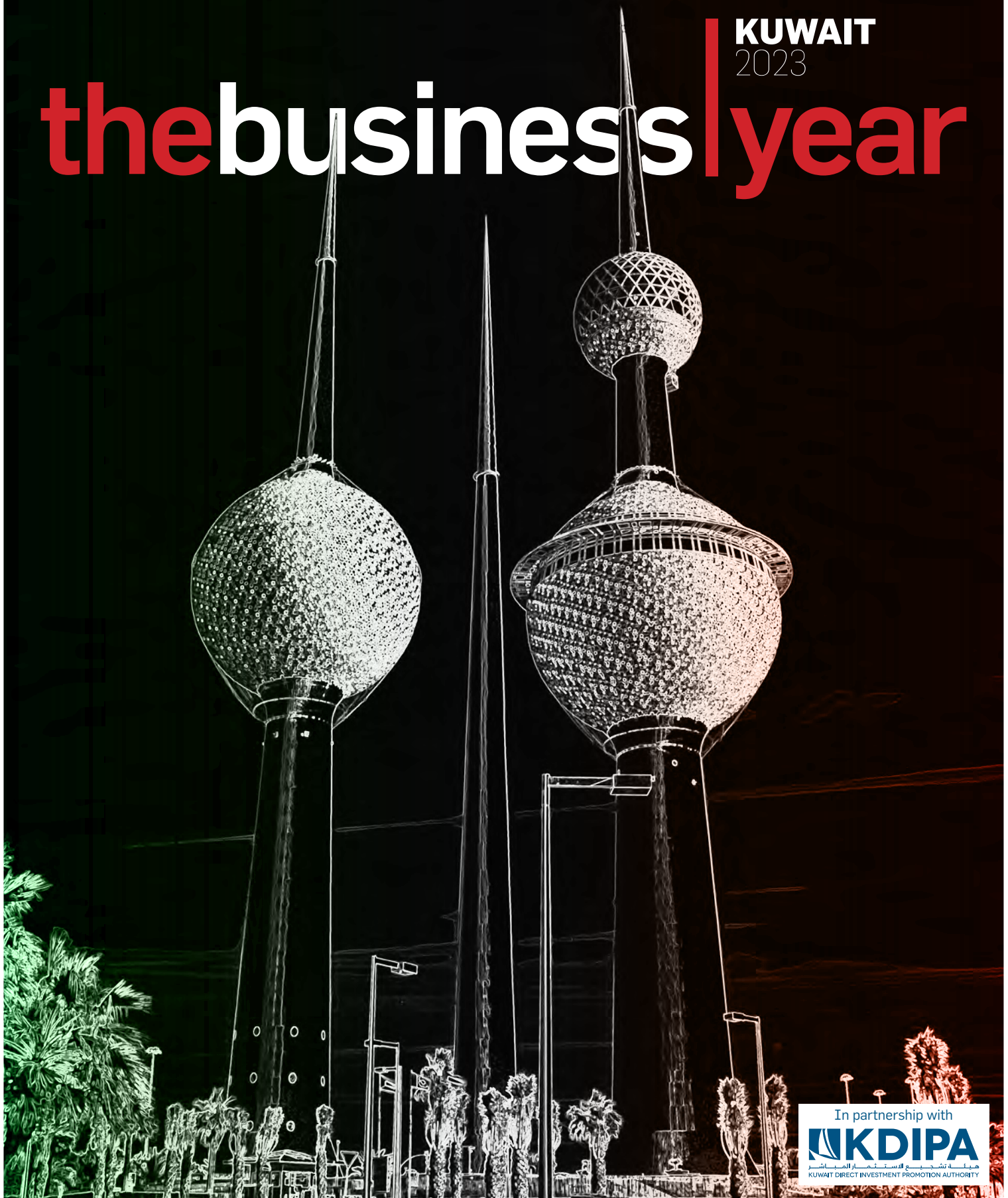


the business | year

KUWAIT
2023



In partnership with
KDIPA
هيئة تشجيع الاستثمار المباشر
KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY

Economy | Energy Transition | Finance | Digital Solutions | Construction & Real Estate
Industry | Transport & Logistics | Education & Culture | Healthcare & Lifestyle



TRANSFORMING THE TELECOM CORE TO
PROVIDE CUSTOMERS WITH THE BEST
EXPERIENCE, WHILE SIMULTANEOUSLY
STREAMLINING THE BACKEND AND
REAPING THE BEST OF ANALYTICS FOR ZAIN TO
THRIVE AND EVEN LEAD IN THE DIGITAL ERA.



