immense potential for foreign investors to participate in the sector.

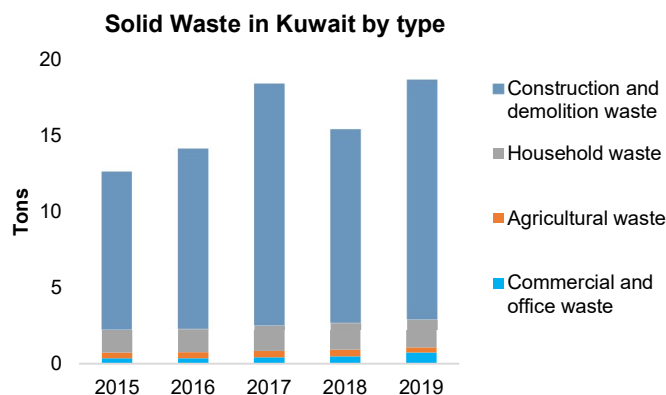
Source: ¹CSB, ²KAPP, ³KDIPA

3.2.3 Solid Waste Recycling

Solid Waste recycling is the process of retrieving used discarded products or certain used resources that can be reused thereby helping to conserve resources and reduce the pollution of the environment.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait generates a huge amount of solid waste annually. It is estimated that the solid waste produced by Kuwait in 2019 was 18,669,248 tons.¹ Only 20% of the solid waste is recycled in Kuwait. The remaining waste is dumped in landfills which cause irreparable damage to the soil while releasing toxic fumes into the atmosphere.



- 84%¹ of the waste produced comprised of construction waste. Construction waste includes concrete, bricks, ceramic, insulation materials, glass, plastic and metal, none of which are biodegradable.
- Household waste is the second largest generator of solid waste in the country at 10%¹ of the total waste produced. Household waste comprised of biodegradable waste such as paper and wood as well as non-biodegradable waste including plastics.
- The Environment Public Authority of Kuwait is the chief enforcer of environmental laws and regulations in the country is entrusted with the task of ensuring that waste is handled with care and is considered for recycling.²
- Some private players exist in the market that provide recycling for metal and plastic components, however there is a great demand in the market for recycling facilities related to other waste including wood and paper.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait's infrastructure is undergoing drastic change in order to realize its vision as a diversified economy away from the dependence on oil. This infrastructural development is bound to create a lot of construction related waste that needs to be dealt with considerably. Kuwait's expected population increase will also cause a drastic increase in the amount of waste produced.
- Hence, there is major opportunity for private participants to enter into the sector and undertake activities related to recycling. Considering the fact that recycling is not a cost intensive process, foreign investors stand to gain substantial revenue and profits where they can employ their advanced expertise in this domain.

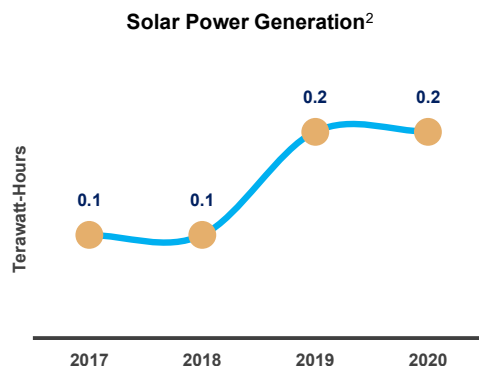
Source: ¹CSB, ²KEPA

3.2.4 Solar Energy

Generation of power by utilizing solar energy to generate power for homes and commercial centers.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait is one of the largest consumers of power in the world and less than 1%¹ of total energy capacity of Kuwait comes from renewable energy.



- During the 2021 United Nations Climate Change Conference, Kuwait has committed to³:
 - Reduce carbon emissions by 7.4% by the year 2035.
 - Reduce carbon emissions to its lowest point by 2050.
 - Give more importance to the utilization of renewable energy and liquid gas.
 - Increase the reutilization of emissions and other gasses (methane and carbon dioxide).
 - Increase the size of the natural conservatories to 15% of the total area of Kuwait.
 - Plant mangrove plants in the coastal areas and the northern islands to store carbon.
- While the government of Kuwait is taking several initiatives to produce clean energy, it still has a long way to go until a substantial amount of energy can be produced from sources that are carbon free. However, encouraging individual households and commercial centers to adopt solar energy independently can speed the pace of its implementation in the country.
- An initiative was undertaken in 2018 under the joint partnership of the Kuwait Foundation for the Advancement of Sciences, Kuwait Institute for Scientific Research and the Ministry of Electricity and Water, in addition to the Kuwait Municipality and the Public Authority for Housing Welfare to sign, construct, operate, and monitor rooftop grid-connected photovoltaic (PV) systems for a total of 150 Kuwaiti homes, at a rate of fifty homes per year over the course of three years.⁴
- While there is some resistance against the adoption of solar energy, there is a gradual shift in thinking towards a more sustainable way of generating and using power. Hence, a number of commercial centers and residential households in Kuwait are witnessing rooftop grid-connected photovoltaic (PV) systems being implemented.
- Kuwait is committed to the cause of climate change and is serious about reducing its carbon footprint by reducing carbon emissions.
- There is a small number of private players in the market currently catering to the needs of this niche segment with varied levels of success.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- As one of the sunniest countries in the world, Kuwait has abundant access to solar energy.
- Kuwait's fossil fuel reserves are depleting at a rapid pace. Hence, it is in the country's best interest to adopt an alternative source of energy that is sustainable and not fuel dependent.
- Kuwait has been facing an ever-increasing budget deficit year on year. A substantial part of Kuwait's budget is dedicated to providing subsidies on water and electricity. This may no longer be sustainable in the future and the government may start lifting subsidies to transfer costs directly to residents. The government is considering a reduction in subsidies by almost 55%, i.e., USD 7.24 Billion in the next 4 years from the current budgeted levels of USD 13.02 Bn.²
- The Kuwaiti market has a huge potential for solutions related to solar energy. The existing players in the market are limited both in term of numbers and in the type of technological solutions they provide. There is a wide scope of foreign investors with strong expertise to invest in this sector and reap good returns.

Source: ¹MEW, ²British Petroleum, ³KFAS, ⁴AIQabas

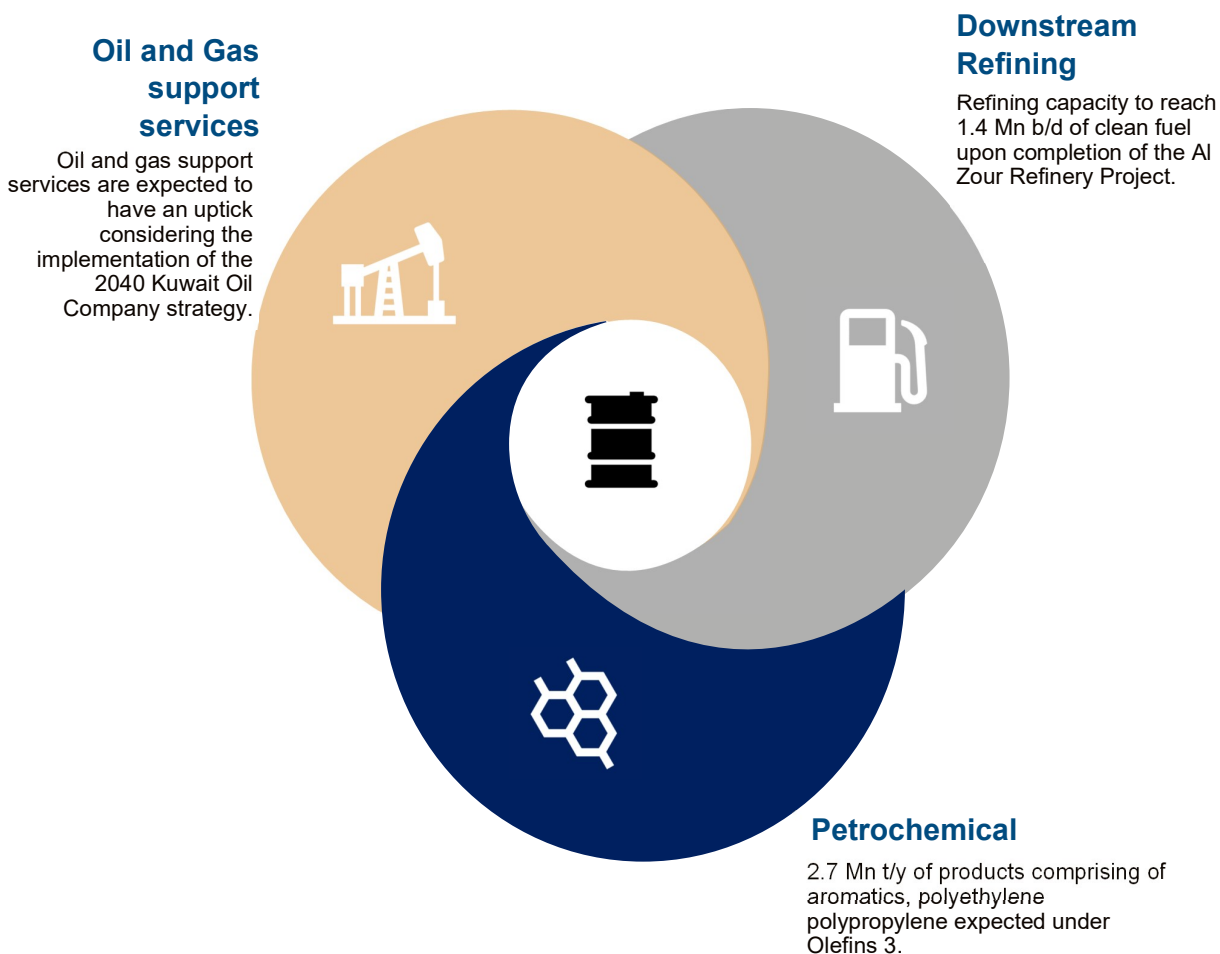


3.3 Industrial Oil & Gas and Downstream Chemical Production Sector

Sector Overview

Kuwait Vision 2035 Development Plan envisions a diversified economy away from the dependence on oil. However, the implementation of the vision and its materialization are expected to take time. Until then, the dependence on oil and discovery of new reserves of oil is vital for the State of Kuwait. Hence, Kuwait continues to explore for new oil and gas reserves as part of the 2040 KOC strategy. Further, a lot of importance is placed on the clean fuel projects in the country and the processing of oil is expected to be environmentally friendly.

SUBSECTORS



The Clean Fuel Projects and Oil and Gas Service Projects are an attractive opportunity for international investors with specialized skills to provide their services.

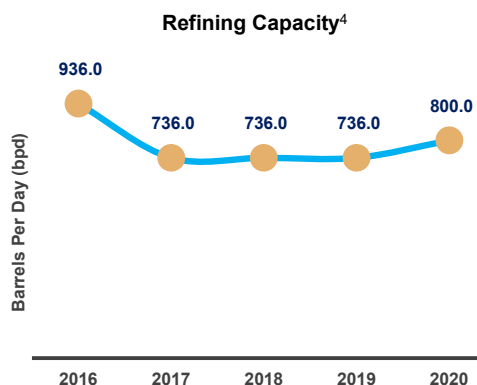
3.3.1 Downstream Refining

In the oil and gas industry, downstream refining is the process of converting crude oil and gas into finished products such as petrol, diesel, kerosene, jet fuel, diesel oil, heating oil, fuel oils, lubricants, waxes, asphalt, and natural gas.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- In 2020, Kuwait produced 2,686 thousand b/d of crude oil and 15 Bn cubic meters of natural gas.¹
- The country's refining infrastructure is controlled and managed by the government through Kuwait National Petroleum Company (KNPC).
- Construction on the country's first refinery, i.e., Shuaiba Refinery was started in 1966 and was commissioned in April 1968 with a production capacity of 95,000 b/d.¹ This was the world's first all hydrogen refinery, which could process crude that contained high sulfur. The refinery was closed in 2017 to shift to more cleaner means of refining.
- Fuel is currently refined through two refineries in the country namely Mina Al-Ahmadi (MAA) Refinery and Mina Abdullah (MAB) Refinery. The total refining capacity of the refineries is currently 736,000 b/d and the total gas processing capacity is 2,485 mmscfpd (MAA 4 gas trains). MAA has a refining capacity of 466,000 b/d and MAB has a refining capacity of 270,000 b/d. The refined output at MAA includes gasoline, Kerosene, Gasoil (Diesel), Bitumen, Naphtha, LPG, and Sulfur. The refined output at MAB includes Naphtha, Kerosene, Low-Sulfur Gasoil, Coke, Fuel Oil and Sulfur.¹
- As part of Kuwait Vision 2035 Development Plan, the government launched the Clean Fuels Project at a total cost of USD 15.5 Bn.² This project envisages the upgrade/ expansion of MAA and MAB to integrate the refining system into one complex with full conversion operation. The overall refining capacity in 2020 increased to 800,000 b/d from 736,000 b/d, i.e., MAA refinery capacity to 346,000 b/d and MAB refinery capacity to 454,000 b/d while the

sulfur content of the petroleum products produced will be lower by 5%.³ A number of international companies were involved in the project management, engineering design, procurement, and construction of the projects. The output of the refineries is expected to be fuel that is environmentally friendly and graded at levels that are acceptable in the US and Euro markets.



- Another mega project is also being developed as part of the development plan at Al-Zour as an integrated refining and petrochemical zone. The project, when completed, is expected to have the ability to produce 215,000 b/d of fuel oil and refine 615,000 b/d of clean fuel. It will also have a Liquid Gas Import Infrastructure storage facility of 3,000 Bn heating units per day.⁵ The Al Zour Refinery is expected to be constructed at a cost of USD 16.2 Bn. Kuwait Integrated Petroleum Industries Company established in 2016 is the main sponsor appointed by the government for developing this project. It will by far be the largest clean fuel refinery in the country when it is commissioned. The engineering, procurement, and construction (EPC) contracts for its development were awarded to a number of international companies in 2015.

- Kuwait has recently discovered oil and gas reserves in the Neutral Zone area and offshore with KSA which will provide future opportunities for development of new infrastructure and facilities for tapping into the reserves for both local consumption as well as exports.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Although Kuwait is trying to diversify its economy away from oil, it will still depend to a large extent on oil until that point of time whenever diversification is achieved. In this regard, it continues to compete against regional competitors for a presence in the petroleum market.
- Kuwait had previously announced plans for two new oil refineries with a capacity of 300,000 b/d to be completed in 2025 and 2035.⁵
- A fifth gas train in the country is currently being undertaken at a cost of USD 1.45 Bn and there are studies for undertaking a sixth and seventh train by 2025 to take the total gas processing capacity to 3.7 Bn cf/d.⁶
- Considering the above projects, the petrochemical refining sector provides an excellent opportunity for international investors experienced in the petrochemical industry for participating in the sector specifically in engineering, procurement, and construction.

Source: ¹KNPC, ²Kuwait Vision 2035 Development Plan, ³Fluor Corporation, ⁴British Petroleum, ⁵Hydrocarbons Technology, ⁶MEED



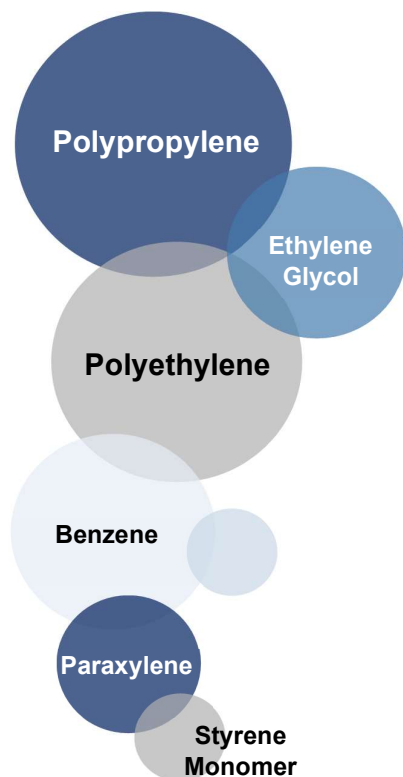
3.3.2 Petrochemicals

Petrochemicals are a byproduct of oil and involve a process of extracting different chemicals from refined petroleum feedstocks. They include chemicals of the nature of ethylene, polyethylene and benzene. These chemicals are mainly used in the preparation of plastics, soaps and detergents, solvents, drugs, fertilizers and pesticides among other materials.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The petrochemical infrastructure of the country is controlled and managed by the government through the Petroleum Industries Company (PIC) established in 1963.¹
- The petrochemical products of Kuwait primarily include Ethylene, Polyethylene, Urea, Ethylene Glycol, and chemical catalysts.
- There is limited demand for petrochemical products from the local market and most of the demand is derived from exports to the Chinese and the Indian markets.
- PIC operates in Kuwait through a wide range of subsidiaries and Joint Ventures, with local and international companies for the production of petrochemical products, some of which include the below³:

Name of the Company	Year of incorporation	Main products produced	Ownership
PP Plant	1997	Polypropylene	100%
Equate Petrochemical Company	1995	Polyethylene & Ethylene Glycol	42.5%
The Kuwait Olefins Company	2004	Ethylene Glycol	24.5%
The Kuwait Aromatics Company	2004	Paraxylene & Benzene	20%
Kuwait Paraxylene Production Company	2004	Paraxylene	100%
The Kuwait Styrene Company	2004	Styrene monomer	57.7%
Qurain Petrochemical Industries Company	2004	Petrochemicals	10%



- Equate is owned by PIC at 42.5%, US-based Dow Chemicals (Dow) at 42.5%, Boubyan Petrochemical Company (BPC) at 9% and Al Qurain Petrochemical Industries Company (QPIC) at 6%.³ Equate today produces 5 Mn tons of petrochemicals a year and contributes to over 60% of Kuwait's non-oil export.²
- PIC has also entered into a similar ownership structure as that of Equate for the establishment of The Kuwait Olefins Company (TKOC). Details of plants operated under the company include the below³:
 - The Olefins II ethylene plant was set up as a Joint Venture with the Dow Chemical Company in Shuaiba in 2008

and has a total production capacity of 850,000 tons annually.

- The Olefins III plant is being implemented by Kuwait Integrated Petrochemical Industries Company (KIPIC), a subsidiary of Kuwait Petroleum Corporation (KPC) and will be an integration between Petrochemical Refinery Integration Al Zour (PRIZe) project, the Aromatics 2 complex and the Al Zour Refinery. It will produce nearly 2.7 Mn t/y of products comprising of aromatics, polyethylene and polypropylene. It is expected to be commissioned at the end of 2024.
- The Olefins IV plant is currently under study and will include the development of a petrochemical complex to produce ethylene, polyethylene, ethylene glycol as well as specialized petrochemical products. The JV Partner is yet to be selected. The complex will utilize the

Ethane feedstock from Kuwait. The commissioning of the project is planned in 2028.

- The Kuwait Aromatics Company (TKAC) which owns the Kuwait Paraxylene Production Facility is owned by PIC at 40%, Kuwait National Petroleum Company (KNPC) at 40%, and QPIC at 20%.³
- TKAC owns a 57.5% stake in a joint venture with Dow called The Kuwait Styrene Company. It produces styrene monomer from benzene feedstock procured from TKAC and ethylene from TKOC.³
- BPC and QPIC were established by PIC in 1995 and 2004 respectively, however they were sold off through initial public offerings with the intention of forming joint ventures. PIC continues to own a 10% stake in QPIC³. Today, both BPC and QPIC operate in petrochemicals and have diversified stakes in other non-oil companies.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The Asian market is growing and there is a huge demand from that region for petrochemicals to meet their developmental requirements. This provides an excellent opportunity for Kuwait to cater to that region.
- The government has been actively pursuing the implementation and expansion of oil refinery projects. The output of the oil refinery projects is expected to rise significantly and cross the threshold of about 1.5 Mn b/d.⁴ This output will further support the petrochemical industry by providing them with feedstocks for the chemical processes
- Local demand for petrochemicals is also expected to rise with the growing number of infrastructural projects and the diversification of the economy, specifically the industrial sector and the number of vehicles in Kuwait.
- Considering the above, international investors can participate in the sector particularly in the field of design and construction of prospective plants.

Source: ¹PIC, ²Equate, ³OBG, ⁴Kuwait Vision 2035 Development Plan

3.3.3 Oil and Gas Support Services

Oil and gas support services include maintenance services, support services for production and supply as well as logistical support services for both onshore and offshore drilling.

