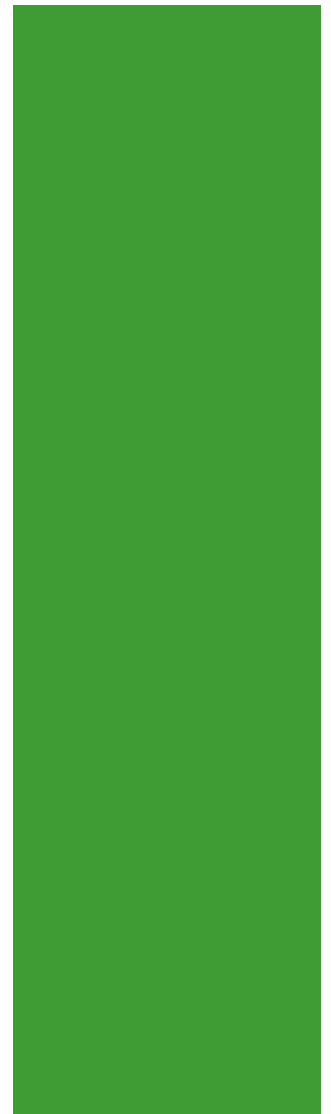


Kuwait Quarterly Newsletter





Economy & Projects update – Issue 3/2020



Delivering the
Power of Being
Understood



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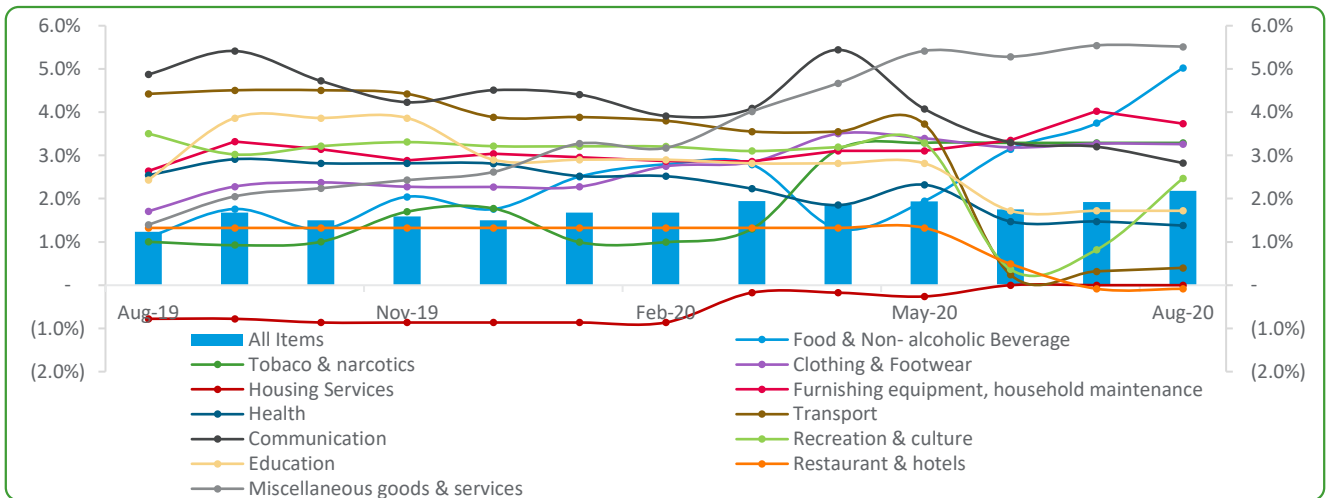
MACROECONOMIC UPDATE

Consumer Price Inflation (CPI)

The Kuwait inflation levels measured by the Consumer Price Index (CPI) rose to 2.2% YoY in August 2020, compared to a growth of 1.9% YoY in May 2020.

- The prices of **food & beverage an important component in CPI increased** by 0.2% points from May 2020 to reach 5.0% YoY in August 2020 as compared to 1.9% YoY in May 2020, led by a sharp cost increase in fresh produce, which resulted from a shortage due to supply-side disruptions caused by the Covid-19 pandemic. The increase was in line with a rebound in international food prices amid market uncertainties posed by the pandemic.
- The prices of **furnishing equipment & household maintenance increased the most** by 0.6% points in August 2020 from May 2020 to reach 3.7% YoY in August 2020. While miscellaneous goods & services slightly increased by 0.1% points to reach 5.5% YoY in August 2020.
- Whereas, the prices of **tobacco & narcotics, clothing & footwear remained unchanged** at 3.3% YoY over the last 3 months.
- Meanwhile, inflation in **housing services appear to have snapped deflationary trend** after coming in flat in the last 3 months, due to a fall in housing demand as the number of expats potentially drop.
- On the other hand, components such as **transport, health, communication, education, recreation & culture, and restaurant & hotels slowed in August 2020** driven mainly by mobility restrictions and strict social distancing measures.

Consumer Price Inflation and Key Components (% YoY)



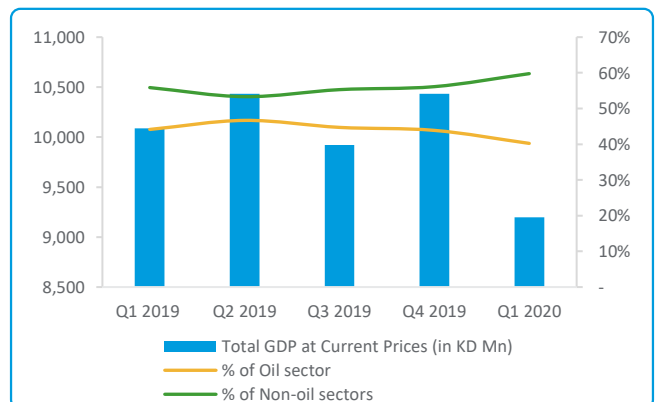
Source: Central Statistical Bureau (CSB), Note: CSB has changed the base year for CPI to 2013 from 2007, starting with June 2017 data.



Kuwait Overall GDP, at current prices (KD Mn)

Kuwait's overall GDP stood at KD 9.20 billion for Q1 2020, a decrease of 12% compared with 2019-Q4.

- As per the Central Statistical Bureau (CSB) report, oil sector GDP declined by 19% to reach KD 3.70 billion in Q1 2020 as compared with KD 4.58 billion in Q4 2019.
- On the other hand, non-oil sector has participated with 60% of the total Kuwait GDP in Q1 2020 amounting to KD 5.49 billion.



Source: Central Statistical Bureau (CSB)



MACROECONOMIC UPDATE... CONT'D.

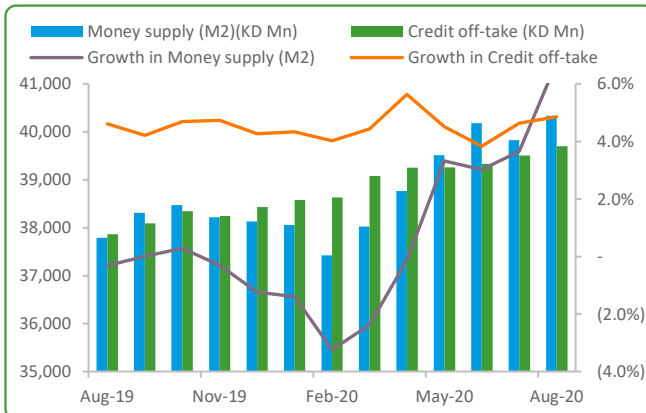
Money Supply and Local Bank Deposits

Money Supply (M2) witnessed healthy growth in Q3 2020.

- Kuwait's broad measure of money supply (M2) increased by KD 0.82 billion from May 2020 to reach KD 40.34 billion in August 2020, a YoY growth of 6.7%. The improvement in M2 is mainly driven by sight deposits which increased by KD 0.18 billion from May 2020 to reach KD 10.47 billion in August 2020. The narrower measure (M1) also increased by KD 0.12 billion during the same period.
- Credit facilities extended by local banks to residents maintained a healthy growth with a 4.9% YoY rise in August 2020, gaining KD 0.44 billion from May 2020 to reach KD 39.70 billion in August 2020. The personal facilities slightly increased by KD 0.40 billion during the same period mainly due to a decrease in consumer and installment loans by KD 0.09 billion and KD 0.38 billion, respectively during the same period.
- Bank deposits at local banks increased by 5.35% YoY to reach KD 45.47 billion in August 2020. Private sector deposits constitute 84% of the bank deposit base at KD 37.99 billion in August 2020.



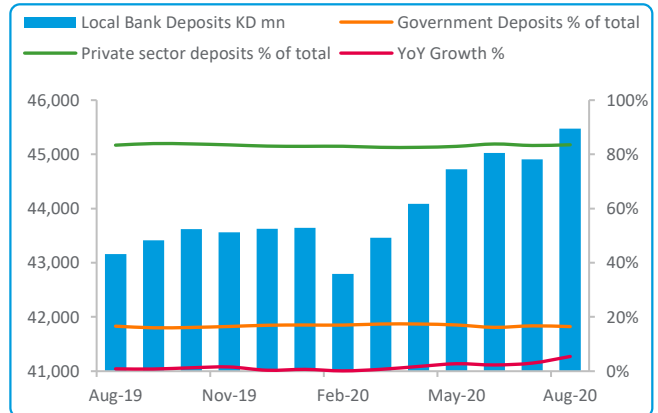
Growth in Money Supply and Credit Off-Take



Source: Central Bank of Kuwait (CBK)



Local Bank Deposits



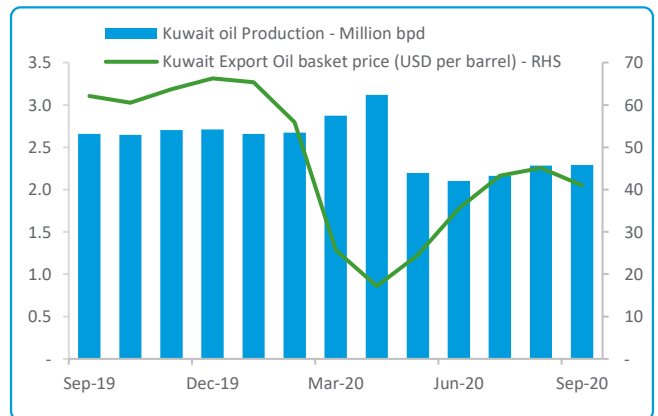
Source: Central Bank of Kuwait (CBK)



Monthly Production and Oil Price

Kuwait export oil prices extended gains in September 2020.