DIGITAL TRANSFORMATION

DOOH - A SUCCESS STORY

It delivers the right message to the right viewers, at the right place and time. DOOH advertising offers contextually relevant advertising based on location, consumer behavior, and demographic.

DOOH media is important as it's **measurable**, **accessible**, **effective**, and **less intrusive** as compared to other forms of advertising. It allows businesses to stand out and **cut through the noise**.

IMPORTANCE OF DOOH – GLOBAL

SOURCE: Emarketer | Business Insider | Research & Markets | PQ Media

More and more brands are investing in DOOH for their marketing campaigns as it integrates well into the changing ways consumers interact with brands.

The global DOOH advertising industry is set. To hit revenues of

\$27 billion

by 2023, growing at a CAGR of 10.7%

DOOH INTELLIGENCE – METHODOLOGY

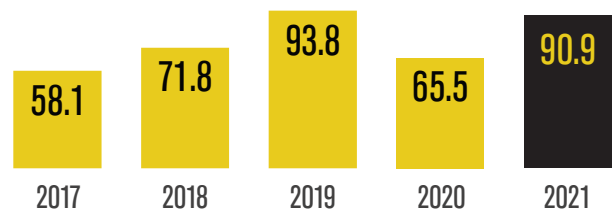
Audience measurement is a key component of DOOH, especially if you want to sell/book in programmatically. New technologies are being employed to get precise and real-time data to support real-time CPMs. One of the popular and accurate ways of collecting data is by using **Masked Network Cell Tower Technology**.



M2R Group collects audience behavior based on their commutes (using triangulation & GPS technology) and their network usage to prepare a nationally representative **Outdoor Intelligence Platform for Kuwait**, using masked network cell tower technology.

EFFECTS OF COVID ON OOH AD SPEND

SOURCE: Ipsos. (Gross Rates in Million KWD)



OOH (including DOOH) ad spend in Kuwait had been increasing at a CAGR of 25%. The COVID-19 pandemic brought it down to pre-2018 levels, dropping by 30%.

But post pandemic, the OOH industry has gained traction and in 2021 nearly reached the same levels as 2019, with 2022 estimated to surpass the KWD 100 million mark.



REAL DATA

Measurement is based on encrypted Network usage data and not sampling to improve the accuracy of the results.



SCIENTIFIC APPROACH

Data is collected by identifying key indicators like coordinates, size, height and angle of visibility.



CONSISTENT UPDATES

Data is reported for a 2 weeks period and updated every 3 months to account for seasonality.



DOOH SCREENS PORTFOLIO

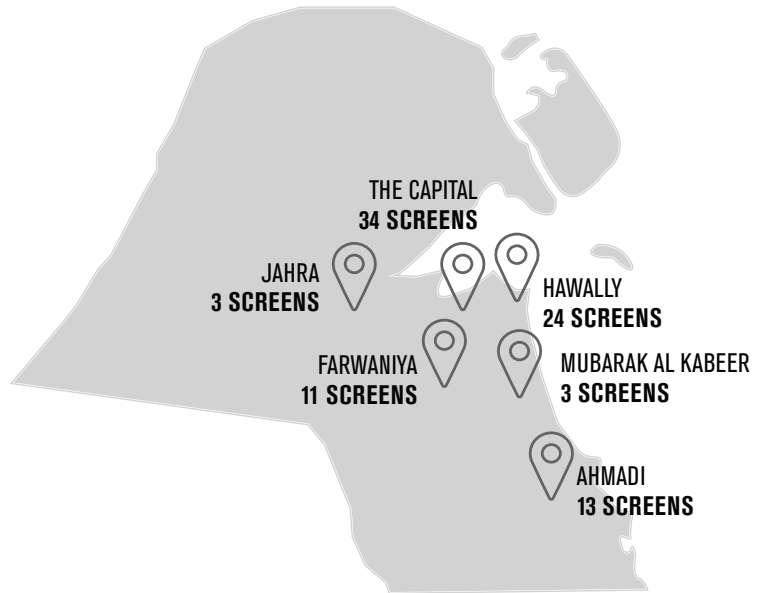
88

DOOH SCREENS

6

GOVERNORATES

THE TOTAL M2R DOOH
UNIVERSE IS 1.4 MILLION
UNIQUE INDIVIDUALS



AVERAGE TIME SPEND
(ACROSS ALL SCREENS)

~ 6.3 MINS.

