

Kuwait Projects

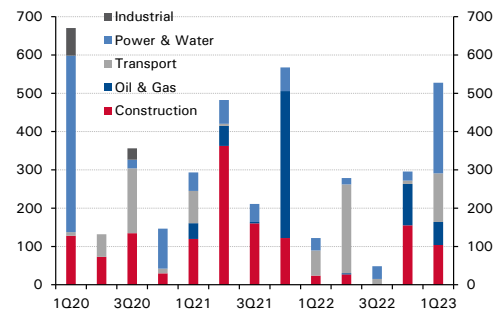
> Mohammad Al-Shehri
Assistant Economist
+965 2229 5373
MohammadAlshehri@nbk.com

> Omar Al-Nakib
Senior Economist
+965 2229 5360
OmarNakib@nbk.com

Project market stages recovery in 1Q23, sets positive tone for the year

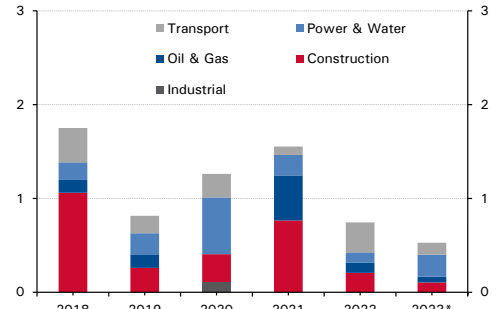
- **Project activity in 1Q23 staged a rebound following a lackluster 2022.** The value of awarded projects rose 78.3% quarter-on-quarter (q/q) to KD527mn (+332% y/y) in 1Q23. Three months into 2023, and this figure is already equivalent to more than 70% of the total value of projects awarded in 2022. (Chart 1.)
- **The acceleration was mainly due to projects in the power and water sectors, awarded by the Ministry of Electricity & Water (MEW).** These totaled KD236mn and accounted for 45% of total project awards in 1Q23. Activity in the power sector was notably strong, rising to its highest level in almost six years, with KD150mn worth of MEW projects and KD60mn of GCC Interconnection Authority (GCCIA) projects awarded.
- **The transport sector continued its solid performance.** Total project awards came in at KD127mn, the bulk of which relate to road and infrastructure works on Sabah Al-Ahmad City by the Public Authority for Housing (KD110mn).
- **Activity in the construction sector was firm, though it softened from the previous quarter.** Total construction awards declined 33% q/q to KD104mn. The main awards were for Kuwait Oil Company's soil remediation project SKETR-2 (KD45mn) and for the construction of multiple headquarters for the Capital Markets Authority and the Institute of Banking Studies.
- **Oil and gas project awards fell quarter-on-quarter but were, nevertheless, solid.** Awards in the sector tumbled 44% q/q to KD60mn in 1Q23. Limited activity is expected this year, though KOC's Debottlenecking of Gathering Centers in East Kuwait (KD210mn) could push total awards above 2021 levels.
- **There were no projects awarded at all in the chemical and industrial sectors.** The chemical sector could see some activity this year if the Kuwait Integrated Petroleum Industries Company's (KIPIC) Al-Zour Petrochemicals project (KD2.9bn) is awarded in 4Q23.
- **Looking ahead to the rest of 2023, positive momentum could continue.** The partial recovery in the expatriate workforce in 2022 could point to some project mobilization and the government could in months to come prioritize an acceleration in development plan execution once parliamentary elections are completed. For the time being, however, the domestic environment remains challenging with a projected decline in government capital spending outlined in the FY23/24 draft budget, a slowdown in the consumer-spending boom, relatively high costs of labor and construction materials which have weighed on project activity previously and higher borrowing costs as monetary policy tightens.
- **Nevertheless, MEED Projects sees KD8.4bn worth of awards in the remainder of the year,** more than four times higher than in 2022. Admittedly, almost half of that figure relates to KIPIC's Al-Zour Petrochemicals Complex (KD2.9bn) and Kuwait Authority for Partnership Projects' (KAPP) Al-Zour North Independent Water and Power project (KD1.2bn). But even if only 30% of the remaining project awards expected this year materialize, it would represent an improvement on 2022's outturn.

