

Environmental Services Sector

Sector Overview

Environmental projects undertaken by Kuwait signifies the country's commitment globally to utilize green forms of energy and reduce dependence on fuel-based sources of energy.

Pillars of Kuwait National Vision 2035

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Sustainable Living Environment Pillar

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Sustainable Development Goals (SDGs) 2030

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Goal 7: Affordable & Clean Energy
Goal 11: Sustainable Cities & Communities
Goal 12: Responsible Consumption & Production
Goal 13: Climate Action
Goal 15: Life on Land



Kuwait offers interested investors a host of mega investment opportunities in environmental services projects in the field of solid waste recycling and management, wastewater treatment, and solar energy to attain the goals of the National Vision 2035 and its development plans.



Solid Waste Management

MARKET FACTORS

- 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 third country within the GCC.[1]

Location	Size (Million sqm)
Jahra	1,915
South Seventh Ring	5.358
Mina Abdullah	6.7
Other	6.0



- To address the issue of the disposal of solid waste, Kuwaiti Municipality, licensed a Solid Waste Treatment Facility in Kabd area on a PPP basis. The solid waste treatment plant has a capacity of 3,275 tons per day and is estimated to cost approximately USD 1,926.9 Mn.[3]

- The Environment Public Authority of Kuwait, established in 1995, issued a new environment protection Law No. (42) of 2014 amended by Law No. (99) of 2015, to ensure a strict adherence to the environmental regulations stated, to prohibit unlawful dumping of harmful solid waste in Kuwait.

Sources: [1]International Journal of Environmental Science and Development, [2]CSB, [3]KAPP, [4]Global Recycling.

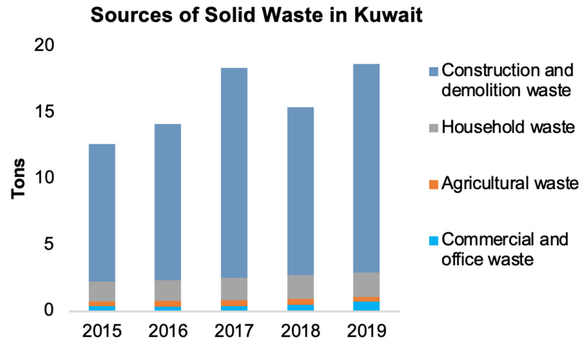


Solid Waste Recycling

MARKET FACTORS

- Kuwait produced an estimated 18,669,248 tons of solid waste in 2019.[1]

- The main source of solid waste is the construction and demolition waste comprising 84%[1] of the total solid waste produced, that includes concrete, bricks, ceramic, insulation materials, glass, plastic, and metal, none of which are biodegradable.



- The second source of solid waste is household waste with a share of 10%[1] of the total solid waste produced, comprised of biodegradable waste such as paper and wood as well as non-biodegradable waste including plastics. The remaining sources are from commercial and office waste, and agricultural waste.

- The Environment Public Authority of Kuwait is the chief enforcer of environmental laws and regulations in the country and is entrusted with the task of ensuring that waste is handled with care and is considered for recycling.[2]

Sources: [1]CSB, [2]EPA.

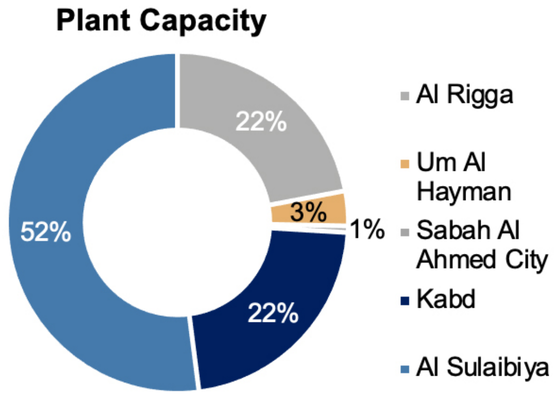


Wastewater Treatment

MARKET FACTORS

- Kuwait has 5 operating household wastewater treatment plants with a maximum capacity of 817,000 m3/day,[1] while Al Wafra station (with a capacity of 6,000 m3/day), is currently out of operation, and Al Khairan Station (with a capacity of 5,600 m3/day) is not yet operational. These plants are:

Treatment Plants	Operating Year	Design Capacity (m3/day)	Average Water Treatment (m3/day)
Al Rigga	1982	180,000	151,558
Um Al Hayman	2001	27,000	24,300
Kabd	2011	180,000	145,000
Al Sulaibiya	2004	425,000	350,000
Sabah Al Ahmed Sea City	2020	5,000	-
Total		**817,000**	

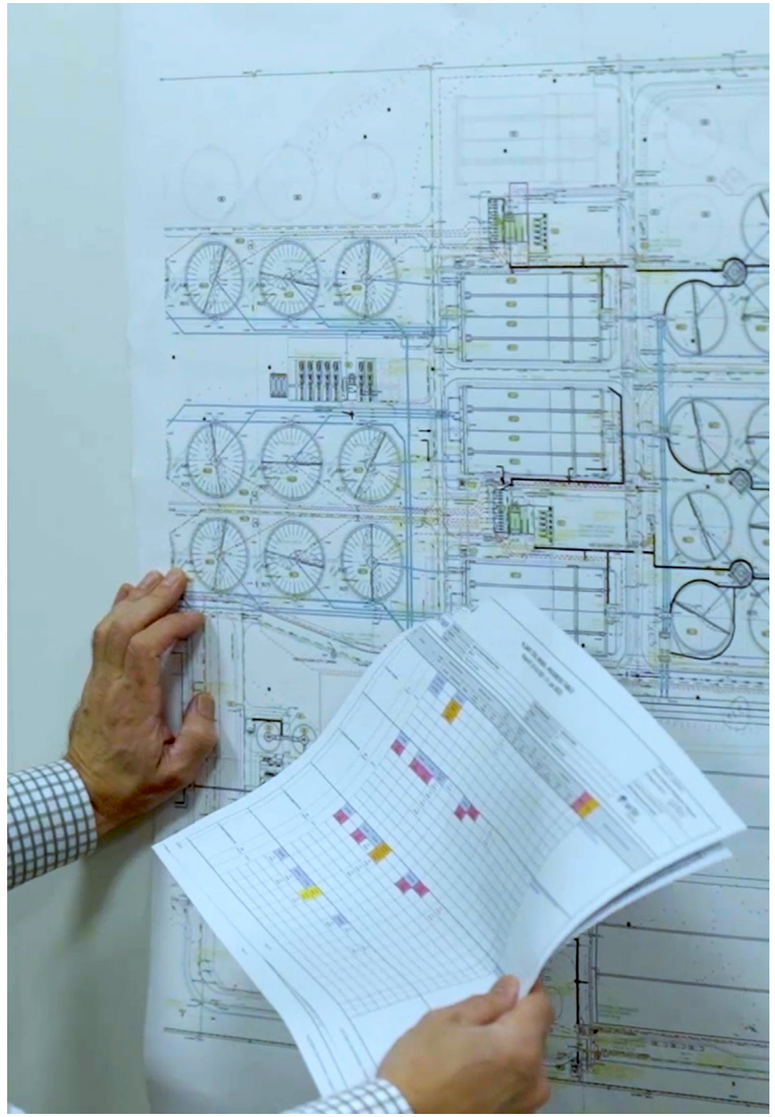


- The government is actively seeking the participation of the private sector in wastewater treatment projects and had previously operated Al Sulaibiya and Kabd projects successfully on a PPP basis.

