



INVESTING IN  
**KUWAIT**

A GUIDE FOR  
INVESTMENT OPPORTUNITIES

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# PREFACE



# EXECUTIVE SUMMARY

This booklet is a formal guide for foreign and local investors to maneuver the investment environment of Kuwait.

As of 2020, Kuwait has the world's 6<sup>th</sup> largest oil reserve and 3<sup>rd</sup> largest sovereign fund. Kuwait Vision 2035 Development Plan envisions the country as a diversified economy and the Middle East's Financial and Trading hub. The wide development initiatives taken by the Government are its assurance to international investors about the attractive opportunities Kuwait has to offer.

KDIPA, as the Government Direct Investment arm, is actively involved in several projects that will ensure the realization of Kuwait's development. It clearly realizes the urgency of involving private investors to participate in the country's infrastructural development that will ensure effectiveness and efficiency in the timely delivery of projects.

The intention behind this investment guide is to convey information on the most attractive sectors within Kuwait. Further information is drilled down to the most prominent sub sectors in each sector and concludes with the opportunities for investment.

Kuwait has a very young population with 50% of the population below the age of 35. Kuwait was ranked first in the Arab world and 27<sup>th</sup> globally on the Global Youth Development Index for the year 2020 by the Commonwealth of Nations.

The young population is a lifeline that will drive the economy in the coming years. The government of Kuwait understands the potential of its youth and intends to do everything in its power to create an enabling environment that will empower its youth who will sustain the country in the years to come.

Thus, the Government of Kuwait actively seeks the participation of the Private Sector in the development of the country. The Government initiatives in each sector as well as the opportunities that these initiatives have created for investors are emphasized in the guide. It is self-evident that the opportunities are manifold and attractive, providing potential for reaping healthy returns from investments.

# GLIMPSE OF KUWAIT

**Name of Country**  
The State of Kuwait

**Capital City**  
Kuwait City

**Government**  
Constitutional Hereditary Emirate with a democratically elected parliament

**Head of State (Amir)**  
His Highness Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

**Population**  
4.63 Mn (June 2021)

**Language**  
Arabic, English is also widely used, particularly as a business language

**Area**  
17,818 Square Kilometers

**Climate**  
Temperatures can go below 0°C in winters and above 50°C in summers. Mean temperatures range between 7.2°C to 20.7°C in winters and 27.5°C to 44.6°C in summers.

**Currency**  
Kuwaiti Dinar (KWD or KD), sub-divided into 1,000 Fils (1 USD equals approximately 301 Fils as per the average exchange rate in 2021)

**GDP**  
USD 117,979.1 Mn (2020)

**GDP Per Capita**  
USD 24,223.02 (2020)

**Value of Total Exports**  
USD 30,409.3 Mn (2020)

**Value of Total Imports**  
USD 18,226.9 Mn (2020)

**Annual Inflation Rate**  
The inflation rate measured by the Consumer Price Index (CPI) came up to 3.2% in (2021) as compared to an increase of 2.1% in (2020)

**Time Zone**  
GMT +3 hours

**Country Code**  
+965



# 1

## WHY KUWAIT?

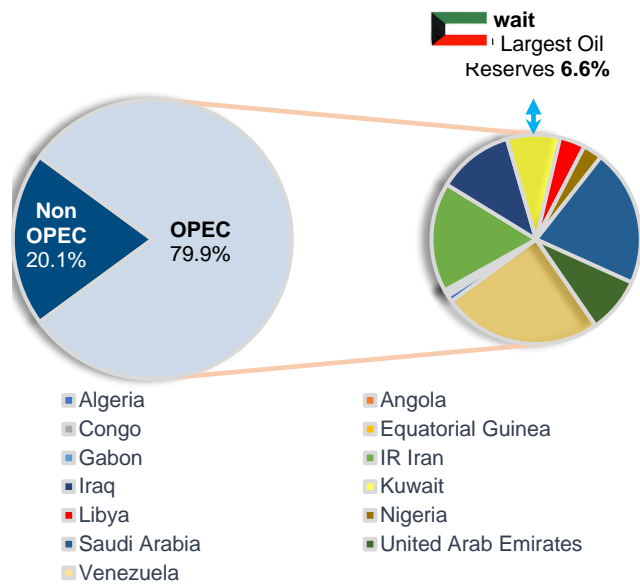
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## 1. Large oil reserves and resultant resources

Kuwait was a strategic pearls trade port between Mesopotamia and India before the discovery of oil. The State of Kuwait has one of the largest oil reserves globally. As per the statistics published in 2021 by the Organization of the Petroleum Exporting Countries (OPEC), Kuwait's oil reserve is estimated at 101.5 Bn barrels in 2020 making it the 6th largest in terms of oil reserves worldwide. Kuwait discovered oil in 1938 and its first shipment of oil was in 1946.<sup>1</sup> Ever since then, it has been selling oil and its byproducts globally. The proceeds it receives from oil has provided it with a historical budgetary surplus and has helped build the country.

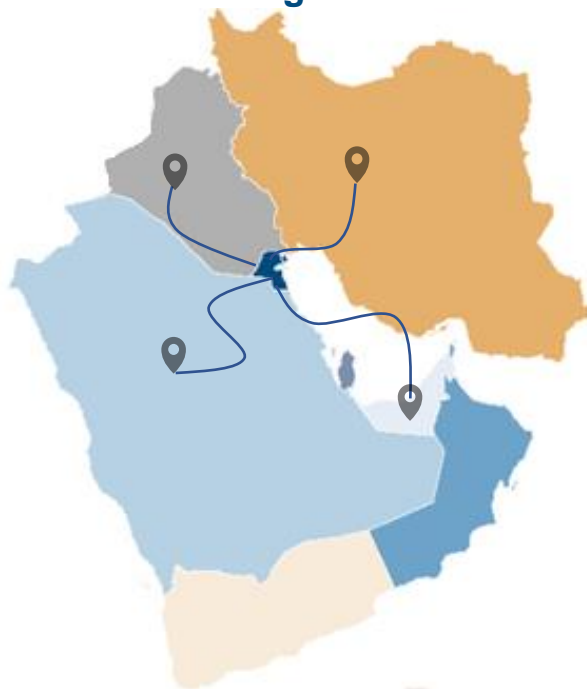
Kuwait Sovereign Wealth Fund is the world's oldest sovereign wealth fund established in 1953. A substantial amount of Kuwait's wealth is diverted into the Kuwait Sovereign Wealth Fund, which is the 3<sup>rd</sup> largest globally and estimated by the Sovereign Wealth Fund Institute at USD 692.9 Bn in 2021.<sup>2</sup> The fund invests in global financial assets, the benefits of which are to be gained for the current and future generations of Kuwait.



## 2. Strategically located within the Middle East region

Kuwait is strategically located on the global map with access to land, air, and sea, which provides it with immense potential to carry on international trade. Its land borders 2 major economies including the KSA and Iraq, while its 290 km coastline provides it with direct access to Iran.

Its relationship with the KSA as a fellow member of the Gulf Co-Operation Council (GCC) and its improving ties with Iraq has provided it with opportunities to boost trade, economy, and investment. Kuwait's infrastructure including its seaports and airports provide it access to important energy consuming Asian markets including China and India as well as Europe. A number of upcoming roads, sea and air transport projects have been undertaken by the government in line with Kuwait Vision 2035 Development Plan, which will improve trade and connectivity locally and internationally.



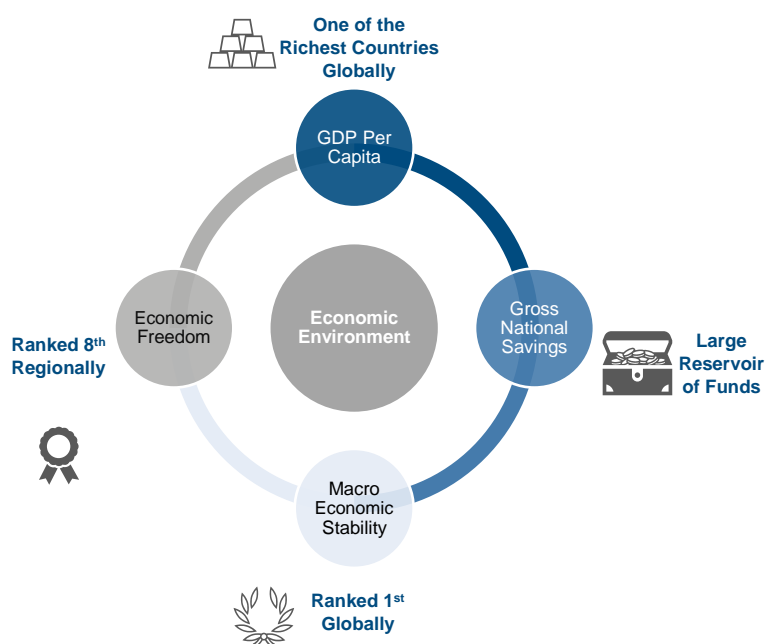
### 3. Enabling economic environment

- Kuwait is one of the richest countries in the world. The GDP per capita as per the International Monetary Fund for the year 2020 was estimated at USD 24,223.02.<sup>3</sup>

- The Gross National Saving of Kuwait as per the International Monetary Fund were estimated at USD 47.5 Bn in 2019, and thus signifying a strong ability to disburse funds for investment purposes within the country.<sup>3</sup>

- As per the Global Competitiveness Index survey conducted by the World Economic Forum for the year 2019 (latest survey), Kuwait ranked 1<sup>st</sup> globally in terms of Macro Economic Stability. The rating was provided based on two parameters, which include inflation as well as debt dynamics.<sup>4</sup>

- As per the 2021 Index of Economic Freedom, Kuwait ranked 8<sup>th</sup> regionally and 74<sup>th</sup> globally in terms of economic freedom. Kuwait scored extremely high on two parameters including Tax burden and Fiscal Health. Taxes in Kuwait are non-existent for local companies with foreign companies being taxed at a flat 15% corporate tax. Further, Kuwait has maintained its Fiscal Health by keeping public debt at very low levels, i.e., 11.6% of GDP and hence is not burdened by borrowings to service its expenditures.<sup>5</sup>



#### 4. Investor friendly laws promoting FDI

The government of Kuwait understands that dependence on oil for economic development is not sustainable in the near future. One of the ways forward was to encourage the participation of foreign investment into the country.

Hence, a new law was issued called the Law for Promotion of Direct Investment in the State of Kuwait (Law No. 116 of 2013), which replaced Law No. 8 of 2001.

The law was to be administered by Kuwait Direct Investment Promotion Authority (KDIPA), which was established in 2013.

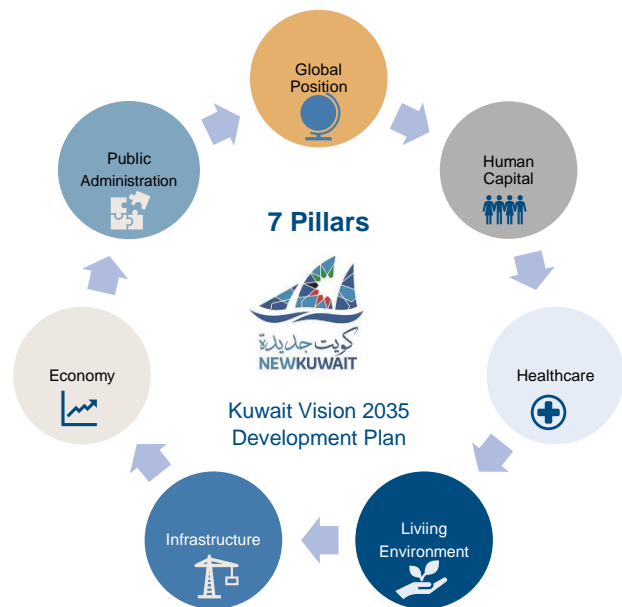
The greatest advantage to foreign investors from the new law is the ability to own 100% of a business entity as well as benefiting from incentives and guarantees with certain exceptions for activities listed under KDIPA negative list.<sup>6</sup>



#### 5. Kuwait Vision 2035 Development Plan and associated infrastructural projects

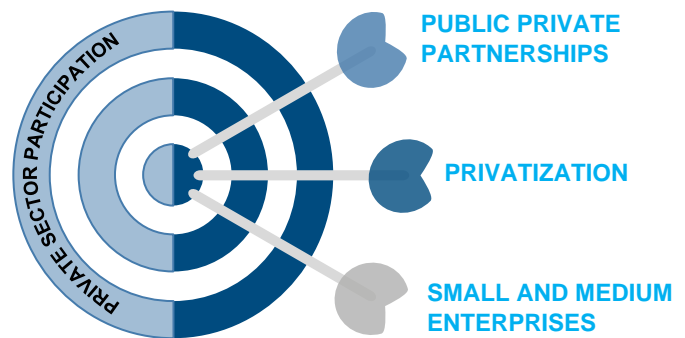
His Highness the Late Amir of Kuwait, Sheikh Sabah Al Ahmad Al Sabah, had envisioned a new Kuwait by 2035. The Kuwait Vision 2035 has seven pillars including Global Position, Human Capital, Healthcare, Living Environment, Infrastructure, Economy and Public Administration. The third master plan of Kuwait Vision 2035 Development Plan at an estimated USD 103 Bn has prioritized several projects of national interest within the country specific to infrastructure.<sup>7</sup>

Some of the projects concerned include roads, ports and airport infrastructure, water, power and social infrastructure, a metro and national rail network. Foreign Investors are expected to be the biggest beneficiaries of these infrastructural projects through PPP or Privatization models as they hold the essential operational and technical capabilities to deliver infrastructure projects on the same scale of requirement.



## 6. Private sector participation in Kuwait's economic diversification

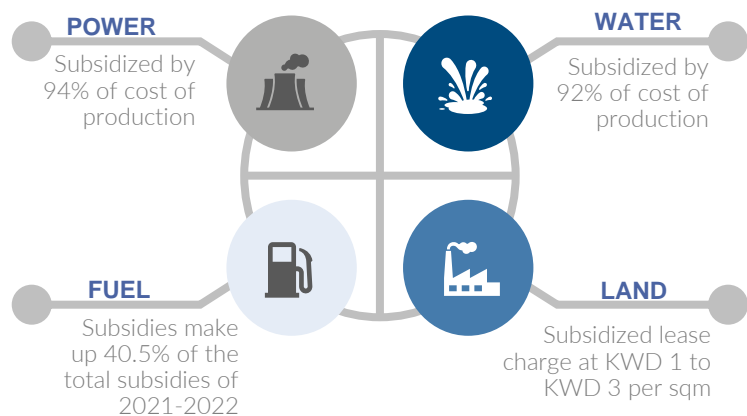
The government of Kuwait has realized that the progress of the country and its diversification cannot be achieved only through government initiatives but by the increasing participation of the private sector. The Private Sector brings in knowledge, speed, and efficiency in implementing and operating projects unmatched by the Public Sector.



Increasingly, the Government of Kuwait has involved private companies in developing various projects, which are part of Kuwait Vision 2035 Development Plan. Most of these projects are tendered by the government to the private participants on a Public Private Participation (PPP) basis. Further, Private Sector participation is also sought through privatization of public sector projects. The National Fund for Small and Medium Enterprises Development (NFSME) was set up by the government in April 2013 through the enactment of law number 98 of 2013 for encouraging the growth of Small and Medium Enterprises (SME) in the country through supporting private entrepreneurship. The NFSME was incorporated with a capital of USD 6.64 Bn.<sup>8</sup> The budget allocated in 2021-2022 for the NFSME was USD 31.8 million.<sup>9</sup>

## 7. Supporting business through subsidization

The State of Kuwait passes on several benefits to its nationals and residents through subsidization. Such subsidization will ensure cost competitiveness of products or services provided within the Kuwaiti market. Some of the items subsidized include the below:



**Power:** Power is subsidized up to 94% of the cost of production.<sup>10</sup>

**Water:** Water is subsidized up to 92% of the cost of production.<sup>11</sup>

**Fuel:** Fuel subsidies make up 40.5% of the total subsidies of USD 2,792.5 million allocated in the Kuwait General Budget of 2021-2022.<sup>9</sup>

**Land:** Land for industrial purposes is subsidized in designated areas for a lease charge of KWD 1 per sqm and for commercial purposes at KWD 3 per sqm.<sup>12</sup>

The above are considered to be essential when setting up factories/production lines and investors in such businesses can reap the advantages of such subsidies.



## 8. Robust and competitive financial services

In 1962 law no. 37 was issued by Kuwait to organize a securities exchange for trading in shares of companies incorporated outside of Kuwait. In 1977 the Kuwait Stock Exchange was established and Kuwait became a pioneer in the financial services sector in the GCC as the first country to have a formal stock exchange. In 1983 an Amiri Decree was issued to reorganize the Kuwait Stock Exchange as an independent market operator and regulator.<sup>13</sup> Having borne the impact of the 2008 economic recession, the Government of Kuwait set up an independent authority for regulating capital markets in Kuwait, namely the Capital Market Authority (CMA) based on Law No. 7 of 2010. The CMA today is an integral part of Kuwait's financial market setup overseeing all transactions under its purview under the financial services sector. Further, as per Law No. 7 of 2010, Kuwait Stock Exchange was privatized in 2019 and is now called Boursa Kuwait.<sup>14</sup> Boursa Kuwait has played an important role in the development of Kuwait's capital markets and the diversification of the national economy, in line with the goals of Kuwait Vision 2035 Development Plan by introducing innovative investment tools, increasing transparency, and restructuring the market to increase its competitiveness and liquidity.

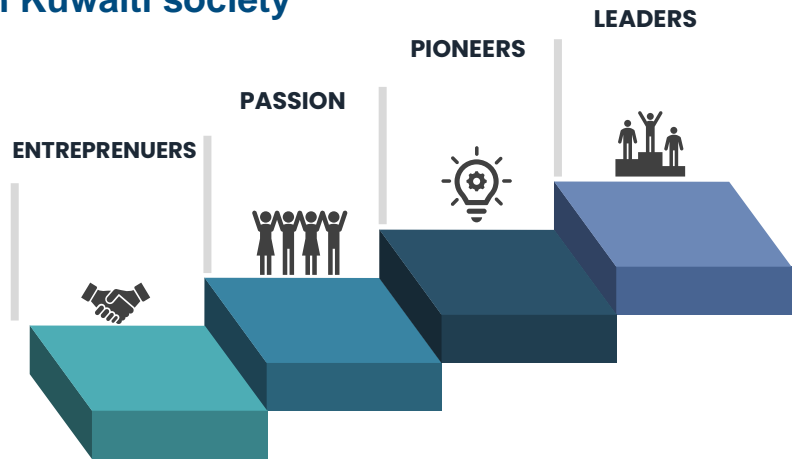
Boursa Kuwait has made a number of strides to achieve recognition among global peers by adopting the FTSE Industry Classification Benchmark. Further, Boursa Kuwait also completed the Kuwaiti capital market's inclusion into the MSCI Emerging Markets Indices. Boursa Kuwait permits foreign investors to trade on the exchange.<sup>13</sup>

Kuwait financial services sector is also sustained by a robust banking sector and is supervised by the Central Bank of Kuwait. The banking sector has around 22 banks which include 10 commercial banks, 11 foreign commercial banks and 1 specialized local bank.<sup>15</sup> The banking sector has evolved with time with most services being provided electronically through technological innovation. Banks provide financing to Foreign Investors under guarantees as long as they are registered in Kuwait.



### 9. Entrepreneurial culture in Kuwaiti society

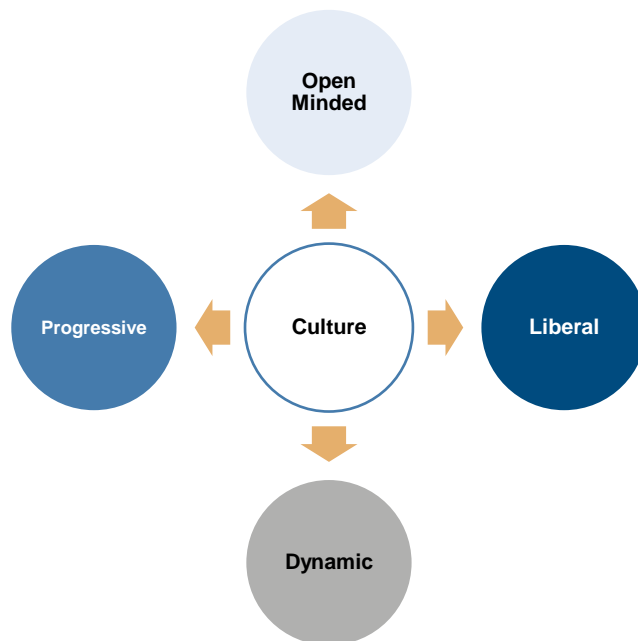
Kuwait is a small country; however, Kuwaitis think big and are passionate about entrepreneurship. Kuwaiti business families have been pioneers and leaders in various businesses among the telecom, retail, logistics and financial services sectors. Kuwait’s entrepreneurial skills has evolved drastically during the COVID-19 pandemic as many businesses have achieved successful outcomes in spite of a challenging environment.



Innovation in technology particularly FinTech has encouraged a number of young Kuwaitis to take on the roles of businessmen. The Kuwaiti Government has supported many businessmen to start new ventures particularly through the NFSME that provides funding at economical rates including consulting, incubation, and land survey services.

### 10. Conservative society with a progressive outlook

Kuwaiti society is built on traditional Islamic Values; however, it offers an accommodating view to new concepts and systems that are beneficial to the society. Kuwaitis have always been very welcoming to expatriates and hold them in high regard for the value that they bring to the country. Certain benefits from Kuwait’s welfare system are provided to expatriates especially related to healthcare and related services in government run hospitals and clinics. English is widely read, spoken, and understood by the locals. As of June 2021, Kuwait’s population was 4.63 million, from which 1.47 million were Kuwaitis and 3.16 million were non-Kuwaitis. Non-Kuwaitis in the country comprise of more than 100 different nationalities.



Source: <sup>1</sup>OPEC, <sup>2</sup>Sovereign Wealth Fund Institute, <sup>3</sup>International Monetary Fund, <sup>4</sup>World Economic Forum, <sup>5</sup>Heritage Research, <sup>6</sup>KDIPA, <sup>7</sup>Kuwait Vision 2035 Development Plan, <sup>8</sup>NFSME, <sup>9</sup>MOF, <sup>10</sup>Multidisciplinary Digital Publishing Institute, <sup>11</sup>Gulf Research Center, <sup>12</sup>Public Authority for Industry, <sup>13</sup>Boursa Kuwait, <sup>14</sup>CMA, <sup>15</sup>CBK

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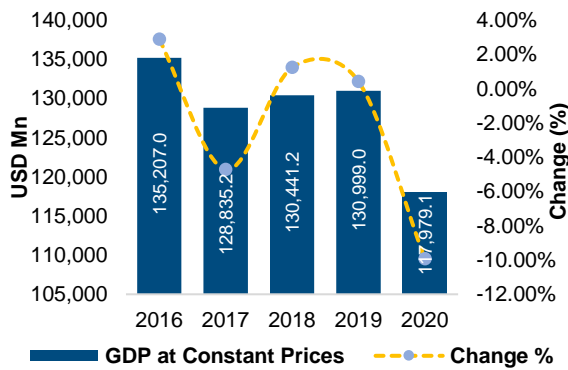
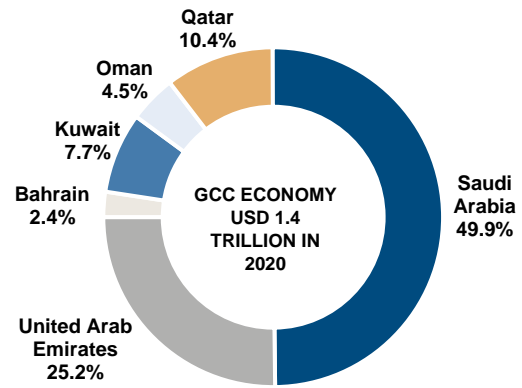
## MACRO ECONOMY OF KUWAIT

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### Economic Size<sup>1</sup>

Kuwait is considered the fourth largest economy of the Gulf after the KSA, the UAE and the State of Qatar contributing an estimated 7.67% of the GDP of the GCC countries since 2020.



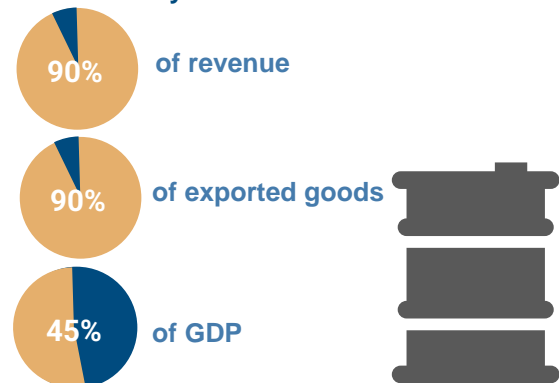
### Gross Domestic Product (GDP)<sup>1</sup>

The GDP at constant prices fell from USD 130,999 Mn in 2019 to USD 117,979.1 Mn in 2020, a fall of nearly 9.9% as compared to a growth of 0.4% between the years 2018 and 2019. The main reasons for the contraction of the economy were the drop in added value at constant prices of both the Non-Oil and Oil sectors by 10.5% and 9.4% respectively as a result of COVID-19.

### Dependence on Oil<sup>1</sup>

The Oil sector was dominant and accounted for about 45% of GDP, 90% of government revenues and more than 90% of the total export revenues in 2020. The Kuwaiti economy is heavily dependent on oil exports and is thus extremely sensitive to changes in oil prices. Kuwait is a member of the Organization of the Petroleum Exporting Countries (OPEC) and hence abides by the production targets set by OPEC whose main intention is to control and unify oil prices of member countries.

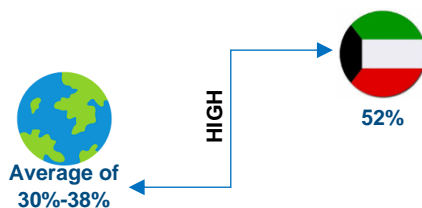
### Dominance of the oil sector is demonstrated by<sup>1</sup>:



### Current expenditure was<sup>1</sup>:



### Government spending to GDP ratio:



### Public Expenditure<sup>1</sup>

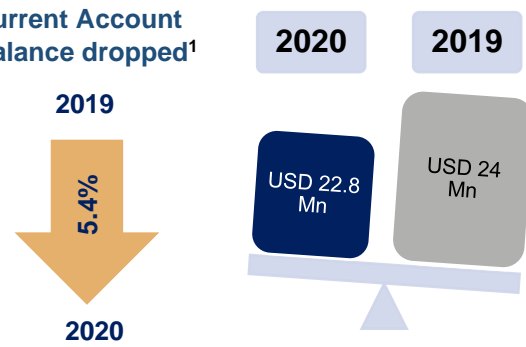
Public spending was very high at USD 70,233.6 Mn driven primarily by an accelerated increase in current expenditure that reached 88% of the overall actual expenditure in the 2019/2020 budget. Compensation of governmental employees at USD 25,200.3 Mn was the highest contributor to current expenditure at almost 40%.

Further, Government Spending to GDP ratio at 52% was one of the highest globally, which witnessed an average of only 30-38%.

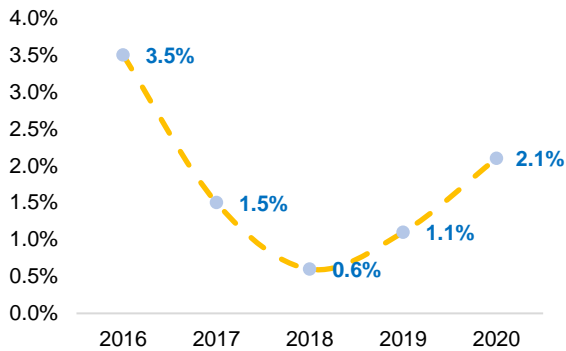
### Current Account Balances<sup>1</sup>

The current account of the State of Kuwait witnessed a surplus of USD 22,757.1 Mn for the first three quarters of 2020 as compared to USD 24,054.8 Mn for a similar period in the year 2019 representing a 5.4% decline.

### Current Account Balance dropped<sup>1</sup>



### Change in Consumer Price Index<sup>1</sup>



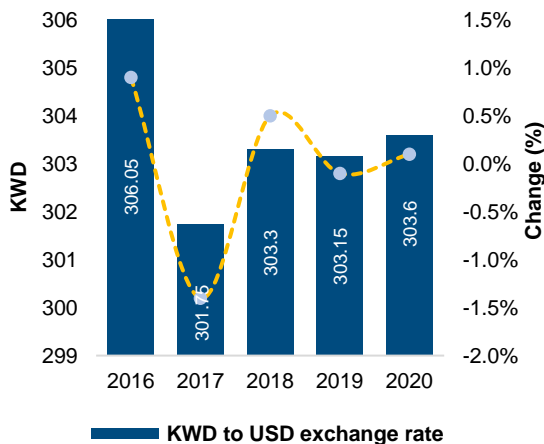
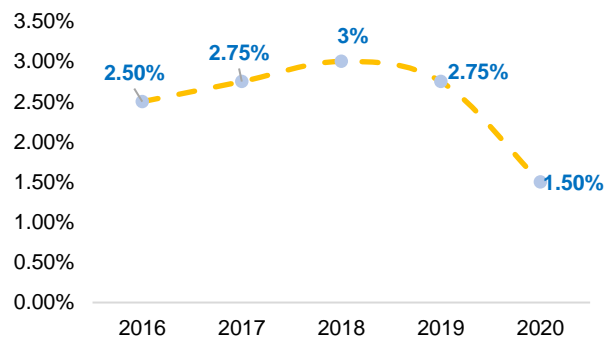
### Inflation<sup>1</sup>

Average inflation in Kuwait based on the general consumer price index increased from 1.1% in 2019 to 2.1% in 2020. This increase is attributed to the inflation in prices of particular products such as Food & Beverages, Furnishing equipment, Household Maintenance and Clothing & Footwear.

