Public and Private partnership (PPP)
A Unified Direction for a Prosperous, Sustainable Future

Derived from His Highness the Emir, Sheikh Sabah Al-Ahmad Al-Jaber Al Sabah’s vision statement, the Kuwait National Development Plan mobilizes development efforts across seven pillars with the aim of transforming Kuwait into a financial, cultural, and institutional leader in the region by 2030.

"Transforming Kuwait into a financial and commercial hub which is attractive for investment, and developing an economy led by the private sector, fueled by the spirit of competition, while raising the productivity and efficiency with the support of state institutions. Maintaining values and social identity, while achieving human development, providing appropriate infrastructure, sophisticated legislation and encouraging business environment"
Development in Seven Pillars, particularly in economy

- Global Position
- Infrastructure
- Health Care
- Living Environment
- Human Capital
- Public Administration
- Economy

- Diversify the production base & attract investors
- Develop a prosperous and diversified economy to reduce the country’s dependence on oil export revenues.
- Create a Business Environment for Private sector growth
- Public Private Partnership PPP Law
Set-up and Evolvement Since 2008
“PPP History in Kuwait”

**Passing of PPP Law 7/2008 and its Executive Regulations**

- Set the governance for Kuwait’s PPP program
- It defines the roles of the:
  - Council of Ministers
  - Higher Committee
  - Partnerships Technical Bureau (PTB)
  - Relevant Public Entities
- It clearly stipulates private investors’ rights and obligations

**Set-up of the Partnerships Technical Bureau**

- PTB was set-up in 2008, under Article 12 of Law 7/2008
- Responsible for PPP projects’ implementation
- Aims to utilize private sector expertise to:
  - Increase Kuwait’s GDP and diversify its sources
  - Improve public sector service quality
  - Create job opportunities for Kuwaiti nationals

**Passing of New PPP Law 116/2014**

- In 2014, a new PPP Law was passed, aiming to:
  - Strengthen and enable Kuwait’s institutional framework for PPPs
  - Resolve shortfalls of PPP Law 7 of 2008 and Law 40 of 2010
  - Broaden the benefits of PPP projects in Kuwait

**Transition from Bureau to Authority**

- The new PPP Law 116/2014 changes the structure and role of PTB
- Under the new Law, PTB is to become an Authority, referred to as the “Kuwait Authority for Partnership Projects” (KAPP),
PPP Law 116/2014 – Key Benefits

1. Strengthens and enables the institutional framework for PPPs in Kuwait

2. Resolves shortfalls of PPP Law 7 of 2008 and Law 40 of 2010

3. Broaden the benefits of PPP projects in Kuwait
KAPP Overview and Objectives

KAPP’s Mandate as Defined in Law 116 of 2014

- Project concept development and vetting of unsolicited proposals
- Pre-feasibility studies development and TA selection
- Feasibility studies and procurement process management
- Arrangement of final award to successful bidders and set up of JSCs

KAPP’s Key Objectives

- Increase Kuwait’s GDP and diversify its sources
- Encourage private sector participation and foreign investment
- Improve public sector service quality
- Promote human development and create job opportunities for Kuwaiti nationals
- Promote scientific research and technological development
projects with investment values above 60 million Kuwaiti Dinar: Authority establishes a public joint-stock company following the procurement of the project and selection of the successful investor to implement the project.

Company shares are distributed to Kuwaiti nationals through an IPO.

### Distribution of Shares

- **Successfull Investor share**: 26 – 44%
- **Public Entities share**: 6 – 24%
- **Allocated to Kuwaiti citizen**: 50%

### Key Benefits

- Capital contributions through the Kuwait Stock Exchange represents a significant portion of the PPP projects’ equity financing.
- This contributes to the market capitalization of the exchange and its trading volumes.
- The structure also allows Kuwaiti citizens to take part in PPP projects and realize financial returns.
Contractual Legal Framework - PPP law

- Public Entities: 6% - 24%
- Kuwaiti Citizens: Not more than 50%
- Successful Investor: 26% - 44%

Shareholders Agreement (SHA) > 60 million KD

- EPC Contractor
- O&M Contractor

EPC Contract
O&M Contract

Financing Agreements
Land Lease Agreement(s) (LLA)

- Lenders
- Public Entity (Representing the Government of the State of Kuwait)

Step-In and Substitution Agreement (SISA)
Key Sectors KAPP is Currently Involved In

- Power
- Solid Waste Management
- Real Estate
- Water/ Wastewater
Unsolicited Project Proposals

- A concept for a PPP Project comprising an initial feasibility study, in line with the State's strategy and its development plan, proposed by natural or legal person, either Kuwaiti or non-Kuwaiti.

**Distinguished Projects:**
A Partnership Project approved by the Higher Committee based on an initial feasibility study offered by the proposer to the Authority, with an economic and social return conform[ing] with the State’s strategy and develop[ment] plan.

**Benefits**
- the proposer simply gets reimbursed for the costs of the feasibility study, plus a bonus of 10% of those costs (to a maximum of KWD 100,000).