DATA BASED ON 2 WEEKS PERIOD ACROSS ALL SCREENS

40

OTS
(OPPORTUNITY TO SEE)

56m

APPROX.
IMPRESSIONS

DEFINING VIEWING DISTANCE & ANGLE OF VISIBILITY

The process of calculating the weight of a screen is as follows:

DETERMINE THE DISTANCE
FROM WHERE A SCREEN
IS READABLE, BASED ON
THE SCREEN SIZE

CONSIDER THE ANGLE OF
VISIBILITY (BASED ON
SCREEN QUALITY)

BASED ON THE VIEWING
DISTANCE (RADIUS),
DEFINE THE VIEWING
AREA & DEAD ZONES

CALCULATE THE WEIGHT
OF THE SCREEN BASED ON
THESE KPIs

THIS EXTENSIVE EXERCISE HAS ENABLED US TO
REPRESENT THE MEDIA ROI OF OUR SCREENS
MORE ACCURATELY & TRANSPARENTLY.



Tejender Gandhi

Head of Research & Development
M2R Group

Have been part of the Media and Advertising Research Industry for 17+ years, currently heading the R&D department at M2R Group. Focused on making sense of data and telling the story of Insights & Intelligence to supplement media strategies. Driving innovation and pushing the envelope to ensure that the right Media ROI is delivered to clients at all times.

We at M2R have a 360 degree approach to your marketing and communication needs. We can put together a solution that will not only meet your business objectives, but take it to the next level.

THE BUSINESS YEAR: KUWAIT 2023

The sixth annual edition of *The Business Year: Kuwait 2023* comes out at the peak of economic reawakening, as the country's pandemic restrictions and regulations have lessened, and the local market begins to breathe once again.

Thanks to the participation and support of over 130 of the country's business and governmental leaders, this publication offers a thorough macroeconomic analysis of the Kuwaiti market. Their insight allowed us to paint an accurate picture of the local economic landscape, supported by the increasing improvements in the name of Kuwait Vision 2035, digital transformation, and further empowerment of the private sector's role in the country's marketplace.

With its strong financial backing, small size, high level of education, and sophisticated business culture, Kuwait has all the ingredients needed to accelerate the changes for the better and flourish as a local hub for financial, energy, and logistical possibilities. Following the directives of the government, the local business community is eager to develop a variety of megaprojects that will strengthen local infrastructure and the economy. As you will read, many changes are currently taking place, some

of which could have a tremendous impact on the potential that the country has to offer.

This year's publication explores the country's outlook through the lens of sustainable growth, technological advancement, economic diversification, and entrepreneurial initiatives. As we explore the many success stories of the local businesses and governmental organizations, we shed light on the growing presence of women across all sectors of the economy, as they take the lead in their companies' and country's growth and development. Looking to the future, there are a number of opportunities for investments across the country's economy, with a particular focus on healthcare, education, construction, renewable energy, and technology.

The Business Year: Kuwait 2023 is the result of seven months of on-the-ground research realized with the mission of presenting an up-to-date state of the local economy. The publication would not be as rich and successful without our long-term partner, the Kuwait Direct Investment Promotion Authority (KDIPA), as well as the Kuwait Banking Association (KBA), and the German Business Council Kuwait (GBCK), which supported The Business Year throughout the research. ✖

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the business year

KUWAIT
2023

In partnership with:



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TAKING FLIGHT

Kuwait has emerged from the pandemic more resilient, better prepared for crises, and more aware than ever for the need to diversify.

KUWAIT'S LEADERSHIP, despite all the challenges of the COVID-19 pandemic, has quickly revived the economy, in part thanks to favorable oil prices. As the newly elected government under the leadership of HH the Deputy Amir and Crown Prince Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah leaves past shortcomings in the rear-view mirror, the country's chances of fully implementing Kuwait Vision 2035 and achieving its sustainable development goals are on the rise. With the aim of turning the page and diversifying the local market well beyond oil, the leaders of the Kuwaiti economy are seeking to shape the future in terms of digitalization, sustainability, and independence.

THE WILL OF THE PEOPLE

When it comes to democracy, Kuwait is looking to take a stand for the benefit of its citizens, with the 2022 elections setting the stage for the betterment of the economy. Understanding the challenges that come from staying within the comfort zone, many business and political leaders have been pushing their organizations to embrace imminent changes. The majority of our interviewees are cautiously optimistic about the outcome of the election, with expectations of lasting improvements and more private-sector engagement in developments across the country. Knowing that the future is shaped

by the present, the government, alongside international and local organizations, is actively promoting privatization, technological advancement, and public-private collaboration. The people have spoken; now, the time has come to see just how much of their voices has been heard.

