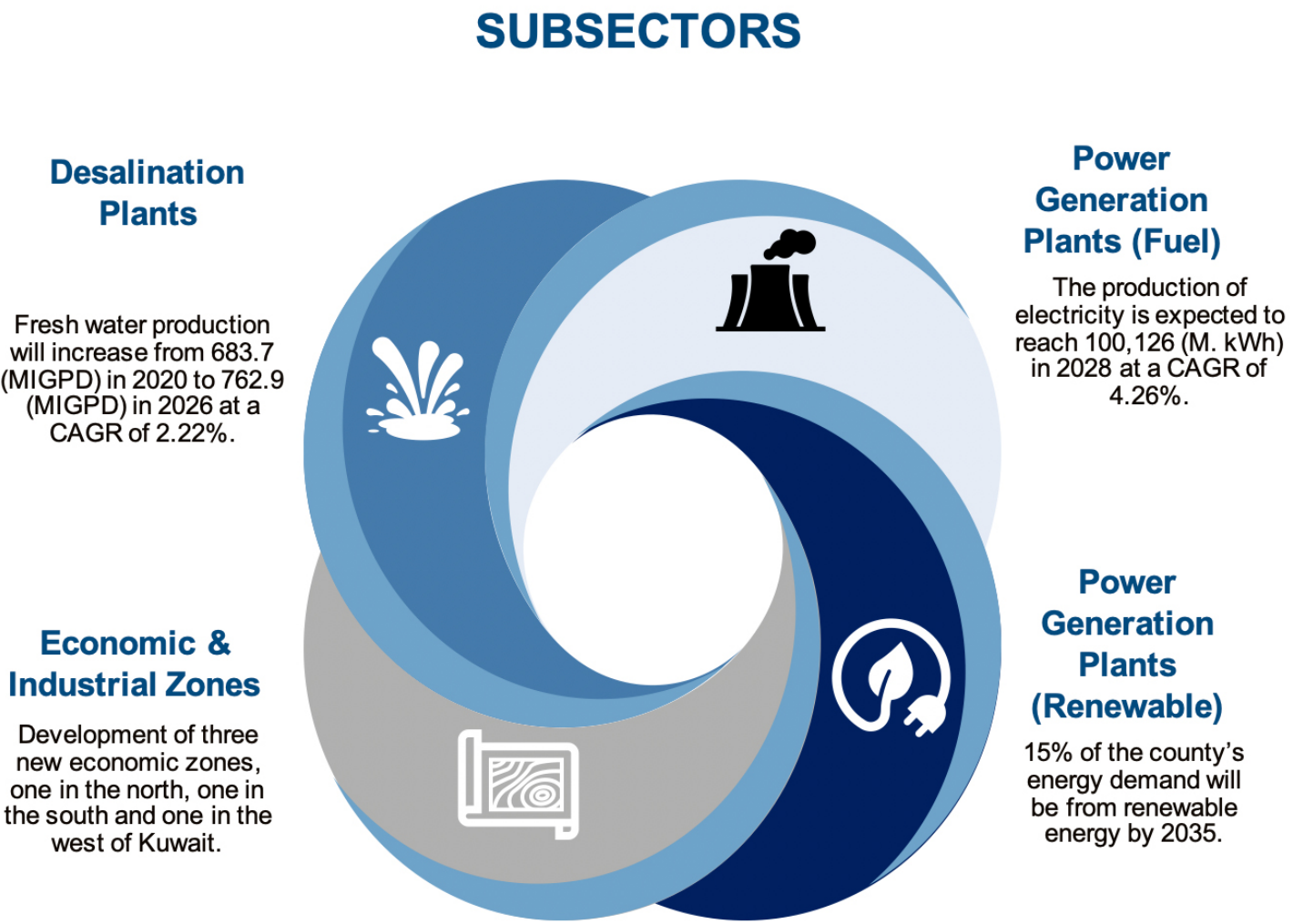




Infrastructure & Construction Sector

Sector Overview

Kuwait invests substantially in infrastructural projects to meet the rising demand of the growing population, and economic growth. Infrastructure is also prioritized by the development of several new economic and industrial zones in the country that are expected to cater to different competitive industries and businesses. Numerous subsectors are linked to this sector such as Desalination plants, Power Generation plants based on both fuel & renewable energies and Economic & Industrial Zones.