OVERVIEW AND FACTORS INFLUENCING THE MARKET



- In line with Kuwait Oil Company (KOC) 2040 strategy, KOC intends to drill more than 750 wells in Kuwait. This strategy is considered by KOC as one of its main projects for the future progress of the country and will create a great demand for oil and gas support services.¹
- In 2021, Kuwait discovered two new oil fields and reserves at the Great Burgan Oilfield. One of the discoveries was in the Houma oil field, which has a production capacity of 1,452 b/d of light oil and the second is in

Al-Qashaniya field 1,819 b/d. Further 2.78 Mn cubic feet of associated gas a day (scf/d) was also discovered.²

- A number of maintenance contracts for oil refineries are being tendered by the private sector. Some of them include:
 - KNPC's request for expression of interest from contractors related to the maintenance of Mina Abdullah Refinery.
 - KIPIC is expected to tender a contract for maintenance services related to the Al Zour oil refinery for a period of 5 years.³
- There is a large number of prominent local listed and unlisted companies that provide oil and gas support services in Kuwait. Many international companies such as Halliburton, Schlumberger, Weatherford already have a presence in the region as well as Kuwait to provide Oil and Gas support services.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The middle eastern oil and gas support services market is expected to grow at a CAGR of 3.5% between the period 2020-2025. Oil drilling services account for approximately 20% of all the oil and gas services provided in the region.⁴
- Oil and gas exploration is essential in the short run to support Kuwait Vision 2035 Development Plan and transform the country into a diversified economy. Oil and gas exploration will require expertise from companies in drilling maintenance and other support services.
- The rising oil infrastructure of the country will create opportunities for companies to provide maintenance services as most of these services are outsourced by the government to specialists.
- The presence of large number of foreign companies in the oil and gas sector in the region should encourage other foreign investors of the attractive opportunities on hand in this sector.

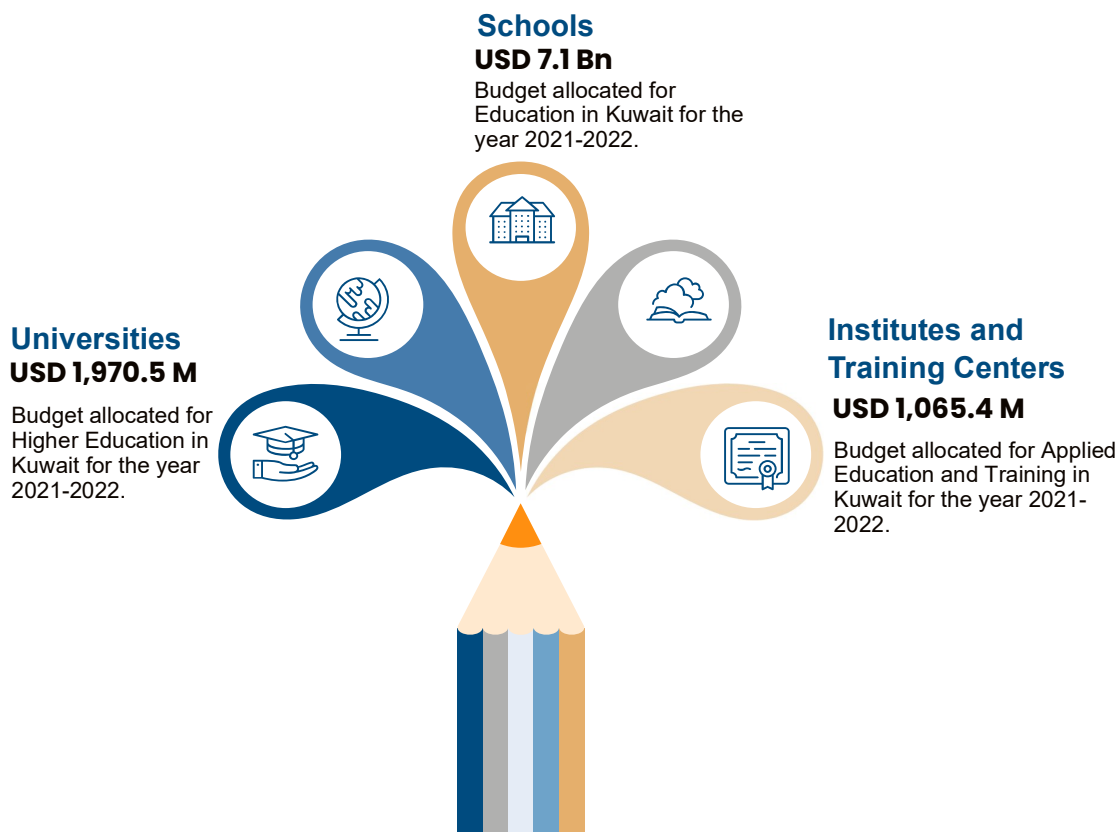
Source: ¹KOC, ²Kuwait Times, ³Hydrocarbons Technology, ⁴Mordor Intelligence

3.4 Education and Training Service Sector

Sector Overview

The demand for quality education services has been increasing in Kuwait. Realizing this, the government of Kuwait intends to operate schools and universities in Kuwait that have partnerships with leading international brands. A number of educational projects have been launched by the government on a PPP basis, especially in upcoming cities. The government mandates the requirements of investors with international experience in building and operating the schools.

SUBSECTORS



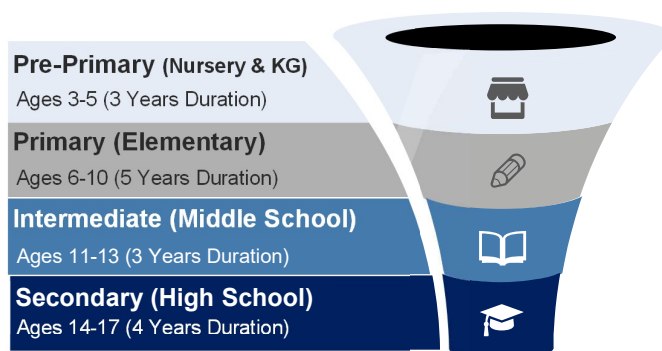
Currently, the participation of international schools in the Kuwaiti educational system is limited. This provides an opportunity for investors who operate prominent school brands and provide high quality accredited education to participate in the sector. Investors taking advantage of this requirement have a huge potential for growth in the educational services of Kuwait.

3.4.1 Schools (Nursery, KG, Primary, Intermediate and Secondary education)

Schools are educational institutions that impart formal education to the population aged between 3-18 years in Kuwait.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a population of approximately 4.63 Mn people. Approximately 24% of the population is within the age group of 0-19 years.¹
- The population of Kuwait is highly literate with 97% of the population having the ability to read and write.¹
- The Kuwaiti government has allocated funds of nearly USD 7.11 Bn in the 2021-2022 budget towards education. This was a decrease of almost 7.53% over the previous year's budget.²



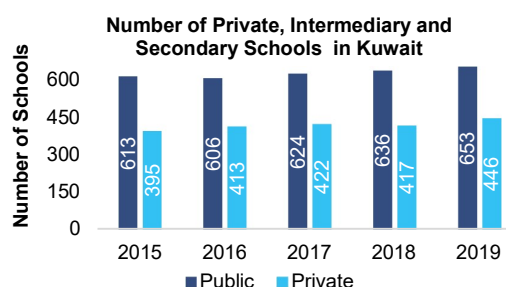
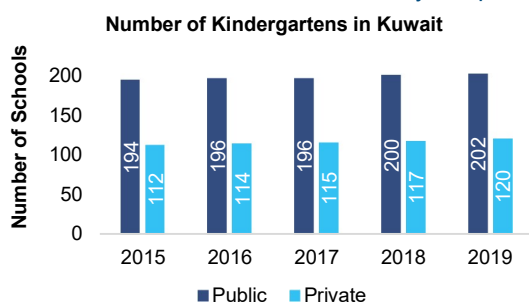
- The educational system of Kuwait includes Public Schools and Private Schools. While public schools mostly cater to the local Kuwaiti community, private schools cater to both the Kuwaiti and expatriate community in Kuwait. Private schools include American, English, French, German, Pakistani, Indian, and Philippines schools.

- The schools in Kuwait have a four-tier system including the below:

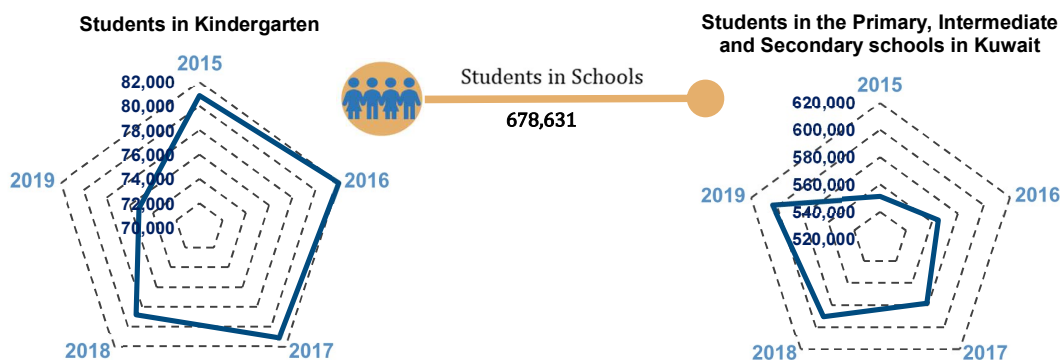
Education Levels	Public	Private
Pre-Primary	3-5 years	3-5 years
Primary	6-10 years	6-10 years
Intermediate	11-14 years	11-13 years
Secondary	15-17 years	14-17 years

- The schools are regulated by the Ministry of Education in Kuwait, which control all aspects from licensing, curriculum approvals, school student capacity and school fees.³

- The number of schools in the country are provided below⁴:



- The number of students enrolled in the schools are provided below ⁴:



- The student to teacher ratio for the kindergarten was 8.04 and for the Primary, Intermediate and Secondary schools was 7.7 in Kuwait.⁴
- In term of fees, the American and British schools tend to be much more expensive than the Indian and Pakistani schools.⁵

Schools	Average Fees (USD)
American Schools	9,800 – 14,900
Canadian Schools	10,500 – 14,800
British Schools	6,600 – 12,125
Indian Schools	1,240 – 1600

A 3.0% fee hike is permitted annually for private schools and any higher increase in fees requires prior permission from the Ministry of Education.

- As part of Kuwait Vision 2035 Development Plan the following initiatives are being undertaken by the government ⁶:

Project Name	Cost	% of GDP
Establishment of an Integrated System for Educational Reform (Includes on campus and online systems)	USD 605.6 Mn	0.51%
Establishment of National Education Standards	USD 10.3 Mn	0.01%
Conducting local and international studies to measure and evaluate the education system in the state of Kuwait	USD 10.4 Mn	0.01%
Project for application of total quality standards in schools in the country	USD 10 Mn	0.01%

- Further, a number of educational institutions are being developed on a PPP basis by the government in upcoming residential cities including Jaber Al Ahmed City and Sabah Al Ahmed City. They are included below⁷:

City	School	Size
Sabah Al Ahmed City	Private School	17,694 sqm
Jaber Al Ahmed City	Private School	8,891.399 sqm
Jaber Al Ahmed City	Private School	7,903.270 sqm
Jaber Al Ahmed City	Private School	9,297.380 sqm

The schools are varied and expected to cater to Arabic and Non-Arabic students. Tenders are currently being invited from investors with international experience to develop the schools.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The population of Kuwait is growing steadily, and the rising population will increase the demand for educational services in the near future.
- The demography of Kuwait consists of a very young population. In fact, 50% of the population is less than 35 years old. This young population places a huge demand on qualitative educational infrastructure in the country.
- The development of new cities in the country is driving the need for new educational facilities within those cities to cater to its inhabitants.
- While the country has an existing educational system, importance now is being placed on the quality of educational services in the country. Hence, the government is keenly interested in having international investors to participate in this sector so that they may enrich the quality of education based on their international expertise.

Source: ¹PACI, ²MOF, ³MOE, ⁴CSB, ⁵Alpen Capital, ⁶Kuwait Vision 2035 Development Plan, ⁷PAHW



3.4.2 Universities (Graduate & Post-Graduate)

Universities cater to higher education also known as tertiary education, the completion of which provides a student with an academic degree.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has traditionally paid lesser importance to tertiary education as the general trend of the local population was to pursue higher education outside of Kuwait.

However, the trend has been changing with many private investors establishing institutions in the country through associations with international brands in education.

- The Kuwaiti government has allocated funds of USD 1,970.5 Mn in the 2021-2022 budget towards higher education.¹

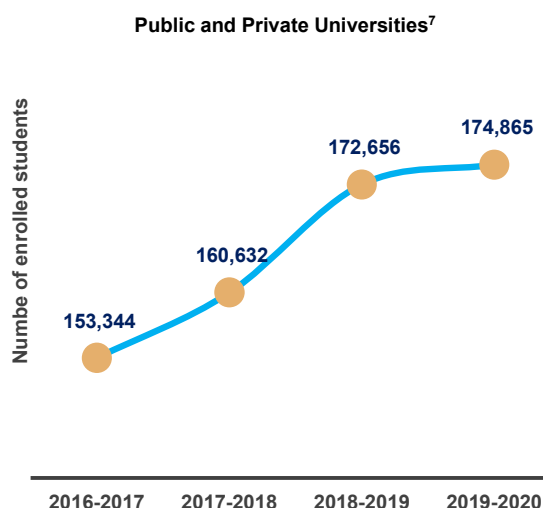
- Funds for external and internal scholarships of USD 1,629.8 Mn were allocated as part of the 2021-2022 budget.¹

- The private universities in Kuwait are governed and regulated by the Private Universities Council. Investors must meet all the mandates of the Council in order to obtain a license for establishing a university.

- There are currently around 15 licensed private universities and 2 public universities in Kuwait, they include:

Public ²	Kuwait University
	Abdullah Al Salem University
Private ³	Kuwait International Law College
	American International University
	American University of Middle East
	American University of Kuwait
	Gulf University of Science and Technology
	Kuwait Technical College
	Algonquin Canadian College in Kuwait
	Kuwait College of Science and Technology
	American College of the Middle East
	Australian College of Kuwait
	International University of Science and Technology in Kuwait
	Maastricht Business School – Kuwait
	Arab Open University - Kuwait Branch
	Box ill Kuwait College for Girls
	College of Aviation Technology

Ministry of Higher Education 2021/2022	Scholarship for students 2021/2022
USD 1,970.5 M	USD 1,629.8 M
Budget expenditure	Budget expenditure



- There are currently 5 private universities proposed to be developed in Kuwait, they include:

Private ³	Technical University of Munich in Kuwait
	University College of Management in Kuwait
	Canadian University of Kuwait
	The British College of Kuwait
	American University of Medical Sciences
- Universities in Kuwait offer diplomas, bachelor's degrees, master's degrees, and PhDs in a range of programs such as:
 - Business studies
 - Sharia and Islamic Business studies
 - Engineering
 - Medical
 - Information Technology
 - Art programs
 - Science programs
 - Law
 - Social sciences
 - Life sciences
 - Education
 - Graduate studies
- As part of Kuwait Vision 2035 Development Plan the initiatives being undertaken by the government include the Unification of the Candidate Test System in the country through the National University Admission Tests at a cost of USD 12 Mn and the development of the Sabah Al-Salem University City at a cost of USD 9.2 Bn.⁴
- Further, universities are also being developed on a PPP basis by the government in upcoming residential cities. One such project includes the Jaber Al Ahmed Private University expected to be developed in Jaber Al Ahmed City encompassing an area of 88,977 sqm.⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The population of the country is growing at a steady pace with a demography that is very young, i.e., 50% of the population is less than 35 years of age.⁶ This young population will generate a substantial demand for quality education in the tertiary education segment.
- The per capita income in Kuwait is one of the highest in the world, which provides a means for a number of families to have their children educated in the best universities in Kuwait.
- The government offers substantial subsidies (USD 2,644.5 Mn)¹ as well as scholarships in the educational sector which will support the demand for quality education in Kuwait.
- Universities and related projects are being established in Kuwait on a PPP basis with the support of the private sector, which provides excellent avenues for foreign investors to invest in the sector.

Source: ¹MOF, ²MOHE, ³PUC, ⁴Kuwait Vision 2035 Development Plan, ⁵PAHW, ⁶PACI, ⁷CSB

3.4.3 Institutes and Training Centers

Vocational Training Institutes or Professional Training Centers that provide training that helps enhance the skills of the workforce in the country. Vocational training provides technical skills required for people who want to take up jobs as technicians or artisans. Professional training is catered towards enhancing the skills of qualified professionals to increase their capability in the workplace as well as provides them opportunities for career growth.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

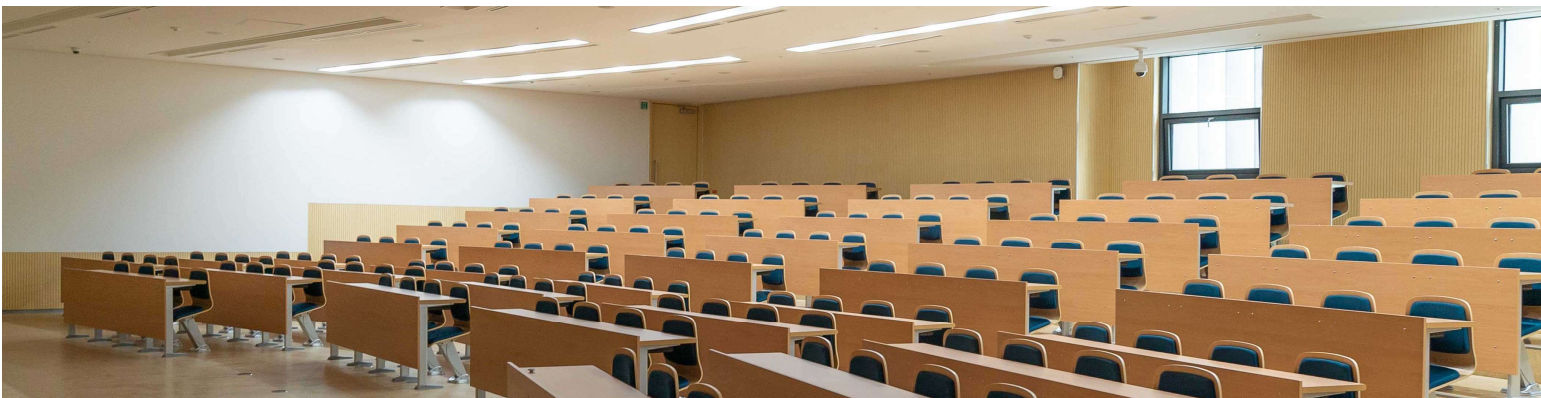
- Approximately 21.5% of the population of the country is within the age group of 15-29 years.¹ The population within this age group are expected to enter the country’s workforce and thus will be the ones that drive the demand for vocational and professional training in the country.
- The country’s demography is very young, and the coming generation will lead the diversification and development of Kuwait. Hence, the government is keen to enhance the skills of the population so that they will be able meet the challenges of the work environment.
- The government of Kuwait caters to the training needs of the Kuwaitis population through the Public Authority for Applied Education and Training (PAAET). As per the budget for the year 2021-2022, the government has allocated funds to the extent of USD 1,065.4 Mn towards the needs of the PAAET.² PAAET is also the governing authority that issues licenses to the private companies for practicing training activities in the country.
- The PAAET provides training programs in a number of fields some of which are provided below³:
 - Telecommunication & Air Navigation
 - Electricity & Water Training
 - Industrial Training
 - Establishment Training
 - Nursing
 - Vocational Training
 - Secretary & Office Works
- There is also a number of players within the private sector of Kuwait that provide training in various fields.⁴ Training programs are catered to individuals as well as institutions for enhancing skill sets, transferring knowledge, preparing for professional exams. The environment for training in Kuwait is highly competitive and hence there is a great emphasis on delivering quality training programs. Example of training courses are provided below:

Portfolio Management Programs	IT Programs	Project Management Programs	Finance Programs
<ul style="list-style-type: none"> (CMSA) Capital Market & Securities Analyst Advanced Portfolio Management Professional Investment and Portfolio Management Portfolio Management Professional 	<ul style="list-style-type: none"> Certified Cloud Security Professional Certified Information System Security Professional Certified Data Professional Certified Information Security Management Oracle Database 	<ul style="list-style-type: none"> Project Management Professional Certified Associate in Project Management Certified ScrumMaster Certified Project Management Partitioner Master Project Manager Certified Project Director 	<ul style="list-style-type: none"> Certified Financial Planner Chartered Financial Analyst Chartered Financial Consultant Certified Fund Specialist Certified Government Financial Manager Certified International Investment Analyst

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The young demographic make up of the country will drive the need for vocational and professional training in the country. A number of individuals will enter into the workforce of the country in the coming years and will need to be skilled and adapt to the job market needs.
- Recruitment in the country for large companies is driven by the technical skills and professional qualifications candidates possess. Prospective candidates understand the highly competitive job environment prevailing in the country and the need to have the latest qualifications to capture the best opportunities. International training companies can cater to the rising need of such professionals in Kuwait.

