

Projects

# Kuwait: Project awards expected to pick up during the second half of 2017

> Fatema Akashah  
Economist

+965 2259 5352, fatemahakashah@nbk.com

> Nembr Kanafani  
Senior Economist

+965 2259 5365, nembrkanafani@nbk.com

The pace of project implementation cooled somewhat in 2Q17 as bidding on major projects faced some delays. Contracts worth KD 0.6 billion were awarded in 2Q17, according to MEED Projects. This is half the 2016 quarterly average. Award activity in the quarter was dominated by the power and transport sectors. We expect implementation to improve in the remainder of the year as more delayed projects move ahead. The second half of 2017 could see KD 3.5 billion in new contracts.

**Award activity in 2Q17 was dominated by the power and transport sectors.** According to MEED, the Ministry of Electricity and Water (MEW) awarded the largest contract in the GCC in June 2017, a project worth KD 176 million for the third phase of the Subiya combined-cycle gas turbine project. It was awarded to Alghanim International. Other major awards during the quarter included three road projects by the Ministry of Public Works (MPW). These were the Northern Regional Road (KD 92.8 million), the South Surra Road upgrade (KD 85.2 million), and the road linking Mina Abdulla and Wafra (KD 84.9 million).

**Some delays in the bidding process have affected the construction, transport, power, and oil sectors.** Close to KD 2.4 billion worth of contracts that were expected to be awarded in 2Q17 were postponed. This included 14 contracts worth a total of KD 808 million in the construction sector, eight contracts for KD 850 million in the transport sector, nine contracts valued at KD 456 million in the power sector, and four contracts for KD 230 million in the oil sector.

## Transport

**The transport sector dominated project awards in 2Q17 summing up to KD 280 million.** Another KD 1.1 billion worth of awards are expected in the rest of 2017. MPW is expected to open bidding on nine separate contracts this year related to the northern section of the Regional Road, roads at South Al-Mutlaa, the southern section of the Regional Road, and other road works. Seven road projects were supposed to be awarded by the end of 2Q17 but were delayed.

**Four contracts related to the northern Regional Road are expected to be awarded this year** at a value of KD 448 million. According to MEED Projects, Combined Group Contracting is expected to be the lowest bidder the central part of the southern Regional Road, submitting a bid of KD 197 million; the project is due to be awarded soon. Combined Group was also awarded the South Surra Road upgrade, which is expected to be completed in three years.

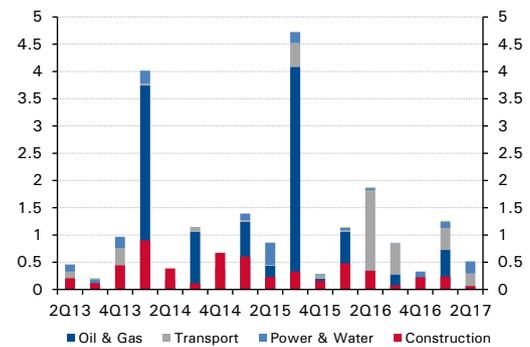
## Power

**The power sector saw KD 226 million in awards in 2Q17, with another KD 1.1 billion in the bidding process and expected to be awarded later in 2017.** Five contracts were awarded in 2Q17 in the power sector, three of which by MEW, including the Subiya Gas Turbine, which alone made up 78% of the 2Q17 awards in the sector.

**The sector awaits two large power projects which could be awarded**

Chart 1: Awarded projects

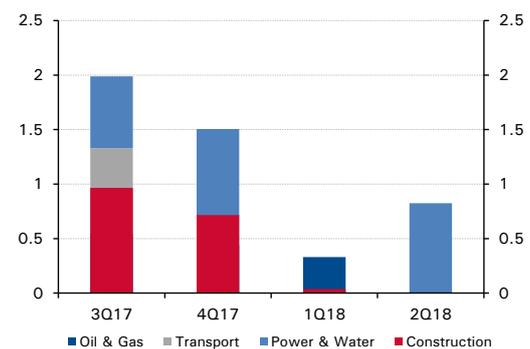
(KD billion)



Source: MEED Projects

Chart 2: Projects awards outlook

(KD billion, projects currently under bidding\*)



Source: MEED Projects. \*As of 7 July 2017.

**before the end of the year.** The much anticipated phase 2 of the Al-Zour North IWPP power plant had been expected in 2Q17, but now could happen later in the year. Still, according to MEED Projects, the Kuwait Authority for Partnership Projects (KAPP) has yet to decide on whether to proceed with this project or with the Khairan IWPP. The Al-Zour North plant contract is expected to be worth close to KD 530 million. Another significant public-private partnership (PPP) project in the sector is the Kabd Municipal Solid Waste. Similar to Al-Zour, no date for the commercial bidding has been set; the project is expected to cost KD 267 million.

### Construction

**Only one contract was awarded in the construction sector in 2Q17, though KD 1.7 billion in contracts are in the bidding process.** In 2Q17, Mabaneer awarded Phase 4B of The Avenues at KD 63.7 million to the Ahmadiah Contracting & Trading Company. Meanwhile, the KD 363 million contract for the Jahra Ministries Complex was delayed but could happen later in the year; the project would be the largest award in the sector in 2017. According to MEED Projects, MPW may change the location of the project to South Al-Mutlaa, but there hasn't been any official confirmation of this yet. The Amiri Diwan tendered the new Palace of Justice building for bidding at an expected cost of KD 303 million; the project, to be executed on behalf of the Ministry of Justice, is expected to be the world's tallest and largest judicial building. Mohammed Abdulmohsin Al-Kharafi & Sons is the lowest bidder at KD 288 million, and bids are under evaluation

### Oil

**There was hardly any activity in the oil sector in 2Q17, but a total of KD 935 million worth of contracts is expected in 2H17.** Kuwait Oil Company (KOC) awarded one contract in 2Q17 worth KD 7.3 million. KOC has opened bidding on eight separate contracts that are expected to be awarded in 2017. They include the feed pipeline for the new refinery in Al-Zour. Bids have been submitted and are currently under evaluation. According to MEED Projects, the lowest bidder is Saipem with KD 255 million (\$842 million).

## Head Office

**Kuwait**  
National Bank of Kuwait SAKP  
Abdullah Al-Ahmed Street  
P.O. Box 95, Safat 13001  
Kuwait City, Kuwait  
Tel: +965 2242 2011  
Fax: +965 2259 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

**Jordan**  
National Bank of Kuwait SAKP  
Amman Branch  
Shareef Abdul Hamid Sharaf St  
P.O. Box 941297, Shmeisani,  
Amman 11194, Jordan  
Tel: +962 6 580 0400  
Fax: +962 6 580 0441

**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

National Bank of Kuwait  
(International) Plc  
Portman Square Branch  
7 Portman Square  
London W1H 6NA, UK  
Tel: +44 20 7224 2277  
Fax: +44 20 7486 3877

**France**  
National Bank of Kuwait  
(International) Plc  
Paris Branch  
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 Representative 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  
38th Floor, Arraya II Building, Block 6  
Shuhada'a street, Sharq  
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