



Kuwait Quarterly Newsletter

Issue 12/2023 – Economy & Projects update

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A. Kuwait Authority For Partnership Projects (KAPP)

B. Infrastructure and Development projects

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D. Other sector projects

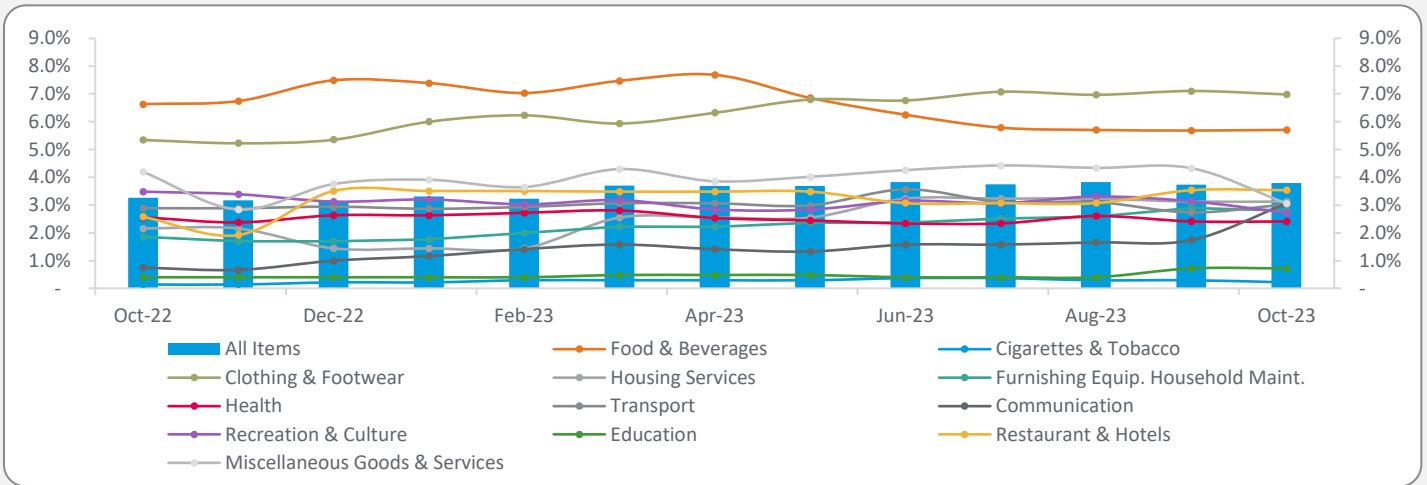
1. MACROECONOMIC UPDATE

Consumer Price Inflation (CPI)

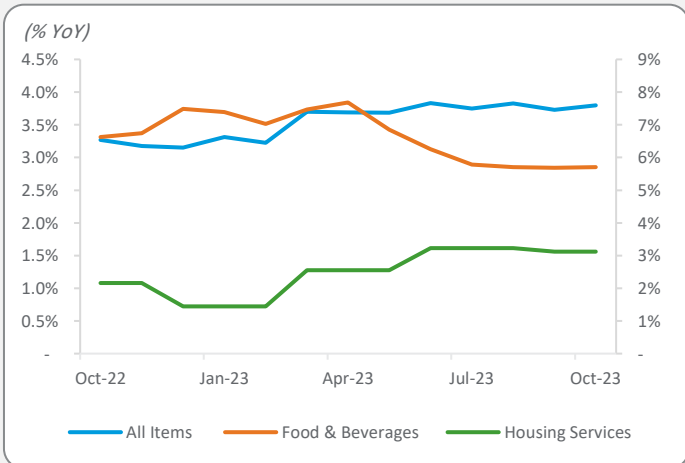
Kuwait's annual inflation, as measured by the Consumer Price Index (CPI), experienced a year-on-year increase of 3.8% in October 2023, compared to the 3.3% growth recorded in the same month of the previous year.

- The increase in annual inflation was primarily propelled by high prices in various sectors. Notably, food and beverages prices, an important component in the Consumer Price Index (CPI), witnessed a year-on-year increase of 5.7%, driven by the rise in prices of cereals, bread, meat and poultry during the month. Additionally, there was a growth of 7.0% in clothing and footwear, while communication saw a 3.1% increase in October 2023.
- Inflation also saw an increase in the categories of transport, furnishing equipment & household maintenance, and cigarettes & tobacco, registering year-on-year growth rates of 3.0%, 2.8% and 0.2%, respectively. This contrasts with the year-on-year growth rates of 2.9%, 1.9% and 0.1% in the same month of the previous year.
- Conversely, components such as recreation & culture, health, and miscellaneous goods & services saw a slight year-on-year decrease of 2.7%, 2.4% and 3.1% in October 2023, compared to the 3.5%, 2.6% and 4.2% growth in the same month of previous year.
- Meanwhile, inflation remained unchanged for housing services, education, and restaurant & hotels components on a month-on-month basis, with rates of 3.1%, 0.7%, and 3.5%, respectively, in contrast to prices in September 2023.

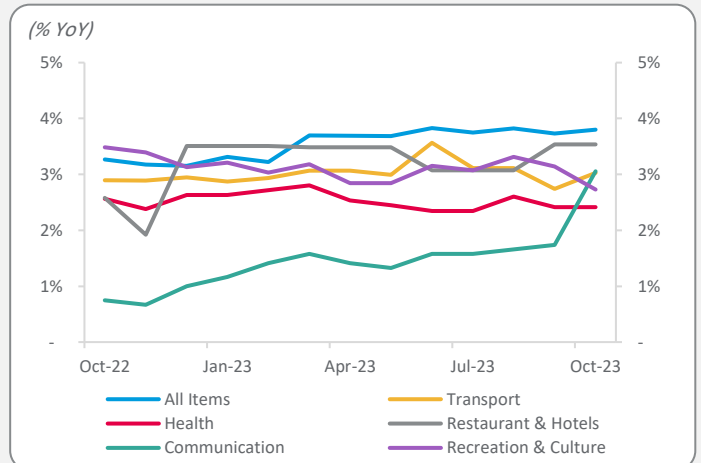
Consumer Price Inflation and Key Components (%YoY)



Inflation in F&B, 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.

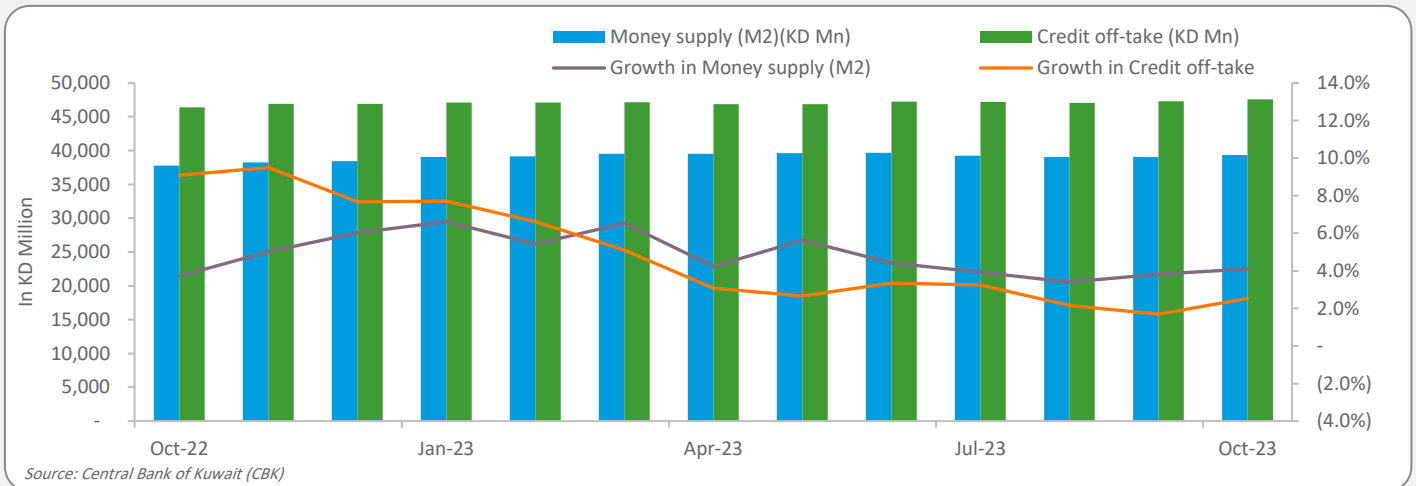
1. MACROECONOMIC UPDATE... CONT'D.

Money Supply and Local Bank Deposits

The Money Supply (M2) in Kuwait saw a slight increase in Q3 2023.