Source: ¹PACI, ²MOF, ³PAAET, ⁴CSB



3.5 Healthcare and Pharmaceutical Production Sector

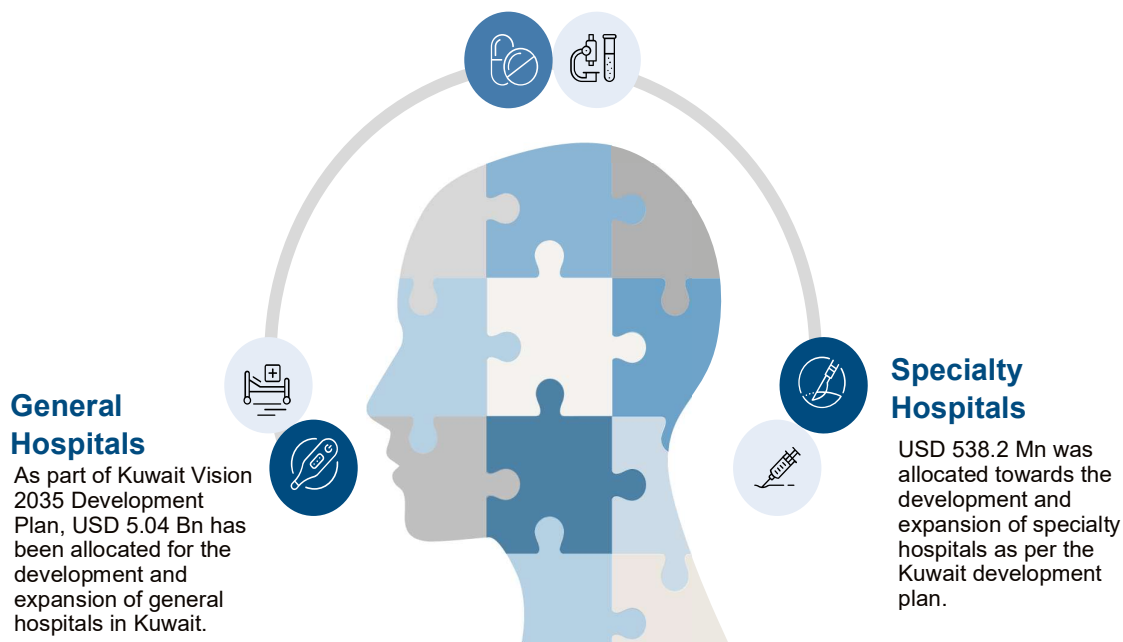
Sector Overview

Kuwait has one of the largest healthcare expenditures in the GCC. The healthcare sector is characterized by a huge public sector and a small but rapidly rising private sector. The rising population of the country, the fast lifestyle and increasing health issues are placing huge demands on the healthcare infrastructure of the country. Kuwait is a welfare state and medical treatments are provided at extremely subsidized rates in the public sector. Kuwait's healthcare expenditure budgeted for the year 2021-2022 amounted to a massive USD 8.9 Bn.

SUBSECTORS

Pharmaceutical Manufacturing

Presence of only 1 pharmaceutical manufacturer in the country. Increased opportunity for investors to produce generic drugs.



General Hospitals

As part of Kuwait Vision 2035 Development Plan, USD 5.04 Bn has been allocated for the development and expansion of general hospitals in Kuwait.

Specialty Hospitals

USD 538.2 Mn was allocated towards the development and expansion of specialty hospitals as per the Kuwait development plan.

The healthcare sector is expanding at a rapid pace based on the huge outlay of investments made by the government. The planned development of the healthcare infrastructure of the country provides an avenue for foreign investors to participate with the government in such infrastructural projects and reap attractive returns on investment.

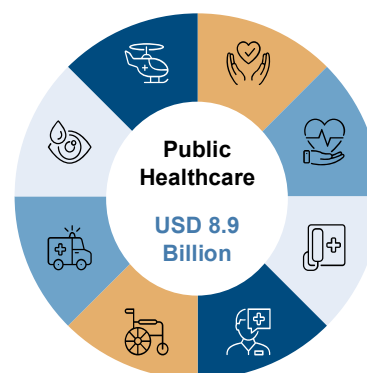
3.5.1 General Hospitals

General hospitals are medical centers that cater to all types of medical specialties and usually cater to patients who suffer from illnesses that are acute and that are of a short duration.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a population of approximately 4.63 Mn people. Expatriates make up 68% of the total population of the country.¹ The population of the country was witnessing a steady growth rate of 1.5% to 2.5% annually until the COVID-19 pandemic of 2020 when the population witnessed a dip of 2.2%.¹ The main reason for the same was a drop in the expatriate population of the country who repatriated to their homelands as a direct impact of COVID-19 on their livelihood. This drop was further coupled by the government's stringent policies to correct the demographic balance in the country by reducing the number of expatriates.
- Kuwait's population will witness a gradual rise following new births in the local and existing expatriate population. It is estimated that the population of Kuwait will reach 4.9 Mn people in a decade.² Hence, the rising population of the country will drive a huge demand for healthcare services in the country.
- Kuwait is a welfare state where healthcare services in government hospitals are provided to Kuwaitis for free including catering to any ailments that need to be
- There is a number of General and Private healthcare hospitals in Kuwait including the below:

treated internationally. Expatriates are also provided healthcare services in government hospitals at subsidized rates. As per the state budget for the year 2021-2022 an amount of USD 8.9 Bn was allocated towards public healthcare which was approximately 12.93% higher than the allocated expenditure for the budgeted year 2020-2021.³



- As per the last available information in the World Bank database, the beds per 1000 people in Kuwait was 2.04beds/1000, which is considerably below a similar ratio in the OECD, which stood at 5.2beds/1000.⁴

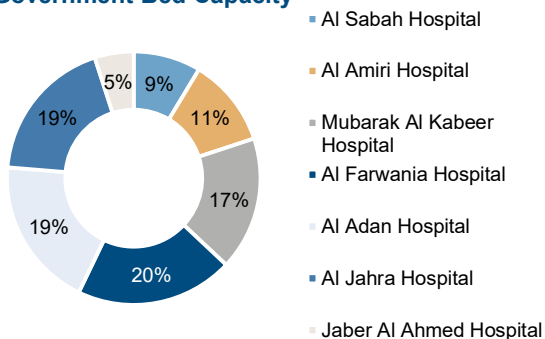
Government Hospitals⁵:

Names	Bed Capacity
Al Sabah Hospital	362
Al Amiri Hospital	478
Mubarak Al Kabeer Hospital	718
Al Farwania Hospital	849
Al Adan Hospital	810
Al Jahra Hospital	785
Jaber Al Ahmed Hospital	210
Total	4,212

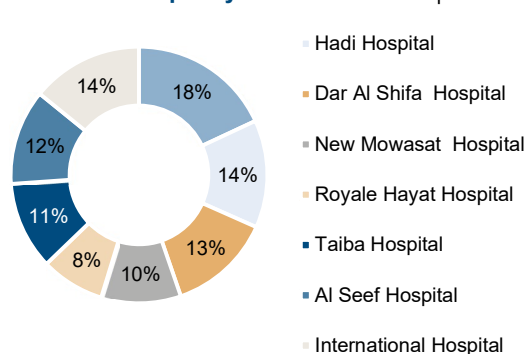
Private Hospitals:

Names	Bed Capacity
Al Salam Hospital	180 ⁶
Hadi Hospital	135 ⁷
Dar Al Shifa Hospital	130 ⁸
New Mowasat Hospital	100 ⁹
Royale Hayat Hospital	80 ¹⁰
Taiba Hospital	110 ¹¹
Al Seef Hospital	120 ¹²
International Hospital	140 ¹³
Total	995

Government Bed Capacity



Private Bed Capacity



- Public healthcare insurance is a must for all expatriates in the country. Private medical care is an expensive proposition in the country and hence, there is an extensive demand for private healthcare insurers in the country who can provide comprehensive healthcare insurance. While private healthcare insurance is accessible to all, a number of large-scale corporations in the country provide health insurance to their employees as part of their compensation and benefits.
- A number of hospitals are being developed under Kuwait Vision 2035 Development Plan to provide quality healthcare in Kuwait. Some of them include the below¹⁴:

Names	Bed Capacity	Cost (USD)	% of GDP
Sheikh Jaber Al Ahmed Hospital	1,168	1,010 Mn	0.86%
Al Jahra Hospital (Expansion)	386 additional beds	1,295.7 Mn	1.10%
Al Farwaniya Hospital (Expansion)	233 additional beds	880.7 Mn	0.75%
New Al Sabah Hospital	617	595 Mn	0.50%
Al Adan Hospital (Expansion)	637 additional beds	771.1 Mn	0.65%
Sabah Al Ahmed City Hospital	500	498.3 Mn	0.42%

- Further, two additional hospitals are being built in Ahmadi and Jahra areas with a capacity of 600 beds on a PPP basis by the Kuwait Health Assurance Company (KHAC) – also known as Dhaman. The total cost of development is expected to be around USD 538.2 Mn. Those hospitals will provide non-emergency health care for foreign nationals employed in the private sector.¹⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait has faced substantial deficits in its budget over the past few years. The budget is burdened by extensive expenses related to the healthcare sector. Such expenses will no longer be sustainable in the near future as the government is constrained for funds. Hence, there is a strong possibility that a number of the health benefits provided by the government could gradually be withdrawn. Thus, it is expected that the private sector will have a more active role to play in providing healthcare services in the future.
- Further, the growing population, rising per capita income and increasing health problems as a result of an unbalanced lifestyle will cause an increasing demand for healthcare services in the country.

- Kuwait Vision 2035 Development Plan has highlighted the health sector as a high priority sector in the country with a number of projects envisaged to be developed in a PPP basis. Thus, international investors can take advantage of these arrangements and make viable investments in the sector.

Source: ¹PACI, ²UNICEF, ³MOF, ⁴World Bank, ⁵CSB, ⁶Al Salam Hospital, ⁷Hadi Hospital, ⁸Dar Al Shifa Hospital, ⁹New Mowasat Hospital, ¹⁰Royale Hayat Hospital, ¹¹Taiba Hospital, ¹²Al Seef Hospital and ¹³International Hospital, ¹⁴Kuwait Vision 2035 Development Plan, ¹⁵OBG



3.5.2 Specialty Hospitals

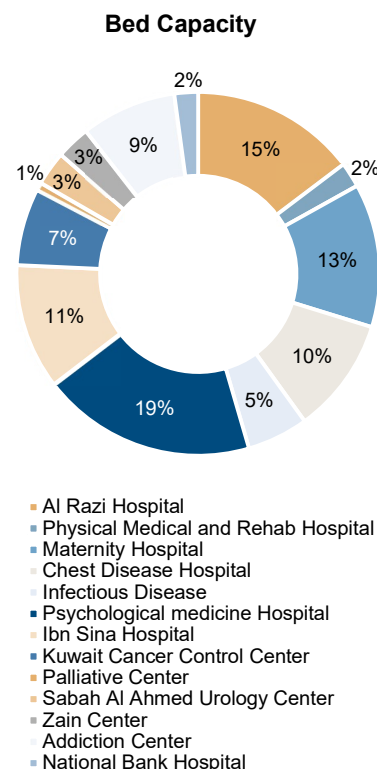
Specialty hospitals are hospitals that focus in treating specific medical conditions or ailments that require a very special set of skills from practitioners.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- A significant portion of the Kuwaiti population within the age group of 45 years and above suffers from a vast number of non-communicable diseases, which have been on the increasing end. Such diseases are mostly related to hereditary, lifestyle and dietary issues.
- A WHO report has noted that one in five adults is obese in the GCC.¹ As per the Global Obesity Observatory, Kuwait ranks 15th globally in terms of obesity among adult males, 14th globally for adult females. Obesity is also rampant among children with Kuwait raking 9th globally for obesity among male children thereby making it one of the most obese nations in the world.²
- The Kuwaiti healthcare system caters to people with specific ailments or medical conditions that require specialized treatment. Some of the specialty hospitals in the country are provided below³:

Government Hospitals:

Names	Specialty	Bed Capacity
Al Razi Hospital	Orthopedic	467
Physical Medical and Rehab Hospital	Physical Medical and Rehab	71
Maternity Hospital	Maternity	406
Chest Disease Hospital	Chest Disease	327
Infectious Disease Hospital	Infectious diseases	173
Psychological medicine Hospital	Psychology	607
Ibn Sina Hospital	Spinal	355
Kuwait Cancer Control Center	Cancer	218
Palliative Center	Life threatening illnesses	22
Sabah Al Ahmed Urology Center	Urology	96
Zain Center	ENT	96
Addiction Center	Addiction	270
National Bank Hospital	Pediatrics	67
Total		3,178



- The government also spends a substantial number of resources to sponsor medical tourism-based treatments for Kuwaitis with life threatening ailments. Kuwaitis can seek treatment for diseases in western countries, the costs of which are completely sponsored by the government.

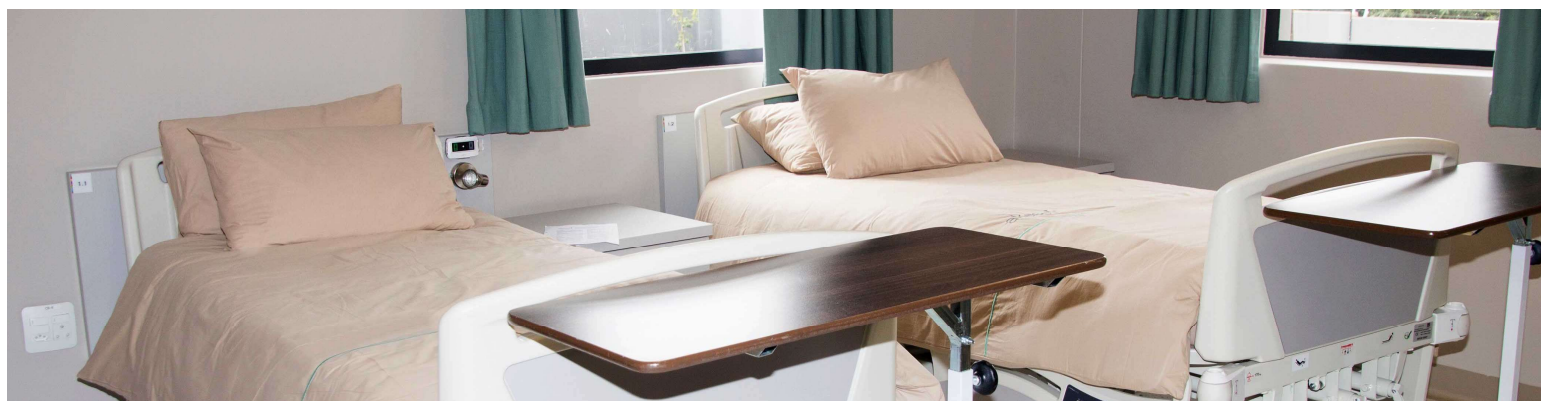
- A number of private hospitals in the country have departments that cater to specialized diseases. In fact, private hospitals have witnessed a tremendous rise in the number of outpatients seeking consultancy related to cardiology, neurosurgery, and gastroenterology.⁴
- A number of specialty hospitals are being developed under Kuwait Vision 2035 Development Plan to provide quality healthcare in Kuwait. Some of them include the below⁵:

Names	Bed Capacity	Cost (USD)	% of GDP
Children's Hospital	792	863.8 Mn	0.73%
Maternity Hospital	780	727.6 Mn	0.62%
Communicable Disease Hospital	224	188.4 Mn	0.16%
New building at Kuwait Cancer Center	618	584.4 Mn	0.50%
New building at Ibn Sina Hospital	296	332.2 Mn	0.28%

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait's budget is overstretched by medical expenditure sponsored by the state. The deficit is beginning to hurt and may result in the government disallowing certain medical expenses to be sponsored by the public sector including medical tourism. Hence, the demand for specialty treatment will shift directly to private hospitals. This provides an opportunity for Private hospitals to cater to the specific ailments and increase capacity in that area.
- Further, there is growing awareness among Kuwaitis on NCD's, and the lifestyle changes required to have a healthy lifespan. Hence, lifestyle hospitals are in demand that can cater to disease including cardiology, gynecology, and nutrition. The government is actively involved in setting up specialty hospitals on a PPP basis by actively seeking private participation.

Source: ¹WHO, ²Global Obesity Observatory, ³CSB, ⁴OBG, ⁵Kuwait Vision 2035 Development Plan

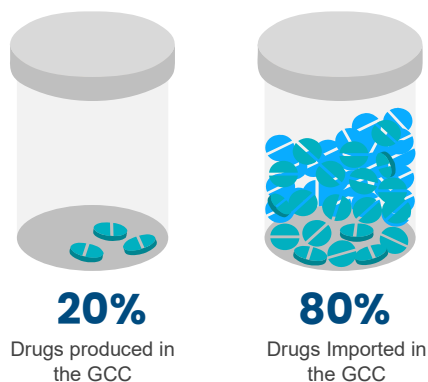
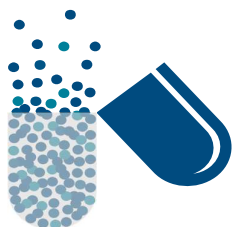


3.5.3 Pharmaceutical Manufacturing

Pharmaceutical manufacturing is the process of manufacturing drugs and other medical supplies through a series of operations that includes milling, granulation, coating, tablet pressing and manufacturing.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The GCC market for pharmaceuticals is forecasted to grow to USD 20 Bn by 2025.¹ The nature of the pharmaceutical markets among GCC members is identical and it is characterized by a huge demand for patented drugs that occupy a large share of the pharmaceutical market. It is estimated that around 80% of the drugs in the GCC are imported.²



- The rising demand for healthcare facilities in the country has a direct spillover effect into the pharmaceutical sector of the country. Demand has been rising steadily for pharmaceuticals in the country preliminarily driven by Non-Communicable Diseases. Kuwait has limited manufacturing capabilities and as a result drugs are predominantly imported from the USA and the EU.
- Patented drugs are in huge demand in Kuwait as compared to generic drugs. Patented drugs are extremely expensive as compared to their generic alternatives, but sustained demand persists as they are perceived to be of a super quality. This demand is further sustained by the fact that the Kuwaiti government covers most of the cost of healthcare in the country. In fact, patented drugs make up almost 75% of the total pharmaceutical market size in the GCC.²
- A number of international pharmaceutical giants have a presence in the country including Pfizer, AstraZeneca, Bayer, Novartis and Johnson and Johnson. However, they are only able to distribute drugs in the country through partnerships with local distributors under their current licenses.
- The only local manufacturer of pharmaceuticals in the country is the Kuwait Saudi Pharmaceutical Industries Company. It was formed based on a partnership with the erstwhile Astra Pharmaceuticals (Swedish Company). In 1994 the Company added a Saudi partner. The Company makes around 120 generic products that revolve around painkillers and antibiotics. These products are distributed locally as well as the GCC and MENA region.
- The government usually retains control on the pricing of the drugs in the market through the MOH and all private hospitals and pharmacies must abide by the pricing prescribed by the MOH.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait health system is mainly sponsored by the government and has a major impact on the budget of the country. Demand for patented drugs is also a contributing factor for the added cost in the healthcare system. The deficit faced by the government in recent years could find some relief if certain costs are lifted by the adoption and acceptance of generic drugs that are of the same quality as compared to the patented alternatives but far cheaper.
- The government is encouraging a number of private investors to invest in healthcare projects through PPP structures. Such PPP structures provide opportunities to foreign investors specialized in pharmaceutical and other medical supplies manufacturing to invest and set up manufacturing facilities in the country and supply generic drugs and medical supplies to the local and regional market.