COMMUNITY OF VALUES

Since the establishment of New Kuwait 2035, also known as Kuwait Vision 2035, the country's leaders have been paying more attention to the impact and importance of sustainable solutions across a wide spectrum of operations that companies or organizations participate in. The past few years have witnessed the deployment of a UN Global Compact office within the country, the introduction of environmental, social, and governance (ESG) requirements across the local stock exchange's top listings, and the emergence of many sustainability-focused companies, the efforts of which help save energy, preserve the climate, and ensure quality of life for all parties.

The country's market is no longer a mere community of businesses—it has become a community of values. As more and more organizations are joining the UN Global Compact initiative, the World Bank's experts are educating leaders across sectors, and companies are becoming more aware of the impact their operations have on

society and the environment. Now, we are bound to see the impact of change. As always, values will determine actions.

TRANSFORMING PROGRESS

If there was any doubt regarding the progress of digitalization before the pandemic emerged, Kuwait’s ability to quickly adapt to the new normal more than proved a point. It is now a matter of “how,” not “if.” The quickest to dispel doubts was the Central Bank of Kuwait, which introduced a directive mandating all financial institutions to go digital as soon as possible. With its processes already digitalized, the financial sector has become an attractive space for all technologically specialized start-ups and companies in the digital sphere. Moreover, with efforts doubled to run their businesses and organizations more efficiently, the leaders of the Kuwaiti economy have been working on introducing digital solutions into their companies. From operational analysis to machine learning, Kuwait is engaging a myriad of technological solutions to pave the way forward. The transformation process started a while ago, but the fruits are now truly being reaped.

PROJECTS & COLLABORATIONS

Following the idea of developing the local economy and diversifying the oil-dependent economy, the Kuwaiti market has taken on a variety of projects and ideas created with the benefit of the coun-

try in mind. Known for its megaprojects, especially in construction and infrastructure, the public sector has been increasingly expediting areas of its work to international and local contractors, with the hopes of a better ROI and positive impact on the economy. As FDI grows, private-public partnerships (PPPs) are becoming more common, and strategies for diversification are being put in place. The country’s economy is experiencing a second renaissance, with highly anticipated benefits waiting down the road. Projects to bring the public and private sectors closer together and collaborations that demand international cooperation will play a major role in empowering Kuwait to become a logistics, financial, and digital hub in the region.

FEMALE LEADERSHIP

Kuwait’s business landscape has been, historically, one of the most progressive in the region. With local women being able to work and participate in elections, the country’s economy is benefiting greatly from increased economic participation. Highlighting the importance of women across all sectors, we have encountered multiple success stories, the majority of which involve extreme resilience, patience, and the ability to speak up for what is deemed worth speaking about. As the country continues its progress toward a more sustainable, diversified, and all-inclusive future, women will play an essential role in shaping its path. ✖

GDP PER CAPITA (2020)

SOURCE: THE WORLD BANK

\$24,811.77

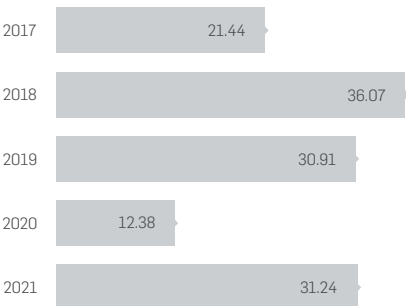
INFLATION (2021)

SOURCE: WORLD DATA

3.4%

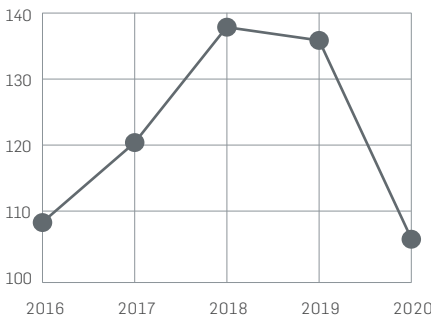
TRADE BALANCE (USD BN)

SOURCE: STATISTA



GDP (IN USD BN)

SOURCE: THE WORLD BANK



2022 FEBRUARY

COVID-19 restrictions lessen as parliament approves recommendations to alleviate pandemic rules and regulations

2022 APRIL

The EU lifts visa rules for Kuwaiti travelers, allowing them to travel into the EU for up to 90 days

2022 AUGUST

A study conducted by Bayt.com and market research agency YouGov finds that two-thirds of Kuwaiti respondents would like to be self-employed or have their own business if given the choice

2022 SEPTEMBER 29

General elections are held in Kuwait following the dissolution of parliament by Crown Prince Mishal Al-Ahmad Al-Jaber Al-Sabah