- The average price of Kuwait crude oil in September 2020 increased by USD 5.47 per barrel (p/b) to reach USD 41.05 per barrel (p/b), compared to the June 2020 price average of USD 35.58 per barrel (p/b). The rise was driven by bullish market coming from gradually easing of global lockdown measures related to the Covid-19 pandemic increased expectations for traders for a speedy recovery in demand.
- Kuwait's crude oil production averaged 2.292 million b/d in September 2020, an increase of 0.19 mb/d as compared with 2.103 million b/d in June 2020



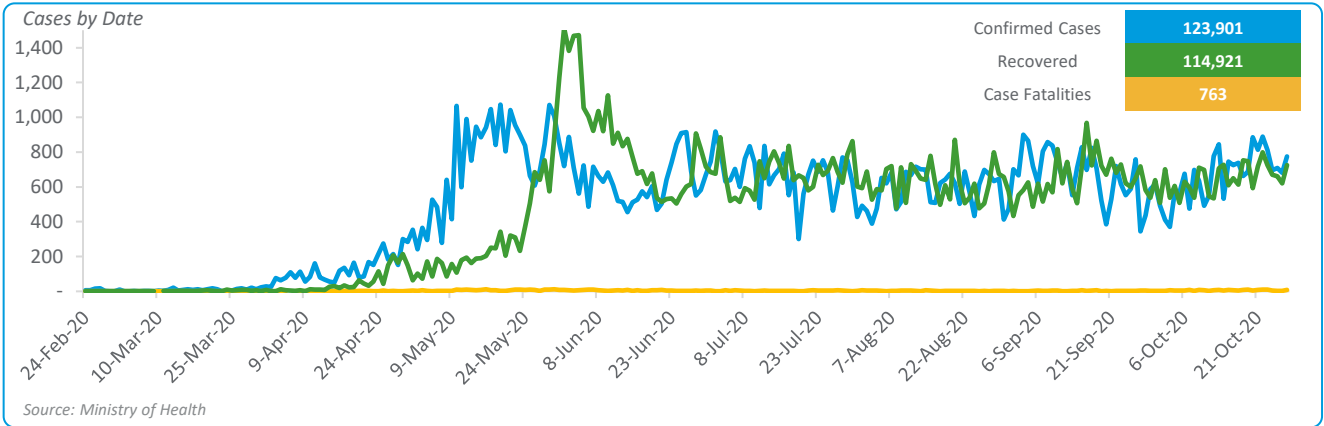
Source: OPEC



ECONOMIC IMPACT OF COVID-19 IN KUWAIT

Confirmed COVID-19 cases in Kuwait, (day since 24th February 2020 till 28th October 2020)

- The outbreak of COVID-19 has posed unprecedented health and economic security challenges globally, compelling rapid and far-reaching responses. It has now spread to more than 200 countries till date with over 43,540,739 confirmed cases including 1,160,650 deaths reported to World Health Organization (WHO) as of 28th October 2020.
- On 24th February, Kuwait's Ministry of Health (MOH) announced its first confirmed case of COVID-19; it has now raised to 123,901 total cases, 114,921 recovered, and 763 deaths reported as of 28th October 2020, the 3rd highest in the Gulf region.



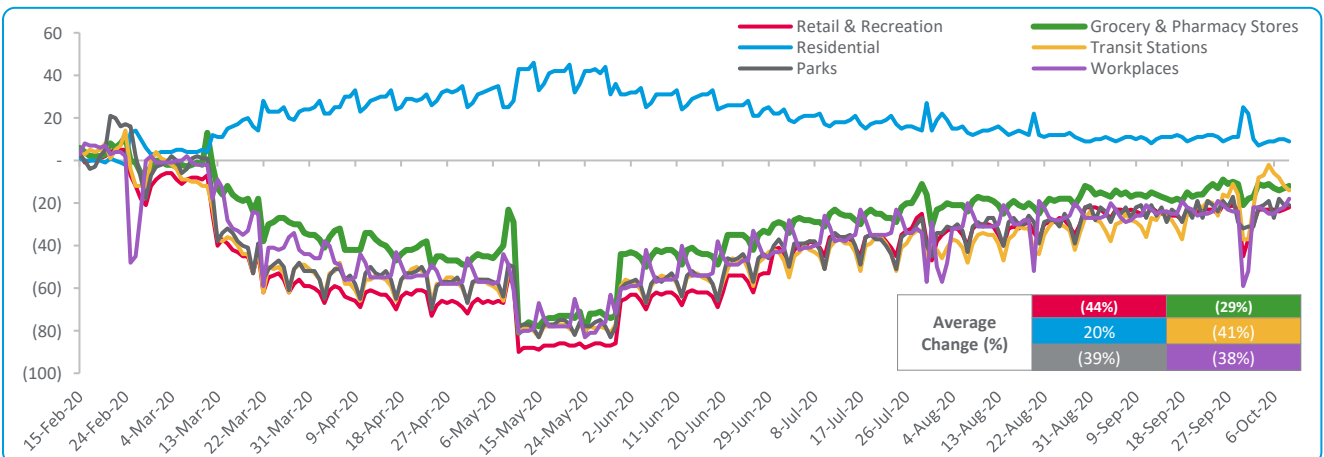
Kuwait Mobility Trend (since COVID-19 outbreak)

How was the pandemic change the movement of people across different places in Kuwait?

- Using anonymized data from Google presents in its [COVID-19 Community Mobility Reports](#), the data shows how people move in to (or time spent in) specific categories of location (e.g. grocery stores, pharmacy, parks, and mobility activities like walking & driving trends; transit stations) every day and compares this change relative to baseline day before the pandemic outbreak.
- According to the Mobility trend in Kuwait since the outbreak of COVID-19 pandemic, an **average of 20% change** in mobility has been observed in the residential areas and an average of **negative 38% change** in mobility in non-residential activities non-residential activities such as retails & recreation, grocery & pharmacy, parks & outdoors, public transport stations, and workplaces.

Categorized Mobility Trends

(% Ave. change from 15th February to 9th October 2020)



Source: Google Global Mobility Report, as of 9th October 2020.

Note: A baseline day represents a normal value for that day of the week. The baseline day is the median value from the 5-week period from 3rd Jan to 6th Feb 2020.



COVID-19 IMPACT ON KEY SECTORS IN KUWAIT

1. Banks and SMEs



- The weakening credit profile of borrowers, probable increase in NPAs, lower interest rates in the near term to measures such as deferring loan repayments might affect the bank's profitability.
- Lower net interest margins (NIMs), loan moratorium, could affect bank liquidity and profits.
- Exposure to vulnerable sectors such as real estate, retail, travel & hospitality, and SMEs could lead to affect loan assets.
- SMEs have limited cash reserves, loss of revenue, negative demand shock and the temporary business closure would constrain cash-flow.
- Supply chain disruptions will cause a shortage of parts and other intermediate goods for small industries.

2. Retails



- Travel restrictions, lockdown, and curfew and closure of hotels and shopping malls pummeled the hospitality and retail sector.
- All retail outlets closed except cooperative societies & supermarkets, pushing residents into panic buying.
- A big burden on the supply chain is created, as retailers grapple with inventories which will soon become obsolete.
- No revenues for retailers, wherein needs to be managed.
- Lockdowns and social distancing measures affect retailers with physical stores more than online retailers.

3. Health Care and Education



- Outpatient departments are closed, and planned surgeries and regular treatments have been postponed, leading to revenue loss for healthcare providers.
- Inadequacy of healthcare infrastructure – from basic protective gear to sophisticated equipment – is under the spotlight as even developed countries with advanced health care systems struggle to cope with the crisis.
- Suspension of Public and Private schools and universities, online learning has gained traction.
- COVID-19 scare may be a restraining for students to study abroad as it might affect perceptions of personal safety, reducing foreign student numbers at the institutions.

4. Construction



- The temporary suspension of work in line with the government's efforts to combat the outbreak by restricting non-essential activities affected construction activities.
- Around 39% of businesses in the construction sector have shut down their operations since the government-imposed lockdown measures in the country, according to the Kuwait Business Impact Survey released by Bensirri PR (BPR).
- Longer-term market pressures could also rise from newly proposed policies to correct the demographic imbalance by reducing eventually the expatriate population.

5. Telecommunication



- Lockdowns and curfews increased demand for mobile and broadband services, as more citizens and users require online services for work, entertainment, education, telehealth, and social purposes.
- Office closures might negatively affect B2B services. Delays in payments from businesses that are hurt. Revenue from sales of products like mobile phones.
- Job losses result in the exit of expatriates which will lower their fixed and mobile subscribers.
- More competition on equipment sales and fixed-line segment.

