

Kuwait Projects

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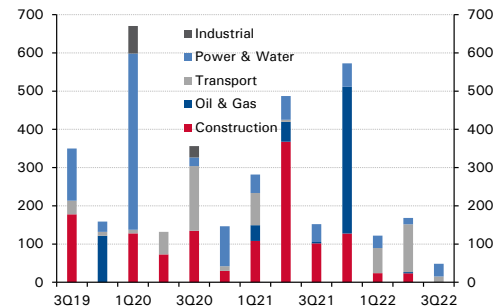
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Project activity shrinks in 3Q22, full year drop now looks likely

- New project awards declined to a near twenty-year low of KD49 million in 3Q22, down 69% q/q from KD156 million in 2Q22. (Chart 1.) In the first nine months of 2022, the total value of project awards reached KD339 million, 63% lower on the same period in 2021. Although a rebound is plausible in Q4 (see below), a very strong finish would now be needed in order for the full-year figure to match the KD1.5 billion in awards seen in 2021.
- The bulk of project activity in Q3 came from the power and water sectors, with KD34 million in project awards. This was largely the Ministry of Electricity and Water's (MEW) Fresh Water Line project, worth KD25 million.
- The transport sector was the only other sector in 3Q22 to see any projects awarded. This was the KD15 million award for Kuwait Oil Company's (KOC) Marine fleet staff terminal.
- There were no projects awarded at all in the construction, industrial and oil & gas sectors in 3Q22. Among the likely reasons for this were higher inflation that pushed up the cost of materials, ongoing supply chain difficulties and labor shortages. The cost of borrowing is also higher amid tighter central bank monetary policy, with the Central Bank of Kuwait following the US Federal Reserve in raising interest rates this year. Government capital expenditure rationalization, political uncertainty and public sector bureaucracy have arguably been important factors affecting project implementation as well.
- In the final quarter of the year, KD2.2 billion in project awards has been penciled in by MEED Projects. Most of this is postponed tenders from previous quarters. However given trends so far this year, this projection is likely to prove too optimistic. Approximately KD1.4 billion is expected from the power and water sector, with the Ministry of Public Work's (MPW) upgrade to the Kabd Sewage Treatment Plant (KD210 million) and the Wastewater Treatment Plant in South Al-Mutlaa project (KD173 million) being the largest. Planned projects in the construction sector total KD233 million including KOC's Kuwait Environmental Remediation Program (KERP), costing KD180 million. Meanwhile, planned awards in the transport sector come to KD364 million, the largest of which is the MPW's crossroads for the airport terminal (KD120 million). In the oil and gas industry, awards are expected to remain modest, with just KD206 million worth of small-scale projects scheduled.

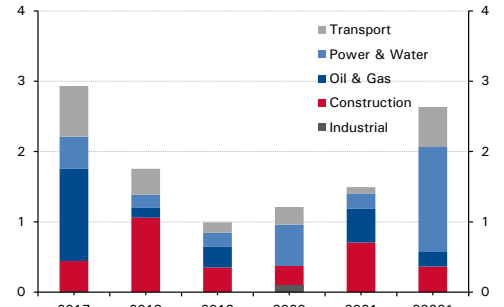
- Looking ahead to 2023, project activity should increase from these low levels, especially with a new government sworn in and looking to prioritize Kuwait's development plan and oil prices expected to remain relatively high over the next 12 months. According to MEED Projects, KD5.4 billion is estimated in the first three quarters of 2023, the bulk of which is linked to Kuwait Integrated Petroleum Industries Company's (KIPIC) KD2.8 billion Petrochemical complex and Kuwait Authority for Partnership Projects (KAPP) Al Zour IWPP, valued at KD1.2 billion.

▶ Chart 1: Project awards
(KD million)



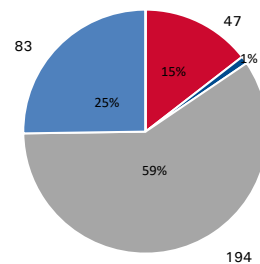
Source: MEED Projects; updated on 25 Oct 2022

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



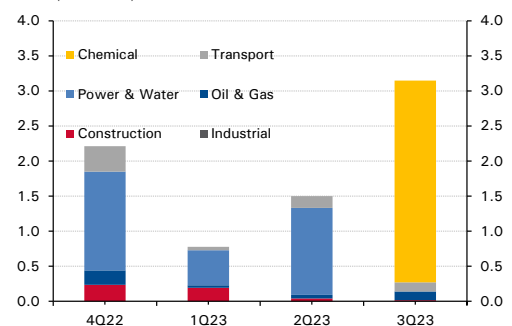
Source: MEED Projects, *as of 25 Oct 2022, includes planned projects

▶ Chart 3: 1Q22-3Q22 project awards by sector
(KD million)



Source: MEED Projects, updated on 16 Oct 2022

▶ Chart 4: Planned projects
(KD billion)



Source: MEED Projects, updated on 25 Oct 2022

► **Table 1: Projects awarded in 3Q22**

Project Name	Sector	Value (KD million)	Award Date
MEW - Fresh Water Line from Wafra to Sixth Ring Road	Water	25.2	3Q22
Kuwait Oil Company - Marine Fleet Staff	Transport	15	3Q22
PAHW - 11/132kV Main Transformer Station at East Sabah Al Ahmed	Power	4.2	3Q22
PAHW - 11/132kV Main Transformer Station at Industrial Area: Sabah Al Ahmed City	Power	4.2	3Q22

Source: MEED Projects, updated on 25 Oct 2022

► **Table 2: Major project awards planned in 4Q22**

Project Name	Sector	Value (KD million)	Expected Award
MPW - Upgrading the Existing & Developing North Kabd Sewage Treatment Plant	Water	210	4Q22
MPW - Wastewater Treatment Plant in South Al-Mutlaa Area	Water	173.4	4Q22
MEW - Construction of Gas Turbines at North Shuaiba Station	Power	150	4Q22
MEW - Doha SWRO Desalination Plant Phase 2	Water	129.6	4Q22
MPW Kuwait - Crossroads for New Passenger Terminal 2 at Al-Muqawa Road	Transport	120	4Q22
KISR - Central Seawater Desalination Plant At KISR	Water	78	4Q22
KOC - Construction of Flowlines and Associated Works in West Kuwait Area	Oil	69	4Q22
KOC - South Kuwait Excavation, Transportation, and Remediation SKETR-2: Zone B	Construction	60	4Q22
KOC - South Kuwait Excavation, Transportation, and Remediation SKETR-2: Zone C	Construction	60	4Q22

Source: MEED Projects, updated on 25 Oct 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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