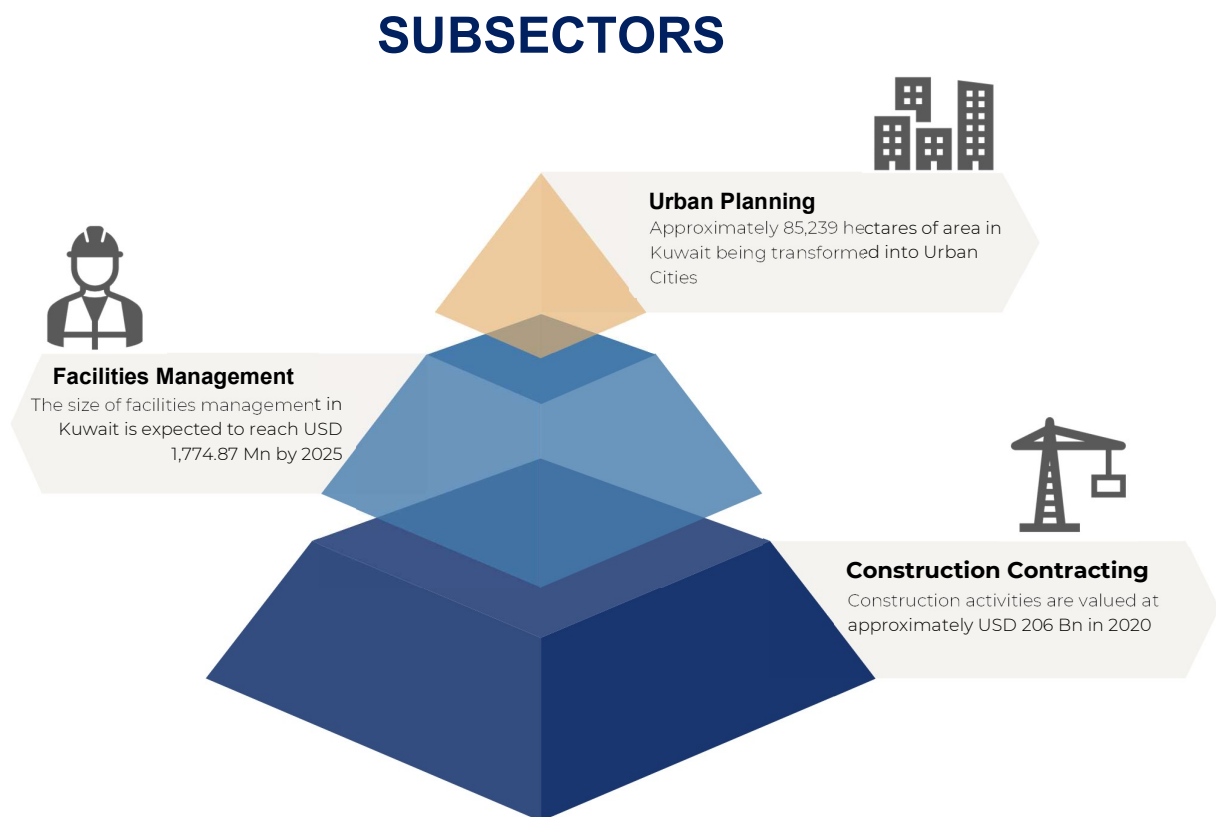
Sources: ¹Globe News Wire, ²OBG



3.6 Housing Projects and Urban Development Sector

Sector Overview

Housing Projects and Urban Development are a highly prioritized sector under Kuwait Vision 2035 Development Plan and includes a number of mega infrastructural projects undertaken by the government. These projects revolve around the development of massive residential cities in Kuwait with the intention of providing housing facilities for the Kuwaiti population. The projects undertaken are of such massive scale that the government chooses to utilize the private sector in the development of several components related to the projects.



Several components of mega city projects tendered by the government are on PPP basis and require consortium members with international experience to participate in the development of such components. The PPPs are tendered at favorable terms to international investors that will provide them with attractive returns on investment.

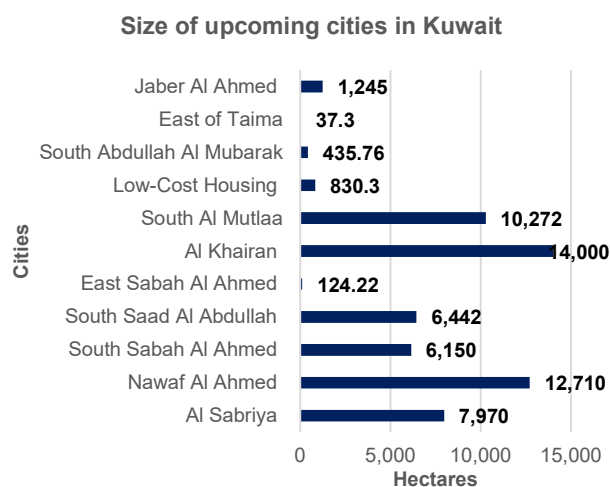
3.6.1 Urban Planning

Urban planning is the process of designating and designing spaces within areas by taking into consideration the expected economic activity, the topography, and the social impact. This process is often applied when planning cities, towns, urban or metropolitan areas.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- A large number of housing projects are currently undertaken by the government of Kuwait to address issues related to the short supply of housing for Kuwaitis.
- Thus, as part of Kuwait's Vision 2035 development plan, Kuwait has launched the development of a number of cities/housing projects. Some of the Projects are listed below^{1, 2}:

City Name	Areas (Hectares)
Al Sabriya	7,970
Nawaf Al Ahmed	12,710
South Sabah Al Ahmed	6,150
South Saad Al Abdullah	6,442
East Sabah Al Ahmed	124.22
Al Khairan	14,000
South Al Mutlaa	10,272
Low-Cost Housing	830.30
South Abdullah Al Mubarak	435.76
East of Taima	37.3
Jaber Al Ahmed	1,245



- A large number of real estate developers in the private sector have also launched large scale projects. Some of them include:

Developer	Project Name	Area (Hectares)	Use
KIPCO	Hessah Al Mubarak	22.7	Multi Use ³
Al Tamdeen Group	Madinat Al Hareer (Silk City)	25,000	Multi Use ⁴

- It is further expected that a large number of real estate projects will be launched in the near future to meet the continuing demand for housing and commerce.
- International firms specialized in urban planning have a limited presence in the country. Though international firms' participation in public tenders issued by the government for development of cities, their presence is often on a short-term basis with limited personnel on the ground.
- In most cases such arrangements are ineffective and undesirable to governmental authorities who would prefer permanent offices of the firms to be present in the country.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Upcoming housing and infrastructure projects will create great opportunities for foreign investors to participate in their urban design and planning and would encourage them to have a direct presence within the country through their representative offices.
- Foreign investors will have a higher reach in sourcing business from local authorities as well as higher chance of winning new opportunities.

Source: ¹PAHW, ²Kuwait Vision 2035 Development Plan, ³KIPCO, ⁴Al Tamdeen Group



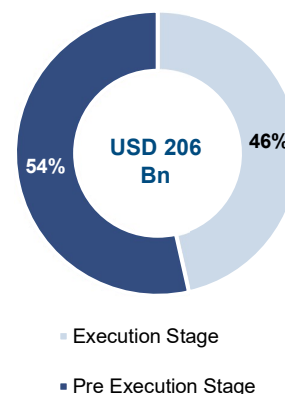
3.6.2 Construction Contracting

Construction contracting is the process of designating companies specialized in the area of building/ developing physical structures for carrying on activities against predetermined designs/specification by ensuring quality and timely delivery of the project.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Under the Kuwait Vision 2035 Development Plan, the government has launched a number of infrastructural projects in the country within the Real Estate, Healthcare, Oil and gas, transport, and other sectors.
- Most of the projects have been launched taking into consideration the young demography of the country and its growing needs for housing and healthcare.
- A number of these projects are to be procured at a massive scale and will include enormous construction activities valued at approximately USD 206 Bn in 2020.¹
- Real Estate, at 39% was the largest sector in demand for construction activities followed by Oil and Gas in the second position at 25% and Air, Maritime and Transport in the third position at 24%.¹ The construction of new airports, ports and roadways is crucial for achieving the vision of Kuwait as a financial and commercial hub in the near future.
- While 46% of the infrastructure projects were in the execution stage, the remaining projects were at varied stages of pre-execution including study, planning and design.¹
- While a number of construction companies are present in Kuwait, they are limited by their ability to execute massive projects. The availability of labor is one of the prime constraints they face, with Kuwait facing massive shortages in labor following the COVID-19 pandemic.
- Further, the kind of technical knowledge and experience that they bring to these projects may not match those of international construction companies' standards.

Construction Stage by Sector



OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The construction sector of the Kuwaiti market has the potential for witnessing enormous growth since 54% of the government projects are yet to reach the execution stage.
- The Kuwaiti market has a lack of local construction companies who can take on the massive pipeline of construction projects yet to be launched. Hence, there is ample opportunity for foreign investors to participate within this sector.
- Many governmental projects are tendered on a PPP basis, whereby the government calls on companies/firms with international experience to bid for the projects. Hence, the government favors international bidders for the advanced technical skills and international experience they bring to the table.

Source: ¹Gulf Bank – Kuwait Projects Landscape Report

3.6.3 Facilities Management

Facilities management is a process of providing effective and efficient support services to ensure the functionality, security, and safety of real estate properties.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

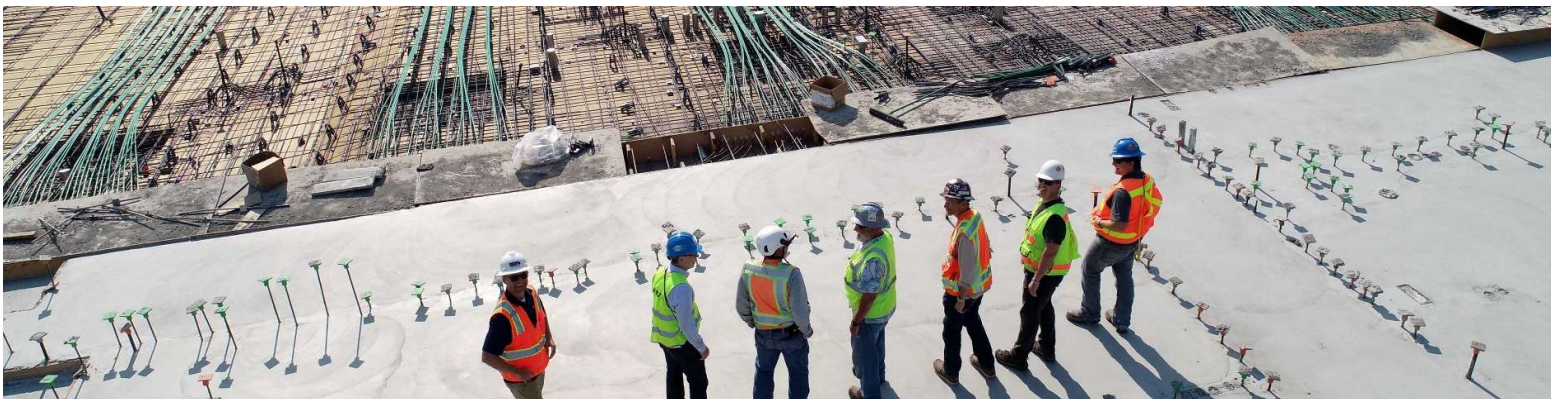
- Kuwait is undertaking the construction of a number of infrastructure projects at a massive scale. The said projects are in line with Kuwait Vision 2035 Development Plan, which envisions Kuwait as a diversified economy and a regional financial and commercial hub.
- Large-scale construction will have a spillover effect, with demand rising for maintaining the facilities constructed to ensure seamless utilization of the structures. Hence, there will be a major demand for Facilities Management in the country. In fact, the size of the Facilities Management sector in Kuwait was estimated latest at USD 1,176.22 Mn in 2019. This is expected to grow at a CAGR of 9.26% to USD 1,774.87 Mn by 2025.¹
- Demand in this sector is driven from three different segments:
 - The government of Kuwait that has tendered a large number of infrastructural projects including housing, schools, universities, and hospitals. Most of these projects are tendered on a PPP basis and as part of the arrangement, the participation of a FM Company with international experience is a mandatory requirement.
 - Private residential owners with significant disposable income have created a demand for high quality housing and thus expect to be catered to by professional facility managers.
 - Private companies intend to optimize their operations, thereby outsourcing their non-core activities, that helps to reduce costs. This has created demand for FM in the country.
- Major players within the FM sector include local companies and a couple of international companies. Some of the companies are listed below:
 - Tanzifco Company (W.L.L)
 - Magnaflux Corp.
 - Al Mulla Group
 - Alghanim International General Trading & Contracting Co. (W.L.L)
 - United Facilities Management Company (K.S.C.C)
 - ENGIE Services General Contracting for Buildings Company (W.L.L)
 - Al Mazaya Holding Company (K.S.C.P)
 - Ecovert FM
 - Kharafi National FM
 - PIMCO Kuwait

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- A number of infrastructure projects are currently being executed in the country. There are several other projects in the pipeline and expected to be executed in the coming period. These projects range over many sectors including Real Estate, Healthcare and Education. This creates a huge opportunity for foreign investors to participate in the segment with their international expertise in Facilities Management.
- Kuwait is also planning to be the next tourism hub of the GCC. It has thus invested in infrastructure related to airports, hotels, and resorts. The need to provide tourists with facilities of international standards and cater to their health and safety measures is also increasing the demand for effective facility management in the hospitality sector.

- The rise of climate and environmental consciousness among the general public requires facility management services to be provided through eco-friendly solutions. Such expertise does not exist in the local market and so foreign investors can take advantage of these gaps within the market and provide clean solutions.

Source: ¹Business Wire



3.7 Storage and Logistics Sector

Sector Overview

The development and expansion of seaports as well as the expansion of the airport have resulted in the development of a number of logistics and warehousing projects in the country. The current seaport and airport infrastructure will not be sufficient to meet the increasing import requirements of the country. The existing infrastructure will further to be constrained by the development projects undertaken by the country that requires the import of materials and other components.

SUBSECTORS

Warehousing

Public warehousing development projects undertaken under the development plan will exceed a Bn KWD.



Logistics

Marine cargo freight into the country is expected to be more than 43.2 Mn tons in the coming period.

Investors can participate in opportunities created by the development of warehousing and logistical projects by providing sophisticated solutions that will enhance the operability and efficiency of airports and ports. This in turn will enhance international trade and transform Kuwait into a major trading hub.

3.7.1 Warehousing

Warehousing is the process of storing physical goods prior to their eventual sale or distribution. Warehouses are mostly used by manufacturers, wholesalers, importers, and distributors.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait exports millions of barrels of oil per day to meet global energy demands. Kuwait is also a consumeristic society wherein most of the goods demanded by the local population are imported. Hence, trading is an important part of the country's economy and vital for the day to day functioning of the society.
- Warehousing plays a pivotal role in the chain of trading activities conducted in the country. There is a number of warehouses in Kuwait owned by the public sector and the private sector. Most of the public sector warehouses are located at the airports, seaports and inland including the following:

Location	Owner	Capacity
Shuwaikh Port	Kuwait Ports Authority	<ul style="list-style-type: none"> • Open Storage – 450,000 sqm¹ • Warehouse storage – 170,000 sqm¹
Shuaiba Port	Kuwait Ports Authority	14,500 sqm ¹
Doha Port	Kuwait Ports Authority	50,000 sqm ¹
Kuwait International Airport	Ministry of Civil Aviation	More than 10,000 sqm ³
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	16,606 sqm ²
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	9,650 sqm ²
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	611,543 sqm ²
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	67,620 sqm ²
Sabhan	Ministry of Health	32,500 sqm ²

- The private sector is also very active in the segment. Some of the prominent warehouses owned by the private sector include the following:

Commercial Storage:

Location	Owner	Capacity
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	20,000 sqm ²
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	18,000 sqm ²
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	8,420 sqm ²
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	8,420 sqm ²
Mina Abdullah	Agility Public Warehousing Company (K.S.C.P)	84,142 sqm ²
Mina Abdullah	Jassim Transport & Stevedoring Company (K.S.C.P)	150,000 sqm ²
Mina Abdullah	KGL Logistics Company (K.S.C.P)	84,000 sqm ⁵

Cold Storage:

Location	Owner	Capacity
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	16,836 sqm ²
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	15,480 sqm ²
Mina Abdullah	Agility Public Warehousing Company (K.S.C.P)	9,000 sqm ²
Mina Abdullah	Agility Public Warehousing Company (K.S.C.P)	12,387 sqm ²
Mina Abdullah	Jassim Transport & Stevedoring Company (K.S.C.P)	10,000 sqm ²

- The government has launched a number of initiatives under Kuwait Vision 2035 Development Plan to add more warehousing capacity in the country. Some of the developments include the below⁴:

Project	Cost	% of GDP
Development of the Mubarak Al Kabeer Port at the Boubiyan Island Port Development	USD 3,291.7 Mn	2.79%
Development of the Airport Cargo City Development for catering to the air cargo of the country.	USD 120 Mn	0.10%
Development of the storage areas of the Kuwait Ports Corporation	USD 664.5 Mn	0.56%
Development of general warehouses and border ports at Abdalli	USD 2,029.9 Mn	1.72%
Development of the three new Economic Zones	USD 19.93 Mn	0.02%

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The rising population of the country is going to result in additional pressure on imports into the country and the need for warehousing facilities.
- The development of the country's infrastructural projects is also expected to increase the demand for warehousing in the country and the existing warehousing capacities are expected to be stretched to the maximum.
- Considering the above, the sector is full of opportunities related to warehousing and provides an attractive opportunity to foreign investors to participate in this sector.

Source: ¹KPA, ²dica.logcluster.org., ³Jassim Transport & Stevedoring Co., ⁴Kuwait Vision 2035 Development Plan, ⁵Kuwait United Development



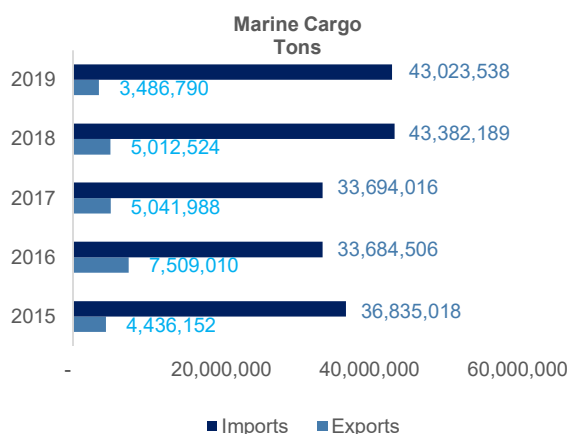
3.7.2 Logistics

Logistics is the process of executing all intermediary tasks from point of procurement of goods until their final distribution/consumption in a timely and cost-effective manner.

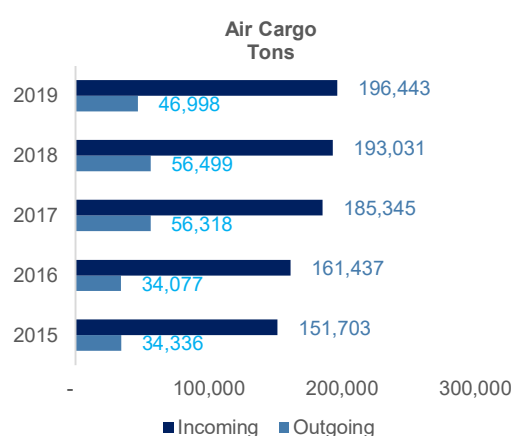
OVERVIEW AND FACTORS INFLUENCING THE MARKET

Commercial freight movement in Kuwait is undertaken by marine, air, and land transportation, but marine remains the main mode of transportation.

