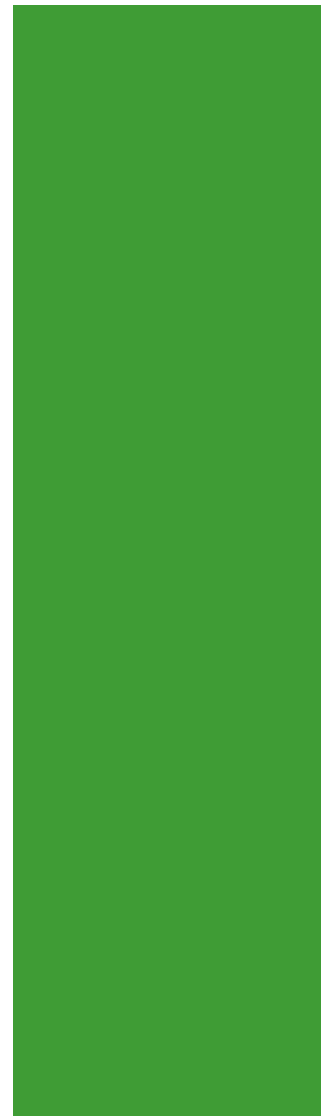


# Kuwait Quarterly Newsletter

Economy & Projects update – Issue 8/January 2022



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## MACROECONOMIC UPDATE

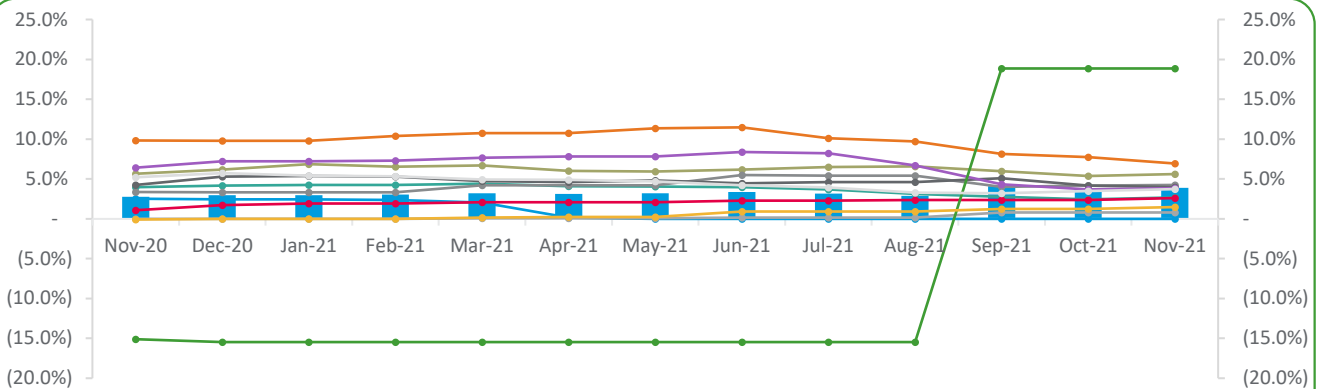
### Consumer Price Inflation (CPI)

The Kuwait inflation levels measured by the Consumer Price Index (CPI) increased by 3.9% YoY in November 2021, compared to a growth of 2.9% YoY in August 2021.

- The increase in inflation can be attributed to the education segment, which **increased significantly by 18.9% YoY in November 2021 compared with a deflation of -15.5% YoY in August 2021**. This increase is due to the return of on-site schooling and increase in the education supplements and services.
- Food and beverage prices, an important component in CPI, slowed down to 7.0% YoY in November 2021 as compared with 9.7% YoY increase in August 2021. However, **on a monthly basis, food prices grew by 0.7% in November 2021**, amid rising international food prices and supply chain constraints that have also pushed up inflation globally. Additionally, **transport prices went up by 4.3% YoY in November 2021**, due to the high cost of travel-related services, driven largely by the 'Travel by Air' component.
- Inflation in **health, recreation & culture, restaurants and hotels segments continued to trend upwards** by 2.6%, 3.9% and 1.5% YoY, respectively in November 2021. Similarly, the rate of inflation in clothing & footwear, furnishing equipment and household maintenance, as well as miscellaneous goods & service also went up to 5.6%, 2.7%, and 3.7% YoY respectively in November 2021.
- Meanwhile, prices in **housing services ticked up by 0.8% YoY in November 2021** on the back of an increase in prices of housing rents and services of maintenance and repair, perhaps a reflection of higher construction/raw material costs.



### Consumer Price Inflation (%YoY)



	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
All Items	2.8%	3.0%	2.9%	3.0%	3.2%	3.1%	3.2%	3.4%	3.2%	2.9%	4.1%	3.8%	3.9%
Food & Non-alcoholic Beverage	9.8%	9.8%	9.8%	10.4%	10.8%	10.8%	11.3%	11.5%	10.1%	9.7%	8.2%	7.7%	7.0%
Tobacco & Narcotics	2.5%	2.4%	2.4%	2.4%	2.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Clothing & Footwear	5.6%	6.2%	6.9%	6.5%	6.7%	6.0%	5.9%	6.2%	6.5%	6.6%	6.0%	5.4%	5.6%
Housing Services	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.8%	0.8%	0.8%
Furnishing Equipment, Household Maintenance	4.0%	4.2%	4.3%	4.3%	4.4%	4.1%	4.1%	4.0%	3.7%	3.1%	2.8%	2.5%	2.7%
Health	1.1%	1.7%	1.9%	1.9%	2.1%	2.1%	2.1%	2.3%	2.3%	2.4%	2.4%	2.4%	2.6%
Transport	3.4%	3.3%	3.3%	3.3%	4.2%	4.2%	4.2%	5.5%	5.4%	5.4%	4.0%	4.2%	4.3%
Communication	4.2%	5.3%	5.4%	5.3%	4.7%	4.6%	4.8%	4.4%	4.6%	4.6%	5.1%	4.2%	4.0%
Recreation & Culture	6.4%	7.2%	7.2%	7.3%	7.7%	7.8%	7.8%	8.4%	8.2%	6.7%	4.3%	3.7%	3.9%
Education	-15.1%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	18.9%	18.9%	18.9%
Restaurant & Hotels	-0.1%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%	0.9%	0.9%	0.9%	1.2%	1.2%	1.5%
Miscellaneous Goods & Services	5.2%	5.7%	5.4%	5.3%	4.9%	4.9%	4.7%	4.2%	3.9%	3.3%	3.2%	3.5%	3.7%

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.

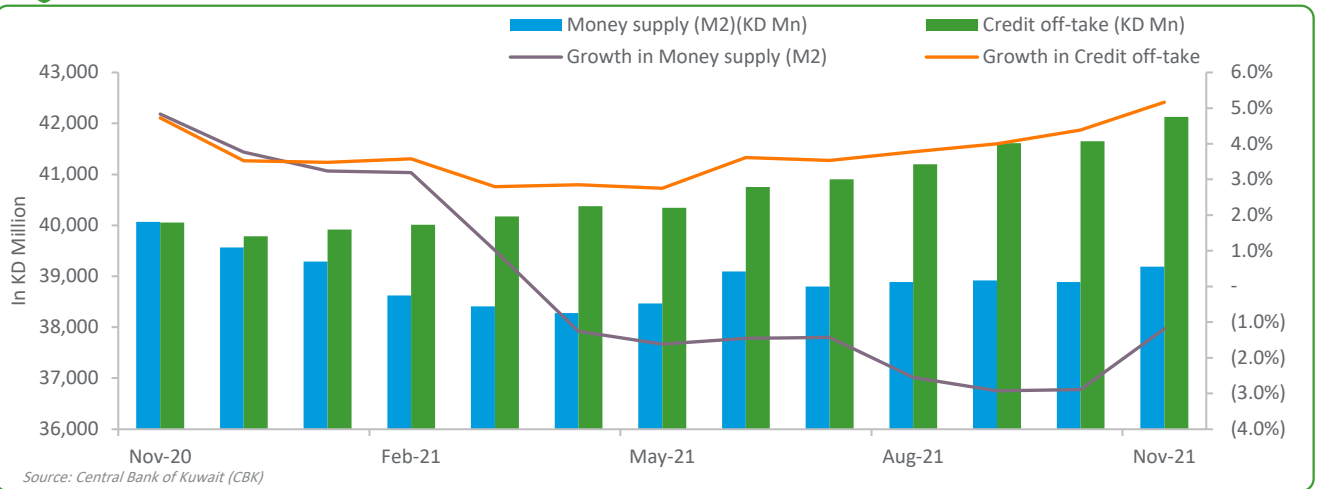
### Money Supply and Local Bank Deposits

