

Kuwait Quarterly Newsletter

Economy & Projects update – Issue 4/(Jan 2021)



Delivering the
Power of Being
Understood

INDEX



01

Macroeconomic updates 3

- A. Consumer Price Inflation
- B. Growth in Money Supply
- C. Local Banks Deposits
- D. Monthly Production and Oil Price



02

Summary of major projects in Kuwait 5



03

Major project updates 7

- A. Kuwait Authority For Partnership Projects (KAPP)
- B. Infrastructure and development projects
- C. Oil & Gas projects
- D. Other sector projects



MACROECONOMIC UPDATE

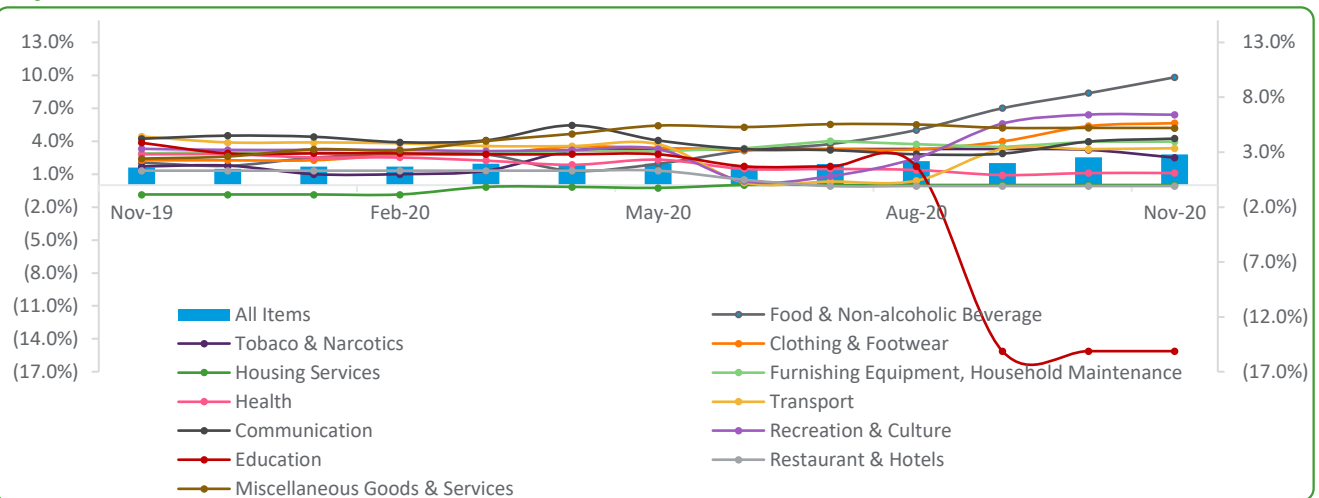
Consumer Price Inflation (CPI)

The Kuwait inflation levels measured by the Consumer Price Index (CPI) raised up to 2.8% YoY in November 2020, compared to a growth of 2.2% YoY in August 2020.

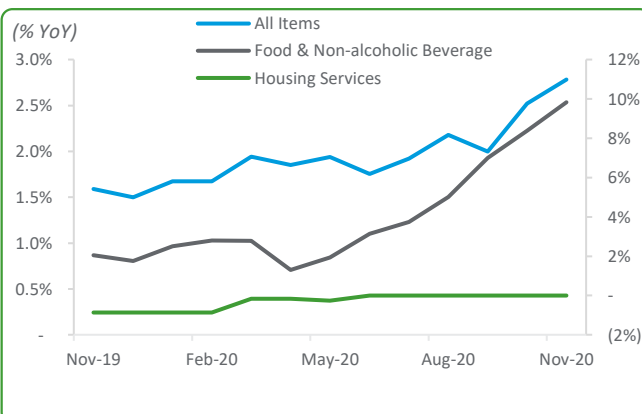
- Food and beverage prices, as an important component in CPI, increased by 0.6% points from August 2020 to reach 9.8% YoY in November 2020. This increase is due mainly to larger spending at home during the holiday season amid strict travel restrictions, and shortage due to supply side distribution.
- Inflation in education dropped by around (-15.1% YoY) in November 2020 as compared to an increase of 1.7% YoY in August 2020. The sharp drop in education prices reflects the Ministry of Education's decision to reduce tuition fees with 25% for private schools following the implementation of an online learning system for the academic year 2020/2021 as a most academic institution had started the academic year virtually, through e-learning system in October 2020.
- Inflation in the recreation & culture segment increased to 6.4% YoY in November as compared to 2.5% YoY in August 2020 mainly due to a significant rise in the costs of information processing equipment (personal laptops/computers), which was likely driven by the shift to virtual learning and remote working caused by the Covid-19 pandemic. Meanwhile, housing services remained flat (0.0%) in November for the six months in a row, having experienced deflation since early 2017.



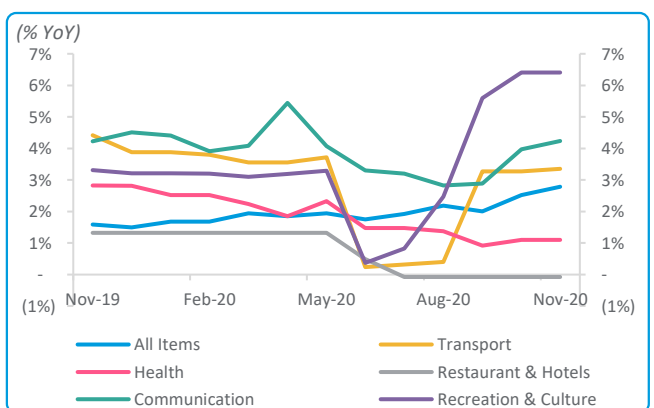
Consumer Price Inflation (%YoY)



Inflation in Food & Beverages and Housing Services



Inflation in Other Components



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



MACROECONOMIC UPDATE... CONT'D.

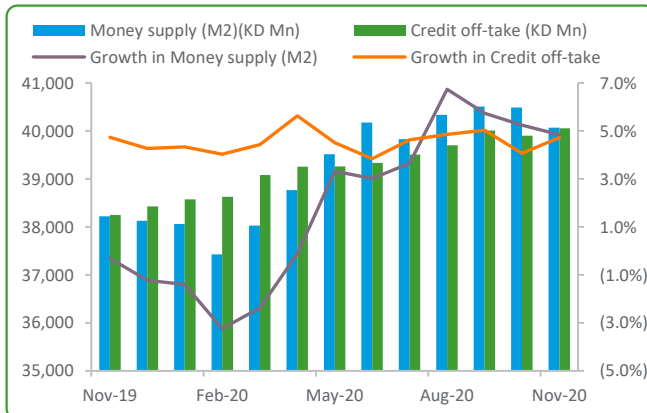
Money Supply and Local Bank Deposits

Money Supply (M2) drop while credit facilities maintained a healthy growth in November 2020.