The import and export of marine cargo freight in 2019 reached 43 Mn tons and 3.5 Mn tons respectively. The CAGR of cargo import freight was 4% and export freight was -5.8% from a base of 2015.¹



The incoming and outgoing of air cargo freight in 2019 reached 196.4 thousand tons and 46.9 thousand tons respectively. The CAGR of incoming cargo freight was 6.7% and outgoing cargo freight was 8.2% from a base of 2015.¹



Many private sector companies in Kuwait cater to the logistics sector. Some of the prominent companies include:

- Agility Public Warehousing Company – Publicly Listed
- Kuwait and Gulf Link Logistics Company – Publicly Listed
- Jassim Transport & Stevedoring Company – Publicly Listed

There is a number of projects being developed by the government as part of Kuwait Vision 2035 Development Plan to support the logistical infrastructure of the country. Some of such projects include²:

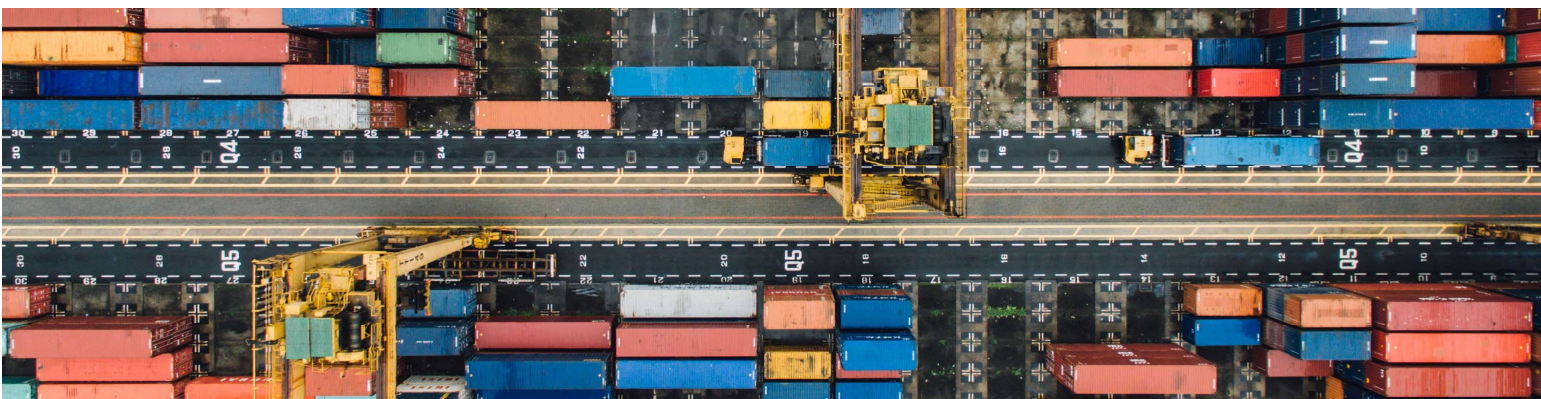
Project	Cost	% of GDP
Railway Network in the State of Kuwait (Phase 1)	USD 60.5 Mn	0.05%
Establishment of an export, import and customs inspection zone in the western Shuaiba region	USD 49.8 Mn	0.04%
Expansion and development of the Shuwaikh Port Development	USD 548.2 Mn	0.46%
Expansion and development of the Shuaiba Port Development	USD 358.8 Mn	0.30%
National Center for Ship Traffic Systems (VTS) and Search and Rescue Building	USD 53.8 Mn	0.05%
Expansion and development of the Doha Port	USD 265.8 Mn	0.23%
Building the Mubarak Al Kabeer Port	USD 3,291.7 Mn	2.79%

There are also plans for establishing four logistics cities including an area of 317,355 sqm at Shuwaikh port, 300,000 sqm at Doha port, another 270,000 sqm at Doha port and 1,000,000 sqm at Mina Abdullah Port. The engineering design tender for these locations was recently launched by Kuwait Ports Authority.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The growing population, high per capita income and growing consumerism in the country are expected to increase the amount of imports in the future. This will increase the need to have sophisticated logistical infrastructure in place to meet the requirements.
- The development of new ports and the expansion of existing ports as well as the construction of the GCC railway system are expected to enhance the amount of regional trade. Thus, logistical support will be required to meet the heightened momentum of trade expected during this time.
- The government has launched a number of projects in the country foreseeing the important role that Kuwait will play in international trade. Hence, foreign investors with expertise in logistics can take the opportunity to meet the requirements of the sector by providing various services required during the construction of the needed infrastructure.

Source: ¹CSB, ²Kuwait Vision 2035 Development Plan



3.7.3 Express Delivery Services

Express delivery services are one of the fastest forms of shipping where a delivery can be executed within 24 to 72 hours for a fixed delivery charge.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Express delivery services are crucial for Kuwait's logistics market. They are essential for ensuring the fast pace delivery of shipments in the country as compared to other general services.
- The players of the express delivery services in Kuwait include local and international companies. Some of the prominent international companies include:
 - Aramex
 - DHL Express
 - UPS
 - Porter Express
 - TNT
 - Skycom
- International companies play an important role in the market because of high volume of trade, shipments related to expatriates and growing business activities. However, international companies tie up with local companies as they are more familiar with the different areas of the country and hence can ensure preciseness of delivery to customers.
- The Kuwaiti market faces several challenges in express delivery including¹:
 - Improper addresses and locations
 - Unwillingness of customers to adopt digital solutions for express delivery
 - Major traffic congestions
- Further, the government postal service arm faces several challenges, with goods that are shipped into the country often lying idle at government offices/warehouses for substantial periods of time.
- Kuwait's e-commerce industry has witnessed a tremendous growth over the last years with a wide range of shipments coming into Kuwait. The changing preferences of consumers and their acceptance to shop electronically will further place challenges on the express delivery services of the country.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait's e-commerce market has grown to USD 1.9 Bn in 2020. This growth is expected to be exponential in the coming period considering the increasing preference of the local population to shop electronically.²
- There was a huge increase in B2C (Business to Consumer) delivery services following the COVID-19 pandemic.³ There is an expectation that changes brought out by the pandemic, especially in e-shopping preferences of customers are not temporary but rather here to stay as an upcoming business model.
- Innovative delivery solutions can also be provided digitally through business models that ensure speed and accuracy in delivery services. Such services can also be catered to the government postal services in order to increase the delivery efficiency.
- Considering the above, foreign players can establish an express delivery business in the country and benefit from the huge potential that lies within this segment.

Source: ¹Shipa, ²Statista, ³Cision

3.8 Financial Services and Banking Sector

Sector Overview

Technology is rapidly gaining acceptance among the population of Kuwait, even more so in banking services. The Central Bank of Kuwait is driven to move Kuwait into the new era of digital banking and a number of banks in Kuwait have taken several initiatives to move in this strategic direction. While the year 2020 may have marginally dented financial services as a result of the COVID-19 pandemic, services including insurance, consumer finance and brokerage are expected to have an upward trajectory in the near future.

SUBSECTORS

Insurance

Gross Written Premiums in 2020 reached USD 1.13 Bn.



Digital Banking

ATM transactions in the year 2020 were 75.8 Bn totaling to a value of KWD 12 Bn

Consumer Finance and Financial Brokerage Services

Consumer finance reached USD 51.2 Bn in 2021 and the number of transactions on the Boursa Kuwait reached 2.3 Mn in 2020.

Opportunities exist for international technology providers for catering to the increasing needs of digital banking in the country. The Kuwait capital markets are strongly regulated by the Capital Markets Authority of the country and Boursa Kuwait is gaining wide acceptance as an emerging stock exchange in the region. This in turn will cause an increase in the demand for financial services in the country.

3.8.1 Digital Banking

Digital banking is the provision of banking services through the internet, where human interaction is minimized and transactions are executed electronically.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

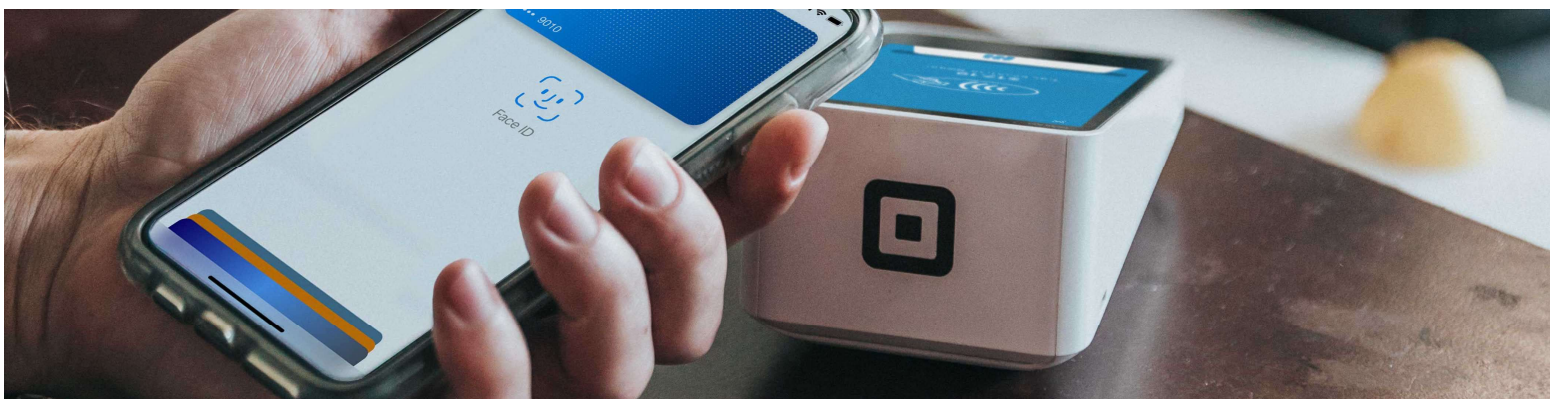
- In Kuwait, 99.6% of individuals use the internet while mobile cellular subscription was 178.5% per 100 inhabitants.¹ Considering the rising population, high per capita income, educated and qualified populace as well as the tech savvy youth, there is a major trend towards digitalization and adopting new technologies.
- The fields of business, commerce, payments, and banking are all experiencing a serious push towards digitalization. Digital Banking especially has gained a lot of ground in Kuwait. A number of banks are moving away from providing services conventionally and developing digital systems that encourage the electronic execution of transactions mainly in Retail Banking.
- Kuwait has around 22 commercial banks, which are regulated by the Central Bank of Kuwait (CBK).² Technology has been changing the profile of financial services worldwide and CBK realizes that the digital transformation of the banking system is essential to achieve Kuwait Vision 2035 Development Plan.
- According to the World Bank, around 79.8 percent of the population above the age of 15 years have an account with a bank and the number of electronic transactions associated with those accounts are increasing.³
- Market surveys conducted by top professional consulting firms have revealed that 80%-90% of the people would be willing to adopt digital solutions related to banking in the country.⁴
- In fact, the number of ATM transactions increased from 94.9 Mn in 2017 to 99.2 Mn in 2019 while the value of ATM transactions increased from USD 40.1 Bn in 2017 to USD 41.2 Bn in 2019. There was a dramatic drop in the number of ATM transactions and the total value of ATM transactions to 75.8 Mn and USD 33.6 Bn respectively in 2020 as a direct impact of COVID-19. The number of issued ATM cards in 2019 was 1.68 Mn as compared to 2017 when it was 1.45 Mn. It dropped in 2020 to 1.29 Mn as a result of the pandemic. The number of ATMS's per 100,000 adults increased from 66 in 2017 to 79 in 2020.² The increase in the utilization of ATMs for banking activities shows the inherent interest of customers for adopting digital modes of banking. Also, more branches are offering digital services to banking clients.
- Some of the recent developments in digital banking in Kuwait include⁵:
 - A CBK mandate in September 2018 requiring all service providers to register on its e-payments system and develop plans for a digital version of the Kuwaiti Dinar.
 - The introduction of Peer-to-Peer transfer of funds through the country's payment system, namely K-Net.
 - Providing foreign exchange services that allows customers to see complete, real-time charges by multiple different counterparties.
 - Digital wallets attached to bank accounts that can be used for payments through WhatsApp or other messenger services, Point of Sales (POS) systems and any other digital wallet that utilize QR codes.
 - Self Service terminals integrated with smart que e-system.
 - Self-Service kiosks.
 - Digital customer care centers.
 - Intelligent Teller Machines (ITM's) including the ability to make video calls to banking professionals.
 - Biometric data platforms for enhanced security such as touch ID and facial recognition.
 - Interactive Voice Response Portals.
 - Live chat assistance.

- Further, banks have also begun signing protocol agreements with each other for electronic payments, whereby funds from a customer account in one bank can be transferred seamlessly to their account in another bank thereby increasing interoperability.
- Banks have been reporting an increase in the number of customers, revenues, deposits and profitability as a result of adopting digital banking.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait's digital banking system continues to be bogged down by challenges such as non-availability of tailored services, accessibility issues to platforms, slow transaction processing speeds and bad customer service experiences. Banks thus need to significantly ramp up their digitization activities if they want to increase/improve the online experience of their customers.
- Banks continuously seek international expertise in regard to digitization of services on par to global banking systems. Hence, foreign investors with expertise in digital banking and FinTech services can pursue active opportunities in this sector.

Source: ¹CITRA, ²CBK, ³World Bank, ⁴Oxford Business Review, ⁵OBG

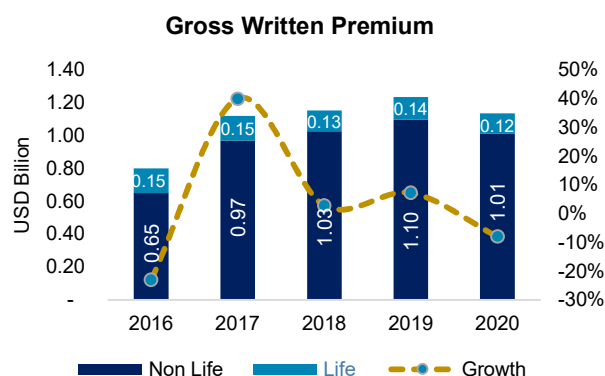


3.8.2 Insurance Sector

Insurance is an arrangement whereby a company undertakes to provide a guaranteed provision of compensation for loss, damage, illness, or death in consideration for payment of a specified premium.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The insurance sector in Kuwait is the second smallest in the GCC and is ranked 74th globally based on the Gross Written Premium (GWP).¹ Insurance in Kuwait covers Conventional Insurance as well as the Islamic Shariah compliant Takaful Insurance. Insurance coverage in the country includes life insurance, non-life insurance/ general insurance, liability insurance and re-insurance.
- The sector consists of 37 insurance companies including 26 local companies and 11 foreign companies. From the 38 companies 22 are conventional insurance companies and 15 are Takaful insurance companies.²
- The sector was previously regulated directly by the Ministry of Commerce and Industry (MOCI). However, on the promulgation of Law No. (125) of 2019, the Insurance Regulatory Unit (IRU) was established for regulating all insurance activities in the country. The IRU will operate under the supervision of the MOCI.³
- The capital requirements of insurance companies as per the new law based on their type include the below²:
 - A company carrying out life insurance: USD 16.6 Mn.
 - A company carrying out general and liability insurance: USD 16.6 Mn.
 - A company carrying out life, general and liability insurance: USD 33.2 Mn.
 - A company carrying out conventional or Takaful re-insurance activities: USD 19.8 Mn.
- The insurance sector of Kuwait grew from USD 0.8 Bn in 2016 to USD 1.136 Bn in 2020 growing at a CAGR of 9.2% on the GWP. The non-life insurance segment dominated the overall insurance market in Kuwait at 89.1%.¹



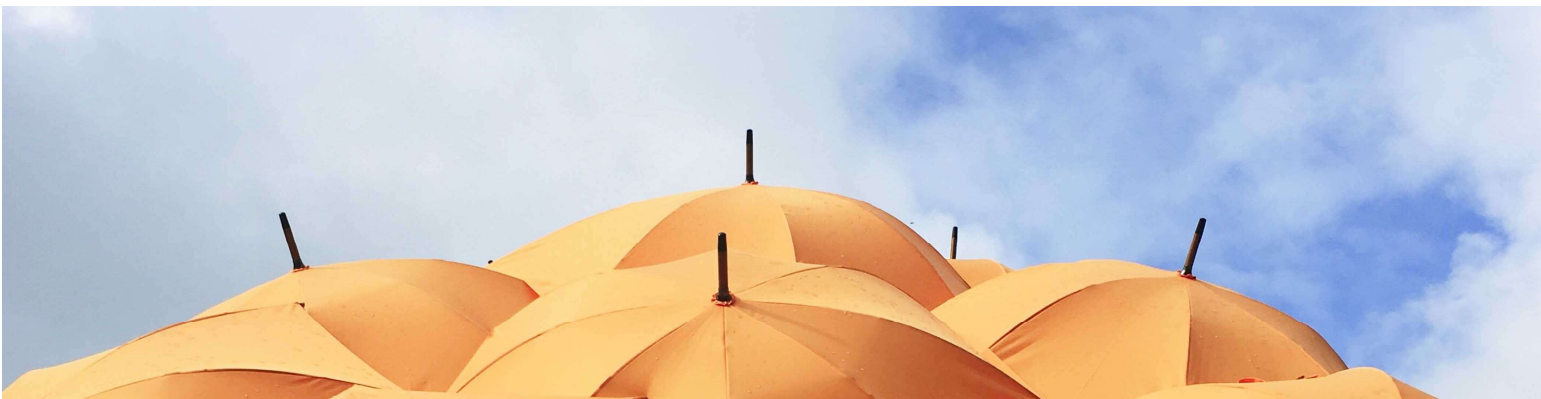
- Growth in insurance was primarily driven by medical insurance and secondly by motor insurance in the country. Medical insurance especially receives support from government tenders for coverage of health issues related to public sector employees. Most notably in 2019, a tender worth USD 996.7 Mn in premium was won by a private company for a period of two years for insuring the health of public sector retirees.⁴

- Medical insurance is expected to boost the sector in the future through the support of the Kuwait's health insurance scheme for expatriates in the country (Dhaman) that mandates the need to increase compulsory insurance fee from USD 166.1 to USD 431.9 on an annual basis.⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The insurance sector is expected to continue growing as a result of the growing population, fast-paced lifestyle and increasing health problems.
- Life insurance continues to occupy a very small piece of the premium pie in Kuwait, estimated at approximately 10%. This provides an opportunity for foreign investors in the insurance business to penetrate the segment with better products and services.
- Further, appointment of actuarial experts is mandated by Law No. (125) of 2019, and hence foreign investors with actuarial experience in the insurance sector can take advantage of this segment and provide such services including recommending the pricing of insurance products and verifying calculations of the necessary provisions.
- In conclusion the construction of massive projects associated with Kuwait Vision 2035 Development Plan will further benefit the insurance sector and help it in adding capacity for insurable assets in all industries.

Source: ¹Swiss Rev, ²Insurance Regulatory Unit, ³MOCI, ⁴OBG, ⁵Alpen Capital



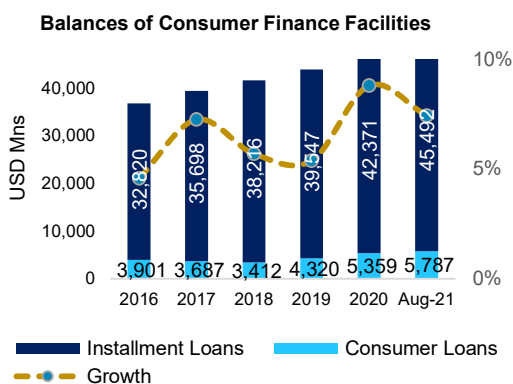
3.8.3 Consumer Finance and Financial Brokerage Services

Consumer finance is a form of lending that provides credit to a consumer for personal or household use. Financial brokerage is the buying and selling of stocks, bonds, options and other financial products on behalf of clients.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

Consumer Finance

- Consumer Finance in Kuwait is made up of two loan types including consumer loans and installment loans. Consumer loans are utilized for personal requirements such as education and healthcare. Installment loans are utilized primarily for purchasing new homes or for renovation of existing homes.
- Consumer loans make up approximately 37.3% of the total loans extended by the banking sector in Kuwait.¹
- Consumer finance in Kuwait grew at a CAGR of 6.7% between 2016 at USD 36,721 Mn and 2020 at USD 47,729 Mn. There was a further uptake in consumer finance with balances increasing to USD 51,279 Mn in August 2021 from USD 47,729 Mn in December 2020 thereby reaching an all-time historical high. Installment loans made the bulk of consumer financing balances in August 2021 at almost 88.7% of the total balance. Approximately 66% of the total consumer financing facilities went to Kuwaitis.¹



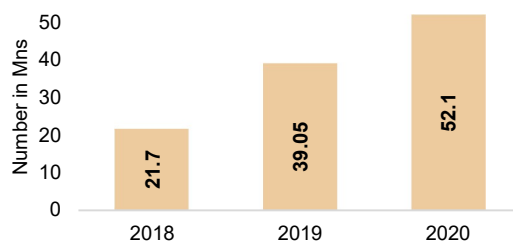
- The maximum ceiling for consumer loans in the country is USD 83,000 and the maximum permissible amount for installment loans is USD 233,000.¹

- The prevailing interest rate for consumer finance in the country is 4.5% per annum, which is 3% above the Central of Kuwait discount rate of 1.5%.²

Financial Brokerage Services

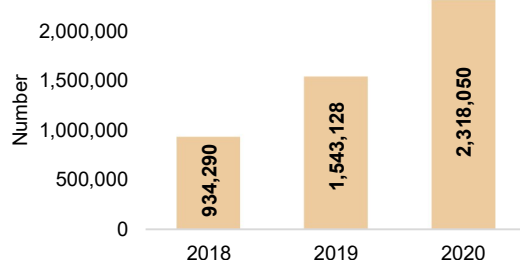
- Kuwait has multiple stock broking firms catering to the local and global capital markets. However, 10 brokerage companies are registered in Bursa Kuwait. Financial brokerage is a regulated activity in the country and only companies licensed by the Capital Markets Authority of Kuwait can provide brokerage services.³
- Brokerage as a service is primarily driven by volumes. As per Bursa Kuwait, the total number of securities traded in 2020 was 52 Bn shares. This was an increase of almost 33% over 2019 that registered 39 Bn shares.³

Securities Traded on Bursa Kuwait



Further, Bursa Kuwait handled over 2.3 Mn transactions in 2020. This was an increase of almost 50% over the transactions registered in 2019.³

Transactions in Bursa Kuwait



- The trading fees chargeable by registered brokerage firms in Kuwait as prescribed by Boursa Kuwait is 0.10% related to the premier market, 0.15% related to the main market and 0.30% related to the auction market. In any case, the minimum commission chargeable is USD 0.831. From the collected commission, 70% will be retained by the broker, 29% has to be paid to Boursa Kuwait and 1% has to be paid to the clearing house, namely Kuwait Clearing Company. The commission related to off-market trades is 0.20% out of which 50% will be retained by the broker, 49% has to be paid to Boursa Kuwait and 1% has to be paid to the clearing house, namely Kuwait Clearing Company.³

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Both consumer finance and brokerage services are sectors that have been growing steadily but are expected to pick up pace in the coming period. The growing population of the country, especially the youth, will increase the demand for financing. Such financing facilities will be required to cater to multiple requirements including education financing, vehicle financing and housing.
- Further, the high per capita income of the country will provide the youth with the ability to access capital markets and this in turn is expected to increase the demand for brokerage services in the country.