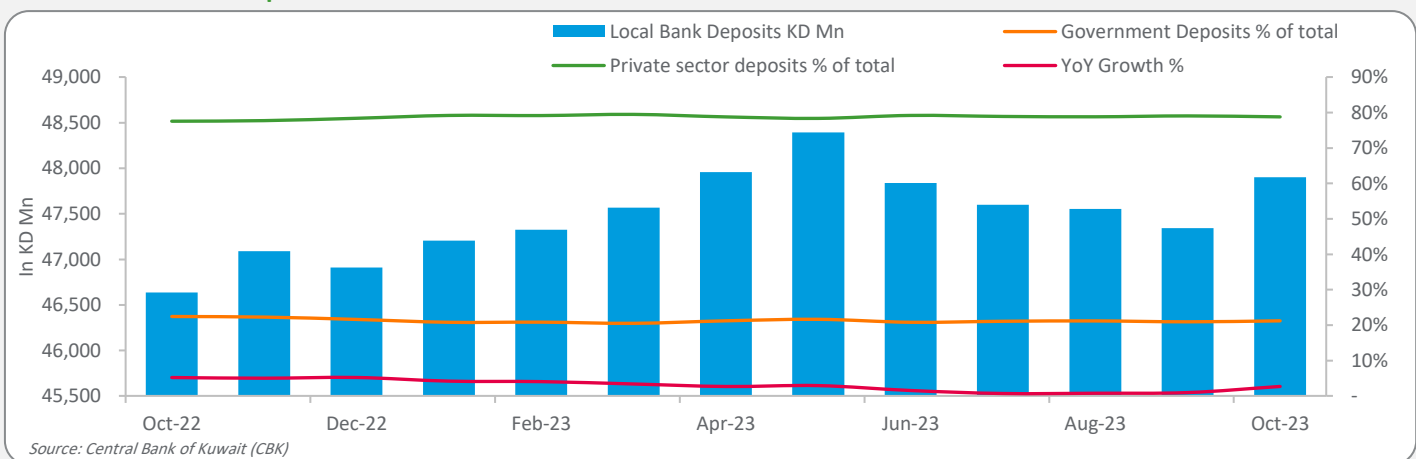
- Kuwait's broad measure of money supply (M2), increased by KD 0.15 billion from July 2023, reaching KD 39.34 billion in October 2023, reflecting a year-on-year increase of 4.1%. This was driven by an increase in Quasi-Money by KD 0.19 billion from July 2023, reaching KD 28.35 billion in October 2023. The growth in M2 is a positive sign for the Kuwaiti economy, implying an increase in liquidity, and a potential opportunities for investment and economic growth.
- Furthermore, credit facilities extended by local banks in Kuwait remained stable in Q3 2023, with an increase of KD 0.36 billion from July 2023, reaching KD 47.55 billion in October 2023. This represents a year-on-year growth of 2.5%. Personal facilities experienced an uptick of KD 0.22 billion from July 2023, reaching KD 18.77 billion in October 2023. This increase was primarily driven by the rise in installment loans, which grew by KD 0.14 billion during the same period.

Growth in Money Supply and Credit Off-Take



- The Bank deposits at local banks in Kuwait witnessed a year-on-year growth of 2.7% in October 2023, reaching KD 47.90 billion. This growth was primarily driven by the continued expansion of private sector deposits in the local currency. Private sector deposits constituted a significant 78.8% of the total bank deposit base, reaching KD 37.73 billion by October 2023.

Local Bank Deposits



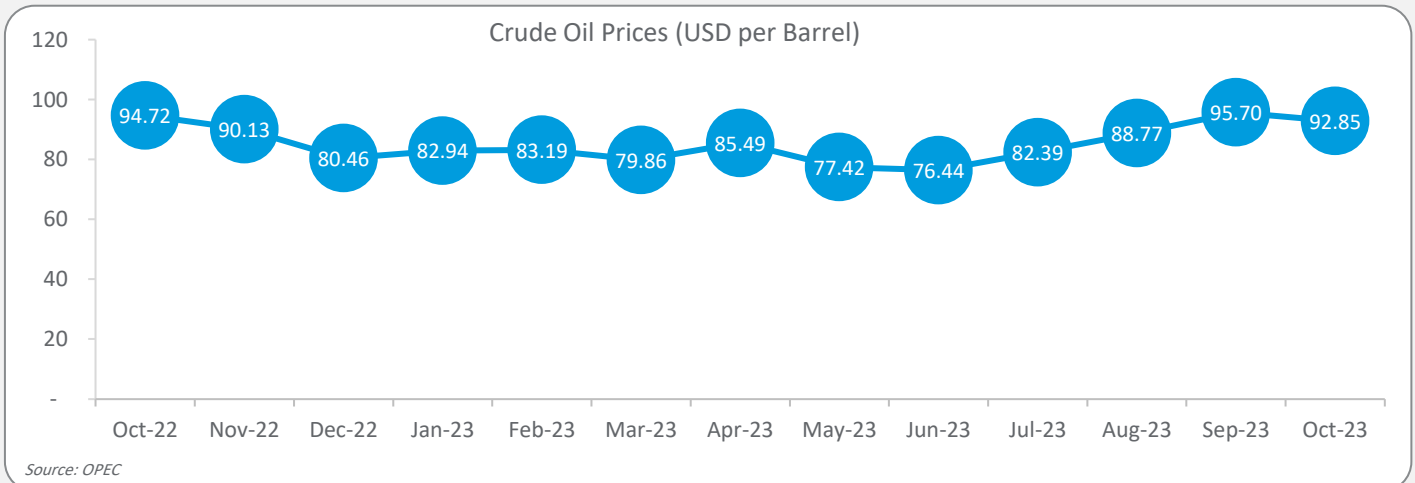
1. MACROECONOMIC UPDATE... CONT'D.

Monthly Oil Production and Oil Price

Kuwait's crude oil prices surges in Q3 2023, amid the OPEC+'s extensive production cuts.

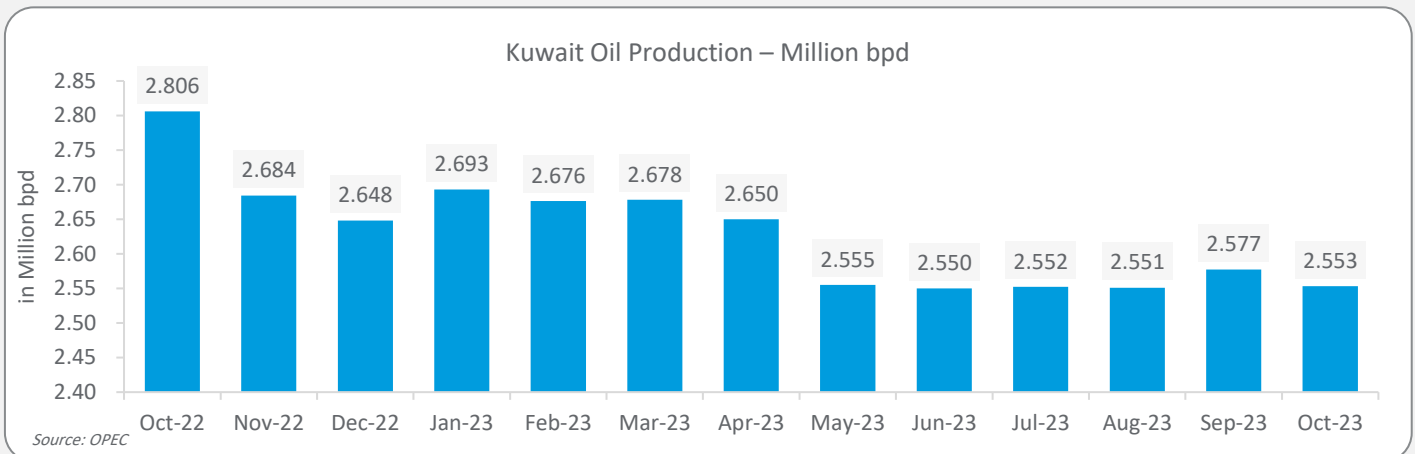
- After reaching the highest level in almost eleven months towards the end of September 2023, Kuwait's crude oil prices declined in October, dropping by 3.0% to reach USD 92.85 per barrel (p/b). This represents a decrease of USD 2.85 p/b from September 2023's USD 95.70 per barrel (p/b). The decline was influenced by global macroeconomic concerns, driven by expectations of "higher for longer" central bank interest rates. Easing concerns related to the war on Gaza and its impact on supplies from the region also contributed to the downward trend.
- In a recent news report, Kuwait disclosed its plan to extend its voluntary oil output reduction by 128,000 b/d until the end of 2024, as a precautionary measure taken in coordination with OPEC+ countries, which was announced last April. In May and June, Kuwait pumped 2.55 million bpd of crude oil, down from 2.65 million bpd in April 2023.