**Initiative:**
An innovative Partnership Project for a creative unprecedented idea, in Kuwait, approved by the Higher Committee, according to an initial feasibility study offered by the proposer to the Authority, with an economic and social return conform[ing] with the State’s strategy and develop[ment] plan.

**Benefits**
- reimbursement of the costs of the feasibility study, plus a bonus of 20% of those costs (to a maximum of KWD 200,000) and;
- during the tender, an advantage of 5% of the best bid value or a share of the stocks in the Joint Stock Company, if applicable, not to exceed 10% of the shares’ nominal value.
KAPP’s Current Projects

Power Sector

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<th>Tendering</th>
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### Al-Khairan IWPP – Phase 1

An Independent Water and Power Producer (IWPP) Project is being planned to generate power with a minimum capacity of **1500 MW** through a Conventional Thermal Steam Power Plant (using Low Sulfur Fuel Oil -LSFO, Gas Oil, Crude Oil and /or Natural Gas). The Project will be located at AlKhairan, south of the existing Az-Zour South Power & Water Production Station. In addition to its power generation capacity, the project will include a Sea Water Desalination Plant with a total minimum capacity of **125 MIGPD** utilizing MSF, MED and/ or RO Technology. **The Project will be procured in accordance with Law No. 39 of 2010 and tendered in 2018.**

### Az-Zour North IWPP – Phase (2&3)

The Project involves the development, design, engineering, construction, operation, maintenance and transfer of a power and desalination plant with a capacity of **2700 at.** The Project also includes the sale and purchase of associated power and water by the Ministry of Electricity and Water pursuant to an Energy Conversion and Water Purchase Agreement (ECWPA).
KAPP’s Current Projects

Water/ Wastewater Sector

Umm Al Hayman WWTP

It's a design, financing, building, rehabilitation, testing, commissioning, operation and maintenance of several components, such as:
- Construction of a new Wastewater Treatment Plant (WWTP) with an initial treatment capacity of 500,000 m³/d, which can be expanded to 700,000 m³/d by 2020.
- Upgrading and extension of the Egaila pumping station, refurbishment of UAH City pumping station, and construction of Sabah Al Ahmed pumping station
- Construction of emergency outfall from the new WWTP to the sea
- Potential demolition of the existing UAH WWTP, adjacent to the plant site, which has a capacity of 27,000 m³/d and provides primary, secondary and tertiary treatment for reuse of the produced TSE
- Construction of five new sewer transmission lines
- Construction of TSE transfer and distribution systems to allow for re-use of the TSE
- New electrical transmission lines and sub-station at the UAH site
- The Project procured in accordance to Law No. 116 of 2014
The project will be amongst the largest waste to energy projects in the world and amongst the first to be developed as a PPP in the region. The Project aims to protect the environment and land resources, and to generate alternative power sources to be purchased by the Ministry of Electricity and Water.

The Project site is located south of the ground broadcasting station in the Kabd area, 35 km away from Kuwait City. The site dimensions are 1000m x 500 m, with a total area of 500,000 m2. The site will provide a number of services including treatment using incinerators for generating electricity, and landfilling the ash from the remains of the incineration. The total volume of the remains after burning should not exceed 5% of the total volume of waste. The plant is expected to receive 50% of total municipal solid waste produced in Kuwait. **Kuwait Authority for Partnership Projects (KAPP) will procure The Project in accordance to Law No. 116 of 2014 in collaboration with Kuwait Municipality.**
### KAPP’s Current Projects

#### Real Estate sector Status

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#### South Jahra Labor City

The South Al-Jahra Labor City project involves the finance, design construction, operation and transfer of a 1,015,000 m² Labor City which will provide adequate and affordable housing for 20,000 male, bachelor, expatriate workers. The project will incorporate all aspects of security, health, entertainment while maintaining consistency with the cultures and traditions of this considerable category in Kuwaiti society.

The Labor City will comprise the following elements: Labor Housing, Governmental Services, Commercial Facilities, Infrastructure, Landscaping and Playgrounds.

*The Project will be procured in accordance with Law No. 116 of 2014*

#### Services and Entertainment Center - Egaila

The project is to finance, design, build, operate, maintain, and transfer (1) a multi-floor recreational, cultural, commercial, and sports center with an allowable build-up area of 112,400 m² (spread over four floors: basement, ground, first and second floors), including adjoined parking for each level with an overall capacity to accommodate not less than 3,600 parking spaces, (2) and a Fresh Food Market with a total area of 20,000 sqm, in the Al-Egaila area.

*The Project will be procured in accordance with Law No. 116 of 2010*
The Kuwait Authority for Partnership Projects (KAPP) has signed with NBK Capital-led consortium as the advisor and offering manager for the distribution and transfer of shares in Shamal AzZour Al-Oula K.S.C, which are currently held by KAPP, to Kuwaiti citizens. Shamal AzZour Al-Oula is the owner and operator of Kuwait’s first and only independent power and water plant.
IPO contract signing
PPP Success stories

Azzour North 1 Power Station Side
PPP Success stories

Azzour North 1 Desalination Side
Thank You

For more information visit www.kapp.gov.kw