

Projects

Kuwait: \$30 billion worth of projects awarded so far in 2015

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The total value of projects awarded in Kuwait in 2015 climbed to KD 9 billion (\$30 billion) by the end of the third quarter. Kuwait's project market, which has lagged behind other GCC countries in the past, is second only to Saudi Arabia in terms of the value of contracts awarded so far this year. (Charts 1 & 3). An exceptional Q3 saw the contracts awarded for the New Airport Terminal, the New Refinery at Al-Zour, as well as over a \$1 billion worth of road upgrades in southern Kuwait.

According to MEED Projects, the total value of Kuwait's projects market (planned and active) grew to over KD 74.3 billion (\$246 billion) by the end of September 2015. (Chart 2.)

Below is a breakdown of developments relating to Kuwait's major projects so far this year. The detailed status of selected strategic projects is also included in Table 2 on the final page of this brief.

Oil & gas

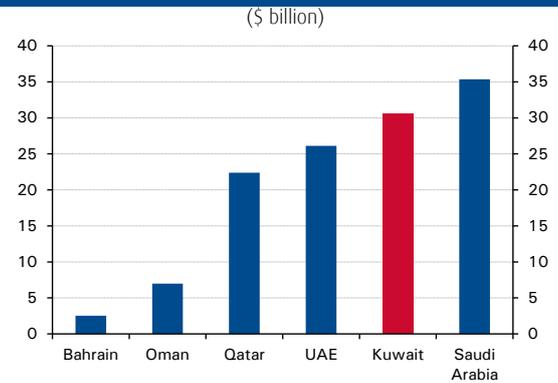
The contract signing ceremony for Kuwait National Petroleum Company's (KNPC) KD 3.9 billion New Refinery Project at Al-Zour was rescheduled for 13 October after a decision by Kuwait's oil ministry to postpone the ceremony. Although the delay might affect investor confidence, the authorities insisted that the contracts be reviewed for any potential loopholes before being signed, sometime in the next few weeks. Businesses in Al-Zour (south of Kuwait) have already vacated the area, ahead of the planned site preparation work. Among those handed eviction notices by the Ahmadi governorate was Saudi-Chevron (according to press reports), the company responsible for operating Saudi Arabia's 50% share of the Wafra oil field in the divided Neutral Zone.

The new Al-Zour refinery is expected to be completed in 45 months. Once operational, the refinery will have a capacity of 615,000 barrels per day (b/d). Along with last year's award of the Clean Fuels project, Kuwait's refineries will be able to meet Euro 4 emission standards by 2020.

Due to the ongoing disagreement between Saudi Arabia and Kuwait over concessions in the Neutral Zone, production has been halted. As a result, upstream oil operator Kuwait Oil Company (KOC) has decided to restart previously stalled projects. While the company has been able to compensate for lost Neutral Zone output by ramping up production from other fields, KOC has begun the tendering process for the development of the Jurassic oil and gas fields in the north.

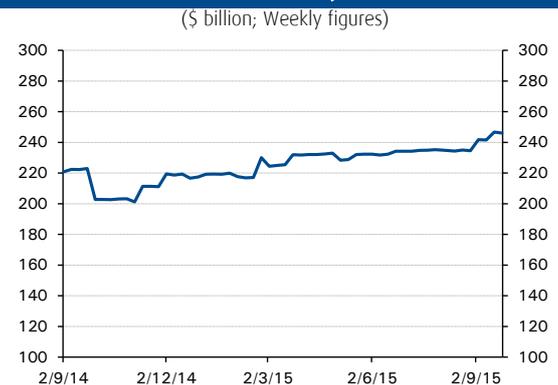
The company has invited prequalified companies to bid on three BOT contracts totaling KD 353 million (\$1.17 billion) for the development of the East Raudhatain, West Raudhatain, West Sabriya and Umm Niqa oil fields. The project is divided into three packages, with each package having a production target of 40,000 barrels of oil equivalent a day (oil and gas).

Chart 1: Value of Awarded contracts in 2015



Source: MEED Projects

Chart 2: Kuwait's Projects Market



Source: MEED Projects, NBK

Table 1: Kuwait's strategic projects

Project	Sector	KD bn
Khairan City	Construction	4.2
New Refinery (Al-Zour)	Oil & Gas	3.9
Clean Fuels	Oil & Gas	3.7
Al-Zour North IWPP	Power & Water	2.5
Kuwait National Railroad	Transport	2.4
Mubarak Al-Kabeer Port	Transport	2.3
Kuwait Metro	Transport	2.1
Kuwait Airport Expansion	Transport	1.7
Jaber Al-Ahmad Causeway	Transport	0.7
Umm al-Hayman Wastewater Treatment Plant	Power & Water	0.4
Al-Jahra Hospital	Construction	0.4
Mutlaa City	Construction	0.2

Source: MEED Projects, NBK

Construction

In accordance with Kuwait's development plan, the government has shifted its focus to developing the country's northern region, where it hopes to create a new urban center to help ease some of the country's congestion problems.

