

Kuwait Projects

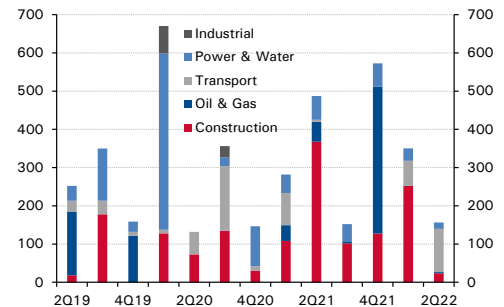
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Project activity eases in 2Q22, with slow approvals, supply chain issues weighing

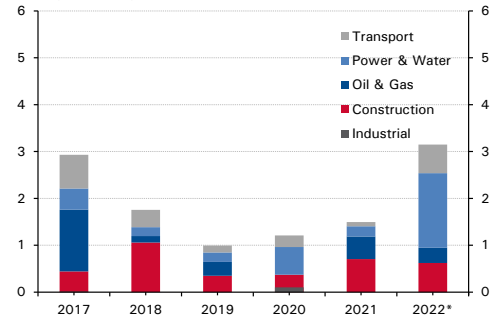
- According to MEED projects, the rate of project awards fell in 2Q22 compared to 1Q22. Overall project awards came to just KD156 million, a decline of 55% q/q. (Chart 1.) This is significantly below the KD1 billion that was anticipated, most likely as a result of the ongoing slow approval process and cost rationalization, as well as ongoing supply chain issues that have increased the costs of materials and labor. (Chart 2.)
- Transport sector awards increased in 2Q22, up 72% compared to the previous quarter, coming in at KD113 million, the highest since 3Q20. This was mainly due to the signing off of the Public Authority for Industry's (PAI) Shaddadiya Industrial Area Infrastructure Package (KD84million) and parts of the Kuwait Ports Authority's Shuwaikh Port Expansion project.
- Meanwhile, only KD23 million worth of construction sector projects were awarded in Q2, a decrease of approximately 90% q/q. This primarily involved the development of Hornet B at Jaber air base by the US Army Corps of Engineers (KD16million).
- Project activity in the power and water sectors retreated again in 2Q22, with the value of awards falling 49% q/q to KD17 million. Two small-scale projects were awarded in the quarter: MEW's Doha East high voltage transformers and Boubyan's main transformer station.
- Kuwait's oil and gas sector saw just KD 3.3 million in awards in the second quarter, with a single KOC pipeline repair contract.
- Looking ahead, project activity could accelerate amid greater liquidity and business confidence, though the government's recent resignation is expected to create further delays. MEED Projects anticipates a total of KD3.1 billion worth of awards could be signed off this year – although that appears optimistic at this juncture. Despite pressing needs in power production capacity, improvements to transportation, facilities and social infrastructure, based on January's draft budget, only projects integral to the development plan are likely to be issued, however spending may be revised upwards given higher oil prices. In addition, labor shortages and increasing material costs could hinder progress on existing projects.
- In 2H22 planned project awards amount to KD2.6 billion, the majority of which were apparently deferred from prior quarters. In the power and water sectors, approximately KD1.5 billion is expected for 2H22, with the largest being MEW's Sabiya Power and Desalination Plant (KD195million) and MPW's Wastewater Treatment Plant in South Al-Mutlaa (KD173million). Planned projects in the construction sector total KD348 million, including KOC's KERP (KD150million). Meanwhile, planned awards in the transport sector come to KD431 million, the largest of which is the MPW's crossroads for the airport terminal (KD120million), slated to be completed in 3Q22. In the oil and gas industry, however, awards are expected to remain modest, with just KD319 million worth of small-scale projects scheduled. Kuwait's chemical sector could see some much anticipated movement in 2023, with KIPIC's Al-Zour Petrochemical Complex (KD2.85 billion).