#### The growth in private deposit boosted the Money Supply (M2)

- Kuwait's broad measure of money supply (M2) increased by KD 0.30 billion from August 2021 to reach KD 39.19 billion in November 2021. However, on a YoY basis, M2 fell for seventh consecutive months by 1.2% YoY in November 2021. The reduction in M2 is primarily due to a decrease in quasi-money of KD 1.06 billion from November 2020 to reach KD 26.34 billion in November 2021.
- Credit facilities extended by local banks to residents maintained a healthy growth with a 5.2% YoY rise in November 2021, gaining KD 0.92 billion from August 2021 to reach KD 42.13 billion in November 2021. The personal facilities were also increased by KD 0.82 billion from August 2021 to reach KD 19.22 billion in November 2021, mainly due to an increase in consumer and installment loans by KD 0.08 billion and KD 0.60 billion, respectively during the same period.



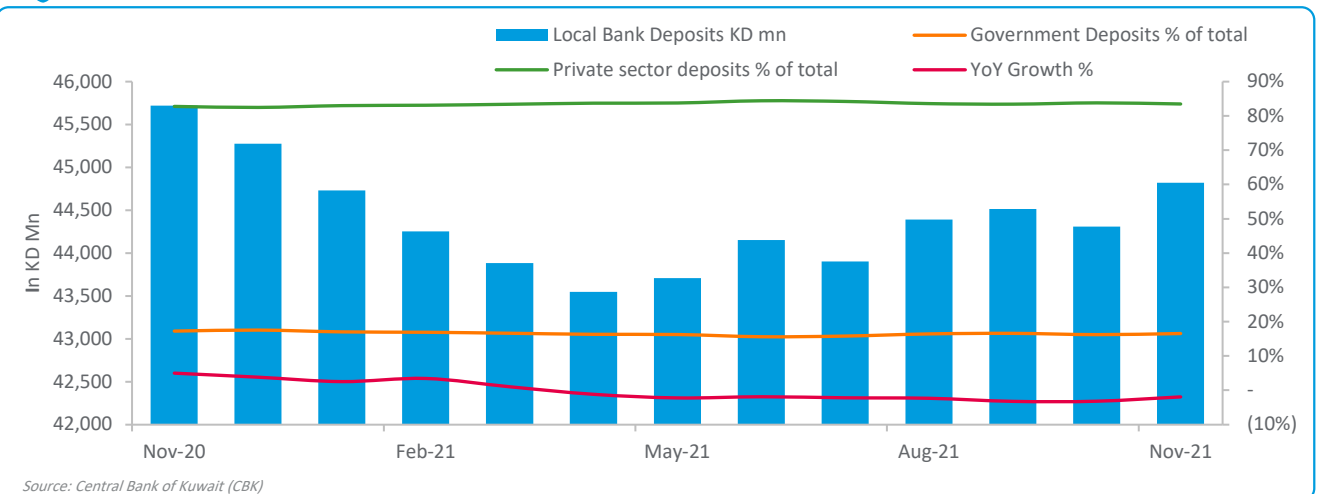
#### Growth in Money Supply and Credit Off-Take



- Bank deposits at local banks increased by KD 0.43 billion from August 2021 to reach KD 44.82 billion in November 2021. The increase is driven mainly by the continued improvement in both government deposits and private sector deposits in local currency by KD 0.12 billion and KD 0.31 billion, respectively. Private sector deposits constitutes 83.5% of the total bank deposits base at KD 37.42 billion in November 2021.



#### Local Bank Deposits





## MACROECONOMIC UPDATE... CONT'D.

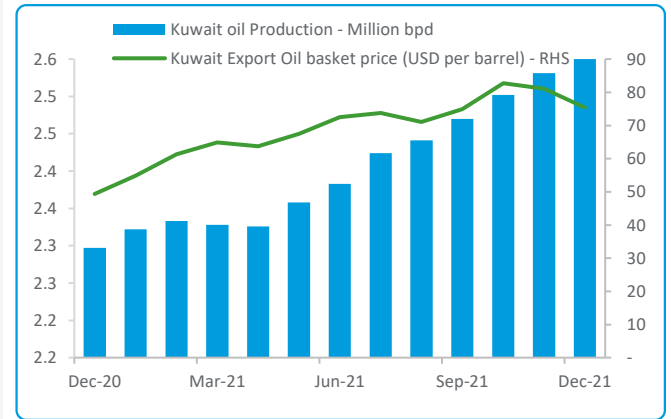
### Monthly Oil Production and Oil Price

#### Kuwait's export oil prices slow down in December 2021

- The average prices of Kuwait crude oil went up by USD 0.46 per barrel (p/b) in December 2021, reaching USD 75.38 per barrel (p/b) compared to USD 74.92 per barrel (p/b) in September 2021. However, in contrast with October, Kuwait's crude oil prices fell by USD 5.75 per barrel (p/b) due to fears over the Omicron variant of Covid-19 as well as an increase in Covid-19 cases in several countries that could derail global oil demand.
- Kuwait's crude oil production averaged 2.531 million b/d in November 2021, an increase of 0.09 mb/d compared with 2.470 million b/d in September 2021.
- In a news report, Kuwait is set to increase its crude production by 27,000 bpd to 2.6 million bpd beginning on 1<sup>st</sup> February 2022. This rise comes in compliance with Kuwait's new crude output quota after the OPEC and its allies, a grouping known as OPEC+, decided to stick with their planned output to increase production 400,000 bpd in January 2022, keeping their current policy of slight monthly increases in output.



#### Growth in Kuwait Oil Basket Prices



Source: OPEC

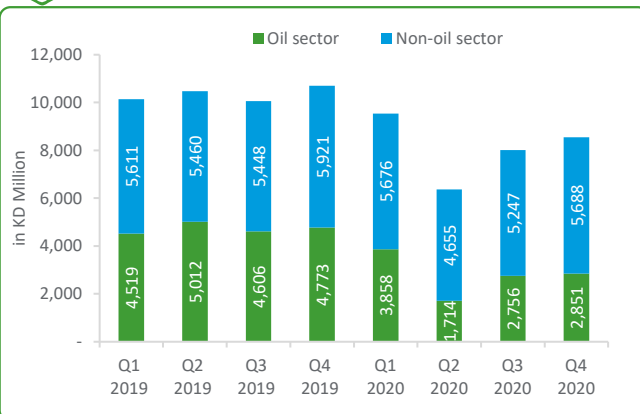
### Gross Domestic Product and Trade Balances

#### Quarterly GDP at current prices falls sharply in 2020 due to impact of the Covid-19 pandemic

- The negative impact of the Covid-19 pandemic in 2020 could be seen in Kuwait's quarterly GDP at current prices, which fell by 33.2% in Q2 2020 compared with Q1 2020. Furthermore, GDP at current prices also showed a decline in Q4 2020 when compared with same quarter last year of 20.2%.
- In addition, on an annual basis, Kuwait's economy contracted by 21.5% to KD 32.45 billion in 2020 compared to KD 41.35 billion in 2019.
- GDP from the oils sector in Q4 2020 accounted for 33.4% of total GDP at current prices, while GDP from the non-oil sector comprised 66.6%, amounting to KD 5.69 billion.
- Kuwait's trade balance in Q2 2021 continued to recovered reaching its level of KD 2.65 billion, compared with KD 0.09 billion in Q2 2020 driven mainly by the rising levels of exports, which went up to 21%, while imports reduced to 65% in Q2 2021.



