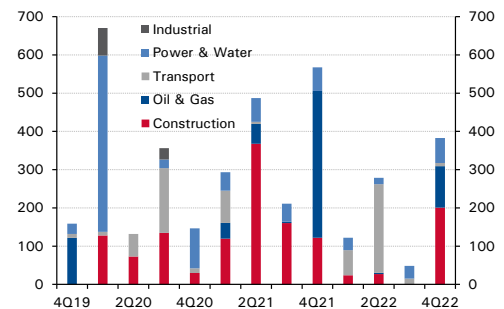


Kuwait Projects

Activity rebounds in 4Q22, helps lift subdued year for projects market

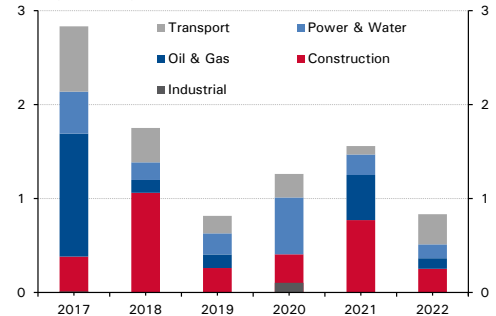
- **Project activity picked up pace in 4Q22 after a lackluster third quarter.** The value of awarded projects rose 688% quarter-on-quarter (q/q) to KD383 million, from a near-twenty year low in 3Q22. This was mostly on Kuwait Oil Company (KOC) contracts. (Chart 1.) Project awards in the final quarter were still down 32.5% y/y, however, capping a subdued year that was marked by legislative delays, supply-chain disruptions and higher costs—materials and labor especially. The total value of project awards in 2022 came in at KD832 million (-46.6% y/y), the second lowest full year outcome since 2005.
- **The construction sector made up 52% of project awards in 4Q22.** The rebound is largely attributed to KOC's soil remediation project SKETR-2: South Kuwait Excavation, Transportation, and Remediation 2 (KD138 million). Total construction awards in 2022 fell by 67% y/y to KD252 million. The sector should, however, see increased activity in 2023 (KD540 million), with planned projects, such as the Council of Ministers' Development of Four Sites at Sheikh Jaber Al-Ahmad Al-Sabah Causeway (KD165 million) project and Kuwait Oil Company's Mina Al-Ahmadi Township Redevelopment: Phase 2.2 (KD129 million) project, due to be awarded in 1Q23 and 2Q23, respectively.
- **Transport was the best performing sector in 2022 with KD321 million worth of contracts awarded,** though activity declined in 4Q22 (-46% q/q). Looking ahead, the overall strong performance could continue well into 2023 based on a solid pipeline of road infrastructure projects including the Crossroads for New Passenger Terminal 2 at Al-Muqawa Road project (KD120 million) and the Regional Road South Part Project: Central Section (KD129 million), expected in 1Q23 and 2Q23, respectively.
- **Power and water project awards increased 6% y/y in 4Q22 to KD65 million,** but at KD148 million for the year as a whole, were down 32% on 2021. The sector should see some good momentum in 2023 if the Al Zour IWPP Power and Water Desalination Plant (KD1.2 billion) megaproject and the Subiya Power and Desalination Plant (KD261 million) project are awarded in 1H23.
- **Oil and gas project awards recovered in 4Q22 after three quarters of muted activity.** Awards in the sector stood at KD112 million in 2022. Activity could recover to KD500 million in 2023, mainly on KOC's project to debottleneck gathering centers in East Kuwait (KD210 million).
- **There were no project awards in the chemical or industrial sectors in 2022.** The outlook, particularly for the chemical sector, will improve significantly if KIPIC's Al-Zour Petrochemicals Complex (KD2.9 billion) is awarded in early 2024.
- **Looking ahead, high oil prices, solid economic growth, slowing interest rate rises and the government's commitment to infrastructure development** as per its draft 'Plan of Action' and longer term Vision 2035 strategy could help sustain the recovery in the projects market. MEED projects sees KD4.9 billion worth of awards in 2023, predominantly in the power and water sectors, such as the Kuwait Authority for Partnership Projects' (KAPP) Al Zour IWPP project.

▶ **Chart 1: Project awards (quarterly)**
(KD million)



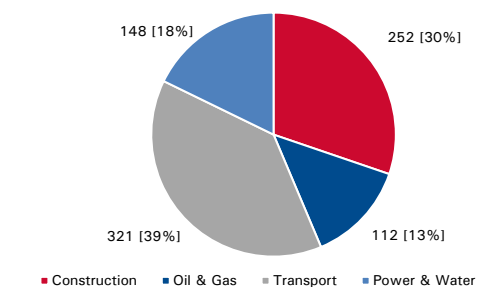
Source: MEED Projects; updated on 9 Jan 2023.

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



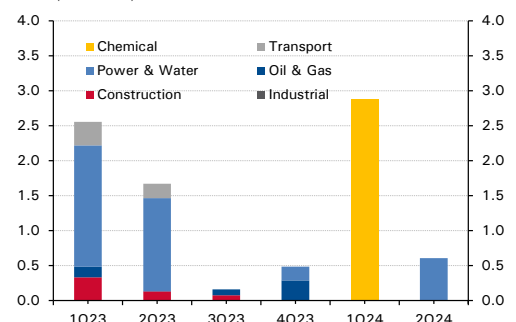
Source: MEED Projects, as of 9 Jan 2023.

▶ **Chart 3: 2022 project awards by sector**
(KD million)



Source: MEED Projects, updated on 9 Jan 2023.

▶ **Chart 4: Planned projects**
(KD billion)



Source: MEED Projects, updated on 9 Jan 2023.

► **Table 1: Projects awarded in 4Q22**

Project Name	Sector	Value (KD million)	Award Date
KOC - South Kuwait Excavation, Transportation, and Remediation SKETR-2 zones A,B,C	Construction	138	4Q22
KOC - Construction of Flowlines and Associated Works	Oil	108	4Q22
MEW - Supply & Installation of 400kV OHL: Nuwiseeb to Al-Mutlaa substation	Power	41	4Q22
PAHW - 400/132/11kV Substation (Z5) in Al Mutlaa Residential Project	Power	17	4Q22

Source: MEED Projects, updated on 9 Jan 2023

► **Table 2: Major project awards planned in 2023**

Project Name	Sector	Value (KD million)	Expected Award
CMGS - Development of Four Sites at Sheikh Jaber Al-Ahmad Al-Sabah Causeway	Construction	165	1Q23
Kuwait Oil Company - Mina Al-Ahmadi Township Redevelopment: Phase 2.2	Construction	129	2Q23
KAPP - Al Zour North IWPP: Phase 2 and 3: Power and Water Desalination Plant	Power	1200	2Q23
MEW - Construction of Gas Turbines at North Shuaiba Station	Power	150	1Q23
MEW - 900MW Subiya Power and Desalination Plant: Phase 4	Water	261	1Q23
MPW - Upgrading the Existing & Developing North Kabd Sewage Treatment Plant	Water	210	1Q23
KOC - Debottlenecking of Gathering Centres in East Kuwait	Oil	210	4Q23
MPW - Regional Road South Part Project: Central Section	Transport	129	2Q23
MPW - Crossroads for New Passenger Terminal 2 at Al-Muqawa Road	Transport	120	1Q23

Source: MEED Projects, updated on 9 Jan 2023

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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