6. Travel and Logistics



- Travel restrictions have dragged aviation businesses into a state of uncertainty, prompting severe spending cuts at regional airlines.
- Lockdowns and curfews, movement restrictions, results in supply chain issues and restricted business activities
- Cancellation and postponement of events have cemented the decrease in demand in hospitality.
- The tourism sector in general has completely paralyzed resulted in unprecedented losses that continue to this date.



KUWAIT SUPPORTIVE MEASURES

1. Activating Fiscal Measures

- On 24th June, the Kuwaiti parliamentary panel **proposed a motion in the Cabinet to provide support of KD 10,000 (USD 32,500)** to SMEs affected by Covid-19.
- On 16th March, the Kuwaiti cabinet approved an **extra KD 500 million (USD 1.6 billion) for the fiscal year 2020/2021 to support government entities** in fighting the COVID-19 pandemic.
- **Expediting government payments cycle** to the private sector vendors and contractors.
- **Exempting** impacted economic institutions and cooperative societies from **certain government fees and dues**.

2. Availability Liquidity

- CBK initiates **KD 2.7 billion (USD 8.9 billion) credit facilities to different businesses** since the launching in early last April of a government package to stimulate the national economy.
- Kuwait Fund for Arab Economic Development pledged almost USD 95 million towards a **“social responsibility” fund**.
- Moody's Investor Service **downgraded Kuwait by two notches to A1 from Aa2** citing higher liquidity risks and weaker governance and institutional strength.

3. Steps that CBK has taken

The Central Bank of Kuwait (CBK) initiatives:

- Reduced the discount rate to 1.5% from 2.5%.
- Lowered capital adequacy ratio to 10.5% from 13%.
- Credit risk weight for SME lending was reduced from 75% to 25%.
- The maximum lending limit was increased from 90% to 100%.
- Increasing the ratio of loans to value (LTV) of the property or the cost of development.
- On 1st April, the CBK announced a further stimulus package **adding KD 5 billion (USD 16.5 billion) to local bank's lending reserves**.

4. Supporting SMEs

- **Postponing payments of bank loans and facilities** for 6 months and **canceling its interests**.
- **Fees/charges on POS/ATM/Online banking** were waived up to 6 months.
- **The limit on contactless payments was increased** from KD 10 to KD 25 to reduce the need for cash payments.
- **Postponing loan installments funded** by the Kuwait SME Fund and Industrial bank.
- **Postponing social security contributions** for 6 months.

5. Protecting workers

- **Securing minimum income for impacted workers** by COVID-19 crisis.
- **Paying salaries of public sector employees** during work suspension.
- **Job safety** for nationals in the impacted sectors.
- **Supporting the salaries** of business owners registered under Chapter 5 social insurance in the impacted sectors.
- **Pensions payment** for some cases for a period of 6 months.

6. Staying connected

- Kuwait mobile operators offered **daily 5G internet for a month** as of 22nd March 2020 for subscribers in support during Covid-19 crisis.
- **Free local calls amongst the mobile networks** for a month.
- With most employees working from home, companies had to **invest in remote software and videoconferencing** so they can keep working efficiently.

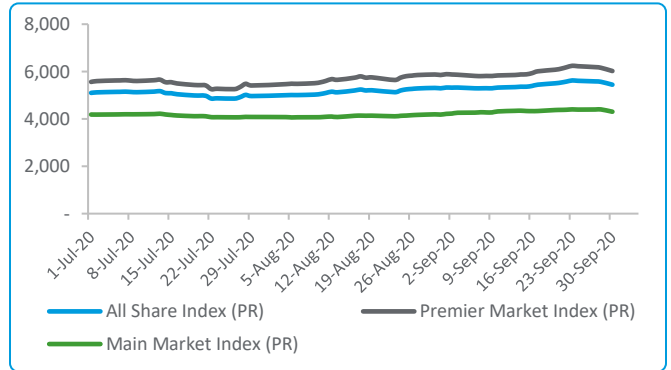


BOURSA FINANCIAL MARKET PERFORMANCE

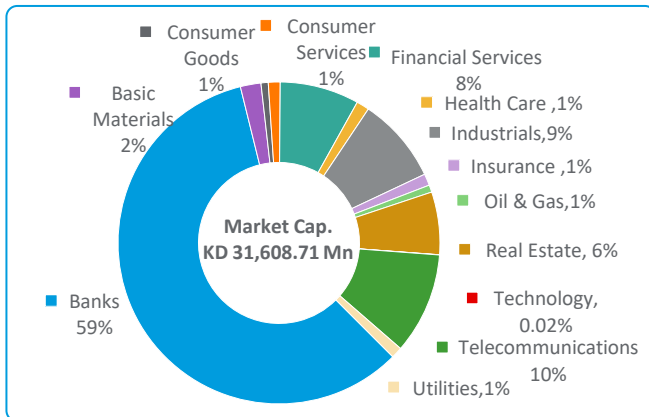
Kuwait Boursa - Key Index Performance (Q3-2020)

- Kuwait markets performed positively, with Kuwait All Share Index registering a gain of 2.9% at 5,445.2 points in September 2020 despite concerns of economic recovery amid threat of 2nd wave of COVID-19 and expected fall in oil prices.
- Similarly, Premier Market gains by a 2.8% MoM at 6,020.8 points while Main Market also edges up by 2.8% MoM at 4,303.5 points in September 2020.

Source: Boursa Kuwait



Sector Weight by Market Cap (as of 30th September 2020)

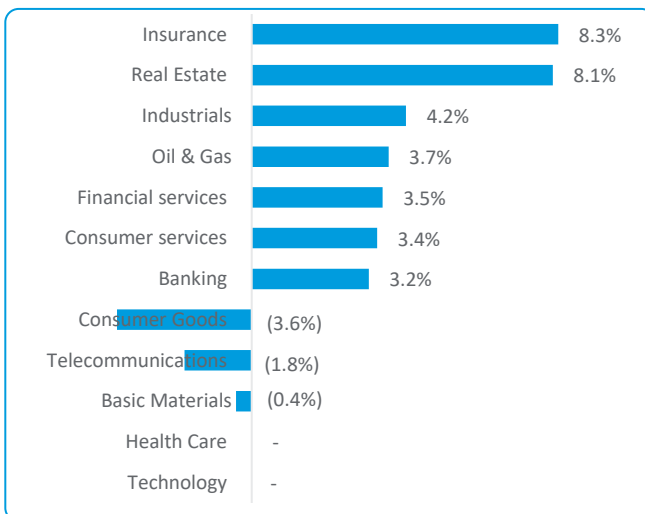


Market Trading Data and Volatility

Trading Indicators	Value (as of 29 th Sept. 2020)	DTD Change	DTD % Change
Volume (Shares Mn)	545.53	223.57	69.4%
Value Traded (KD Mn)	104.05	65.12	167.3%
No. of Trades	22,000	10,825	96.9%
Market Cap (KD Mn)	31,608.71	(705.51)	(2.2%)

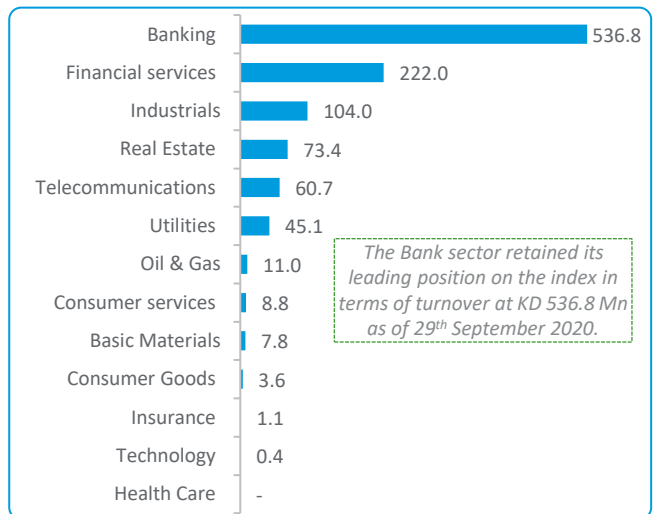
Source: Boursa Kuwait
Note: DTD - Daily Trading Data

Monthly Sector Index Returns (%)



Source: Boursa Kuwait
Data as of 29th September 2020

Monthly Value Traded (KD Mn)



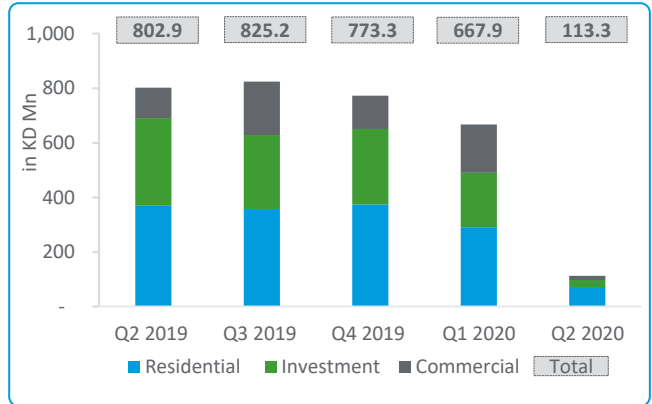
Source: Boursa Kuwait
Data as of 29th September 2020



KUWAIT REAL ESTATE MARKET

Real Estate Sales in Kuwait (in KD Mn)

- Real estate market started with decent sales and activity during 2019, but with the highly uncertain Covid-19 situation and the slump in oil prices sluggish the demand outlook for the sector.
- Total real estate sales in Kuwait fell sharply by 83% q/q at KD 113.3 million in Q2-2020 after consistent modest gains from KD 667.9 million in Q1-2020. The investment and commercial sectors were the most impacted due to lockdown, restrictions and expat unemployment in Q2-2020.
- Though it is worth noting that sales mostly stemmed from a pick-up in June coinciding with eased lockdown restrictions. However, due to the limited availability of data in a wake of the Covid-19 pandemic, it would be premature to draw any reliable inferences about prices at this time.