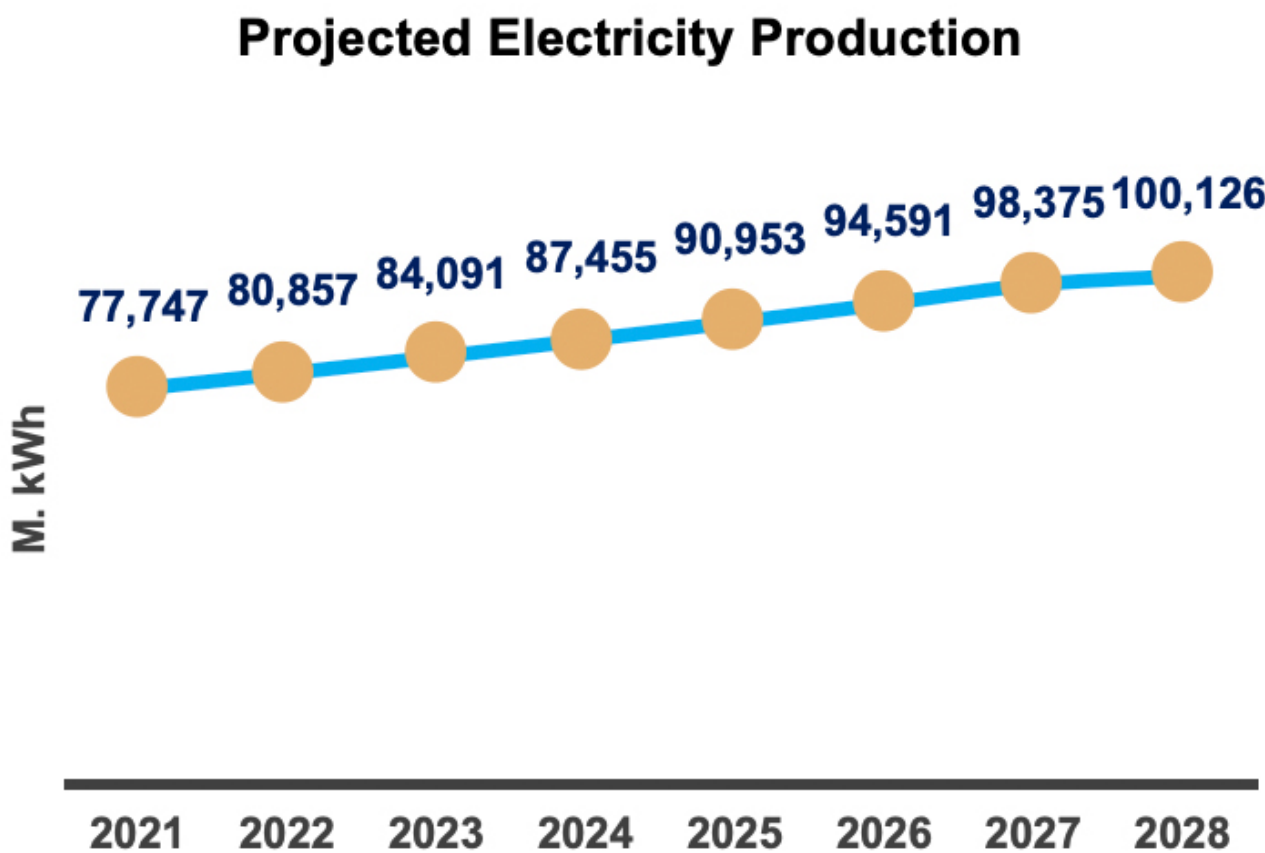
Kuwait offers interested investors a host of mega investment opportunities in infrastructural projects in the field of electricity generation, water desalination, renewable energy, and establishing economic and industrial zones to attain the goals of the National Vision 2035 and its development plans.



Power Generation (Fuel)

MARKET FACTORS

- The total production of electricity in the year 2020 was 74,757 (M. kWh), which has increased at a CAGR of 1.63% from 2016 at 70,085 (M. kWh). The total production is expected to reach 100,126 (M. kWh) in 2028 at a CAGR of 4.26%¹.



- Kuwait per capita energy consumption reached 38.8 kWh per day in 2020 and 14,207 kWh per year in 2020¹.
- Kuwait peak load demand was 14,960 MW in 2020. The peak load is expected to increase to 20,474 MW by the year 2028¹.
- Demand for electricity for air-conditioning services in Kuwait accounts for some 70% of residential electricity demand.

- 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. Under Kuwait commitment to the UN Framework Convention on Climate Change, it started adopting renewable energy as part of its energy mix to reduce carbon emissions.

- The following are fuel-based power plants in Kuwait¹:

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

- Kuwait’s electricity is subsidized by the government, making it one of the most competitive tariffs globally. Electricity rates in 2020¹ stood at:

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

- The Kuwaiti government recently adopted the PPP model for developing new independent power plants (IPPW) allowing for the participation of the private sector in power generation sector.

