

Projects

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

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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.

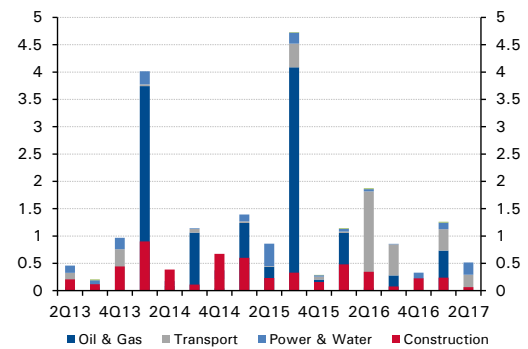
## Power

**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

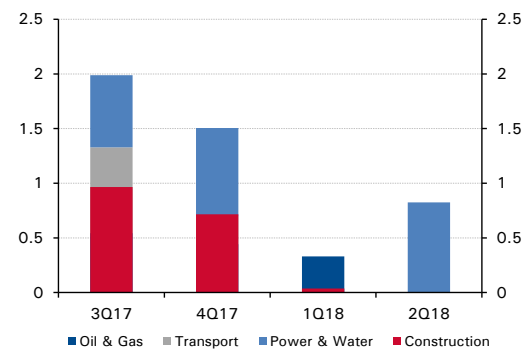
(KD billion)



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).

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