- A new plant is proposed at Um Al Hayman with a capacity of 500,000 m3/day which is being developed through Kuwait Authority for Partnership Projects (KAPP) on a PPP basis.[2]

- The government of Kuwait is also pursuing the increase of the capacity of Al Sulaibiya and Kabd plants to 600,000 m3/day and 250,000 m3/day respectively.[3]

Sources: [1]CSB, [2]KAPP, [3]KDIPA.



Solar Energy

MARKET FACTORS

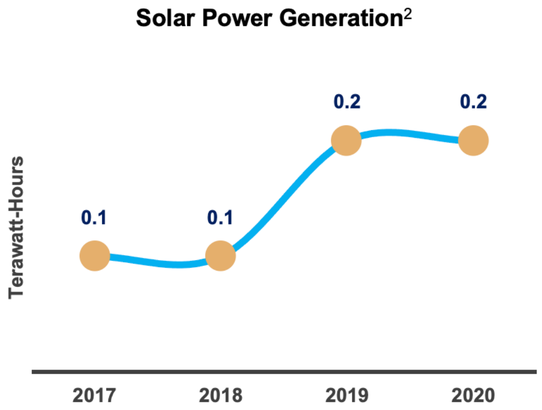
- Kuwait has abundance of sunshine year round with an average of 10 hours daily, which makes it in a strong position to harness the solar energy in multiple utilization.

- A joint partnership initiative was signed in 2018 that included the Kuwait Foundation for the Advancement of Sciences (KFAS), Kuwait Institute for Scientific Research

- (KISR), the Ministry of Electricity and Water and Renewable Energy, Kuwait Municipality, and the Public Authority for Housing Welfare to construct, operate, and monitor rooftop grid-connected photovoltaic (PV) systems for a total of 150 Kuwaiti homes, at a rate of 50 homes per year over the course of three years.[4]

- Kuwait is keen to the cause of climate change and is serious about reducing its carbon footprint by reducing carbon emissions. During the 2021 Conference of the Parties (COP21) of the United Nations Agreement on Climate Change, Kuwait has committed to[3]:
  - 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.

Sources: [1]MEW, [2]British Petroleum, [3]KFAS, [4]AlQabas.







Oil & Gas Industry & Services Sector

Sector Overview

Kuwait continues to explore for new oil and gas reserves as part of the Kuwait Oil Company (KOC) strategy till 2040. 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.

Pillars of Kuwait National Vision 2035

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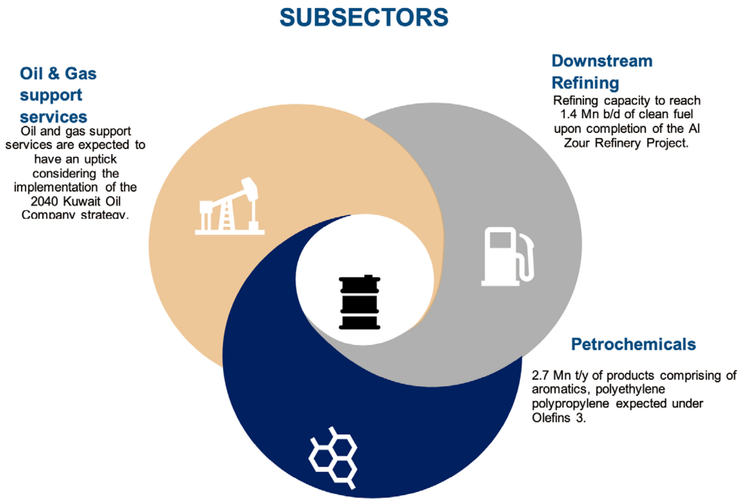
Sustainable Diversified Economy

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Sustainable Development Goals (SDGs) 2030

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Goal 8: Decent Work & Economic Growth
Goal 9: Industry, Innovation & Infrastructure



Kuwait offers interested investors a host of mega investment opportunities in downstream refining, petrochemicals, and support services for the oil and sector projects to attain the goals of the National Vision 2035 and its development plans.



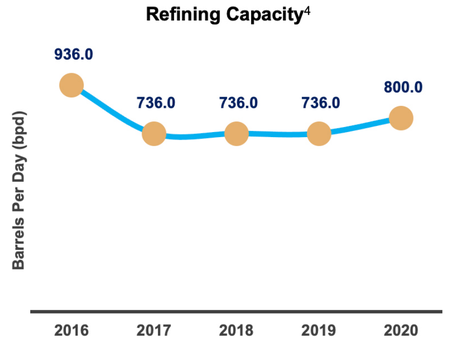
Downstream Refining

MARKET FACTORS

- The oil exploration, development, and production is performed by Kuwait Oil Company (KOC), which produced 2,686 thousand b/d of crude oil and 15 Bn cubic meters of natural gas In 2020.[1]

- Kuwait's refining infrastructure is controlled and managed by the government through Kuwait National Petroleum Company (KNPC).

- Fuel is currently refined through two refineries in the country namely Mina Al-Ahmadi (MAA) Refinery and Mina Abdullah (MAB) Refinery. The combined refining capacity of both refineries are currently 736,000 b/d, as MAA has a refining capacity of 466,000 b/d and MAB has a refining capacity of 270,000 b/d, with the total gas processing capacity of 2,485 mmscfpd through 4 gas trains in MAA. The overall refining capacity in 2020 increased to 800,000 b/d from 736,000 b/d, with MAA refinery capacity of 346,000 b/d and MAB refinery capacity of 454,000 b/d. The refined output at MAA includes gasoline, Kerosene, Gasoil (Diesel), Bitumen, Naphtha, LPG, and Sulfur. The refined output at MAB includes Naphtha, Kerosene, Low-Sulfur Gasoil, Coke, Fuel Oil and Sulfur.[1]



- Kuwait government launched the Clean Fuels Project at a total cost of USD 15.5 Bn.[2] This project envisages the upgrade/ expansion of MAA and MAB to integrate the refining system into one complex with full conversion operation. while the sulfur content of the petroleum products produced will be lower by 5%.[3] Several international companies were involved in the project management, engineering design, procurement, and construction of the project. 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 the development of at Al-Zour as an integrated refining and petrochemical zone. The project, when completed, is expected to have the ability to produce 215,000 b/d of fuel oil and refine 615,000 b/d of clean fuel. It will also have a Liquid Gas Import Infrastructure storage facility of 3,000 Bn heating units per day.[5] The Al Zour Refinery is expected to be constructed at a cost of USD 16.2 Bn. Kuwait Integrated Petroleum Industries Company (KIPIC), 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 commissioned. The engineering, procurement, and construction (EPC) contracts for its development were awarded to a number of international companies in 2015.