- Kuwait's broad measure of money supply (M2) dropped by KD 0.27 billion from August 2020 to reach KD 40.07 billion in November 2020, with YoY growth of 4.8%. The decrease could be attributed to the drop in sight deposits by KD 0.04 billion from August 2020 to reach KD 10.43 billion in November 2020. The narrower measure (M1) also dropped by KD 0.15 billion during the same period.
- Meanwhile, credit facilities extended by local banks to residents remained stable with a 4.7% YoY increase in November 2020, gaining KD 0.35 billion from August 2020 to reach KD 40.05 billion in November 2020. The personal facilities also increased by KD 0.45 billion during the same period mainly due to an increase in consumer and installment loans by KD 0.05 billion and KD 0.35 billion, respectively during the same period.
- Bank deposits at local banks increased by 5.0% YoY to reach KD 45.72 billion in November 2020 as compared to KD 45.47 billion in August 2020. This was driven by private sector deposits which constitute 83% of the bank deposit base at KD 37.84 billion in November 2020.



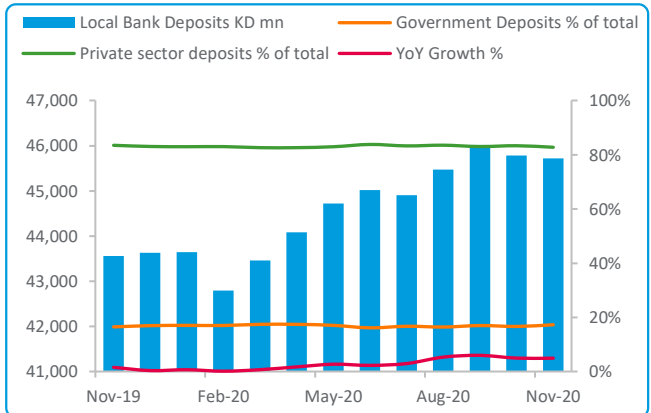
Growth in Money Supply and Credit Off-Take



Source: Central Bank of Kuwait (CBK)



Local Bank Deposits



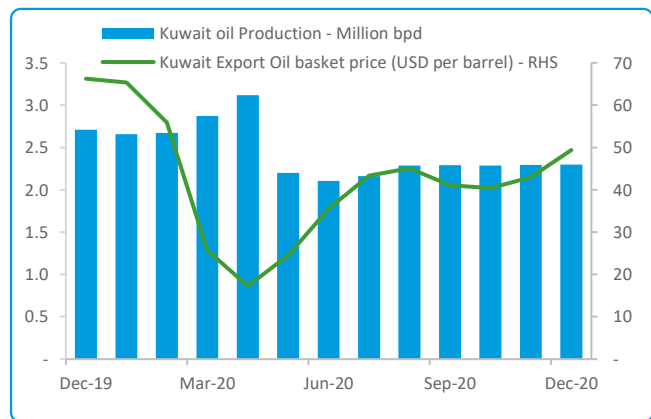
Source: Central Bank of Kuwait (CBK)



Monthly Production and Oil Price

Kuwait's export oil prices strengthened further in December 2020.

- The average price of Kuwait crude oil in December 2020 upsurge by USD 8.31 per barrel (p/b) to reach USD 49.36 per barrel (p/b), compared to the September 2020 price average of USD 41.05 per barrel (p/b) amid signs of improving oil market fundamentals. The spot prices rose alongside futures contracts on the expectation of gradual lifting of mobility restrictions and accelerating demand recovery after the rollout of Covid-19 vaccines in several countries.
- Kuwait's crude oil production averaged 2.297 million b/d in November 2020, an increase of 0.01 mb/d as compared with 2.292 million b/d in August 2020.
- Recently, the discovery of two new oil fields, as well as the discovery of new reserves at the existing Great Burgan oil field, is another bonus for Kuwait's oil sector as it moves ahead with its strategic plan which potentially helps to boost the reserves of OPEC's 4th largest producer.



Source: OPEC



SUMMARY OF MAJOR PROJECTS IN KUWAIT

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
 Kuwait Authority for Partnership Projects (KAPP)	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	Main Contract Bid	- 2021	Jun - 2024
	10	Services and Entertainment Center in Egaila	Construction	120	Bid Evaluation	Jan - 2021	Dec - 2024
 Kuwait Ministry of Public Works (MPW)	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 Fahaheel Expressway Route 30	Infrastructure	3,000	Design	Jun - 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	Mar - 2026
	7	Jamal Abdul Nasser Road Development	Infrastructure	950	Execution	Oct - 2010	Feb - 2021
	8	New Pediatric Hospital in Al-Sabah Medical Area	Healthcare	850	Design	Aug - 2021	Dec - 2025
	9	New Maternity Hospital	Healthcare	817	Execution	May - 2016	Sep - 2022
	10	Upgrade of Al Ghouse Road	Infrastructure	800	Execution	Jun - 2020	Mar - 2024
	11	Upgrading the Existing & Developing North Kabd Sewage Treatment Plant	Treatment	700	FEED	Jun - 2022	Jan - 2026
	12	Upgrade of Nawaseeb Road (Route 40)	Infrastructure	700	Execution	Aug - 2015	Nov - 2021

Source: MEED Project, updated as of 20th January 2021



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	On Hold	Dec - 2019	Nov - 2030
	2	Crude Oil Gathering Centers 29-31	Oil & Gas	3,000	Execution	Mar - 2015	Mar - 2021
	3	Crude Oil Gathering Centers 33-35	Oil & Gas	2,400	FEED	May - 2022	Dec - 2025
	4	Jurassic Non-Associated Oil & Gas Reserves Expansion: Phase 2	Oil & Gas	2,700	Main Contract Bid	Dec - 2020	Jul - 2024
	5	Mina Al-Ahmadi Township Redevelopment	Construction	2,000	Execution	Jul - 2013	Dec - 2030
	6	Gathering Centre 33 SEK at Burgan Field	Oil Extraction	1,500	Execution	Mar - 2017	Jan - 2021
 Ministry of Electricity & Water (MEW)	1	Shagaya Renewable Energy Complex	Power-Generation	6,846	FEED	Apr - 2022	Dec - 2033
	2	Nuwiseeb Power and Water Desalination Plant	Power-Generation	2,500	Study	Jun - 2022	Dec - 2030
	3	Shagaya Renewable Energy Complex – Phase 4	Power-Generation	2,000	Study	Jul - 2025	Jan - 2033
	4	Shuaiba South Power and Desalination Plant	Power-Generation	1,800	Study	Jun - 2022	Jan - 2027
	5	Nuwiseeb Power and Water Desalination Plant – Phase 1	Power-Generation	1,500	Study	Jul - 2022	Jan - 2026
 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	May - 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