Growth in Kuwait Oil Basket Prices



- Kuwait's crude oil production experienced a slight growth, reaching 2.577 million b/d in September 2023, following four consecutive months of remaining flat at 2.55 million barrels per day (b/d) from May to August. However, this growth was partially offset by a decrease in October, which fell to 2.553 million b/d.
- Kuwait aims to increase fossil fuel production to 4 million b/d by 2035, up from the current production capacity at 2.9 million b/d, with a projected interim target of 3.2 million b/d by 2025 or 2026. Additionally, the Durra offshore gas field, a joint venture with Saudi Arabia, is set to develop integrated infrastructure, generating 1 billion cubic feet of gas shared equally between both countries.

Movement of Kuwait Oil Production

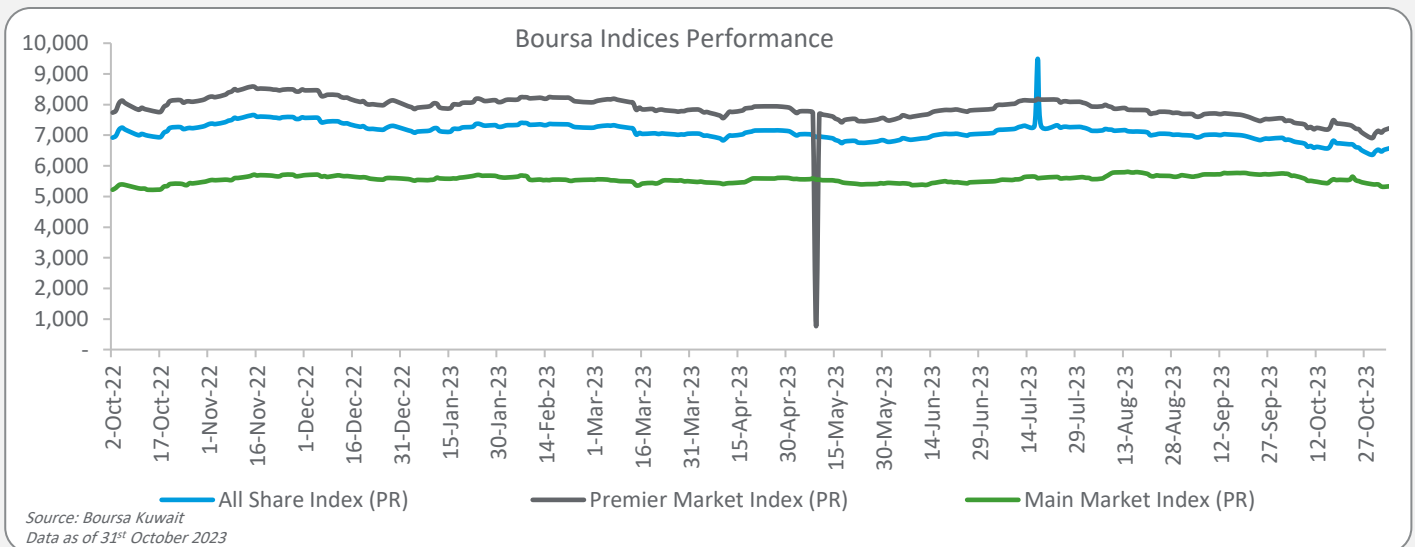


2. BOURSA FINANCIAL MARKET PERFORMANCE

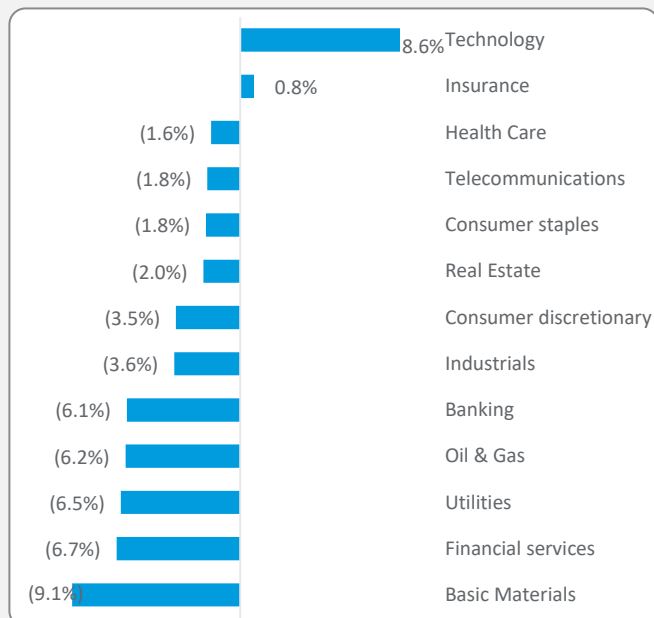
Kuwait Bursa – Key Index Performance (Q3 2023)

- October's performance showed a mixed trend in comparison to September. While the average daily trading value increased, all market indices experienced a decline. The Main Market Index had the most significant impact on the stock market's losses, with a decline of -5.62%, closing at 5,395.95 points. Likewise, the Premier Market Index recorded a month-on-month decline of -5.03%, closing at 7,142.68 points. Furthermore, the All-Share Index, which combines both markets, decreased by -5.15%, closing at 6,531.76 points.
- In terms of sectoral indices, the main indices of Bursa Kuwait experienced declines in most sectors, with basic materials and financial services leading the downturn at -9.1% and -6.7%, respectively. Following by utilities, oil & gas, and banks with declines of -6.5%, -6.2%, and -6.1%, respectively. Industrials and consumer discretionary sectors also saw decreases of -3.6% and -3.5%, respectively. Other sectors, including real estate, consumer staples, telecommunications, and healthcare, experienced declines as well. However, technology and insurance sectors bucked the trend, posting gains of 8.6% and 0.8%, respectively, in October.

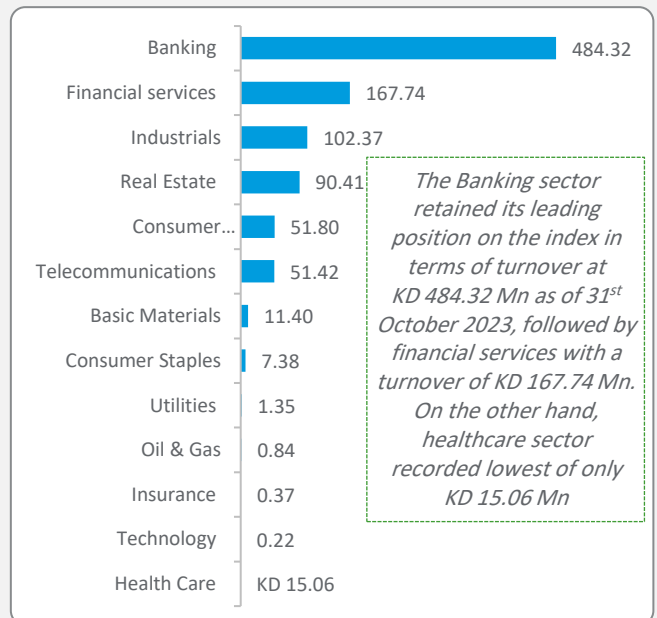
Boursa Indices Performance



Monthly Sector Index Returns (%)



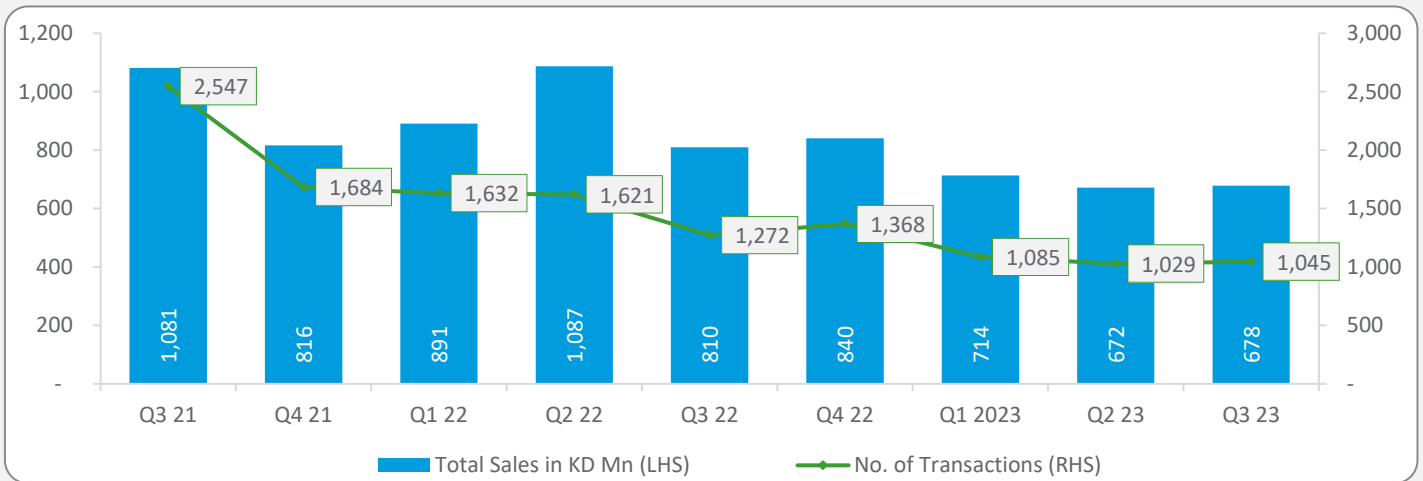
Monthly Value Traded (KD Mn)