- Kuwait announced plans for two new oil refineries with a capacity of 300,000 b/d to be completed in 2025 and 2035.5 Also a fifth gas train in the country is being undertaken at a cost of USD 1.45 Bn, and there are studies for undertaking a sixth and seventh gas trains by 2025, bringing the total gas processing capacity to 3.7 Bn cubic feet per day.[6]

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



Petrochemicals

MARKET FACTORS

- The petrochemical infrastructure of the country is controlled and managed by the government through the Petroleum Industries Company (PIC) established in 1963.[1]

- The petrochemical products of Kuwait primarily include Ethelene, 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, to produce petrochemical products, some of which include[3]:

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%

- **Boubyan Petrochemical Company (BPC) and QPIC**: were established by PIC in 1995 and 2004 respectively, however they were sold off through initial public offerings with the intention of forming joint ventures. PIC continues to own a 10% stake in QPIC3. Today, both BPC and QPIC operate in petrochemicals and have diversified stakes in other non-oil companies.

- **Equate**: PIC has a share pf 42.5%, US-based Dow Chemicals (Dow) at 42.5%, Boubyan Petrochemical Company (BPC) at 9% and Al Qurain Petrochemical Industries Company (QPIC) at 6%.3 Equate today produces 5 Mn tons of petrochemicals a year and contributes to over 60% of Kuwait's non-oil export.[2]

- **The Kuwait Olefins Company (TKOC)**: PIC has also entered a similar ownership structure as that of Equate for its establishment. The details of plants operated under this company include[3]:
  - 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 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)**: PIC has a share of 40%, Kuwait National Petroleum Company (KNPC) at 40%, and QPIC at 20%. TKAC owns the Kuwait Paraxylene Production Facility, and owns a 57.5% stake in a joint venture with Dow Chemicals called The Kuwait Styrene Company. It produces styrene monomer from benzene feedstock procured from TKAC and ethylene from TKOC.[3]

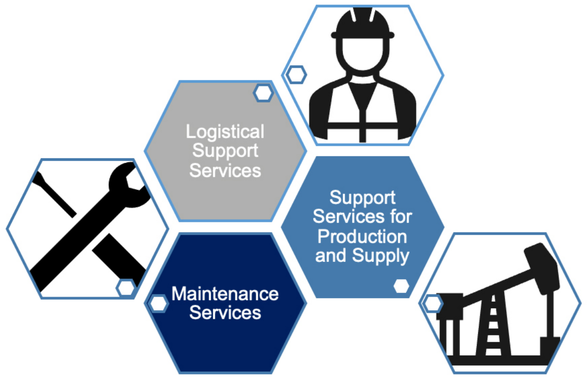
- The government has been actively pursuing the implementation and expansion of oil refinery projects. The output of the oil refinery projects is expected to rise significantly and cross the threshold of about 1.5 Mn b/d.[4] This output will further support the petrochemical industry by providing feedstocks for the chemical processes

Sources: [1]PIC, [2]Equate, [3]OBG, [4]Kuwait Vision 2035.



Oil & Gas Support Services

MARKET FACTORS



- The oil and gas support services market is expected to grow at a CAGR of 3.5% in the Middle East region during the period 2020-2025. Oil drilling services are expected to account for approximately 20% of all the oil and gas services provided in the region.[4]

- Kuwait Oil Company (KOC) 2040 strategy, intends to drill more than 750 wells in Kuwait. This strategy is considered by KOC as one of its main projects for the future progress of the country and will create a great demand for oil and gas support services.[1]

- In 2021, Kuwait discovered two new oil fields and reserves at the Great Burgan Oilfield. One of the discoveries was in the Houma oil field, which has a production capacity of 1,452 b/d of light oil and the second is in Al-Qashaniya field 1,819 b/d. Further 2.78 Mn cubic feet of associated gas a day (scf/d) was also discovered.[2]

- A number of maintenance contracts for oil refineries are being tendered to 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 awarded the tender of the contract for maintenance services related to the Al Zour oil refinery for a period of 5 years to Woods Group.[3]

- There are many prominent companies that provide oil and gas support services in Kuwait, such as Halliburton, Schlumberger, Weatherford.

Sources: [1]KOC, [2]Kuwait Times, [3]Hydrocarbons Technology, [4]Mordor Intelligence.





Healthcare & Pharmaceutical Sector

Sector Overview

Kuwait has one of the highest healthcare expenditures in the GCC. The growing 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 treatment is provided free for the Kuwaiti nationals in the public sector. Kuwait's healthcare expenditure budgeted for the year 2021–2022 amounted to a massive USD 8.9 Bn.

Pillars of Kuwait National Vision 2035

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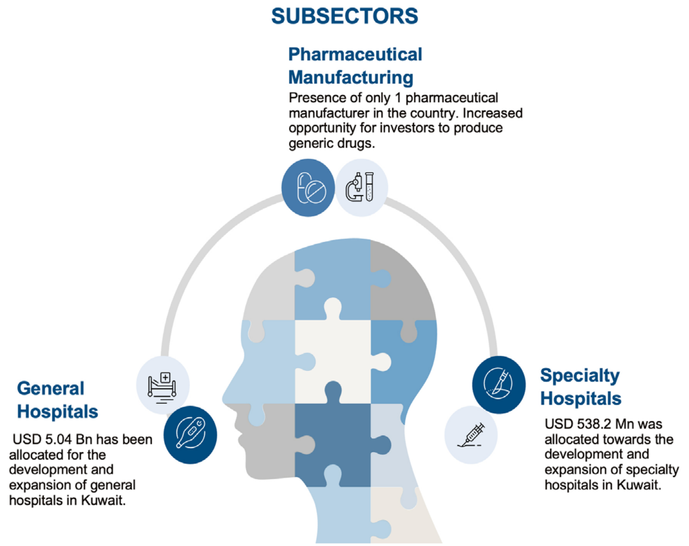
High Quality Healthcare Pillar

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Sustainable Development Goals (SDGs) 2030

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Goal 3: Good Health & Well-Being



Kuwait offers interested investors a host of mega investment opportunities in the field of healthcare sector in pharmaceutical manufacturing, general hospitals, and specialty hospitals to attain the goals of the National Vision 2035 and its development plans.

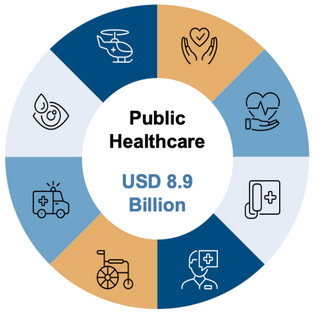


General Hospitals

MARKET FACTORS

- 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.