2022 DECEMBER

CBK points out that several Kuwaiti banks have started providing Apple Pay services, while the rest are in the process of launching the service imminently

2022 FEBRUARY

The Central Bank of Kuwait (CBK) issues guidelines specifying requirements for establishing digital banks

2022 JULY 24

The Amir issues a decree appointing Ahmad Nawaf Al-Ahmad Al-Sabah as the prime minister and tasking him with forming a new cabinet

2022 AUGUST

Kuwaiti oil expert Haitham Al-Ghais takes office as the new Secretary-General of OPEC at the organization's headquarters in the Austrian capital, Vienna

2022 NOVEMBER

KIPCO announces the completion of its merger by amalgamation with Qurain Petrochemical Industries (QPIC)



Image: Craitra

BE PART OF KUWAIT'S VISION



KDIPA
هيئة تنمية الاستثمار المباشر
KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY





Economy

NEW AREAS OF GROWTH

Kuwait swiftly implemented multiple strategies to safeguard its economy and population from the impact of COVID-19 and, according to the UN, quickly overcame the major challenges of this unprecedented crisis. Following the relaxation of COVID-19-related restrictions, the country's economy emerged with renewed vigor, with Vision 2035 the blueprint.

Kuwait's greatest advantage comes with its size and resources, said Abdullah AlNabhan, Regional Director of Palladium Group for the Middle East, in an interview with TBY: "Because it is a relatively small country in size with one of the highest GDP per capita figures in the world, there is room for the government and private sector to implement changes swiftly and effectively." With a swath of new legislators elected in October 2022, there is a growing sense of optimism and motivation, which our interviewees often expressed. Moreover, due to the increase in oil prices throughout the year, Kuwait's economic outlook has greatly improved, with the Institute of Chartered Accountants in England and Wales (ICAEW) estimating 7% growth in 2022.

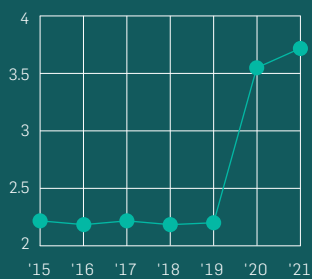
The country's financial stability is further enhanced by its official currency, the Kuwaiti dinar, being pegged to a basket of currencies, which enables a stronger baseline. Bountiful hydrocarbons resources also mean Kuwait is able to offer

generous subsidies. So although the inflation rate has risen to the highest in years, the Kuwaiti economy remains in a much more stable position when compared to the Western countries, where mitigation efforts often come with painful side effects. According to the Arab Times, the National Bank of Kuwait (NBK) reported "a net profit of KWD237.8 million (USD775.4 million), compared to KWD160.8 million (USD524.2 million) for the same period in 2021, improving by 47.9% YoY." This increase is but one of the reasons why, despite the economic challenges following the pandemic, the country's market appears to be moving forward in a positive direction.

Finally, with Vision 2035 in mind, the leadership of Kuwait is aiming to supercharge the economic transformation and diversify the output of the local market. Through the deployment of digital tools and technological innovations, the many sectors of the economy are gradually pushing toward alternative solutions and increased efficiency. The country's research institutes, such as Kuwait Institute for Scientific Research (KISR), and the legislative innovators like the Supreme Council for Planning and Development (SCPD), are constantly working on improvement and implementation of the approaches, which will allow Kuwait to diversify away from oil and increase its potential in new areas. ✖

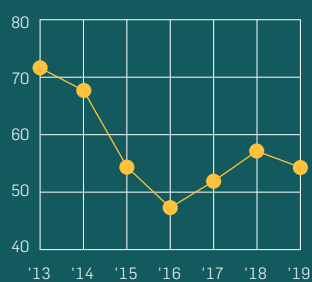
UNEMPLOYMENT RATE (%)

SOURCE: STATISTA



EXPORTS OF GOODS AND SERVICES (% OF GDP)

SOURCE: THE WORLD BANK



advancing FACILITATION

As one of the economic enablers of Kuwait's economy, KDIPA has been playing its part to help businesses adopt resilient, agile, and sustainable business practices.

Meshaal Jaber Al-Ahmed Al-Sabah
DIRECTOR GENERAL,
KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY (KDIPA)



KDIPA has recently successfully attracted several leading technology companies and supported them in setting up their hubs within the country. What has been the impact of these entries on the state of Kuwaiti technological developments?