3. KUWAIT REAL ESTATE MARKET

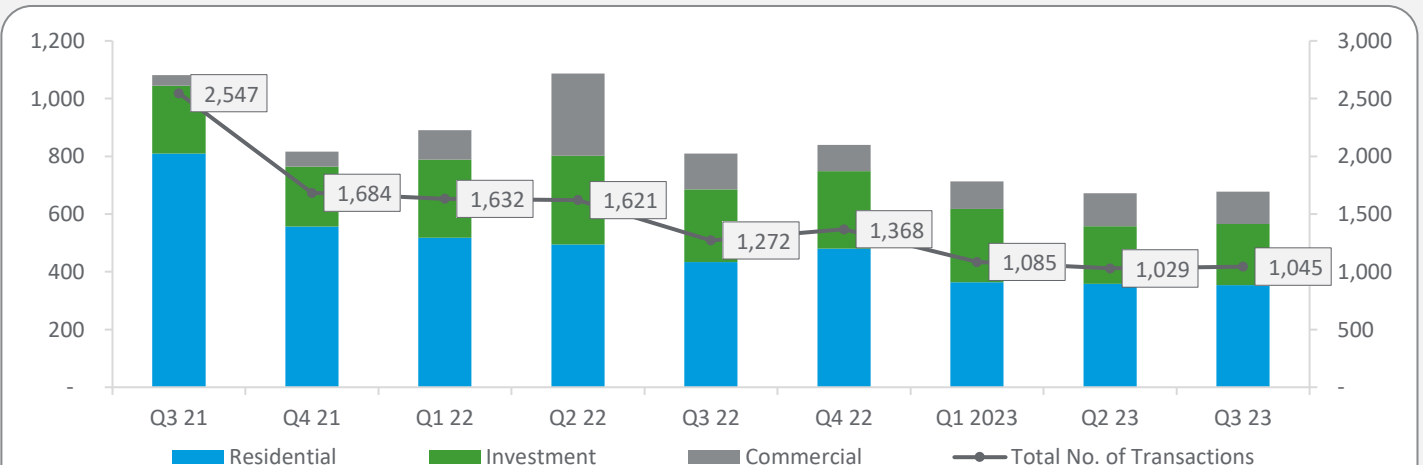
Overall Real Estate Sales (Q3 2021 – Q3 2023)

- Kuwait's real estate market showed a slight Q3 2023 uptick, with sales hitting KD 678 million, a 0.9% q/q, driven by an increase in investment sales by 6.0% q/q, while residential sales continued to decline, although at a moderating pace of -1.1% q/q. However, on a year-on-year basis, overall sales were down by -16.3%, indicating a slowed decline across all segments.
- The market uncertainty was due to various factors, including the termination of over 6,200 expatriate contracts in the government sector, rising borrowing costs, subsidy reform concerns, land allocation issues and restrictions on expatriate visit visas, resulting in over 50,000 unoccupied rental apartments.
- The number of transactions also rose by 1.6% q/q in Q3 2023, reaching 1,045 from 1,029 in Q2 2023, driven by an increase activity in the residential and commercial sectors, which saw 740 and 51 transactions, respectively, compared to previous Q2 2023 transactions.



Real Estate Segments Sales (in KD Mn)

- Residential property sales experienced a significant downturn, reaching KD 354 million in Q3 2023, the lowest levels since the Q3 2021, primarily due to a reduction in the number of property transactions which also saw a notable drop of 19% year-on-year in Q3 2023. Sales in the commercial sector also fell by 1.8% q/q in Q3 2023, reaching KD 112 million, compared to KD 114 million in Q2 2023. However, there was also a notable year-on-year decline of 10%, indicating weaker demand in Kuwait's commercial real estate sector.
- Meanwhile, investment sales (including individual units and apartment buildings) increased 6% q/q in Q3 2023, reaching KD 212 million. However, on a year-on-year basis, it declined by 16%, paralleled by a 23% drop in the number of deals to 254, compared to 331 deals in Q3 2022.



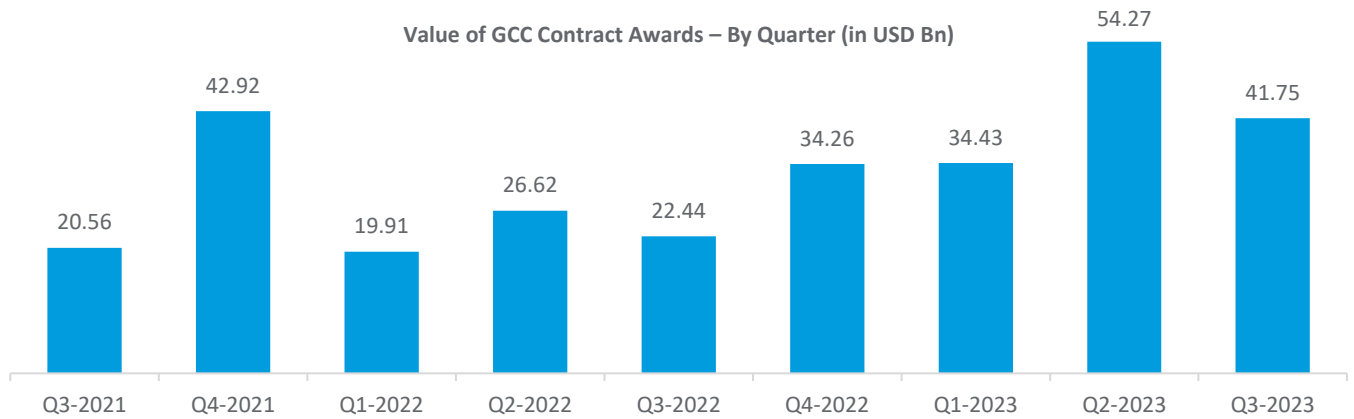
Source: RSM Kuwait, NBK Capital

4. MARKET SNAPSHOT OF GCC'S 2023 PROJECTS AWARD

Value of GCC contract awarded – By Quarter (in USD Bn)

- During Q3 2023, GCC project awards surged by 86.4%, reaching USD 41.75 billion, compared to the USD 22.40 billion awarded in Q3 2022. This marks the third-highest quarterly value of projects awarded since Q3 2021. The robust growth in the total value of projects awarded in the GCC also signifies the commitment of GCC countries to achieve their economic diversification goals.
- All GCC countries, except Qatar, saw year-on-year growth in total contract value awarded during Q3 2023. Kuwait led the way with over a 13-fold increase, reaching USD 2.29 billion, compared to USD 162 million in Q3 2022. This significant growth was primarily driven by infrastructure investments, which are key components of Kuwait's Vision 2035 plan, led by the Transport and Construction sectors.