- An amount of USD 8.9 Bn was allocated towards public healthcare in the state budget for the fiscal year FY 2021/2022 which was approximately 12.93% higher than the allocated expenditure for the fiscal year FY 2020/2021 budget.[1]

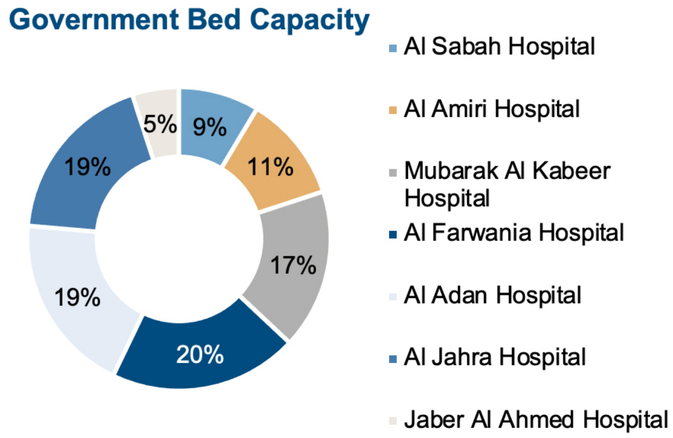


- As per the latest available information in the World Bank database, Kuwait has a ratio of 2.04 beds/1000 people, higher than the GCC ratio of 1.7 beds/1000 persons, and the MENA region ratio of 1.4 beds/1000 persons, but below the ratio in the OECD countries ratio which stood at 5.2beds/1000.[2]

- There is a number of General public and private healthcare hospitals in Kuwait including:

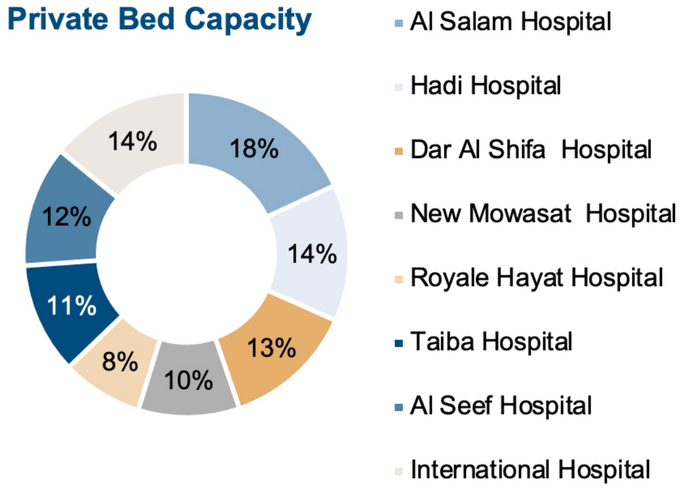
Government Hospitals[3]

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



Private Hospitals

Names	Bed Capacity
Al Salam Hospital	180 [4]
Hadi Hospital	135 [5]
Dar Al Shifa Hospital	130 [6]
New Mowasat Hospital	100 [7]
Royale Hayat Hospital	80 [8]
Taiba Hospital	110 [9]
Al Seef Hospital	120 [10]
International Hospital	140 [11]
Total	**995**



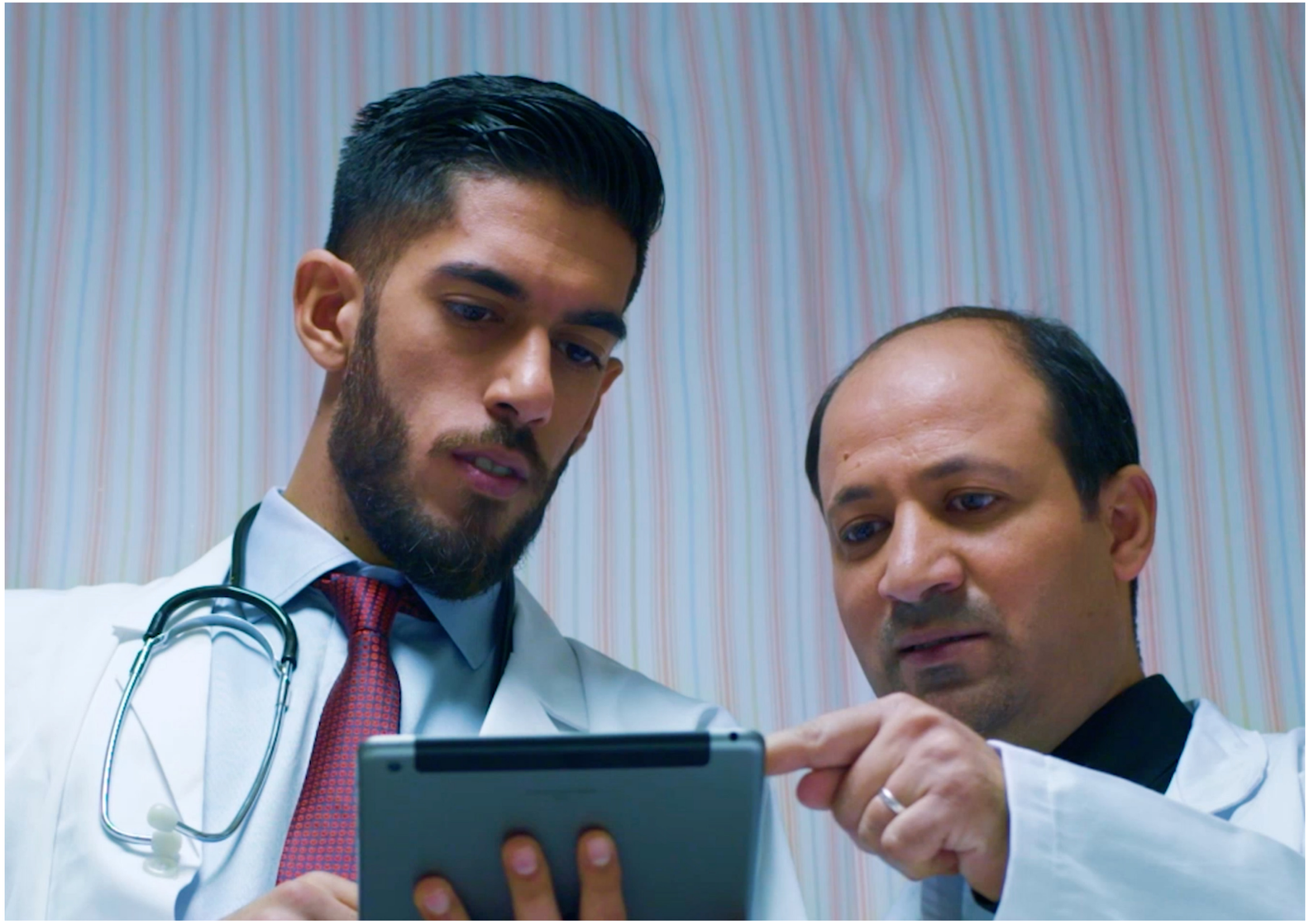
- Public healthcare insurance is a must for all expatriates in the country. Private healthcare insurance is accessible to all, several large-scale corporations in the country provide health insurance to their employees as part of their compensation and benefits.

- A number of new general hospitals have been developed or expanded and others are under development or expansion to provide quality healthcare in Kuwait. Some of them are[12]:

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

- Two additional hospitals are being built in Ahmadi and Jahra areas with a joint capacity of 600 beds on a PPP basis by the Kuwait Health Assurance Company (KHAC) – also known as (Dhaman) to be completed by the end of 2022. The total cost of development is expected to be around USD 538.2 Mn. These hospitals will provide health care for expatriates employed in the private sector.[13]

Sources: [1]MOF, [2]World Bank, [3]CSB, [4]Al Salam Hospital, [5]Hadi Hospital, [6]Dar Al Shifa Hospital, [7]New Mowasat Hospital, [8]Royale Hayat Hospital, [9]Taiba Hospital, [10]Al Seef Hospital and [11]International Hospital, [12]Kuwait Vision 2035 Development Plan, [13]Dhaman Hospitals



Specialty Hospitals

MARKET FACTORS

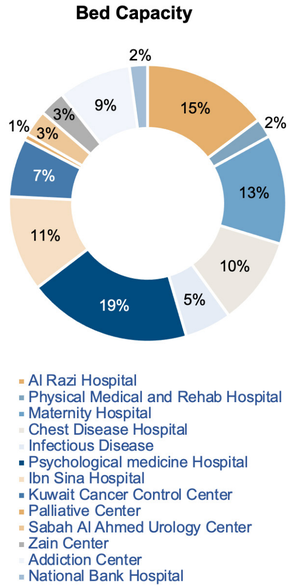
- A significant portion of the Kuwaiti population within the age group of 45 years and above suffers from a vast number of non-communicable diseases, which have been on the increasing end. Such diseases are mostly related to hereditary, lifestyle and dietary issues.