- The following projects are being developed under the PPP model²

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

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

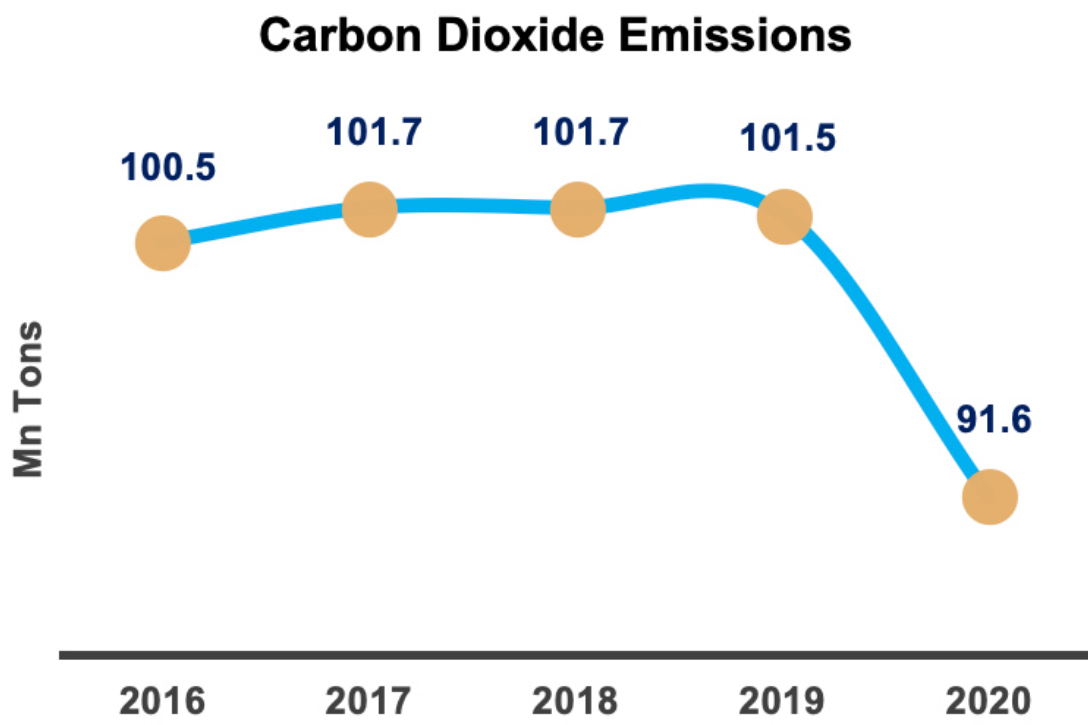
Sources: ¹MEW, ²KAPP, ³Energy and Utilities.



Power Generation Plants (Renewable)

MARKET FACTORS

- There is growing interest in power generation by utilizing resources that are mainly based on renewable energy, like the use of solar, wind, tidal power, and green hydrogen energy.



- The Kuwaiti government has set up an ambitious plan to generate at least 15% of the county’s energy mix from renewable energy by 2035.²
- As part of Kuwait vision to move to a more sustainable form of energy generation, the following plants are being developed by the government on a PPP basis⁵

Renewable Energy based Power Plants	Capacity (MW)
Al Shaqaya Renewable Energy Project	3070
ISCC Plant at Al-Abdaly	300