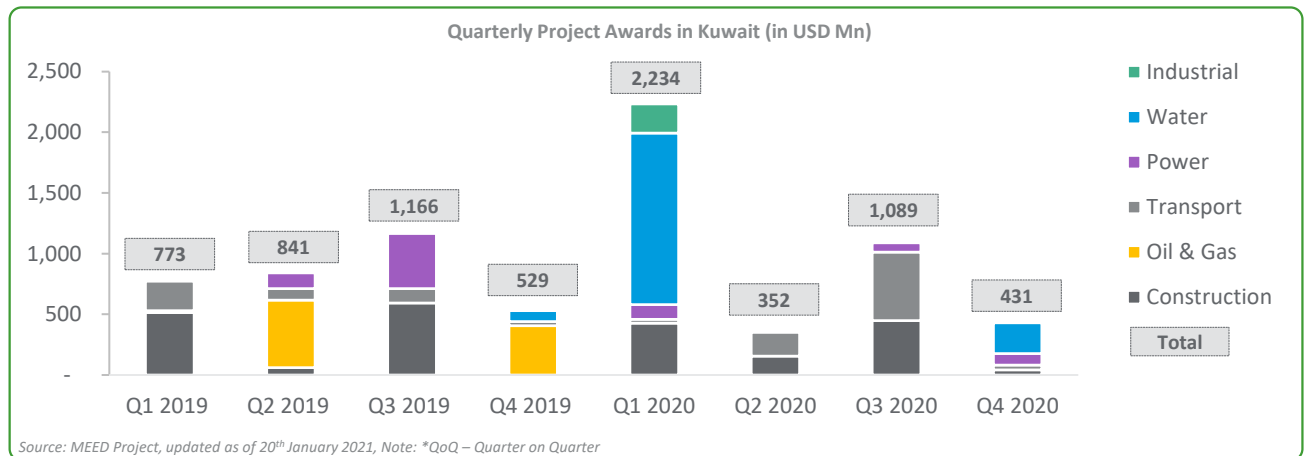
Source: MEED Project, updated as of 20th January 2021



MAJOR PROJECTS UPDATE

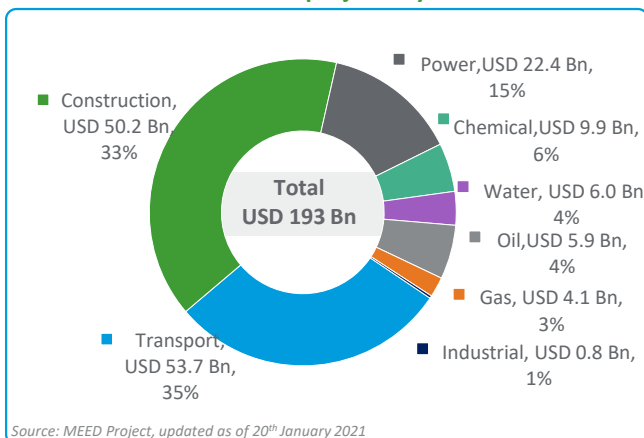
Quarterly Project Awards in Kuwait (USD Mn)

- The past 12 months have been difficult for Kuwait's projects sector as the country's economy has been rocked by the Covid-19 pandemic. The total value of projects awarded increased by 24% in 2020 stand at USD 4,106 million as compared to USD 3,309 million in 2019. The relatively good performance in 2020 is due in part to substantial project awards in the Q1 2020 which preceded the Covid-19 restrictions.
- During 2020, the total value of projects awarded plummeted by 19% YoY and 60% QoQ to reach USD 431 million in Q4 2020 as compared to USD 1,089 million in Q3 2020.
- Notably, the total value of project awards plunged to one of its lowest levels in Q2 2020 from its highest level in Q1 2020, which then jumped in Q3 2020 to USD 1,089 million. This increase was entirely driven by the transport and construction sector, which accounted for 52% and 41% of the total projects awarded in Q3 2020, respectively.

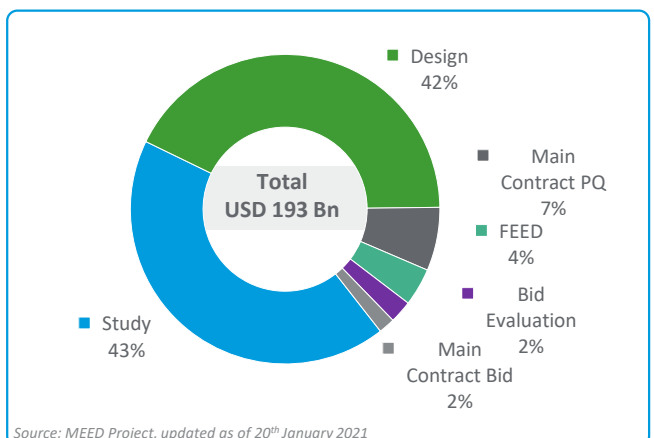


- Despite the impact of Covid-19, Kuwait remains positive in terms of project pipeline value, with an estimated USD 193 billion worth of projects at the pre-execution phase, which includes bid evaluation (2.4%), design (42.6%), prequalification (6.6%), and study (42.8%). Further, these projects include 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



Planned and unawarded projects by status



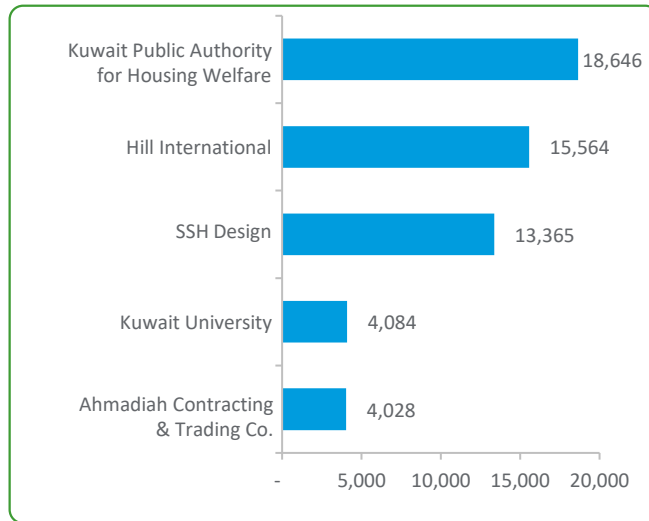


MAJOR PROJECTS UPDATE... CONT'D.