- A World Health Organization (WHO) report has noted that one in five adults is obese in the GCC.[1] As per the Global Obesity Observatory, published by the World Obesity Federation, Kuwait ranks amongst top 15 out of 200 countries globally in terms of obesity among adult males, 14th globally in terms of obesity among for adult females, 9th globally in terms of obesity among male children, and 14th globally in terms of obesity among female children.[2]

- The Kuwaiti healthcare system caters to people with specific ailments or medical conditions that require specialized treatment. Some of the specialty hospitals in the country are[3]:

Government Specialized Hospitals

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



- The government spends a substantial number of resources to sponsor medical treatments for Kuwaitis with life threatening ailments. Kuwaitis can seek treatment for diseases in designated Arabic and foreign countries, the costs of which are covered by the government upon approval of treatment abroad by the General Medical Council.

- A number or private hospitals in the country have departments that cater to specialized diseases. In fact, private hospitals have witnessed a tremendous rise in the number of outpatients seeking consultancy related to cardiology, neurosurgery, and gastroenterology.[4]

- A number of specialty hospitals are being developed to provide quality healthcare in Kuwait that include[5]:

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

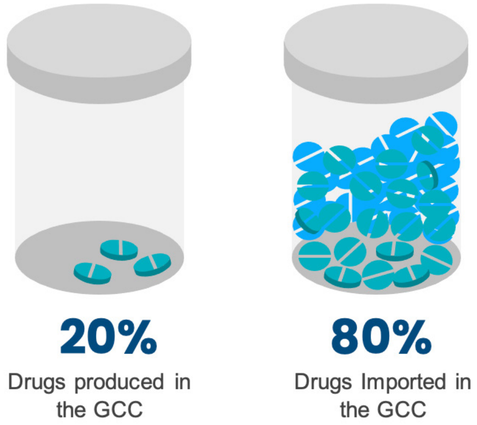
Sources: [1]WHO, [2]Global Obesity Observatory, [3]CSB, [4]OBG, [5]Kuwait Vision 2035.

Pharmaceutical Manufacturing

MARKET FACTORS

- The GCC market for pharmaceuticals is forecasted to grow to USD 20 Bn by 2025.

- The nature of the pharmaceutical markets among GCC members is identical and it is characterized by a huge demand for patented drugs that make up almost 75% of the total pharmaceutical market size in the GCC. It is estimated that around 80% of the drugs in the GCC are imported mainly from the USA and the EU.[2]



- Kuwait has one local manufacturing company operating namely the Kuwait Saudi Pharmaceutical Industries Company. This company was formed based on a partnership with the erstwhile Astra Pharmaceuticals (Swedish Company). The Company makes around 120 generic products that revolve around painkillers and antibiotics. These products are distributed locally and exported to the GCC and MENA region.

- 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 government usually retains control on the pricing of the drugs in the market through the Ministry of Health (MOH) and all private hospitals and pharmacies must abide by the pricing prescribed by the MOH.

- Kuwait Direct Investment Promotion Authority (KDIPA) issued investment licenses to a number of companies to establish legal investment entities in Kuwait in the health sector of which Roche for the Trade in Medicines, Equipment, Devices and Medical Supplies that will support the local pharmaceutical industry.

Sources: [1]Globe News Wire, [2]OBG.





Financial Services & Banking Sector

Sector Overview

The Central Bank of Kuwait is driven to move Kuwait into the new era of digital banking and several banks have taken initiatives to push in this strategic direction. While the year 2020 may have marginally dented financial services because of the COVID-19 pandemic, services including insurance, consumer finance and brokerage, and digital banking services are expected to have an upward trajectory in the near future.

Pillars of Kuwait National Vision 2035

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Sustainable Diversified Economy Pillar

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Sustainable Development Goals (SDGs) 2030

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Goal 8: Decent Work & Economic Growth
Goal 9: Industry, Innovation & Infrastructure

SUBSECTORS

Insurance
Gross Written Premiums in 2020 reached USD 1.13 Bn.



Digital Banking Services
ATM transactions in the year 2020 were valued at USD 33.6 Bn but dropped further to USD 8.9 Bn in 2021 due to the (COVID-19) pandemic.

Consumer Finance & 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.

Kuwait offers interested investors investment opportunities in financial services and banking sector in the segments of digital banking services, insurance, consumer finance and brokerage services, to attain the goals of the National Vision 2035 and its development plans.



Digital Banking

MARKET FACTORS

- The Central Bank of Kuwait announced its digital strategy during a zoom meeting held on January 31, 2022 under the theme "Stability & Enablement", aimed to accelerate the digital transformation, and to usher in a new era in banking and finance.[2]

- Around 79.8% of the population above the age of 15 years have an account with a bank, according to the World Bank data, and the number of electronic transactions associated with those accounts are increasing.[3]

- Market surveys conducted by top professional consulting firms have revealed that 80-90% of the people would be willing to adopt digital solutions related to banking in the country.[4]

- Kuwait has around 22 commercial banks, which are regulated by the Central Bank of Kuwait (CBK).[2] Banks have been reporting an increase in the number of customers, revenues, deposits, and profitability as a result of adopting digital banking.