According to MEED Projects, the Ministry of Public Works (MPW) issued a Request for Prequalification (RFQ) for the Al-Jahra Ministerial Complex, a new government center to be created in the north. The contract for KD 347 million is scheduled to be tendered next year. Meanwhile, work is underway at the KD 388 million Al-Jahra hospital which is managed by the Amiri Diwan. The Public Authority for Housing (PAHW) has commenced distributing plots in South Al-Mutlaa City. Set for completion in 2018 with 29,000 residential units, the city is designed to be the largest in northern Kuwait. Government plans to develop Boubyan Island and Madinat Al-Hareer (City of Silk) north of the city, remain uncertain, however.

The PAHW, which is in a race against time to provide housing for 110 thousand applicants, signed a KD 46 million construction contract with Turkey's Limak in early October. The contract for infrastructure work in the West Abdullah Mubarak area should see the creation of 5,200 residential units by October 2017, the scheduled completion date.

In September, the Kuwait Authority for Partnership Projects (KAPP) revived the South Al-Jahra Labor City project. The project aims to house 20,000 workers. A request for proposal for the project's transaction advisory contract was issued in September, with a bid deadline of 29 October 2015.

Power & Water

A site visit to the Al-Zour North IWPP—Phase 1, Kuwait's flagship PPP project, revealed that the project is ahead of schedule, with three of the plant's five turbines already operating. Moreover, KAPP began tendering Phase 2 of the project, which aims to supply an additional 1800 MW of power and 464,100 cubic meters of desalinated water a day. Prequalified companies have until 17 January 2016 to submit their bids.

KAPP announced the names of five consortiums that prequalified for the Umm Al-Hayman Wastewater Treatment Plant in early October, with a main bid deadline expected in the first quarter of 2016. The names of prequalified companies for the Al-Abdaliya Integrated Solar Combined Cycle (ISCC) Power Plant and Kabd Municipal Solid Waste Project should be released before year-end.

Transportation

KAPP, which is responsible for all Public-Private Partnership projects in Kuwait (PPP), appointed Ernst & Young as transaction advisors for the Kuwait National Railroad and the Kuwait METRO projects in September. According to a statement by KAPP officials, the advisors are tasked with refreshing existing feasibility studies on the two projects ahead of planned procurement in Q1 2016.

Furthermore, The Ministry of Public Works awarded contracts worth a total of KD 483 million (\$1.6 billion) for road developments in Q3. The ministry is developing a major upgrade to the country's southern region, with projects connecting Mina Abdullah and Mina Al-Zour to Wafra, and a KD 170 million upgrade for the Nawaseeb Road (highway 40). Closer to the city, the ministry awarded a contract worth KD 100 million for an upgrade to the fifth ring road and the Al-Bidda roundabout.

Chart 3: Awarded & Planned Projects in Kuwait

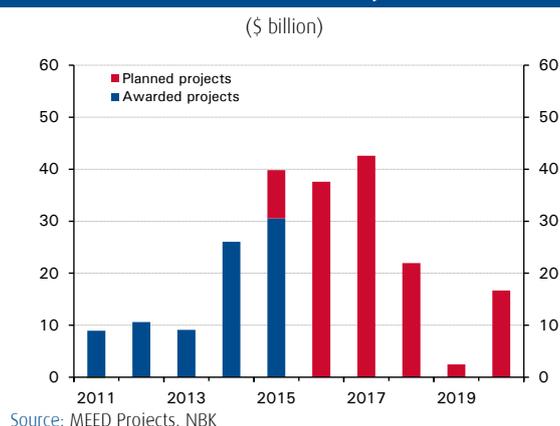
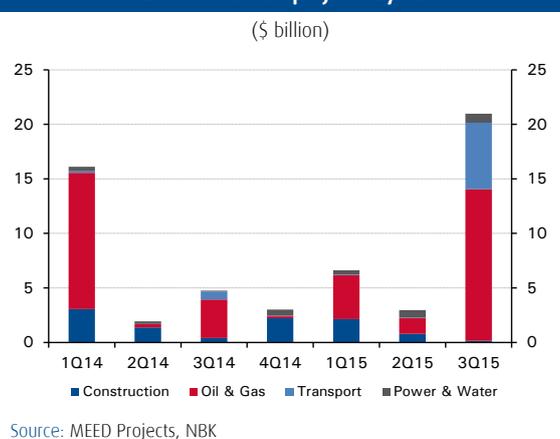


Chart 4: Awarded projects by sector



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