Top 5 Main Consultants in Kuwait by Value of Work Under Execution

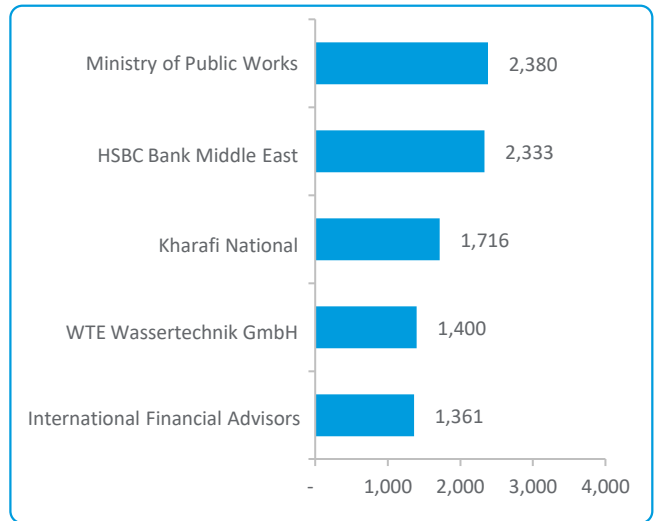
- The top 5 leading contractors in Kuwait have a varying degree of exposure to the project market's immediate challenges in the Country. The highest risk is likely to be the local contractor's dependent on government spending as Kuwait is likely to reduce spending in light of both Covid-19 and the collapse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

Top 5 Key Consultants for Construction sector, under execution (in USD Mn)



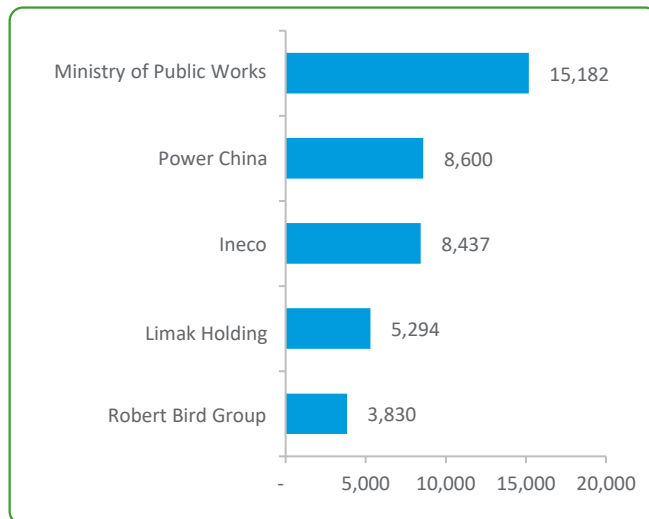
Source: MEED Project, as of 20th January 2021

Top 5 Key Consultants for Power & Water sector, under execution (in USD Mn)



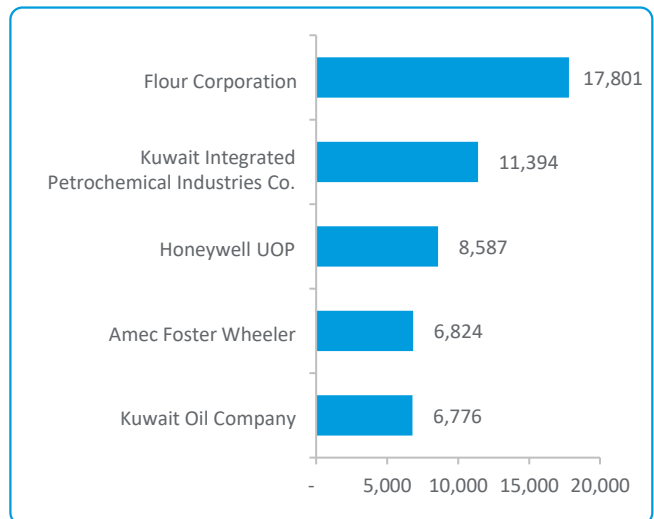
Source: MEED Project, as of 20th January 2021

Top 5 Key Consultants for Transport sector, under execution (in USD Mn)



Source: MEED Project, as of 20th January 2021

Top 5 Key Consultants for Oil & Gas sector, under execution (in USD Mn)



Source: MEED Project, as of 20th January 2021



MAJOR PROJECTS UPDATE... CONT'D.

A. Kuwait Authority for Partnership Projects (KAPP)

Kuwait unveils the lowest bid for 2 IWPPs advisory contract

Kuwait Authority for Partnership Projects (KAPP) in collaboration with the Ministry of Electricity and Water (MEW) has accepted the two lowest bids for the transaction advisory services contracts for the planned Al-Zour North 2&3 and Al-Khiran 1 Independent Water and Power Producer (IWPP) projects and opened the financial envelopes from both consortia on 21st October 2020.

A team led by UK-based Ernst & Young (EY) submitted the lowest bid of KD 1.2 million (USD 3.9 million) for the transaction advisory services contract for the planned IWPP schemes. In July 2020, KAPP had received 3 bids for the contracts and opened the technical bids 5-days later.

The Al-Zour North 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), while the Al-Khiran Phase 1 IWPP will have a power capacity of 1,800MW and a desalination capacity of up to 125 MIGD.

Lowest bidders submitted for the 2 IWPPs Project

- Ernst & Young (EY) (finance) / Atkins (technical) / Addleshaw Goddard (legal) (all UK-headquartered)
- KPMG Advisory (finance, Kuwait) / DLA Piper (legal, UK) / ILF Consulting (technical, Austria)

Kuwait invites RFQ for schools PPP contract

Kuwait's Public Authority for Housing Welfare (PAHW) has invited firms to pre-qualify for the contracts to develop four investment opportunities (3- Private Schools in Jaber Al-Ahmad City and 1- Private School in Sabah Al-Ahmad City) in Kuwait using a Public-Private Partnership (PPP) model by 6th December 2020.

The project duration is 38- years, inclusive of a 3- year construction period. A team of US' Strategy & and London-based PricewaterhouseCoopers (PwC) and Kuwait-based KEO International and Al-Markaz Law Firm are PAHW's advisor on the project.

Kuwait tour of Umm al-Hayman Wastewater project site

The board of directors of Umm al-Hayman wastewater Company met on a tour of inspection on the construction site of the planned Umm al-Hayman wastewater public-private partnership (PPP) project in the Umma al-Hayman area in December 2020.

Earlier, Kuwait's Ministry of Public Works and the project company owned by Germany's WTE Wassertechnik and Kuwait's International Financial Advisors signed a USD 1.7 billion worth contract for the scheme.

The scheme is considered the largest and most notable PPP project in service of the State's infrastructure. The facility is expected to be completed within 30 months, while the construction of the canal network and pumping stations will take four years. The WTE will operate the wastewater treatment facility for 25 years and the canal network for 3-years.



B. Infrastructure and Development Projects

Kuwait floated tenders for Phase 3 of Kuwait Airport works

Kuwait's Central Agency for Public Tenders (CAPT), in a request of the Ministry of Public Works (MPW), has launched a tender for the construction and maintenance of parking lots, aircraft runways, and service buildings at the new passenger terminal within Phase 3 of the Kuwait International Airport project.

The 1.3sq km project is located between the eastern and western runways and extends from the new passenger building 2. It comprises aircraft parking and a runway linked to the existing runways of Terminal 2, air services, and service tunnels associated with the main building. The CAPT has set 13th December 2020 for a preliminary meeting and 29th December 2020 as the deadline for bid submission.

Kuwait awarded KD 77.29 million TSE Network & Reservoirs construction project

Kuwait's Ministry of Public Works (MPW) has awarded KD 77.29 million (USD 253.5 million) worth contract to KCC Engineering & Contracting Company for the construction of treated sewage effluent (TSE) network and reservoirs in project area D1, which is West of Kuwait City and bordered by Ghazali Expressway to the east, the Jahra area to the west, Kuwait Bay to the north and the 7th Ring Road to the south.