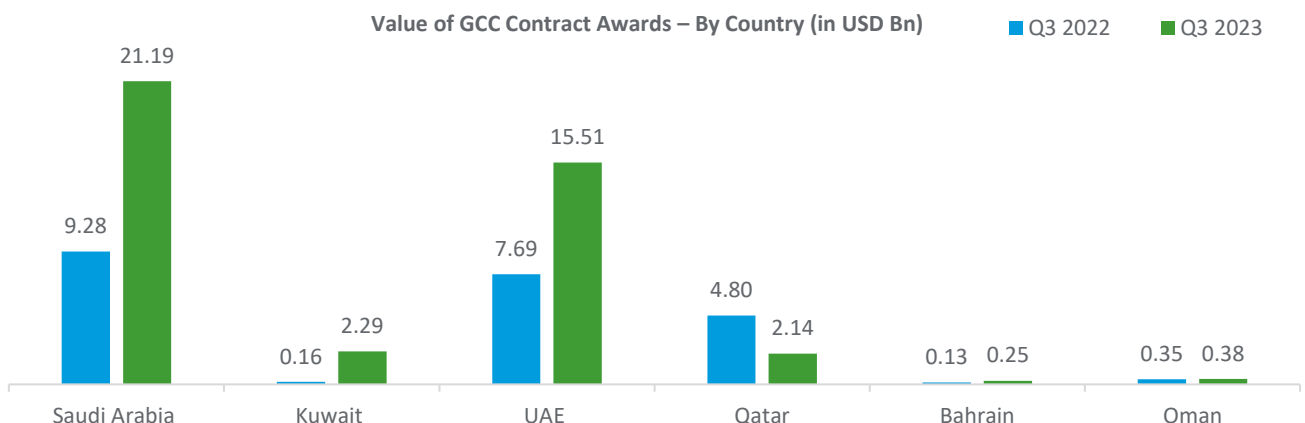
Value of GCC Contract Awards – By Quarter (in USD Bn)



Value of GCC Contract Awarded – By Country (Q3 2022 Vs Q3 2023)

- Despite a 94.5% increase in Q3 2023, Bahrain remained the smallest project market in the region, with total value contract awards reaching USD 247 million. Saudi Arabia maintained its top position as the largest project market in the GCC, constituting 50.7% of the contract awards in the region during Q3 2023, totaling USD 21.19 billion compared to USD 9.28 billion in Q3 2022. This growth in Saudi Arabia's contract awards was mainly driven by increased project values awarded in the Gas and Water sectors.
- Similarly, the UAE saw a significant 101.7% surge in total contract awards, reaching USD 15.51 billion in Q3 2023, compared to USD 7.69 billion in Q3 2022. The Emirates projects market maintained its spot as the second-largest projects market in the GCC in Q3 2023.

Value of GCC Contract Awards – By Country (in USD Bn)

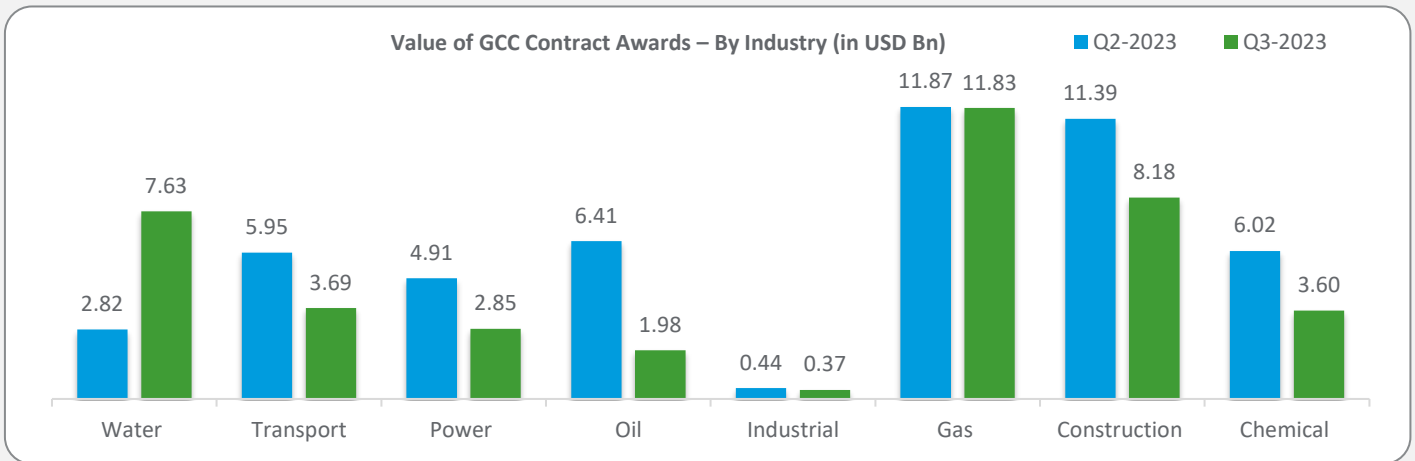


Source: RSM Kuwait, MEED, KAMCO Research

4. MARKET SNAPSHOT OF GCC'S 2023 PROJECTS AWARD... CONT'D.

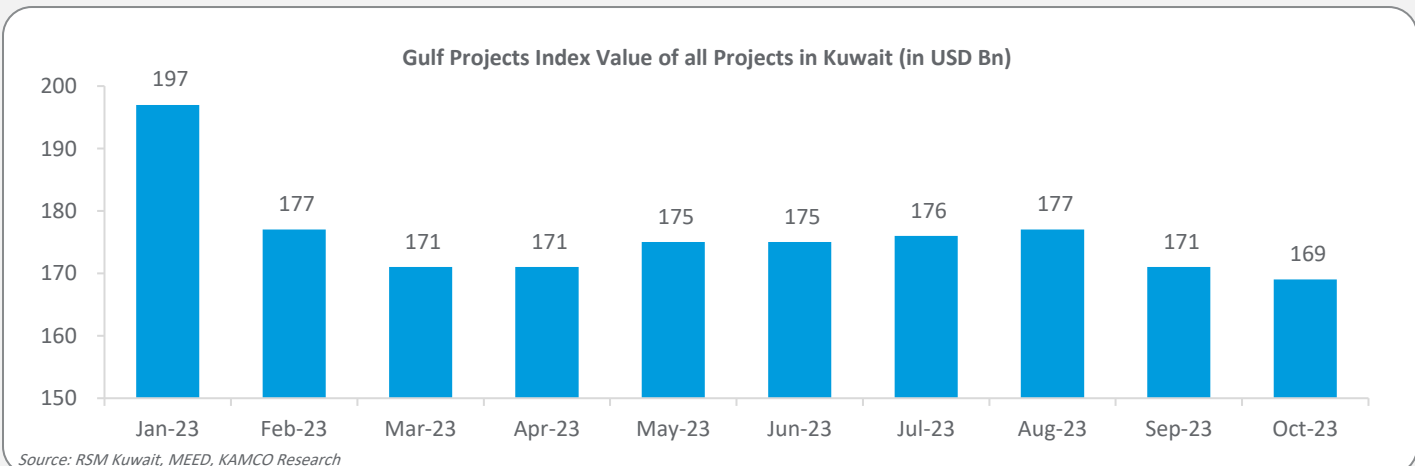
GCC Project Awards – By Industry (Q3 2023)

- In terms of regional sector performance, the GCC Gas sector witnessed a remarkable growth, with a total of USD 11.83 billion in projects awarded in Q3 2023, compared to USD 811 million in Q3 2022. The water sector also witnessed a significant year-on-year growth of 178.4%, reaching USD 7.63 billion in total contracts awarded in Q3 2023.
- In Kuwait alone, the transport sector recorded USD 1.9 billion of projects in Q3 2023, a substantial increase from USD 50 million in Q3 2022. The construction sector followed as the second-largest sector in terms of contracts awarded in Q3 2023, totaling USD 134 million. The ongoing USD 4.3 billion Kuwait Airport Expansion: New passenger Terminal 2 project is the largest in Kuwait, followed by the USD 1.4 billion Umm Al-Hayman Wastewater Treatment Plant Expansion project. In comparison, the USD 12 billion North Kuwait Airport project is the largest planned and un-awarded project in Kuwait followed by the USD 11.6 billion South Al Mutlaa City project.



Kuwait Project Market Size – Based on Gulf Projects Index Value (in USD Bn)

- As of 13th October 2023, the Gulf Project Index shows a 2.5% month-on-month increase in the total value of projects in GCC, marking the eighth consecutive month of growth. The growth was primarily fueled by a USD 55.0 billion, or 3.3%, surge in the value of Saudi Arabia’s project market, driven by the implementation of its Giga projects. The UAE’s market also contributed with USD 14.0 billion, or 2.2% increase, fueled by the revived plans for the USD 1.8 billion Meydan One Mall.
- However, while other GCC countries experienced marginal growth, Kuwait’s projects markets contracted, witnessing a reduction of approximately USD 2.0 billion, or 1.2%, reaching USD 169 billion compared to the USD 171 billion recorded in September 2023.



Source: RSM Kuwait, MEED, KAMCO Research

4. MARKET SNAPSHOT OF GCC'S 2023 PROJECTS AWARD... CONT'D.

Planned or Underway Projects in Kuwait – By Status

- Kuwait is poised for a robust year of project awards, with the total yearly projects expected to reach its highest level since Q3 2021. Driven by infrastructure investment, a key focus of Kuwait's 2035 plan, the total value of deals awarded within the first nine months of 2023 totaled USD 5.8 billion, already exceeds the total value of contracts awarded in 2021 (USD 5.1 billion) and 2022 (USD 2.4 billion).
- As of mid-October 2023, the Kuwait project market size is estimated at USD 169.03 billion, with USD 79.84 billion worth of contracts under execution, USD 49.06 billion worth of contract under study and USD 30.39 billion worth of projects under design.