Source: ¹Gulf Bank, ²CBK, ³Boursa Kuwait

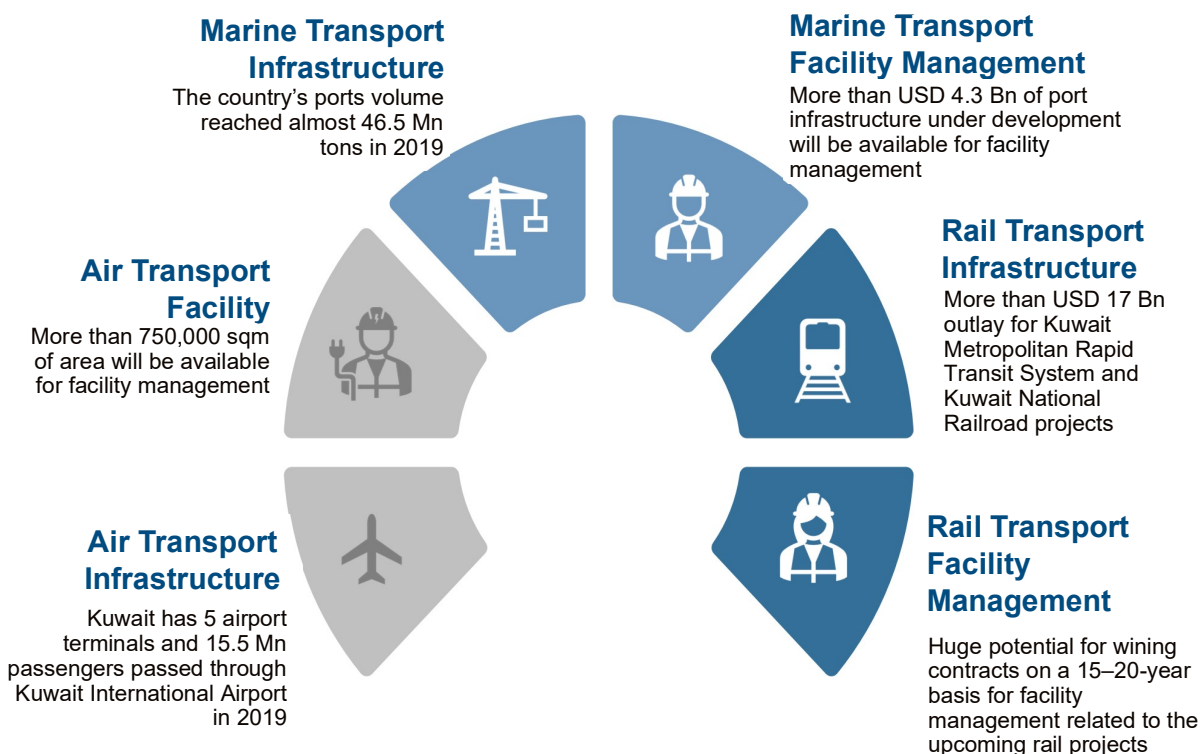


3.9 Air, Maritime and Rail Transport Sector

Sector Overview

Transport infrastructure projects in Kuwait has a very prominent position in Kuwait Vision 2035 Development Plan. The plan envisions massive outlays in billions of Kuwaiti Dinars towards the expansion and development of transport infrastructure in the country. These projects will greatly benefit the population of the country but shall also improve international trade thereby being a catalyst for economic development of Kuwait.

SUBSECTORS



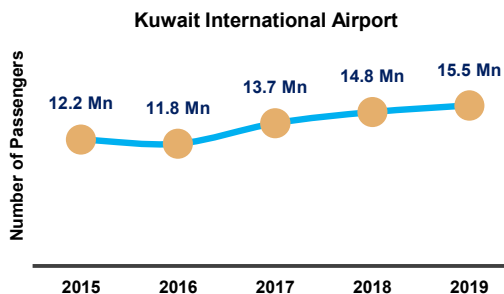
Huge opportunities for the participation of private investors in infrastructure projects, especially through the PPP model. The government actively seeks investors with international experience in developing such projects considering the lack of skills for similar projects in the country. The development of these projects will also create a massive market for facilities management when they are commissioned.

3.9.1 Air Transport Infrastructure

Air Transport Infrastructure typically includes airport terminal buildings, runways for take-off and landing, facilities to cater to passengers and maintenance needs related to aircrafts and other airport facilities.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait's annual passengers reached 15.5 Mn in 2019 as compared to 14.8 Mn in 2018 amounting to a 4.38% increase over 2018.¹

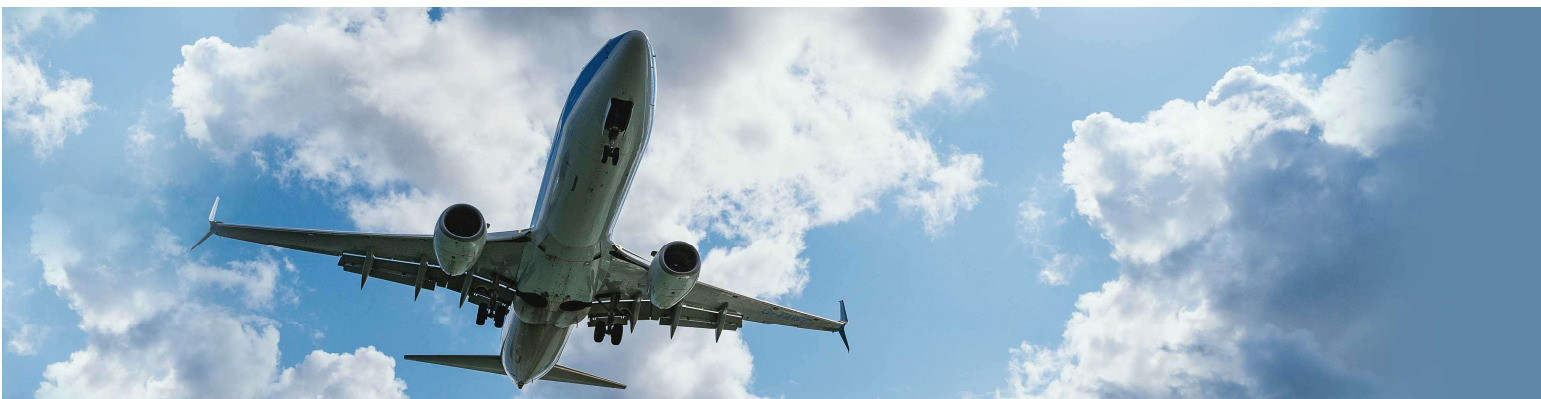


- The onset of COVID-19 pandemic in 2020 resulted in a dramatic fall in passengers because of lockdowns and travel restrictions implemented worldwide. Travel restrictions continued to be prevalent for a major part of 2021. However, the advent of vaccines to tackle COVID-19 and its administration worldwide has led to a dramatic fall in infections resulting in the lifting of travel restrictions. The gradual return to normalcy of life in Kuwait and the steady increase of the capacity of passengers at the airport will result in passengers' levels returning to pre-COVID levels.
- Kuwait International Airport (KIA) presently comprises of 5 terminal buildings, and they include the below:
 - Terminal 1 – It is the primary building at KIA and consist of 16 gates. It is the main terminal used for housing arrival and departure flights. It is approximately 190,000 sqm in area.
 - Terminal 2 - It is the upcoming new terminal of KIA. It was launched as part of Kuwait Vision 2035 Development Plan. It is spread over 750,000 sqm. It will have 28 gates, 4,500 car parking lots and a 400 room air-side hotel. The airport can handle up to 25 Mn passengers annually. The airport is currently under construction and is being developed at a total cost of USD 4.3 Bn and expected to be completed by 2024.^{2,3}
 - Terminal 3- Sheikh Saad General Aviation Terminal is used exclusively by regional airlines. This terminal is currently closed due to work on terminal 2.
 - Terminal 4 - Built in late 2018 and is used exclusively by Kuwait Airways. It covers an area of 55,000 sqm and has the capacity to handle up to 4.5 Mn passengers annually. It has a dedicated parking area of 2,400 car parking lots.
 - Terminal 5 - Built in mid-2018 and is dedicated to Kuwait's low budget airline Jazeera Airways. It covers an area of 4,750 sqm and has a 350-car parking facility.
- Terminal 2 is expected to generate approximately 15,000 jobs for Kuwaitis once it is commissioned. It is expected to be the face of Kuwait in the new era and will be utilized to boost travel and tourism to the country.⁴
- As part of Kuwait Vision 2035 Development Plan, the government has also launched the development of the eastern runway at KIA for receiving large aircrafts such as the A380 as well as adding a new control tower and bringing the latest technologies related to navigation.⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Considering the increasing number of passengers that are expected to travel through Kuwait International Airport, there are opportunities to participate in other ancillary facilities launched by the government to support the functioning of the airport such as but not limited to lounges, care hires, refreshment centers, cafes, and luxury/local retail shops.
- The new airport will be a major boost for tourism in the country and foreign investors can utilize the opportunities created by the airport for investing within the segment such as tour guiding, car rental, bus passes and meet & assist services.

Source: ¹CSB, ²MPW, ³Foster+Partners, ⁴Kuwait Times, ⁵Kuwait Vision 2035 Development Plan

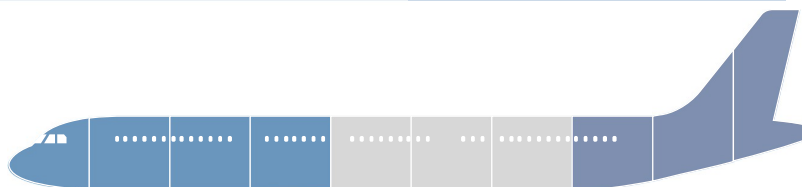


3.9.2 Air Transport Facility Management

Airport Facility Management is related to the daily management of the airport’s operations including cleaning and maintenance of ground and building, security services, environmental compliance, general aviation programs and other facilities.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Companies specialized in Operation and FM of airports are often utilized by the Civil Aviation Authority for managing the airport terminals. These companies include international and local companies.



Terminal 2 Area	Construction Completion	Proposed Airport Operator
750,000 sqm	2024	International Company

- Kuwait is constructing a new terminal building at KIA – Terminal 2. The terminal is expected to be spread over approximately 750,000 sqm of area. The airport is currently under construction and on completion, the FM of the airport is expected to be tendered to private players who are experienced in airport operations and FM.^{1, 2}

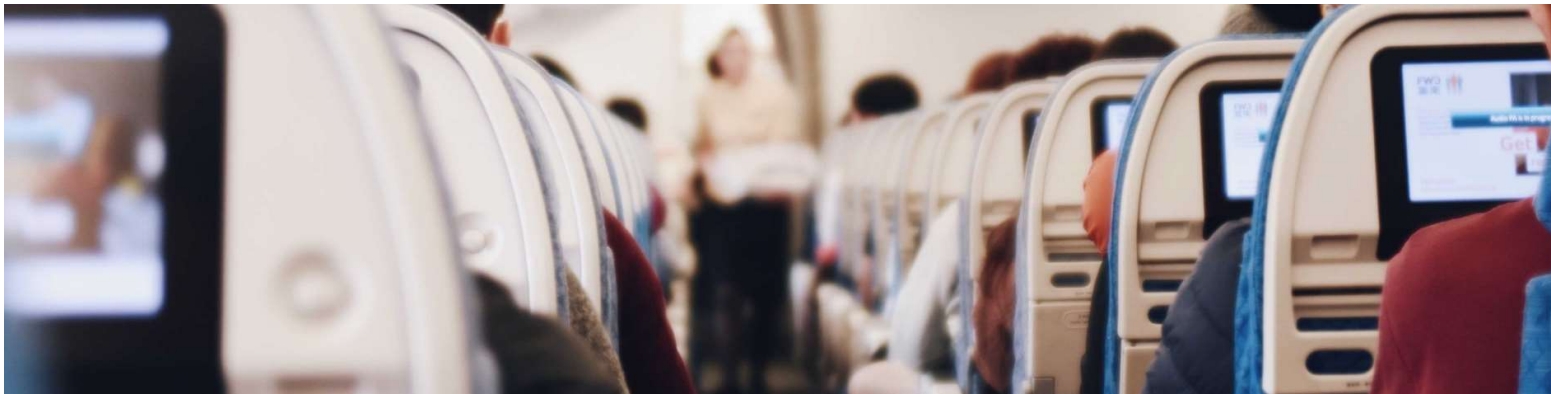
Several airports in the GCC also outsource operations and facility management of their airports to third parties, specifically private players who specialize in this domain. Some of them include the below:

Country	Facilities
UAE	A company was recently offered a 5-year contract from Dubai Airports for FM services such as cleaning of Landside and Airside facilities, including all passengers and stakeholders’ area. Terminals 1 and 2, Concourse D, Cargo and Logistics at Dubai International Airport and Dubai World Center were the areas that were covered. ³
Qatar	A company was recently awarded a 3-year contract from Qatar Aviation Authority to provide integrated facility management services. The services include Cleaning and MEP Services at Qatar Air Traffic Control Centre (QATCC). ⁴
Saudi Arabia	A leading Saudi FM company was awarded by the Saudi Authorities with a cleaning contract for Riyadh Airport. The services would cover cleaning and janitorial services for Riyadh Airport which comprises three terminals (T1, T2, and T5). ⁵
Bahrain	Bahrain Airport Company (BAC) facility management department recently tendered a contract for facility management of 3 years (Renewable for 2 years maximum). ⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Terminal 2 of KIA is expected to be ready by 2024. It was recently announced that the DGCA in Kuwait would launch a limited tender for procuring an international operator for Terminal 2. The tender encompasses a two-year training period for employees for operating the airport. It also includes reviewing all service presenters and contracts at the airport, ground services, passenger terminals and aviation operators for ensuring that all terminals operate as one system and one airport with connected facilities.⁶
- Foreign Investors with experience in airport facility management can take advantage of the above tender or other tenders that may be offered in the future on the commissioning of Terminal 2.

Source: ¹MPW, ²Kuwait Vision 2035 Development Plan, ³Airport Technology, ⁴P&S Market Research, ⁵Zawya, ⁶Kuwait Times



3.9.3 Maritime Transport Infrastructure

Maritime Transport infrastructure consists of developments on coastlines that will facilitate the inward or outward movement of vessels, cargo, and passengers.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- International trade is vital to the economy of Kuwait. While Kuwait exports millions of barrels of oil per day, it conversely imports a lot of goods to sustain the demand of the local economy.
- Kuwait is a consumeristic society, and the local economy has limited production capabilities to meet the demands of the society. Hence, importing goods is necessary to sustain the growing needs of the population.
- Kuwait's main line of trade remains the sea. Kuwait has three main ports, and their details are provided below¹:

Ports	Total Area	Total Basin Area	Total Piers	Warehouse Areas
Shuwaikh Port	4.4 m sqm	1.2 m sqm	21	Open storage – 450,000 sqm Warehouse storage – 170,000 sqm
Shuaiba Port	3.8 m sqm	1 m sqm	20	14,500 sqm
Doha Port	650,000 sqm	157,000 sqm	10	50,000 sqm

- The country's ports volume reached almost 46.5 Mn tons in 2019. The volume increased at a CAGR of 3.03% from the year 2015 when the total ports volume was only 41.3 Mn tons.²
- Kuwait Vision 2035 Development Plan envisions a substantial amount of investment to be injected into infrastructural developments. Part of the infrastructural developments include the expansion and renovation of existing ports and the development of new ports and facilities in the country. Some of the projects undertaken are included below³:

Projects	Cost	% of GDP
Development and expansion of Shuwaikh port	USD 548.2 Mn	0.46%
Development and expansion of Shuaiba port	USD 358.8 Mn	0.30%
Development and expansion of the Doha Port	USD 265.8 Mn	0.23%
Development of the new Mubarak Al Kabeer Port	USD 3,291.7 Mn	2.79%
Connecting Ports to an Integrated System	USD 6.6 Mn	0.01%
Deepening the navigation corridor between Ras Al-Ardh and Failaka Island, and deepening the island's transportation port	USD 18.6 Mn	0.02%

- Further, the development of a dry port is planned over a 1 Mn sqm area west of Shuaiba Port with a bridge linking the dry port to Shuaiba Port. Also in the pipeline is a smart port project.⁴
- Kuwait has several existing marinas including the Yacht Club, Souq Sharq Marina, Ras Al Ard Marina, Sabah Al Ahmed Sea City Marina and Marina Beach. Two additional marinas are planned called Marafi Fintas and Al Mahboula Marina which will be developed over a land area of 365,000 sqm and a 1.8 km waterfront. It will be able to accommodate 2,000 boats, 800 yachts, shops, restaurants, hotels.⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The government of Kuwait is actively pursuing the development of the marine infrastructure through launching a number of mega projects.
- The new licensing of marine cafes is also expected to boost tourism in the country.
- The development of the Mubarak Al Kabeer Port along with the Dry Port and the Smart Port Project will create opportunities for international investors who specialize in designing, engineering, and constructing ports to participate in such projects.

Source: ¹CSB, ²KPA, ³Kuwait Vision 2035 Development Plan, ⁴International Shipping Agency Co., ⁵Zawya



3.9.4 Maritime Transport Facility Management

Maritime Transport facilities management is related to the daily management of the port's operations including maintenance of all wharves, piers, equipment as well as providing security services and ensuring environmental compliance.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The government of Kuwait is investing substantially in marine infrastructure as part of Kuwait Vision 2035 Development Plan. The developments include mega projects that are expected to boost international trade and contribute positively to the economic growth of the country.¹
- The vast outlay of funds approximating to more than USD 4.3 Bn towards ports infrastructure will only be viable if the ports and their facilities are maintained appropriately.¹
- Maritime assets are always exposed to very harsh environments. It is paramount that these assets are maintained with a future outlook. This will ensure that the assets function at the same capacity and capabilities.
- The Marine Transport Facilities Management sector is at a very basic stage in Kuwait. There is a scarcity in the market for specialists who are able to carry out planned and reactive maintenance of marine facilities. Marine facility management demands an operational understanding to ensure that assets are capable of achieving their intended function.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The mega projects associated with Marine Transport Infrastructure in Kuwait provide an attractive opportunity for foreign investors to provide Marine Transport Facility Management.
- Maintenance of complex marine infrastructure will require specialized expertise for planning and execution, something that foreign investors possess and that can be used to fill gaps in the local market.

Source:¹Kuwait Vision 2035 Development Plan



3.9.5 Rail Transport Infrastructure

Rail infrastructure includes equipment's, structures and buildings that support the movement of passengers or freight on railway lines.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti population is growing, and this growth is leading to the overutilization of the existing road infrastructure in the country. There were more than 2.2 million vehicles operating in Kuwait in 2019. The current road infrastructure is overstretched and is not able to cope up with the rising demands placed on it by motorists.
- Rush hours traffic, limited parking spaces, frequent accidents and pollution are some of the issues individuals in Kuwait face on a daily basis.
- In an effort to build capacity related to future needs of road transport, and considering the limitations of the existing road infrastructure, including bridges, tunnels, and other transportation alternatives, the government has proposed two projects:

- a) Kuwait Metropolitan Rapid Transit (KMRT) System Project which involves the development of a metro network in Kuwait. The metro rail system will stretch for 160 kms, connect the inner cities of the country and will be serviced by 68 stations from Kuwait City to the south and north regions.
- INVESTMENT
USD 20 Bn**

The construction of the metro will be over 5 phases. It is estimated to cost around USD 20 Bn¹ and will be built on a PPP basis with the government owning 10%, private investors owning 40% and the remaining 50% being raised through an Initial Public Offer.²

- b) Kuwait National Railroad (KNRR) project involves the construction of a railway system that stretches over 574³ kilometers connecting Kuwait airport, seaports and other GCC countries. The project is expected to cost around USD 10 Bn and will be built on a PPP basis with the government owning 6%, private investors owning 44% and the remaining 50% being raised through an Initial Public Offer. 70% of the project's revenue is expected to be generated through freight although there are also provisions for passenger services.⁴
- INVESTMENT
USD 10 Bn**



OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- KMRT and KNRR projects are among the most strategic and important projects of Kuwait Vision 2035 Development Plan.
- The projects represent a USD 30 Bn outlay and involve development over several phases that may require multiple levels of tendering.
- The projects present opportunities to foreign investors who specialize in engineering services, construction contracting, rolling stock manufacturing, signaling & communication specialists, and equipment manufacturers. Further, it also provides opportunities for investors who specialize in green architectural solutions to participate in the projects.