The project entails the construction of 16 reservoirs at various locations in the project area, and 2-larger reservoirs, each with a capacity of 170,000 square metres, a pumping station, and a connection to Abdally farms, close to the Iraqi border. As per the news report, 7- firms submitted bids for the contract in 2015.

7 Firms submitted bids for the contract in 2015

- Mushrif Trading & Contracting (Kuwait), KD 74.899 million
- KCC Engineering & Contracting (Kuwait), KD 77.300 million
- Kharafi National Company (Kuwait), KD 77.852 million
- Canar Trading & Contracting (Kuwait), KD 77.947 million
- MA Kharafi (Kuwait), KD 77.987 million
- Combined Group Contracting (local), KD78.972 million
- Greenline General Trading & Contracting (UAE/local), KD80.958 million

Kuwait to issue RFP for Doha desalination scheme

Kuwait's Ministry of Electricity & Water (MEW) is expected to issue the request for proposals (RFP) for the planned Phase 2 seawater reverse osmosis (SWRO) plant at Doha by October 2021, despite having canceled the prequalification process for the scheme.

The planned project is estimated to cost USD 432 million, and to be implemented under an engineering, procurement, and construction (EPC) contract, which will have a design capacity of 60 million imperial gallons a day (MIGD).

MEW awards power and water station contract

Kuwait's Ministry of Electricity and Water (MEW) has awarded the two major maintenance contracts for 170 substations in Kuwait to Germany's Siemens and US-based GE Renewable Energy. The 1st 5-year contract awarded to Siemens Energy entails maintenance works for 116 high-voltage substations which involve the upgrade and development of the steam boilers and control system of thermal units and auxiliary systems at the station.

While the 2nd contract awarded to GE Renewable Energy's Grid Solution business involves a similar 5-year contract which will provide maintenance works for 54 substations of different voltage levels including 132kV and 300kV.

MEW has set 2nd February 2021 for bid submission for both the contracts and a pre-tender meeting is scheduled on 4th January 2021.

42% completed on Kuwait Palace of Justice works

As of 8th December 2020, Kuwait-based architecture and engineering firm Pace have revealed that design for the new Palace of Justice of Kuwait, owned by the Amiri Diwan, the building is currently under construction at the site and 42% of work already completed.

The project is set to be the largest judicial building in the Middle East, once completed. It covers 33,384sqm which will include the construction of 141 courtrooms, and around 131,000sqm of office space.





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

Kuwait to invite bids for major road contracts

Kuwait's Ministry of Public Works (MPW) is expected to invite firms to submit bid on a worth USD 150 million contract for the plan to build and maintain a major road interchange that will link Kuwait City with Terminal 2 at Kuwait International airport. The deadline for bid submission is 17th January 2021, which was extended over 2020 due to disruptions of the Covid-19 pandemic.

Prequalified firms for the road contracts (originally in 2018)

- Al-Ayuni (Saudi Arabia)
- Cengiz Insaat (Turkey)
- China Harbour Engineering (China)
- China State Construction Engineering (China)
- China Xingxing Group (China)
- Combined Group Contracting (Kuwait, UAE)
- Corsan Corviam Construction (Spain)
- Consolidated Contractors Group (CCC) (Lebanon)
- Galfar Engineering (Oman)
- Itinera (Italy)
- Kolin Insaat (Turkey)
- Larsen & Toubro (India)
- Limak Insaat (Turkey)
- Makyol Insaat (Turkey)
- Orascom Construction Industries (Egypt)
- Sacyr (Spain)
- Societa Italiana Per Condotte d'Acqua (Italy)
- Strabag (Austria)
- Teixeira Duarte Engenharia (Portugal)

PAHW to begin works on Phase 1 of Mutla'a city project

Kuwait's Public Authority for Housing Welfare (PAHW) has unveiled plans to start the construction works on Phase 1 of the Mutla'a city mixed-use project in Kuwait City. Phase 1 will involve the construction and maintenance of roads, and infrastructural services networks for 18,519 plots and power substations for the 8 suburbs from N5 to N12 in the Mutla'a City Housing project. An inspection will be carried out by 16 governmental and private entities before signing the initial partial receipt of the project.

The scope of work includes construction, completion, and maintenance work for roads, parking lots, and infrastructural services networks, except filter tanks for 12,177 plots, 284 sub-power stations in branch 4T, and 12 power substations in 2T.

40% completed on Kuwait Airport T2 project

As of December 2020, Kuwait's Ministry of Public Works (MPW) has announced the completion of 40% on the new Terminal building (T2) project at Kuwait International Airport despite the Covid-19 disruptions.

The project worth USD 4.3 billion will have the capacity to handle up to 13 million passengers annually once completed in 2022.





C. Oil & Gas sector projects

Kuwait revises bid prices on Jurassic gas project

Kuwait's Central Agency for Public Tenders (CAPT) has republished the bid prices for a contract for external works for Jurassic production facilities located in Kuwait's Northern regions, revealing that a different firm has submitted the lowest price ahead of the deadline on 15th November 2020. Previous deadlines were set on 8th November, 9th June, 11th August, and 13th September 2020.

The client on the project is the Kuwait Oil Company (KOC) and the project is estimated to cost USD 115 million. The scope of works includes laying of flowlines, installation of wellhead hook-ups, installation of inlet manifolds, and construction of associated facilities.

Latest lowest bid prices submitted for the contract

- Combined Group Contracting Co. - USD 137 million
- Mechanical Engineering & Contracting Co. - USD 141 million
- Heavy Engineering Industries & Shipbuilding Co. - USD 162 million
- Hot E&C - USD 195 million
- Gulf Spic General Trading & Contracting Co. - USD 257 million
- Almeer Technical Services Co. - USD 554 million
- Integral Services Company - USD 601 million

Prequalified contractors to bid on the contract

- Mohammed Abdulmohsin al-Kharafi & Sons
- Alghanim International General Trading & Contracting
- Heavy Engineering Industries & Shipbuilding Company
- Gulf Spic General Trading & Contracting Company
- Integral Services Company
- Consolidated Contractors Company (CCC)
- Arabi Energetech
- Almeer Technical Services Company
- Combined Group Contracting
- Mechanical Engineering & Contracting Company
- Al-Dar Engineering & Contracting

Kuwait expects delays on Jurassic gas JPF-4 and JPF-5

Kuwait Oil Company (KOC) is expecting more delays on the contract worth USD 900 million for the planned Jurassic Production Facility 4 (JPF-4) and Jurassic Production Facility 5 (JPF-5) scheme not only because of disruption due to the Covid-19 crisis but also some of the contractors need more time to prepare their bids for the scheme.

In September 2020, the documents for the tender were released and 11 prequalified firms have invited to submit a bid for the contracts by 22nd December 2020. The pre-tender meeting for the two projects was held on 5th October 2020.