Total Value of Project Planned or Underway in Kuwait, (USD Bn)



Top Planned and Unawarded Projects in Kuwait

Project Name	Estimated Value (in USD Mn)	Completion
North Kuwait Airport	12,000	2030
South Al Mutlaa City	11,634	2030
Al Zour North IWPP	6,910	2028
South Saad Al-Abdullah Residential City	5,500	2029
Dorra Gas Field Developmetn Offshore	5,000	2028
Kuwait National Rail Road: Phase 1	5,000	2028
Sabah Al-Ahmad Sea City	4,146	2025
Al Zour North IWPP: Phase 2&3 (Power & Water Desalination Plant)	4,000	2027
Al Zour Petrochemical Complex : Package 1	4,000	2027
Al Zour Petrochemical Complex : Package 2	4,000	2027
Nuwiseeb Power and Water Desalination Plant: Phase 1	3,500	2028
Nawaf Al Ahmed City	2,434	2030
Shagaya Renewable Energy Complex	2,380	2033
South Sabah Al Ahmed Township	2,213	2040
Failaka Island Development	2,081	2029
Hessah Al Mubarak Project	2,040	2025
Shagaya Renewable Energy Complex: Phase 3	2,000	2028
Al Khiran IWPP: Phase	2,000	2027
Doha East Power & Desalination Plant (IWPP)	2,000	2026
Sulaibikhat Bay Development	2,000	2027

MAJOR PROJECTS UPDATE

- A. Kuwait Authority For Partnership Projects (KAPP)
- B. Infrastructure And Development Projects
- C. Oil & Gas Sector Projects
- D. Other Sector Projects



A. KUWAIT AUTHORITY FOR PARTNERSHIP PROJECTS (KAPP)

Kuwait receives bids for National Rail project

The Public Authority for Roads & Transportation (Part), in collaboration with the Kuwait Authority for Partnership Projects (KAPP) has received proposals for the study and detailed design work for the first phase of the planned Kuwait National Rail Road (KNRR) project. Notably, on 26th September 2023, Saudi Arabia approved an agreement to construct a railway connecting the two countries.

The KNRR project is an integral part of the GCC rail network, and these developments align with the increased momentum of GCC railway projects, which gained new impetus following the Al-Ula declaration signed by the six member states in January 2021.

Bidders for the KNRR scheme

- Dar al-Handasah (Shair & Partners) (Lebanon)
- Sysra (France)
- Typsa (Spain)
- Egis (France)
- Khatib & Alami (Lebanon)
- Sener (Spain)
- Pro Yapi (Turkey)
- China Railway Siyuan Survey & Design (China)

Kuwait to invite bids for renewable energy projects

The Kuwait Authority for Partnership Projects (KAPP), in partnership with the Ministry of Electricity, Water & Renewable Energy (MEWRE) is expected to initiate the issuance of Requests for Qualifications (RFQs) for the forthcoming phases of the worth USD 3.9 billion Shagaya Renewable Energy Project (SREP), targeting a capacity of 4,500MW by the year-end.

The RFQs for different phases of the project are scheduled for sequential launch later this year, with all phases expected to be integrated into the grid by 2027-28. The 1st phase will encompass a 1,100MW solar photovoltaic independent power producer (IPP) project, with the RFQ for this phase set to be issued within the next two to three months.

The 2nd phase will consist of a 200MW concentrated solar power (CSP) plant featuring approximately five hours of storage capacity, with Request for Proposals (RFP) for this phase is already in the preparation stage.

A 3rd phase will encompass a 1,500MW solar IPP, while the final phase will entail a 1,700MW solar IPP scheme. According to reports, the RFPs for certain projects within these phases are expected to be released by the mid-next year.

Kuwait launches project to expedite fiber-optic network expansion

The Kuwait Ministry of Communication, in partnership with the Kuwait Authority for Partnership Projects (KAPP), is initiating the final phase of a national project aimed at extending the optical fiber network across the country. This expansion aims to achieve comprehensive coverage, encompassing both existing and new areas in Kuwait. It aims to create opportunities for delivering competitive, high-quality, and diverse communication services comparable to those available in developed and pioneering nations.

This initiative aligns with the vision of His Highness the Amir Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, known as "New Kuwait 2035", and within the framework of the Ministry's efforts to develop its services for users and activate its role in the state's strategy to transition towards a digital economy.

The Ministry intends to collaborate with the KAPP to select a strategic partner through an open competition, inviting specialized and internationally-qualified companies. This partnership will establish a licensed specialized company under the Communications and Information Technology Regulatory Authority (CITRA), allowing the participation and management of a competent operator. The partnership will be established through public subscription in accordance with public-private partnership regulations.

B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS... CONT'D.

Kuwait awards contract for Airport Terminal Expansion

Kuwait Ministry of Public Works (MPW) has awarded a KD 236 million (USD 765 million) contract to Turkey's Limak Holding for the expansion of Terminal 2 at Kuwait International Airport (KIA). The contract, encompassing package three of Terminal 2, will involve the construction of aircraft parking aprons, taxiways, and service buildings.

The new airport terminal, valued at USD 4.34 billion, is expected to triple Kuwait's airport capacity, enabling it to serve up to 25 million passengers annually.

In June 2023, Kuwait's Directorate General of Civil Aviation invited six prequalified firms to submit bids by 10th October 2023, for the operation, maintenance, and development of the international airport, including Terminal 2 and its associated aircraft aprons, (as mentioned in our previous edition – Issue 11).

List of invited prequalified firms for the scheme

- GMR-Airports (India)
- Fraport AG Frankfurt Airport Services Worldwide (Germany)
- Munich Airport International (Germany)
- Incheon International Airport Corporation (South Korea)
- TAV Havalimanlari Holding Anonim Sirketi (Turkey)
- DAA International (Ireland)

Kuwait's PAHW announces tender for 1,568 Homes and Infrastructure Development

The Public Authority for Housing Welfare (PAHW) is set to issue a tender for constructing 1,568 homes and public buildings in Kuwait's Al-Nayeem area, with completion expected in 1,095 days during the fiscal year 2023/2024. The tender includes two housing models (A&B) in addition to two primary schools, school facilities, a mosque, and infrastructure development.

Low-cost government housing in specific areas (Sulaibiya, Taima, and Saabah Al Salem apartment) will prioritize requests from the year 2000. The PAHW also offers housing reviews at designated centers and highlights its electronic services through the Sahel application in an informational pavilion until 26th October, emphasizing its commitment to improving service accessibility through digital transformation.

Kuwait sets KD 886 million for 20 major schemes

The Kuwaiti Government has earmarked nearly KD 886 million (USD 2.9 billion) for 20 major projects, with a around KD 158 million (USD 522 million) allocated for airport expansions, having utilized about 19% of the allocated budget. The airport project is expected for completion by September 2024. These funds are part of an overall budget of nearly KD 1 billion (USD 3.3 billion) allocated for various development projects during the fiscal year 2023-2024, commencing on 1st April.

Among these notable projects, the Matla residential city has received KD 143 million (USD 472 million) in funding for the year. Additionally, the Al-Zour oil refinery secured allocations of KD 85 million (USD 280 million). The remaining projects include Al-Sabah University, two other housing projects, Al-Addan Hospital, a new Medical City, and the expansion of Al-Shuaiba Port.

Kuwait expects contract award for Girls and Youth Centres in Q12024

Kuwait's Public Authority for Housing Welfare (PAHW) is set to award the main construction contract for Girls Centres in Jaber Al Ahmad City (Block 4), Sabah Al-Ahmad Residential City, Sector (D), and a Youth Centre in Sabah Al-Ahmad City, Sector (B) by the first quarter of 2024. The tender for the main construction, completion, and maintenance contract was released on 15th August 2023, with the submission deadline extended from 21st September to 8th October 2023. The main contract is expected to be awarded by the end of January 2024.

The project, estimated to cost at USD 80 million, and it is scheduled for completion by the fourth quarter of 2025.

Kuwait prepares to award Southern Khaitan Health Center contract

Kuwait's Public Authority for Housing Welfare (PAHW) is set to award the main construction contract for its health center in the Southern Khaitan project by the first quarter of 2024. The contract tender was initially released on 1st August 2023, with a submission deadline extended from 24th September to 3rd October 2023. The main contract is expected to be awarded by the end of January 2024.

The project's scope of work includes the construction, completion, and maintenance of a health center, with an estimated cost of USD 30 million. The completion is scheduled for the fourth quarter of 2025.

B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS... CONT'D.