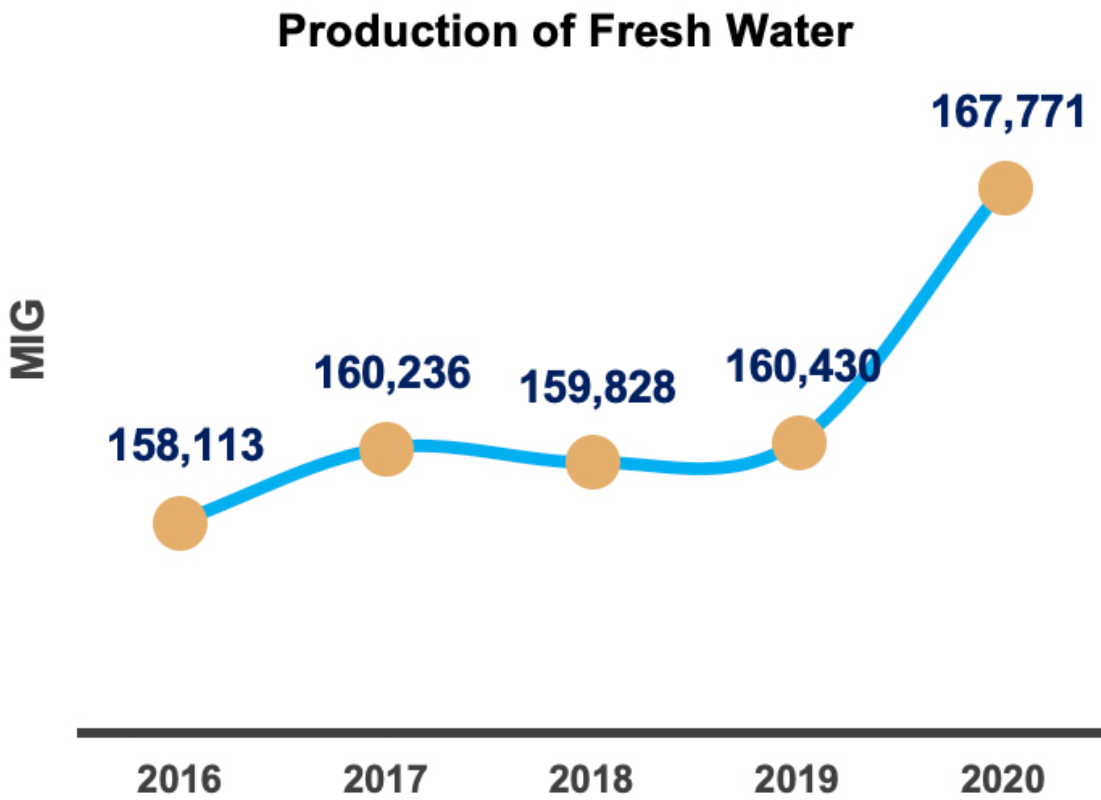
Sources: ¹British Petroleum, ²Kuwait Institute of Scientific Research, ³Saudi Green Initiative; ⁴MEW, ⁵Kuwait Vision 2035.



Desalination Plants

MARKET FACTORS

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



- Kuwait’s water tariffs are subsidized by the government, which makes it one of the competitive rates globally, as the water rates stood at in 2020¹:

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

- Kuwait’s desalination facilities supply almost 90% of its freshwater requirements in the residential sector and 60% of the demand in the industrial sector.

- The following are the desalination plants in Kuwait¹:

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

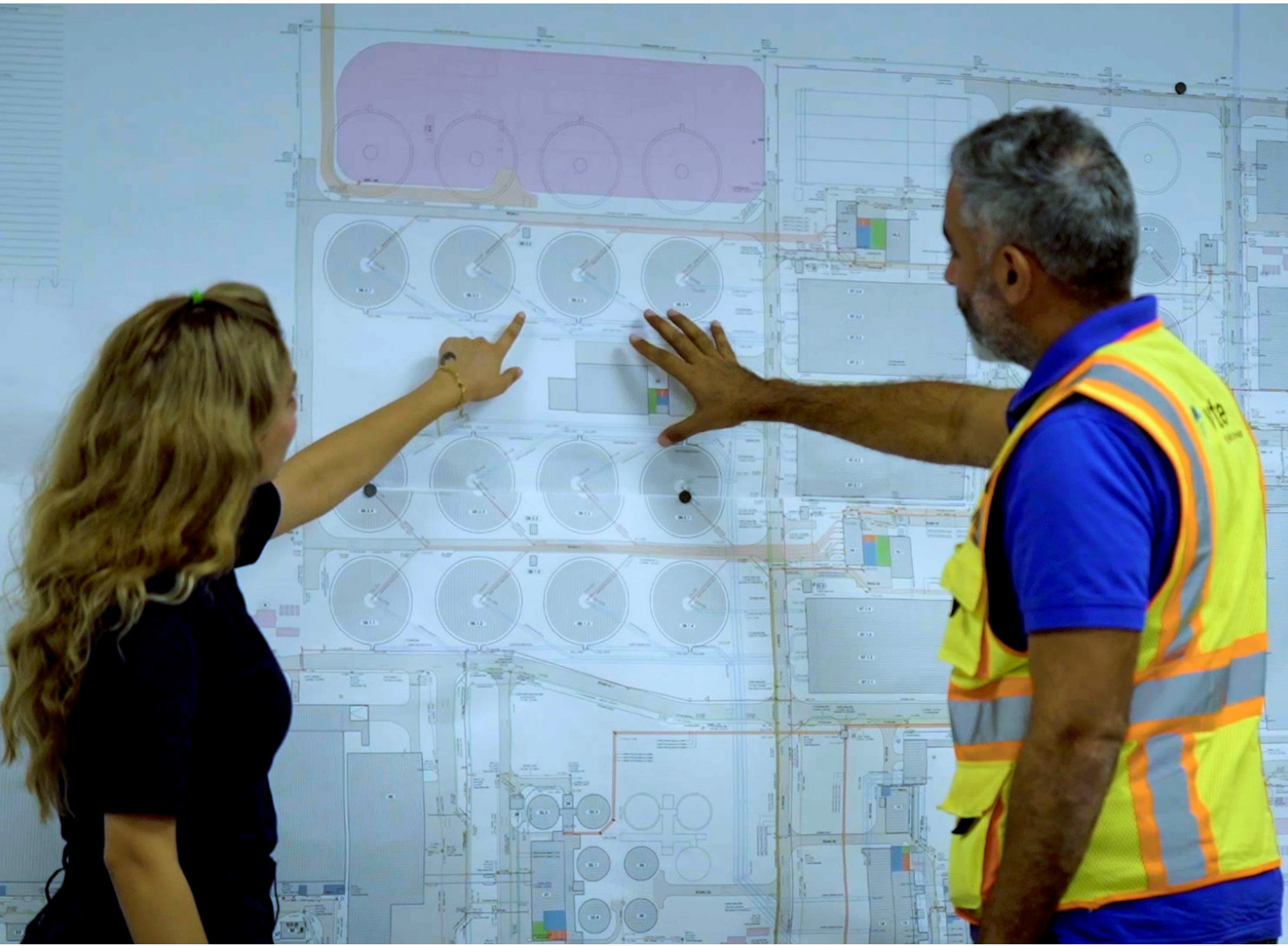
- The Government has already increased the capacity of the Doha West Plant and is in the process of increasing the capacity of the Al-Zour South and Subiya Plants.
- The installed capacity of desalination plants is expected to increase from 683.7 MIGPD in 2020 to 762.9 MIGPD in 2026 increasing at a CAGR of 2.22%¹.
- The Kuwaiti government has adopted the PPP model for developing new IWPP plants involving the participation of the private sector in water production.
- Some of the projects currently developed under the PPP model include³:

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

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

- Kuwait stands as the 3rd largest producer of desalinated water in the GCC only behind Saudi Arabia and the UAE. The demand for fresh water in the GCC is expected to increase by 62% by the year 2025.²

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



Economic & Industrial Zones

MARKET FACTORS

- Economic Zones are an inclusive concept of competitive clusters that cater to logistics, manufacturing, trading, and other activities. The Economic Zones in Kuwait are subject to the laws and regulations of the Kuwait Direct Investment Promotion Authority (KDIPA), and incentives granted by KDIPA while adhering to the country legal framework, rules, and initiatives.
- The areas allocated to the economic zones and the specific designated uses of the areas are provided below¹:

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

- **Al-Abdali Economic Zone:** KDIPA obtained the approvals for the final master plan design from competent government authorities; and a Council of Ministers Decision No. (1010) of 2021 assigned KDIPA the task of coordinating with competent authorities to proceed with the option to directly auction the tender for the implementation, investment, and utilization of Al-Abdali Economic Zone project. Several introductory visits to present Al-Abdali Economic Zone project were conducted to a number of foreign banks branches and foreign companies early 2022.
- **Al-Wafra Economic Zone:** KDIPA completed he projects tender documents for developing its masterplan through the Central Agency for Public Tenders (CAPT). KDIPA evaluated the received bids, and

signed the contract with the winning consulting firm on March 28, 2022.

- **Al-Naayem Economic Zone:** KDIPA discussed the project with the Public Authority for Industry (PAI), who has an adjacent industrial zone, to consider jointly developing these two zones, along with other potential options.
- **Shuwaikh Free Zone:** is Kuwait’s first free trade zone that was established in accordance with Law No. 26 of 1995 aiming to encourage and facilitate the re-export and transit trade to enhance Kuwait commercial regional position. KDIPA was assigned the task to manage Kuwait free zones along with its economic zones by a Council of Ministers Decision No. 907 of 2016. Later, another Council of Ministers Decision No. 1337 of 2018 cancelled the free zone status from Shuwaikh free zone and re-classified it as state property.
- **Al-Nuwiseeb Free Zone:** is: a new free zone project under development by KDIPA who prepared the needed tender documents of al-Nuwiseeb Free Trade Zone, following the issuance of a Council of Ministers Decision No. (412) of 2018 to proceed with the option of utilizing a usufruct of a third party - a specialized company. KDIPA communicated with Kuwait Ministry of Foreign Affairs, to address the Kuwaiti-Saudi Joint Committee to provide its feedback on Al-Nuwiseeb free zone project.

Sources: ¹KDIPA.