KOC offshore drilling schemes faced delays

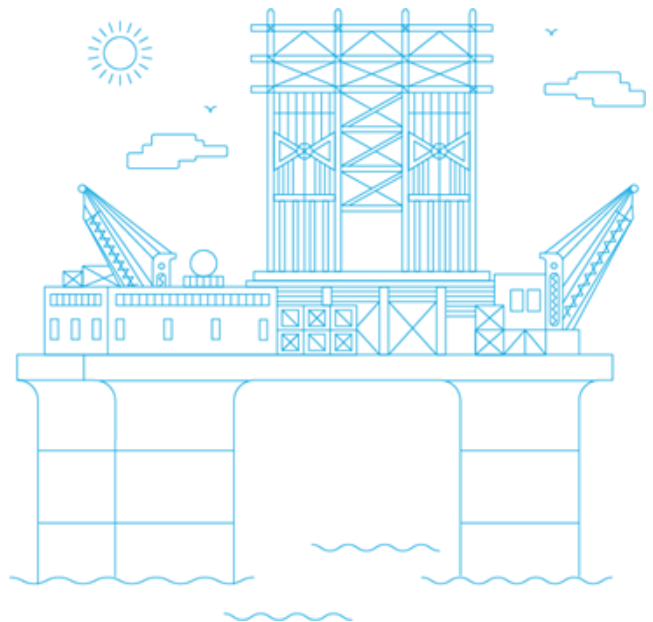
Kuwait Oil Company (KOC) has revealed that due to the Covid-19 pandemic some of its offshore drilling projects face delays:

- 1) KOC's offshore drilling project worth an estimated KD 181.4 million (USD 597 million) contract, which is for Integrated Offshore Drilling Services (IODS) for six high-pressure high-temperature (HPHT) exploration wells on two jack-up rigs in the Gulf. The contract was originally due to begin in mid-2020 with an expected start date for the 1st rig was July 2020 and for the 2nd rig was January 2021.

The contract included a 3-year term with a 6-month extension option. US-based Haliburton won the offshore drilling contract from KOC in July 2019.

- 2) KOC invited firms to submit bids for a consultancy services contract for offshore and land-based drilling projects by 11th January 2021. The contract period will be for 4-years starting from the date for commencement.

The scope of work includes the provision of Technical Consultancy Services in offshore and on land drilling including all necessary manpower, material, tools, computer software, equipment, and other miscellaneous associated facilities to provide the Services. The well depths of on-land wells range from 5,000 ft. to 25,000 ft. and offshore wells range from 14,500 ft to 22,000 ft.





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

KIPIC overseeing progress at Al-Zour Refinery

Kuwait Integrated Petroleum Industries Company (Kipic) is overseeing the progress of its planned Al-Zour refinery projects developments despite the Covid-19 crisis:

- 1) KIPIC revealed that the commissioning of Kuwait's megaproject worth USD 16 billion Al-Zour refinery scheme is proceeding rapidly, and the facility is expected to start receiving crude in December before coming online in early 2021.

The project is expected to be one of the biggest refineries in the Middle East once completed. Kipic delayed the commissioning phase of the project due to the travel restriction in Kuwait designed to halt the Covid-19 pandemic has meant that contractors have not been able to bring in vendors into Kuwait.

- 2) KIPIC is expected to invite firms to bid on a worth USD 10 billion contracts for the planned Al-Zour Petrochemical Refinery Complex (PRIZe) project before the end of 2021. The scope of work includes engineering, front-end engineering, and design (feed), pre-feed, and consulting services. It will cover the Al-Zour refinery, the Al-Zour petrochemicals complex, and the nearby liquefied natural gas (LNG) facility.

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.

- 3) KIPIC has received the lowest bids for a consultancy contract worth KD 68 million (USD 223 million) for project engineering and management services at Al-Zour Refinery.

As per the tender scope of work, KIPIC intends to appoint a professional Contractor who will provide Consultancy for Project Engineering and Management Services for various projects at Al-Zour Refinery, Petrochemical Complex, LNG Import Facilities, and other facilities belonging to Kuwait Integrated Petroleum Industries Company (KIPIC).

Lowest bidders for Al-Zour Refinery Consultancy Services

- Technip (France), KD 68 million (USD 223 million)
- KBR (US), KD 73 million
- Worley (Australia), KD 84 million
- Wood Group (UK), KD 98 million

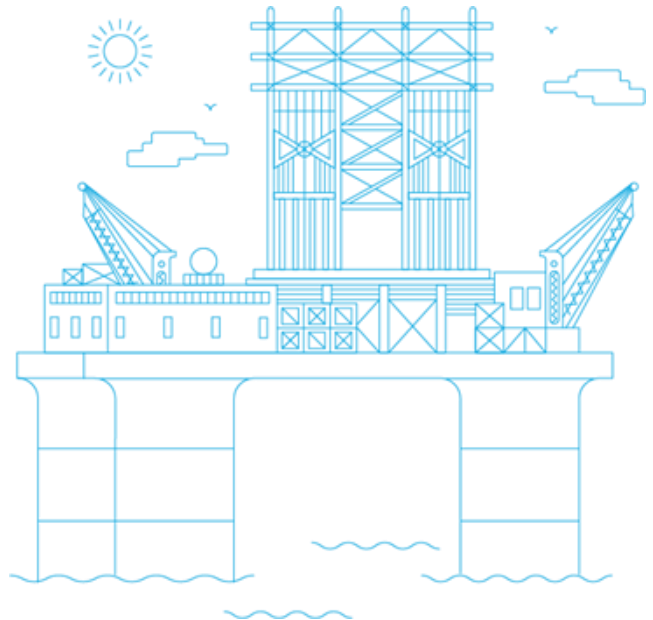
Kuwait awarded KD 32.5 million LNG import terminal

Kuwait Integrated Petroleum Industries Company (Kipic) has awarded worth KD 32.5 million (USD 106 million) contracts to Greece firm, the Hellenic Gas Transmission System Operator (Desfa) for the operation and maintenance of the USD 2.9 billion liquefied natural gas (LNGI) terminal under construction in Kuwait's Al-Zour region.

The project has seen some delays due to the Covid-19 pandemic and it is not known to what extent plans to bring the terminal online will be disrupted. As per the news report, the contract is expected to start operating this year 2021, and due to 6-years. Phase 1 was expected to come online on 10th September 2020, while Phase 2 is due to be inaugurated by 12th February 2021.

Shortlisted firms for the LNG import terminal project

- Desfa (Greece)
- Elengva (France)
- Tokyo Gas Engineering Solutions Corporation (Japan) / JGC (Japan)
- Korea Gas Corporation (South Korea)
- Osaka Gas Company (Japan) / Toyo Engineering (Japan)
- Enagas International (Spain) / Reganosa (Spain)





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

Kuwait to tender pipeline contract

Kuwait Oil Company (KOC) is planning to tender contracts for the pipeline repair and replacement services located in southern and eastern Kuwait.

KOC has prequalified 21 firms to submit a bid for the contracts. The deadline of bid submission is yet to announce, as per the news report.