### Interest Rates<sup>1</sup>

The Central Bank of Kuwait Discount Rate fell from 2.75% in 2019 to 1.50% in 2020. The maximum annual interest rate on consumer / installment loans is three percentage points above the Discount Rate. The maximum annual contractual interest rate for all types of commercial lending and other lending was 2.5 percentage points above the Discount Rate for periods not exceeding one full year and 4 percentage points above the Discount Rate for periods exceeding a year.

### CBK Discount Rate<sup>1</sup>

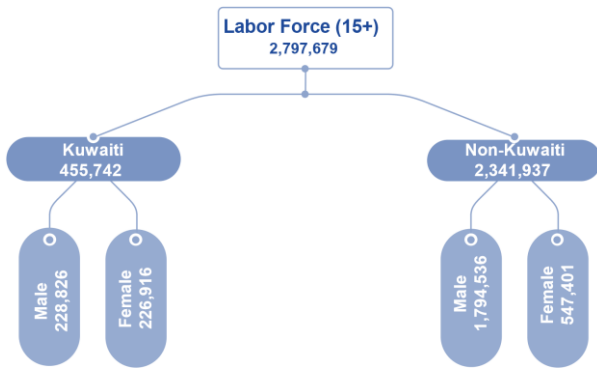
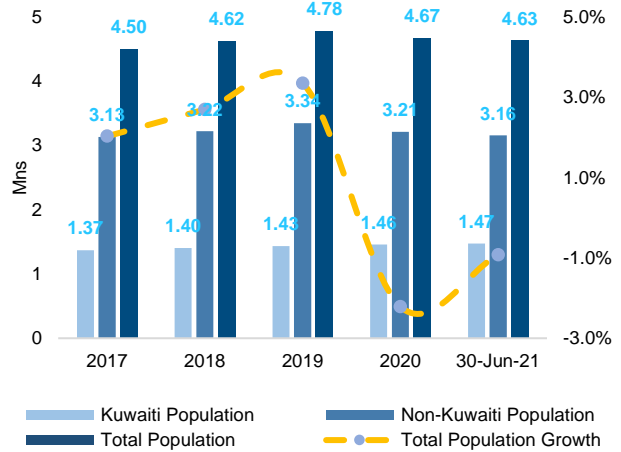


### Exchange Rates<sup>1</sup>

The Kuwaiti Dinar is pegged against an undisclosed weighted basket of currencies of countries with which it has substantial trade and financial relationships. By the end of 2020, the USD exchange rate against major currencies declined. However, the exchange rate against the KWD increased slightly by 0.45 Fils. While most currencies fluctuated widely against the USD during 2020 on a daily basis, the Kuwaiti Dinar fluctuated within relatively narrow margins at 2.3%.

### Population<sup>2</sup>

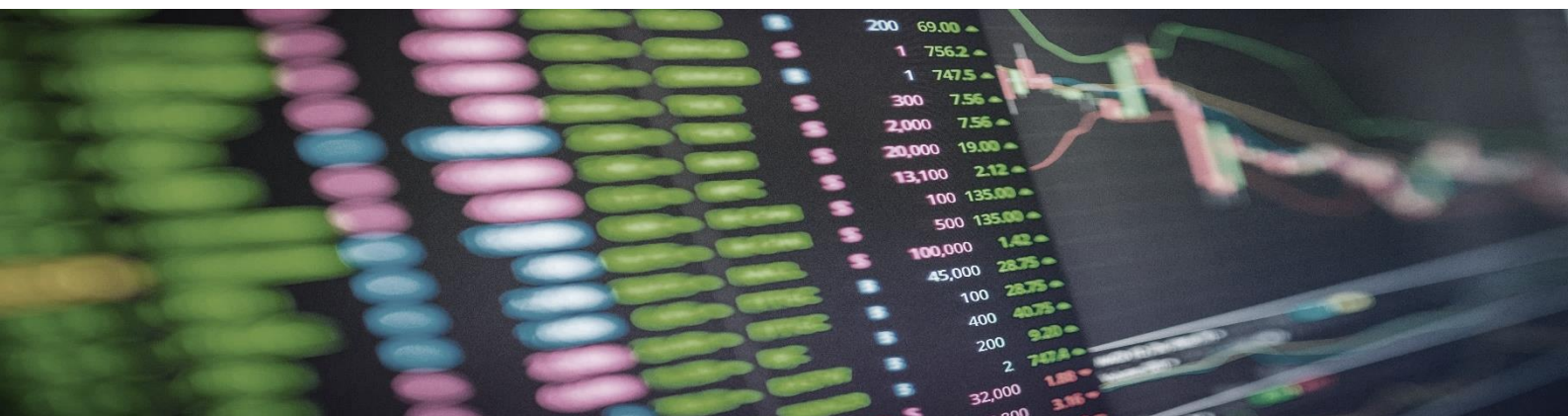
The population of the State of Kuwait declined by 2.2% in 2020 to 4.671 Mn as compared to a population of 4.776 Mn in 2019. The population continued to decrease in Kuwait till June 2021 at which time it was 4.63 Mn. The COVID-19 pandemic and measures taken by the government to correct the demographic imbalance resulted in a drop in the expatriate population of Kuwait. Kuwaitis represent 31.8% of the total population in June 2021 (equivalent to 1.47 Mn), whereas expatriates accounted for 68.2% of the total population for the same year (equivalent to 3.16 Mn).



### Employment<sup>2</sup>

As per the statistics of the labor force in Kuwait as of June 2021, the total labor force (15+) was approximately 2.8 Mn. It consisted of Kuwaiti labor force of approximately 455.7 thousand (229 thousand males and 227 thousand females) out of which 81% was employed in the public sector and expatriate labor force of approximately 2.34 Mn (1.79 Mn males, 547 thousand females) dominated mostly by blue collar manual laborers.

Source: <sup>1</sup>CBK, <sup>2</sup>PACI



# 3

## KEY SECTORS FOR OPPORTUNITIES

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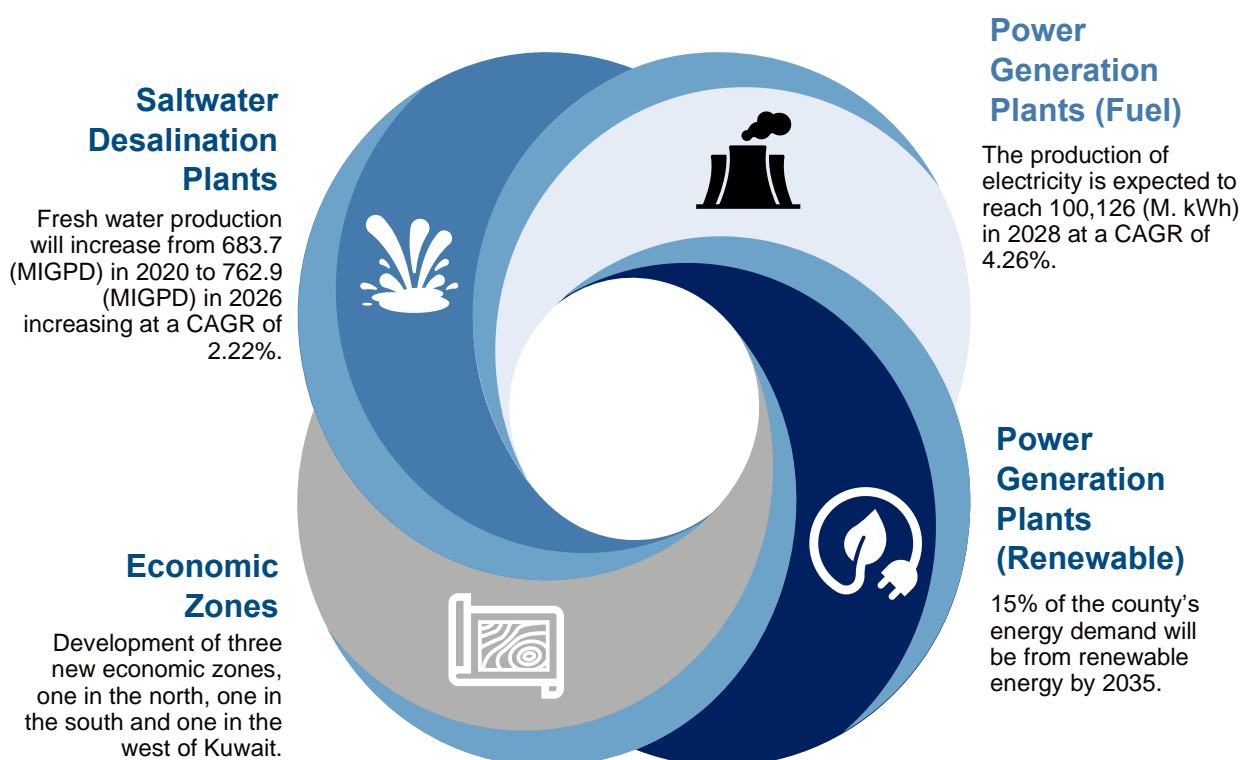


## 3.1 Infrastructure & Construction Sector

### 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 2020<sup>1</sup>:

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

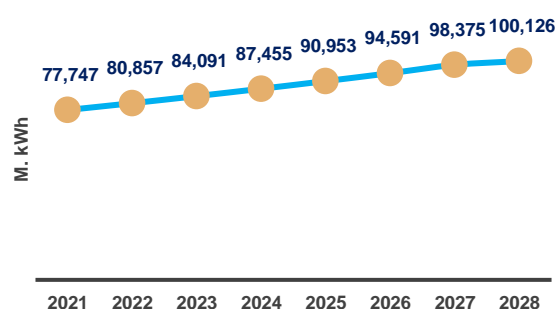
The rates are one of the lowest tariffs of electricity globally.

- 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 2020<sup>1</sup>. 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 Kuwait<sup>1</sup>:

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
<b>Total Capacity</b>	<b>20,153</b>

- 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%<sup>1</sup>.
- Kuwait peak load demand was 14,960 MW in 2020. The peak load was expected to increase to 20,474 MW by the year 2028<sup>1</sup>.

Projected Electricity Production



- 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 model<sup>2</sup>:

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 billion<sup>3</sup> 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: <sup>1</sup>MEW, <sup>2</sup>KAPP, <sup>3</sup>Energy and Utilities

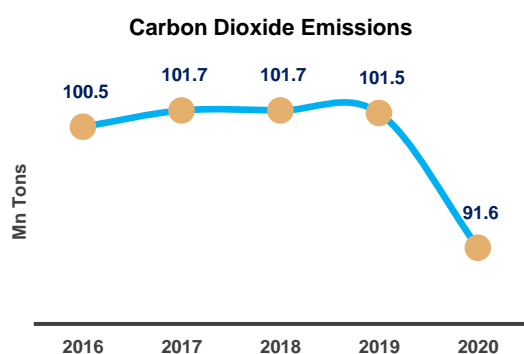


## 3.1.2 Power Generation Plants (Renewable)

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 CO<sub>2</sub>-eq in 2020<sup>1</sup> are expected to increase to 103.4 Mt of CO<sub>2</sub>-eq in 2035<sup>2</sup>. This increase is expected at an approximate annual rate of 1.1%, which is twice the average of global emissions.<sup>2</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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.<sup>2</sup>



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 basis<sup>4</sup>:

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: <sup>1</sup>British Petroleum, <sup>2</sup>Kuwait Institute of Scientific Research, <sup>3</sup>MEW, <sup>4</sup>Kuwait 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.

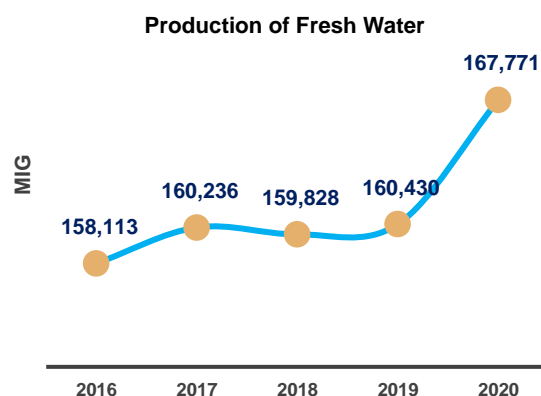
#### OVERVIEW AND FACTORS INFLUENCING THE MARKET

- 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.<sup>1</sup> In fact, the demand for fresh water in the GCC is expected to increase by 62% by the year 2025.<sup>2</sup>
- Kuwait stands as the 3<sup>rd</sup> 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 2020<sup>1</sup>:

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

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
<b>Total Capacity</b>	<b>683.7</b>

- 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 Kuwait<sup>1</sup>:
- 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 2016<sup>1</sup>.



- 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%<sup>1</sup>.

- 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 include<sup>3</sup>:

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.<sup>4</sup>
- 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: <sup>1</sup>MEW, <sup>2</sup>MEED, <sup>3</sup>KAPP, <sup>4</sup>Kuwait 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 below<sup>1</sup>:
- 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.

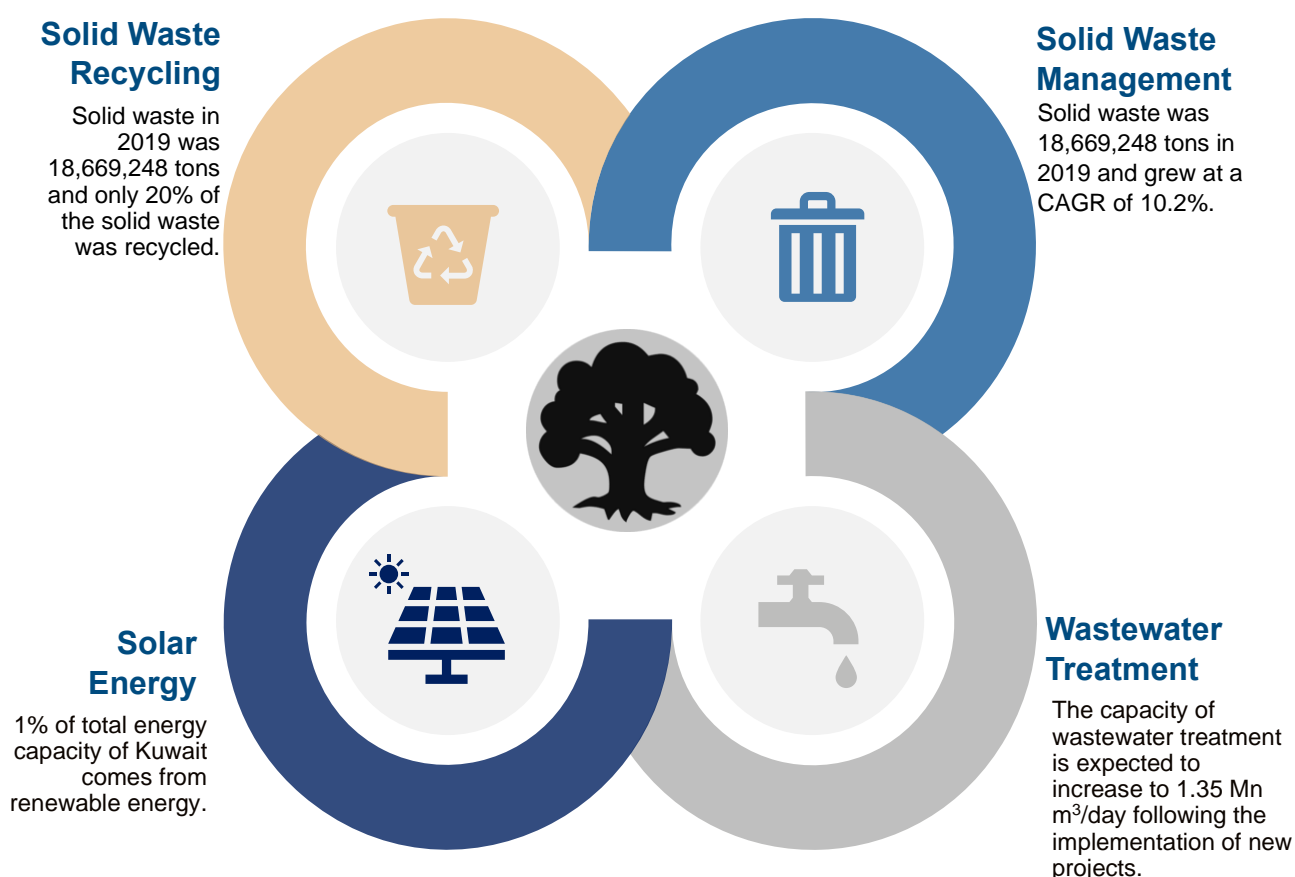
Source: <sup>1</sup>KDIPA

## 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.

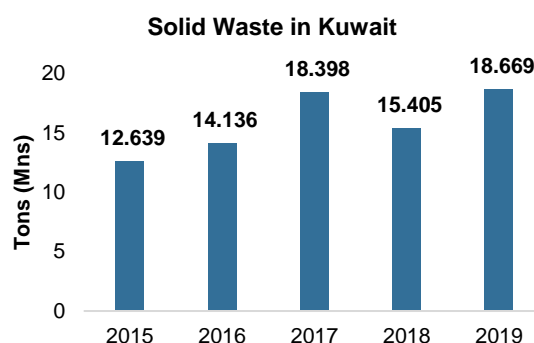
### OVERVIEW AND FACTORS INFLUENCING THE MARKET

- 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.<sup>1</sup>
- 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.<sup>2</sup>
- Most of the solid waste in Kuwait is dumped into landfills.

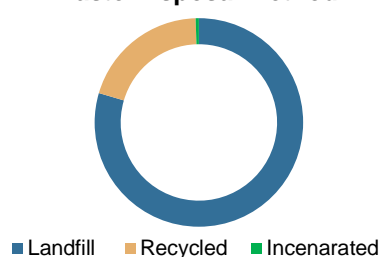
Some of the areas are as below<sup>2</sup>:

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

- 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.<sup>3</sup>



### Waste Disposal Method



### 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.<sup>4</sup>

- 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: <sup>1</sup>International Journal of Environmental Science and Development, <sup>2</sup>CSB, <sup>3</sup>KAPP, <sup>4</sup>Global Recycling



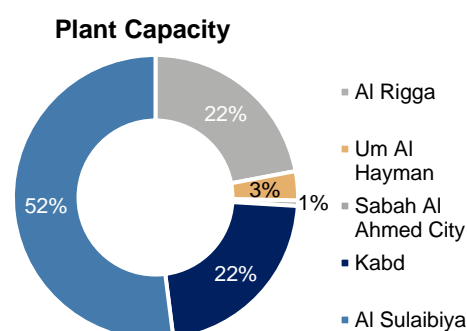
## 3.2.2 Wastewater Treatment

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.<sup>1</sup> 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 m<sup>3</sup>/d.<sup>1</sup> They include the below:

Treatment Plants	Operating Year	Design Capacity (1000 m <sup>3</sup> /day)	Average Water Treatment (1000 m <sup>3</sup> /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	-
<b>Total</b>		<b>817,000</b>	



Al Wafra station having a capacity of 6,000 m<sup>3</sup>/day is currently out of operation. On the other hand, Al Khairan Station with a capacity of 5,600 m<sup>3</sup>/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 m<sup>3</sup>/d which is being developed through Kuwait Authority for Partnership Projects (KAPP) on a PPP basis.<sup>2</sup>
- Further, the government of Kuwait is pursuing the increase of the capacity of Al Sulaibiya and Kabd plants to 600,000 m<sup>3</sup>/d and 250,000 m<sup>3</sup>/d respectively.<sup>3</sup>

### 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 reutilize 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 governments 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.

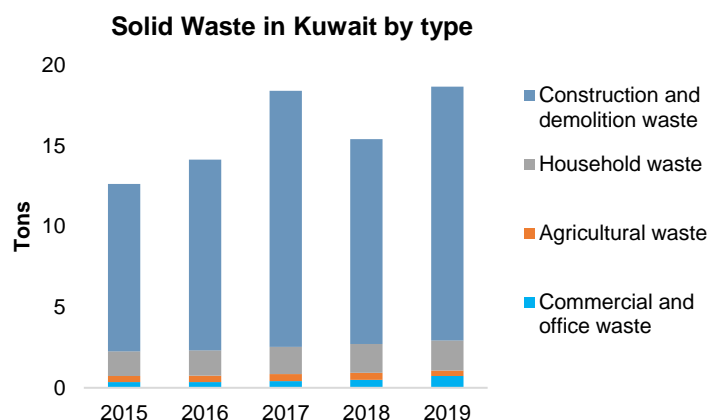
Source: <sup>1</sup>CSB, <sup>2</sup>KAPP, <sup>3</sup>KDIPA

### 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.<sup>1</sup> 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%<sup>1</sup> 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%<sup>1</sup> 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.<sup>2</sup>
- 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 considerately. 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.

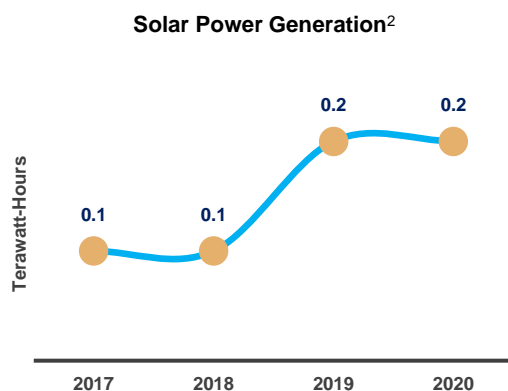
Source: <sup>1</sup>CSB, <sup>2</sup>KEPA

## 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%<sup>1</sup> of total energy capacity of Kuwait comes from renewable energy.



- During the 2021 United Nations Climate Change Conference, Kuwait has committed to<sup>3</sup>:
  - 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.<sup>4</sup>
- 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.<sup>2</sup>
- 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: <sup>1</sup>MEW, <sup>2</sup>British Petroleum, <sup>3</sup>KFAS, <sup>4</sup>AIQabas

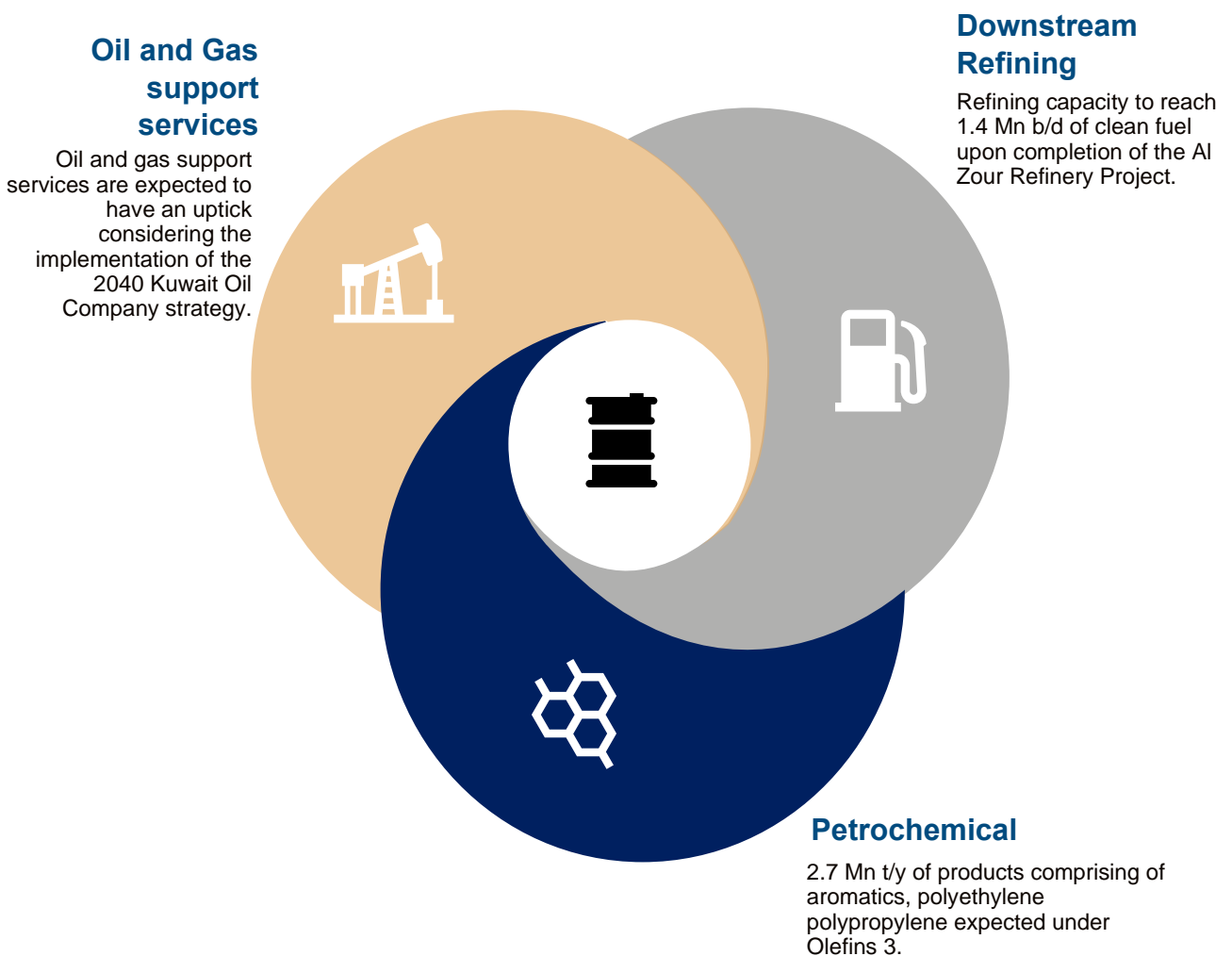


## 3.3 Industrial Oil & Gas and Downstream Chemical Production Sector

### 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.**

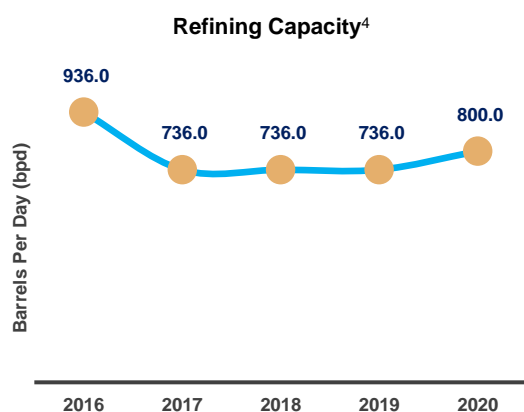
### 3.3.1 Downstream Refining

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.<sup>1</sup>
- 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.<sup>1</sup> 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.<sup>1</sup>
- As part of Kuwait Vision 2035 Development Plan, the government launched the Clean Fuels Project at a total cost of USD 15.5 Bn.<sup>2</sup> 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%.<sup>3</sup> 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.<sup>5</sup> 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.<sup>5</sup>
- 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.<sup>6</sup>
- 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: <sup>1</sup>KNPC, <sup>2</sup>Kuwait Vision 2035 Development Plan, <sup>3</sup>Fluor Corporation, <sup>4</sup>British Petroleum, <sup>5</sup>Hydrocarbons Technology, <sup>6</sup>MEED



## 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.

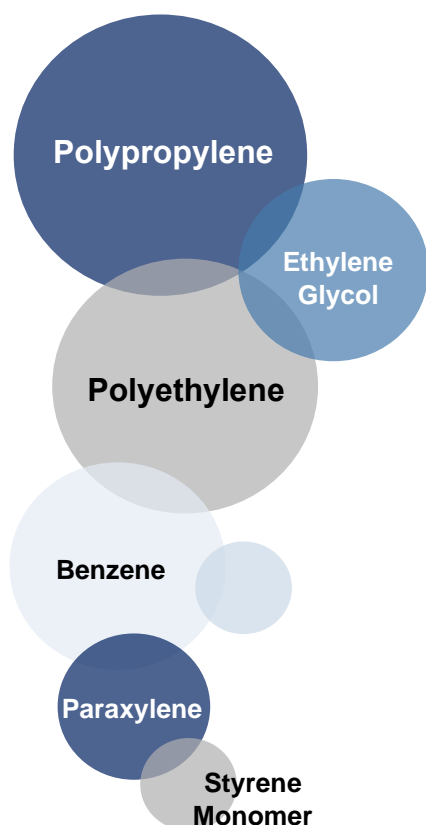
### OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The petrochemical infrastructure of the country is controlled and managed by the government through the Petroleum Industries Company (PIC) established in 1963.<sup>1</sup>
- 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 below<sup>3</sup>:

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%.<sup>3</sup> Equate today produces 5 Mn tons of petrochemicals a year and contributes to over 60% of Kuwait's non-oil export.<sup>2</sup>
- 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 below<sup>3</sup>:
  - 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%.<sup>3</sup>
- 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.<sup>3</sup>
- 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 QPIC<sup>3</sup>. 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.<sup>4</sup> 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: <sup>1</sup>PIC, <sup>2</sup>Equate, <sup>3</sup>OBG, <sup>4</sup>Kuwait 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.<sup>1</sup>
- 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.<sup>2</sup>

- 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.<sup>3</sup>
- 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.<sup>4</sup>
- 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.