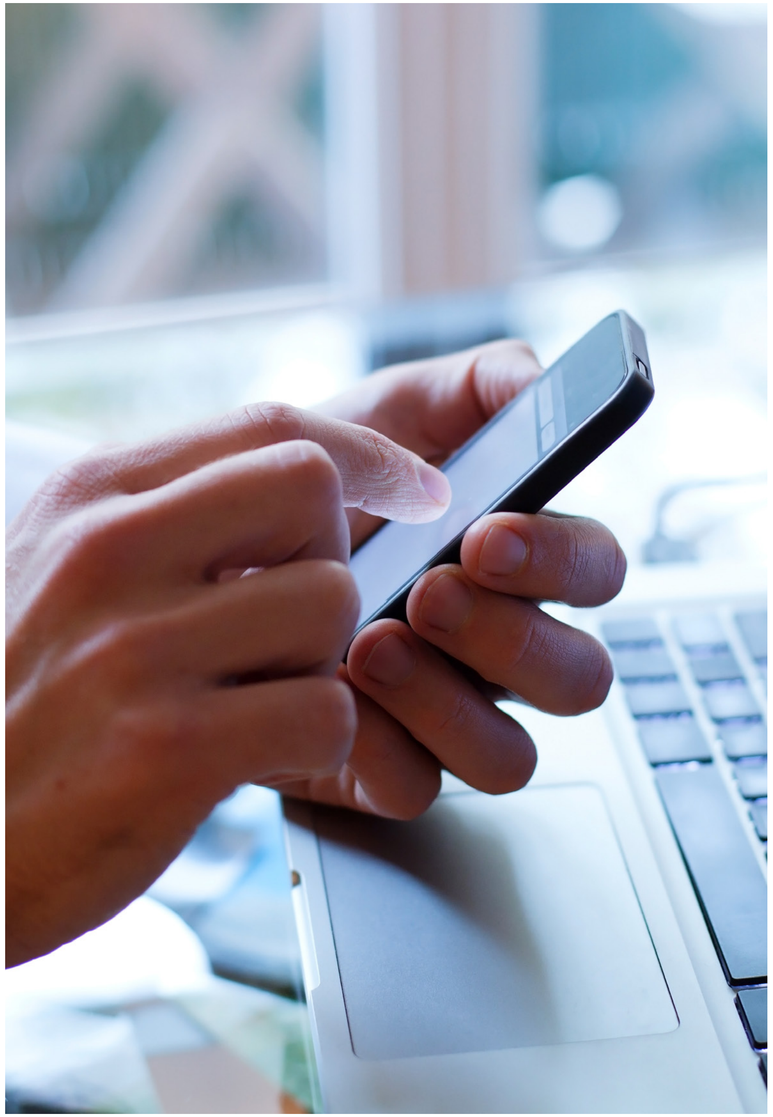
- The number of ATM transactions increased from 94.9 Mn in 2017 to 99.2 Mn in 2019, while the value of the ATM transactions increased from USD 40.1 Bn in 2017 to USD 41.2 Bn in 2019. However, as a direct impact of the (COVID-19) pandemic there was a drop in the number of ATM transactions to 75.8 Mn valued USD 33.6 Bn in 2020, and continued to drop to 22.4 Mn ATM transactions, valued at USD 8.9 Bn in 2021.[2]

- The number of ATMS's in Kuwait increased from 66 per 100,000 adults in 2017 to 79 per 100,000 adults in 2020, reflecting the inherent interest of customers for adopting digital modes of banking.[2]

- The CBK launched several measures to develop digital banking services in Kuwait, of which[5]:
  - A CBK mandate 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 K-Net, the country's adopted electronic payment system.
  - 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 (Chatbot).

- Banks have 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 to increase interoperability.

Sources: [1]CITRA, [2]CBK, [3]World Bank, [4]Oxford Business Review, [5]OBG.



Insurance Sector

MARKET FACTORS

- Insurance sector in Kuwait consists of 37 insurance companies, 26 local and 11 foreign. Out of the 37 companies, 22 are conventional insurance companies and 15 are Takaful insurance companies.[2]

- 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 operates under the supervision of the MOCI.[3]

- The appointment of actuarial experts is mandated by Law No. (125) of 2019.

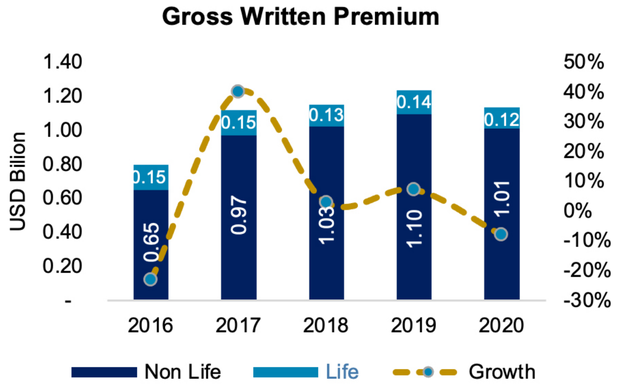
- The capital requirements of insurance companies as per the new law based on their type include2:
  - A company carrying out life insurance: USD 16.6 Mn.
  - A company carrying out general and liability insurance: USD 16.6 Mn.
  - A company carrying out life, general and liability insurance: USD 33.2 Mn.
  - A company carrying out conventional or Takaful re-insurance activities: USD 19.8 Mn.

- Growth in insurance was primarily driven by medical insurance and secondly by motor insurance. Life insurance occupies a very small piece of the premium pie in Kuwait, estimated at approximately 10%.

- 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 health insurance of public sector retirees.[4]

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

- The insurance sector in Kuwait grew from USD 0.8 Bn in 2016 to USD 1.136 Bn in 2020 at a CAGR of 9.2% on the Gross Written Premium (GWP). The non-life insurance segment dominated the overall insurance market at 89.1%.[1]



- The insurance sector in Kuwait is the second smallest in the GCC and is ranked 74th globally based on the Gross Written Premium (GWP).[1]

Sources: [1]Swiss Rev, [2]Insurance Regulatory Unit, [3]MOCI, [4]OBG, [5]Alpen Capital.

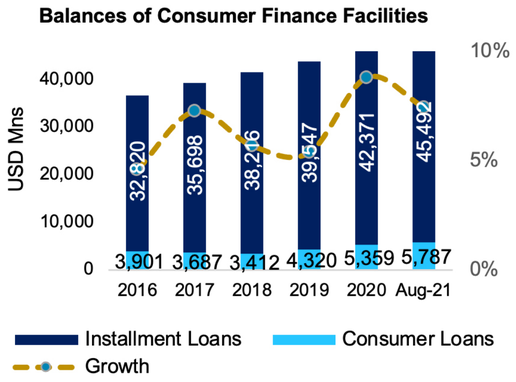


Consumer Finance & Brokerage Services

MARKET FACTORS

Consumer Finance

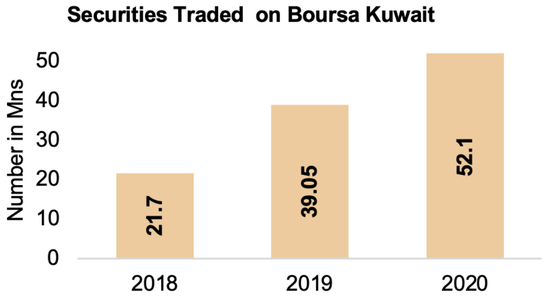
- Consumer Finance in Kuwait is made up of two loan types, consumer loans and installment loans.
- The maximum ceiling for consumer loans in the country is USD 83,000 and the maximum permissible amount for installment loans is USD 233,000.[1]
- Consumer loans make up approximately 37.3% of the total loans extended by the banking sector in Kuwait.[1]
- Consumer finance in Kuwait grew at a CAGR of 6.7% between 2016 valued at USD 36,721 Mn to USD 47,729 Mn in December 2020, and increased to reach USD 51,279 Mn in August 2021.
- Installment loans made the bulk of consumer financing balances in August 2021 at almost 88.7% of the total balance. Approximately 66% of the total consumer financing facilities went to Kuwaitis.[1]



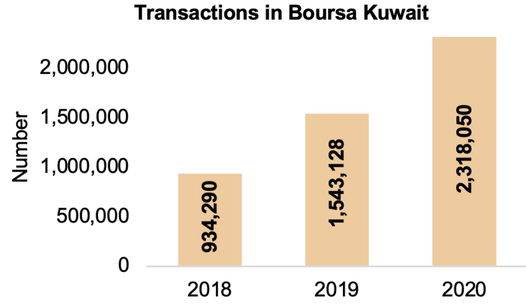
- The prevailing interest rate for consumer finance reached 6.0% per annum, as the Central Bank of Kuwait discount rate rose to 3.0% in September 21, 2022.[2]

Financial Brokerage Services

- Kuwait has multiple stock broking firms catering to the local and global capital markets, 10 of which 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.[3]
- The total number of securities traded in Boursa Kuwait reached 84.6 Bn shares in 2021 compared to 52 Bn shares in 2020, and 39 Bn shares in 2019.[3]



- Boursa Kuwait handled over 3.05 Mn transactions in 2021 compared to 2.3 Mn transactions in 2020, an increase of almost 50% over transactions registered in 2019.[3]
- The trading fees chargeable by registered brokerage according to Boursa Kuwait approved scheme as follows:
  - 0.10% related to the premier market
  - 0.15% related to the main market
  - 0.30% related to the auction market



- The minimum commission chargeable is USD 0.831. The collected commission is divided according to Boursa Kuwait approved scheme as follows:
  - 70% will be retained by the broker,
  - 29% must be paid to Boursa Kuwait,
  - 1% must be paid to the clearing house, namely Kuwait Clearing Company.