#### GDP Breakup at current prices (KD Mn)

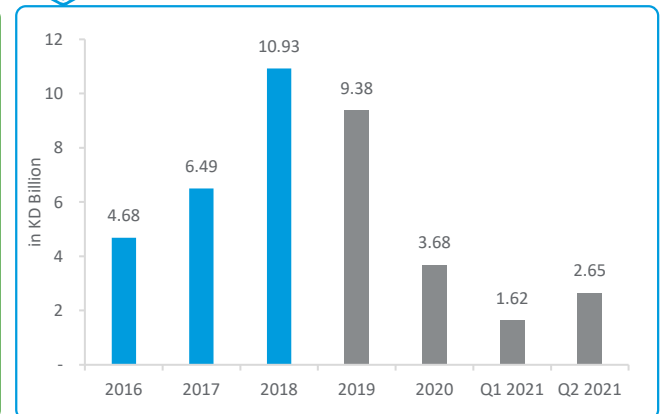


Source: Central Statistical Bureau (CSB)

\*Note: As per the CSB website, the latest GDP data is as of Q4 2020 and no further updates



#### Trade Balances (KD Bn)



Source: Central Statistical Bureau (CSB)



SUMMARY OF MAJOR PROJECTS IN KUWAIT

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
 <b>Kuwait Authority for Partnership Projects (KAPP)</b>	1	Kuwait City Metropolitan Rapid Transit	Transportation	18,000	On Hold	Jul-2021	Dec - 2030
	2	Al-Zour North IWPP – (Masterplan Project)	Power	15,000	Study	Aug - 2022	May - 2026
	3	Kuwait National Railroad(KNRR)	Transportation	10,000	Study	Jul - 2022	Dec - 2025
	4	Shagaya Renewable Energy Complex: Phase 3	Solar Power/ Generation	3,200	Study	Mar - 2023	Jan - 2028
	5	Al Khiran Power & Desalination Plant	Power	2,300	Study	Aug - 2023	Apr - 2030
	6	Doha East Power & Desalination Plant (IWPP)	Power	2,000	Study	Aug - 2022	Nov - 2026
	7	Umm Al-Hayman Wastewater Treatment Plant Expansion	Water Treatment Plant	1,700	Execution (39%)	Jan - 2020	Dec - 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	On Hold	June - 2021	Jul - 2024
	10	Services and Entertainment Center in Egaila	Construction	120	Bid Evaluation	Mar - 2021	Dec - 2024
 <b>Kuwait Ministry of Public Works (MPW)</b>	1	Mubarak Al-Kabeer Seaport Development (Masterplan Project)	Transport	10,500	Execution (19%)	Nov - 2019	Oct - 2030
	2	Bubiyah Island Development	Mixed-Use	6,000	On Hold	Oct - 2021	Dec - 2040
	3	Kuwait International Airport Expansion (Masterplan Project)	Transport	8,500	Execution (59%)	May - 2016	Dec - 2025
	4	Improvement of Fahaheel Expressway Route 30	Infrastructure	3,000	Design	Apr - 2022	Dec - 2030
	5	North & East Regional Highway	Infrastructure	2,037	Execution (60%)	May - 2017	Dec - 2024
	6	South Surra Road Upgrade	Infrastructure	1,236	Execution (54%)	Mar - 2017	Dec - 2025
	7	Regional Road South Part	Infrastructure	980	Execution (54%)	Nov - 2016	Mar - 2026
	8	New Pediatric Hospital in Al-Sabah Medical Area	Healthcare	850	Design	Mar - 2022	Dec - 2025
	9	New Maternity Hospital in Al Sabah	Healthcare	817	Execution (88%)	May - 2016	Sep - 2022
	10	Upgrade of Al Ghouse Road	Infrastructure	800	Execution (65%)	May - 2016	Dec - 2024
	11	Upgrade of Nawaseeb Road (Route 40)	Infrastructure	700	Execution (99%)	Aug - 2015	Jan - 2022
	12	Upgrading the Existing & Developing North Kabd Sewage Treatment Plant	Treatment	700	FEED	Dec - 2022	Jan - 2026

Source: MEED Project (updated as of 15<sup>th</sup> January 2022), KAPP, RSM Research



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

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
 <b>Kuwait Oil Company (KOC)</b>	1	Ratqa Lower Fars Heavy Oil (LFHO) Handling Facilities (Masterplan Project)	Oil & Gas	10,500	On Hold	Dec - 2019	Nov - 2030
	2	Jurassic Non-Associated Oil & Gas Reserves Expansion: Phase 2	Oil & Gas	3,000	Execution (22%)	Feb - 2021	Dec - 2024
	3	Crude Oil Gathering Centers – GC 33 - 35	Oil (Upstream)	2,400	On Hold	May - 2022	Dec - 2025
	4	Gathering Centre 32 SEK at Burgan Field	Oil Extraction	1,500	Execution (95%)	Mar - 2017	Mar - 2022
	5	Jurassic Non-Associated Phase 2: JPF 4&5 Off-plot & Production Facilities	Gas Extraction	1,151	Execution (1%)	Dec - 2021	Dec - 2025
	6	South Kuwait Excavation Transportation & Remediation Project	Oil Extraction	750	Execution (20%)	Apr - 2021	Dec - 2024
 <b>Ministry of Electricity &amp; Water (MEW)</b>	1	Shagaya Renewable Energy Complex (Masterplan Project)	Power-Generation	6,846	Execution (34%)	Jun - 2015	Dec - 2033
	2	Nuwiseeb Power and Water Desalination Plant (Masterplan Project)	Power-Generation	2,500	Study	Jun - 2023	Dec - 2030
	3	Shuaiba South Power and Desalination Plant	Oil/Gas Power Plant and Generation	1,800	Study	Nov - 2022	Jan - 2027
	4	1500 MW Al Dibdibah Solar IPP in Shagaya Renewable Energy Complex	Power Generation	1,200	FEED	Apr - 2022	Nov - 2024
 <b>Public Authority for Housing Welfare (PAHW)</b>	1	South Al Mutlaa City	Mixed-Use	20,100	Execution (38%)	Jun - 2016	Dec - 2030
	2	Al Khiran Residential City Development	Residential	13,900	Study	May - 2023	Dec - 2035
	3	Sabah Al Ahmed Township	Residential	6,209	Execution (59%)	Aug - 2008	Dec - 2030
	4	Subiya Urban Development (Al-Sabriya Project)	Mixed-Use	5,000	Study	Feb - 2023	Dec - 2030
	5	LH - South Saad Abdullah Residential City	Residential	4,000	Design	Nov - 2022	Dec - 2030
	6	Jaber Al Ahmed Residential City Development	Mixed-Use	3,200	Execution (44%)	Feb - 2020	May - 2024
	7	Nawaf Al Ahmed City	Mixed-Use	2,434	Study	Feb - 2023	Dec - 2030
	8	West Abdullah Al-Mubarak Mixed-Use Community	Mixed-Use	2,000	Execution (96%)	Jul - 2015	Mar - 2022
	9	Jahra & Sulaibiya Low-cost Housing Development	Residential	1,666	Execution (25%)	Jan - 2019	Dec - 2030
	10	7 Investment Opportunities In Jaber Al Ahmad City	Education	600	Execution (30%)	Nov - 2020	Aug - 2024

Source: MEED Project (updated as of 15<sup>th</sup> January 2022), KAPP, RSM Research