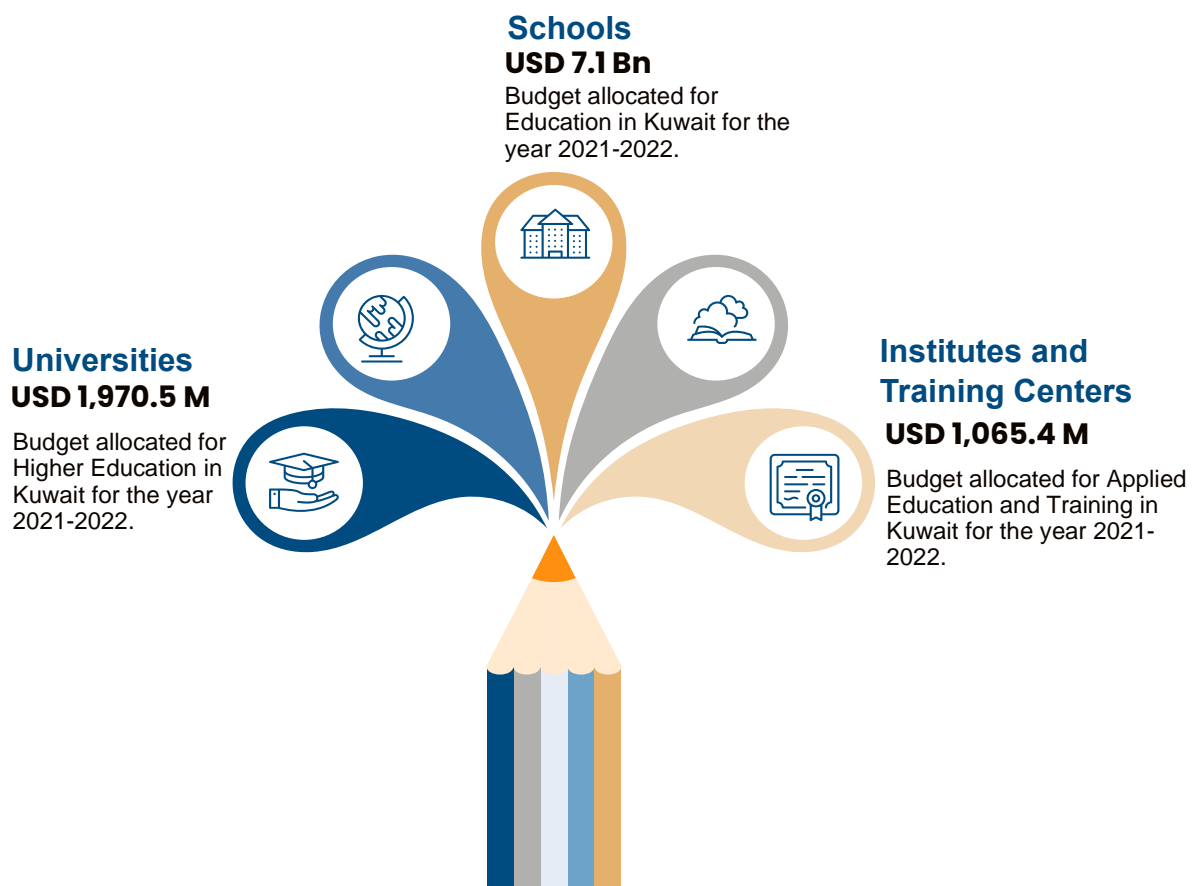
Source: <sup>1</sup>KOC, <sup>2</sup>Kuwait Times, <sup>3</sup>Hydrocarbons Technology, <sup>4</sup>Mordor Intelligence

## 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



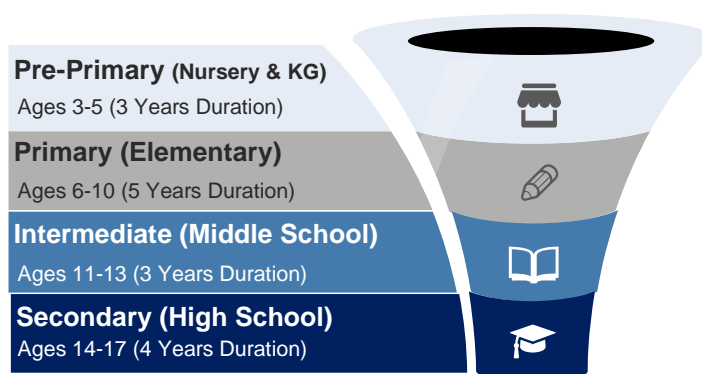
Currently, the participation of international schools in the Kuwaiti educational system is limited. This provides an opportunity for investors who operate prominent school brands and provide high quality accredited education to participate in the sector. Investors taking advantage of this requirement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

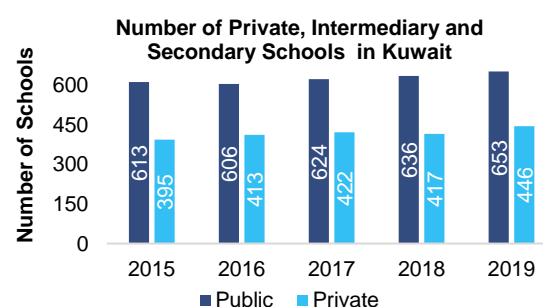
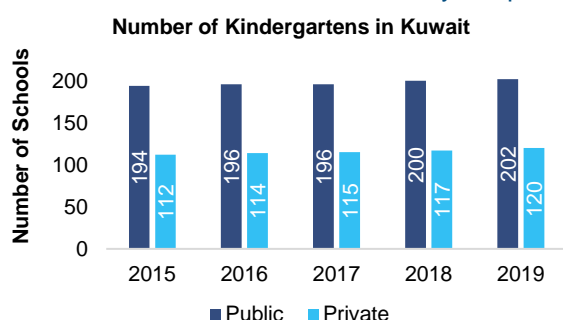
#### OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a population of approximately 4.63 Mn people. Approximately 24% of the population is within the age group of 0-19 years.<sup>1</sup>
- The population of Kuwait is highly literate with 97% of the population having the ability to read and write.<sup>1</sup>
- 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.<sup>2</sup>
- 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:

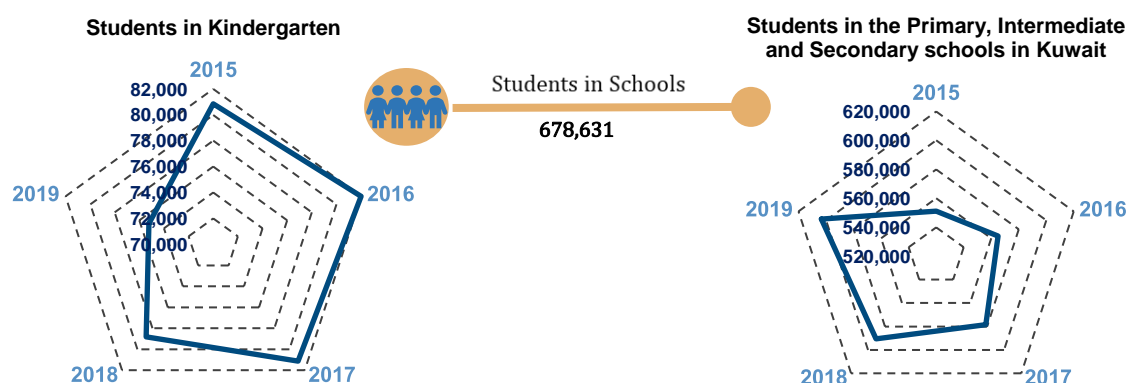


Education Levels	Public	Private
Pre-Primary	3-5 years	3-5 years
Primary	6-10 years	6-10 years
Intermediate	11-14 years	11-13 years
Secondary	15-17 years	14-17 years

- 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.<sup>3</sup>
- The number of schools in the country are provided below<sup>4</sup>:



- The number of students enrolled in the schools are provided below <sup>4</sup>:



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

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 <sup>6</sup>:

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 below<sup>7</sup>:

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



### 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.<sup>1</sup>

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

- 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 <sup>2</sup>	Kuwait University
	Abdullah Al Salem University
Private <sup>3</sup>	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**

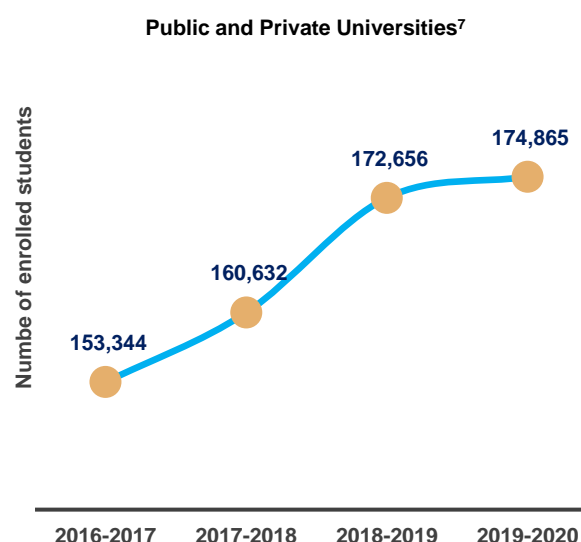
**USD 1,970.5 M**

**Budget expenditure**

**Scholarship for students  
2021/2022**

**USD 1,629.8 M**

**Budget expenditure**



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

Private<sup>3</sup>

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.<sup>4</sup>
- 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.<sup>5</sup>

## 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.<sup>6</sup> 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)<sup>1</sup> 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: <sup>1</sup>MOF, <sup>2</sup>MOHE, <sup>3</sup>PUC, <sup>4</sup>Kuwait Vision 2035 Development Plan, <sup>5</sup>PAHW, <sup>6</sup>PACI, <sup>7</sup>CSB

### 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.<sup>1</sup> 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.<sup>2</sup> 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 below<sup>3</sup>:
  - 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.<sup>4</sup> 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"> <li>• (CMSA) Capital Market &amp; Securities Analyst</li> <li>• Advanced Portfolio Management Professional</li> <li>• Investment and Portfolio Management</li> <li>• Portfolio Management Professional</li> </ul>	<ul style="list-style-type: none"> <li>• Certified Cloud Security Professional</li> <li>• Certified Information System Security Professional</li> <li>• Certified Data Professional</li> <li>• Certified Information Security Management</li> <li>• Oracle Database</li> </ul>	<ul style="list-style-type: none"> <li>• Project Management Professional</li> <li>• Certified Associate in Project Management</li> <li>• Certified ScrumMaster</li> <li>• Certified Project Management Partitioner</li> <li>• Master Project Manager</li> <li>• Certified Project Director</li> </ul>	<ul style="list-style-type: none"> <li>• Certified Financial Planner</li> <li>• Chartered Financial Analyst</li> <li>• Chartered Financial Consultant</li> <li>• Certified Fund Specialist</li> <li>• Certified Government Financial Manager</li> <li>• Certified International Investment Analyst</li> </ul>

## 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: <sup>1</sup>PACI, <sup>2</sup>MOF, <sup>3</sup>PAAET, <sup>4</sup>CSB



## 3.5 Healthcare and Pharmaceutical Production Sector

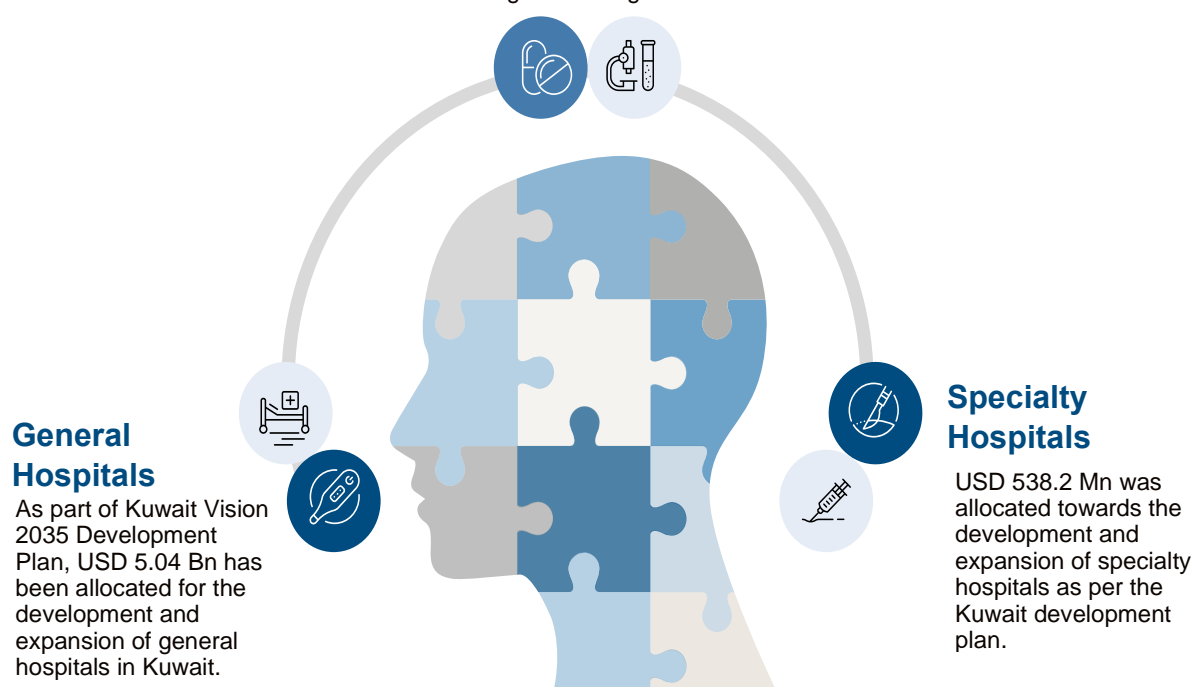
### Sector Overview

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.**

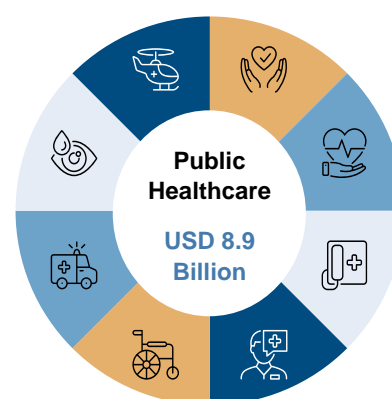
## 3.5.1 General Hospitals

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.<sup>1</sup> 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%.<sup>1</sup> 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.<sup>2</sup> 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

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.<sup>3</sup>



- 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.<sup>4</sup>
- There is a number of General and Private healthcare hospitals in Kuwait including the below:

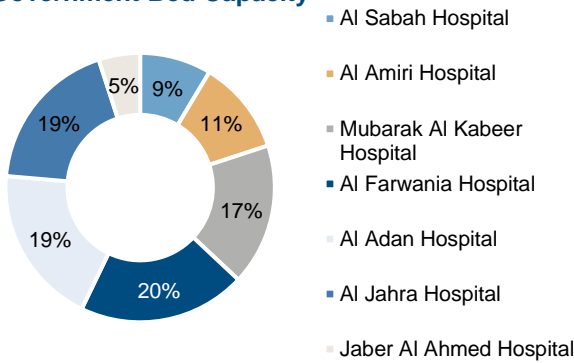
#### Government Hospitals<sup>5</sup>:

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
<b>Total</b>	<b>4,212</b>

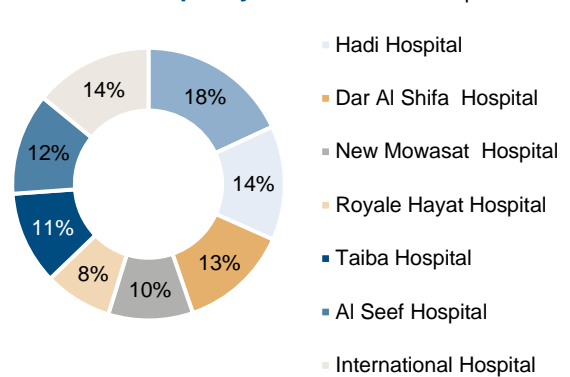
#### Private Hospitals:

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

**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 below<sup>14</sup>:

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.<sup>15</sup>

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



## 3.5.2 Specialty Hospitals

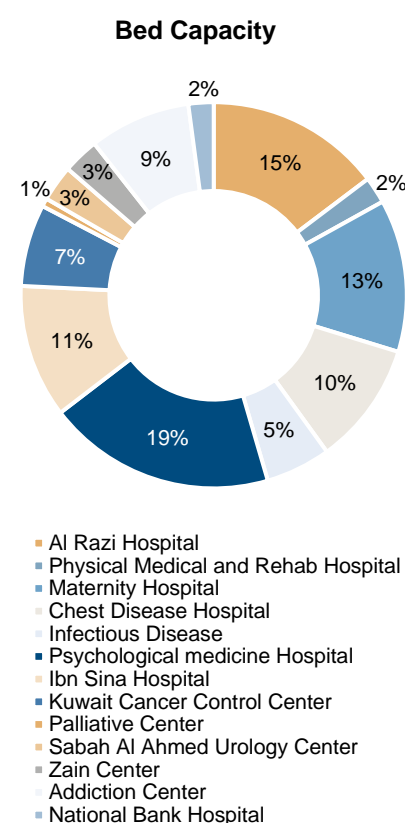
Specialty hospitals are hospitals that focus in treating specific medical conditions or ailments that require a very special set of skills from practitioners.

### 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.<sup>1</sup> As per the Global Obesity Observatory, Kuwait ranks 15<sup>th</sup> globally in terms of obesity among adult males, 14<sup>th</sup> globally for adult females. Obesity is also rampant among children with Kuwait raking 9<sup>th</sup> globally for obesity among male children thereby making it one of the most obese nations in the world.<sup>2</sup>
- 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 below<sup>3</sup>:

#### 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
<b>Total</b>		<b>3,178</b>



- 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.<sup>4</sup>
- 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 below<sup>5</sup>:

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: <sup>1</sup>WHO, <sup>2</sup>Global Obesity Observatory, <sup>3</sup>CSB, <sup>4</sup>OBG, <sup>5</sup>Kuwait Vision 2035 Development Plan

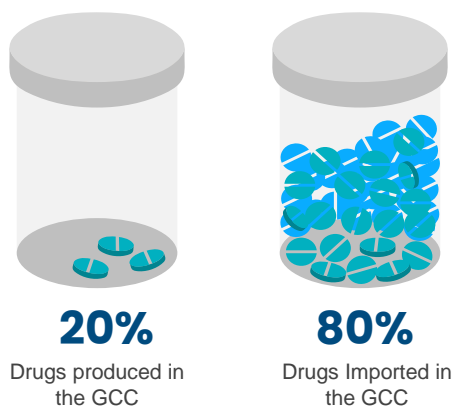
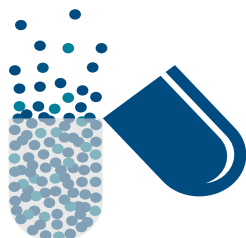


### 3.5.3 Pharmaceutical Manufacturing

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.<sup>1</sup> 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.<sup>2</sup>



- 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.<sup>2</sup>

- 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.

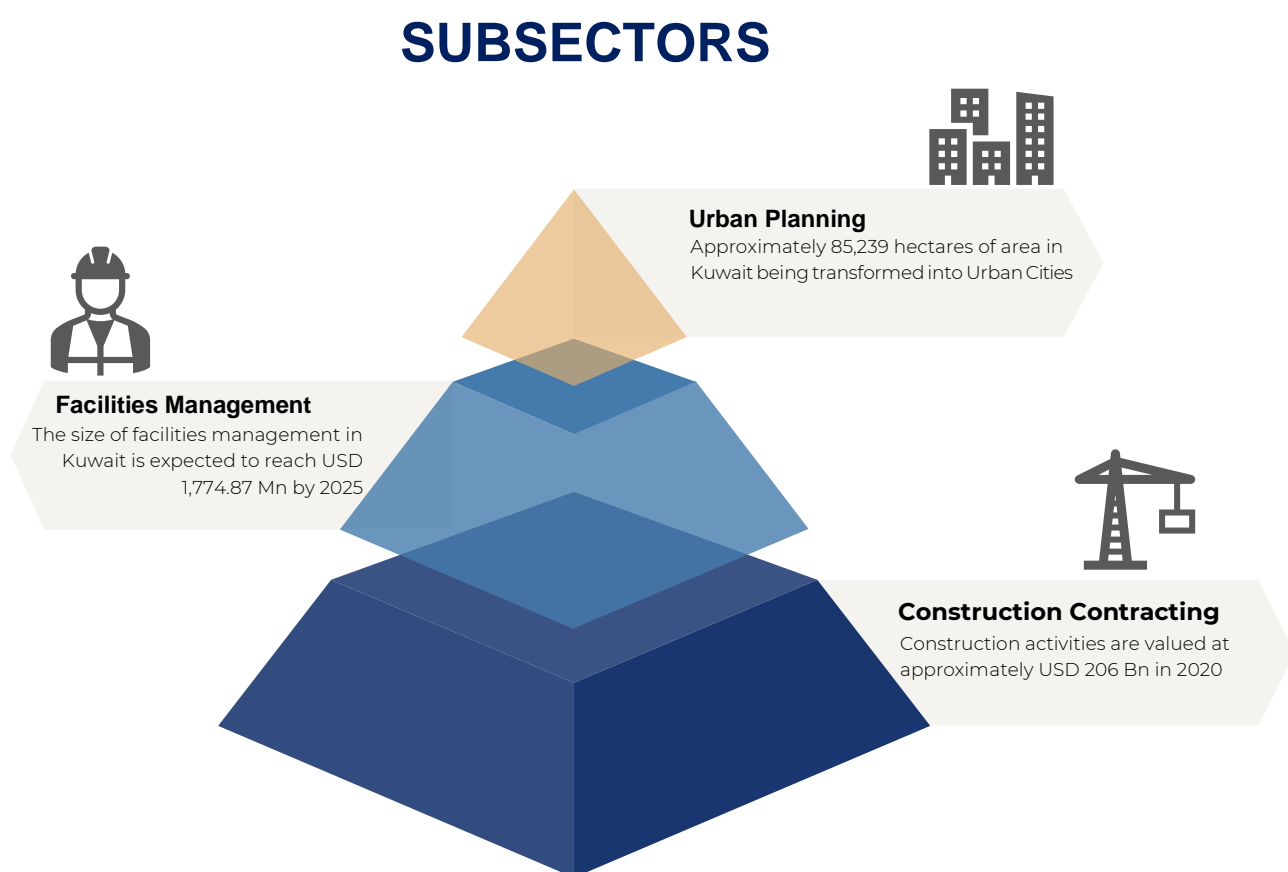
Sources: <sup>1</sup>Globe News Wire, <sup>2</sup>OBG



## 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.

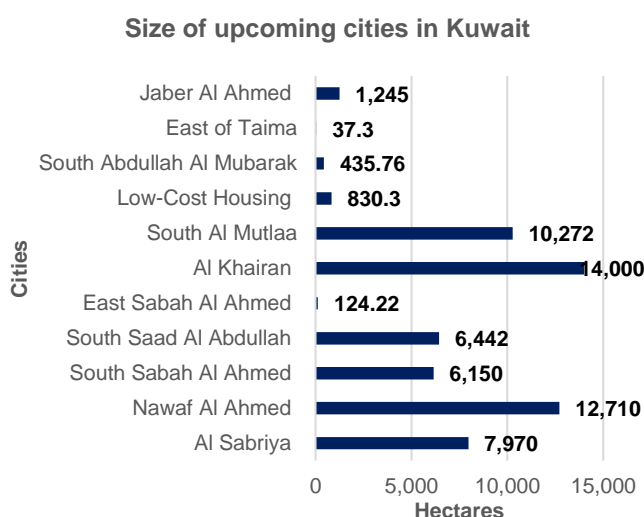
## 3.6.1 Urban Planning

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<sup>1, 2</sup>:

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 <sup>3</sup>
Al Tamdeen Group	Madinat Al Hareer (Silk City)	25,000	Multi Use <sup>4</sup>

- 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: <sup>1</sup>PAHW, <sup>2</sup>Kuwait Vision 2035 Development Plan, <sup>3</sup>KIPCO, <sup>4</sup>AI Tamdeen Group



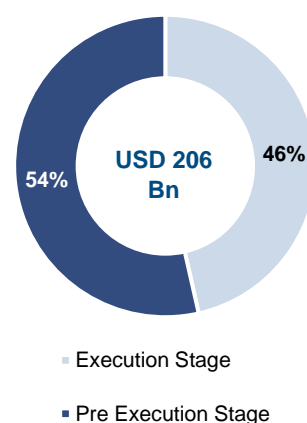
## 3.6.2 Construction Contracting

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.<sup>1</sup>
- 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%.<sup>1</sup> 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.<sup>1</sup>
- 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: <sup>1</sup>Gulf 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.<sup>1</sup>
- 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: <sup>1</sup>Business 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.

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**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.**

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## 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"> <li>• Open Storage – 450,000 sqm<sup>1</sup></li> <li>• Warehouse storage – 170,000 sqm<sup>1</sup></li> </ul>
Shuaiba Port	Kuwait Ports Authority	14,500 sqm <sup>1</sup>
Doha Port	Kuwait Ports Authority	50,000 sqm <sup>1</sup>
Kuwait International Airport	Ministry of Civil Aviation	More than 10,000 sqm <sup>3</sup>
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	16,606 sqm <sup>2</sup>
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	9,650 sqm <sup>2</sup>
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	611,543 sqm <sup>2</sup>
Mina Abdullah/Shuaiba	Kuwait National Petroleum Company	67,620 sqm <sup>2</sup>
Sabhan	Ministry of Health	32,500 sqm <sup>2</sup>

- 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 <sup>2</sup>
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	18,000 sqm <sup>2</sup>
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	8,420 sqm <sup>2</sup>
Sulaibiya	Agility Public Warehousing Company (K.S.C.P)	8,420 sqm <sup>2</sup>
Mina Abdullah	Agility Public Warehousing Company (K.S.C.P)	84,142 sqm <sup>2</sup>
Mina Abdullah	Jassim Transport & Stevedoring Company (K.S.C.P)	150,000 sqm <sup>2</sup>
Mina Abdullah	KGL Logistics Company (K.S.C.P)	84,000 sqm <sup>5</sup>

#### Cold Storage:

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

- 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 below<sup>4</sup>:

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: <sup>1</sup>KPA, <sup>2</sup>dlca.logcluster.org., <sup>3</sup>Jassim Transport & Stevedoring Co., <sup>4</sup>Kuwait Vision 2035 Development Plan, <sup>5</sup>Kuwait United Development



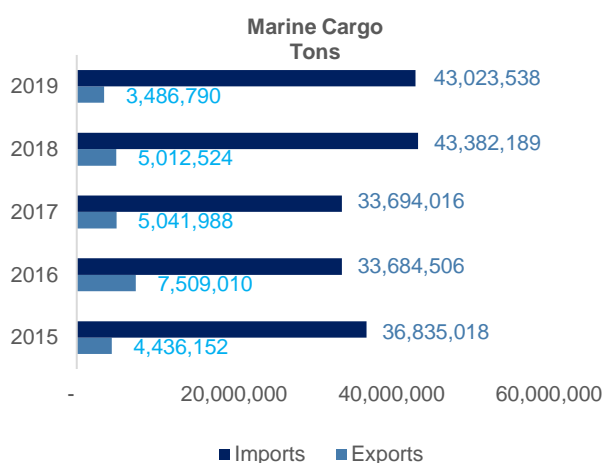
## 3.7.2 Logistics

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.