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



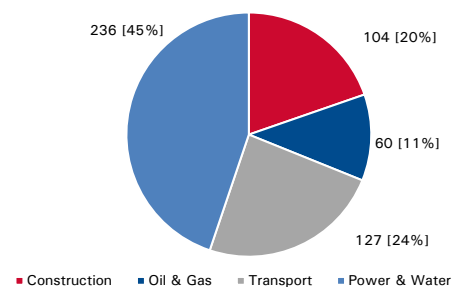
Source: MEED Projects; updated on 5 April 2023.

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



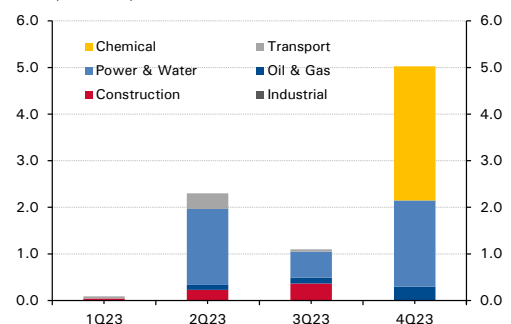
Source: MEED Projects, *as of 5 April 2023

▶ **Chart 3: 1Q23 project awards by sector**
(KD million)



Source: MEED Projects, updated on 5 April 2023.

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



Source: MEED Projects, updated on 5 April 2023.

► **Table 1: Projects awarded in 1Q23**

Project Name	Sector	Value (KD million)	Award Date
PAHW - Sabah Al Ahmad Residential City: Main Roads and Infrastructure Works	Transport	110	1Q23
MEW - Rehabilitation of 2400MW Sabiya Power Plant in Kuwait	Power	89	1Q23
GCCIA - 400kV Power Transmission Line Interconnection	Power	66	1Q23
KOC - South Kuwait Excavation, Transportation, and Remediation SKETR-2: Zone C	Construction	46	1Q23

Source: MEED Projects, updated on 5 April 2023

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

Project Name	Sector	Value (KD million)	Expected Award
KIPIC - Al Zour Petrochemical Complex: Packages 1,2,3	Chemical	2850	4Q23
KAPP - Al Zour North IWPP: Phase 2 and 3: Power and Water Desalination Plant	Power	1200	4Q23
KAPP - Al Khiran IWPP: Phase 1	Power	600	4Q23
MEW - 900MW Subiya Power and Desalination Plant: Phase 4	Water	261	2Q23
MPW - Upgrading the Existing & Developing North Kabd Sewage Treatment Plant	Water	210	2Q23
KOC - Debottlenecking of Gathering Centres in East Kuwait	Oil	210	4Q23
KOC - North & South Kuwait Revegetation Project	Construction	203	3Q23
MPW - Wastewater Treatment Plant in South Al-Mutlaa Area	Water	173	3Q23
CMGS - Development of Four Sites at Sheikh Jaber Al-Ahmad Al-Sabah Causeway	Construction	165	2Q23

Source: MEED Projects, updated on 5 April 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) .

Head Office

Kuwait

National Bank of Kuwait SAKP
Shuhada Street,
Sharq Area, NBK Tower
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2222 2011
Fax: +965 2229 5804
Telex: 22043-22451 NATBANK
www.nbk.com

International Network

Bahrain

National Bank of Kuwait SAKP
Zain Branch
Zain Tower, Building 401, Road 2806
Seef Area 428, P. O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

National Bank of Kuwait SAKP
Bahrain Head Office
GB Corp Tower
Block 346, Road 4626
Building 1411
P.O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