Kuwait to award Raqqa roads projects by September 2023

The Kuwait Ministry of Public Works plans to award the primary construction contract for the Raqqa roads and related works project by the end of September 2023. With an estimated cost of USD 70.0 million, the project encompasses the construction, finalization, and maintenance of roads, storm drains, and services in the eastern region of Raqqa.

The project is scheduled for completion by Q2 2025.

International firms competes for Kuwait airport terminal operation

Kuwait's Directorate General of Civil Aviation has invited six prequalified firms to submit bids for the operation of Terminal 2 at Kuwait International Airport. Bids are open until 10th October 2023.

The contract encompasses the management, development, and maintenance of the terminal and its airside areas. This initiative follows the construction of Terminal 2 by Turkish contractor Limak under a USD 4.3 billion contract awarded in 2016.

PAHW earmarks Q3 2023 to award contracts for resident projects in Kuwait

By Q3 2023, the Public Authority for Housing Welfare plans to award key contracts for the South Saad Al-Abdullah Residential City project in Kuwait. The first contract, expected by mid-August 2023, covers main road, infrastructure and utility works.

The second contract, anticipated in September 2023, involves project management and supervision consultancy. The project is estimated to cost USD 150 million and slated for completion by Q4 2027.

Kuwait to award worth USD 170 million EPC contract

Kuwait Public Authority for Housing Welfare (PAHW) aims to award an EPC contract for twelve 11/132kV substations in the non-residential suburbs of Al Mutlaa City by the end of Q3 2023. With a projected cost of USD 170 million, the project includes supply, installation, construction, and maintenance.

Bidders includes the National Company for Electricity Boards, Larsen & Toubro Kuwait Construction General Contracting, and National Contracting Company. The project's completion is targeted for Q4 2026.

Kuwait to award Sabah Al-Ahmad residential city infrastructure works by Q2 2023

The Public Authority for Housing Welfare in Kuwait plans to award the main construction contract for the Sabah Al-Ahmad residential city roads and infrastructure works project by the end of Q2 2023. With an estimated cost of USD 50.0 million, the project includes the construction and maintenance of road and infrastructure development, irrigation reservoir works and electricity substations for the service axis of the Sabah Al-Ahmad Residential City project.

The project has received bids from 10 firms including Bayan National Construction Contracting and Kuwait Factories Building and Contracting Company. The project is targeted for completion by Q4 2025.

Kuwait to issue tenders for Mubarak Al-Kabeer Port

Kuwait is set to release tenders for the completion of Mubarak Al-Kabeer Port, a project initiated two years ago as part of China's Belt and Road Initiative. After completing most work in the Port in Bubiyan Island. Kuwait is expected to partially commission the port by October 2023.

The new tenders, projects to cost around KD 300 – 400 million (USD 990 million – USD 1.32 billion), encompass diverse projects such as main building construction, road development, a container yard establishment, equipment procurement and operation for port activities, and deepening the canal connecting the port to Khor Abdullah Port.

Construction Begins for South Sabah al-Ahmad City's Infrastructure

Kuwait Arab Contractors Company (KACC) has initiated the construction of infrastructure for South Sabah al-Ahmad City in Kuwait. This development follows KACC being awarded a contract worth USD 368 million by the Public Authority for Housing Welfare (PAHW) in March 2023. The scope of the project encompasses roadways, utility service networks, rainwater tanks, freshwater systems, saline water networks, and associated facilities.

The masterplan for the project, spanning 6,150 hectares and featuring over 11,000 housing units in a residential development, was crafted by UK-based Foster + Partners. The construction is anticipated to take three years for this undertaking situated 70 kilometers south of Kuwait.

C. OIL & GAS SECTOR PROJECTS... CONT'D.

Kuwait approves two upstream projects worth over KD 300 million

Kuwait Petroleum Corporation (KPC) has approved two upstream oil projects, each with an expected value worth more than KD 300 million (USD 970 million). The first project, Separation Gathering Centre 1 (SGC-1) Water Injection Plant 1 (WIP-1), and the second project, known as SGC-3 and WIP-3.

The tender documents for both packages submitted to Kuwait's Central Agency for Public Tenders (Capt). According to the news report, companies have been informed that these tenders will be released shortly. However, it remains unclear how many weeks or months it will take before the official invitation to bid is issued.

Kuwait tenders oil and gas processing plant upgrade

Kuwait Oil Company (KOC) has tendered a project to install a depletion compression system and Sulphur Recovery Unit (SRU) at the oil and gas facilities known as Early Production Facility 50 (EPF-50) and Jurassic Production Facility 3 (JPF-3). The tender documents were made available on 17th September and the deadline for bid submission is 17th December 2023.

The project contract is estimated to cost USD 380 million, which will use the build-own-operate model. EPF-50 and JPF-3 are sour hydrocarbons processing and handling facilities located in North Kuwait, designed to handle high pressure (HP) sour hydrocarbons from several Jurassic wells in North Kuwait fields.

The contract's scope of work has been divided into two parts.

- The first part is focused on the installation of the new MP compression system and SRU at EPF-50.
- The second part is focused on the installation of the new MP compression system and SRU and JPF-3.

HOTECC secures maintenance services contract for Kuwait

Hot Engineering & Construction Company (HOTECC), a prominent firm in Kuwait, has secured an award letter from Kuwait National Petroleum Company (KNPC) to deliver maintenance services for the electrical, firefighting, and sirens systems at Mina Abdullah (MAB) refinery.

Under the terms of the agreement, HOTECC is set to extend its services to KNPC for a period of five (5) years.

In August 2023, HOTECC also secured another five-year contract from Kuwait Oil Company (KOC) to provide maintenance services at its oil production facilities in southern Kuwait, (as mentioned in our previous edition – Issue 11).

Kuwait awards flowline contract

Kuwait Oil Company (KOC) has awarded a contract, valued at around USD 80 million, to the Kuwait-based Mechanical Engineering & Contracting Company for an injection flowlines project. These flowlines serve as pipelines connecting a single wellhead to a manifold or process equipment.

Originally, the invitation to bid was released on 7th November 2021, with an initial bid submission deadline set for 15th February 2022. Following multiple delays, project bids were eventually submitted during the third quarter of the previous year.

The project's scope encompasses a variety of tasks, including:

- Construction of injection flowline works
- Installation of hot tapping
- Wellhead hook-ups installations
- Drilling of injector wells
- Extension of existing headers/manifolds
- Piping tasks
- Pigging operations
- Fabrication works
- Welding works
- Construction of associated facilities

Kuwait tenders upgrade project for Early Production Facility

Kuwait Oil Company (KOC) has tendered a project aimed at upgrading the facility known as Early Production Facility 18 (EPF-18), with an estimated project cost of USD 150 million. According to the news report, the main contract has been tendered with a bid submission deadline set for 30th October 2023.

The project's scope encompasses:

- Installation of a gas compression unit
- Laying of a crude export pipeline
- Construction of storage facilities
- Construction of production units
- Construction of associated facilities

C. OIL & GAS SECTOR PROJECTS... CONT'D.

Kuwait awards maintenance deals to local HEISCO in oil sector

- 1) **Kuwait Oil Company (KOC) contract:** Kuwait Oil Company (KOC) has awarded a contract worth KD 19.62 million (USD 65 million) to Kuwait's Heavy Engineering Industries & Shipbuilding Company (HEISCO). The scope of this contract involves the operations and maintenance of bulk chemicals facilities, as well as the operation of laboratories and effluent water disposal plants in various locations across South and East Kuwait. This award has received approval from Kuwait's Central Agency for Public Tenders (Capt).
- 2) **KNPC Refinery Contract:** Kuwait National Petroleum Company (KNPC) has awarded a contract worth KD 17.84 million (USD 59 million) to Kuwait's Heavy Engineering Industries & Shipbuilding Company (HEISCO). The scope of this contract encompasses the provision of quality control services for multiple KNPC refineries. The contract duration spans 62 months, as indicated in the stock market filing.

HEISCO secures lowest bidders for a power service project in Kuwait

In a tender managed by Kuwait's Ministry of Electricity, Water and Renewable Energy (MEWRE), Heavy Engineering Industries & Shipbuilding (HEISCO) has emerged as lowest bidder for a project to provide services to a key power plant in the Gulf state.

HEISCO submitted the lowest bid of KD 61.7 million (USD 204 million). The contract involves providing highly efficient and continuous engineering services for combined cycle gas turbine and auxiliaries at Sabiya thermal power plant in Al-Jahra west of the capital Kuwait City.

Al-Zour Refinery to complete full commissioning

The Kuwait Integrated Petroleum Industry Company (KIPIC) is in the final stages of stabilizing production at the Al-Zour refinery, a USD 16 billion project. Presently operating at a capacity of 615,000 barrels per day (bpd), an official announcement for its full commissioning is expected by October.