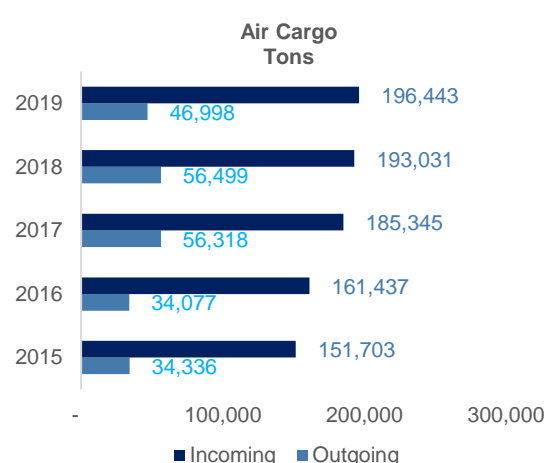
### OVERVIEW AND FACTORS INFLUENCING THE MARKET

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.<sup>1</sup>



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.<sup>1</sup>



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 include<sup>2</sup>:

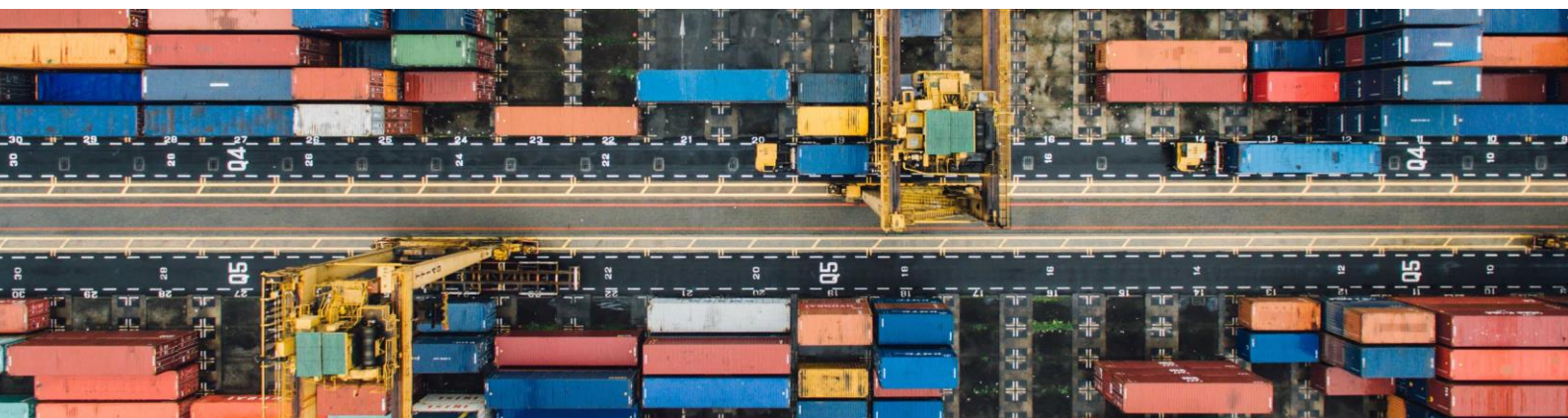
Project	Cost	% of GDP
Railway Network in the State of Kuwait (Phase 1)	USD 60.5 Mn	0.05%
Establishment of an export, import and customs inspection zone in the western Shuaiba region	USD 49.8 Mn	0.04%
Expansion and development of the Shuwaikh Port Development	USD 548.2 Mn	0.46%
Expansion and development 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: <sup>1</sup>CSB, <sup>2</sup>Kuwait 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 including<sup>1</sup>:
  - 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.<sup>2</sup>
- There was a huge increase in B2C (Business to Consumer) delivery services following the COVID-19 pandemic.<sup>3</sup> 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: <sup>1</sup>Shipa, <sup>2</sup>Statista, <sup>3</sup>Cision

## 3.8 Financial Services and Banking Sector

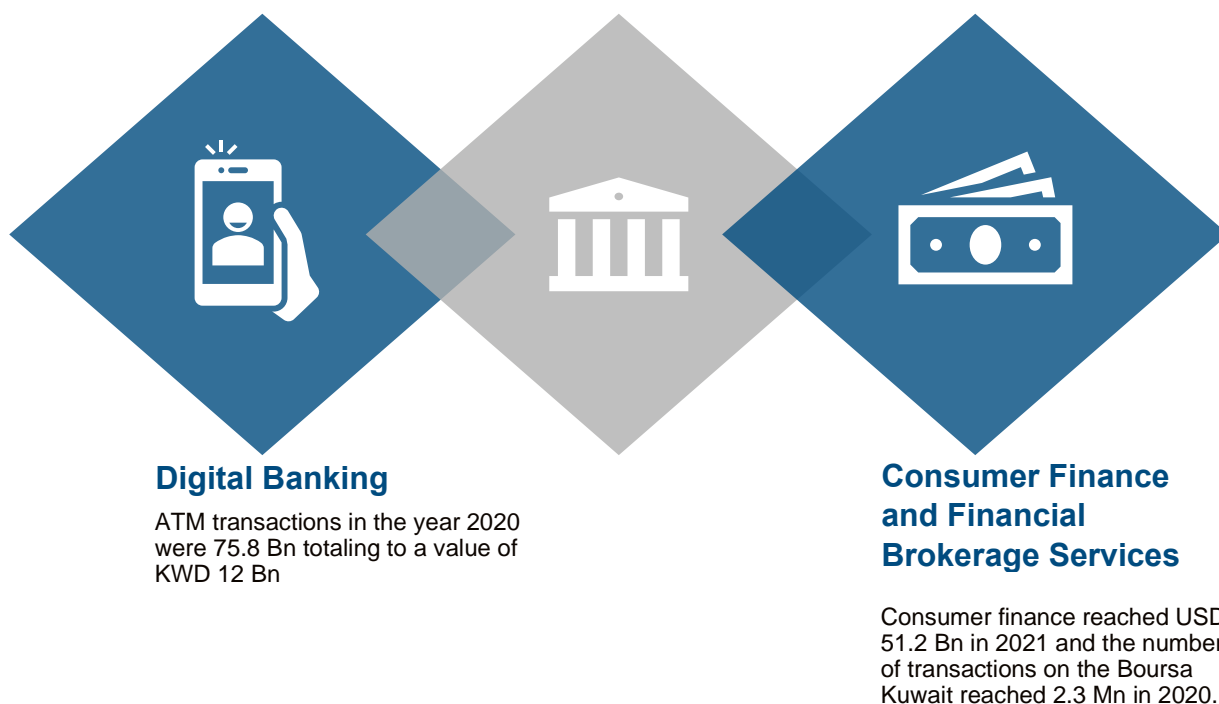
### Sector Overview

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.<sup>1</sup> 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).<sup>2</sup> 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.<sup>3</sup>
- 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.<sup>4</sup>
- 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 per 100,000 adults increased from 66 in 2017 to 79 in 2020.<sup>2</sup> 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 include<sup>5</sup>:
  - 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: <sup>1</sup>CITRA, <sup>2</sup>CBK, <sup>3</sup>World Bank, <sup>4</sup>Oxford Business Review, <sup>5</sup>OBG

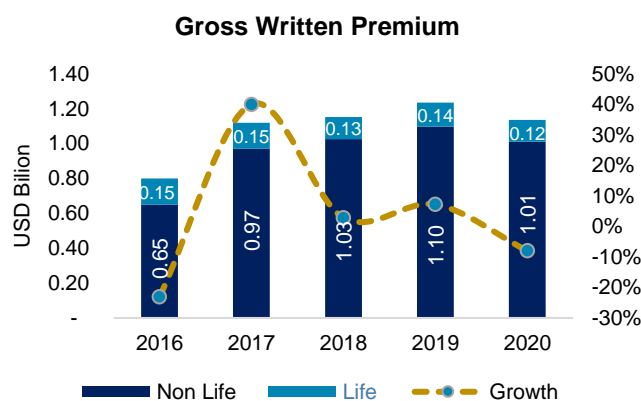


## 3.8.2 Insurance Sector

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 74<sup>th</sup> globally based on the Gross Written Premium (GWP).<sup>1</sup> 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.<sup>2</sup>
- 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.<sup>3</sup>
- The capital requirements of insurance companies as per the new law based on their type include the below<sup>2</sup>:
  - 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%.<sup>1</sup>
- 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.<sup>4</sup>
- 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.<sup>5</sup>



## 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: <sup>1</sup>Swiss Rev, <sup>2</sup>Insurance Regulatory Unit, <sup>3</sup>MOCI, <sup>4</sup>OBG, <sup>5</sup>Alpen Capital



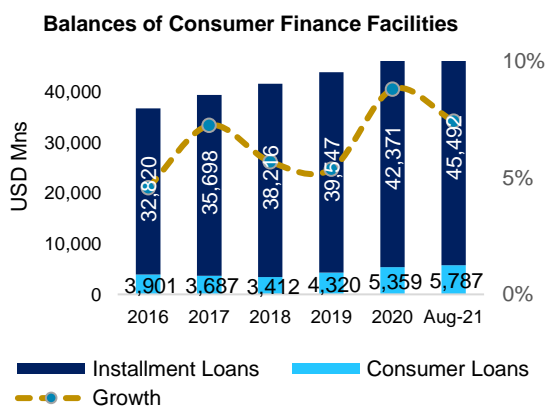
### 3.8.3 Consumer Finance and Financial Brokerage Services

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.<sup>1</sup>
- 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.<sup>1</sup>



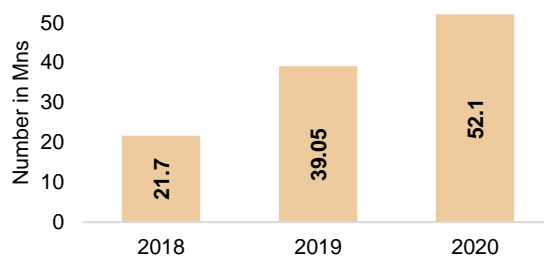
- The maximum ceiling for consumer loans in the country is USD 83,000 and the maximum permissible amount for installment loans is USD 233,000.<sup>1</sup>

- 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%.<sup>2</sup>

##### Financial Brokerage Services

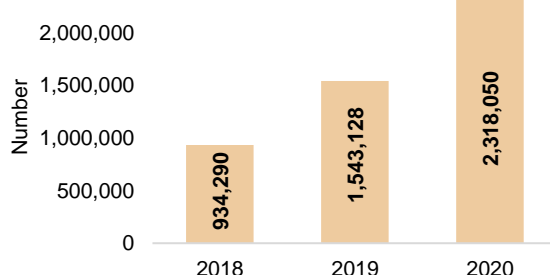
- Kuwait has multiple stock broking firms catering to the local and global capital markets. However, 10 brokerage companies are registered in Boursa Kuwait. Financial brokerage is a regulated activity in the country and only companies licensed by the Capital Markets Authority of Kuwait can provide brokerage services.<sup>3</sup>
- Brokerage as a service is primarily driven by volumes. As per Boursa 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.<sup>3</sup>

Securities Traded on Boursa Kuwait



Further, Boursa Kuwait handled over 2.3 Mn transactions in 2020. This was an increase of almost 50% over the transactions registered in 2019.<sup>3</sup>

Transactions in Boursa 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.<sup>3</sup>

## 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: <sup>1</sup>Gulf Bank, <sup>2</sup>CBK, <sup>3</sup>Boursa Kuwait

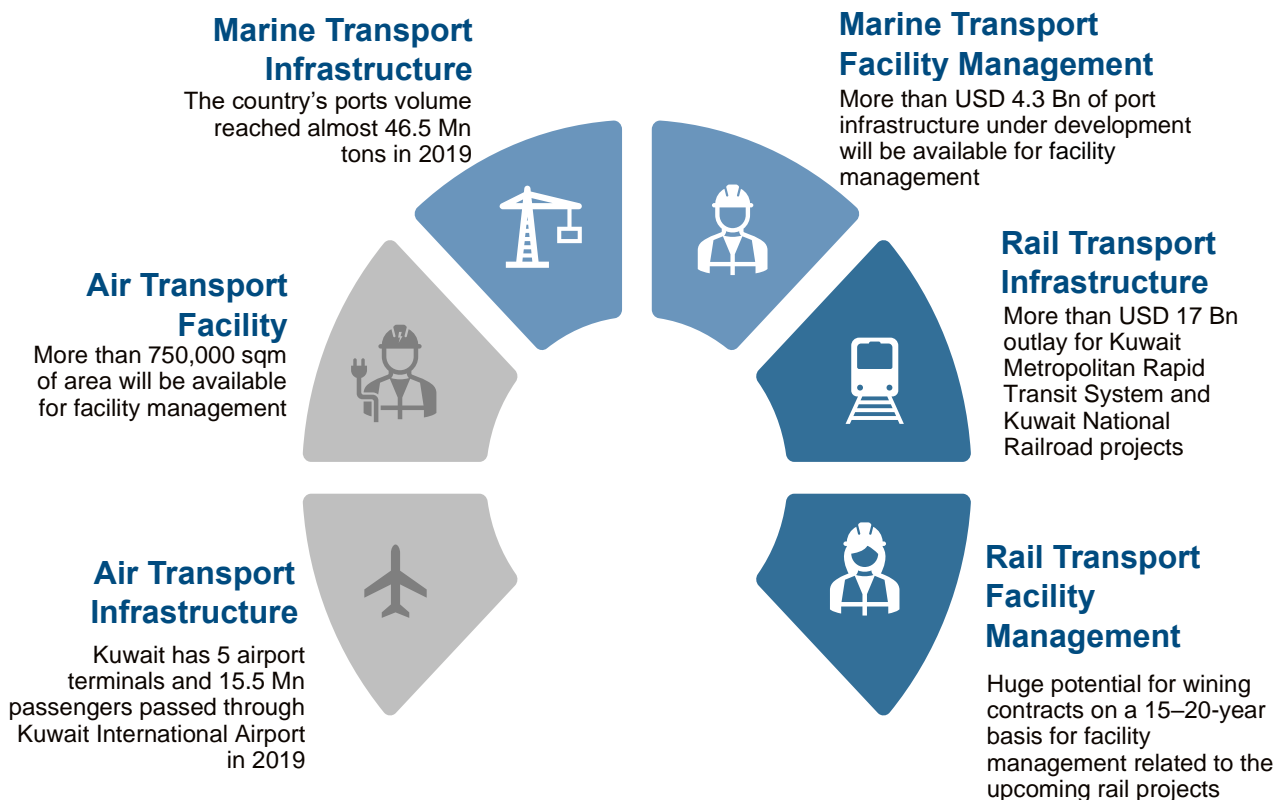


## 3.9 Air, Maritime and Rail Transport Sector

### 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



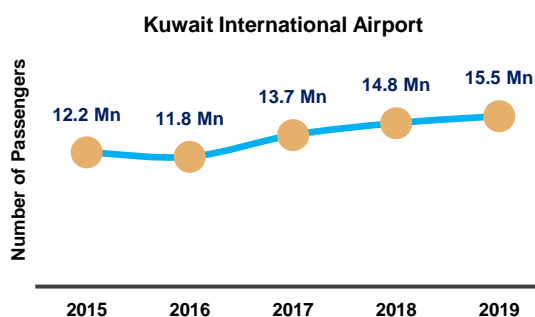
**Huge opportunities for the participation of private investors in infrastructure projects, especially through the PPP model. The government actively seeks investors with international experience in developing such projects considering the lack of skills for similar projects in the country. The development 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.<sup>1</sup>



- 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.<sup>2,3</sup>
  - 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.<sup>4</sup>
- 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.<sup>5</sup>

## 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: <sup>1</sup>CSB, <sup>2</sup>MPW, <sup>3</sup>Foster+Partners, <sup>4</sup>Kuwait Times, <sup>5</sup>Kuwait 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**

750,000 sqm

**Construction Completion**

2024

**Proposed Airport Operator**

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.<sup>1, 2</sup>

- 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. <sup>3</sup>
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). <sup>4</sup>
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). <sup>5</sup>
Bahrain	Bahrain Airport Company (BAC) facility management department recently tendered a contract for facility management of 3 years (Renewable for 2 years maximum). <sup>5</sup>

## 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.<sup>6</sup>
- 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: <sup>1</sup>MPW, <sup>2</sup>Kuwait Vision 2035 Development Plan, <sup>3</sup>Airport Technology, <sup>4</sup>P&S Market Research, <sup>5</sup>Zawya, <sup>6</sup>Kuwait 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 below<sup>1</sup>:

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.<sup>2</sup>
- 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 below<sup>3</sup>:

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.<sup>4</sup>
- 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.<sup>5</sup>

## 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: <sup>1</sup>CSB, <sup>2</sup>KPA, <sup>3</sup>Kuwait Vision 2035 Development Plan, <sup>4</sup>International Shipping Agency Co., <sup>5</sup>Zawya



### 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.<sup>1</sup>
- 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.<sup>1</sup>
- 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:<sup>1</sup>Kuwait 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 Bn<sup>1</sup> 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.<sup>2</sup>

- b) **Kuwait National Railroad (KNRR) project** involves the construction of a railway



**INVESTMENT  
USD 10 Bn**

system that stretches over 574<sup>3</sup> 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.<sup>4</sup>

### 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.

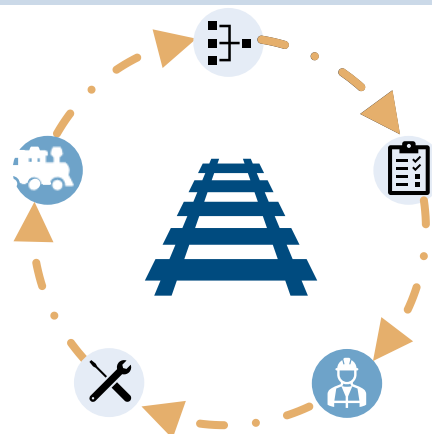
Source: <sup>1</sup>Railway Pro, <sup>2</sup>Railway Technology, <sup>3</sup>KAPP, <sup>4</sup>International Railway Journal

### 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
<b>UAE</b>	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. <sup>1</sup>
<b>Saudi Arabia</b>	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. <sup>2</sup>
<b>Qatar</b>	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. <sup>3</sup>

#### 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.

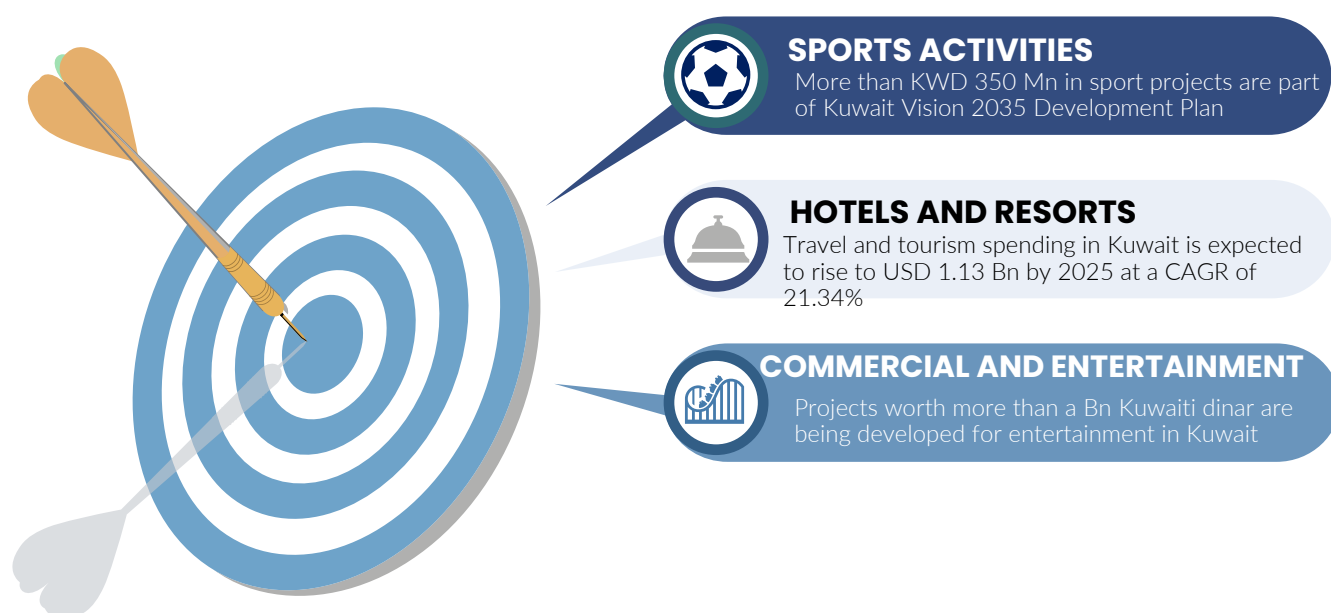
Source: <sup>1</sup>Gulf News, <sup>2</sup>Alstom, <sup>3</sup>Railway Technology

## 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.<sup>1</sup>
- 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"> <li>• Jaber Al-Ahmad International Stadium</li> <li>• Sabah Al Salem Stadium</li> <li>• Mohammed Al-Hamad Stadium</li> <li>• Al-Sadaqua Walsalam Stadium</li> <li>• Al Kuwait Sports Club Stadium</li> <li>• Al-Ahmadi Stadium</li> <li>• Mubarak Al-Aiar Stadium</li> <li>• Kuwait University Stadium</li> <li>• Thamir Stadium</li> <li>• Farwaniya Stadium</li> <li>• Ali Al-Salem Al-Sabah Stadium</li> <li>• Khaitan Stadium</li> <li>• Kuwait Olympic City Stadium</li> <li>• Al-Sulaibikhat Stadium</li> <li>• Abu Halifa City Stadium</li> <li>• Fahaheel Stadium</li> </ul>
Health Clubs	<ul style="list-style-type: none"> <li>• Bulldozer</li> <li>• Champions</li> <li>• Fitness First</li> <li>• Flex</li> <li>• Iron Man</li> <li>• Oxygen</li> <li>• Platinum</li> <li>• Ras Salmiya</li> <li>• Rush</li> <li>• Spark</li> <li>• Stretch</li> <li>• Champions</li> <li>• Fitness First</li> <li>• Flex</li> <li>• La Femme</li> <li>• Lady's Corner</li> <li>• Physique</li> <li>• PilatesAndMore</li> <li>• Ras Salmiya</li> <li>• Rush</li> <li>• Skyline</li> <li>• Steam</li> </ul>

- 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 include<sup>2</sup>:

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: <sup>1</sup>MOF, <sup>2</sup>Kuwait Vision 2035 Development Plan

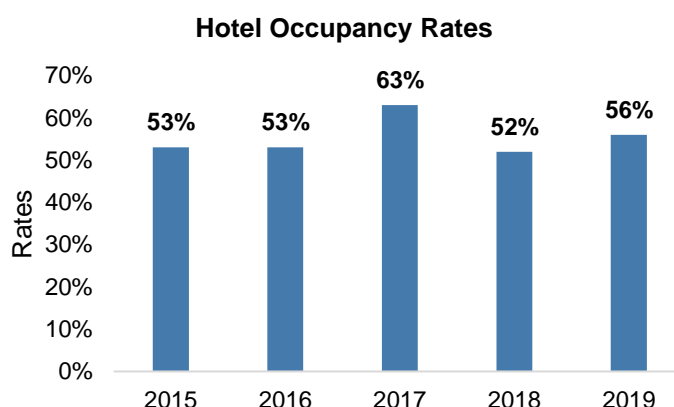
## 3.10.2 Hotels and Resorts

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 inventory<sup>1</sup>:

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.<sup>2</sup> 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.<sup>3</sup>
- 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.<sup>3</sup>
- 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.<sup>4</sup>
- A number of new hotels were opened in 2021 as well as are expected to open in the following year.<sup>5</sup> 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 <sup>6</sup>	4
Novotel	2021	Al Sharq	160 <sup>7</sup>	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 <sup>8</sup>	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.<sup>9</sup>

## 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.<sup>10</sup>

Source: <sup>1</sup>CSB, <sup>2</sup>Statista, <sup>3</sup>Hospitality News Middle East, <sup>4</sup>MEED, <sup>5</sup>Kuwait Hotel Owners Association (KHOA), <sup>6</sup>Marriott, <sup>7</sup>Hotel News Resource, <sup>8</sup>Hotelier Middle East, <sup>9</sup>Zawya, <sup>10</sup>The 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.<sup>1</sup> 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"> <li>• Kuwait Zoo</li> </ul>
Aquarium	<ul style="list-style-type: none"> <li>• The Scientific Center</li> </ul>
Water Theme Park	<ul style="list-style-type: none"> <li>• Aqua Park</li> <li>• Messila Water Village</li> </ul>
Indoor Entertainment	<ul style="list-style-type: none"> <li>• Future Kid</li> <li>• Infinity Zone</li> <li>• Kid Land</li> <li>• Kuwait Magic</li> <li>• Cosmo</li> </ul>
Amusement Park	<ul style="list-style-type: none"> <li>• Lagoons</li> <li>• Play Land</li> <li>• Hawally Park</li> <li>• Sha'ab Leisure Park</li> </ul>
Branded Theme Park	<ul style="list-style-type: none"> <li>• 99 Village</li> <li>• Cartoon Network World</li> </ul>
Cultural Centers	<ul style="list-style-type: none"> <li>• Sheikh Jaber Al-Ahmad Cultural Centre</li> <li>• Sheikh Abdullah Al Salem Cultural Centre</li> <li>• Palace History Museum</li> </ul>
Malls	<ul style="list-style-type: none"> <li>• The Avenues Mall</li> <li>• Marina Mall</li> <li>• Souq Sharq Mall</li> <li>• Al Kout Mall</li> <li>• 360 Mall</li> <li>• Gate Mall</li> <li>• Al Asima Mall</li> </ul>

- 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.<sup>2</sup>

- 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.<sup>3</sup> 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.

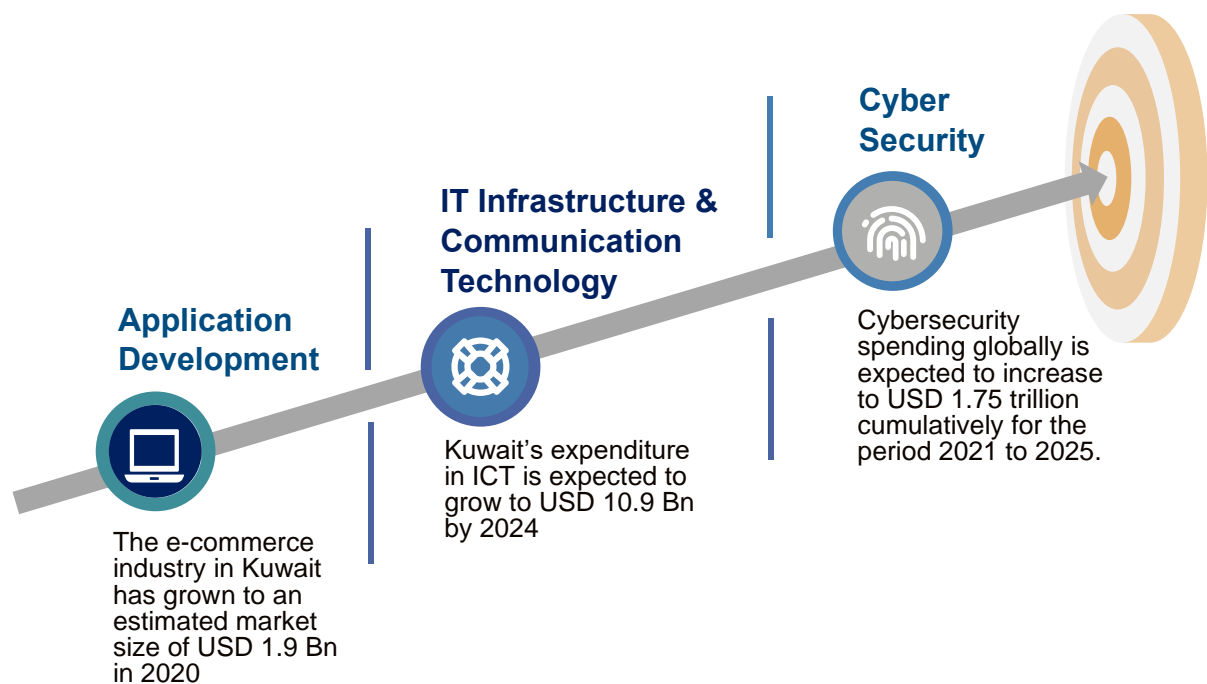
Source: <sup>1</sup>CSB, <sup>2</sup>AlJarida, <sup>3</sup>Kuwait Vision 2035 Development Plan

## 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

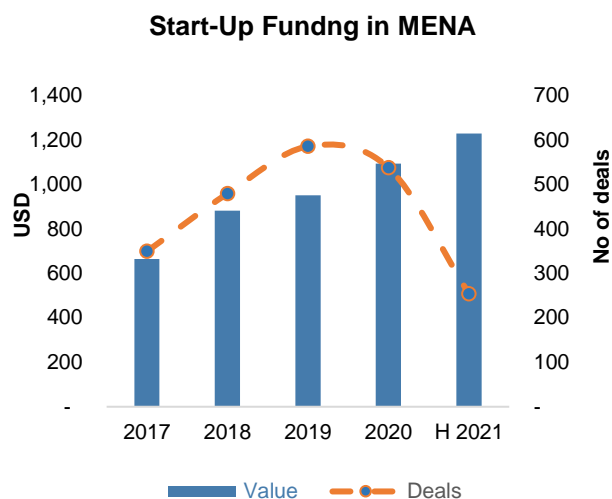
Application development is the process of developing software applications for mobile devices such as mobile phones, tablets, and other devices. The application development lifecycle typically involves design, development, testing, deployment, maintenance, and support.

### OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a high mobile penetration rate (mobile cellular subscription was 178.5% per 100 inhabitants).<sup>1</sup>
  - 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.<sup>2</sup>
  - 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.<sup>3</sup>
  - 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.<sup>4</sup>
  - 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.<sup>5</sup>
- 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.<sup>6</sup>
- 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.<sup>7</sup>



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

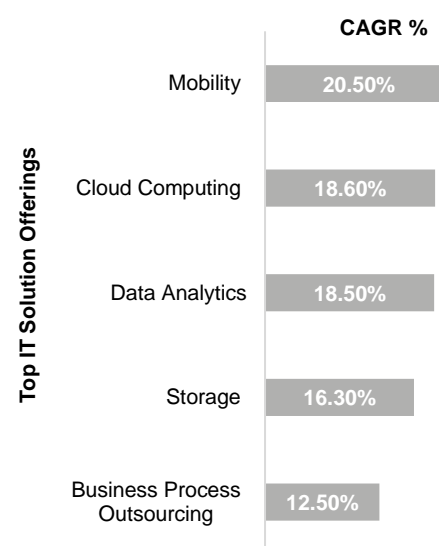


## 3.11.2 IT Infrastructure and Communication Technology

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).<sup>1</sup>
- 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.<sup>1</sup>
- 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 economy<sup>2</sup>. 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: <sup>1</sup>GlobalData, <sup>2</sup>Kuwait 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.<sup>1</sup>
- 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.<sup>1</sup>
- 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.<sup>2</sup>
- As per the latest survey conducted by the Global Cyber Security Index in 2020, Kuwait ranked 65<sup>th</sup> out of 194 countries globally and 9<sup>th</sup> regionally in the Cyber Security.<sup>3</sup>
- 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.<sup>4</sup>
  - As per Kaspersky, Kuwait witnessed 106,245 phishing attacks in Q2 of 2020.<sup>5</sup>



#### 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: <sup>1</sup>Einnews, <sup>2</sup>OBG, <sup>3</sup>International Telecommunication Union (ITU), <sup>4</sup>Zawya, <sup>5</sup>Arab Times

## 3.12 Media and Marketing Sector

### Sector Overview

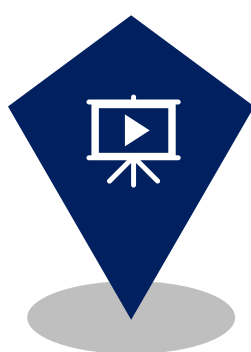
The Kuwaiti market has one of the largest phone and internet penetration rates in the region. The population is young, educated and technology savvy. Most of them have access to social media and other channels and thereby receive and consume a lot of information digitally. Considering the above and the 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

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**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.**

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### 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.