Source: ¹Railway Pro, ²Railway Technology, ³KAPP, ⁴International Railway Journal

3.9.6 Railway Facility Management Services

Railway Facility management include services that are related to the operation, management and control of rolling stock or track.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The KMRT project and KNRR rail project in Kuwait represent mega infrastructural projects undertaken by the government in land transport in the country.
- The operation and facility management of these projects will be a priority for the government when they are commissioned. Since there are no existing railway projects in Kuwait, the local market does not have experienced companies in rail operation and facility management.
- The Railway Facility Management Services sector is very promising in Kuwait considering the fact that operation and facility management contracts are tendered by the government on a long-term basis, similar to projects in other GCC countries.



Some of the railway facility management contracts awarded in the GCC include the below:

Country	Railways Facility Management Company Contracts
UAE	A French Japanese consortium was awarded a contract for the operation and maintenance of the Dubai Metro and the Dubai Tram. The contract was awarded on a 15-year contractual basis (9 base years and 6 renewable years) for an amount of USD 147.6 Mn per year. ¹
Saudi Arabia	Arriyadh Development Authority (ADA) had awarded a contract in 2018 for the operation and maintenance of lines 3, 4, 5 and 6 of the Riyadh Metro on a 12-year contractual basis at USD 2.91 Bn. ²
Qatar	The operations and maintenance contract for the Doha automated metro and Lusail light rail network has been awarded by Qatar Rail on a 20-year contract basis in 2017 and is estimated to be worth USD 3.39 Bn. ³

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

The completion of KMRT project and the GCC railway project will create major opportunities for Railway Facility Management in the country. This opportunity will be especially attractive to foreign investors as there are no local expertise in the country related to Railway Facility Management. Further, considering the governments emphasis on environment friendly solutions, foreign investors that can provide green facility management solutions will especially be in demand for these projects.

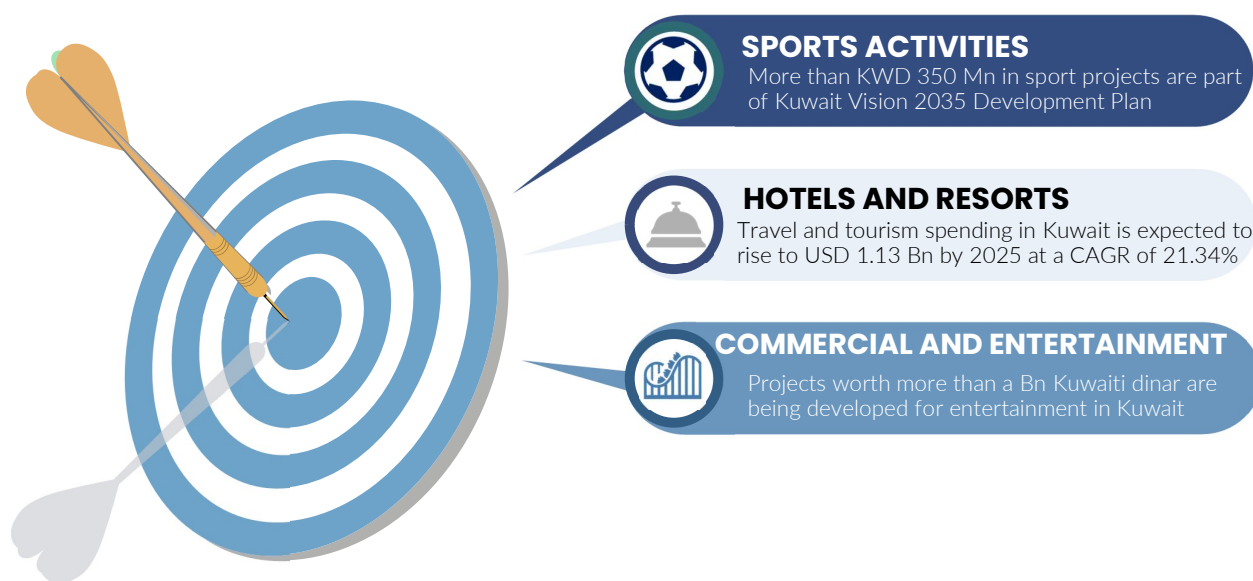
Source: ¹Gulf News, ²Alstom, ³Railway Technology

3.10 Tourism, Hotel and Entertainment Sector

Sector Overview

The government of Kuwait is positioning the country to become a regional touristic hub. Hence, several projects have been launched in Kuwait on a grand scale to provide sports, entertainment, and leisure activities. While the projects are expected to cater to the existing population, they also provide an excellent opportunity for increasing tourism into the country especially from the GCC region. The hospitality segment is expected to gradually return to Pre-COVID levels following the decrease in the number of infections following a stringent immunization program.

SUBSECTORS



The growing population of the country and its young demographic makeup will increase the demand for sports, entertainment, and leisure activities. The current players in the market are still small in comparison to the foreseen demand for such activities. Foreign investors can thus set up Touristic Activities, Resorts, Hotels, and other Entertainment facilities in the country through a 100% ownership of the mentioned facilities.

3.10.1 Sports Activities

Sports activities are activities that require physical skills and endurance and are performed as part of a competition, adventure, entertainment, and hobby.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a thriving sports culture that is actively supported by the government.
- Kuwait's young demographic makeup, with more than 50% of the population below the age of 35, creates a large demand for sporting facilities.
- The Public Authority for Sports is the governmental authority responsible for the promotion of sports and related activities in the country.
- As per the State Budget for the year 2021-2022, an amount of USD 266.6 Mn was allocated towards the Authority for managing sports in the country.¹
- The most prominent sports in Kuwait currently include:

Games	Venue
Archery	National Archery Center
Basketball	All main sport clubs in Kuwait
Bowling	Kuwait Bowling Sporting Club, Cozmo Entertainment, Silver Towers, Hunting and Equestrian Club, Holiday Inn Hotel and Safir International Hotel
Equestrian	Hunting and Equestrian Club
Swimming	Swimming Pool Complex
Tennis	Rafa Nadal Academy, Kuwait Tennis Federation
Squash	Kuwait Squash Federation
Racing	Amateur Car and Motorbike Association - Science Club
Ice skating	Ice Skating Rink - Shamiya Gate
Shooting	Kuwait Shooting Federation, Maidan Public Shooting Range
Football	<ul style="list-style-type: none"> • Jaber Al-Ahmad International Stadium • Sabah Al Salem Stadium • Mohammed Al-Hamad Stadium • Al-Sadaqua Walsalam Stadium • Al Kuwait Sports Club Stadium • Al-Ahmadi Stadium • Mubarak Al-Aiar Stadium • Kuwait University Stadium • Thamer Stadium • Farwaniya Stadium • Ali Al-Salem Al-Sabah Stadium • Khaitan Stadium • Kuwait Olympic City Stadium • Al-Sulaibikhat Stadium • Abu Halifa City Stadium • Fahaeel Stadium
Health Clubs	<ul style="list-style-type: none"> • Bulldozer • Champions • Fitness First • Flex • Iron Man • Oxygen • Platinum • Ras Salmiya • Rush • Spark • Stretch • Champions • Fitness First • Flex • La Femme • Lady's Corner • Physique • PilatesAndMore • Ras Salmiya • Rush • Skyline • Steam

- As per Kuwait's Sports Strategy of 2021-2028, the main outputs include the following:
 - a) Establishing six stadiums i.e., 1 per governorate.
 - b) Developing the stadiums on a PPOT basis.
 - c) Developing a comprehensive Olympic sports city.
 - d) Developing sports schools for the talented.
 - e) Providing sports scholarships.
 - f) Developing a hospital for sports injuries.
 - g) Developing laboratories for medical tests that may be required.
 - h) Sponsoring 45 international, continental, and regional tournaments.
 - i) Developing an international sports academy – accredited and specialized.
 - j) Integrating paralyzed people into sports clubs.
 - k) Changing laws to ensure that sports can be taken up as a profession and not just a hobby (contract based).
- As part of Kuwait Vision 2035 Development Plan, the government has envisioned the development of several sporting projects in the country, which include²:

Project	Cost	% of GDP
Jaber Al Ahmed International Stadium	USD 398.7 Mn	0.34%
Implementation of the National Youth Policy	USD 16.6 Mn	0.01%
Youth centers	USD 280.7 Mn	0.24%
Design of the Kuwaiti Sports Club for the Disabled	USD 73.1 Mn	0.06%
Girls' clubs	USD 16.6 Mn	0.01%
Specialized clubs	USD 84.7 Mn	0.07%
Gymnasiums	USD 299 Mn	0.25%

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The rising population of the country and the awareness of the youth about health and fitness are increasing the demand for sporting facilities in the country. The government of Kuwait is actively involved in promoting sporting activities through the implementation of mega projects as part of Kuwait Vision 2035 Development Plan.

Furthermore, there are a number of sporting facilities that are expected to be in demand in the future, including:

- Private football courts
- Private tennis / paddle / squash courts
- Private power games gyms
- Private fitness / cross fit gyms
- Martial arts gyms
- Bowling
- Equestrian sports
- Cycling
- Shooting sports
- Watersports (Jet skiing wind surfing, scuba diving, paddle boarding, kayaking)
- Swimming
- Ice skating

Many of the sporting facilities mentioned above have already been built in the country.

- Such facilities can be owned 100% by foreign investors under the Foreign Direct Investment Law and investments in these facilities can reap good returns to investors.

Source: ¹MOF, ²Kuwait Vision 2035 Development Plan

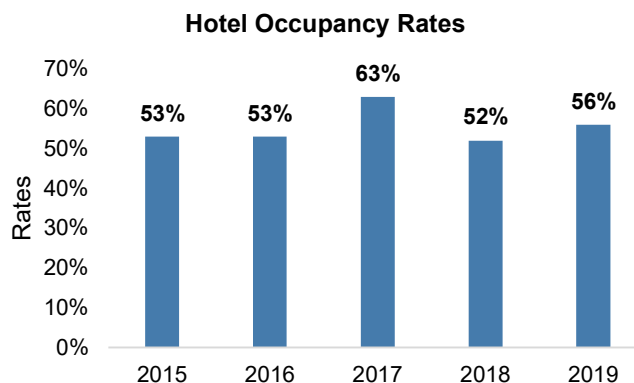
3.10.2 Hotels and Resorts

Hotels and Resorts are establishments that provide accommodation, meals, and other services for a fee.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- In 2019, Kuwait had the following hotel inventory¹:

Class	Number of Hotels
5 Star	11
4 Star	9
3 Star	12
2 Star	4
1 Star	1
Hotel Apartments	38



- Occupancy rates of hotels in Kuwait were at 56% in 2019.² This dropped dramatically by almost 50% in 2020 following the COVID-19 pandemic. At the same time, it was estimated that 20-25 % of hotels' staff had lost their jobs in Kuwait, which was estimated at around 2,500 people.³
- The estimated losses to the hotel sector as a result of the pandemic in Kuwait was USD 340 Mn, including USD 121 Mn of losses in room revenues.³
- Following the pandemic, tourism is expected to rise, and Kuwait City is expected to achieve an occupancy rate of 29% in 2021. Further, it is also expected that 8,400 new rooms will be available by 2023.⁴
- A number of new hotels were opened in 2021 as well as are expected to open in the following year.⁵ They include:

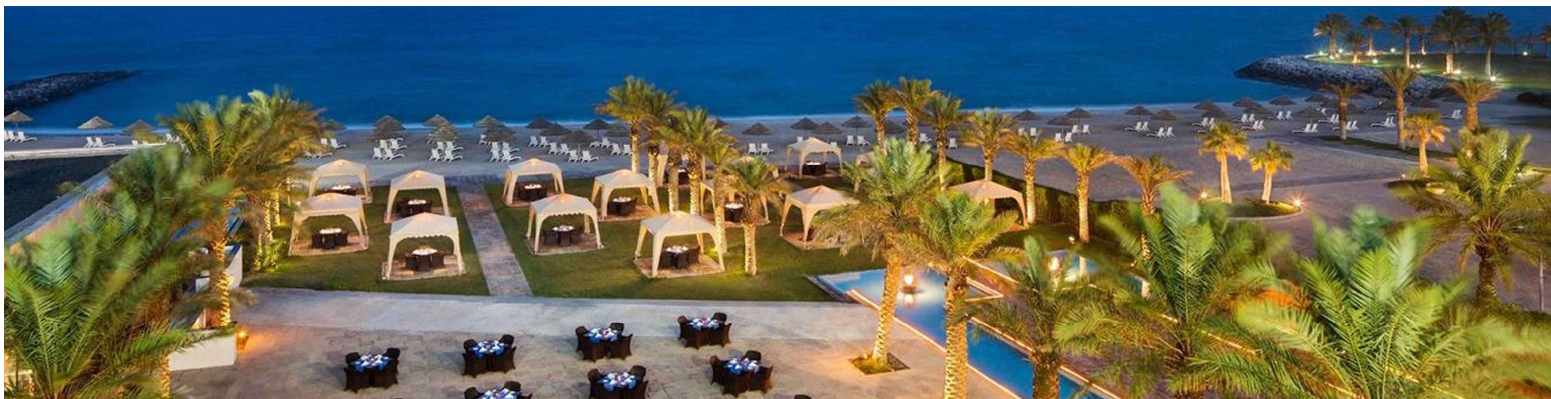
Name	Opening Year	Location	Rooms	Star
Grand Hyatt	2022	360 Mall	302	5
Waldorf Astoria	2021	The Avenues Mall	200	5
International Hotel Farwaniya	2021	Farwaniya	120	5
St. Regis	2021	Kuwait City	122	5
Marriott Executive Apartments	2021	Kuwait City	174 ⁶	4
Novotel	2021	Al Sharq	160 ⁷	4
Staybridge Suites	2021	-	120	4
Hampton by Hilton	2021	-	110	4
Campanile by Golden Tulip	2021	-	178	4
Misk Hotel (Shaza)	2021	-	200	4
Swiss-Belhotel	2021	Al Sharq	51 ⁸	3

- Further, the Kuwait Investment Authority in 2021 approved a capital increase of the country's Touristic Enterprises Company (TEC) by USD 830.6 Mn. The new capital will be utilized by TEC for redevelopment plans of 11 key facilities, across five segments. They will include parks and family entertainment, hospitality, recreational clubs, highways rest areas and waterfront marinas. TEC also has plans for the redevelopment of three key projects, which include Nuwaiseeb Rest Area, Ras Al Ardh Club and Messilah Beach as well as upgrading some seafront facilities in Kuwait Bay.⁹

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Revenues from travel and tourism in Kuwait are expected to rise to USD 1.13 Bn by 2025 increasing at a CAGR of 21.34% from 2021. This will further create demand for Hotels and Resorts in Kuwait.
- The expansion of Kuwait International Airport is expected to boost travel and tourism in the country and the largescale infrastructural projects undertaken by the government will further increase the influx of foreigners into the country intending to participate in such projects.
- There is also immense potential for developing resorts in Kuwait considering the large coastline of the country.
- Kuwait is also planning a mega-project to develop five islands at an investment cost of \$160 billion. They include the islands of Boubyan, Failaka, Warba, Miskan and Owha. This development includes touristic and leisure areas with Venetian-like waterways, shopping centers, a world-class travel center and treatment centers.¹⁰

Source: ¹CSB, ²Statista, ³Hospitality News Middle East, ⁴MEED, ⁵Kuwait Hotel Owners Association (KHOA), ⁶Marriott, ⁷Hotel News Resource, ⁸Hotelier Middle East, ⁹Zawya, ¹⁰The New Arab



3.10.3 Commercial and Entertainment Centers

Commercial and Entertainment Centers include facilities to the general public provided mainly for the purpose of entertainment, either exclusively or in combination with other activities.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a relatively small number of arenas for entertainment. They range from museums and malls to water theme parks, amusement parks and cultural centers.
- The country has a very young population, where more than 50% of the population is aged below 35 years.¹ The entertainment life is vibrant in the country with the youth frequently visiting such places.
- Kuwait has one of the highest per capita incomes in the world with individuals having access to a relatively high disposable income. This income provides the population with the means to create demand for entertainment activities in the country.



- Some of the existing entertainment centers include:

Types	Places
Zoo	<ul style="list-style-type: none"> • Kuwait Zoo
Aquarium	<ul style="list-style-type: none"> • The Scientific Center
Water Theme Park	<ul style="list-style-type: none"> • Aqua Park • Messila Water Village
Indoor Entertainment	<ul style="list-style-type: none"> • Future Kid • Infinity Zone • Kid Land • Kuwait Magic • Cosmo
Amusement Park	<ul style="list-style-type: none"> • Lagoons • Play Land • Hawally Park • Sha'ab Leisure Park
Branded Theme Park	<ul style="list-style-type: none"> • 99 Village • Cartoon Network World
Cultural Centers	<ul style="list-style-type: none"> • Sheikh Jaber Al-Ahmad Cultural Centre • Sheikh Abdullah Al Salem Cultural Centre • Palace History Museum
Malls	<ul style="list-style-type: none"> • The Avenues Mall • Marina Mall • Souq Sharq Mall • Al Kout Mall • 360 Mall • Gate Mall • Al Asima Mall

- A new innovative concept was launched recently in Kuwait in the leisure segment. The most prominent feature of the concept includes mobile trucks station in the Sabiya area at the end of Jaber Bridge. It will cover an area of 1 Mn sqm and include 400 projects. The main categories of projects will be:
 - Food trucks area: which contains cafes and snacks.
 - Retail trucks area: which contains retail sales, desert & marine appliances.
 - Activities trucks area: which contains lighting, laser, TV and live radio stations.
 - Sports area: which contains walking pathway, cycling pathway and services pathway.
 - Leisure activities area: which contains e-games, kid's games, and car cinema.
 - Other activities area: which contains rental plots and other activities.

The leasing in any of the above areas will be through a mobile application.²

- The government is keen on investing in commercial entrainment zones in Kuwait thereby transforming Kuwait into a touristic hub. One of the mega projects currently under construction is the expansion of Kuwait International Airport. The airport will be a gateway to Kuwait and will increase its visibility not only in the GCC but also globally.³ The other projects undertaken include:

Project	Cost	% of GDP
Development of the Sulaibikhat Bay	USD 5.1 Mn	0.004%
Development of the Jahra Waterfront (Jahra Corniche)	USD 448.5 Mn	0.38%
Blajat Development (Sea Front)	USD 330.2 Mn	0.28%
The New Entertainment City	USD 1,993.4 Mn - USD 2,657.8 Mn	1.69%-2.25%

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Revenues in travel and tourism in Kuwait are expected to grow from USD 522 Mn in 2021 to USD 1.13 Bn by 2025 increasing at a CAGR of 21.34% from 2021. The growing population of the country and the youth will continue to drive the growth for entertainment facilities in the country.
- In addition, the rising number of tourists from other GCC countries is expected to increase demand for entertainment options in the country.
- A lot of potential is foreseen in the below venues:
 - Cinemas
 - Gaming
 - Museums
 - Scientific centers
 - Parks
 - Heritage sites/ cultural activities
 - Fishing
 - Desert Camping
 - Expos / Festivals
 - Photography and art & crafts centers
 - Shopping
- Considering the above, foreign investors may invest in promising entertainment venues in Kuwait and take advantage of the growing market.