Upon achieving full operational status, Kuwait's overall refining capacity will reach 1.4 million b/d. Despite several 2023 delays, this project positions the refinery to be one of the largest in the Middle East and North Africa, focusing on gasoline, diesel, and kerosene production meeting Euro 5 emission standards.

The project consists of five main engineering, procurement, and construction (EPC) packages. While the facility achieved mechanical completion in 2021, the commissioning phase was extended due to factors including the Covid-19 pandemic.

Kuwait extends bid submission deadline for downstream project

Kuwait Integrated Petroleum Industries Company (KIPIC) has extended the bid submission deadline for a project aimed at developing an alternative feed for the hydrogen production unit at its USD 16 billion Al-Zour refinery.

Originally set for 20th June 2023, the bid deadline was initially scheduled to conclude on 24th September; however, it has been rescheduled to 19th November, and now changed to 17th December 2023 as confirmed by Kuwait's Central Agency for Public Tenders (CAPT).

The scope of the contract includes engineering, procurement, and construction (EPC) work, along with pre-commissioning, start-up activities, and quality testing. With an estimated budget of USD 150 million, the project is anticipated to span 36 months for completion.

The EPC work on this project encompasses the following aspects:

- Construction of unit 38 (compression facilities), involving piping tie-ins and connections to process and utility headers within the existing interconnecting pipe racks (unit 74)
- Modifications and associated tie-ins for unit 33, the pre-existing hydrogen production unit
- Construction of unit 60, a steam generation unit
- Construction of two new boilers and modifications to extend the existing steam generation unit, including all associated tie-ins
- Construction of associated facilities

Firms contacted to submit their interest for the project

- Hyundai Engineering & Construction (South Korea)
- Larsen & Toubro Energy Hydrocarbon (India)
- Petrofac (UK)
- Samsung Engineering (South Korea)
- SK-Engineering & Contracting (South Korea)

Kuwait's CGC signs KD 44.5 million KOC contract

Kuwait's Combined Group Contracting (CGC) has signed a contract valued at KD 44.5 million (USD 144.2 million) with Kuwait Oil Company (KOC). The contract, entails providing maintenance support services for export facilities over a five-year period.

C. OIL & GAS SECTOR PROJECTS... CONT'D.

Kuwait approves major contracts worth KD 152.3 million

In a remarkable development at the Kuwait Oil and National Petroleum Company, the Kuwait's Central Agency for Public Tenders (CAPT) has approved various contract extensions, change orders, and tender awards, worth around KD 152.3 million. This marks one of the most significant contract award phases in recent months, as per the news report.

The main highlight include:

- 1) The National Petroleum Company has been authorized to award a tender for electrical maintenance services and gas liquids operating areas in the Mina Al-Ahmadi refinery to a local firm, worth around KD 28.78 million.
- 2) Approval of another tender for maintenance of equipment and control systems in the company's operational areas at the Mina Al-Ahmadi refinery, valued at KD 43.33 million spanning a 63-month period.
- 3) Extension of a contract involving the cleaning, repairing, and painting of tanks, cisterns, and liquefied gas production facilities at the Mina Al-Ahmadi refinery for an additional six months, with an added contract value of KD 1.47 million.
- 4) Fifth extension of a tender contract for the repair and maintenance of control valves, and spare parts supply in the three refineries, approved for six months at a cost of up to KD 900 thousand.
- 5) Approval of the fourth change order from the Board of Directors in increasing the maintenance of control devices and systems within the Mina Al-Ahmadi Refinery's operating areas by KD 3.08 million.
- 6) Sanctioning of a tender for the operation and maintenance of chemical storage and handling facilities, operational laboratories, and surplus water disposal stations in the southern and eastern Kuwait, valued at KD 19.6 million.
- 7) Award for comprehensive maintenance support for gas facilities in northern and western Kuwait, valued at approximately KD 45.37 million.
- 8) Approval of the third extension of a contract for the provision of maintenance services for production facilities in the northern regions of Kuwait over a six-month period on a month-to-month basis, valued to about KD 9.2 million. Additionally, the authorization of the first change order, increasing the reserve amount allocated to Kuwaitization by KD 563.17 thousand.

Kuwait plans two major oil and gas tenders before 2024

Kuwait Oil Company (KOC) is preparing to launch two significant oil and gas projects before the year 2024. The tender documents for both projects, totaling USD 1.35 billion, were submitted to Kuwait's Central Agency for Public Tenders (Capt) in March 2023.

In June 2023, CAPT prequalified nine (9) firms to bid for these projects. The first project, covers debottlenecking for the SGC Metering 2 project for East Kuwait area two. It has the tender number RFP-2070847 and the scope includes:

- Construction of a crude distillation unit
- Installation of reactors
- Installation of heat exchangers
- Installation of cooling systems
- Installation of associated facilities

The second project, designated EF/2058 and valued at around USD 650 million, focuses on the expansion of two effluent water disposal plants, known as EWDP-1 and EWDP-2. EWDP-1 is located approximately 20 km south of Kuwait City, while EWDP-2 is about 40 km south of the Capital.

The scope of this project includes:

- Expansion of existing EWDP-1 and EWDP-2 facilities
- Installation of a pumping station
- Installation of flow lines
- Installation of storage tanks
- Installation of distribution tanks
- Installation of pumps
- Construction of associated facilities

D. OTHER SECTOR PROJECTS... CONT'D.

Kuwait, Saudi Arabia to finalize development of Dorra Field by 2024

The front-end engineering and design (FEED) for the contested Dorra gas field is currently undergoing revalidation and has reached 30% completion as of 6th November 2023. It is expected to conclude by 2024. The Dorra gas field, discovered in 1965, has faced delays due to ownership disputes involving Saudi Arabia, Kuwait, and Iran (known as Arash).

On 11th December last year, Kuwait and Saudi Arabia have formally signed a memorandum of understanding to jointly develop the resource without Iranian involvement, aiming to produce 1 billion standard cubic feet of gas per day and split the gas equally. The MoU was signed by Saudi Aramco subsidiary Aramco Gulf Operations Company and Kuwait Gulf Oil Company, a subsidiary of KPC.

France's Technip Energies is conducting the FEED revalidation.

Kuwait expects to award survey and soil investigation contract in Q22024

Kuwait Petroleum Corporation, upon the request of the Kuwait Oil Company, is expected to award Topographic Survey, Slit Trenching, and Soil Investigation Works contract by the second quarter of 2024.

As per news report, the Request for Proposal (RFP) was issued on 15th October 2023, with a bid submission deadline set for 15th January 2024. The contract is expected to be awarded by early April 2024.

Prequalified bidders for the scheme

- Gulf Inspection Interantional Company
- ITCO Lab Company for Soil Testign & Survey
- Survey & Test Consult International (STCI)
- Wataniya Environmental Services
- Dar Gulf Consult for Engineering Consultancy
- Vision International General Trading & Contracting Company
- National Petroleum Services Company (NAPESCO)
- Naser M. Al Baddah & Partner General Trading & Contracting Company
- INCO Industrial Labs

Kuwait's Combined Group secures gas deal in Neutral Zone

Kuwait's Combined Group Contracting Company (CGCC) has signed a contract worth approximately KD 14.38 million (USD 47.5 million) for gas gathering facilities in the oil-rich Neutral Zone shared by Kuwait and Saudi Arabia.

The contract, awarded in September 2023, by the Kuwait Gulf Oil Company and the Saudi Arabian Chevron Company, which jointly manage the Wafra oilfield situated in the 5,000 square kilometer border zone. The contract, spans a duration of four years and three months.

L&T awarded Substation Contracts in Kuwait, Saudi Arabia and Qatar

Indian's construction firm, Larsen & Toubro (L&T) has secured three separate contracts to build transmission and distribution projects in Kuwait, Saudi Arabia, and Qatar.

In Kuwait, L&T won a contract to construct five (5) substations aimed at providing a reliable and efficient power supply to an upcoming new residential city.

In Saudi Arabia, the contract involves the turnkey construction of a 380kV substation alongside associated overhead transmission lines. Additional orders have been secured in Qatar for ongoing substation projects, although specific details were not disclosed.

While the precise contract values were not revealed by L&T, the awards were classified as "large," within the USD 300 million to USD 600 million range (equivalent to INR 25,000 million to INR 50,000 million).

Kuwait plans to invite bids for recycling projects

Kuwait Public Authority for Industry (PAI) intends to issue tenders to inviting bids for the construction of waste and industrial recycling plants in addition to service facilities for these plants. These recycling projects will be situated in the Northern Shagaya area, where several industries and power facilities are being developed. The service project includes construction, operation and maintenance services for the recycling plants in the area. Kuwait has allocated an area of approximately two million square metres for recycling projects in Shagaya.

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