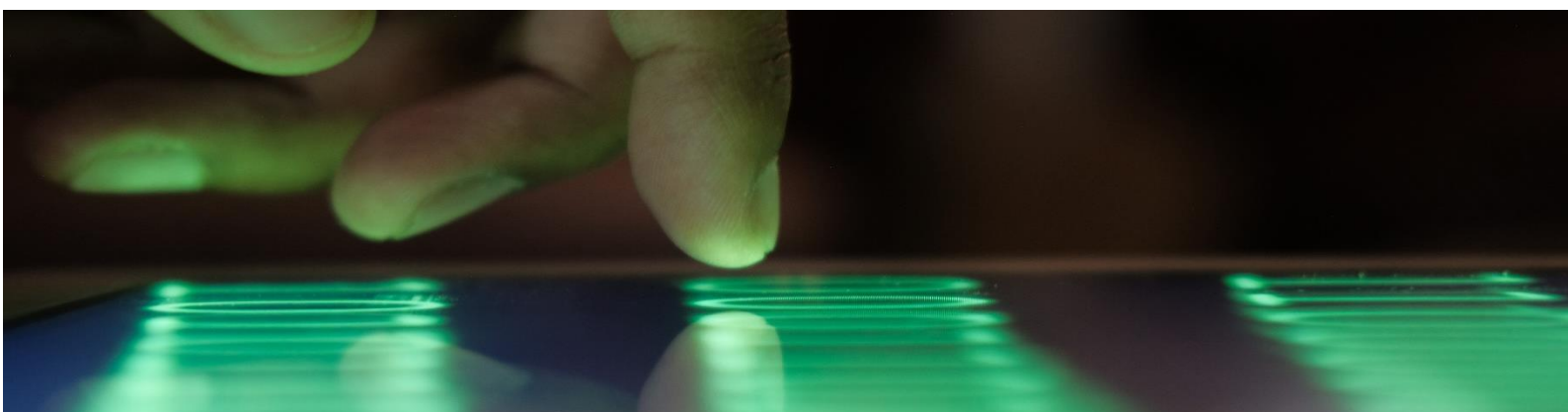
#### OVERVIEW AND FACTORS INFLUENCING THE MARKET

- 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.<sup>1</sup>
- Kuwait had the third largest advertising expenditure in the GCC, with about USD 480 Mn in advertising spending in 2020.<sup>2</sup>
- 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.<sup>2</sup>
- 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.<sup>2</sup>
- Digital advertising sales are expected to have double digit growth in 2021.<sup>2</sup>
- 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.<sup>3</sup>
- 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.<sup>3</sup>

Source: <sup>1</sup>CITRA, <sup>2</sup>Magna Intelligence, <sup>3</sup>IPSOS 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.<sup>1</sup>
- 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%.<sup>2</sup>

### 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%.<sup>3</sup>
- 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: <sup>1</sup>CITRA, <sup>2</sup>Arab Times, <sup>3</sup>Presswire



### 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.<sup>1</sup>
- 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.<sup>2</sup>
- 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: <sup>1</sup>CITRA, <sup>2</sup>KFAS

# 4

## SERVING FOREIGN AND LOCAL INVESTORS

Investing in Kuwait: A guide for  
Investment Opportunities in Kuwait

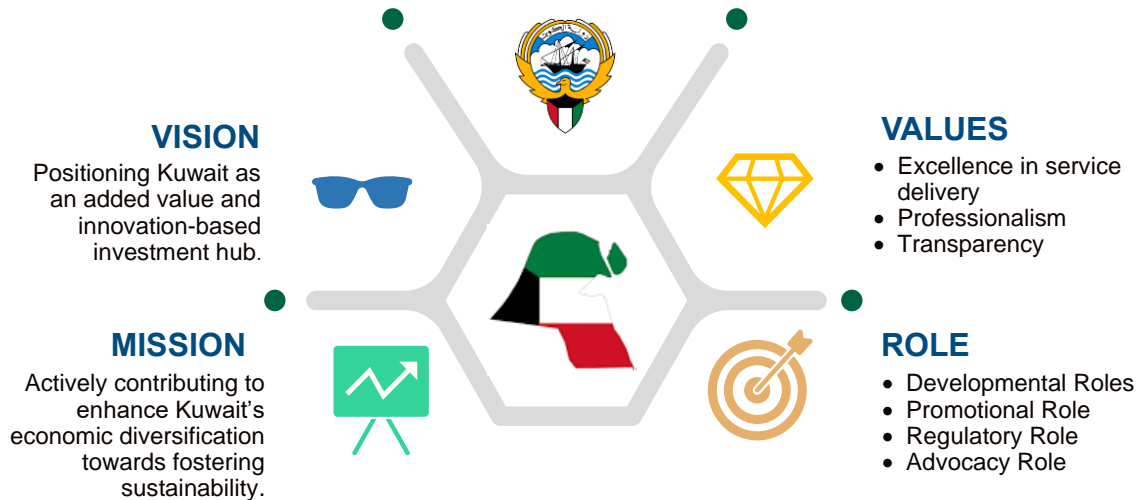


## 4.1 KDIPA Profile

The Kuwait Direct Investment Promotion Authority (KDIPA) was established in accordance with Law No. 116 of 2013 regarding the promotion of direct investment in the State of Kuwait, as a specialized public authority with financial and administrative independence.



KDIPA is one of the economic implementing arms of the country performing developmental, promotional, regulatory, and advocacy roles.



## 4.2 KDIPA Services

KDIPA's main services include the below:



Source: KDIPA

## 4.3 KDIPA Board of Directors

The Board of Directors of KDIPA are provided below:



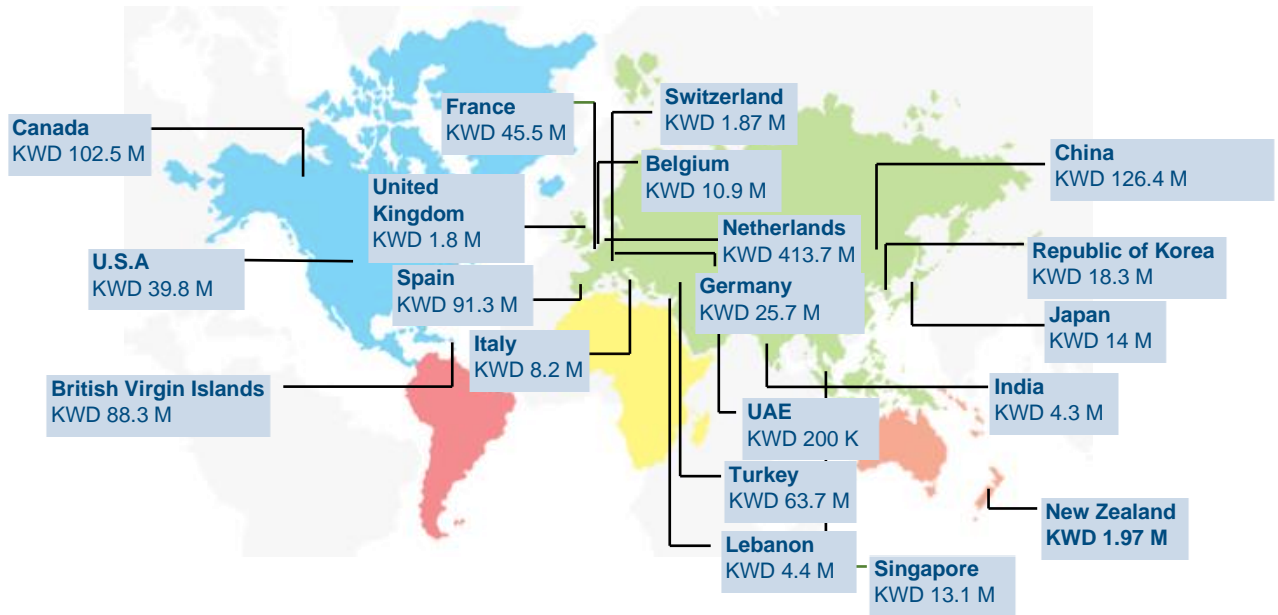
## 4.4 KDIPA Approved Direct Investments as of March 2020

The cumulative approved Direct Investments by KDIPA as of March 2020 are provided below:



Source: KDIPA

## 4.5 KDIPA Approved Direct Investment flow by county



Cumulative approved Direct Investments Volume is KD 1,075,865,892, i.e., around USD 3.5 Bn, coming from 21 countries.

## 4.6 Prominent International Companies operating in Kuwait under the Direct Investment Law:

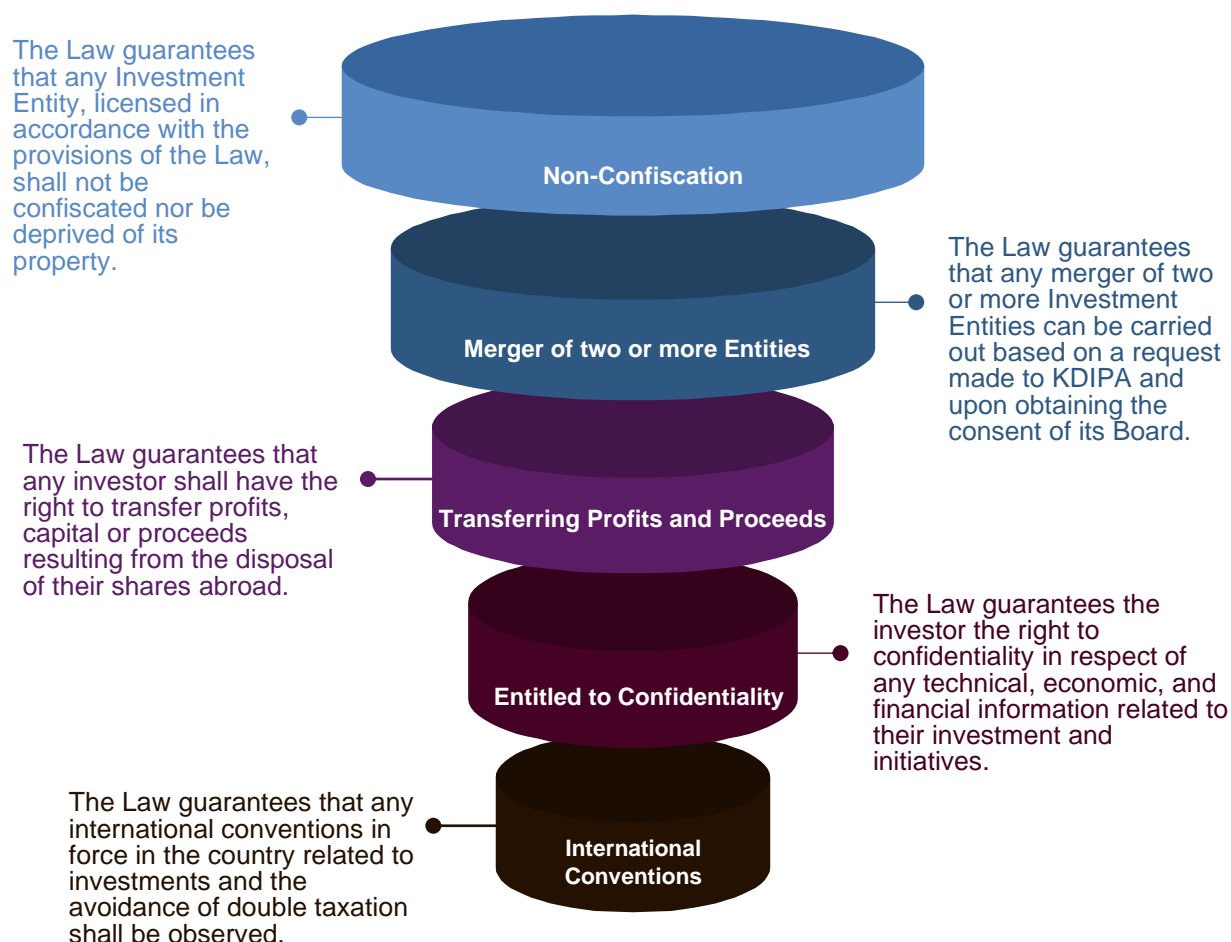
Prominent International Companies operating in Kuwait under the Direct Investment Law are provided below:



Source: KDIPA

## 4.7 Guarantees provided by the Direct Investment Law

The guarantees provided to international investors under the Direct Investment Law are as follows:



Source: KDIPA

## 4.8 Incentives provided by the Direct Investment Law

The incentives provided to international investors under the Direct Investment law are provided below:

### Utilization of land or real estate

Land or real estate allocated to KDIPA or that are subject to its supervision can be provided for investors to set up operations in accordance with the principles and rules established by KDIPA Board of Directors.

### Other advantages and exemptions

Other exemptions and advantages may be granted to certain investors based on decision taken by the Council of Ministers.

### Incentives and exemptions for Public Private Partnership (PPP) Projects

All advantages, incentives and exemptions from the law shall apply to PPP projects established for direct investment purposes so long as they are approved by KDIPA Board of Directors.

### Exemptions from Taxes

Exemption from all taxes for a licensed investment entity for a period not exceeding ten years from the date of the actual commencement of operations.

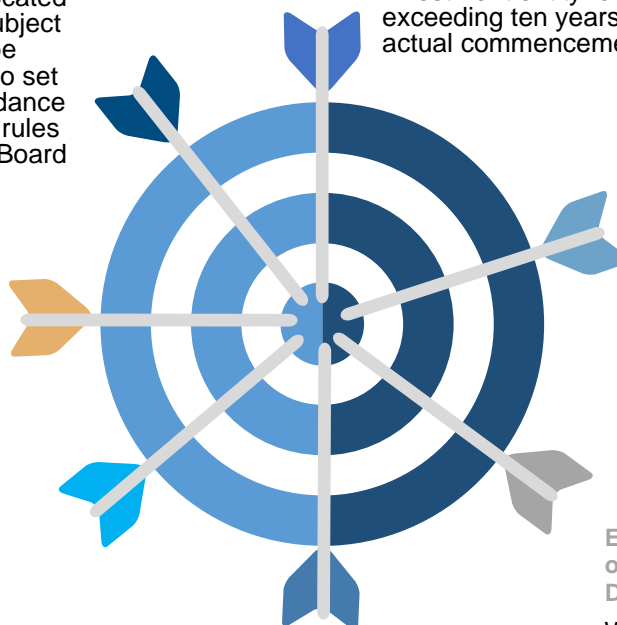
### Exemptions from Taxes for Expanded Investment Entities

Exemption from all taxes for a period no less than the duration of the exemption granted to the original Investment Entity as of the date of commencement of production or actual operation of the expansion.

### Exemptions on taxes, duties on certain items imported for Direct Investment Purposes

Whole or partial exemption from taxes, customs duties or any other fees that may be payable on imports required for the purposes of Direct Investment such as:

- a. Machinery, tools, and equipment and means of transport and other technological devices.
- b. Spare parts and necessary maintenance supplies for what has been described in the previous subsection.
- c. Merchandise, raw materials, partially manufactured goods, wrapping materials and packaging.



### Employment of Foreign Labor

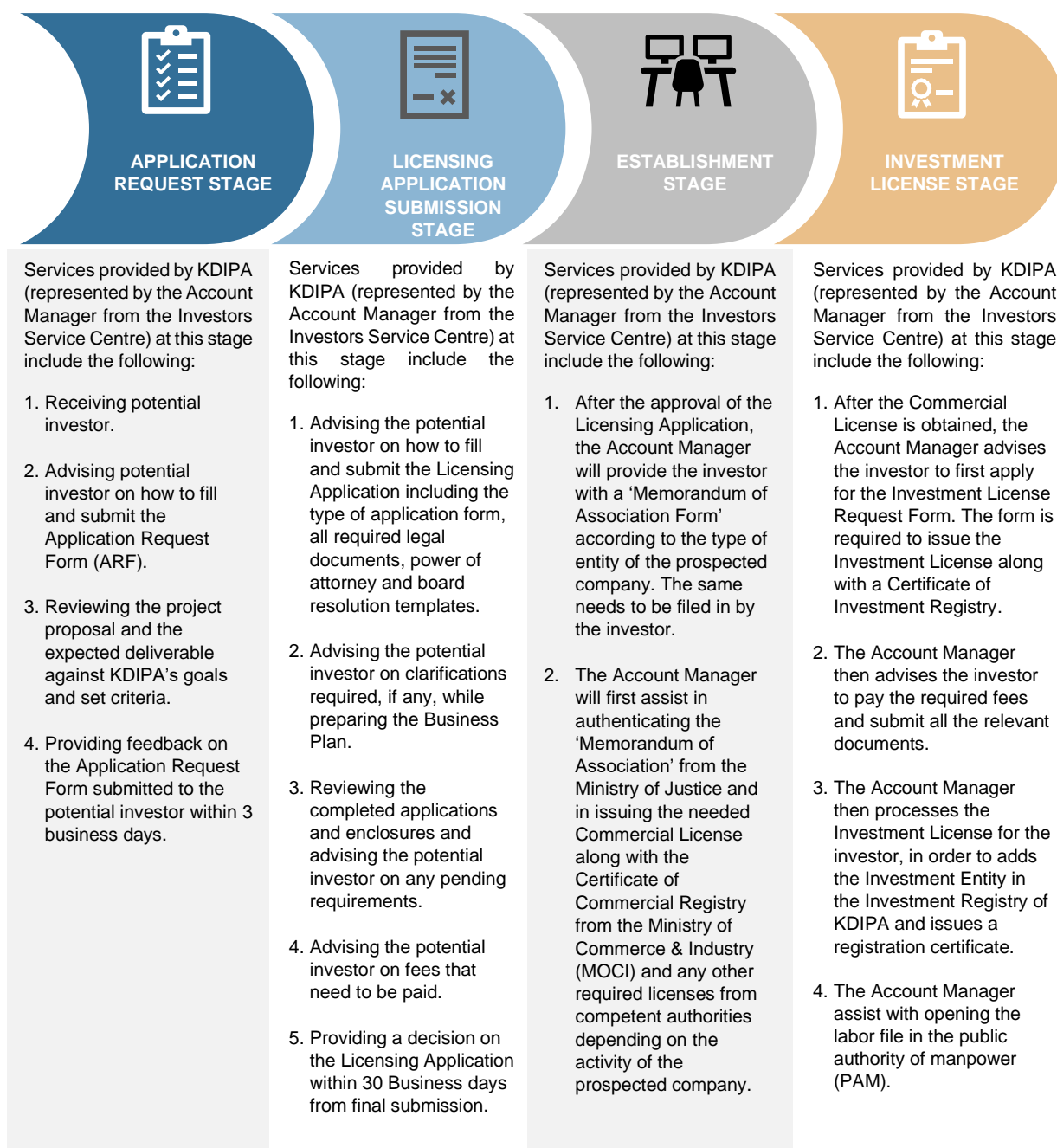
Employment of foreign labor required for the investment so long as the employed labor meets the minimum proportion of national employment that should be provided.

Source: KDIPA

## 4.9 Application and License Processing

### Services provided by KDIPA

The application process by international investors under the Direct Investment Law are provided below:



Source: KDIPA

# 5

## APPENDICES

Investing in Kuwait: A guide for  
Investment Opportunities in Kuwait



# APPENDIX 1: Law No.116 of 2013

## Regarding the Promotion of Direct Investment in the State of Kuwait

Having reviewed the Constitution:

- and Decree No. (3) of 1955 regarding Kuwaiti Income Tax as amended.
- and the Criminal Law promulgated by Law No. (16) of 1960 as amended.
- and the Criminal Procedures and Trials Law promulgated by Law No. (17) of 1960 as amended.
- and Law No. (4) of 1962 regarding Patents, Industrial Diagrams and Designs as amended by Law No. (4) of 2001.
- and Law No. (30) of 1964 on the Establishment of the Audit Bureau as amended.
- and Law No. (33) of 1964 regarding Expropriation and Temporary Possession in the Public Interest as amended.
- and Law No. (36) of 1964 regarding the Regulation of Commercial Agencies.
- and Law No. (37) of 1964 regarding Public Tenders as amended.
- and Law No. (32) of 1968 concerning Currency, the Central Bank of Kuwait and the Organization of Banking Business as amended.
- and Law No. (32) of 1969 regarding the Licensing of Commercial Stores as amended.
- and Decree Law No. (31) of 1978 regarding the Rules for Preparing Public Budgets, monitoring their Execution and Final Accounts as amended.
- and Decree Law No. (15) of 1979 regarding the Civil Service as amended and the Decree regarding the Civil Service System issued on 4 April 1979 as amended.
- and the Commercial Law promulgated by Decree Law No. (68) of 1980 as amended.
- and Decree Law No. (105) of 1980 regarding the Properties of the State as amended.
- and Decree Law No. (5) of 1981 regarding the Practicing in the Auditing Profession as amended.
- and Decree Law No. (20) of 1981 on the Establishment of a Division in the Court of First Instance for Adjudicating Administrative Disputes as amended by Law No. (61) of 1982.
- and Law No. (26) of 1995 regarding Free Trade Zones.
- and Law No. (81) of 1995 on Approving the Agreement Establishing the World Trade Organization.
- and Law No. (56) of 1996 regarding the promulgation of the Industrial Law.
- and Law No. (19) of 2000 regarding the Support and Promotion of National Labor to Work in the Non- Governmental Entities as amended.
- and Law No. (8) of 2001 regarding the Regulation of Direct Investment of Foreign Capital in the State of Kuwait.
- and Law No. (5) of 2003 on the Approval of the Unified Economic Agreement between GCC Countries.
- and Law No. (10) of 2003 on the promulgation of the Unified Customs Code for the GCC Countries.
- and Law No. (46) of 2006 regarding Zakat and the Contribution of Public and Closed Shareholding Companies in the State's Budget.
- and Law No. (10) of 2007 regarding the Protection of Competition as amended by Law No. (2) of 2012.
- and Law No. (7) of 2008 on the Regulation of the Operations of Build, Operate and Transfer and Similar Systems and the Amendment of some Provisions of Decree Law No. (105) of 1980 regarding the Properties of the State.
- and Law No. (9) of 2010 on the Issuance of the State Developmental Plan for the Years 2011-2012/2013-2014.

- and Law No. (37) of 2010 regarding the Regulation of Privatization Programs and Operations.
- and Decree Law No. (25) of 2012 regarding the Companies Law as amended by Law No. (97) of 2013.
- and Law No. (98) of 2013 regarding the National Fund for the Enhancement and Development of Small and Medium Enterprises.

## Article 1: Definitions

The following terms and phrases shall bear the meanings corresponding to each of them:

**Relevant Minister:** Minister of Commerce and Industry.

**Authority:** Kuwait Direct Investment Promotion Authority (KDIPA).

**Board:** Board of Directors of KDIPA.

**Chairman of the Board:** Relevant Minister.

**Director General:** Director General of KDIPA.

**Law:** Law No. (116) of 2013 referred to above.

**Investor:** Natural or legal person of any nationality.

**License:** Investment license issued in accordance with the Law and these Regulations.

**Investment Entity:** Any economic Activity that is licensed in accordance with this Law by virtue of an investment license which grants the legal existence in the State of Kuwait.

**Capital:** What is employed or used directly for purposes of Direct Investment through an Investment Entity that is subject to this law, including:

1. Funds, financial and commercial securities, be they local or foreign
2. Machinery, tools, equipment, means of transportation and other technological devices.
3. Raw materials and intermediate goods required for the commencement of

actual production or operations by the Investment Entity.

4. Intangible rights such as patents, trademarks, licenses, registered trade names and industrial and technological designs.
5. Profits and proceeds of the invested capital if used for the increase of the capital or if it is employed or used for the purposes of Direct Investment through an Investment Entity licensed in accordance with this Law and these Regulations.

**Direct Investment:** An investment where the Investor, individually or with the participation of another investor, employs his capital directly through an Investment Entity in the State of Kuwait licensed in accordance with the Law.

**Application:** The application submitted by the Investor to obtain, as applicable, the License or incentives or to merge Investment Entities, in accordance with principles and rules relevant to each case.

## Article 2: Establishment of the Authority

A public authority with legal personality shall be established under the name "Direct Investment Promotion Authority" to be attached to the Relevant Minister.

The headquarters of the Authority shall be in the State of Kuwait, and it shall have the right to establish offices within the country and abroad.

## Article 3: Aims of the Authority

The Authority aims to attract and promote and encourage both foreign and local Direct Investment in the country, which shall include the following:

1. Developing and improving the investment environment, the facilitating of procedures and the removal of hurdles encountered by investors as well as the provision of various means of assistance and support to encourage Direct Investment in the country.

2. Raising awareness regarding the importance of Direct Investment, Investment, especially foreign investment, and the promotion of the Kuwaiti investment environment and the available Direct Investment opportunities of marketing, orientation, and promotion.
3. Encouraging investors to transfer, settle and use modern and sophisticated technologies, means of production and operations, management methods, and technical and marketing expertise and to encourage partnerships between Kuwaiti and foreign investors that foster the objectives of development.

The Authority shall perform its activities considering the public policy of the state, the approved economic development plans, the development of production sectors, the diversification of national revenue sources in the State of Kuwait, the creation of employment opportunities for the national workforce, and increasing its productivity and professional skills by implementing the latest technology in accordance with the best international standards adopted in this regard.

#### Article 4: Tasks of the Authority

The Authority shall perform all tasks necessary to achieve its objectives, and the following in particular:

1. To screen possible Direct Investment opportunities in the country, promote such opportunities and present the incentives, exemptions and guarantees granted to investors, in addition to preparing any necessary studies, research and statistics and providing available information, clarifications and statistics to investors.
2. To receive and assess investors' applications and to take the necessary actions regarding them in accordance with this law and its Executive Regulations.
3. To establish economic zones and suggest their locations within the general structural plan in coordination with the concerned authorities
4. To establish or contribute to the capital of companies specialized in the establishment or management of business incubators for projects that meet the objectives of the Authority, following the approval of the Council of Ministers, and in accordance with the principles and rules established by the Board in this regard.
5. To coordinate with all relevant and competent authorities to simplify and facilitate the procedures and services required to improve and streamline the investment environment in the State of Kuwait and enhance its competitive advantage and monitor the competitive position and performance indicators in the investment field based on international standards and reports, to ensure the encouragement of Direct Investments in the State of Kuwait.
6. To organize conferences, seminars, exhibitions, and workshops as well as provide services and training programs in line with its objectives, and to participate in internal and external events, and prepare, print, and publish on all topics relevant to its work and activities.
7. To secure potential financing and credit facilities, in coordination with concerned parties, to encourage investments needed by the country.
8. To oversee and monitor the performance of Direct Investments in the country and identify any hurdles they may encounter and attempt to overcome such hurdles in coordination with the competent authorities.
9. To implement the tasks and mandates assigned by the Council of Ministers or the Relevant Minister that relate to its objectives or that would encourage Direct Investment in the country.

#### Article 5: Board of Directors of the Authority

The Authority shall have a board of directors chaired by the Relevant Minister and a membership of:

1. Three experienced members specializing in the matters assigned to the Authority who shall be appointed by a resolution of the Council of Ministers, upon the proposal of the Relevant Minister. The resolution shall designate a vice-chairman from amongst them who shall be granted the powers of the Chairman of the Board in his absence.
2. Three members representing the ministries and the government agencies related to the activities of the Authority who shall be nominated by a resolution of the Council of Ministers, upon the proposal of the Relevant Minister provided that their seniority is at least that of an assistant undersecretary or equivalent.
3. The Director General who shall attend the meetings of the Board with no right to vote. The term of the Board shall be four years, subject to renewal. The Board members' remuneration shall be determined by a resolution of the Council of Ministers. The Chairman of the Board or his authorized signatory shall sign on behalf of the Authority and shall represent the Authority in its relations to third parties and before the courts.

## Article 6: Meetings of the Board

The Board shall convene at the invitation of the Chairman of the Board or vice-chairman and such meeting shall be valid if attended by most of its members including the Chairman of the Board or the vice-chairman.

The Board shall have a secretary appointed by the Chairman of the Board and selected from the Authority's staff. The secretary shall undertake the preparation of the meetings of the Board and record its minutes and follow up on the issued resolutions. The Board may invite to its meeting any individual to participate in the discussion of any matter without having the right to vote.

The resolutions of the Board shall be passed by most of the votes of its members. Where the votes are equal, the side favored by the Chairman shall prevail.

The Board shall issue the necessary resolutions regulating its affairs, defining the rules, procedures, and the scheduling of its meetings, the terms of implementation of its resolutions and the organization of the work of its subcommittees.

## Article 7: Conflict of Interest

Members of the Board, employees of the Authority including their respective spouses or relatives of the first degree are prohibited from having any direct or indirect interest in any project or services provided by the Authority and shall be bound to disclose their interests and abstain from participating in discussions about, or the decision making regarding any project. In the event of a violation of this provision, the relevant resolution shall be void including all its effects and shall be considered nonexistent.

## Article 8: Powers of the Board

The Board shall have all the powers necessary to achieve the objectives of the Authority and shall formulate its general policy and supervise the implementation of the same, including the following in particular:

1. To define the principles, rules and standards upon which basis various investors' applications are assessed in accordance with this Law and its Executive Regulations.
2. To define the principles and rules for the use of land, real estate and plots allocated to the Authority or those which are subject to its supervision or management.
3. To set the bylaws and organizational structure of the Authority and to issue the administrative, financial, and technical regulations that are required in conducting its business.
4. To approve the proposed annual budget of the Authority and its final account prior to referring them to the relevant authorities.
5. To resolve upon merger applications as set forth in this Law.
6. To impose the administrative and disciplinary penalties as set forth in this Law.

7. To approve the opening of offices of the Authority within the country and abroad.
8. To set the criteria for benefitting from tax incentives and exemptions in accordance with this law.
9. To issue the resolution regarding the recommendations submitted by the competent committees in respect of the implementation of the provisions of this Law.
10. To issue resolutions necessary for the fulfillment of the objectives of this Law in accordance with its provisions and its Executive Regulations.

The Board may delegate some of its powers to the Chairman of the Board or to the vice-chairman

## Article 9: Director General

The Authority shall have a Director General who shall hold at least the position of undersecretary, appointed, pursuant to a decree upon the proposal of the Relevant Minister for four years and subject to renewal.

The Director General shall implement the resolutions of the Board and shall supervise the technical, administrative, and financial functions of the Authority. The Director General shall further prepare an annual statistical report, which is submitted to the Council of Ministers, regarding the activity of the Authority including the number of projects submitted, the projects approved, and the projects rejected with the reasons for such rejection.

The Director General shall be assisted by one or more assistants holding at least the position of assistant undersecretary appointed by decree upon the proposal of the Relevant Minister for four years and is subject to renewal. The Director General may delegate some of his powers to any of his assistants.

## Article 10: Financials of the Authority

The Authority shall have an annexed budget. The financial year commences and ends with the financial year of the state. The first financial year shall commence on the date

this law comes into force and shall end at the closing of the following financial year.

The Authority's resources shall consist of the following:

1. Financial funds allocated to it in the annual state budget.
2. Returns, revenues or allowances resulting from the Authority's activities, services, organized events, workshops, or training programs for those involved in the affairs of Direct Investment, as resolved by the Board in this regard.
3. Returns or revenues resulting from the investment of the funds allocated to the Authority or that are subject to its supervision or management

## Article 11: Negative List

Within the limits of Articles 152 and 153 of the Constitution, the Council of Ministers shall prepare a list of Direct Investments that will be excluded from the scope of this Law, and which shall be updated considering the general policy of the state and its plans and the proposals of the Board in this regard.

The Council of Ministers shall set the principles and rules regarding the investments of foreign corporate entities in the State of Kuwait.