Technology is a focus of Kuwait National Vision 2035 that capitalizes on the strength of the nation's advanced ICT infrastructure. This is driven by robust market demand, an abundant talent pool, modern accommodative legislation, and competitive factor costs, which has contributed to successfully attracting some of the leading ICT companies. According to the E-Readiness Index, in 2022 Kuwait ranked first in terms of a population covered by at least a 3G mobile network, internet access in schools, and e-commerce legislation and sixth in ICT services exports and the use of virtual social networks. To date, KDIPA has licensed 67 investment entities, bringing a cumulative approved direct investment of over USD4.3 billion, of which 32.3% represents the ICT sector that has seen an expanded sustainable economic and social impact in the local economy. These international companies offered solutions for consumers, while enabling businesses to establish frameworks and policies to facilitate and accelerate Kuwaiti digital transformation through the use and adoption of IoT, AI, and cloud services, to develop smart e-government services, implement the smart cities strategy, nurture start-ups, and build the capacity of national human capital. KDIPA developed the Kuwait Economic Benefit Model (KEBM) to quantify the impact of the approved direct investment on the domestic economy generated by the licensed investment entities that commenced operations. In its Third Report Assessing the Cumulative Impact on the Kuwaiti Economy, expenditure exceeded USD2.3 billion in 2015-2020 covering salaries and the training programs of the national workforce, advanced technological devices and equipment, support for local content (goods and services), government taxes and fees, social responsibility activities, as well as the development of the national export potential. The technology sector has an impressive impact on the local economy with a multi-faceted indirect impact and positive spillover and externalities.

What is KDIPA's strategy to ensure seamless participation for foreign investors?

KDIPA adopts a proactive strategy with a comprehensive approach that is focused on excellence in service delivery, aftercare, and facilitation in dealing with the potential and existing investors, in addition to maintaining open lines of communication with investors through various channels. Our one-stop shop serves as the single focal point, in parallel to KDIPA's online Investor Service Portal that supports the digitalization of the process. KDIPA's account managers are always ready to support investors and respond to their inquiries. KDIPA also has a team stationed at the Kuwait Business Centre (KBC), established under the Ministry of Commerce and Industry (MOCI), to facilitate issuing investment licenses. In addition, KDIPA approves annually a list of consulting companies and offices that are entitled to represent investment entities in managing their investment application and incentives. Furthermore, in accordance with good governance, KDIPA's board of directors established a grievances committee for investors to refer to in the event of any disputed issue.

KDIPA is driving the agility and strength of the local economy. What priorities are on your agenda for the near future? Our goal is to foster innovation in advancing new work paradigms utilizing national youth talent, support KDIPA's promotional, regulatory, and advocacy operations that are aligned with Kuwait National Vision 2035 objectives as we enter the fourth phase of Kuwait's Master Plan 2040 that provides a comprehensive physical structure framework for residential development and industrial expansion. This aims to initiate an effective participation of experienced investors in a plethora of available investment opportunities yielding benefits for the investor and meeting Kuwait's developmental goals in terms of realizing wide-ranging economic and social impact. KDIPA is also initiating concerted efforts to enhance regional collaboration among its investment promotion authority peers in the MENA region in its capacity as the Regional Director of MENA in the Steering Committee of the World Association of Investment Promotion Agencies (WAIPA). ✖

Licensed

67

entities to date,
empowering the
national economy

BIO

Meshaal Jaber Al-Ahmed Al-Sabah is the Director General of KDIPA. He is also a board member at The Kuwait Foundation for the Advancement of Sciences (KFAS) and The Kuwait Investment Authority (KIA). In addition, he heads multiple committees, including the Permanent Committee for Streamlining Business Environment & Enhancing Competitiveness in Kuwait (PCK) established by the Council of Ministers, the trade & investment sub-group of the Kuwait-UK Joint Steering Group, and the economic & commercial coordination working group in the Kuwait-US Strategic Dialogue. Previously, he held the post of the chief of Kuwait Foreign Investment Bureau (KFIB) at the Kuwait Ministry of Commerce & Industry (MOCI) in addition to various posts at the General Secretariat of the Council of Ministers (CoM). He has sat on multiple boards and also headed multiple specialized committees. Meshaal holds a PhD from the University of Portsmouth, School of Business in the UK. He obtained a master's degree from Maastricht Business School (KBMS) and holds bachelors degree from Kuwait University (KU), College of Social Sciences.