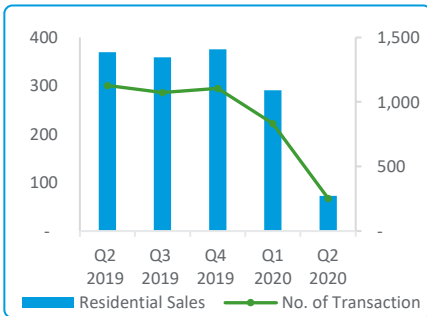


Source: RSM Research, NBK

Real Estate Segments Sales (in KD Mn per quarter)



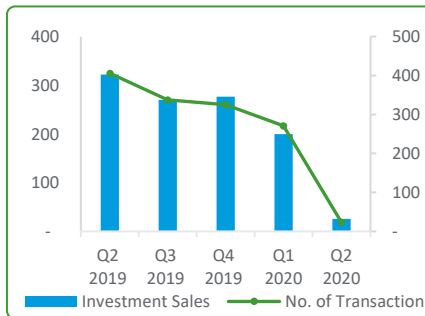
Residential Sector



Source: RSM Research, NBK



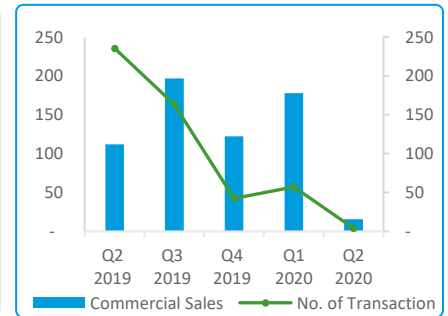
Investment Sector



Source: RSM Research, NBK



Commercial Sector



Source: RSM Research, NBK

- The residential sector to show a greater resilience as sales fell sharply by -72% q/q and -81% YoY reaching KD 72.1 Mn in Q2 2020 as compared to KD 290.7 Mn in Q1 2020.
- The lower sales were due to a steep drop in the number of transactions which fell to an exceptionally low at 251 in Q2 2020 from 831 in Q1 2020, down by -70% q/q and -78% YoY.
- Similarly, on monthly basis, residential sales eased to around KD 115.7 Mn in February 2020 from to KD 129.7 Mn in January 2020.

- The investment sector may suffer as sales fell consistently by -87% q/q in Q2 2020 to a record low of KD 25.8 Mn in Q2 2020 from KD 199.7 Mn in Q1 2020.
- The decline came on the back of the exceptionally low transactions of around 24 in Q2 2020, contrasting sharply with a quarterly average of 329 transactions during 2019 and 271 in Q1 2020.
- Similarly, on monthly basis, investment sector sales declined at 42% m/m to reach KD 60.6 Mn in February 2020 driven by a decline in prices, a fewer number of transactions, and average transaction size.

- The commercial sector sales in Q2 2020 fell to the weakest level by -91% q/q to a mere KD 15.4 Mn, stemming from only 4 transactions due to weak business activity during the lockdown, with various sectors struggling to pay rent for commercial space, leading to rent reductions and deferred payments for various commercial tenants, but mostly for severely impacted retail tenants with high rents in malls.
- However, on a monthly basis, commercial sector sales rose 52% m/m at KD 104 Mn in February 2020, driven by a doubling the number of transactions, which more than offset a 24% drop in average transaction size, indicating that smaller/more subprime properties were transacted.



SUMMARY OF MAJOR PROJECTS IN KUWAIT

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
 <p>Kuwait Authority for Partnership Projects (KAPP)</p>	1	Kuwait City Metropolitan Rapid Transit	Transportation	18,000	Design	Jul-2021	Dec - 2030
	2	Az-Zour North IWPP	Power	15,000	Execution	Nov - 2013	May - 2026
	3	Kuwait National Railroad(KNRR)	Transportation	10,000	Study	Jul - 2022	Dec - 2025
	4	Doha East Power & Desalination Plant (IWPP)	Power	2,000	Study	Aug - 2022	Nov - 2026
	5	Al Khiran Power & Desalination Plant	Power	1,710	Study	Dec - 2021	Apr - 2030
	6	Umm Al Hayman WWTP	Water	1,700	Execution	Jan - 2020	Jan - 2024
	7	1500 MW Al Dibdibah Solar IPP in Shagaya Renewable Energy Complex	Power Generation	1,200	FEED	Apr - 2022	Nov - 2024
	8	Kabd Municipal Solid Waste Project	Power	880	On Hold	May -2020	Jan - 2023
	9	Kuwait Municipality - South Al-Jahra Labour City	Construction	495	Bid Evaluation	Feb - 2021	Jun - 2024
	10	Services and Entertainment Center in Egaila	Construction	120	Study	Sep - 2021	Dec - 2024
 <p>Kuwait Ministry of Public Works (MPW)</p>	1	Mubarak Al-Kabeer Seaport Development	Terminal - Seaport	10,500	Execution	Nov - 2019	Oct - 2030
	2	Bubiyah Island Development	Mixed-Use	6,000	Design	May - 2021	Dec - 2040
	3	Improvement of Fahaeel Expressway Route 30	Infrastructure	3,000	Design	Mar - 2021	Dec - 2024
	4	North & East Regional Highway	Infrastructure	2,037	Execution	May - 2017	Dec - 2024
	5	South Surra Road Upgrade	Infrastructure	1,236	Execution	Mar - 2017	Dec - 2025
	6	Regional Road South Part	Infrastructure	980	Execution	Nov - 2016	Dec - 2025
	7	Jamal Abdul Nasser Road Development	Infrastructure	950	Execution	Oct - 2010	Nov - 2020
	8	New Pediatric Hospital in Al-Sabah Medical Area	Healthcare	850	Design	Feb - 2021	Dec - 2023
	9	New Maternity Hospital	Healthcare	817	Execution	May - 2016	Sep - 2022
	10	Upgrade of Al Ghouse Road	Infrastructure	800	Execution	Jun - 2020	Dec - 2023
	11	Upgrading the Existing & Developing North Kabd Sewage Treatment Plant	Treatment	700	FEED	Jul - 2021	Jan - 2026
	12	Upgrade of Nawaseeb Road (Route 40)	Infrastructure	700	Execution	Aug - 2015	Nov - 2020

Source: MEED Projects, updated as of 15th October 2020



SUMMARY OF MAJOR PROJECTS IN KUWAIT... CONT'D.

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
 Kuwait Oil Company (KOC)	1	Ratqa Lower Fars Heavy Oil (LFHO) Handling Facilities	Oil & Gas	10,500	Execution	Dec - 2019	Nov - 2030
	2	Crude Oil Gathering Centers 33-35	Oil & Gas	3,000	FEED	May - 2022	Dec - 2025
	3	Crude Oil Gathering Centers 33-35	Oil & Gas	3,000	FEED	May - 2022	Dec - 2025
	4	Crude Oil Gathering Centers 33-35	Oil & Gas	3,000	FEED	May - 2022	Dec - 2025
	5	Crude Oil Gathering Centers 29-31	Oil & Gas	3,000	Execution	Mar - 2015	Mar - 2021
	6	Jurassic Non-Associated Oil & Gas Reserves Expansion: Phase 2	Oil & Gas	2,700	Main Contract Bid	Dec - 2020	Jul - 2024
	7	Mina Al-Ahmadi Township Redevelopment	Residential	2,000	Execution	Jul - 2013	Dec - 2030
 Kuwait National Petroleum Corporation (KNPC)	1	Mina Al Ahmadi Refinery Gas Fractionation Train 6 & 7	Gas-Downstream	2,000	Study	May - 2022	Dec - 2025
	2	Al Dibdibah Solar PV Power Plant in Shagaya Renewable Energy Complex	Power-Generation	1,200	Bid Evaluation	Apr - 2020	Jul - 2020
	3	Local Marketing Depot At Matlaa	Oil - Storage	800	FEED	May - 2021	Dec - 2024
	4	Enhancement of Metering/Custody Transfer Facilities	Gas-Downstream	647	On Hold	-	-
 Public Authority for Housing Welfare (PAHW)	1	South Al Mutlaa City	Mixed-Use	20,100	Execution	Jun - 2016	Dec - 2030
	2	Al Khiran Residential City Development	Residential	13,900	Study	Feb - 2022	Dec - 2035
	3	Sabah Al Ahmed Township	Residential	6,209	Execution	Aug - 2008	Dec - 2030
	4	Jaber Al Ahmed Residential City Development	Mixed-Use	2,900	Bid Evaluation	Nov - 2020	May - 2024
	5	Nawaf Al Ahmed City	Mixed-Use	2,434	Study	Nov - 2021	Dec - 2030
	6	West Abdullah Al-Mubarak Master Plan	Mixed-Use	2,000	Execution	Jul - 2015	Dec - 2020
	7	Jahra & Sulaibiya Low Cost Housing Development	Residential	1,666	Execution	Jan - 2019	Dec - 2030
	8	PAHW - Wafra Housing Expansion	Residential	1,000	Execution	Nov - 2017	Dec - 2020
	9	Jaber Al Ahmed Township: Residential Scheme	Residential	689	Cancelled	Apr - 2010	Oct - 2013
	10	Northwest Sulaibikhat Residential City Development	Mixed-Use	600	Execution	Jul - 2009	Nov - 2020
	11	South Abdullah Al Mubarak Township	Infrastructure	500	Execution	Feb - 2018	Sep - 2021