Prequalified firms to bid for the pipeline contract

- ABJ Engineering & Contracting Company (Kuwait)
- Al-Ghanim International General Trading & Contracting Company (Kuwait)
- Al-Meer Technical Services Company (Kuwait)
- Bader al-Mulla & Brothers Company (Kuwait)
- Consolidated Contractors Company (Greece)
- Combined Group Contracting Company (Kuwait)
- East Pearl Company (Kuwait)
- Gulf International General Trading & Contracting Co. (Kuwait)
- Gulf Spic General Trading & Contracting Company (Kuwait)
- Heavy Engineering Industries & Shipbuilding Co. (Kuwait)
- Hot Engineering & Construction Company (Kuwait)
- Integral Services Company for Mechanical Contracting & Instrumentation (Kuwait)
- KCC Engineering & Contracting Company (Kuwait)
- KDDB General Trading & Contracting Company (Kuwait)
- Mark Technologies General Trading & Contracting (Kuwait)
- Mohammed Abdulmohsin al-Kharafi & Sons for General Trading & Contracting (Kuwait)
- Mushrif Trading & Contracting Company (Kuwait)
- Mechanical Engineering & Contracting Company (Kuwait)
- Naser Mal Baddah & Partner General Trading & Contracting Company (Kuwait)
- Rakaz National General Trading & Contracting Co.(Kuwait)
- Spetco International Petroleum Company (Kuwait)

Kuwait commissions largest crude distillation unit at Mina Abdullah Refinery

Kuwait's National Petroleum Company (KNPC)'s Clean Fuels Project has marked a major milestone with the safe and successful start-up of the Crude Distillation Unit (CDU) 111 at Mina Abdullah Refinery, being built by Petropac under a joint venture (JV) with Samsung Engineering Co. Ltd and McDermott International (formerly CB&I Nederland BV).

The plant's refining capacity is 264,000 bpd, it is the largest CDU in Kuwait. The Crude Column is the largest single equipment transported and erected, being approximately 75 metres long by 13 metres wide/high and weighing 900 metric tons.

The project has been valued at USD 3.7 billion, with Petrofac's share being USD 1.7 billion. The project comprises 12 new process units from five licensors, inter-refinery transfer lines, and an interconnecting pipe rack.

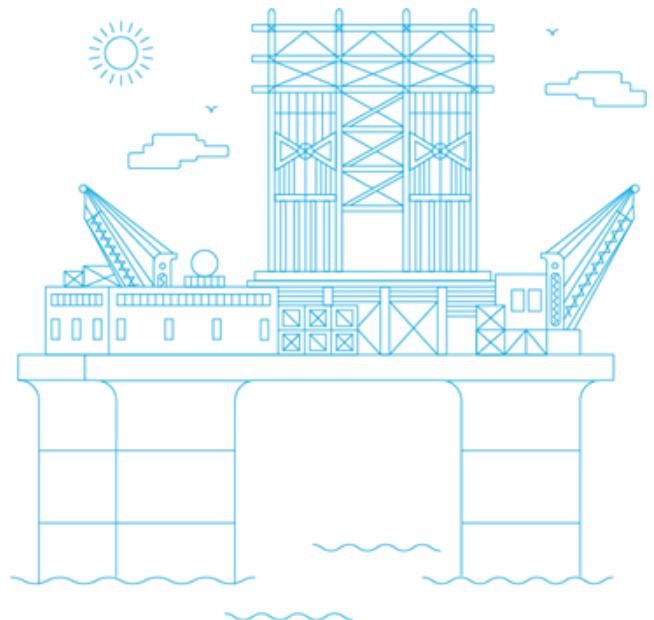
Kuwait invites bid for the new seismic survey contract

Kuwait Oil Company (KOC) has invited 7 firms to submit bids for the planned implementation of the new seismic survey contract in West Kuwait and Mutriba in terms of oil and gas reserves.

The three-dimensional seismic survey will provide important data about the area to depths of up to 25,000 feet underground, which is characterized by accuracy, depth, and area. The deadline for bid submission on 4th January 2021 and a preliminary meeting will be held on 7th December followed by a tour visit to the site on 14th December.

Invited firms for the new seismic survey contract

- Western Geco
- Global Geophysical Company
- GEOKINETICS Services Company
- SAE Exploration
- Global Sinopec
- China BGB
- Arab Geophysics Company





D. Other sector projects

Kuwait extended the bid deadline for the power consultancy scheme

Kuwait's Supreme Council for Privatization has extended the bid deadline for the contracts to provide transaction advisory and valuation services in line with the planned privatization of the worth USD 1.26 billion North Shuaiba power plant (NSPP) scheme by 20th December 2020, a month later than the previous 17th November 2020.

The client, the Ministry of Electricity & Water (MEW) received bids for the contract to undertake asset valuation services in line with the planned privatization scheme in August 2020. The proposed privatisation programme will have three Phases.

Phase 1, covers the establishment of a Kuwaiti shareholding company, which will own the NSPP assets. The selected firms 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 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 the 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.

Kuwait tender oil facility cooling system

Kuwait's Public Authority for Industry (PAI) has tendered a contract for a water-cooling system drainage network at the Shuaiba refinery site. The project covers the construction, commissioning, and maintenance of a water-cooling drainage network for Kuwait's Petrochemical Industries Company (PIC), the client. The deadline for bid submission is set on 14th March 2021 and a pre-tender meeting takes place on 13th January 2021.

Kuwait receives bids for the Shuaiba Port upgradation package

Kuwait Ports Authority (PAI) received 8 bids for the rehabilitation works of the Shuaiba Port Package in Kuwait.

Kuwait-based, Wara Construction Company has submitted the lowest bid of KD 14.9 million (USD 48.9 million) for the contract. The project works include the modernization & expansion of infrastructure works and electrical substations at Shuaiba port. Australia based SMEC International Pty Ltd is the consultant for the project.

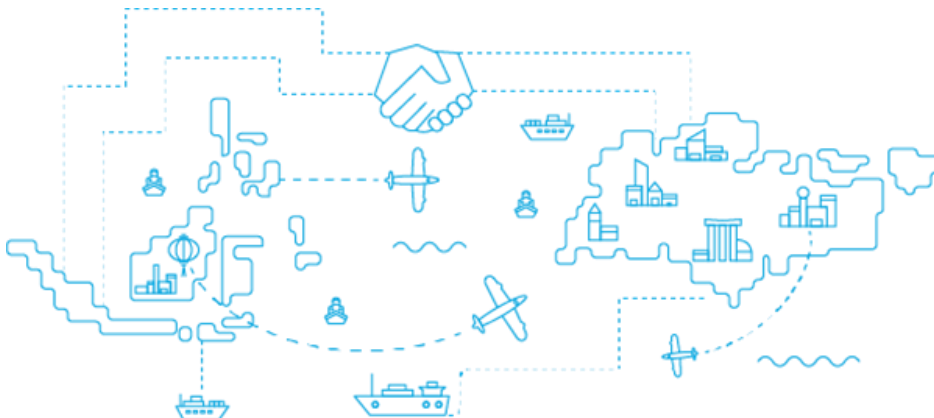
Kuwait, Qatar signs various MoU in different fields

The Kuwaiti and Qatari government has signed various Memorandum of Understanding (MoUs) during its 5th online session of the Joint Kuwaiti-Qatari Higher Committee in November 2020.