United Arab Emirates

National Bank of Kuwait SAKP
Dubai Branch
Latifa Tower, Sheikh Zayed Road
Next to Crown Plaza
P.O.Box 9293, Dubai, U.A.E
Tel: +971 4 3161600
Fax: +971 4 3888588

National Bank of Kuwait SAKP
Abu Dhabi Branch
Sheikh Rashed Bin Saeed
Al Maktoom, (Old Airport Road)
P.O.Box 113567, Abu Dhabi, U.A.E
Tel: +971 2 4199 555
Fax: +971 2 2222 477

Saudi Arabia

National Bank of Kuwait SAKP
Jeddah Branch
Al Khalidiah District,
Al Mukmal Tower, Jeddah
P.O Box: 15385 Jeddah 21444
Kingdom of Saudi Arabia
Tel: +966 2 603 6300
Fax: +966 2 603 6318

Lebanon

National Bank of Kuwait
(Lebanon) SAL
BAC Building, Justinien Street, Sanayeh
P.O. Box 11-5727, Riad El-Solh
Beirut 1107 2200, Lebanon
Tel: +961 1 759700
Fax: +961 1 747866

Iraq

Credit Bank of Iraq
Street 9, Building 187
Sadoon Street, District 102
P.O. Box 3420, Baghdad, Iraq
Tel: +964 1 7182198/7191944
+964 1 7188406/7171673
Fax: +964 1 7170156

Egypt

National Bank of Kuwait - Egypt
Plot 155, City Center, First Sector
5th Settlement, New Cairo
Egypt
Tel: +20 2 26149300
Fax: +20 2 26133978

United States of America

National Bank of Kuwait SAKP
New York Branch
299 Park Avenue
New York, NY 10171
USA
Tel: +1 212 303 9800
Fax: +1 212 319 8269

United Kingdom

National Bank of Kuwait
(International) Plc
Head Office
13 George Street
London W1U 3QJ
UK
Tel: +44 20 7224 2277
Fax: +44 20 7224 2101

France

National Bank of Kuwait France SA
90 Avenue des Champs-Elysees
75008 Paris
France
Tel: +33 1 5659 8600
Fax: +33 1 5659 8623

Singapore

National Bank of Kuwait SAKP
Singapore Branch
9 Raffles Place # 44-01
Republic Plaza
Singapore 048619
Tel: +65 6222 5348
Fax: +65 6224 5438

China

National Bank of Kuwait SAKP
Shanghai Office
Suite 1003, 10th Floor, Azia Center
1233 Lujiazui Ring Road
Shanghai 200120, China
Tel: +86 21 6888 1092
Fax: +86 21 5047 1011

NBK Capital

Kuwait

NBK Capital
34h Floor, NBK Tower
Shuhada'a street, Sharq Area
PO Box 4950, Safat, 13050
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904 / 5

United Arab Emirates

NBK Capital Limited - UAE
Precinct Building 3, Office 404
Dubai International Financial Center
Sheikh Zayed Road
P.O. Box 506506, Dubai
UAE
Tel: +971 4 365 2800
Fax: +971 4 365 2805

Associates

Turkey

Turkish Bank
Valikonagl CAD. 7
Nisantasi, P.O. Box. 34371
Istanbul, Turkey
Tel: +90 212 373 6373
Fax: +90 212 225 0353

© Copyright Notice. The Economic Update is a publication of the National Bank of Kuwait. No part of this publication may be reproduced or duplicated without the prior consent of NBK.

While every care has been taken in preparing this publication, National Bank of Kuwait accepts no liability whatsoever for any direct or consequential losses arising from its use. GCC Research Note is distributed on a complimentary and discretionary basis to NBK clients and associates. This report and other NBK research can be found in the "Reports" section of the National Bank of Kuwait's web site. Please visit our web site, www.nbk.com, for other bank publications. For further information please contact: NBK Economic Research, Tel: (965) 2229 5500, Email: econ@nbk.com