## Article 12: Type of Investment Entity

The Application for the License shall be submitted in accordance with the provisions of this Law by an Investment Entity specified according to the following cases:

1. A Kuwaiti company having one of the legal entity forms of companies set forth in the Companies Law promulgated by the Decree Law No. (25) of 2012, which will be incorporated for the purpose of Direct Investment. Foreign participation in such company may amount to 100% of the capital of the company in accordance with the principles and rules set forth under the Companies Law.
2. A branch of a foreign company licensed to operate within the State of Kuwait for the purpose of Direct Investment. The

Relevant Minister shall issue, upon the proposal of the Board, a resolution clarifying the principles and rules regulating the relationship between the branch of the foreign company and the official authorities with respect to the necessary procedures for the commencement of the operation.

3. Representative offices having the sole purpose of preparing market studies and production possibilities, without engaging in a commercial activity or activity of commercial agents. The Board shall set the principles and rules in this regard.

### Article 13: Rules of Application

The Executive Regulations shall establish the principles, rules and procedures for the submission and registration of Applications to obtain the appropriate License in the cases set forth in this Law. They shall further set out the information and statements that must be contained in or attached to the Application and the conditions to be met by the applicant, the appropriate methods of notice and notification and the fees for the issuance of Licenses.

### Article 14: Issuance of Licenses

The License shall be issued pursuant to a decision of the Director General, if the Application fulfills the criteria, principles and assessment rules established by the Board regarding each of the cases set forth in this Law, and the Investor shall be notified of such requirements prior to the submission of the Application to the Authority. This License shall not be subject, with regards to foreigners, to the provisions of paragraph 1 of Article 23 and the provisions of Article 24 of the Commercial Code.

The License for the incorporation of foreign banks and their branches shall be subject to the provisions of this Law, without prejudice to the provisions of Law No. (32) of 1968, and to the decisions and instructions issued in implementation of its provisions.

In all events, the Authority shall coordinate with the Ministry of Commerce and Industry on the incorporation and issuance of Licenses and supervision of companies,

branches, and representative offices, which are subject to the provisions of this Law.

### Article 15: Term for Decision on Application

A decision on the merits of the Application shall be rendered within thirty days from the date of submission of a complete Application with the data, documents and conditions set by the Authority.

### Article 16: Rejection of Application

In the event the Application is rejected, the rejection shall be reasoned and in writing. The applicant may appeal the rejection. In the event there is no response to the appeal thirty days following the date of receipt of the appeal, such lack of response shall be deemed a rejection of the appeal.

### Article 17: One-Stop Shop

An administrative unit shall be established within the Authority called the "One-Stop Shop" which shall include employees designated by the relevant government authorities to proceed with resolving upon the licensing procedures and the establishment of the Investment Entity to ensure the completion of the procedures within the period set out in this Law.

The Board shall establish the principles and rules necessary to identify the mentioned government authorities and the method to be adopted for calling upon their employees and coordinating between them and the Authority. The applicant may appoint specialized companies or qualified consulting firms that are approved by the Authority in accordance with the principles and rules set by the Authority.

### Article 18: Accounts of the Investment Entity

Each Investment Entity, licensed in accordance with the provisions of this Law, shall maintain regular accounts supervised by an auditor or more among the legal auditors. Where the Investor is granted licenses for more than one Investment

Entity, each Investment Entity shall be dealt with separately.

### Article 19: Compensation for Expropriation

No Investment Entity, licensed in accordance with the provisions of this Law, shall be confiscated pursuant to this Law nor be deprived of its property except in the public interest and only in accordance with the applicable laws and against compensation equivalent to the true economic value of the expropriated project at the time of expropriation, estimated in accordance with the economic situation prior to any threat of expropriation.

The due compensation is to be paid as soon as the said decision is taken.

### Article 20: Disposal of the Investment Entity

The Investor has the right to transfer or relinquish the ownership of the licensed Investment Entity, or dispose over it in whole or in part, for the benefit of a foreign or a Kuwaiti investor. The Board shall establish the principles and regulations in this regard. In the event of transfer or relinquishment of ownership of the Investment Entity, in whole or in part, the new owner or assignee shall replace the original owner in rights and obligations.

### Article 21: Merger of Investment Entities

The merger of two or more Investment Entities can be carried out with the consent of the Board, following a joint request submitted to the Authority in this regard, and the new entity resulting from the merger shall be a legal successor to the merged entities and shall replace such entities in their rights and obligations.

The new entity shall automatically enjoy the shortest periods remaining for exemptions and incentives granted to any of the merged Investment Entities.

### Article 22: Transfer of Monies Abroad

The Investor shall have the right to transfer abroad his profits, capital or proceeds resulting from the disposal over his shares or participation in the Investment Entity or the compensation set forth in this Law. Moreover, employees in the Investment Entity shall have the right to transfer their savings and entitlements abroad

### Article 23: Confidentiality of Information

By virtue of this law, the Investor shall be entitled to the basic principles of confidentiality in respect of the technical, economic, and financial information relevant to his investment and to safeguard initiatives in accordance with the provisions of the laws and regulations in force in the country.

Without prejudice to a more severe penalty provided for in any other law, a person shall be punished with imprisonment for a term not exceeding one year and a fine not less than one thousand dinars and not exceeding ten thousand dinars or either one of these two penalties, who divulges or benefits from any information that he might have gained knowledge of as a result of his employment or due to his participation in an activity initiated by the Authority or any of its divisions, relating to investment initiatives or the technical, economic or financial aspects of an investment that is subject to the provisions of this Law, except where permitted by law or pursuant to a judgment or an order issued by a judicial authority.

### Article 24: Legislative Framework of Direct Investment:

Unless there is a special provision in this Law, the laws, and regulations applicable in the country shall govern Direct Investments falling within the purview of this Law, and all international conventions in force in the country related to investments and the avoidance of double taxation shall be observed.

## Article 25: Scope of the Law's Application

The provisions of this Law shall apply to existing Direct Investments and those investments that were licensed prior to this Law coming into force, without subjecting such Direct Investments to any damage, provided that the incentives, exemptions and guarantees granted under this Law shall be no less than what was granted before its implementation. Investors may apply for privileges provided for in this Law for the Authority's consideration. The provisions of this Law shall apply to any expansion or modification of an existing Investment Entity if the expansion or modification occurs following the date on which this Law comes into force. The Board shall establish the regulations in relation to expansions and modifications and how to license the same.

## Article 26: Competent Court

The Kuwaiti courts are the ones solely competent to consider any disputes arising between investment projects and third parties, whoever they may be. The parties may also agree to refer such disputes to arbitration.

## Article 27: Incentives and Exemptions

The Investor shall be entitled to some or all the following incentives:

1. Exemption from income tax or any other taxes for a period not exceeding ten years from the date of the actual commencement of operations of the licensed investment entity.
2. Exemption of any expansion of an Investment Entity, licensed in accordance with the provisions of this Law, from the taxes set forth in the preceding paragraph, for a period of no less than the duration of the exemption granted to the original Investment Entity as of the date of commencement of production or actual operation of the expansion.
3. Without prejudice to the provisions of Law No. (10) of 2003 promulgating the Unified Customs Code for the GCC

Countries, the following shall be wholly or partially exempted from taxes, customs duties or any other fees that may be payable on imports required for the purposes of Direct Investment:

- a. Machinery, tools, and equipment and means of transport and other technological devices.
- b. Spare parts and necessary maintenance supplies for what has been described in the previous subsection.
- c. Merchandise, raw materials, partially manufactured goods, wrapping materials and packaging.

The Investor is prohibited, for a period of five years as of the date notifying him of exemptions from the duties described in this article, from disposing in any manner over the goods described in this clause, including by way of sale, swap, or assignment. During the same period, the Investor may not utilize the goods in any other manner than for the purpose for which they were imported, except in accordance with the principles and rules decided by the Board in this regard and shall pay the taxes and fees that would have been due for the importation at the time of disposal.

4. The use of land and real estate allocated to the Authority or that is subject to its supervision or management, in accordance with the principles and rules established by the Board in this regard.
5. The employment of foreign labor required for the investment, in accordance with the principles and restrictions established by decision of the Council of Ministers in respect of the minimum proportion of national employment that must be provided.
6. The Council of Ministers may decide to grant some cases and groups certain advantages and exemptions, which are not mentioned in this article.

## Article 28: Applicability of Incentives and Exemptions to Partnerships of the Public and Private Sectors

The provisions of the previous article shall apply to all types of partnerships between the public and private sectors established for the purpose of Direct Investment, including companies and projects stipulated in Law No. (7) of 2008 and Law No. (37) of 2010 provided that the Board establishes the relevant rules and principles.

## Article 29: Application and Criteria for Granting of Incentives

The Investor shall apply to the Authority for all, or part of the incentives provided for in this Law, simultaneously or following the application for the License, for consideration by the Authority with the goal of ensuring that it satisfies the principles, rules and procedures established by the Board in this regard in line with the approved general policy of the state and economic development plans.

The value, type and duration of incentives and exemptions granted for investments, each according to its type and nature, shall be connected to all or some of the following criteria:

1. The transfer and settlement of technology and modern management methods as well as practical, advanced technical and marketing experience into the State of Kuwait.
2. The amount and quality of the products and services offered.
3. The need of the local and Gulf market for Direct Investment and its contribution to economic diversification.
4. Increase in national exports.
5. Creation of job opportunities for, and training of the national workforce.
6. Contribution to the development of areas that lack similar projects or activities.
7. Favorable environmental impact.

8. The extent to which the project offers services to the community that are outside the framework of the specific project or economic activity that is being practiced.
  9. Use of national products.
  10. Use of national technical, professional, and consulting services.
- The Board may amend or add other criteria to the criteria, in accordance with the public policy of the State and the approved economic development plans.

## Article 30: Investment Register

A special register called the "Investment Register" shall be prepared in which all Investment Entities licensed in accordance with the provisions of this Law are recorded, as well as all Applications, Licenses, incentives, exemptions, and penalties connected thereto, and all documents and related data shall be attached to the register.

The Director General shall issue any decisions required for specifying the method of setting up the register and its content as well as the mechanism for registration and the required documentation and data.

## Article 31: Annual Report

The Relevant Minister shall submit to the National Assembly a copy of the annual report issued by the Authority and a copy of the statistics relevant to its activities and the projects, within 30 days from the date of submission to the Council of Ministers.

## Article 32: Sanctions in Case of Violation of the Law or the License

In case of a violation by the Investor of the provisions of this Law or the requirements of the License, the Board may impose one of the following sanctions:

1. Written warning, and a more severe sanction can be decided in the event three warnings have been addressed to the same Investor or the same

- Investment Entity within one year of the first warning.
2. Partial or total withdrawal of incentives and exemptions granted. The decision of withdrawal may be reconsidered if the violation has been addressed.
  3. Temporary administrative detention.

The License shall be considered null and void by force of law in the event the Investment Entity ceases its activities and business for more than a year without acceptable justification, or in the case of a delay of more than one year from the date set for actual operations to begin according to the timetable provided by the Investor to the Authority at the time of the request of the License Application, without acceptable justification. The Executive Regulations shall set out the principles and rules necessary in this regard. In other cases, the License may not be revoked, or the Investment terminated except according to an order issued by the President of the Court of First Instance based on a petition submitted by the Authority providing justification for the request.

The Investor may appeal against the sanctions set forth in subsections 2 and 3 of this article within thirty days from the date of notification of the sanction decision. The appeal shall be decided within thirty days and in case of refusal of the appeal, the decision shall be written and justified. Sanctions imposed in accordance with this article and the date of notification to the Investor shall be recorded in the Investment Register stipulated in this Law in the section relevant to the Investment Entity associated therewith. The imposition of such sanctions does not prejudice any civil or criminal liability.

### Article 33: Appointment and Powers of Judicial Officers

Specialist employees, who are designated by the Minister by virtue of a decision issued by him, shall be granted the capacity of judicial officers to monitor the implementation of this Law and its implementing regulations and decisions. The said employees shall perform their work with honesty, integrity and impartiality and shall

have the obligation not to disclose the confidential information of Investment Entities received by them during the performance of their duties. They shall also take the following oath before the Minister:

“I swear by Almighty God that I will perform my work with honesty, impartiality, integrity and truthfulness, and I will safeguard the confidentiality of the information made available to me in the course of my duties even after the end of my service.”

The relevant employees of the Authority shall submit a detailed report on the results of their work immediately following its completion to the Director General, who shall refer it to the Board with his opinion to take a decision in this regard.

### Article 34: Obligations of the Investor

The Investor, who has been granted a License or whose investment was granted incentives or exemptions pursuant to the provisions of this Law, shall undertake the following:

1. Notify the Authority in writing of the date of the beginning of the measures and operational steps necessary to start the work of the licensed Investment Entity and the date of completion thereof, within a period not exceeding thirty days from the date of each of them.
2. Notify the Authority in writing of the date of the start actual operation of the licensed Investment Entity, within a period not exceeding thirty days from the said date.
3. Comply with the rules and financial and tax regulations issued by the Ministry of Finance, especially those related to the submission of tax returns and issuing of the tax card.
4. Provide any information, data, statistics, or documents requested and deemed necessary by the Authority to implement the provisions of this Law.
5. Allow any of the Authority's employees authorized by the Director General, to enter all buildings, sites and facilities associated with the licensed investment Entity, for the purpose of monitoring and

following up in accordance with the provisions of this Law as well as verifying the content of the data, information, statistics, and documents submitted by the Investor against actual practices. The Authority's employees shall submit a detailed report on the results of their work immediately following its completion to the Director General, who shall decide what he deems appropriate in this regard.

6. In all cases, the Investor is obliged during the performance of his work not to violate the laws and regulations applicable in the country, especially the duty to protect the environment and the regulations relating to security, public health, public order and not to expose others to risk.

### Article 35: Funds, Assets and Employees of the Authority

All funds, assets, obligations, rights, and anything relevant to the Foreign Investment Bureau established pursuant to Law No. (8) of 2001 shall be transferred to the Authority.

Without prejudice to the provisions of Decree Law No. (15) of 1979 and the decree concerning the civil service system issued on 4 April 1979, the Authority shall have staff appointed according to the regulations set by the Board of Directors, which shall include the rules of appointment and the remuneration granted in kind and in cash to employees.

The Relevant Minister shall issue, within six months from the date this Law comes into force, the decisions necessary for the transfer of the employees he deems appropriate from the bureau to the Authority.

Source: KDIPA

### Article 36: Executive Regulations

The Relevant Minister shall issue the Executive Regulations to this Law and take the decisions necessary for the implementation of its provisions within six months from the date of its publication in the Official Gazette.

### Article 37: Repeal of Law No. (8) of 2001

Law No. (8) of 2001 and any other article which is in breach of this Law is repealed.

### Article 38: Implementation of the Law

The Prime Minister and the Ministers, each in their respective capacity, shall implement this Law which shall come into force six months following the date of its publication in the Official Gazette.

# APPENDIX 2: Executive Regulations Implementing Law No. 116 of 2013

## Regarding the Promotion of Direct Investment in the State of Kuwait

### Chapter I

#### Definitions

##### Article 1:

The following terms and phrases shall bear the meaning corresponding to each of them:

**Relevant Minister:** Minister of Commerce and Industry.

**Authority:** Kuwait Direct Investment Promotion Authority (KDIPA)

**Board:** Board of Directors of KDIPA

**Chairman of the Board:** Relevant Minister

**Director General:** Director General of KDIPA

**Law:** Law No 116 of 2013 referred to above

**Investor:** Natural or legal person of any nationality

**License:** Investment license issued in accordance with the Law and these Regulations.

**Investment Entity:** Any economic activity that is licensed in accordance with this law by virtue of an investment license which grants the legal existence in the state of Kuwait.

**Capital:** What is employed or used directly for purposes of Direct Investment through an Investment Entity that is subject to this law including:

1. Funds, financial and commercial securities, Be they local or foreign.
2. Machinery, tools, equipment, means of transportation and other technological devices.
3. Raw material and intermediate goods required for the commencement of

actual production or operation by the Investment Entity.

4. Intangible rights such as patents, trademarks, license, registered trade names and industrial and technological designs.
5. Profits and proceeds of the invested capital if used for the increase of the capital or if it is employed or used for the purposes of Direct Investment through Investment Entity licensed in accordance with Law and these Regulations.

**Direct Investment:** An investment where the Investor, individually or with participation of another investor, employs his capital directly through an Investment Entity in the State of Kuwait licensed in accordance with the Law.

**Application:** The application submitted by the Investor to obtain, as applicable, the license or incentives or to merge Investment Entities, in accordance with principles and rules relevant to each case.

**Activity:** Every activity with economic impact through which Direct Investment is made, with the exception of the activities set forth in the list of investments whose activities are excluded from the scope of the Law and shall be determined by a resolution of the Council of Ministers.

**Investment Register:** The register in which all data relating to Investment Entities and changes made thereto are recorded, including building permits and other licenses, approvals, authorizations, and permissions required for the commencement of operations, which are issue by the competent authorities.

**Commencement of execution:**

The commencement of preliminary procedures and activities that precede the commencement of operation by the Investment Entity.

**Chapter II****Kuwait Direct Investment Promotion Authority****Article 2**

The authority shall carry out the business achieving its objectives and competencies stipulated in the Law and shall undertake the execution of any other task that are relevant to its objectives assigned thereto by the Council of Ministers or the Relevant Minister, or that would encourage Direct Investment in the country, develop and streamline the investment environment, facilitate procedures, and eliminate obstacles facing the investors.

**Article 3**

Each of the chairman and the member of the Board, and the Director General shall commit to disclose their interests and the interests of their spouses and of their first-degree relatives in any project or service to be presented to the Board. They shall in all cases shall refrain from participating in the discussion or the passing of any resolution related to such project or service; failing to do so; such resolution shall be null and void as well as all consequences arising therefrom. Such disclosure shall be presented in writing to the secretariat of the Board, which shall in turn refer it to the Board when discussing the project or service. The said disclosure shall advise on the interest referred to.

The Authority's employees shall also commit to disclose and shall submit it to the Director General stating the interest and its relevance to the tasks and competencies assigned to them.

**Chapter III****One-Stop Shop****Article 4**

The Authority shall have an administrative unit called the "One-Stop Shop". Such unit shall be staffed with a sufficient number of government authorities' employees to be specified by the Board.

The One-Stop Shop shall be responsible for completing the transactions relating to the Investor's establishment of the Investment Entity and any expansions and any changes thereto. The One-Stop Shop shall also undertake any further tasks assigned by the Director General.

The One-Stop Shop shall be responsible for preparing introductory guides, to be approved by the Director General, setting out the requirements for completion of transaction. The One-Stop Shop shall also be responsible for responding to any queries raised in respect of such guides.

**Article 5**

The Authority shall prepare a list of specialized companies, firms, and offices that are prequalified and approved to submit and follow-up on Applications in the name and on behalf of Investor, if the Investor wish to take up such representation.

**Article 6**

The Authority and government authorities represented in the One-Stop Shop shall coordinate in respect of the administrative supervision of the employees who are representing them in One-Stop Shop.

Such employees shall be designated by the authorities they represent to perform the duties necessary for the completion of transaction without having to refer back to a higher authority in order to take the appropriate decision or action; and shall be provided with all data, information, forms and all necessary to complete the tasks that fall within their competencies including the following:

Receiving and delivering all the papers, Applications, documents, contracts, permits,

licenses, approvals, receipts, and fees; taking all actions, issuing all necessary approvals and decisions relevant thereto, and follow it up with their original authorities, if rendered necessary.

Providing the services that fall within the jurisdiction of their original authorities, at the premises of the One-Stop Shop and following up with their original authorities, if rendered necessary.

## Article 7

The Director General shall oversee the work system within the One-Stop Shop, and shall set the rules, mechanisms, procedures, and indicators that ensure the speed and accuracy of the completion of the transactions that fall within its jurisdictions; shall formulate and oversee a follow-up system that shall include receiving complaints and proposals submitted by stakeholders regarding the progress of their transactions, and shall take all actions, measures and decisions necessary in this regard.

## Chapter IV

### Investment Entity and Applications to be submitted to the Authority

#### Article 8

Without prejudice to the provisions of Article 11 and 12 of the Law, the activities of Direct Investment shall be licensed in accordance with the provisions of the Law and these Regulations, through a specified Investment Entity, pursuant to any of the following forms:

A Kuwaiti company, incorporated for the purpose of Direct Investment pursuant to the provisions of the Companies Law referred to. The foreign investor might obtain a 100% share of the capital of a shareholding company, or a limited company, or a single-person company.

A branch of a foreign company licensed to operate in the State of Kuwait for the purposes of Direct Investment

A representative office having the sole purpose of preparing market studies and production possibilities, without engaging in a commercial Activity or Activity of commercial agents.

## Article 9

A subject to the provision of Article 12 of the Law, the Board shall set the specific principles and rules for the licensing of each type of Investment Entity referred to in the Law.

The Authority shall prepare the application forms for the various types of transactions that fall within its jurisdiction and in particular the following:

1. Licensing of an Investment Entity.
2. Granting of incentives and exemptions
3. Amendments to the name, address, purpose, capital, or domicile of an Investment Entity
4. Amendments to the percentage of shareholders' equity in an Investment Entity

The Relevant Minister shall determine the fees for the services rendered by the Authority.

## Article 10

The Authority shall receive the Applications, papers and documents submitted by the Investor or his representative. Submission may occur through any other means specified by the Authority, including registered mail or e-mail.

The Authority shall hand over to the applicant a receipt proving the acceptance of his Application for the purposes of review, after ensuring the fulfilment of all required condition, information, and documents.

## Article 11

The Authority shall set-up a register to record all Applications, according to their type and precedence. The register shall in particular record the following information:

1. The type of Application and its number
2. The date on which the Investor received the receipt described in the preceding article

3. The Investor's name, address, and necessary identification particulars
4. Type of activity and the form of the Investment Entity
5. The appropriate means of notifications, which shall be specified by the Authority

## Article 12

Deciding on the merits of Applications submitted shall be made in accordance with the provisions of the Law and these Regulations. Decisions and any necessary correspondence in this respect shall be issued with the signature of the Director General. The Investor shall be notified of the approval or rejection of the Application. In the event of a rejection, the decision for rejection needs to reason and in writing.

## Chapter V

### Rules of License Applications

#### Article 13

Without prejudice to the provisions of the Law and these Regulations, the License Application must include the information, data and documents required by the competent authorities, all of which shall be valid. The Investor shall reveal the timetable of both the Commencement of Execution and commencement of operations.

#### Article 14

In order to accept receiving the License Application for the establishment of a Kuwaiti company, it shall be accompanied by an initial study, which shall specifically include the following:

1. The type of proposed Activity or project.
2. The legal form of the company required to be licensed.
3. The size of the investment.
4. Financing structure and sources.
5. The economic and environmental impact.
6. The experience and capabilities of the investor.
7. The needs of the Investment Entity for national and foreign labor, area of land required, raw materials, intermediate goods, and their supply sources.

8. The estimated annual quantity of water and energy required.
9. Any further data or clarifications requested by the Authority before or after the submission of the Application.

#### Article 15

The Application for the licensing of a branch of a foreign company shall be accompanied by an initial study of the particulars set forth in the preceding article, in addition to certified copy of the company's memorandum and articles of association, the latest audited balance sheet and a certificate evidencing its existence and performing its operations.

#### Article 16

The Application for the licensing of a representative office shall include particular the following:

1. The purpose of the establishment of the office
2. A certified copy of the memorandum and articles of association of the foreign company, its latest audited balance sheet and a certificate evidencing its existence and performing its operations
3. Any further data or clarifications requested by the Authority before or after the submission of the Application

#### Article 17

The Authority shall decide on the merits of the License Application within thirty days as of the fulfilment of all conditions, data, papers, and documents required by the authority and the competent authorities.

In case the authority approves the License Application, the incorporation of the Investment Entity and issuance of the Commercial license shall proceed.

The license shall be issued by the decision of the Director General.

## Article 18

The Investment Entity must obtain the necessary approvals for the Commencement of Execution within one year from the date of issuance of License unless the timetable submitted to the Authority species a longer period.

The Director General may grant additional time to the Investor if he submits acceptable reasons, provided that this period shall not exceed one additional year.

The Board may grant another time limit exceeding the time limit set forth in the preceding paragraph.

The Investor shall notify the Authority of the actual date of the commencement of operations within thirty days from such date.

## Chapter VI

### Incentives and Exemption

#### First

#### The Procedure for Obtaining Incentives and Exemptions

##### Article 19

The Investor shall submit to the Authority an Application to receive the incentives and exemptions provided for in Article 27 of the Law on the forms prepared for this purpose. This can accompany the License Application or can be done after the submission thereof, upon the fulfilment of all conditions and rules established by the Board in this regard.

##### Article 20

The incentives and exemptions, including tax exemptions, granted to an Investment Entity with multiple activities shall be limited to the Activity approved by the Authority in this respect.

## Second

### Tax Exemption

##### Article 21

Each Investment Entity licensed in accordance with the provisions of the Law shall maintain regular accounts under the supervision of one or more certified auditors.

If an Investment Entity practices more than one Activity governed by the provisions of the Law and these Regulations, then the tax exemption period shall be calculated for each Activity separately as of the date of the commencement of actual operations. Regular and separate accounts shall be maintained for each Activity.

##### Article 22

The Investor may benefit from income tax or any other tax exemptions for a period not exceeding ten years beginning from the date of commencement of operations of the Investment Entity; provided that the Investor shall provide a tax return on the exempted Investment Entity in accordance with the dates to be specified by the Ministry of Finance.

##### Article 23

The tax exemption Application shall be submitted to the Authority on the forms prepared for this purpose. The Application shall be submitted, and the exemption period and value shall be determined by the Authority, in coordination with the competent authorities, in accordance with the provisions of Article 29 of the Law. The board shall develop principles, rules, and standards it deems appropriate in this regard.

The investors shall comply with the financial tax instructions issued by the Ministry of Finance, especially with regard to the submission of tax returns and any documents, data or clarifications requested for the sake of the implementing the exemption.

## Article 24

The Director General shall within fifteen days from the date of receipt of notification, following verification of the validity of the particulars of the notification provided for in Article 13 of these regulations and of the commencement of operations. The Ministry of Finance shall be served with copy of such certificate, which shall be conclusive evidence towards all relevant parties.

The foregoing provisions shall apply to the expansion of the existing Investment Entity. The tax exemption in this case shall enter into force as of commencement date of production or actual operations of the expansion.

## Third

### Customs Exemption

#### Article 25

The Application for the exemption from the custom taxes and duties shall be submitted to the Authority in accordance with the forms prepared for this purpose. The Application shall be accompanied by a list of the materials which are subjected of the Application.

The Application for customs exemption shall be assessed in accordance with the principles, rules, and standards to be established by the Board.

The customs exemption certificate shall be issued by the Director General and shall be conclusive evidence towards all relevant parties.

#### Article 26

The Authority, in coordination with the General Administration of Customs and other concerned authorities, shall determine the cooperation mechanisms for handling the technical and procedural aspects of the Applications for the customs exemption, in terms of the adoption of the lists of imports of Investment Entities, which are the subject of the Application.

## Article 27

The Investment Entity shall be fully or partially exempted from customs duties and taxes in accordance with the provisions of the and these Regulations, subject to the following:

1. The importation shall be made in the name of the Investment Entity or its account
2. The imported materials, in terms of quantity and quality are consistent with the nature and needs of the Activity of the Investment Entity.

## Article 28

Without prejudice to the provision of Law No 10 of 2003 on the promulgation of the Unified Customs Code for the Arab Gulf Cooperation States, the investment entity shall be fully or partially exempted from taxes and customs duties or any other fees that may be due on imports necessary for the purposes of the Investment Entity, including:

1. Machinery, tools, equipment, means of transport, and other technological devices
2. Spare parts and necessary maintenance supplies for what has been described in the previous subsection
3. Intermediate good raw material partially manufactured goods, wrapping and packaging material and supplies.

## Article 29

The Investment Entity enjoying customs exemptions shall commit to maintain a register to record all machinery, equipment, devices, means of transport spare parts, supplies, materials, and goods subject to the said exemption.

## Fourth

### Allotment of Land and Real Estate

#### Article 30

The Board shall set out the principles, rules, and standards on the basis of which the Application for the usage of land and real estate allocated to, supervised, and administrated by the Authority, shall be assessed, as well as the determination of the areas that can be allotted to an applicant, and the manner of allotment.

## Fifth

### Conversion of the Investment Entity

#### Article 31

After obtaining the approval of the competent authorities, two or more Investment Entities may be merged. The new merged entity shall be the legal successor of the merged entities and shall subrogate them in their rights and obligations.

#### Article 32

The new entity shall automatically be entitled to the shortest remaining duration of any exemption and privileges granted to any of the merged Investment Entities.

The new entity may submit to the Authority an application for the receipt of other exemptions and incentives to complete the ten-year period provided for in Article 27 of the Law.

#### Article 33

In case of an Investment Entity's division into two or more Investment Entities, the entities arising from such division shall be the successors of the divided entity and shall subrogate it in its rights and obligations, within the limits of the rights and obligations devolved thereto from the divided entity in accordance with the provisions of the division resolution.

## Article 34

In case the Investment Entity converts from one form to another, or if the licensed company converts from a legal form to another form; the conversion decision shall not affect the rights and obligations of the Investment Entity, or the Investor, or bona fide third parties.

## Chapter VII

### Grievances

#### Article 35

The Board shall form a committee to receive grievances, consisting of at least three members, from whom one shall be designated as the head of the said committee, which shall be competent to receive grievances from stakeholders regarding decision issued by the Authority.

The grievance shall be submitted to the committee within thirty days from the date of notification or knowledge of the decision by the concerned person.

#### Article 36

The grievance shall be accompanied by supporting documents, in particular, the following:

1. The name, designation, address and contact details of the person submitting the grievance
2. The date of issuance of the decision that is subject of the grievance and the date of notification or knowledge of such decision by the person submitting the grievance
3. The subject of the grievance and the reasons upon which it has been based

#### Article 37

Grievances shall be submitted to the secretariat of the Board, who shall notify the Director General therewith upon the receipt thereof. Grievances shall be recorded in the register prepared for such purpose, and the person submitting the grievance shall receive a receipt indicating the registration number and date of the grievance.

## Article 38

The grievance shall be referred to the head of the committee, who shall determine the date of the hearing of the matter and shall notify the person submitting the grievance therewith, to attend before the committee in person, or by an agent or through a representative. The committee may ask relevant stakeholders to submit the clarifications and documents it requires.