- The commission related to off-market trades is 0.20%. The off-market trades is divided according to Boursa Kuwait approved scheme as follows:
  - 50% to be retained by the broker,
  - 49% to be paid to Boursa Kuwait,
  - 1% to be paid to the clearing house, namely Kuwait Clearing Company.[3]

Sources: [1]Gulf Bank, [2]CBK, [3]Boursa Kuwait.


Technology Sector

Sector Overview

The technology sector in Kuwaiti has seen a major growth the ICT infrastructure and the cyber security, while the application development witnessed a significant interest upswing. Locally founded FinTech and Food Tech 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.

Pillars of Kuwait National Vision 2035

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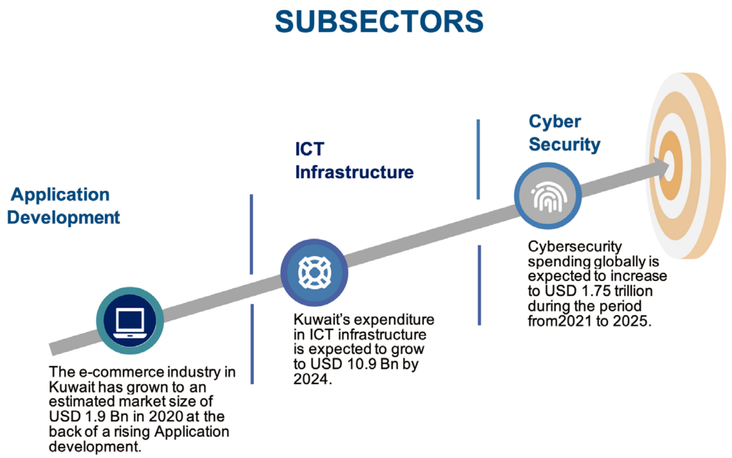
Sustainable Diversified Economy Pillar
Developed Infrastructure Pillar
Creative Human Capital

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Sustainable Development Goals (SDGs) 2030

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Goal 8. Decent Work & Economic Growth
SDG 9: Industry, Innovation & Infrastructure
Goal 11: Sustainable Cities & Communities
Goal 12: Responsible Consumption & Production



Kuwait offers interested investors a host of lucrative investment opportunities in the ICT sector of which application development, ICT infrastructure, and cyber security, supporting the digital transformation efforts in the State of Kuwait, and contributing to attain the goals of the National Vision 2035 and its development plans.



Application Development

MARKET FACTORS

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

- Kuwait has one of the highest mobile and internet penetrations globally as 99.6% of individuals use the internet while mobile cellular subscription was 178.5% per 100 inhabitants.

- The e-commerce industry in Kuwait has grown to an estimated market size of approximately USD 1.9 Bn in 2020.[2] While the e-commerce market in the MENA region is expected to reach USD 28.5 Bn by 2022 from a base of USD 8.3 Bn in 2017 a growth of nearly 3.3. times.[6]

- The technology sector is strongly supported in Kuwait by the government, which announced a USD 7 Bn Kuwait National Fund for SMEs to foster entrepreneurship amongst Kuwait youth, and encourage innovation in start-ups.[3]

- The sector is also supported by many incubators, accelerators and regional venture capitalists who see immense potential in business models.

- A number of local business investors and Kuwait family businesses are also venturing into this domain.

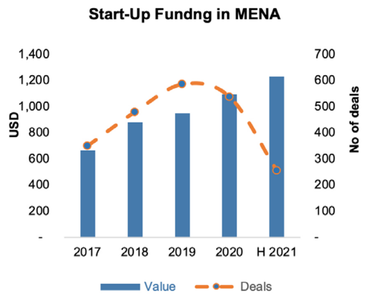
- The sector initially saw huge success with FoodTech with the launch of successful ventures such as Talabat and Carriage. Talabat was eventually sold to an international investor with an attractive valuation of USD 564.8 Mn and Carriage was acquired by the same investor through Talabat.[4]

- The sector also consists of business models related to groceries, payment solutions, electronics, real estate, home cleaning services, mobile saloons, and cosmetics.

- 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.
  - Facilitating and expediting public service delivery and raising level of satisfaction.
  - Reducing human interference in transactions to ensure more just and equal treatment.
  - Advancing the efficiency of government performance and raising the level of technical awareness and work culture.[5]

- Some of the government's initiatives in this regard include applications such as Shlonak, Musafir, Hawiyati, Immune, Meta, and Sahel. Others will also be included as part of the digitalization of ministries and public authorities transactions and services.

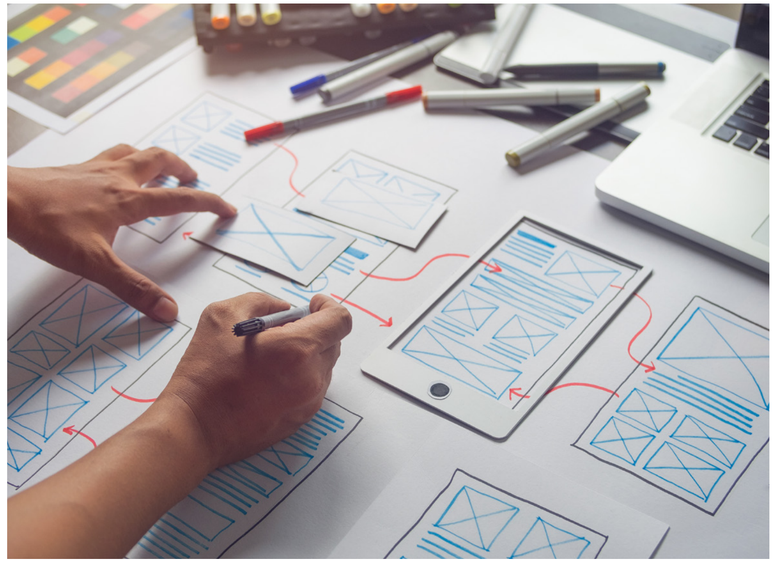
- Venture capital funding for the MENA region in the first half of 2021 stood at USD 1.2 Bn, higher than the entire amount of USD 1.09 Bn raised in the year 2020. The most attractive sectors in the region for venture capital were FoodTech and FinTech.[7]



INVESTMENT OPPORTUNITIES

- Kuwait offers lucrative investment opportunities in application development benefiting from a supportive ecosystem, which is expected to gain an increasing share of the application development market with high and high mobile and internet penetration rates, high income per cpaita and strong purchasing power, technology savvy and talented youth comprising major percentage of the population.