The two countries signed the final minutes of the session and several Memorandum of Understanding (MoUs) includes:

- 1) MoU in encouraging direct investment.
- 2) MoU in civil services and administrative development.
- 3) MoU in Islamic Affairs.
- 4) MoU in the agricultural field.

The deals were signed by Kuwait's Foreign Minister and Acting Information Minister and Qatari's Deputy Prime Minister and Minister of Foreign Affairs.





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

Kuwait revises major soil remediation bid prices

Kuwait's Central Agency for Public Tenders (CAPT) has published the revised bid prices for the two major soil remediation projects known as the **South Kuwait Excavation, Transportation and Remediation project** and the **North Kuwait Excavation, Transportation and Remediation project** that are currently in the bid evaluation phase. The revision to the bid prices is due to an administrative error. The remediation contracts are part of the Kuwait Environmental Remediation Programme (KERP).

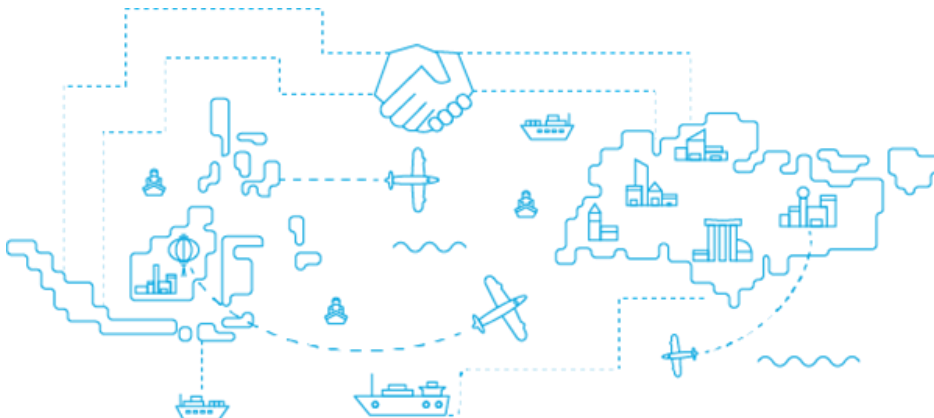
KERP is the largest environmental remediation project in the world and was established by the United Nations Compensation Commission (UNCC) to help Kuwait address the environmental damage resulting from the 1990-91 Gulf War.

Revised bid prices for the South Kuwait Excavation, Transportation and Remediation Project

- United Gulf Construction Company – USD 741 million
- Mohammed Abdulmohsen al-Kharafi & Sons Co. for General Trading, General Contracting & Industrial Establishments – USD 751 million
- Al-Sayer Construction Company for General Trading & Contracting – USD 678 million
- Al-Manafea General Trading & Contracting Company – USD 1,043 million
- Nasser Muhammad al-Baddah & Partner Company for General Trading & Contracting – USD 847 million
- Al-Ghanim International General Trading & Contracting Company – USD 763 million
- Kolin Gulf Roads, Sewer & Bridges Contracting Company – USD 1,048 million
- Khaled Ali al-Kharafi & Brothers Construction Contracting Company – USD 613 million
- Al-Dar Engineering & Construction Company – USD 851 million
- Al-Ahmadiya Contracting & Trading Company K.S.C. – USD 845 million
- Kuwaiti Company for Plant Building & Contracting (KPSC) – USD 697 million
- Burgan Company for Well Drilling, Trade & Maintenance – USD 550 million
- Heavy Engineering Industries & Shipbuilding Company – USD 673 million

Revise bid prices for the North Kuwait Excavation, Transportation and Remediation Project

- Naser Mohamed Al-Baddah & Partner For General Contracting Company (Kuwait) – USD 527.2 million
- Bauer Resources (Germany) – USD 433.3 million
- Ahmadiyah Contracting & Trading Company (Kuwait) – USD 467.9 million
- Heavy Engineering Industries & Shipbuilding Company (Kuwait) – USD 393.7 million
- Al-Sayer Construction Company for General Trading & Contracting (Kuwait) – USD 414.7 million
- Al-Manafea General Trading & Contracting Company (Kuwait) – USD 619.3 million
- Khaled Ali Al-Kharafi & Brothers Construction Contracting Company (Kuwait) – USD 387.2 million
- Clear Environmental Services & Cleaning Company (Kuwait) – USD 454.1 million
- Al-Iman Insha'at General Trading & Contracting Corporation (Saudi Arabia) – USD 582.5 million
- United Gulf Construction Company (Kuwait) – USD 429.6 million
- Al-Dar Engineering & Construction Company (Kuwait) – USD 623.9 million
- KPSC (Kuwait) – USD 376.5 million



Disclaimer:

RSM Albazie & Co. is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

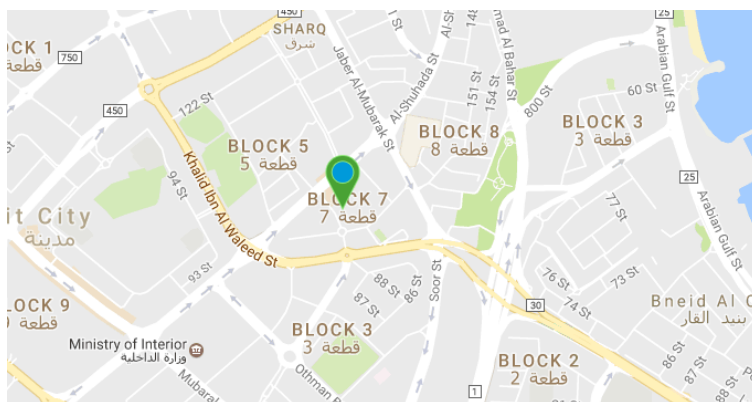
The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association 2020.

The publication, Kuwait Quarterly Newsletter, is not intended to provide specific business or investment advice. No responsibility for any errors or omissions nor loss occasioned to any person or organization acting or refraining from acting as a result of any material in this publication can be accepted by the authors or RSM Albazie & Co. All opinions expressed are those of the authors and not necessarily that of RSM Albazie & Co. You should take specific independent advice before making any business or investment decision.

We hope that you will find this publication useful. If you need further information of assistance, please call us on 22961000 or email: connect@rsm.com.kw. The publication can also be accessed on our website at www.rsm.global/kuwait.



RSM Kuwait

Arraya Tower 2 – Floor 41 & 42
Abdulaziz Hamad Alsaqar St. – Sharq
P. O. Box 2115, Safat – 13022
State of Kuwait

T: +965 22961000 **F:** +965 22412761

E: connect@rsm.com.kw

W: www.rsm.global/kuwait