## Article 39

The committee shall decide on the grievance on the basis of a reasoned decision within thirty days from the date of its registration. The committee's deliberations shall be confidential, and its decision shall be passed by majority, and shall be final.

## Chapter VIII

### Judicial Officers

#### Article 40

All Investment Entities shall be subjects to the rules, regulations and supervisory instructions prescribed by the authority, provided that the Authority shall coordinate with the Ministry of Commerce and Industry and other competent authorities in this regard.

#### Article 41

The relevant Minister shall issue a decision determining the employees who shall have the capacity of judicial officers to monitor the implementation of the provisions of the Law, the Regulations and implementing decisions.

The persons who have the capacity of a judicial officer, in order to perform their duties of supervision and follow-up, shall have the right to take the following actions:

1. Access all premises of Investment Entities
2. Access to all requested documents and data, and in particular, records, books, exhibits, documents, tapes, and computer systems and any other means of data storage or processing

3. Preparing written minutes documenting violations and referring the same to the competent authorities at the Authority
- The Investment Entity shall facilitate the tasks of the judicial officers and provide them with the foregoing as required.

#### Article 42

The employees of the Authority who have the capacity of judicial officers shall comply with following when performing their duties:

1. The duties of the judicial officers shall be performed during the official working hours, and at the premises of an Investment Entity.
2. The supervision and follow-up shall be done in respect of the activities licensed by the Authority. The goal of such activities shall be verify the proper application of the provision of the Law, its Regulations and implementing decisions.

#### Article 43

The employees of the Authority who have the capacity of judicial officers shall submit a detailed report on the results of their work immediately after the completion thereof the Director General, who shall transmit it to the Board with his opinion n taking the necessary decision or action in this regard.

## Chapter IX

### Investment Register

#### Article 44

A special register called "Investment Register" shall be maintained by the Authority, in which all Investment Entities licensed in accordance with the provisions of the Law, and all Applications, Licensed, incentives, exemptions, sanctions and their associated data shall be recorded. All relevant documents and data shall be attached to such register.

The Director General shall issue the decisions for the setting up of the register, the content thereof, the mechanism of the registration therein as well as documents and data required therefor.

## Article 45

The Investment Entity licensed by the authority or granted incentive or exemptions in accordance with the provisions of the Law and these Regulations, shall notify the Authority in writing of any judgements, decisions or proceedings that would affect the Investment Entity's Activity or its continuation.

Any stakeholder shall notify the Authority of any judgements, decisions or proceedings referred to in the preceding clause, which shall be recorded in the Investment Register.

Source: KDIPA

## APPENDIX 3: Related Decisions

### Regarding the Promotion of Direct Investment in the State of Kuwait

1 -The Director General Decision No. 16 of 2016 on the Mechanism for Granting Tax Exemption of Kuwait Direct Investment Authority, as amended by the Director General Decision No. 76 of 2018

Direct General of Kuwait Direct Investment Promotion Authority:

- After perusal of Decree Law no. 3 of 1955 on the Kuwait income tax, as amended Law no. 2 of 2008
- And Law no. 116 of 2013 on the Promotion of Direct Investment in the State of Kuwait, and its Executive Regulation thereto.
- And the Director General Decision No. 16 of 2016 on the Mechanism for Granting Tax Exemption of Kuwait Direct Investment Authority, as amended by the Director General Decision No. 76 of 2018
- And the decision of Board of Directors of Kuwait Direct Investment Promotion Authority undertaking in their meeting (1/2020) held 16/4/2020, on approval of the amendment of the mechanism for granting tax exemption
- And based on the work interest

#### Article 1

The provision of the Mechanism for Granting Tax Exemption issued under the aforesaid decision No. 16 of 2016 and its amendments, shall be amended as follows:

**Firstly:** The definition stipulating in Article (1) of the provision of the mechanism for granting tax exemption, shall be amended as follows:

**National Labor:** The national labor for which the tax credit is calculated in his decision covers the nationals working in the investment entity that are:

- a. Over the percentage approved by the Council of Ministries regarding the specified national labor quota in the non-governmental entities, for the investment entities that hire 25 or more employees
- b. Over 50 % of the total number of employees for the investment entities that hire less than 25 employees.

**Training of National Labor:** Shall mean the actual expenditure spent on the annual training plan relating only to the national labor, regardless of their proportion of the total employees working in the investment entity, such that these programs entail the following:

- a. Training on the components of technology, methods of knowledge, work, systems, modern management, and marketing which are transferred and settled in the State of Kuwait through the investment entity or related to the licensed activity.
- b. Enhance the capabilities of the national labor, and qualify their technical, technological, and professional competencies in their current position, or nurturing the future development of their career path in the labor market.

**Annual credits for transfer and settlement of technology:**

The value of the credits granted by assigning a 20% multiplier factor under the "Transfer and Settlement of Technology" criteria, which is calculated based on the total cost imported advanced equipment divided over the remaining duration of the exemption in equal amounts, on condition that this same equipment do not have an exemption from custom duties.

**Secondly:** The amendment of Article No. 7, evaluation criteria of the tax exemption application, by amending the condition for calculating criterion (1) transfer and settlement of technology, and by adding

criterion (4) sustainable development of the criteria matrix as follows:

No.	Criteria	Measure	Percentage / Value of set multiplier for calculating the annual benefits
1	Technology and Transfer and Settlement	Measured by proxy: 1-1 Cost of advanced equipment (Tangible value only)	@ 20% of the value of advanced equipment divided over the remaining duration of the exemption in equal amount
4	Sustainable Development	Measured by: 4-1 Corporate Social Responsibility 4-2 Environmental Sustainability	@ Equal the full values of the amount spent by the investment entity to the public and private entities in the State of Kuwait
Value of granted tax exemption (Total Annual Benefits) equals the sum of 1+2+3+4			

**Thirdly:** The following Article (7-bis) shall be added to the mechanism for granting exemption:

**Article (7-bis):** Areas and condition of corporate social responsibility and environmental sustainability programs:

**Area:** The areas in which the investment entity may opt to engage in social responsibility and environmental programs, outside the scope of its licensed activities, can be attained through its participation in one or more of the following:

- a. Providing all kinds of professional, technical, and digital training.
- b. Supporting/financing studies or research, development (R&D) and innovation efforts
- c. Building scientific laboratories or technological facilities.
- d. Supporting awareness campaigns to achieve community participation and development goals

- e. Contributing to develop local services or products for small and medium enterprise (SMEs)
- f. Supporting business incubators or accelerators related to the development of small and medium enterprises (SMEs) according to the definition adopted in the law establishing the National Fund for Small and Medium Enterprises Development
- g. Grants and donations to government authorities in times of emergencies and exceptional circumstances.

**Conditions:** To consider the expenditure spent on any of the above-mentioned area, the following condition are required:

1. Submitting a detailed action plan with timeframe to be implemented, demonstrating the expected economic and social impact
2. Refraining from using social responsibility programs for political, religious, or sectarian purposes
3. Assuring the expenditures are real and are accompanied by documentary evidence accepted by KDIPA and is not performed in return for any service for the investment entity

**Fourthly:** Amendments of item (b) of the tax exemption report from article eight: Mechanism for calculating the value of tax exemption – by adding the following paragraph:

The tax exemption report shall be submitted no later than December 31 following the end of taxable period for which the report is submitted

## Article 2

Responsible officials, each in the area of concern, shall execute this decision and it shall be enforced from the date of its publication in the Official Gazette

## 2 - Kuwait Ministerial Decision No. 394 of 2019 Conditions and controls of the licensing of branches of the foreign companies

- Having perused Law no. 116 of 2013 on the promotion of direct investment in the state of Kuwait
- Minister of commerce and industry decision no. 502 of 2014 promulgating the implementing regulation of the said law.
- Kuwait direct investment promotion authority board of directors' decision its meeting no 3 of 2019 dated August 22, 2019, on the consent to set control bases, and condition of the licensing of branches of foreign companies

Based on the work of interest requirements,

### Article 1

The foreign companies established more than two years ago and wishing to open branches thereof according to the provisions of the said Law no. 116 of 2013 shall, to be allowed to open such offices, submit the following documents translated into Arabic and certified by the competent entities at the country incorporation:

1. The issues decision / written consent of the competent entity at the parent company to open a branch thereof in the State of Kuwait, provided that it is explicit and not depending on any consent whether inside or outside Kuwait.
2. Memorandum of Association and statute of the parent company or its alternative
3. Official extract of the valid commercial register of the parent company or its alternative.
4. List of the name, nationalities, and ownership rate in the capital of the Board member and owners of the parent company, in addition to the names of the authorized signatories thereof.
5. Decision of appointment of manager for the branch in the State of Kuwait, issued by the competent entity with the parent company, specify the scope and date of validity thereof, accompanied with a true copy of the passport.

6. Audited balance sheet of the parent company for the last fiscal year
7. Power of attorney or authorization letter to the person in charge of applying for the license to open the branch in the State of Kuwait.
8. Data clarification required by the authority
9. An undertaking from the competent entity of the parent company to meet an obligation that may be due from the branch.

### Article 2

The branch of foreign companies shall take a headquarters for the practice of its activities to the prescribed rules and procedures. The announcements and notifications addressed by the authority to this address shall be considered legally effective and the branches shall notify the authority of any change occurring to such address

### Article 3

Taking in consideration the memoranda of association and Statutes of the foreign companies allowed to practice types of activities, in order for the license application to open a branch for the foreign companies to be accepted, the activity to be licensed shall be among the activities licensed and allowed to be practiced inside the State of Kuwait.

### Article 4

The branches of foreign companies shall be registered under the same trade name of the parent company, provided that it is clearly written on all papers, documents, banners, and promotional items that it is a branch of the parent company.

### Article 5

The branches of the foreign companies shall hold regular and approved accounting records of all the activities related to their work according to the accounting system and the relevant laws in the State of Kuwait, provided that they are audited by a certified auditor approved by the ministry of finance.

### Article 6

The branches of foreign companies shall notify Kuwait Direct Investment Promotion Authority of any amendments occurring to the parent company, in particularly in terms of legal form, financial positions, nature of activity and management thereof, within one month from the date of the contract, judgement, or procedure entitling amendments. All the data not notified to the authority shall not be taken in consideration by the latter.

### Article 7

The branches of licensed foreign companies shall be subject to the Authority's control and the latter shall have the right to access at any time, the books and records of such offices and request the data that achieve the purposes of control and supervision, according to the provisions of the said Law no. 116 of 2013.

### Article 8

The Authority shall coordinate with all competent entities at the State by taking the necessary measures to enable the branches of licensed foreign companies to carry out their activities according to the prescribed rules and provisions.

### Article 9

The Authority shall collect all the requirements, conditions, documents, forms, fees, and data of the competent government entities related to the practice of the activities to be licensed and shall set the appropriate mechanism to ensure that they are kept up to date.

### Article 10

The Authority shall take all necessary actions to activate its electronic services system and link it to the systems and databases of the competent entities in order to achieve exchange and information integration

### Article 11

All competent entities shall implement this decision and it shall enter into effect on the date of its publication in the official Gazette.

## 3 - Kuwait Ministerial Decision No. 393 of 2019

### Conditions and controls of licensing of Representative offices of Foreign Companies

- Having perused Law no. 116 of 2013 on the promotion of direct investment in the state of Kuwait
- Minister of commerce and industry decision no. 502 of 2014 promulgating the implementing regulation of the said law.
- Kuwait direct investment promotion authority board of directors' decision its meeting no 3 of 2019 dated August 22, 2019, on the consent to set control bases, and condition of the licensing of branches of foreign companies

Based on the work of interest requirements,

### Article 1

The foreign companies established more than two years ago and wishing to open offices thereof according to the provisions of the said Law no. 116 of 2013 shall, in order to be allowed to open such offices, submit the following documents translated into Arabic and certified by the competent entities at the country of incorporation:

1. The issues decision/written consent of the competent entity at the parent company to open a representative office thereof in the State of Kuwait, provided that it is explicit and not depending on any consent whether inside or outside Kuwait.
2. Memorandum of Association and Statute of the parent company or its alternative.
3. Official extract of the valid Commercial Register of the parent company or its alternative.
4. List of the names and nationalities of owners for the representative office in the State of Kuwait, issued by the competent entity within the parent company, specifying the scope and date of validity thereof, accompanied with a true copy of the passport.

5. Decision of appointment of a manager for the representative office in the State of Kuwait, issued by the competent entity within the parent company, specifying the scope and date of validity thereof, accompanied with a true copy of the passport.
6. Audited balance sheet of the parent company for the last fiscal year.
7. Power of attorney or authorization letter to the person in charge of applying for the license to open a representative office in the State of Kuwait.
8. Data or clarifications required by the Authority.
9. An undertaking from the competent entity of the parent company to meet any obligations that may be due from the representative office.

### Article 2

The representative offices of foreign companies shall be granted a registration certificate not exceeding one year, of which the renewal shall be considered on an annual basis taking in consideration their commitment to provide the following:

1. A statement of the names, functions, nationalities, salaries, and total wages of their workers.
2. The works carried out during the year, evidence of sending the same to the parent company, and the decisions taken by the latter in this regard.
3. A timetable of the completed studies, remaining studies, and a statement of the results of the practical studies reached.

### Article 3

The representative offices of foreign companies shall state clearly on all the papers, documents, banners, and promotional items that they representative offices of the parent company.

### Article 4

The branches of foreign companies shall notify Kuwait Direct Investment Promotion Authority of any amendments occurring to the parent company, in particularly in terms

of legal form, financial positions, nature of activity and management thereof, within one month from the date of the contract, judgement, or procedure entitling amendments. All the data not notified to the authority shall not be taken in consideration by the latter.

### Article 5

The representative offices shall submit evidence whether the parent company took a decision to establish a company or open a branch thereof in Kuwait or not, within three years from the date of registration thereof. This deadline may be extended by a decision from the Direct General in case acceptable justifications have been provided.

### Article 6

The representative office shall abide by the objectives set for in article (12) of the said law no. 116 of 2013, according to the objective for which they were registered. In case they violate the same, such offices shall rectify their situations either by establishing a company or opening a branch thereof within six months from the date of being notified of the violation. Otherwise, their deletion of registration from the record prepared for the purpose at the Authority may be considered.

### Article 7

The representative offices shall be subject to the Authority's control and the latter shall have the right to access, at any time, the books and records of such offices and request the data that achieve the purposes to control and supervision, according to the provision of the said law no. 116 of 2013.

### Article 8

The Authority shall coordinate with all competent entities at the state by taking the necessary measures to enable the representative offices of the registered foreign companies to carry out their activities according to the prescribes rules and provisions.

## Article 9

All competent entities shall implement this decision and it shall enter into effect on the date of its publication in the official Gazette.

### 4 - Kuwait Ministerial Decision No. 329 of 2019

Regarding the mechanism for evaluating investments license applications and granting benefits

#### Transfer and Settlement of Technology

##### Innovative tangible technology

Transfer and settlement of product, machinery, vehicles, high precision instrument as well as its optimal utilization.

##### Innovative intangible technology

Transfer and settlement of patent technology, copyrights, trademarks, databases, software, production systems, distribution systems, franchise, literary works, applications, and other intangible technology which aims to contribute to supporting the digital transformation of Kuwait in the era of the fourth industrial Revolution (IR4.0)

##### Research and development (R&D) for enabling knowledge creation

Fostering research development and innovation activities undertaken by companies for innovation, development and improvement of their products, services, operation, and strategic objectives.

##### Modern management method

Introducing and adopting practical systems, mechanisms, procedure, and rules to enhance productivity, effectiveness, and efficiency within the area of specialization.

#### Human Capital

##### Job Creation for nationals

Creating job opportunities for national employment in accordance with the council of Ministers Decisions No. 128 of 2014 regarding the National Labor Ratios at non-governmental entities applied to the investment entities with 25 employees or more. The investment entities with less than

25 employees are not subject to the above-mentioned decision, therefore KDIPA requires a Kuwaitization percentage of 50% or more the total employment.

##### Certified training programs related to specialization or core activities

Providing practical, on the job, and certified professional training programs related to the economic activity to improve the skills of national employees and expand their knowledge.

##### Corporate scholarship programs

Granting corporate scholarship programs for national employees and providing financial support to cover needed expenses throughout the duration of the study period like travel and accommodation; or providing financial and technical support for national employees to benefit from career-oriented disciplines in certified centers abroad offering intensive training courses to maximize learning and encourage more intensive professional interactions.

#### Market Development

##### Domestic market needs

Meeting the domestic market needs of goods and services both in the framework of forward integration by contributing to the distribution and marketing of output, or backwards integration by contributing to raw materials and the value of input; aiming to invigorate the domestic market by improving efficiency, cost saving, diversifying, and increasing national exports while reducing imports.

##### Use of national products and services

Purchasing local products and services to satisfy the needs of investment entities, leading to support the local producers and suppliers' networks, to enhance and encourage the domestic market dynamism, decreasing propensity to import, and increasing propensity to export.

##### Product Accreditation and Quality Management System

Obtaining product accreditation certificates, and implementation of quality management systems in accordance with international standards, enhances the capability and

efficiency of the established entity to improve outcomes as well as the quality of local products within the domestic market.

### **Economic Diversification**

#### **Contribution of non-oil sector to GDP**

Contributing to developing a diversified and sustainable economy by investing in non-oil economic activities in accordance with the Kuwait National Development Plan.

#### **Industry, innovation, and infrastructure**

Promote sustainable economic growth through investment in resilient in infrastructure, stimulate and develop industrialization and promote innovation and technological progress.

#### **Fostering competitiveness**

Increasing Kuwait's competitiveness by contributing to creation of competitive cluster in priority sectors, and through enterprise development and internationalization of local companies, especially SME's, through facilitating their integration into the production, distribution and marketing chains of investment entities operating in Kuwait, expanding to international markets by integrating in the Global Value Chains (GVCs) of these multinational companies.

#### **Sustainable Development**

##### **Corporate Social Responsibility**

Launching CSR initiatives that take place outside the core business of the investment entities, contributing to support social, humanitarian, and environmental activities with the aim of benefiting society.

##### **Environmental sustainability**

Providing mitigating techniques for managing waste generated by the economic activity of the investment entity, addressing environmental risks, adopting the "green environment" initiatives to protect the ecosystem, deepen the use of recycling and promote the use of new renewable sources of clean energy, as well as, promoting consumer products responsible for improving the quality of habitat environment,

## **5 - Decisions Law No. 246 of 2017**

Regarding the issuance of the qualifying system for listing consulting companies and offices to submit application on behalf of investors

- After perusal of Article (17) of Law No. (116) of 2013 regarding the promotion of direct investment in the State of Kuwait.
- And the Council of Ministers' Decision No. (1028) of 2014 regarding the determination of national labor quota in non-governmental sectors for each field or economic activity.
- And Article (5) of the Executive Regulations of Law No. (116) of 2013 regarding the promotion of direct investment in the State of Kuwait, issued by the Minister of Commerce and Industry Decision No. (502) of 2014,
- And KDIPA Board of Directors Resolution passed at its meeting (2/2017), held on 13/04/2017, approving the registration system for consulting companies and offices to submit the applications on behalf of the investors to KDIPA and the registration /renewing fee,
- And for the interest of work,

### **Article 1**

Any of the consulting companies and offices licensed by the competent authorities and that is specialized in the fields of studies, research, consultancy or providing services may qualify to apply to KDIPA to be listed as an accredited company or consulting office to submit applications on behalf of the investor, provided that the following condition are satisfied:

1. To be licensed by the competent authorities is one of the areas aforesaid
2. To have qualified human resources
3. To have capability to communicate effectively in English language
4. To enjoy professional prudence and good reputation, and never to be subjected to any penalties or punitive actions due to professional mistakes or legal violations imposed by competent authorities that

have legal oversight over such entity, or any other regulatory or judicial authority thereon.

## Article 2

Without prejudice to the conditions referred to in the preceding article, consulting companies and offices shall submit the qualifying applications, attaching the following documents:

1. Copy of the memorandum and articles of associations, along with the latest amendments thereto.
2. Certificate of registration in the Commercial Register, or the license for practicing the profession.
3. List of authorized signatories' names and samples of signatures.
4. Statement displaying presence of international cooperation or alliance if any
5. Submission of a written declaration in which consulting companies and offices pledge to undertake the following:
  - a) Commitment to provide all the data and information required by KDIPA
  - b) Commitment to inform KDIPA immediately in the incident of loss of any of the set forth qualifying requirements or listing conditions.
  - c) Commitment to pay the assigned accreditation fee set at (KWD 1000)
  - d) Adherence to all laws, provisions and instructions regulating the companies subject to KDIPA's supervision.

## Article 3

Consulting companies and offices are obliged to submit all papers, documents, or data in the Arabic language. Hence if any of these documents are not issued in Arabic, then they shall have to be duly translated into Arabic by on the accredited translation offices by the Kuwaiti Ministry of Justice.

## Article 4

All consulting companies and offices shall inform KDIPA in writing of any judgements, resolutions, or procedures that may impact the performance of their functions before KDIPA. Furthermore, each concerned party

shall notify KDIPA about any of the aforementioned judgements and decisions.

## Article 5

Consulting companies and offices that are accredited by KDIPA shall commit to observe the following matters:

1. Performing due diligence and professional prudence in the execution of all their transactions with KDIPA as per professionalism and prudent man rule.
2. Respecting norms and ethics of professional conduct.
3. Verifying and ensuring the accuracy and validity of all documents, information, or data provided by KDIPA.

## Article 6

Consulting companies and offices that are accredited by KDIPA shall commit to renew their listing annually upon payment of the determined fees of (KWD 500).

## Article 7

The Director General of KDIPA may, be justified decision, stop dealing with any of the consulting companies and offices that were accredited by KDIPA generally, and particularly in all the following cases:

- a. Violation of the provision of this system
- b. Suspension or deregistration from the competent authorities that have oversight over them.
- c. Sentencing a final judgement against them in any of the crimes of honor or consideration.

## Article 8

Consulting companies and offices accredited by KDIPA shall receive the following benefits:

1. Registration on KDIPA website
2. Priority in receiving updates on developments, changes in procedures or legislative matters occurring in KDIPA
3. Priority in receiving invitations to attend KDIPA's events
4. Accepting the invitations extended by the consulting companies and offices

accredited by KDIPA, as far as they serve the goals and objectives of KDIPA.

5. Attending the workshops pertaining to decisions issued by KDIPA

## 6 - Ministerial decision no. 280 of 2016 amending ministerial decision no. 161 of 2016 for the establishment and detailed tasks of the one-stop shop (OSS) department

- And Law no. 1 of 2016 issuing the Companies Law
- And Law no. 13 of 2016 regarding the regulation of commercial agencies
- And Ministerial Decision Law no. 159 of 2016 for Establishing Grievance Committee at KDIPA
- And Ministerial Decision no. 161 of 2016 regarding the establishment of One-stop Shop department
- And the approval of the civil services commission in its meeting No. 2 of 2016, dated April 28, 2016 on establishing the OSS Department,
- And what the undersecretary of MOCI presented
- And the dictated public interest

### Article 1

A dedicated department is established under the Ministry of Commerce and Industry, and is composed of:

- a. Communications and Technical Support Supervisory: under it two sections namely: Public Communications Sections and Technical Support Sections.
- b. Companies service Supervisory: Under it three specialized technical sections namely: Companies sections, KDIPA services and transactions section, and the National Fund for SME Enterprise Development and Transaction section.

### Article 2

The PSS Department and its administrative sub-units are specialized in the following detailed tasks:

The OSS Department is specialized in performing the following tasks:

1. Completing all procedures for established companies in a declared specified timeframe with transparency and clarity.
2. Receiving applications for establishing companies and issuing license to assume its activities
3. Coordinating with relevant entities to complete all procedures in the specified timeframe
4. Proposing policies and work systems relating to the ODD and developing an annual plan and following it up of all its tasks
5. Preparing introductory guidelines to show how to implement the transactions for all procedures and placing it on announcement boards on the website of MOCI, at the OSS and at all related entities.
6. Responding to inquiries submitted verbally and in writing by the government and non-government entities regarding the transactions performed within the OSS tasks during a specified period that is committed to it.
7. Keeping electronic records to register transaction and to follow up its progress starting from the time received until completed to ensure best practice.
8. Identifying needed indicators to perform the work by showing how each transaction is carried out within the specialization of OSS and the time it takes to ensure efficiency, and speed
9. Developing an electronic system for tracking compliance to these indicators such that it signals alarms when failing to oblige the transaction according to it.
10. Preparing monthly reports about achievements indicating time of receipt of transaction and time complete and reason for delay, if any, and suggestions to resolve such delay if it occurs
11. Follow up transactions in paper format and electronically and its implementation according to instructions and in coordination with performance follow up unit.

The Communications and Technical Support Supervisory is specialize in:

1. Placing automated systems to receive applications submitted to the OSS and ensuring it functions and easy access by the public in reality and electronically.
2. Following up with the delivery and receipt of submitted application to the OSS and completing work according to the announced timeframe with transparency.
3. Designing internal networks used in coordination with internal and external entities.
4. Updating used systems according to work needs.
5. Tackling technical problems in the receipt and delivery operations, data processing, and information and finding adequate solutions.
6. Daily follow-up with public dealing with the transactions through the sections that provide the licensing and other transaction at the OSS.
7. Studying causes of delay of services delivered if any and developing adequate solutions.
8. Responding to the public inquiries on the transaction and work schemes inside the OSS in accordance with the timeframe defined with transparency
9. Coordinating with specialized Supervisory and Sections for electronically transforming procedures, documents, and operations of the system used.
10. Communicating with external entities and information networks regarding the OSS.
11. Responding to all entities, individuals and companies regarding their submitted transactions and speeding up its implementation.
12. Preparing the monthly progress report on the Supervisor's achievements and submit to concerned entity
13. Establishing an E-archive and continuously updating it.

The Technical Support Section is specialized in:

1. Designing internal networks and its external links according to OSS operation
2. Developing electronic systems for OSS operations
3. Updating the systems used according to work needs
4. Tackling technical problems in the receipt and delivery operations, data processing and information and finding adequate solutions
5. Coordinating with the IT centers of relevance to OSS
6. Following electronically internal operations in OSS and determining its achievements an impact
7. Establishing an electric archive and updating it continuously
8. Preparing the monthly progress report on the sections achievements and submit to concerned entity
9. Other required tasks

The Communications Section (With entities and the Public) is specialized in:

1. Developing a system for communication operations with entities and the public both electronically and on paper with transparency and clarity
2. Performing daily follow up operations to the implemented transactions and those under implementation and those that not implemented and respond to the public about them.
3. Organizing operations regarding the reception of the public and entities in the halls prepared for this purpose.
4. Studying the causes of service delivery delays, if any, and proposing adequate solutions.
5. Responding promptly to complaints received by the public and submitted inquiries regarding transaction within defined timeframe.
6. Coordinating with external and internal entities regarding communications operations and enhancing their effectiveness.

7. Preparing the monthly progress report on the Section's achievements and submit to the concerned entity
8. Other required tasks.

The Companies Services Supervisory is Specialized in:

1. Persons companies (Limited liability and one single person) include the following tasks:
  - a. Establishing a company
  - b. Issuing a new license for the company including temporary license
  - c. Submitting a copy of the information and documents saved in the company's file
  - d. Selecting new commercial name
  - e. Issuing a certificate for the company's information including names of partners, their shares, managers, and authority matrix
2. Regarding professional companies and Holding companies include the following tasks
  - a. Tasks relates to the company according to its legal form it selects in accordance with its (1) of this Article.
3. Regarding KDIPA transactions, will include the following tasks:
  - a. Implementing transactions relating to the investor establishing the company's legal entity and any amendments or changes that occurs
  - b. Issuing and renewing approval, permit and licenses of relevance
  - c. Receiving and delivering all papers, applications, documents, contracts, permits, and fees
  - d. Performing all procedures and issuing all approvals and decisions of relevance and follow up as needed with the original entities
  - e. Providing services that are usually delivered by the original entities and follow up, as needed with original entities.
  - f. Preparing a list of companies, institutions, and specialized firms, that are qualified and approved and is

allowed to submit applications in the investor's name and on his behalf, if the investor so wishes.

4. Regarding the National Fund for SME enterprise development will include the following tasks:
  - a. Implementing transaction relating to the entrepreneur establishing the company's legal; entity and any amendments or changes that occurs
  - b. Receiving applications submitted by the fun and issuing and renewing approvals, permits, and licenses of relevance
  - c. Examining and reviewing documents that are required to be attached to the form and the procedures regulating application submission

The Companies Section specialized in:

1. Establishing persons companies, professional and holding companies and issuing their licenses according to the Law and its executive regulations.
2. Issuing temporary license.
3. Selecting a new commercial name.
4. Delivering a copy of the information and documents saved in the company's file.
5. Issuing a certificate of the company's information covering the names of the partners and their shares, names of the managers and their authority matrix.
6. Issuing a certificate (قيد شهادة) (for registering the company in the commercial registry).
7. Preparing the monthly progress report on the Section's achievements and submit to the concerned entity.

KDIPA's Services and Transaction Section is specialized in:

1. Implementing transactions relating to establishing legal entity by the investor and any amendments or changes that occur.
2. Issuing and renewing approvals, permits, and licenses of relevance.

3. Receiving and delivering all papers, application, documents, contracts, permits, and fees.
4. Coordinating with concerned entities with KDIPA's work and follow with them as needed
5. Preparing the monthly progress report on the Section's achievements and submit to concerned entity.

The National Fund for SME enterprise Development Services & Transaction Section is specialized in:

1. Implementing transactions relating to the entrepreneur establishing the company's legal entity and any amendments or changes that occurs.
2. Receiving applications submitted by the Fund and issuing and renewing approvals, permits, and licenses of relevance.
3. Examining and reviewing documents that are required to be attached to the form.
4. Perform the procedures regulating application submission.
5. Preparing the monthly progress report on the Section's achievements and submit to the concerned entity.

### Article 3

All concerned entities shall execute this decision and it cancels all what contradicts its provision and is in effect as of the date of its issuance.