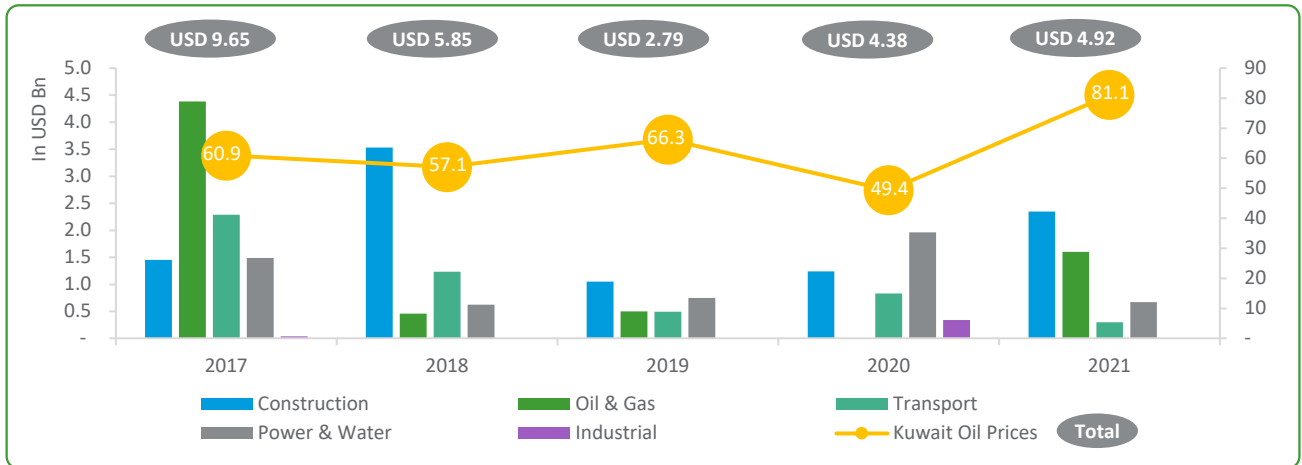


## MAJOR PROJECTS UPDATE

### Kuwait Projects Market

- In total, between 2017 and 2021, contracts awarded in Kuwait valued at USD 27.59 billion, which is the largest by a considerable margin over construction at USD 9.63 billion and oil & gas sector at USD 6.95 billion.
- In terms of sector, Oil & Gas contract awards peaked in 2017 at USD 4.39 billion with downstream and upstream projects contributing most. Meanwhile, the value of construction contracts awards reached a record high in 2018 with USD 3.53 billion, and has continued to improve in 2021, with the total value of USD 2.35 billion contract awards.
- Notably, major project activity slowed in 2019 with the value of contract awarded dropping markedly to USD 2.79 billion against USD 9.65 billion in 2017.

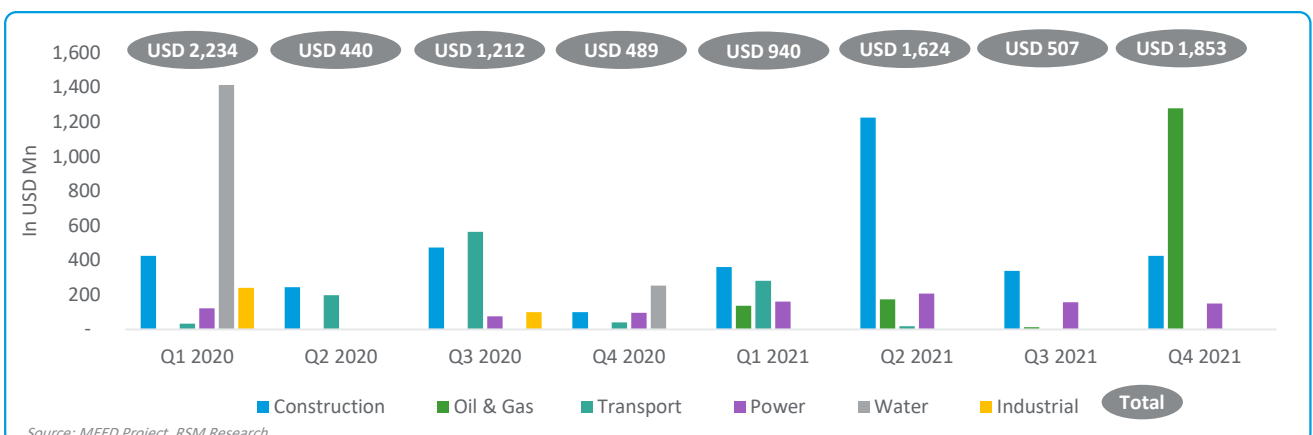
### Annual Project Award Trend – By Sector (2016 – 2021)



Source: MEED Project, RSM Research, \* Excludes Project On-Hold and Cancelled

- Kuwait witnessed a significant increase of 279% YoY in contracts awarded in Q4 2021 to reach USD 1,853 million against USD 489 million in Q4 2020, marking a return to growth following the slowdown in project awards during Q3 2021. The decline in Q3 2021 is primarily due to delays in government tendering and approvals, as well as pandemic-related supply chain constraints that have caused increases in labor and materials costs.
- In Q4 2021, the oil and gas sector contributed the largest share of the total projects awarded at 69.0% or USD 1,279 million, followed by the construction sector at 22.9% or USD 425 million, and the power sector at 8.0% or USD 149 million.
- Meanwhile, there was no projects awarded for the transport in Q4 2021 for the second consecutive quarter of minimal activity, following a USD 18 million award in Q2 2021.

### Quarterly Project Awards – By Sector (Q1 2020 – Q4 2021)



Source: MEED Project, RSM Research



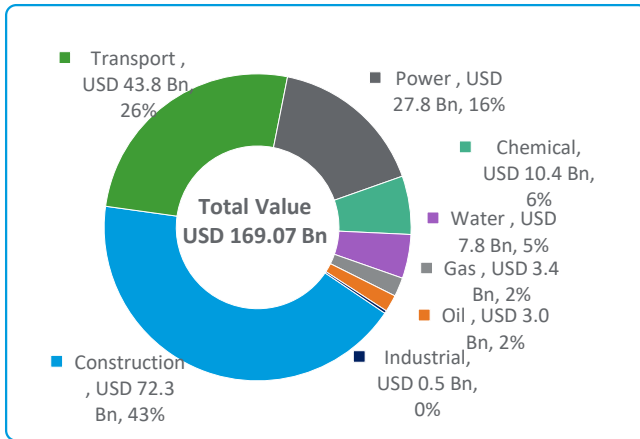


## MAJOR PROJECTS UPDATE... CONT'D.

### Kuwait Projects Pipeline – Planned or underway

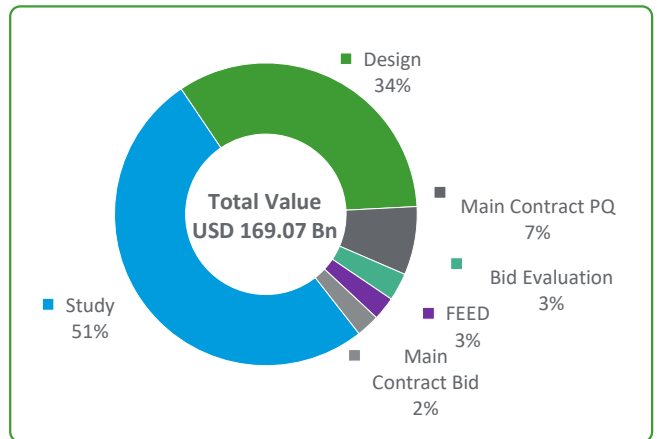
- Despite fears of Omicron playing a large role in the market, Kuwait remains positive in terms of project pipeline value, with an estimated USD 169.07 billion worth of planned or underway projects. The construction industry remains the largest projects in the pipeline at 43% or USD 72.3 billion of the total upcoming projects. Transport sector was next at 26% or USD 43.8 billion, followed by power (17% or USD 27.8 billion) and chemical industry (6% or USD 10.4 billion), respectively.
- As for the status of the projects, roughly 51% or USD 86.4 billion worth of projects are in the study phase, followed by a project in the design phase and a main contract PQ with values of USD 56.9 billion and USD 12.4 billion, respectively.

#### Planned or underway Projects – By Sector



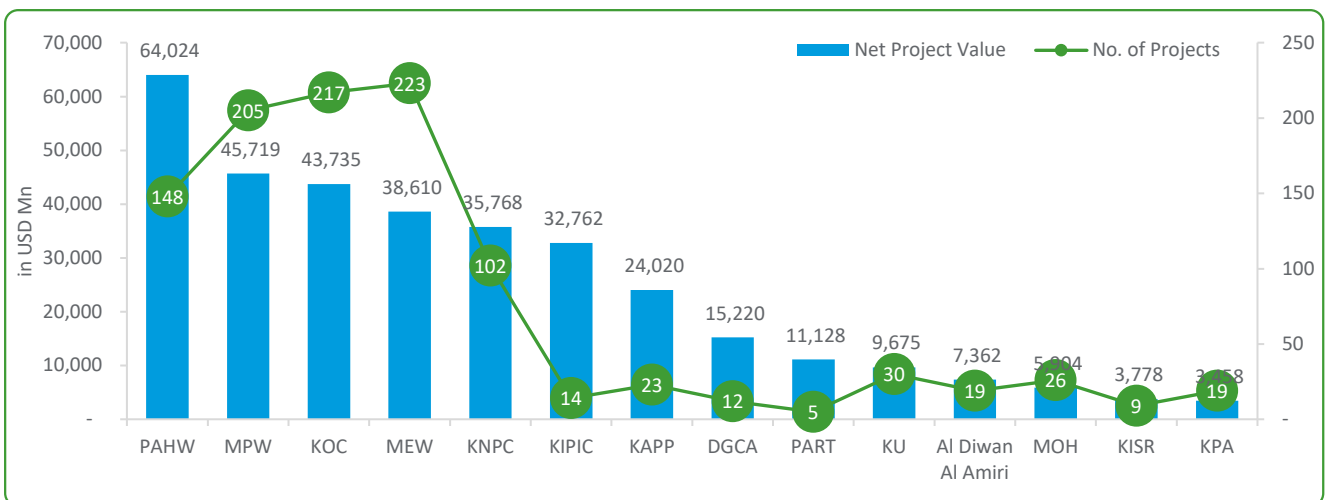
Source: MEED Project, data as of 15<sup>th</sup> January 2022