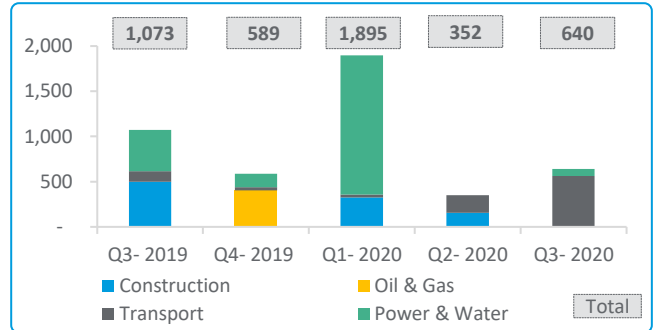
Source: MEED Projects, updated as of 15th October 2020



MAJOR PROJECTS UPDATE

Quarterly Project Awards in Kuwait (USD Mn)

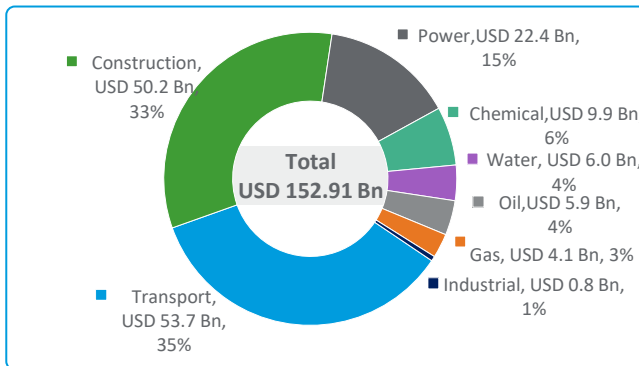
- The value of projects awarded in Q3 2020 reached to USD 640 Mn, marking an increase of 82% as compared to USD 352 Mn in Q2 2020 amid the Covid-19 pandemic.
- The increase in projects awarded during Q3 2020 is entirely driven by the transport sector, which accounted for about 88% of the total project awards to a value of USD 564 Mn.



Source: MEED Project, as of 15th October 2020

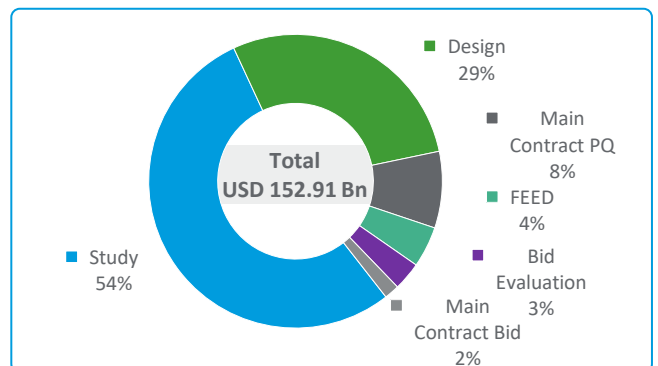
- Following the trend from Q1 and Q2, Kuwait remains positive in terms of projects pipeline value, with an estimated USD 152.91 billion worth of projects at the pre-execution phase, which includes bid evaluation, design, prequalification, and study. Further, these projects include partly put-on hold or canceled due to the disruption. However, considering the current pandemic crisis, it is expected that projects likely to be delayed further.

Planned and unawarded projects by sector



Source: MEED Project, as of 15th October 2020

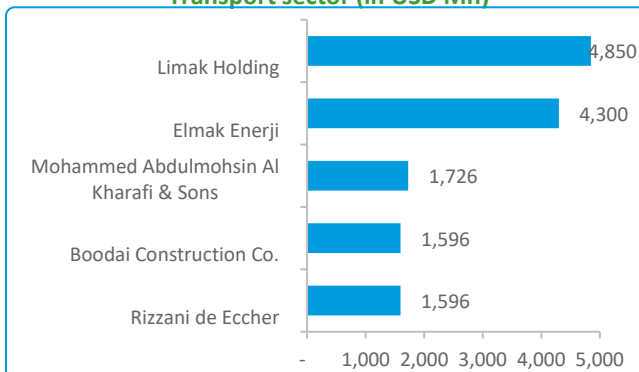
Planned and unawarded projects by status



Source: MEED Project, as of 15th October 2020

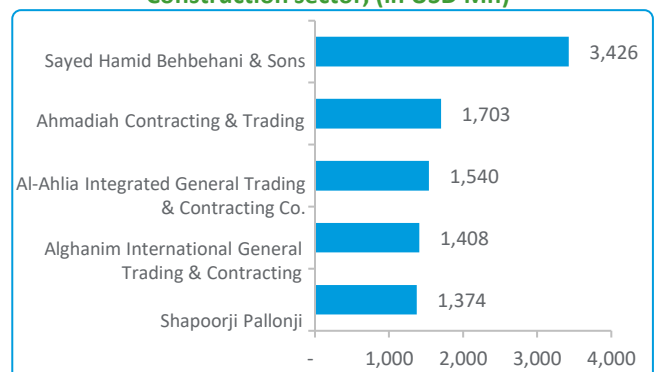
- The top 5 leading contractors in Kuwait have a varying degree of exposure to the projects market's immediate challenges in the Country. The highest risk is likely to be the local contractor's dependent on government spending as Kuwait is likely to reduce spending in light of both Covid-19 and the collapse in oil prices.

Top 5 Key Contractors for works under execution - Transport sector (in USD Mn)



Source: MEED Project, as of 15th October 2020

Top 5 Key Contractors for works under execution - Construction sector, (in USD Mn)



Source: MEED Project, as of 15th October 2020



MAJOR PROJECTS UPDATE

A. Kuwait Authority for Partnership Projects (KAPP)

Kuwait received bids for 2 IWPP scheme

Kuwait Authority for Partnership Projects (KAPP) has received a submission from 3 firms for the transaction advisory services contract for the planned Al-Zour North 2&3 and Al-Khiran 1 Independent Water and Power Producer (IWPP) projects on 23rd July 2020. KAPP revealed that a consortium led by UK-based PWC was excluded from the shortlist.

The Al-Zour phase 2&3 IWPP will merge the previously planned phase 2&3 and will have a generation capacity of 2,700MW and a desalination capacity of 165 million imperial gallons a day (MIGD). Meanwhile, the Al-Khiran 1 IWPP will have a power capacity of 1,800MW and a desalination capacity of up to 125 MIGD.

Shortlisted firms for the 2 IWPP Project

- Ernst & Young (UK)
- KPMG (Netherlands)
- Rodl middle East (Kuwait)

Kuwait National Railroad scheme faces further delays

Kuwait Authority for Partnership Projects (KAPP) revealed that the tendering process for the 300-kilometer Kuwait National Railroad (KNRR) scheme faces further delays due to the failure of the Public Authority for Roads & Transportation (PART) to provide designs for the rail routes. As per the news report, PART has requested 24 months to name a consultant to complete the design studies for the scheme. Further, KAPP also added that the Municipality has also not yet provided locations for train stations and other relevant sites.

Kuwait plans for Metropolitan (KMRT) scheme could drive development

Kuwait metropolitan rapid transit system (KMRT) is estimated to cost USD 18.5 billion and will have 68 stations, 9 of which will be located in the capital of Kuwait City. The project will be built in 5 phases, with 4 separate packages for infrastructure, systems, rolling stock and operator.

As per news report, the planned metropolitan rapid transit (MRT) scheme will be a game-changer if it moves ahead, as well as being the biggest project at the design stage typifies the challenges that many projects in the Country will face in the future. Over the past five years, Kuwait has been unable to decide whether to develop the MRT as a PPP or by using traditional EPC contracts, or both. If the scheme can make progress, then it will catalyze further development that will produce further construction opportunities.

Kuwait expects EoI for the 1.5GW Al-Dibdibah Solar project

Kuwait Authority for Partnership Projects (KAPP) is expected to invite an Expression of Interest (EoI) for the planned 1.5GW Al-Dibdibah Solar Project in the 1st Quarter of 2021.

The Council of Ministers has now officially assigned KAPP to tender the project as an independent power producer (IPP) model, after being canceled for more than 15 months after bids were submitted for the project under an engineering, procurement, and construction plus finance (EPC+F) model. It is understood that the project implementation has been transferred from the previous client, Kuwait National Petroleum Company (KNPC), to Kuwait Authority for Partnership Projects (KAPP).



B. Infrastructure and Development Projects

Joint venture CGC and CFHE wins Kuwait road contract

Kuwait's Ministry of Public Works has awarded KD 88.9 million (USD 290.6 million) worth contract to a Joint Venture Combined Group Contracting (CGC) and China's China First Highway Engineering (CFHE) for the construction, design, maintenance of a road, bridges, water drainage, sewage system works and related facilities for the road linking the South Sura area, Damascus Road to the 5th Ring Road and King Faisal bin Abdulaziz Road.