### 7 - Council of Ministers Decision No. 75 of 2015 regarding the list of excluded direct investment from the provisions of Law no 116 of 2013 regarding the Promotion of Direct Investment

- After perusal of the Constitution;
- and Law No. (116) of 2013 regarding the Promotion of Direct Investment in the State of Kuwait.
- and based on the Council of Ministers Decision issued in its meeting No. (2-2/2012) held on 6/3/2012, regarding the harmonization of the statistical data classification in the government entities based on the International Standards

Classification (ISIC) 4th revised edition until the 6-digit as recommended by the United Nations Statistics Division,

- and the Council of Ministers Decision No. (455) issued in its meeting No. (51-2/2014) held on 17/11/2014,
- and based on the proposal taken by the Board of Directors of Kuwait Direct Investment Promotion Authority (KDIPA) in its third meeting held on 25/9/2014,
- and based on the submission of the Deputy Prime Minister and the Minister of Commerce & Industry,

### Article 1

The following direct investment shall be excluded from the scope of provisions of the aforementioned Law no. 116 of 2013:

1. Extraction of crude petroleum (Class 0610)
2. Extraction of natural gas (Class 0620)
3. Manufacture of coke oven products (Class 1910)
4. Manufacture of fertilizers and nitrogen compounds (Class 2012)
5. Manufacture of gas; distribution of gaseous fuels through mains (class 3520)
6. Real Estate (Level L), excluding privately operated building development projects
7. Security and investigation activities (Division 80)
8. Public administration and defense; compulsory social security (Level O)
9. Activities of membership organizations (Division 94)
10. Activities of hiring labor including domestic labor.

### Article 2

Kuwait Direct Investment Promotion Authority (KDIPA) shall undertake in coordination with competent authorities, to update the titles shown in Article One in accordance with the upcoming amendments in the international classification, in addition to proposing amendments in the investment activities stated article.

## Article 3

The competent authorities, each in the area of concern, shall execute this decision and abide by its s of the date of its publication in the official Gazette.

### 8 - Approving the said fees schedule (Ministerial decision No. 503 of 2014)

- After perusal of Law No. (116) of 2013 regarding the Promotion of Direct Investment in the State of Kuwait.
- And Deputy Prime Minister, Minister of Commerce, and Industry Decision No. (502) of 2014 regarding the Issuance of the Executive Regulations Implementing Law No. (116) of 2013 regarding the Promotion of Direct Investment in the State of Kuwait.
- And the Board of Directors of Kuwait Direct Investment Promotion Authority (KDIPA) decision taken in their third meeting of 2014 convened on September 25, 2014, approving the said Fees Schedule.
- And upon the presentation of the Director General of Kuwait Direct Investment Promotion Authority (KDIPA).
- And the dictated work interest.

## Article 1

Entitles Kuwait Direct Investment Promotion Authority (KDIPA) to collect the monetary value against each of the services rendered as expressed hereunder:

No.	Service	Fee in Kuwaiti Dinar
1	License application for Kuwaiti company	KD 100
2	License application for foreign company branch	KD 100
3	License application for representative office of a foreign company	KD 100
4	Application for incentives and exemptions	KD 100
5	Application for modifying the investment entity	KD 100

6	Issuance of the investment license	KD 50
7	Renewal of the investment license	KD 50
8	Replacing lost / damaged investment license	KD 50
9	Offprint (copy) of the investment license	KD 10
10	Issuing the customs exemption certificate	KD 10
11	Modifying the customs exemption certificate	KD 10
12	Renewal of the customs exemption certificate	KD 10
13	Replacing lost / damaged customs exemption certificate	KD 10
14	Certificate of record in the investment register	KD 10
15	Replacing lost / damaged certificate of record in the investment register	KD 10
16	Offprint (copy) of certificate of record in the investment register	KD 10
17	Reference in the investment register	KD 10
18	Cancellation conferring the cancellation or deletion of record in the investment register	KD 10
19	Certificate conferring the cancellation or deletion of record in the investment register	KD 10
20	Other off prints (copies) and certificates	KD 10

## Article 2

Responsible officials, each in the area of concern, shall execute this decision and abide by it as of the date of its publication in the Official Gazette.

### 9 – Decision No. 34 of 2014 Regarding the Investment Register

Director General of Kuwait Direct Investment Promotion Authority:

After Perusal of Law No. 116 of 2013 regarding the promotion of direct investment

in the State of Kuwait, in particular Article 30 thereof, and its executive regulations.

And decision No. 419 of 2014, issued on 30/09/2014 regarding the authorization of the Direct General of the Kuwait Direct Investment Promotion Authority,

And based on the work interest.

### Article 1

The provisions of the Investment Register of Kuwait Direct Investment Promotion Authority, as attached to this decision, shall be duly implemented as of the date of the issuance of this decision.

### Article 2

The competent authorities and the officials, each in their area of concern, shall execute this decision.

Source: KDIPA

## APPENDIX 4: Important legislations in Kuwait

LEGISLATIONS	APPLICABLE PROVISIONS
Protection of Competition Law	Law No. 72 of 2020
Bankruptcy Law	Law No. 71 of 2020
Rights to Access Information Law	Law No. 12 of 2020
Companies Law	<ul style="list-style-type: none"> <li>• Law No. 1 of 2016 regarding Commercial Companies</li> <li>• Law No. 15 of 2017 amending provisions of Law No. 1 of 2016</li> </ul>
General Tenders Law	<ul style="list-style-type: none"> <li>• Law No. 49 of 2016</li> <li>• Law No. 74 of 2019 amending certain provisions of Law No. 49 of 2016</li> </ul>
Anti-Commercial Fraud Uniform System in the GCC Law	Law No. 20 of 2019
Anti-Corruption Law	Law No. 2 of 2016
Capital Markets Authority Law	Law No. 22 of 2015 Amending Provisions of Law No. 7 of 2010
Public Private Partnership Law	Law No. 116 of 2014v
Environment Protection Law	Law No. 42 of 2014
Establishment of Communication and Information Technology Regulatory Authority Law	Law No. 37 of 2014
E-Transactions Law	Law No. 20 of 2014
New Commercial Permits Law	Law No. 111 of 2013
National Fund for the Enhancement and Development of SMEs Law	Law No. 2 of 2014 amending provisions of Law No. 98 of 2013
Privatization Law	Law No. 37 of 2010
Industrial Law	Law No. 56 of 2009
Kuwaiti Income Tax Law	Law No. 2 of 2008 amending provisions of Decree No. 3 of 1955

Source: KDIPA

## APPENDIX 5: Main Stakeholders

NAMES OF AUTHORITIES	ACTIVITIES
<b>Public Authority for Industry (PAI)</b>	PAI is the central body for developing, promoting, and supervising industrial activity in Kuwait. PAI's key objectives include encouraging local industries, protecting and expanding the production base of goods required for national and nutritional security, as well as diversifying national income sources.
<b>Ministry of Commerce and Industry (MOCI)</b>	MOCI performs several tasks related to industrial development, including the collection of information, research and policy related advisory, promotional events and commercial registration.
<b>Kuwait Chamber of Commerce and Industry (KCCI)</b>	KCCI plays an active role in the economic and industrial development through the identification and promotion of business and manufacturing opportunities, organization and participation of promotional events and exhibitions, business counseling and business networking services.
<b>Ministry of Communications (MOC)</b>	Ministry of Communications is responsible for the functioning of telephone, postal, wireless, and commercial services in Kuwait.
<b>Ministry of Finance (MOF)</b>	MOF is responsible for Kuwait's public finance. It assumes supervision on the public treasury, state domains (public and private), fields of international economic cooperation, monetary investment, and compensatory transactions projects.
<b>Kuwait Port Authority (KPA)</b>	KPA operated on a commercial basis, managing and operating Kuwait's Shuwaikh, Doha, and Shuaiba ports (commercial maritime), and undertakes initiatives to upgrade facilities.
<b>Ministry of Electricity and Water (MEW)</b>	MEW is responsible for the provision of power and water across the country. Its principal activities include power generations, their transmission and distribution, water desalination, licensing, and infrastructure development to meet Kuwait's increasing demand for electricity and water supply.
<b>Public Authority for Applied Educational and Training (PAAET)</b>	PAAET has been established, with the objective of developing and upgrading manpower to meet the growing demand for technical skilled employees, driven by the industrial and economic development of the country.
<b>Ministry of Health (MOH)</b>	MOH is responsible for designing and governing Kuwait's healthcare system, along with providing health related services to address the healthcare needs of residents.
<b>Kuwait National Fund for SME Development (KNF)</b>	Established under the Small and Medium Enterprises Law No.98 of 2013, the Kuwait National Fund of SMEs Development was established to support the creation of productive jobs for Kuwaiti professionals in the private sector. The fund is comprised of four hubs – Manufacturing, information technology, media, and design.
<b>Kuwait General Administration of Customs (KGAC)</b>	KGAC is one of the first Governmental departments established in Kuwait, which handles all customs work, and executes all decisions issued from Kuwait's Ministries and Governmental organizations.
<b>Directorate General of Civil Aviation (DGCA)</b>	DGCA oversees the management, supervision, and operation of Kuwait International Airport. The authority furthermore supervises the construction and maintenance of aviation related facilities, providing necessary services for international air navigation, such as telecommunications and meteorology, including the supervision of civil aviation related safety standards.
<b>Public Authority for Housing Welfare (PAHW)</b>	Public Authority for Housing Welfare is responsible for providing housing and settlements to accommodate Kuwaiti citizens, as well as expatriates, along with providing all required educational, religious, and social services.
<b>Kuwait Investment Authority (KIA)</b>	KIA is an autonomous sovereign wealth fund, which oversees the management administrations of the General Reserve Fund (GRF) and the Future Generations Fund (FGF), as well as any other funds entrusted to it by the Ministry of Finance, for and on behalf of the State of Kuwait. KIA has currently around USD 700 Bn worth of assets under management.

<b>Central Bank of Kuwait (CBK)</b>	CBK of Kuwait aims to maintain a flexible and stable monetary financial system in Kuwait. The CBK's main objectives include the issuance of the Kuwaiti Dinar, directing of credit policy to assist social and economic progress, assisting the growth of national income, and controlling the banking system in Kuwait.
<b>General Secretariat of Supreme Council for Planning &amp; Development</b>	This Government body focuses on creating development plans for Kuwait, which are forwarded to the National Assembly for discussion and approval.
<b>Kuwait Environmental Public Authority (KEPA)</b>	KEPA has been instituted for instituting and applying public policy for the protection of the environment, as well as strategies with the purpose to achieve a sustainable development in Kuwait. The authority is also responsible for defining environmental and employee health standards, and regulated industrials and building expansions, including exploitation of natural resources.
<b>Ministry of Foreign Affairs (MOFA)</b>	Ministry of Foreign Affairs bears the mandate and responsibility to conduct Kuwait's foreign relations with other countries, such as political relations, economic affairs, security matters, as well as social and cultural promotions.
<b>Ministry of Information (MOI)</b>	Ministry of Information is responsible for the formulation and administration of rules, regulations and law related to information, broadcasting and press media.
<b>Capital Markets Authority (CMA)</b>	Capital Market Authority regulates capital markets and securities business in Kuwait and is responsible for enhancing market performance, investor protection and increasing foreign participation through better transparency, efficiency, and fairness.
<b>Ministry of Oil (MOO)</b>	Oversight and control over the oil sector plans and related oil companies, programs and activities represented by Kuwait Petroleum Corporation, the affiliated companies, the foreign oil companies working in the country.
<b>The National Technology Enterprises Company (NTEC)</b>	Established in 2002, NTEC is fully owned subsidiary of the Kuwait Investment Authority (KIA) and was created to play a vital role in servicing major stakeholders in Kuwait with their technology needs. NTEC's business model is that of a Technology Projects Development company utilizing investment tools such as Private Equity, Venture Capital, and Direct Investment to initiate and stimulate Technology projects in Kuwait and local region.
<b>Kuwait Authority for Partnership Projects (KAPP)</b>	The Kuwaiti Government established the KAPP (formerly known as "Partnership Technical Bureau") with the objective of aiding the various public bodies and Government for the implementation of various mega projects in Kuwait through the PPP route. KAPP assists the Government to carry out initial survey's studies, evaluate economic and technical feasibility studies and provide recommendations for potential projects, determine methods for following up and evaluating the performance of projects, follow up the implementation of the projects and help overcome obstacles in collaboration with the entity to which the project is affiliated.

Source: KDIPA

## Useful Addresses:

NAMES OF AUTHORITIES	ADDRESS	TELEPHONE
<b>Kuwait Direct Investment Promotion Authority</b>	Al Hamra Business Tower, Floor 44, Abdulaziz Al Saqr Street, Sharq P.O. Box 3690, Safat 13037, Kuwait	Tel: +965 2205 4050 Fax: +965 2224 0735 Email: info@KDIPA.com.kw Website: <a href="http://www.KDIPA.gov.kw">http://www.KDIPA.gov.kw</a>
<b>Public Authority for Industry</b>	Public Authority for Industry Building 6th Ring Road, Ministries Area, 4690, Kuwait	Tel: +965 2530 2222 Fax: +965 2 530 2190 <a href="http://www.pai.gov.kw">www.pai.gov.kw</a>
<b>Ministry of Commerce &amp; Industry</b>	Ministries Complex, AlMurqab, Block 1/ 2, P.O. Box 2944, Safat 13030, Kuwait	Tel: +965 22415563 Fax: +965 22420207 Email: mciinfo@qualitynet.net
<b>Kuwait Investment Authority</b>	Ministries Complex, AlMurqab, P.O. Box. 64, Safat 13001, Kuwait	Tel: +965 22485600 Fax: +965 22454059 <a href="http://www.kia.gov.kw">www.kia.gov.kw</a>
<b>Central Bank of Kuwait</b>	Salem Al Mubarak Street, Kuwait City, P.O. Box 526, Safat 13006 Kuwait	Tel: +965 1814444 Fax: +965 2402715 <a href="http://www.cbk.gov.kw">www.cbk.gov.kw</a>
<b>Kuwait Chamber of Commerce &amp; Industry</b>	Ali Salem Street P.O. Box. 775, Safat 13008, Kuwait	Tel: +965 2433854/5 Fax: +965 2404110/2460693 E-mail: kcci@kuwait-chamber.com.kw <a href="http://www.kuwaitchamber.org.kw">www.kuwaitchamber.org.kw</a>
<b>Kuwait National Fund for SMEs Development</b>	Global Tower, 9 <sup>th</sup> Floor, Sharq, Shuhada Street, Kuwait	N/A
<b>Ministry of Finance</b>	Ministries Complex, AlMurqab PO Box 9, Safat 13001, Kuwait City, Kuwait	Tel: +965 2480000 Email: minister@mof.gov.kw Website: <a href="http://en.mof.gov.kw">http://en.mof.gov.kw</a>
<b>Ministry of Electricity and Water</b>	Ministry of Electricity and Water Building, South Al Surra, Ministries Area, P.O. Box 12, Kuwait City, Safat 13001, Al Asimah, Kuwait	Tel: +965 2537-1000 Fax: +965 2537-1420, +965 2537-1421, +965 2537-1422 Website: <a href="http://www.mew.gov.kw/en/">http://www.mew.gov.kw/en/</a>
<b>Kuwait General Administration of Customs</b>	Shuwaikh, Jamal Abdul Nasser St., Postal Code M.B 16, Safat 13001, Kuwait	Tel: 24843490(965) Fax: (965)24838056 Website: <a href="http://www.customs.gov.kw">www.customs.gov.kw</a>
<b>Kuwait Port Authority</b>	Kuwait Ports Authority Building, Jamal Abdul Nasser Street, Shuwaikh Area 3874, Kuwait	Telephone: +965 4812622, +965 4812712 Fax: +965 4819714 Website: <a href="http://www.kpa.gov.kw">www.kpa.gov.kw</a>
<b>Ministry of Public Works</b>	Ministry of Public Works Building, 6th Ring Road, Ministries Area, South Surra 8, Kuwait City	Tel: +965 2538 5530 Fax: +965 2538 0829 E-mail: pr@ mpw.gov.kw Website: <a href="http://www.mpw.gov.kw">www.mpw.gov.kw</a>
<b>Directorate General of Civil Aviation</b>	Kuwait Airport, P. O. Box 1, Safat 13001, State of Kuwait	Tel :24319829 Fax: 24744396 Website: <a href="http://www.dgca.gov.kw">www.dgca.gov.kw</a>
<b>The Public Authority for Applied Education and Training</b>	Adailiya, Block 4, Opp. Third Ring Road, P.O Box 23167, Safat Code 13092, Kuwait	Tel: +965 1806611 Fax: +965 22528915 Website: <a href="http://www.paaet.edu.kw">http://www.paaet.edu.kw</a>
<b>Ministry of Communications</b>	Ministry of Communications Complex, Jamal Abdul Nasser Street, Shuwaikh, 318, Kuwait	Tel: +965 24840606 Fax: +965 24814448 Website: <a href="http://www.moc.kw">www.moc.kw</a>

<b>Ministry of Health</b>	Ministry of Health Building, Jamal Abdul Nasser Street, Al Sulaibikhat Area 5, Kuwait	Tel: +965 4 862541 Fax: +965 4 863714 Email: <a href="mailto:health@moh.gov.kw">health@moh.gov.kw</a> Website: <a href="http://www.moh.gov.kw/">www.moh.gov.kw/</a>
<b>Ministry of Foreign Affairs</b>	Arabian Gulf St, Kuwait City, Kuwait	Tel: + 965 2242 2041 Fax: + 965 245 7476 Website: <a href="http://www.mofa.gov.kw">www.mofa.gov.kw</a>
<b>Ministry of Information</b>	Salhiya, Al Soor Street, Media Complex, P.O. Box 193, Safat 13002, Kuwait	Tel: 2431682 Fax: 2464460 - Tx: 46151 Website: <a href="http://www.eservicegov.media.gov.kw">www.eservicegov.media.gov.kw</a>
<b>Kuwait Environment of Public Authority</b>	Kuwait Port Authority Building, Jamal Abdul Nasser Street, Shuwaikh, P.O. Box 243950, Safat 13104, Kuwait	Tel: +965 2483 9971 Website: <a href="http://www.epa.org.kw">www.epa.org.kw</a>
<b>General Secretariat of Supreme Council for Planning and Development</b>	Sharq, Arabian Gulf Street, Next to the Grand Mosque, P.O Box 15, Safat Postal Code 130001, Kuwait	Tel: + 965 22428200 Fax: +965 22427588 Website: <a href="http://www.scpd.gov.kw">www.scpd.gov.kw</a>
<b>Public Authority for Housing Welfare</b>	Public Authority Housing Welfare Building, Al Serra Street, Ministries Area, 23385, Kuwait	Tel: + 965 2530-1000 Fax: +965 2538-7464 Website: <a href="http://www.housing.gov.kw">www.housing.gov.kw</a>
<b>The National Technology Enterprises Company</b>	Kuwait Chamber of Commerce & Industry Building, 8th Floor, P.O. Box 2294, Safat 13023, Kuwait	Tel: +965 2223 0300 Fax: +965 2259 8572 Website: <a href="http://www.ntec.com.kw">www.ntec.com.kw</a>
<b>Kuwait Authority for Partnership Projects</b>	Kuwait Authority for Partnership Projects, Touristic Enterprises Company Building, 2nd Floor, Al-Shuwaikh Administrative Zone, Al-Jahra Street	Tel: +965 2496 5900 Fax: +965 2496 5901 Website: <a href="http://www.ptb.gov.kw/">http://www.ptb.gov.kw/</a>

Source: KDIPA

## APPENDIX 6: Kuwait's Bilateral Investment Promotion and Protection Treaties in Force

NO.	PARTIES	DATE OF ENTRY INTO FORCE
1	Greece	28-03-19
2	Iraq	04-02-15
3	Kenya	22-04-15
4	Mauritius	24-07-14
5	Mexico	28-04-16
6	Japan	24-01-14
7	Canada	19-02-14
8	Pakistan	10-11-13
9	Armenia	04-09-13
10	Turkey	08-05-13
11	Hong Kong, China SAR	14-09-13
12	Singapore	15-04-13
13	Georgia	30-05-13
14	Djibouti	17-03-14
15	Brunei Darussalam	07-04-11
16	Slovakia	05-09-12
17	Azerbaijan	02-03-13
18	Myanmar	08-05-17
19	Lao People's Democratic Republic	08-04-11
20	Benin	03-05-12
21	North Macedonia	02-11-11
22	Albania	14-05-13
23	Portugal	28-05-11
24	Vietnam	16-03-11
25	Iran, Islamic Republic of	14-03-11
26	Spain	08-03-08
27	Korea, Republic of	31-08-07
28	Serbia	25-05-06
29	Uzbekistan	03-06-06
30	Slovenia	28-07-04
31	Moldova, Republic of	06-04-04
32	Ukraine	11-06-03
33	Latvia	21-03-04
34	Algeria	22-03-04
35	Syrian Arab Republic	23-03-04
36	Belarus	14-06-03
37	Bosnia and Herzegovina	23-11-02
38	Lithuania	15-02-14

39	Denmark	29-06-02
40	Netherlands	31-05-02
41	Jordan	19-03-04
42	Egypt	24-03-02
43	Lebanon	19-04-02
44	BLEU (Belgium-Luxembourg Economic Union)	08-12-03
45	Philippines	04-05-02
46	Zimbabwe	23-12-14
47	Sweden	10-05-02
48	Morocco	07-05-01
49	Switzerland	17-12-00
50	Mongolia	30-06-00
51	Kazakhstan	01-05-00
52	Bulgaria	14-02-11
53	Croatia	02-07-98
54	Austria	22-09-98
55	Ethiopia	08-04-99
56	Finland	21-05-97
57	Czech Republic	21-07-97
58	Malta	25-06-96
59	Tajikistan	12-06-98
60	Russian Federation	30-05-96
61	Germany	15-11-97
62	Romania	26-07-92
63	Poland	29-12-93
64	Hungary	01-03-94
65	France	16-05-91
66	Italy	21-05-90
67	Malaysia	19-12-89
68	Tunisia	28-05-06
69	Cambodia	10-03-11
70	Senegal	23-06-13
71	Sri Lanka	30-01-16
72	Yemen	04-06-13
73	Guyana	31-07-13
74	Sudan	19-03-04
75	Swaziland	19-09-13
76	Tanzania	06-05-15
77	Jamaica	01-09-14
78	Honduras	30-06-14

Source: MOF

## APPENDIX 7: Kuwait's Avoidance of Double Taxation Agreements in Force

NO.	PARTIES	DATE OF ENTRY INTO FORCE
1	Greece	20-04-05
2	Kenya	24-06-15
3	Mauritius	11-09-98
4	Mexico	18-06-13
5	Japan	14-06-13
6	Canada	01-01-03
7	Pakistan	03-09-00
8	Armenia	12-04-13
9	Venezuela	26-04-06
10	Hong Kong, China SAR	24-07-13
11	Singapore	02-07-03
12	Georgia	14-04-13
13	Djibouti	15-02-14
14	Brunei Darussalam	27-10-18
15	Slovakia	21-04-14
16	Azerbaijan	18-04-12
17	Lao People's Democratic Republic	31-03-11
18	North Macedonia	17-02-15
19	Albania	24-06-13
20	Portugal	04-12-13
21	Vietnam	11-02-11
22	Iran, Islamic Republic of	12-02-11
23	Spain	18-07-13
24	Korea, Republic of	27-12-10
25	Serbia	08-05-03
26	Uzbekistan	03-05-06
27	Slovenia	17-05-13
28	Moldova, Republic of	21-06-13
29	Ukraine	22-02-04
30	Latvia	25-04-13
31	Algeria	18-01-16
32	Syrian Arab Republic	04-07-01
33	Belarus	27-03-02
34	Bosnia and Herzegovina	11-02-16
35	Denmark	02-10-13
36	Netherlands	23-04-02

37	Jordan	23-03-02
38	Egypt	23-11-16
39	Lebanon	20-03-02
40	BLEU (Belgium-Luxembourg Economic Union)	29-10-00
41	Philippines	22-04-13
42	Zimbabwe	22-10-08
43	Morocco	15-07-06
44	Switzerland	31-05-00
45	Mongolia	01-04-00
46	Bulgaria	23-02-04
47	Croatia	09-01-03
48	Austria	01-03-04
49	Czech Republic	03-03-04
50	Malta	18-03-04
51	Tajikistan	24-07-14
52	Russian Federation	02-01-03
53	Germany	02-08-00
54	Romania	01-01-95
55	Poland	25-04-00
56	Hungary	01-01-03
57	France	01-03-95
58	Italy	01-01-01
59	Malaysia	06-08-13
60	Tunisia	20-03-02
61	China	17-03-14
62	Sri Lanka	23-02-04
63	Yemen	05-05-13
64	Ireland	12-08-13
65	Sudan	06-09-04
66	Cyprus	25-10-13
67	India	26-03-18
68	Indonesia	11-12-98
69	Thailand	25-04-06
70	South Africa	27-03-06
71	Seychelles	29-04-21
72	United Kingdom	01-01-01
73	Ethiopia	07-03-99

Source: MOF

## APPENDIX 8: Visas and Work Permits in Kuwait

Kuwait issues entry visa on arrival to 52 nationals with the exception of GCC nationals who do not need any entry visas to enter into Kuwait<sup>1</sup>. They include the below:

LIST OF COUNTRIES			
USA	San Marino	Sweden	Turkey
UK	Liechtenstein	Norway	Bulgaria
France	Brunei	Denmark	Romania
Italy	Singapore	Portugal	Cyprus
Germany	Malaysia	Greece	Swaziland
Canada	Hong Kong	Ireland	Slovakia
Australia	South Korea	Finland	Cambodia
New Zealand	Bhutan	Spain	Latvia
Japan	Poland	Monaco	Laos
Netherlands	Georgia	Vatican	Lithuania
Belgium	Vietnam	Iceland	Malta
Luxembourg	Slovenia	Andorra	Hungary
Austria	Czech	Switzerland	Estonia

### Visit Visa

Visit visas in Kuwait are issued for a period of 3 months. The visit visa is valid for a month from its issuance for a single entry. A charge of KWD 3 is levied on obtaining the visa at the border entry point<sup>2</sup>.

### Work Visa

Kuwait's work permit system is based on a foreign worker sponsorship system known as kafala. Expatriates need to be sponsored by a Kuwaiti national or Kuwaiti company for receiving work permits and residency visas.

The application for residency visa is done by the sponsoring company on behalf of the expatriate, who is subsequently issued a "No Objection Certificate". On entering the country, the expatriate is then issued a residency visa on completing all the required legal procedures and formalities which may also include medical and health tests.

Foreign investors who would like to present their investment proposals or inquire about the incentives granted under the Direct Investment Law may apply for visitor's visa permit through KDIPA.

KDIPA provides this service on a complimentary basis to foreign investors. Foreign investors can then send a copy of their required personal documents by e-mail to KDIPA, who will process them with the authorities in Kuwait and ultimately inform the foreign investor about the status of their visit visa.

Source: <sup>1</sup>Kuwait Airport, <sup>2</sup>Ministry of Interior

## APPENDIX 9: Glossary

ATM – Automated Teller Machine

bcm – Billion of Cubic Meters

Bn – Billion

b/d – Barrel Per Day

CAGR – Compounded Average Growth Rate

CBK – Central Bank of Kuwait

cf/d – Cubic Feet Per Day

CITRA - Communication and Information Technology Regulatory Authority

m<sup>3</sup> – Cubic Meters

CMA – Capital Market Authority

CO<sub>2</sub> - Carbon dioxide

CSB – Central Statistical Bureau

DGCA – Directorate General of Civil Aviation

EU – European Union

FDI – Foreign Direct Investment

FM – Facilities Management

GCC – Gulf Cooperation Council

GDP – Gross Domestic Product

GWP - Gross Written Premium

IT – Information Technology

ICT - Information and communications technology

IG – Imperial Gallons

IRU – Insurance Regulatory Unit

IWPP – Integrated Water and Power Plants

KAPP – Kuwait Authority for Partnership Projects

KCCI – Kuwait Chamber of Commerce and Industry

KD/KWD – Kuwaiti Dinar

KEPA – Kuwait Environment Public Authority

KFAS – Kuwait Foundation for Advancement of Sciences

KDIPA – Kuwait Direct Investment Promotion Authority

KIA – Kuwait International Airport

KIC – Kuwait Insurance Company

KIPIC - Kuwait Integrated Petroleum Industries Company

KIPCO – Kuwait Investment Projects Company

KMRT- Kuwait Metropolitan Rapid Transit

KNRR- Kuwait National Railroad

KPA – Kuwait Ports Authority

KPC – Kuwait Petroleum Corporation

KNPC – Kuwait National Petroleum Company

KSA – Kingdom of Saudi Arabia

kWh – Kilo Watt Hours

MAA- Mina Al-Ahmadi

MAB- Mina Abdullah

MCA – Ministry of Commerce and Industry

MENA – Middle East and North Africa

MEW – Ministry of Energy and Water

MIG - Millions of Imperial Gallons

MIGPD - Million Imperial Gallon Per Day

M.kWh – Million Kilowatt-Hour

Mmscfd - Million Standard Cubic Feet of Gas Per Day

MOC – Ministry of Communication

MOCI – Ministry of Commerce and Industry

MOE- Ministry of Education

MOF – Ministry of Finance

MOFA – Ministry of Foreign Affairs

MOH – Ministry of Health

MOHE – Ministry of Higher Education

Mn – Million

MPW – Ministry of Public Works

Mt- Metric Tons

MW – Mega Watts

NCD - Non-Communicable Diseases

NFSME - National Fund for Small and Medium Enterprises Development

OECD - Organization for Economic Co-operation and Development

OPEC – Organization of Petroleum Exporting Countries

OBG – Oxford Business Group

PAAET – Public Authority for Applied Education and Training

PACI – Public Authority for Civil Information

PAHW – Public Authority for Housing Welfare

PIC – Petroleum Industries Company

PPP – Public, Private Partnership

PUC – Private Universities Council

sqm – Square Meter

SME – Small and Medium Enterprises

t/y – Tons Per Year

UAE - United Arab Emirates

USD – United States Dollar

WHO – World Health Organization



[www.KDIPA.gov.kw](http://www.KDIPA.gov.kw)



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