#### Planned or underway Projects – By status



- The top 15 leading project owners 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 Covid-19 disruptions. Among the selected government owner was topped by the Public Authority For Housing Welfare (PAHW) with a total value of USD 64,024 million contracts awarded, followed by Ministry of Public Works (MPW) and Kuwait Oil Company (KOC) with USD 45,179 million and USD 43,735 million, respectively.

#### Top 15 Project Owners in Kuwait by Net Project Value



Source: MEED Project, (data as of 15<sup>th</sup> January 2022)

PAHW – Kuwait Public Authority for Housing Welfare, MPW – Ministry of Public Works, KOC – Kuwait Oil Company, MEW – Ministry of Electricity & Water, KNPC – Kuwait National Petroleum Company, KIPIC – Kuwait Integrated Petrochemical Industries Company, KAPP – Kuwait Authority for Partnerships Projects, DGCA – Directorate General of Civil Aviation, KU – Kuwait University, MOH – Ministry of Health, KISR - Kuwait Institute for Scientific Research, and KPA - Kuwait Ports Authority



## MAJOR PROJECTS UPDATE... CONT'D.

### A. Kuwait Authority for Partnership Projects (KAPP)

#### 39% completed on Umm Al-Hayman WWTP scheme

As of 15<sup>th</sup> December 2021, the construction works on the expansion of the Umm Al Hayman Wastewater Treatment Plant (WWTP) project is 39% completed and is on track for completion by the end of 2024.

The scheme is considered the largest and most notable PPP project in service of the Kuwait's infrastructure. It includes the development of a wastewater treatment facility worth USD 665 million with an initial treatment capacity of 500,000 cubic meters a day (cm/d), which can be expanded to 700,000 cm/d, and the construction of a canal network with pumping.

#### Kuwait receives bids for Al-Dibdibah Solar Project

The Kuwait Authority for Partnership Projects (KAPP), in collaboration with the Kuwait's Ministry of Electricity & Water (MEW) has received submission from 7 firms for the planned Al-Dibdibah solar project which is expected to have a capacity of up to 3 GW.

As per news report, the financial proposals will be disclosed upon evaluation of the bidders' proposals. The consultant shall conduct a study that will create different renewable energy optimization scenarios for the available land of the project.

The power plant output will be purchased by MEW under a Power Purchase Agreement for period of 25 year.

#### List of firms submitted proposals for the contract

- Alghanim Wormald Security & Safety Equipment Company (Kuwait)
- Engineering Systems Group (ESG), (Kuwait)
- Ernst & Young (EY, UK)
- Khatib & Alami Consulting Engineers Offshore S.A.L. (Singapore)
- PricewaterhouseCoopers Al Shatti & CO. UK)
- Rina Consulting S.P.A. (Italy)
- WSP International LLC (Canada)



## **B. Infrastructure and Development Projects**

### **Kuwait invites bids for South Al-Mutlaa sewage station**

Kuwait's Ministry of Public Works (MPW) has invited firms to submit bids for the construction of a new sewage plant in the South Al-Mutlaa, wastewater treatment plant (WWTP), following the retendering of the project. The deadline for submission of bids is 28<sup>th</sup> December 2021, with completion scheduled in 42 months.

The project is estimated to cost KD 175 million (USD 577 million). The proposed facility will have a treatment capacity of 400,000 cubic metres a day (cu m/d), with a future expansion capacity of 600,000 cu m/day.

#### **Firms that submitted bids for the sewage contract**

- The Arab Contractors-Osman Ahmed Osman & Company (Egypt)
- China State Construction Engineering Corporation (China)
- Kuzu Toplu Konut (Turkey)
- Mohammed Abdulmohsin al-Kharafi & Sons for General Trading (Kuwait)

### **Kuwait awards KD 3.3 million for sewage maintenance deal**

Kuwait's Ministry of Public Works (MPW) has awarded worth KD 3.3 million (USD 10 million) contracts to Kuwait-based Combined Group Contracting Company for the sewage network maintenance located in Jahra and Al-Farwaniyah governorates. The contract is expected to be completed in 730 days.

### **Kuwait awards KD 15.19 million for substation contract**

Kuwait's Public Authority for Housing Welfare (PAHW) has awarded a worth KD 15.19 million (USD 50.2 million) contracts to Kuwait-based Al-Ahleia Switchgear Company for the construction of 400/132/11kV substation in Al-Mutlaa residential Project.

The scope of works includes design, supply, installation, testing and commissioning and maintenance of 400/132/11kV substations located in N4 suburb of Al-Mutlaa within the residential city. PAHW received bids during June 2021, (as mentioned in our previous edition – Issue 6).

### **Kuwait awards three underground cables contract**

Kuwait's Public Authority of Housing Welfare (PAHW) has awarded worth KD 20.4 million (USD 67.3 million) contracts to Egytech Cables, a subsidiary of Egypt's Elsewedy Electric, for three new 132kV underground cables contracts in Kuwait.

The scope of work includes design, supply and installation of 132kV transmission line to supply power to N3 and N4 substations of Al-Mutlaa residential city project. The project will be implemented on a turnkey basis, which will be completed in 18 months.

### **Kuwait expects to award contract for transformers stations in Q1 2022**

Kuwait's Ministry of Electricity and Water and Renewable Energy is expected to award the engineering, procurement and construction (EPC) contract for construction of four 132/11 kV main transformer stations and associated civil works at Al Sabah Medical District in Kuwait by early March 2022.

The main contract tender was issued on 3<sup>rd</sup> October 2021, and the deadline for submitting bids was 7<sup>th</sup> December 2021. The project is estimated to cost USD 100 million and it will be completed by Q4 2024.

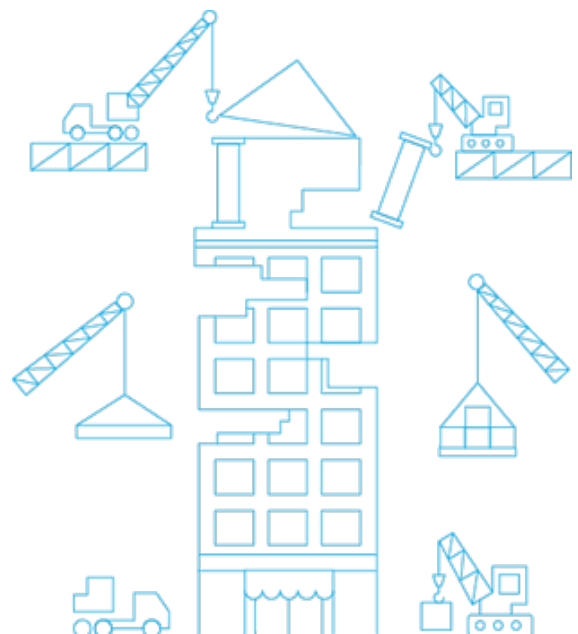
### **Kuwait's Ahmadiyah wins Hessah deal**

Kuwait's Mena Homes Real Estate Company has awarded a KD 42.6 million (USD 141 million) contract to Kuwait's Ahmadiyah Contracting & Trading Company for the construction and maintenance contract for the Commercial District within the "Hessah" project at Hessah al-Mubarak District.

Hessah al-Mubarak District is a mixed-use project being developed by United Real Estate Company (URC). It was designed by Japan's Nikken Sekkei and Kuwait's Pace, and with a total built-up area of 145,250 sqm and is set to open in 2023.