Kuwait prequalifies firms for the Al-Mutlaa water tanks

Kuwait's Ministry of Electricity & Water (MEW) has prequalified 8 firms to bid for the contract to build for the planned three groundwater storage tanks located at South Al-Mutlaa City. Each planned tank will have a capacity of 115 million gallons of freshwater.

The South Al-Mutlaa city will occupy a 104 square-kilometer area in Kuwait's Jahra governorate, to the west of the capital Kuwait City. Once completed, Al-Mutlaa city will have 30,000 housing units with a population projected to reach 400,000.

Prequalified bidders for Al-Mutlaa Water Tanks scheme

- Kuwait Arab Contractors Company
- Mohammed Abdulmohsen al-Khorafi & Sons
- Alghanim International
- United Gulf Construction
- Khalid Ali al-Khorafi & Brothers
- AL-Hani Construction & Contracting
- KCC Engineering & Contracting
- Bayan National Construction Contracting

Kuwait signed an agreement for Jaber al-Ahmad Residential City scheme

Kuwait's Public Authority for Housing Welfare (PAHW) has signed an agreement worth an estimated KD 50 million (USD 163.1 million) with consortia of Saudi-Kuwait-based firms, Alargan International Real Estate Company (Saudi Arabia), and Combined International Real Estate Company (Kuwait) for the development of Jaber Al Ahmad residential City.

The project scope of work includes the designing, construction, financing, operation, maintenance, and transfer of investment to the PAWH. The project will be developed by the consortium on a total area of 148,560.94 sqm and the building area of 125,000 sqm.

The project is expected to implement within 4 years followed by a 25 years operation and maintenance period.

Amiri Diwan delays bid deadline for Entertainment City scheme

The Amiri Diwan has further extended the bid deadline for the 257-hectare Kuwait Entertainment City project for the 3rd times to 31st December 2020, which was initially due on 5th July 2020 (as mentioned in our previous edition – Issue 2).

The contract scope involves the planning, development, completion, operation, maintenance, and investment activities related to the entertainment hub.

Kuwait invites bids for University data centre package

Kuwait University (KU) has invited firms to submit a bid for a contract covering a comprehensive data centre and associated infrastructure for the Sabah al-Salem University City (SSUC) main campus by 27th October 2020. The scheme is part of the four IT infrastructure packages for SSUC.

The scope of works includes the supply, installation commissioning and maintenance of data centre and disaster recovery equipment including data centre information technology (IT) infrastructure, disaster recovery hosting under co-location and disaster recovery IT infrastructure, data centre and disaster recovery network infrastructure, external network infrastructure, and data centre and disaster recovery information and cybersecurity infrastructure.





B. Infrastructure and Development Projects... Cont'd.

Kuwait invites bid for Al-Mutla'a WWTP scheme

Kuwait's Ministry of Public Works (MPW) has invited firms to submit bid for the construction of AlMutla'a Wastewater Treatment Plant (WWTP) by 1st November 2020. The project completion period will be 42 months, and the operational and maintenance period of 24 months will be part of the project.

The scope of work includes the design and build project to completion of the design, construction, operation, and maintenance construct, supply, install and operate and maintain the following: Lifting station, treatment plant, treatment sludge, storage & transport, data monitoring centre (DMC), Irrigation System, and tanker stations (filling and discharge) and other associated works. The Project shall comprise a wastewater treatment plant with a treatment capacity of 400,000 Cum/day with a future expansion capacity of 600,000 Cum/day.

34% completed on Kuwait Palace of Justice works

As of 6th September 2020, Kuwait-based architecture and engineering company has announced that construction on the new Palace of Justice scheme is in full swing with 34% of work already completed. The project, which broke during the Q12019, is a collaboration between Pace and the Amiri Diwan.

The project is set to be the largest judicial building in the Middle East, once completed. The project covers an area of 33,384.5 sqm with a landmark building of overlooking the Arabian Gulf, will have more than 141 courtrooms, and around 131,000 sqm of office space spread over 26 floors.

Kuwait awards KD 4.39 million Housing Project works contract

Kuwait's Public Authority for Housing Welfare (PAHW) has awarded a contract worth KD 4.39 million (USD 14.27 million) to Kuwait's Company for Processing Plant Construction & Contracting K.P.S.C. (KCPC) for the planned Housing Project works project.

The project duration will be 430 days. As part of the contract, KCPC will construct, complete, and maintenance of asphalt works at Sabah Al-Ahmad City (Sector B).

Kuwait put on hold the Mubarak Al Khabeer Port project

Kuwait Ports Authority (KPA) has put on hold its USD 6.5 billion worth contract for the planned Mubarak Al Khabeer Port project in Boubiyan Island. As per the news report, the project has been put on hold pending further feasibility study, though the land is available for other projects like power generation and water desalination.

The port was a key component of Phase 1 of worth USD 86 billion Silk City (Madinat Al Hareer) project planned in northern Kuwait near the Iraq border. The project is also part of the New Kuwait 2035 plan, which includes 11 other projects, three-port development projects at Doha, Shuaiba, Shuwaikh, four logistics cities, a dry port, and a smart port project, and two marina developments.





C. Oil & Gas sector projects

Kuwait invites bids for Jurassic Production Facilities scheme

Kuwait Oil Company (KOC) has invited prequalified firms to submit bid on a contract worth USD 900 million for the planned Jurassic Production Facility 4 (JPF4) and Jurassic Production Facility 5 (JPF5) scheme. The documents for the tender were released on 13th September 2020 with a bid deadline of 22nd December 2020.

The pre-tender meeting for the project is set to place online on 5th October 2020. The Central Agency for Public Tenders (CAPT) had prequalified 11 firms to submit on the contracts (as mentioned in our previous edition – Issue 1).

The scope of works includes a water treatment unit, a Sulphur recovery unit, and associate’s facilities. Further, it is also expected to create an onshore surface production facility with the capacity to produce 50,000 barrels of oil a day (b/d) and 150 million standards cubic feet of gas a day (scf/d).

Kuwait prequalifies firms to bid for Oil & Gas contract

Kuwait Integrated Petroleum Industries Company (KIPIC) has prequalified 19 firms to bid for the maintenance and services contract for KIPIC’s buildings and facilities. The KIPIC will tender the contract at least 30 days after its announcement.

Kuwait to tender USD 150 million oil contract

Kuwait Petroleum Corporation (KPC) is preparing to tender a contract worth an estimated USD 150 million to construct flowlines and associated works located in the West Kuwait area.

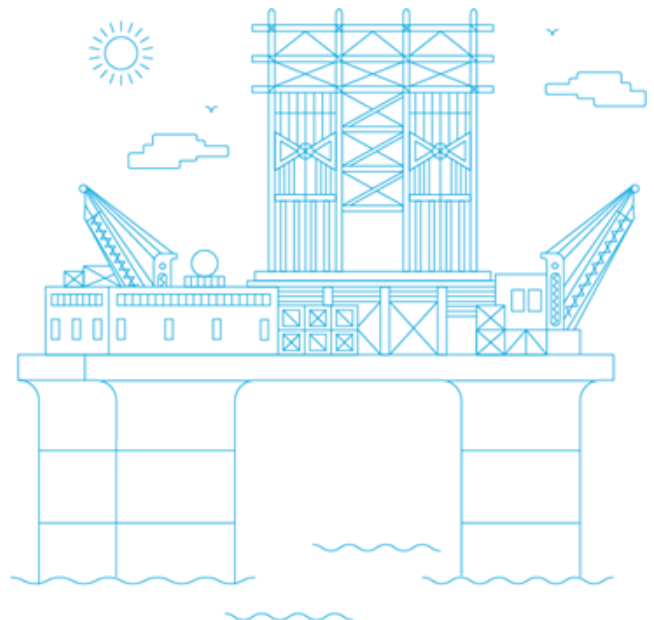
As per the news report, a total of 11 firms have prequalified to bid for the project, and an invitation to bid would be issued after a minimum of 30 days. The client on the project is KPC’s upstream subsidiary Kuwait Oil Company (KOC).

Prequalified bidders for the scheme

- Al-Ghanim International General Trading & Contracting (Kuwait)
- Al-Meer Technical Services Co. (Kuwait)
- China Petroleum Engineering & Construction Co. (China)
- Combined Group Contracting Co. (Kuwait)
- Galfar al-Misnad Engineering & Contracting Co. (Qatar)
- Gulf Spic General Trading & Contracting Co. (Kuwait)
- Heavy Engineering Industries & Shipbuilding Co. (Kuwait)
- Hot Engineering & Construction Co. (Kuwait)
- Mechanical Engineering & Construction Co. (Kuwait)
- Saipem (Italy)
- Citra Panji Manunggal (Indonesia)

19 Prequalified bidders for KIPIC’s deal

- 26 February Construction Contracting Co. (Kuwait)
- Al-Ahd Al-Jadeed Building Material & Contracting Co. (Kuwait)
- Alghanim International General Trading & Contracting (Kuwait)
- Al-Hana United General Trading & Contracting Co. (Kuwait)
- Al-Saif United General Trading & Contracting Co. (Kuwait)
- Ardh Al-Jazeera General Trading & Contracting Co. (Kuwait)
- Associated Construction Co. (Kuwait)
- Bayan National Construction Contracting Co. (Kuwait)
- Boodai Constructions (Kuwait)
- El-Elman Construction (Kuwait)
- Hot Engineering & Construction Co. (Kuwait)
- KCC Engineering & Construction Co. (Kuwait)
- KDDB General Trading & Contracting Co. (Kuwait)
- Kuwait Building House General Trading and Contracting Co. (Kuwait)
- Middle East Development Co. (Saudi Arabia)
- Naser Mohamed Al-Baddah & Partner For General Contracting Co. (Kuwait)
- Prime One General Trading & Contracting Co. (Kuwait)
- Transatlantic General Trading & Contracting Co. (Kuwait)
- Turki Al-Dabbous & Sons Co. (Kuwait)





C. Oil & Gas sector projects... Cont'd.

Kuwait to tender Gathering Centre 32

Kuwait Oil Company (KOC) is planning to tender a contract to reroute flowlines associated with Gathering Centre 32 (GC-32). The project is estimated to be valued at USD 1.3 billion and will be built near Kuwait's giant Burgan field.