▶ Chart 1: Project awards
(KD million)



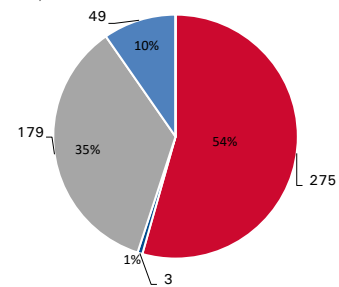
Source: MEED Projects; updated on 3 July 2022

▶ Chart 2: Project awards (annual)
(KD billion)



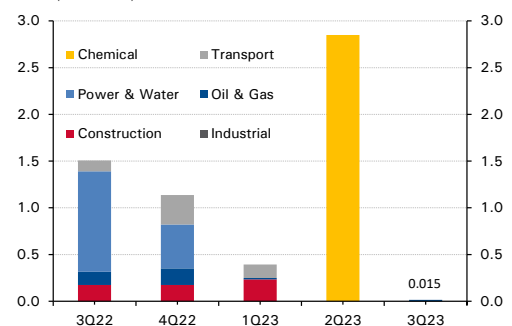
Source: MEED Projects, *as of 3 July 2022, includes planned projects

▶ Chart 3: 1H22 project awards by sector
(KD million)



Source: MEED Projects, updated on 3 July 2022

▶ Chart 4: Planned projects
(KD billion)



Source: MEED Projects, updated on 3 July 2022

► **Table 1: Projects awarded in 2Q22**

Project Name	Sector	Value (KD million)	Award Date
PAI - Shaddadiya Industrial Area Infrastructure Package	Transport	84.3	2Q22
Kuwait Ports Authority - Shuwaikh Port Expansion: New Utilities and Systems	Transport	28.8	2Q22
US Army Corps of Engineers - Super Hornet B at Al Jaber Air Base	Construction	16.2	2Q22
MEW - Boubyan 132/11kV Main Transformer Station (2 Nos)	Power	14.4	2Q22
USACE - Marine Construction & Repair Works at Kuwait Naval Base	Construction	7.2	2Q22
KOC - Pipeline Repair/Replacement Services in South and East Kuwait Areas	Oil	3.3	2Q22
MEW - Four High Voltage transformers at the Doha East Power and Water Station	Power	2.1	2Q22

Source: MEED Projects, updated on 3 July 2022

► **Table 2: Major project awards planned in 2H22**

Project Name	Sector	Value (KD million)	Expected Award
MEW - 900MW Sabiya Power and Desalination Plant: Phase 4	Water	195	3Q22
MPW - Wastewater Treatment Plant in South Al-Mutlaa Area	Water	173	3Q22
KOC - South Kuwait Excavation, Transportation, and Remediation Project SKETR-II	Construction	150	4Q22
MEW - Doha SWRO Desalination Plant Phase 2	Water	130	4Q22
MPW - Crossroads for New Passenger Terminal 2 at Maqwa Road	Transport	120	4Q22
MEW - Upgrade & Development of Steam Units at 2400MW Subiya Power Plant	Power	108	3Q22
MPW - Northern Regional Road from Crossroad 58 to Salmi Border Check Post	Transport	90	4Q22
KOC - Water Facilities Upgrade in South Tank Farm (STF)	Water	90	3Q22
KISR - Central Seawater Desalination Plant At KISR	Water	78	4Q22

Source: MEED Projects, updated on 3 July 2022

Notes: Kuwait Authority for Partnership Projects (KAPP); Kuwait Investment Authority (KIA); Kuwait National Petroleum Company (KNPC); Kuwait Oil Company (KOC); Kuwait Petroleum International (KPI); Kuwait University (KU); Ministry of Public Works (MPW); Ministry of Health (MOH); Public Authority for Housing Welfare (PAHW); Petroleum Industries Company (PIC) Kuwait Environmental Remediation Program (KERP); Ministry of Electricity and Water (MEW); Kuwait Integrated Petroleum Industries Company (KIPIC), Council of Ministers General Secretariat (CMGS) Kuwait Port Authority (KPA), Public Authority for Industry (PAI), Touristic Enterprises Company (TEC) .

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