### **90% completed on new passenger (T2): Package 1**

As of 23<sup>rd</sup> November 2021, the construction works on Terminal 2 building development in Kuwait International Airport Expansion, package 1 is 90% completed for the main works, and is on track for completion by August 2022.





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

**Kuwait invites bids for Doha SWRO desalination project**

Kuwait's Ministry of Electricity and Water and Renewable Energy (MEW) has invited prequalified firms for an engineering, procurement, and construction (EPC) contract of a 60 million imperial gallons a day (MIGD) seawater reverse osmosis (SWRO) desalination plant Phase 2, to be constructed in Doha, Kuwait. The project is estimated to cost USD 432 million, which will be completed in Q4 2024.

**Kuwait receives proposal for solar plant**

Kuwait's Ministry of Electricity, Water and Renewable Energy (MEW) has received a proposal worth USD 3.5 billion from a private investors for the construction of a solar plant in Northern part of Kuwait.

Kuwait Authority for Partnership Projects (KAPP) is currently studying the proposal for an upcoming solar plant with a capacity of 5,000 megawatts (MW), which will be funded with foreign loans after approval by the government and the KAPP.

**Kuwait expects to award 3,600MW power project**

Kuwait's Ministry of Electricity and Water (MEW) is expected to award the consultancy contract for the proposed 3,600MW combined-cycle gas turbine power plant and water desalination plant at Nuwaiseeb Phase 1 by the end of January 2022. Submission of bids is due on 23<sup>rd</sup> November 2021.

In February 2021, the KAPP had appointed an Ernst & Young consortium for two Independent Water and Power Plant (IWPP) projects, namely, the 1.8GW and 125 million imperial gallons per day Al Khairan (Phase 1) and the 2.7GW and 165 MIGD Az-Zour North 2 (Phase 2 & 3).

**65% completed on Al Shaheed Park project**

As of December 2021, City Council's Commission on the Preservation of Historical and Heritage Monuments and Urban Development announced the completion of 65% on Phase 3 of the Al Shaheed Park (Martyrs Park) project located adjacent to Kuwait Bay in the Arabian Gulf, Kuwait City.

Al Shaheed Park being developed by Al Amiri Diwan, is one of the largest overstructured green roofs in the world at about 75,000m<sup>2</sup>, which is expected to be completed by October 2022.

**Kuwait approves plans to build new airport in Northern area**

Kuwaiti authorities have approved the construction of a new airport in the northern part of Kuwait, following media reports stating that the Municipal Committee Council of the Jahra Governorate is coordinating with the Directorate General of Civil Aviation (DGCA) on allocation of a site for the construction of the new airport.

The planned scheme comes in line with the studies and proposals of the fourth structural plan for Kuwait. However, the authorities did not disclose the completion date of the project nor the value of investment.

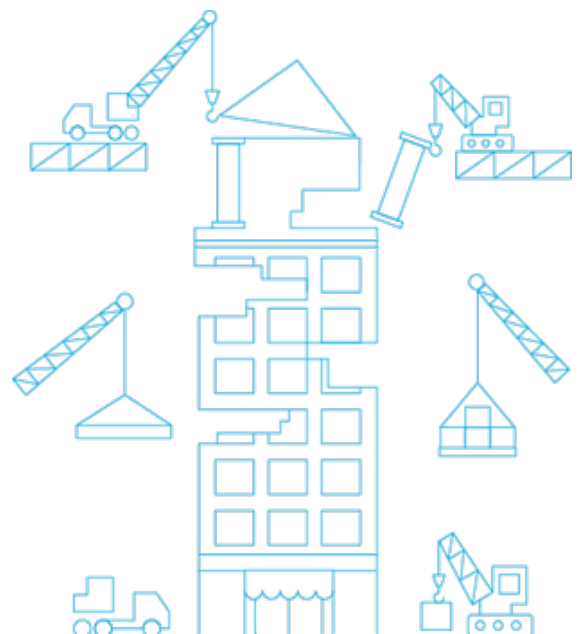
**DGCA confirms 14 projects worth USD 8.2 billion underway**

The Directorate General of Civil Aviation (DGCA) confirmed that Kuwait is currently implementing 14 schemes for Kuwait International Airport (KIA) development with an estimated cost of USD 8.2 billion, as part of the DGCA's vision and strategy for 2021-2041 to transform Kuwait into a regional hub for air transport, passenger and cargo services.

In a news report, the DGCA revealed that the new passenger terminal (T2) is the largest development project for a cost of USD 5 billion; which could accommodate 25 million passengers annually and is designed based on international standards.

**DGCA listed other projects with estimated costs as follows:**

- **Passenger terminal (T4)** - designed to accommodate 5.4 million passengers – USD 187 million.
- **Kuwait Cargo City** – USD 120 million.
- **Operation and management of T2** – USD 950 million.
- **Project for Air Navigation and the development of its services** – USD 83 million.
- **The third runway and control tower** – USD 600 million.
- **A new runway with a capacity of 650,000 flights annually** – USD 667 million.
- **The building allocated for businessmen** – USD 40 million.
- **Securing ground handling services** – USD 83 million.
- **13 projects to develop navigation and meteorological systems at the airport** – USD 273 million.
- **Establishment of gas stations and support services at the airport** – USD 75 million.





### C. Oil & Gas sector projects

#### Kuwait receives bids for the KOC's management project deal

Kuwait Oil Company (KOC) has received bids from 5 firms for a contract which includes front-end engineering and design (FEED), Project Management and other associated services for the major projects for a contract period of 3-5 years.

Sydney-based engineering firm, Worley has submitted the lowest bid of KD 81.3 million (USD 268.6 million). The final deadline for bid submission was earlier 14<sup>th</sup> November 2021, despite several deadline extensions that were originally tendered in February 2021.

#### Lowest bidders were submitted by

- KBR (US) – KD 88.41 million (USD 291.7 million)
- Wood Group (UK) – KD 83.46 million
- Worley (Australia) – KD 81.3 million (USD 268.6 million)

#### Pre-qualified firms failed to successfully submit bids

- Flour Corporation (US)
- Technip (France)

#### Kuwait awards USD 409 million for a Well Hook-up contract

Kuwait Oil Company (KOC) has awarded worth USD 409 million contract to Kuwait-based contractor, Sayed Hamid Behbehani & Sons for the supply and installation of connection for 11 Patterns Well Hook-up and associated works project in North Kuwait area, which was originally awarded to the firm in 2019, but there was a long delay before it was given notice to move forward with the project.

The aim of the project is to increase the production of heavy oil in North Kuwait by 60,000 barrels of oil per day (b/d) to 120,000 b/d. The Works involves the construction of 11 Patterns Well Hook-up and associated works project in North Kuwait area, with 402 heavy oil wells in South Ratqa Oil Fields to the existing headers.

#### KOC awards digitization oilfield contract

Kuwait Oil Company (KOC) has awarded 3-year digital oilfield contract to Houston-based multinational oilfield service firm, Weatherford International to support the digital transformation strategy in the North Kuwait Heavy Oil field and for deploying its Integrated Enterprise Excellence Platform across KOC operations.

The project scope involves assisting KOC with heavy oil well analysis, model tuning, well design, asset optimization, surveillance, and forecasting, as well as integration with various exploration & applications.

#### Kuwait to tender two separation gathering centre projects

Kuwait Oil Company plans to issue a tender for two gathering centre projects in East Kuwait. The first project involves the installation of a new facility called a Separation Gathering Center (SGC-I) and a water injection plant called (WIP-I), while the second project involves the installation of a new facility called Separation Gathering Center 3 (SGC-III) and a water injection plant called (WIP-III).