As per the news report, a total of 11 firms have already been prequalified to bid on the contract. Other firms can still apply to be added to the list, provided to submit an application accompanied by the supporting documents to the chairman of Kuwait's Higher Purchasing Committee.

Prequalified firms for Gathering Centre 32

- Combined Group Contracting (Kuwait)
- Mechanical Engineering & Contracting (Kuwait)
- Al-Meer Technical Services (Kuwait)
- Hot Engineering & Construction (Kuwait)
- China Petroleum Engineering & Construction Corporation (China)
- Citra Panji Manunggal (Indonesia)
- Al-Ghanim International General Trading & Contracting (Kuwait)
- Heavy Engineering Industries & Shipbuilding (Kuwait)
- Gulf Spic General Trading & Contracting (Kuwait)
- Galfar al-Misnad Engineering & Contracting (Qatar)
- Saipem (Italy)

Kuwait expects delays of Gathering Centre 34

Kuwait Oil Company (KOC) is expecting front-end engineering and design (FEED) work for the planned Gathering Centre 34 (GC-34) project to be delayed by around a year.

In March 2020, (as mentioned in our previous edition – Issue1), KOC was redesigning the scheme and was considering renaming it Gathering Centre 33 (GC-33), but this redesign, as well as the disruption caused by the COVID-19 pandemic, has caused lengthy delays. It is now uncertain when it will be tendered, which previously expected to be completed in late 2021. The project is estimated to cost USD 800 million.

Kuwait prepares bids for Kuwait's Mina al-Ahmadi refinery contract

Kuwait National Petroleum Company (KNPC) intends to award a project management consultancy (PMC) contract for the Mina al-Ahmadi refinery in Kuwait.

The deadline for bid submission is set for 24th September 2020 and the job explanation meeting for the contract was held on 3rd August 2020.

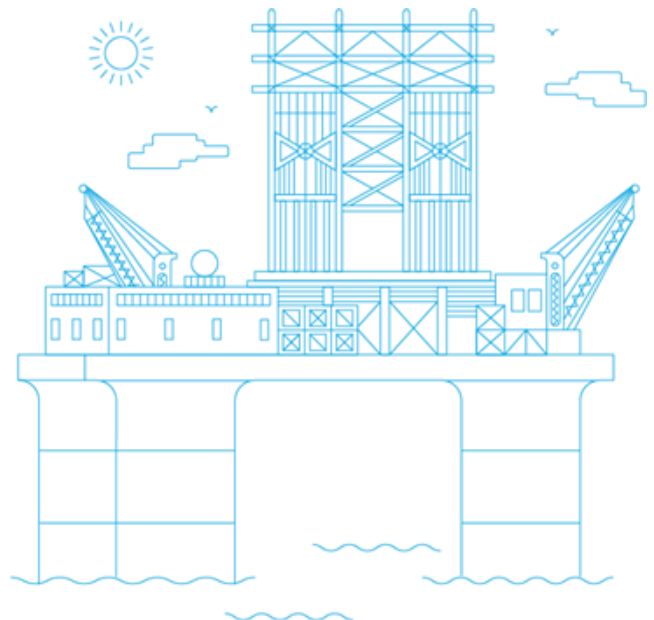
Prequalified firms for the PMC contract

- Worley (Australia)
- KBR (US)
- Wood Group (UK)
- Fluor (US)
- Toyo Engineering Corporation (Japan)
- Technip FMC (France)

Kuwait commissioning CFP Units at Mina al-Ahmadi refinery

As part of Kuwait's worth USD 12 billion Clean Fuel Project (CFP) scheme, the Kuwait National Petroleum Company (KNPC) commissioning is ongoing for the largest package, known as package 3 (MAA3). The package 3 (MAA3) is estimated to cost USD 4.7 billion and, is being executed by a consortium of Japan's JGC Corporation and the two South Korean companies GS Engineering & Construction and SK Engineering & Construction.

In August 2020, the US-based Fluor Corporation and its joint venture with Korea's Daewoo Engineering & Construction and Hyundai Heavy Industries have completed the final provisional turnover of installations for its work on the Mina Abdullah Package 2 (MAB2) of KNPC's Clean Fuels Project in Southern Kuwait. The MAB2 package facility is comprised of a world-scale hydrogen plant (steam reformers), sulfur block (sour water stripper, amine regeneration unit, and sulfur recovery unit) and utilities, off-sites, and non-process buildings.





C. Oil & Gas sector projects... Cont'd.

Kuwait issues petrochemical cybersecurity contracts

Kuwait's Ministry of Oil has issued a contract to improve cybersecurity systems, amid growing concerns regionally about electronic attacks within the region's energy sector.

a) Kuwait Oil Tanker Company (KOTC) announced its plan to tender a contract for cybersecurity systems after at least 30 days.

Prequalified firms for the KOTC cybersecurity contract

- Zak Solutions for Computer Systems (Kuwait)
- Kuwait Digital Computer Company (Kuwait)
- Diyar United Company (Kuwait)
- Computer Data Networks (Kuwait)
- Gulf Business Machines (UAE)

b.) Kuwait National Petroleum Company (KNPC) has invited firms to bid for real time networks threats detection and response system. The bid deadline is set as 22nd October 2020.

Prequalified firms for the KNPC cybersecurity contract

- Zak Solutions for Computer Systems (Kuwait)
- Envision Teach for General Trading and Contracting (Kuwait)
- International Turnkey Systems (Kuwait)

c) Petrochemical Industries Company (PIC) also announced its plan to tender a contract for advanced threat protection services and support.

Prequalified firms for the PIC cybersecurity contract

- Paramount Computer Systems (UAE)
- Zenith Business Solutions (Kuwait)
- Future Communications Company (Kuwait)
- Global Technology Company (Kuwait)
- Zak Solutions for Computer Systems (Kuwait)

Kuwait extends deadline for an LNG import terminal

Kuwait Integrated Petroleum Industries Company (KIPIC) has extended the bid deadline for a contract for mooring and jetty services for the planned Liquefied Natural Gas (LNG) import terminal to 8th September 2020 from 25th August 2020, which was initially due on 16th August 2020. The project is to be built near the town of Al-Zour in the Kuwaiti of the Divided Zone, which is shared with Saudi Arabia.

The LNG terminal will have a capacity of 1.5 trillion British Thermal Units (BTUs)/d and will include two berths for the simultaneously unloading of large LNG carriers and four LNG storage tanks of approximately 225,5000 cubic-meter working capacity each. The project was originated under Kuwait National Petroleum Company (KNPC), KIPIC took over responsibility in 2019 and is now the client on the project.

Greek firm wins Kuwait gas maintenance deal

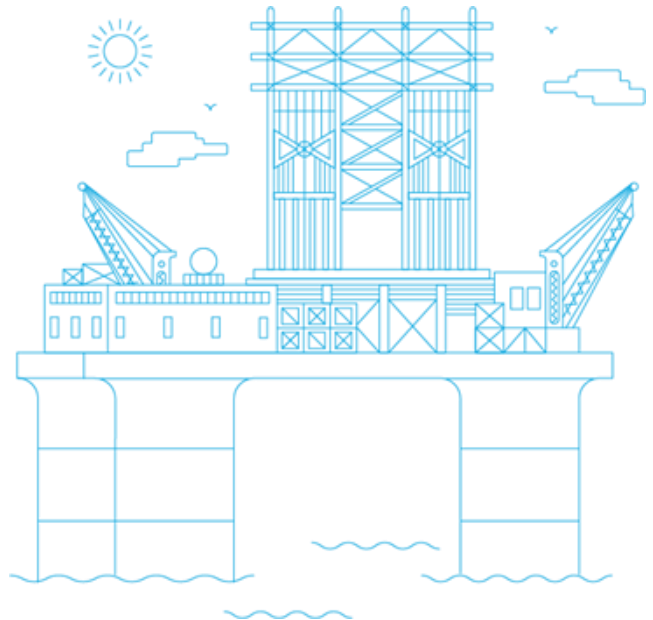
Kuwait Integrated Petroleum Industries Company (KIPIC) has awarded worth KD 32.5 million (USD 107 million) five-year contract to a Greek firm, the Hellenic Gas Transmission System Operator (DESFA) for the operation and maintenance of gas import facilities in Al-Zour in South Kuwait.

As per the news report, DESFA was the only bidding firm whose bid was found to be compatible with the "specifications and terms" set by KIPIC. The project will have the capacity to process nearly 3,000 tonnes of LNG per day, once completed in March 2021.

Kuwait to publish bidders for Al-Zour Petrochemical complex scheme

Kuwait Integrated Petroleum Industries Company (Kipic) is yet to publish the final list of prequalified firms for the main contracts for the planned USD 10 billion Al-Zour Petrochemical complex project.