The Gateway to Kuwait's Economy



بورصة الكويت
BOURSA KUWAIT

Since its inception, **Boursa Kuwait** has been a key driver in the development of the Kuwaiti capital market, helping it achieve “Emerging Market” status in the FTSE Russell, S&P Dow Jones International, and MSCI indices. The company has been blazing a trail in its own development, becoming one of the first entities in the State of Kuwait to undergo privatization and one of the first exchanges in the Middle East to self-list on its flagship “Premier Market”.

A story of success on the local financial scene, **Boursa Kuwait** is truly the gateway to Kuwait's economy.

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catalyst FOR CHANGE

Over the years, Boursa Kuwait has helped drive the development of Kuwait's capital markets and ensure world-class standards and practices.

Mohammad Saud Al-Osaimi
CEO,
BOURSA KUWAIT



What have been the major developments and highlights of Boursa Kuwait's activity?

Looking at the bigger picture, one of the most important events since 2018 was the reclassification of Kuwait to an Emerging Market by MSCI in 2019 and the inclusion of seven listed companies on the Emerging Markets indices in 2020. On November 30, 2020, the exchange recorded one of the biggest trading values in the market's modern history, with almost USD3 billion traded. The reclassification ensured that the Kuwaiti capital market achieved Emerging Market status in three of the world's leading index providers, after reclassifications by FTSE Russell in 2017 and S&P Dow Jones International in 2018. Not only did we witness the development of the capital market, but Boursa Kuwait itself has also undergone some changes. The company underwent a privatization process in 2019, making Boursa Kuwait the first stock exchange in the Middle East to be fully owned by the private sector. In September 2020, Boursa Kuwait listed its shares on the "Premier" market. In addition, Boursa Kuwait increased its stake in the Kuwait Clearing Company to 50% over the years, making KCC a vertically integrated settlement and clearing arm of the exchange. Boursa Kuwait also launched the first phase of its third Market Development (MD) plan in 2019, which included a plethora of products and services, including real estate investment trusts (REITs), tender offers, stock swaps, short selling, trade at last sessions, as well as enhancements on off-market trades and circuit breakers. The company subsequently launched tradeable rights issues and netting as well as margin lending and trading in collaboration with the CMA. Additional-

ly, Boursa Kuwait launched a brand-new website and suite of applications in 2021, available on smartphones, tablets, and watches.

What makes Boursa Kuwait so successful and highly valued across the region?

Boursa Kuwait has played a pivotal role in the development of Kuwait's capital market to adopt world-class standards and practices, as well as diversifying the national economy in line with the goals of the New Kuwait 2035 vision. We have developed a detailed blueprint to realize our strategic objectives, create long-term values for our stakeholders and ensure business sustainability to create an attractive issuer base, broaden the investor base, increase our products and services, and upgrade our infrastructure and business environment to international standards. As the country's stock exchange, Boursa Kuwait is home to many of the region's most highly valued listed companies. Through our roadshows and Corporate Days, we consistently promote them and the Kuwaiti capital market, giving companies the opportunity to meet with some of the world's biggest investment banks and asset management firms, highlighting their financial health, business outlook, and business strategies.

Can you tell us about Boursa Kuwait's efforts to raise awareness and adoption of sustainable business practices?

Kuwait's capital market has been one of the earliest adopters of ESG standards and practices. The field has only recently been explored, even on an international level, and we at Boursa Kuwait are cognizant of the need for listed companies to be aware of the latest trends. To that

end, we have worked with some of the world's most renowned institutions to raise awareness of the ESG standards and practices that can make our companies more attractive to international investors. In 2021, we published an ESG Disclosure Guide to support listed companies to report on these issues and meet the growing needs of various stakeholders for transparent and regular information. We also published our first-ever standalone Sustainability Report, which details Boursa Kuwait's Corporate Sustainability strategy, partnerships, and initiatives for 2021. The exchange has been working closely with CMA to implement its resolution for the requisites of sustainable finance, helping make the Kuwaiti capital market more sustainable according to the best standards and practices described by the International Organization of Securities Commissions (IOSCO) and in support of the UN's Sustainable Development Goals. ✖

BIO

Mohammad Saud Al-Osaimi currently holds the position of CEO at Boursa Kuwait. Prior to this, he played a pivotal role in the reforms and development of the Kuwaiti capital market and the successful execution of Boursa Kuwait's mission, vision, and strategic objectives, in his capacity as Head of Markets. He joined Boursa Kuwait as a member of its first assembled board of directors in 2015, after spending over two decades in various senior positions in the investment field. He holds a master's degree in public administration from Carnegie Mellon University in the US and a bachelor's of science degree in mechanical engineering from Gannon University in the US.