Sources: [1]CITRA, [2]Statista, [3]The National News, [4]Arabnet, [5]General Secretariat of the Supreme Council for Planning and Development, [6]Bain & Co, [7]Magnitt.



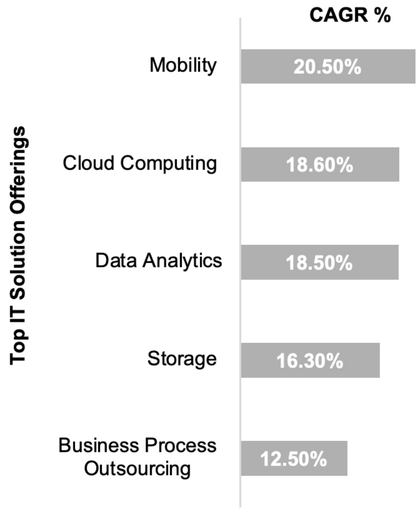
ICT Infrastructure

MARKET FACTORS

- The Kuwaiti government places a strong emphasis on the digital transformation of both public and private sectors, supported by the availability of high-end IT infrastructure in the country coupled with 5G internet speed.

- Kuwait's expenditure in ICT is expected to grow to USD 10.9 Bn by 2024, at a CAGR of 10.2% (base 2019) by adopting various technologies such as Artificial intelligence (AI), Big Data, Cloud Computing, and Internet of Things (IoT).[1]

- There are five main drivers for the country's digital transformation growth that include Mobility that is expected to grow at 20.5% CAGR, followed by Cloud Computing (18.6%), Data Analytics (18.5%), Storage (16.30%), and Business Process Outsourcing (12.50%).[1]



- A large number of ICT projects were undertaken to assist transforming Kuwait into a diversified and sustainable economy[2]. They include:

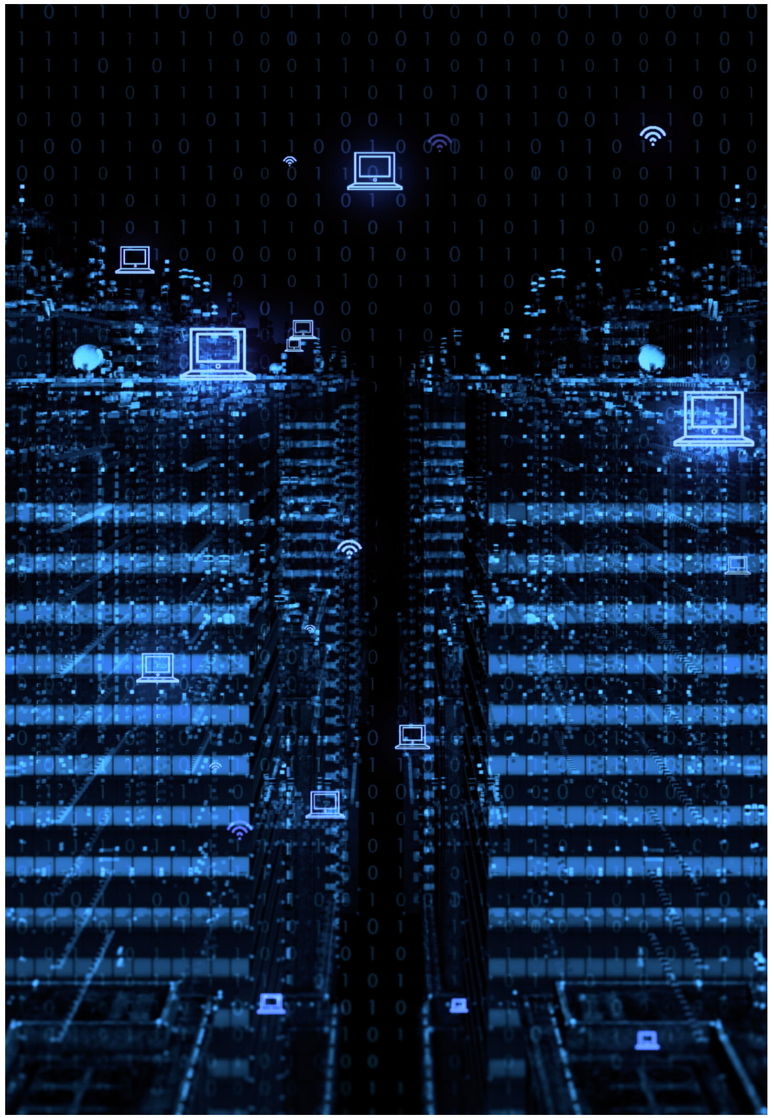
Project Name	Cost (USD Mn)	% of GDP
Broadcasting and digital archiving network	59.4	0.05%
Fiber optic network between switches	13.3	0.01%
FTTH Optical Network (Phase III)	347.2	0.29%

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

INVESTMENT OPPORTUNITIES

- Kuwait is expected to offer several lucrative investment opportunities for interested investors to participate in tenders commissioned by the government in digital transformation segment, along with several opportunities in:
  - Mobile content management and enterprise mobile device management.
  - Data and analytical tools for businesses.
  - Cloud-computing solutions.
  - Expanding the ICT digital infrastructure.
  - Use of satellites for different purposes including R&D, Education and Scientific Research.

Sources: [1]GlobalData, [2]Kuwait Vision 2035.



Cyber Security

MARKET FACTORS

- Cyber 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.

- Cyber Security spending globally is expected to increase to USD 1.75 trillion cumulatively for the period 2021 to 2025. It was merely USD 3.5 Bn back in 2004.[1]

- Cybercrime losses globally have risen exponentially from USD 3 trillion a decade ago to USD 6 trillion in 2021. It is expected to cross USD 10.5 trillion by 2025.[1]

- 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 the risk assessment analysis of 45 critical national infrastructure stakeholders.[2]

- The Central Bank of Kuwait has mandated Cyber Security Independent Audits for all banks, to detect inherent limitations within the respective ICT systems so that corrective measures can be taken.

- Kuwait ranked 65th out of 194 countries globally and 9th regionally in the Global Cyber Security Index in 2020.[3]

- Kuwait has faced multiple Cyber Security issues in the past years with attacks on shipping, transportation firms and financial institutions, and continues to be exposed to cyber attacks:
  - As per Trend Micro's Annual Cybersecurity Report for 2021, Kuwait witnessed over 14 million email threats, more than 3.5 million URL victims attack, over 1.7 million malware attacks. With increasing remote work, the Smart Home Network (SHN) solutions shielded and prevented more than 756,857 SHN events. 4
  - As per Kaspersky Security Solutions 784,043 phishing attacks occurred in Kuwait in the second quarter of 2022.[5]



INVESTMENT OPPORTUNITIES

- Kuwait is expected to offer several lucrative investment opportunities to interested investors within the Cyber Security solutions domain to provide optimal solutions locally that meet international standards, within the training domain as employees need to be aware of Cyber Security threats and the mechanisms to avoid them.

Sources: [1]Einnews, [2]OBG, [3]International Telecommunication Union (ITU), [4]Zawya, [5]Arab Times.