In July 2020, KIPIC was considering repeating the feasibility studies and changing the front-end engineering and design (FEED) for the project to evaluate how the project's profitability could be impacted due to the long-term impact of the Covid-19 pandemic on markets. In June 2019, as per a news report, Wood Group had completed the FEED for the Al-Zour project, after completion delayed due to changes to the scope requested by the client, Kipic.





D. Other sector projects

KPA moving ahead swiftly with Port utility projects

a) Kuwait Port Authority (KPA) has invited firms to submit a bid for the design of an estimated worth USD 714 million contract for the expansion of the Shuwaikh Port project. KPA has set 13th December 2020 as the deadline for the bid submission.

The project scope of works includes design, construction, and maintenance of structural, architectural, electrical, mechanical, and infrastructure facilities. The design consultant for the project is Meinhardt.

b.) Kuwait Port Authority (KPA) has issued a design consultancy contract for the planned to upgrade the existing Doha port. KPA has set 13th December 2020 as the deadline for bid submission and the contract award is expected by end of February 2021.

The project's scope involves the development and expansion of two zones, namely a commercial Zone A, which includes office buildings, a hotel, passenger terminal, cargo storage yards, multi-story car parking, cold storage facilities, and recreational Zone B, which includes food and beverage outlets, museum, entertainment centre and a marina. The project is estimated to be valued at USD 500 million and is expected to be completed by the 4Q of 2025.

Kuwait to tender Doha desalination scheme

Kuwait's Ministry of Electricity & Water (MEW) is expected to issue the tender for the planned Phase 2 of the seawater reverse osmosis (SWRO) plant located in Doha by October 2020.

The scheme will be implemented under an engineering, procurement, and construction (EPC) contract, will have a design capacity of 60 million imperial gallons a day (MIGD).

Kuwait invites bids for a water consultancy contract

Kuwait's Ministry of Electricity & Water (MEW) has invited firms to submit bids for the consultancy contract for a planned major project in its water sector which will revolve around the development of the Subhan pump station site. The scope of works includes the study, conceptual design review, data update, and redesign.

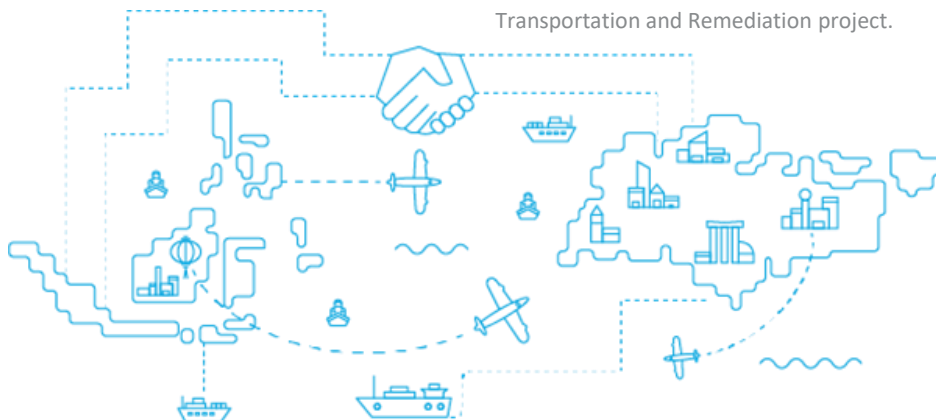
The deadline for bids submission is 12th November 2020. As per the news report, the selected consultancy contractor will also undertake in the establishment of water distribution complexes in Wafra and Naayem and study on fresh and brackish water demand and supply in Kuwait until 2040.

Prequalified firms for the water consultancy contract
▪ Tysa (France)
▪ Dar al-Handasah (Shair & Partners, Lebanon)
▪ Khatib & Alami (Singapore)
▪ Nicholas O' Dwyer (Ireland)
▪ ILF Consulting (Austria)
▪ WSP (Canada)
▪ AAW Consulting (Egypt)

Kuwait extends deadline for two contracts for USD 2.9 billion Gulf War KERP deal

Kuwait Oil Company (KOC) has extended the bid deadlines for the two major soil remediation contracts that form part of the Kuwait Environmental Remediation Programme (KERP). The two major remediation contracts have been significantly delayed this year due to the Covid-19 pandemic. The new bid deadline is set as 1st November 2020 which were initially scheduled on 15th January 2020 (as mentioned in our previous edition – Issue 1).

The remediation project has published in the Kuwait Gazette and it is estimated to cost a total of USD 2.9 billion. The 1st contract has been named the 'North Kuwait Excavation, Transportation and Remediation (NKETR) project. While the 2nd contract was named the 'South Kuwait Excavation, Transportation and Remediation project.





D. Other sector projects... Cont'd.

Kuwait invites bids for 52 Transformers contract

Kuwait's Ministry of Electricity and Water (MEW) has invited firms to submit a bid for the supply, installation of 52 numbers, 300KVA Transformers which will be installed in Ground Water Production Wells at Shigaya Field for developing, modernizing, and raising the field's production efficiency. The deadline for bid submission is set on 20th September 2020.

The scope of work includes design, supply, install, commission, and maintenance of 300KVA Oil type Transformer, 3.3KV/0.415KV complete with enclosure, earthing system, cables, and associated civil works. As per the agreement, the contractor needs to complete the project activities within 36 months from the date of the contract award.

Kuwait expects to tender Nuwaiseeb desalination

Kuwait's MEW is expected to tender the design consultancy package for the Phase 1 of the planned Nuwaiseeb Power and Water desalination plant in Ahmadi in the 4Q2020.

As per the news report, MEW will begin the prequalification and tendering process for the engineering, procurement and construction (EPC) contract for the Phase 1 in March 2021.

The design consultancy contract is expected to be released by October 2020 with the design completion by 1Q2021, and project expected to be completed in December 2024.

Kuwait's Agility wins USD 340 million PPP deal

Kuwait-based Agility Public Warehousing Company has signed KD 104 million (USD 340 million) worth contract with Kuwait's Public Authority for Housing Welfare (PAHW) for a 30-year public-private partnership (PPP) deal.

In January 2020, it first revealed that under the agreement, KSCP, a fully owned subsidiary of Agility provides for the development of 1.2 million sqm of last as industrial and storage zones, plus labor camp, in Sabah Al Ahmed Residential area, for a period of 30-years.

Kuwait to tender USD 1.26 billion North Shuiba Power plant scheme

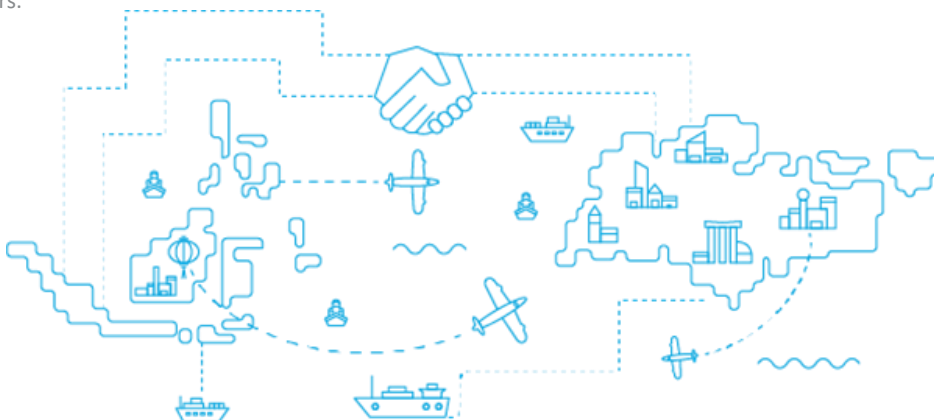
Kuwait's Electricity & Water Ministry (MEW) is expected to receive bids for the consultancy services role in line with the planned privatization of the USD 1.26 billion North Shuaiba power plant (NSPP) scheme by end of October 2020.

Recently, in August 2020, MEW has received bids for the contract to undertake asset valuation services in line with the planned privatization scheme. The proposed privatization programme will have three Phases.

Phase 1, covers the establishment of a Kuwaiti shareholding company, which will own the NSPP assets. The selected contractors will undertake a valuation of the company and its assets and draft the energy conversion and water purchase agreement (ECWPA) between the shareholding company and the Electricity & Water Ministry (MEW), which currently owns the asset. Phase 1 is expected to be completed within 14 months.

While, Phase 2, will cover tendering the shares of the shareholding company as well as the required rehabilitation measures to improve plant efficiency, and completion is expected in 29 months.

Phase 3, will cover transferring shares to employees and the public and is expected to be completed in 36 months.



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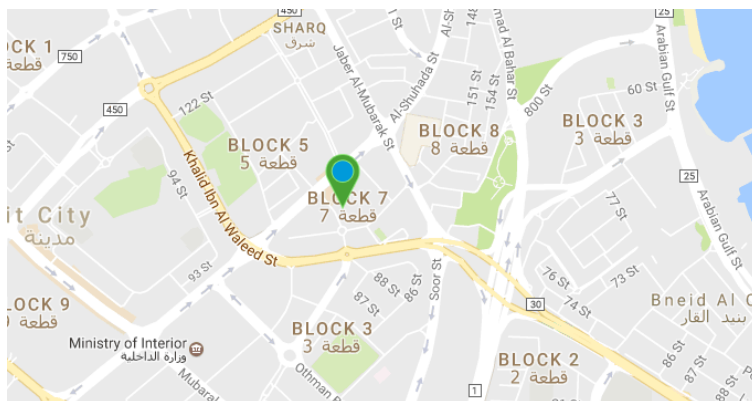
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