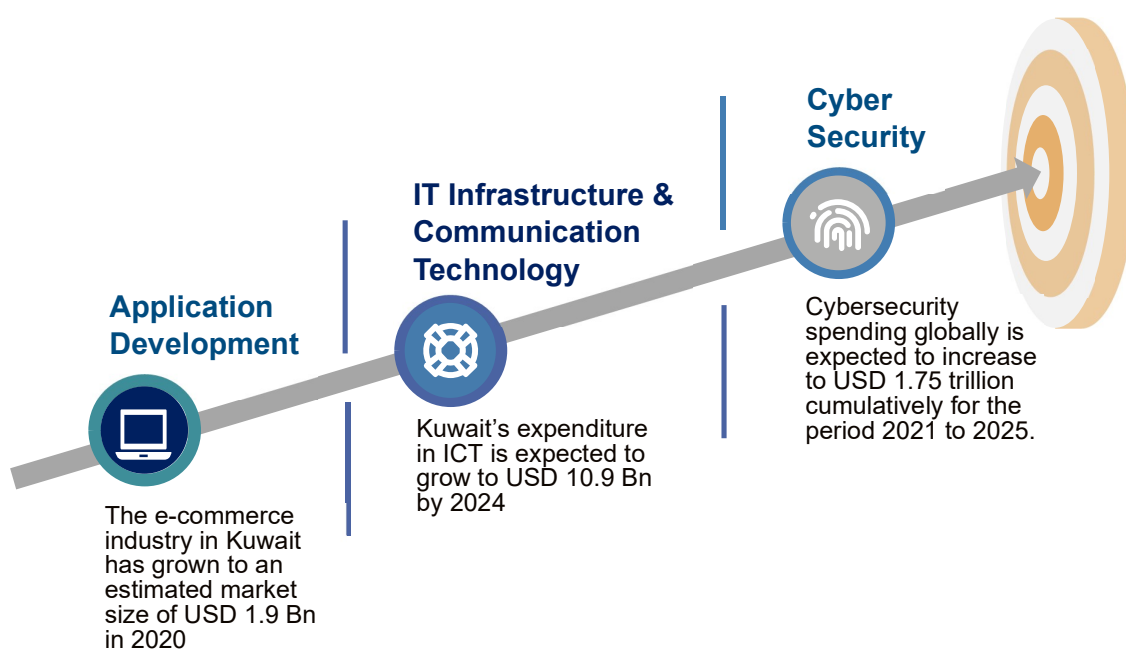
Source: ¹CSB, ²AlJarida, ³Kuwait Vision 2035 Development Plan

3.11 IT and Software Development and Technology Sector

Sector Overview

Technology has seen a major uptake in the Kuwaiti market. While Cyber Security and ICT have been readily adopted by organizations, it is Application Development that has gained the maximum interest presently. Locally founded FinTech and FoodTech companies have been successfully launched in Kuwait and in the region. Their success has been a catalyst for the launch of several other companies in Kuwait in many domains. The government support to the public in funding new technology companies through its SME Fund is an added incentive for young Kuwaiti entrepreneurs.

SUBSECTORS



The e-commerce market in the MENA region is expected to reach USD 28.5 Bn by 2022. This makes the region very attractive for investment by seed investors and venture capitalists seeking returns through attractive valuations. The government has prioritized cybersecurity to safeguard its electronic data and is actively monitoring and launching new projects in this regard.

3.11.1 Application Development

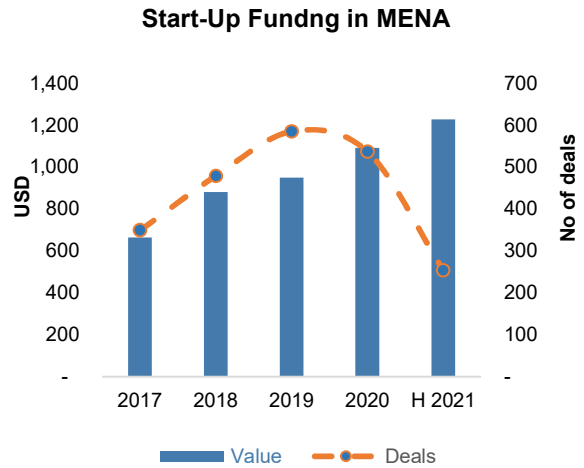
Application development is the process of developing software applications for mobile devices such as mobile phones, tablets, and other devices. The application development lifecycle typically involves design, development, testing, deployment, maintenance, and support.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a high mobile penetration rate (mobile cellular subscription was 178.5% per 100 inhabitants).¹
 - The Kuwaiti population is highly educated, technologically inclined with a strong leaning towards entrepreneurship. Considering this, the e-commerce industry has grown to an estimated market size of approximately USD 1.9 Bn in 2020.²
 - The sector is strongly supported by the government, which announced a USD 7 Bn Kuwait National Fund for SMEs in 2013 to support similar ventures.³
 - The sector is also supported by a large number of incubators, accelerators and regional venture capitalists who see immense potential in business models.
 - Today, a number of local business investors and Kuwait family businesses are also venturing into this domain.
 - The sector initially saw huge success with FoodTech with the launch of successful ventures such as Talabat and Carriage. Talabat was eventually sold to an international investor with an attractive valuation of USD 564.8 Mn and Carriage was acquired by the same investor through Talabat.⁴
 - Today the sector also consists of business models related to groceries, payment solutions, electronics, real estate, home cleaning services, mobile saloons, and cosmetics.
 - Further, as part of the Kuwait Vision 2035 Development Plan, the government is keen on the digital transformation of government services provided by the Public Sector through the launching of several applications. The main objectives behind the digital transformation include:
 - Enhancing transparency in government transactions and reducing corruption.
 - Facilitate and expedite the services of citizens and residents and raise the level of satisfaction.
 - Reducing human interference in transactions to ensure justice and equality.
 - Enhancing the efficiency of government performance and raising the level of technical awareness and work culture.⁵
- Some of the governments initiatives in this regard include applications such as Shlonak, Musafir, Kuwait Mobile ID, Immune, Meta, Sahel and Hafez. Others will also be included as part of the digitalization of ministries.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The e-commerce market in the MENA region is expected to reach USD 28.5 Bn by 2022 from a base of USD 8.3 Bn in 2017 a growth of nearly 3.3. times.⁶
- Kuwait is expected to occupy a decent size of the market considering the high amount of disposable income and high mobile and internet penetration rates.
- Venture capital funding for the MENA region in the first half of 2021 stood at USD 1.2 Bn, higher than the entire amount of USD 1.09 Bn raised in the year 2020. The most attractive sectors in the region for venture capital were FoodTech and FinTech.⁷



Source: ¹CITRA, ²Statista, ³The National News, ⁴Arabnet, ⁵Supreme Council for Planning and Development, ⁶Bain & Co, ⁷Magnitt

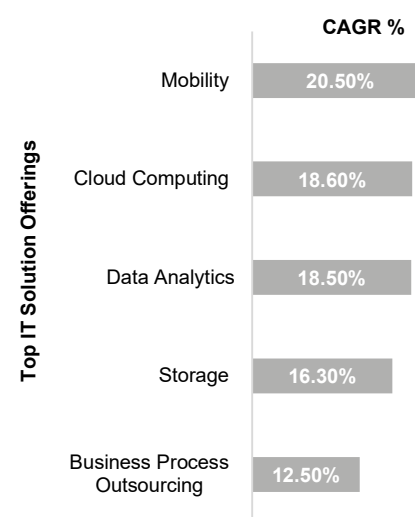


3.11.2 IT Infrastructure and Communication Technology

Information and Communication technology is an extension of the term Information Technology, which includes integration of communication, hardware and software that enable users to access and use information seamlessly.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti government has a strong emphasis on the digital transformation of both public and private sectors in Kuwait.
- Kuwait's expenditure in ICT is expected to grow to USD 10.9 Bn by 2024, at a CAGR of 10.2% (base 2019) by adopting various technologies such as Artificial intelligence (AI), Big Data, Cloud Computing, and Internet of Things (IoT).¹
- The main expected growth drivers for the country's digital transformation are Mobility at 20.5% CAGR, followed by Cloud Computing at 18.6% CAGR and Data Analytics at 18.5% CAGR.¹
- Kuwait Vision 2035 Development Plan also prioritizes a large number of ICT projects to be undertaken in its vision of transforming Kuwait into a diversified and sustainable economy². They include:



Project Name	Cost (USD)	% of GDP
Broadcasting and digital archiving network	59.4 Mn	0.05%
Fiber optic network between switches	13.3 Mn	0.01%
FTTH Optical Network (Phase III)	347.2 Mn	0.29%

- Banks are increasingly focusing on tech-based solutions for providing e-wallet and digital payment facilities.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The government is particularly focused on the digital transformation of the public sector. There could be ample opportunities for foreign businesses and investors to participate in tenders commissioned by the government in this regard.
- Other opportunities for international businesses/investors include:
 - A growing need for mobile content management and mobile device management among enterprises.
 - Small and Medium enterprises need for data and analytical tools, which will assist them to take precise decisions and enhance their operations and revenues.
 - Digitalization of enterprises, particularly in the government and banking sector that is expected to create a strong demand for cloud based computing solutions.
 - The availability of high-end IT infrastructure in the country coupled with 5G internet speeds provides additional opportunities for expanding the countries ICT needs.
 - The availability of Kuwaiti satellites used for different purposes including R&D, Education and Scientific Research.

Source: ¹GlobalData, ²Kuwait Vision 2035 Development Plan

3.11.3 Cyber Security

Cyber Security also known as information technology security is securing computers, systems and networks from disruption by protecting them against damage to their hardware, software, or electronic data from malicious attacks caused by viruses, malwares, hacking and trojans.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Cyber Security spending globally is expected to increase to USD 1.75 trillion cumulatively for the period 2021 to 2025. It was merely USD 3.5 Bn back in 2004.¹
- Cybercrime losses globally has increased exponentially from USD 3 trillion a decade ago to USD 6 trillion in 2021. It is expected to cross USD 10.5 trillion by 2025.¹
- Kuwait has faced multiple Cyber Security issues in the past years with attacks on shipping, transportation firms and financial institutions.
- In light of the above, the government of Kuwait launched the National Cyber Security Strategy for the State of Kuwait for the years 2017-2020. The Strategy has mandated the creation of a National Cyber Security Centre to undertake a risk assessment analysis of 45 critical national infrastructure stakeholders.²
- As per the latest survey conducted by the Global Cyber Security Index in 2020, Kuwait ranked 65th out of 194 countries globally and 9th regionally in the Cyber Security.³
- Kuwait continues to be exposed to cyber attacks more so following the pandemic:
 - As per Trend Micro, Kuwait witnessed 1,305 cyberattacks in the first half of 2020 from which 1,228 attacks were spam emails, 8 malwares, and 69 threats and hyperlink addresses.⁴
 - As per Kaspersky, Kuwait witnessed 106,245 phishing attacks in Q2 of 2020.⁵



OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Several companies have taken cyber security seriously and hence conduct Vulnerability Assessment and Penetration Testing periodically as well as the Central Bank of Kuwait has mandated Cyber Security Independent Audits for all banks in Kuwait. This helps detect inherent limitations within the respective ICT systems so that corrective measures can be taken. Foreign Investors can seize opportunities within the Cyber Security solutions domain and provide optimal solutions locally that meet international standards.
- Foreign investors can also take advantage of opportunities within the training domain as employees need to be aware of Cyber Security threats and the mechanisms to avoid them.
- Providing training or workshops to employees of companies provides an attractive opportunity for foreign investors.

Source: ¹Einnews, ²OBG, ³International Telecommunication Union (ITU), ⁴Zawya, ⁵Arab Times

3.12 Media and Marketing Sector

Sector Overview

The Kuwaiti market has one of the largest phone and internet penetration rates in the region. The population is young, educated and technology savvy. Most of them have access to social media and other channels and thereby receive and consume a lot of information digitally. Considering the above and the potential for e-commerce and technology in Kuwait, companies/corporations have started migrating towards digital promotion of their products and services.

SUBSECTORS



Digital Media Marketing

Market to reach USD 250 Mn in 2021.



Digital Content Creation

Global Digital Content Creation market size is expected to reach about USD 38.2 Bn by 2030.



Online Portals and Application Stores

USD 900 Mn dedicated for nationwide initiatives to develop the country's digital ecosystem

There is a lot of potential in the country to provide services related to digital marketing, digital content creation as well as application development. The high internet penetration and information consumption provides an ideal situation for providing such services in the country.

3.12.1 Digital Media Marketing

Digital media marketing is the promotion of products and services and associated brands on the internet and through other forms of digital communication, which include Social Media Marketing (SMM), Search Engine Optimization (SEO), Search Engine Marketing (SEM), Email Marketing, Marketing Automation, Digital Advertising and Content Marketing.

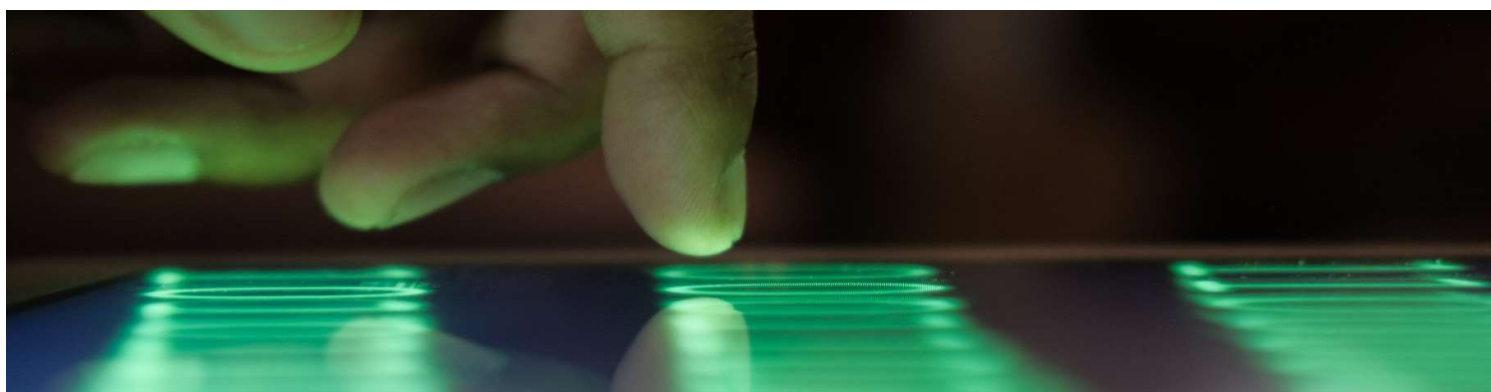
OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti population is highly educated and prefer to consume information over various digital multimedia platforms.
- In Kuwait, 99.6% of individuals use the internet while mobile cellular subscription was 178.5% per 100 inhabitants, thus having one of the highest mobile and internet penetrations globally.¹
- Kuwait had the third largest advertising expenditure in the GCC, with about USD 480 Mn in advertising spending in 2020.²
- While COVID-19 and its related restrictions caused the linear advertising sales to drop by 20% in 2020 to USD 260 Mn, digital advertising sales grew by 4% during the same period.²
- Existing players within the sector include international firms who mostly cater to in-house digital marketing requirements.
- The top 3 sectors in the MENA Region that use Digital Marketing to drive business includes Hygiene and Beauty care, Food and Telecommunication.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Linear advertising sales are expected to increase marginally in 2021 by 4%; however, digital advertising sales are expected to accelerate by more than 10% in 2021 to reach USD 250 Mn.²
- Digital advertising sales are expected to have double digit growth in 2021.²
- The digital advertising space is in its growth phase and has immense potential considering the fact that 97.7% of the individuals utilize the internet on a daily basis.³
- 95.1% of the individuals have social media accounts and the high penetration of social media platforms such as Facebook, Twitter, Snapchat and Instagram coupled with the adoption of multimedia platforms like WhatsApp also provide opportunities within the digital marketing sector.³

Source: ¹CITRA, ²Magna Intelligence, ³IPSOS Group



3.12.2 Digital Content Creation

Digital content creation is the ability to develop written or visual content about topics that appeal to potential consumers. Digital content includes e-books, videos, audios, movies, pictures, and infographics.

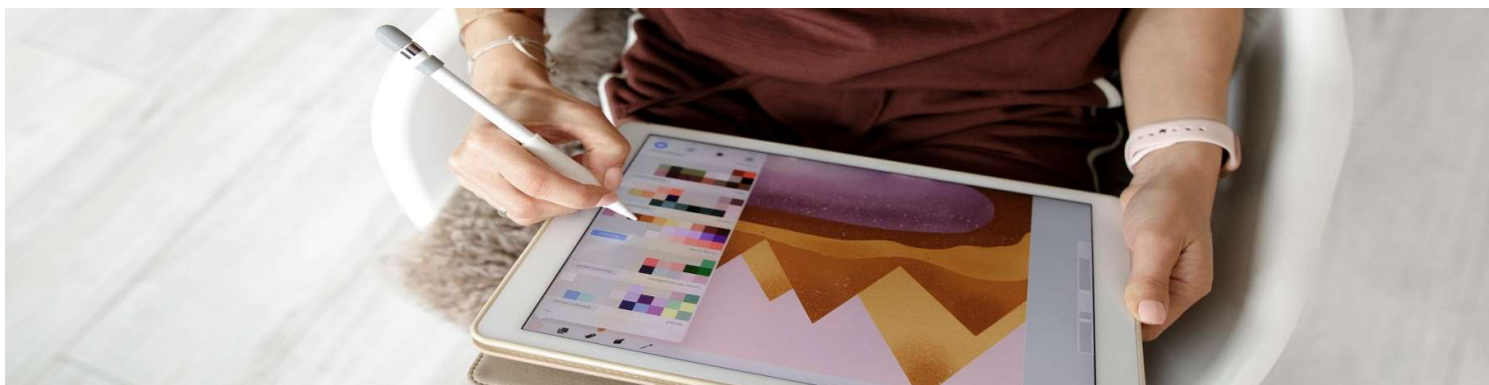
OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti population is very active on social media and is bombarded by a huge volume of digital content on a daily basis. In fact, 84% of households own a portable device such as laptops and tablets and 76.8% of households own at least one type of smart device such as a smart TV.¹
- The Kuwaiti population is very young (>50% is under the age of 35) most with access to wealth that enables them to own the latest gadgets in the market and access the best internet services available. Thus, there is a high appetite for digital content in the market.
- The advent of Netflix, Amazon Prime as well as TikTok and other interactive applications has created further scope for content creation and consumption in the market. In fact, the most used broadcast playback applications in Kuwait for 2021 was Tik Tok with 35.9% users, followed by YouTube with 32.5% and Netflix at 11.5%.²

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- While Digital Content Creation was introduced among companies trying to promote their products and services pre-pandemic, following the pandemic it has now gathered pace. In fact, the Global Digital Content Creation market size is expected to reach about USD 38.2 Bn by 2030 and is forecasted to grow at an annual growth rate of about 12%.³
- Digital Content Creation in Kuwait is at an emerging stage with few players prevalent in an expanding market.
- The market offers opportunities for investors to launch digital content creation software applications that could help them tap into the market.
- Opportunities are also available for hardware manufacturers to launch products in the market that are compatible with digital content software allowing for technological advances and product improvements.

Source: ¹CITRA, ²Arab Times, ³Presswire



3.12.3 Online Portals and Application Stores

Online Portals and Application Stores provide consumers with access to a large number of products and services. While online portals are usually web based, application stores give consumers the ability to download and operate applications separately onto a device.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has one of the largest internet and mobile penetration rates in the world with 99.6% of individuals using the internet. and mobile subscriptions at 178.5% per 100 inhabitants.¹
- Kuwait has dedicated over \$900M in the year 2020 specifically for nationwide initiatives that will directly contribute to a stronger digital ecosystem and transform the country's infrastructure.²
- Kuwait has witnessed substantial growth in e-commerce in the past years with a number of locals launching successful companies in Kuwait and the Middle East. Some of them include Talabat, Carriage, Boutiqat, Myfatoorah, Floward and Just Clean.
- A number of existing local and international businesses in Kuwait have also gone digital and launched online portals and applications to promote the sale of their products and services.
- The local population has willingly accepted e-payments as a mode of settling financial transactions, which has further boosted e-commerce in the country.
- A number of young Tech Entrepreneurs are launching new products and services in the market actively encouraged, financed, and supported by venture capitalists and the government.
- Following the pandemic, the government of Kuwait launched a number of its services digitally through portals and application stores thereby showing the intent to adopt technology in the public sector. The initiatives include applications such as Sahel, Shlonik, Kuwait Mosafer, Kuwait Mobile ID and Immune.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait has a young population which is educated, well informed and decisive in adopting new technology. They will ensure sustained demand for products and services launched in the digital domain.
- Investors have opportunities to participate as venture capitalists with entrepreneurs in Kuwait, funding the initial stage of the business during the growth phase and exiting at high valuations when the business becomes viable in the future.
- Investors also have the opportunity to self-finance their own ventures and launch products and services digitally in sectors most promising in Kuwait as well as acquiring successful ventures.

Source: ¹CITRA, ²KFAS