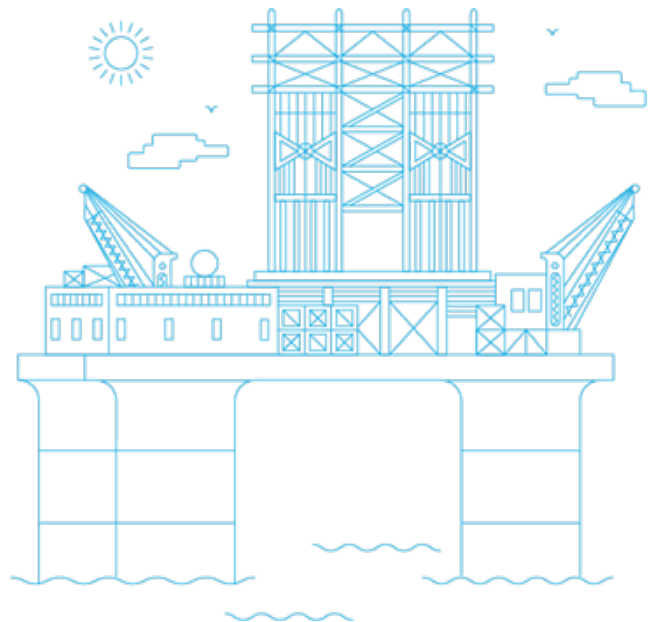
According to the news report, front-end engineering and design are currently in progress for both schemes, which will not be tendered until Q2 2022 at the earliest.

#### Kuwait invites bids for substation project contract

Kuwait Oil Company (KOC) has invited firms to submit bids for an electrical substation project contract. The deadline for bid submission is 29<sup>th</sup> March 2022.

The project's scope includes the construction of a 72MW, 11KV main intake substation at the Sabriya oil field, construction of a 20MW, 11KV area substation at Gathering Centre 23 (GC-23), and related activities.

Earlier in December, Kuwait's Electricity, Water and Renewable Energies Ministry invited firms to bid for a contract for maintenance services for 11 substations located in Kuwait City as well as the Farwaniya and Hawally governorates. The bid deadline for that contract is 11<sup>th</sup> January 2022.





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

#### Kuwait tenders several flowlines contracts

As part of a push to boost Kuwait's oil production capacity, Kuwait Oil Company (KOC) has tendered several flowlines projects which includes:

- 1) Kuwait-based, Almeer Technical Services Company expects to sign a worth USD 10 million contract with KOC for the development of oil field flowlines projects located in West Kuwait. In April, bids for the project were finally submitted after several delays.

The scope of the project includes construction of injector wells, laying of pipeline, installation of wellhead hook-ups, installation of hot tapping, installation of cathodic protection system, civil works, piping works, pigging works, fabrication works, and construction of associated facilities.

- 2) On 7<sup>th</sup> November, KOC tendered five flowline projects that include a contract to install flowlines and associated works in South and East Kuwait. The deadline for bid submission is 8<sup>th</sup> February 2022.
- 3) Another tender is for the construction of injection flowline works in north Kuwait. The bid submission deadline is 15<sup>th</sup> February 2022 and the introductory meeting for the tender took place on 22<sup>nd</sup> November 2021.
- 4) Another contract was tendered for the installation of a flowline network and associated works in Umm Niqa and South Ratqa. The bid submission deadline is 13<sup>th</sup> February 2022 and the introductory meeting for the project took place on 6<sup>th</sup> December 2021.

#### Some of the prequalified firms to bid on flowline contracts in Kuwait include:

- Combined Group Contracting Company (Kuwait)
- Mechanical Engineering Contracting Company (Kuwait)
- Larsen & Toubro Hydrocarbon Engineering (India)
- Al-Meer Technical Services Company (Kuwait)
- Consolidated Contractors Company (Greece)
- HOT Engineering & Construction Company (Kuwait)
- SICIM (Italy)
- Saipem (Italy)
- Al-Ghanim International General Trading & Contracting Company (Kuwait)
- Heavy Industries & Shipbuilding Company (Kuwait)
- Gulf Spic General Trading & Contracting Company (Kuwait)
- Galfar al-Misnad Engineering & Contracting (Qatar)
- PT Citra Panji Manuggal (Indonesia)
- China Petroleum Engineering & Construction Corporation (China)

#### Kuwait signs Jurassic production facilities (JPF) project

Kuwait Oil Company (KOC) has signed main contract associated with Jurassic production facilities (JPF) contracts known as JPF-4 and JPF-5, with Kuwait-based contractor Spetco International Petroleum Company and China's Jereh Oil & Gas Engineering Corp. Spetco signed for a contract worth USD 398 million for the development of Jurassic gas field known as JPF-4 located in the Northern border area of Kuwait.

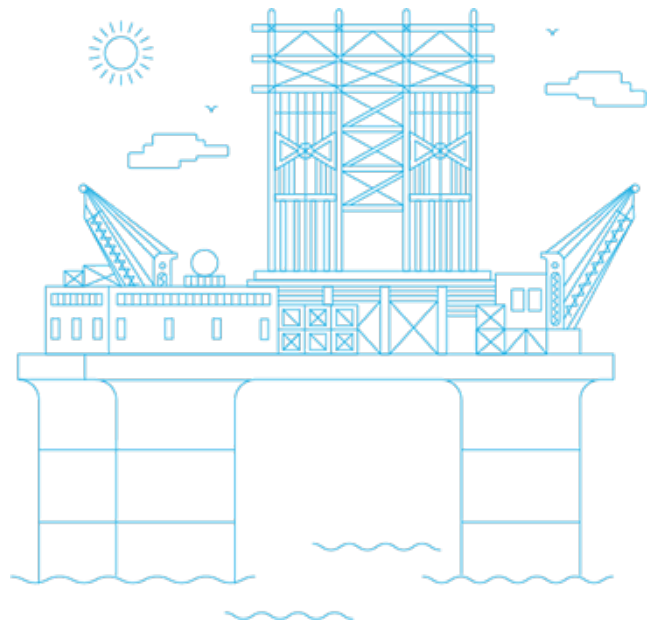
Meanwhile, China's Jereh with its Kuwait-based partner Napco signed for a contract worth USD 426 million for the project known as JPF-5 located less than 10km to the east of JPF-4.

The scheme, JPF-4 and JPF-5 are onshore surface production facilities and will be implemented on a build-own-operate (BOO) basis by a contractor, with an option for KOC to buy them back at a future date.

#### MARK Tech wins Kuwait's gas project contract

Kuwait Oil Company (KOC) has awarded worth KD 7.4 million (USD 24.6 million) contract to Kuwait-based MARK Technology Company for General Trading and Contracting for the planned low-pressure gas ring header in Shuaiba Industrial area.

The project scope of works includes installation of a gas manifold, installation of a low-pressure gas ring header, installation of valves and conductors, laying of pipelines, and construction of associated facilities. The duration of the project is 550 days.





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

### Kuwait invites EoI for oil tank project

Kuwait Oil Company (KOC) has invited firms to submit expression of interest (EoI) for a project to develop oil tanks project located in Mina Al-Ahmadi area, Kuwait. The project is estimated to cost USD 75 million, with the deadline for submissions is 6<sup>th</sup> February 2022.

The project's scope covers:

- Construction of storage tanks
- Installation of security systems
- Installation of safety systems
- Laying of pipelines
- Construction of other associated facilities

### Kuwait to tender effluent water disposal plants

Kuwait Oil Company (KOC) is planning to tender a bid to expand two effluent water disposal plants in the third quarter of 2022. This project is expected to include expanding two existing facilities known as EWDP-1 and EWDP-2.

The EWDP-1 is located approximately 20 km south of Kuwait City, while EWDP-2 is about 40km south of the capital. As per news report, the front-end engineering and design (feed) for the project has been completed and has been given the reference number EF/2058.

### Kuwait to awards mega storage tanks in Q2 2022

Kuwait Oil Company (KOC) is expected to award the engineering, procurement and construction contract (EPC) for its mega storage tanks projects by the second quarter 2022.

On 7<sup>th</sup> November 2021, the Expression of Interest (EOI) had issued and the deadline for bid submission is 6th February 2022. The project is estimated to cost USD 100 million, which involves designing, procuring, manufacturing, supplying, erection, commissioning, and testing of tanks for the storage of crude oil and brackish water with capacities exceeding 100,000 BBL.

### Kuwait prepares to award GC-32 project

Kuwait Oil Company (KOC) expects to complete the construction of the estimated USD 1.3 million Gathering Centre 32 (GC-32) project located at the Burgan field in Kuwait by March 2022.

According to news report, the UK-based Petrofac was awarded for the GC-32 contract in March 2017 but work on the project has been delayed. The GC-32 will have the capacity to process 120,000 barrels of oil a day (b/d) from multiple oil fields.

### Wood Group completes design for Kuwait Oil project

UK-based Wood Group has completed the revised front-end engineering and design (feed) for a long-delayed project to develop a marketing depot for oil products at Al- Mutlaa, Jahra area, Kuwait.

The revised feed contract, which is estimated to cost USD 800 million, was submitted in October, and the main tender will be issued in the Q1 2022. The Kuwait National Petroleum Company (KNPC) is the client for the project.

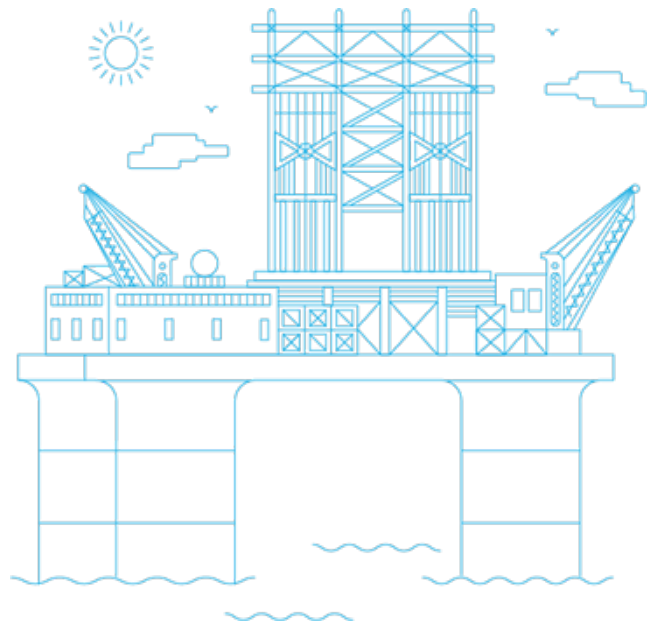
The project's scope includes:

- Development of new pumping facilities at Kuwait's Mina al-Ahmadi refinery
- Laying cross-country pipelines from the Mina al-Ahmadi refinery
- Construction of a local market depot
- Installation of safety systems
- Installation of fire-fighting systems
- Construction of storage tanks

### KIPIC expects to restart PRIZe project in Q3 2022

Kuwait Integrated Petroleum Industries Company (Kipic) plans to resume work on its planned worth USD 10 billion contract, Al-Zour Petrochemicals Complex by Q3 2022.

In April 2021, Kipic prequalified bidders for the planned scheme, (as mentioned in our previous edition – Issue 5), which will be eligible to bid on the 3 main packages of the project, which is also known as the Petrochemical Refinery Integration Al-Zour Project (PRIZe).





## **D. Other sector projects**

### **Vivakor wins contract for oil remediation in Kuwait**

Kuwait-based engineering and construction firm Al Dali International, has signed a contract with US-based Vivakor, a leading developer and operator of clean energy technologies and environmental solutions to remediate 500,000 tonnes of contaminated soil in Kuwait, as part of Kuwait Environmental Remediation Programme (KERP) multibillion-dollar clean-up effort dating back to the Gulf Wars.

As part of the agreement, Vivakor will deliver two Remediation Processing Centers (RPCs) on-site that will handle 40 tonnes of soil per hour. The firm will also receive USD 20 per tonne of contaminated materials processed, plus a share of profits related to the clean-up. Meanwhile, Al Dali International Company will act as the general contractor and provide operational support for the project.

### **KOC submits 50 tenders to CAPT**

As part of a long-term strategy to boost Kuwait's crude and gas production in the next years as set out in the 2040 strategy, which aims to produce 3.65 million barrels of oil per day (bpd) and 1.5 billion cubic feet/day of non-associated petroleum gas, the Kuwait Oil Company (KOC) issued nearly 50 tenders for small and medium projects to the Central Agency for Public Tenders (CAPT) for offer or evaluation of bids before awarding to the qualified firms.

The number of tenders being offered is considered the highest since the outbreak of the COVID-19 pandemic. The planned projects comprise installation of pipelines in various areas, construction of power substations, supply and construction of sea cables, maintenance works for the KOC's oilfields in West Kuwait, installation of oil well injection equipment in North Kuwait and oil pollution clean-up operations.

### **Kuwait to awards contract for oil pollution clean-up in Q2 2022**

Kuwait Oil Company (KOC) expects to award the engineering, procurement and construction (EPC) contract for its South Kuwait Excavation, Transportation, and Remediation Project (SKETR-II) early in April 2022.

The project is estimated to cost USD 500 million and will be completed by the Q4 2025. As per news reports, the tender for the project was issued on 24<sup>th</sup> October 2021, and bids were due on 23<sup>rd</sup> January 2022.

The project aims to excavate, transport and process 8-9 million cubic metres of oil contaminated soil, clearance of over 60% of South Kuwait oil fields and utilize a combination of in situ and ex situ bioremediation, soil treatment using bioremediation, landfill containment for untreatable material.

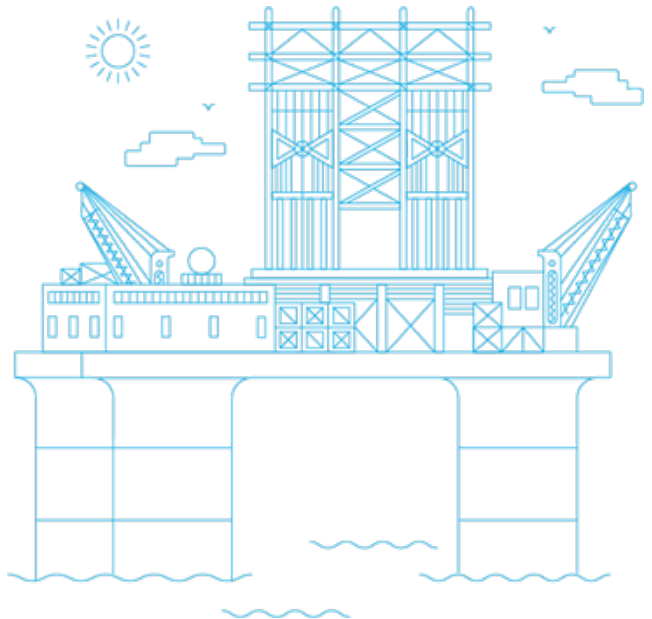
### **STC Kuwait awards KD 16.3 million for network system**

Kuwait Telecommunications Company, STC Kuwait has awarded a worth KD 16.3 million (USD 53.7 million) contracts to Kuwait-based Limak Insaat for installation, supply and configuration of networks system in Kuwait International Airport (KIA), Terminal 2.

### **Kuwait, Saudi Arabia signs MoU for short-long term export of surplus gas**

Kuwait Gulf Oil Company (KGOC) has signed a Memorandum of Understanding (MoU) with Saudi Arabia Chevron Company for the short-to-long term export of surplus gas from the onshore Wafra field in the Saudi-Kuwait Neutral Zone area.

The onshore Wafra field is one of two fields in the Neutral Zone and is operated by KGOC and Saudi Arabian Chevron. Under the agreement, KGOC and Saudi Arabia Chevron aim to ramp up the export capacity to 40-50 million cf/d in the next five months, and to 80-100 million cf/d in four years' time. Much of the exported gas will be directed to Kuwait's oil refineries as an alternate feedstock, in line with regulations set out by the country's Environment Public Authority.





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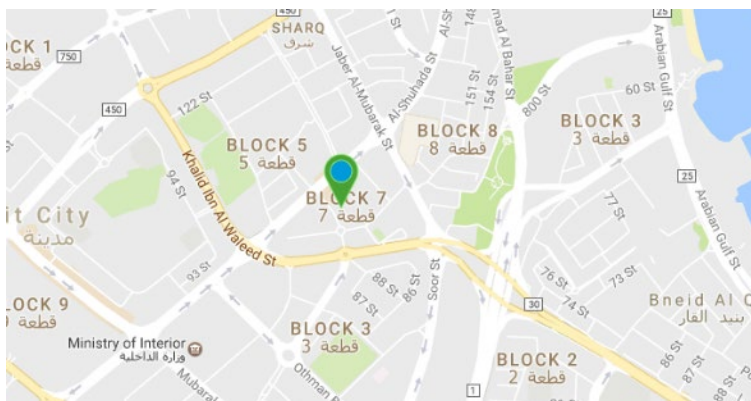
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