INTERVIEW

LEADING DIGITAL *lifestyle provider*



Zain is a pioneer in digital technologies, driving meaningful connectivity and socio-economic development in Kuwait and across its regional footprint.

Bader N. Al-Kharafi
VICE CHAIRMAN & CEO,
ZAIN GROUP

**Successful
introduction of
5G services in
various Zain
markets**

**Portfolio
optimization
is one of the
key parts of the
4Sight strategy**

BIO

Bader N. Al-Kharafi is the Founder and CEO of BNK Holding, his personal holding company headquartered in Kuwait and established in 2016. BNK Holding oversees and manages a portfolio of businesses spanning over multiple industries that include healthcare, technology, telecoms, industrial, securities exchange (through the Kuwait Bourse privatization), food & beverage, media, manufacturing, real estate, banking and automotive. He holds many board-level position, including being Vice Chairman of Gulf Cables, a manufacturing provider of cables and Vice Chairman & CEO at Zain Group, a leading mobile voice, data, and digital services operator to over 50.9 million active individual and business customers as of March 31, 2022.

In the past few years, Zain has gained great traction by transforming into a leading digital lifestyle provider. What milestones has Zain Group achieved in this context in the MENA region?

As a pioneer in digital technologies driving meaningful connectivity and socio-economic development in Kuwait and across our regional footprint, in accordance with our “4Sight” strategy to future-proof the company, Zain continues to digitally transform itself and pursue opportunities to innovate. We are maximizing the many technology developments within the core telecoms business while exploring new frontiers and diversifying into emerging lucrative business verticals in the ICT, digital infrastructure, fintech, and digital services space. To meet the ever-growing demand for reliable, high-speed connectivity in Kuwait and across our markets, Zain is making significant investment in spectrum license fees, 4G network expansion and 5G upgrades, and Fiber To The Home (FTTH). We are diligently monetizing these networks, offering appealing fintech, content, gaming, and other highly demanded services for our digital savvy consumers, as well as compelling and lucrative B2B services to governments and enterprises. In recent years, we have introduced a wide range of new digital services and new entities that are witnessing impressive customer uptake and revenue growth. ZainTech, our one-stop digital and ICT solutions powerhouse, has gained enormous traction since its launch in October 2021, establishing the groundwork for exponential profitable growth by being the digital partner of choice for governments and enterprises across our markets. ZainTech’s recent acquisition of leading managed cloud provider BIOS Middle East is set to supercharge our capabilities in the critical busi-

ness area of hybrid and multi-cloud managed services. Cybersecurity, IoT, AI, big data, smart cities, drones, robotics, and other emerging technologies are additional services and growth areas that ZainTech is focused on, which will drive revenues and enable the company to provide the most comprehensive suite of digital and ICT transformation services in the region to organizations and government entities all under one roof.

As a leader of the major digital services corporation in the Middle East, what is your perspective on the fintech sector across the region?

Achieving our fintech aspirations is a key strategic initiative of Zain as we continue innovating and expanding mobile financial services across our operating markets, providing much needed and life-enhancing services to our customer base and beyond. In Kuwait, we have applied for a digital banking license with the central bank and are keenly awaiting the grant of the license aiming to be first telco-led challenger bank across the Middle East. We are of similarly achieving confident (in Kuwait) the customer and transaction growth we witnessed with “Tamam,” our micro-financing arm in Saudi Arabia, the “ZainCash” mobile money platforms in Jordan and Iraq, and “M-Gurush” in South Sudan, which have been truly impressive in recent years. In Bahrain, we recently acquired a digital banking license from the Kingdom’s central bank and expect commercial launch in 2023, while in Sudan we are currently fulfilling the necessary regulatory requirements to be awarded a digital banking license and expect to launch in the first half of 2023.

Zain was a pioneer in the sale and leaseback of its passive tower networks. What are the advantages of such?

Portfolio optimization is one of the key parts of the 4Sight strategy centers that extends to the sale and leaseback of the passive infrastructure of our tower network, thereby unlocking capital and allocating resources for more effective and sustainable use. In 2017, we were the first in the region to announce the sale of our 1,600-tower network in Kuwait for USD165 million, followed by Jordan in 2021 for USD88 million. In early 2023 we completed the agreement with the Public Investment Fund in Saudi Arabia to sell 8,069 towers for USD807 million. Similarly, in January 2023, Zain Iraq entered into a definitive 15-year agreement to sell and leaseback its 4,968-tower portfolio for USD180 million.

What are the major challenges facing Zain in Kuwait and across markets?

Zain's diverse footprint sees our markets deal with multiple socio-economic challenges, and the management continues to effectively deal with such matters, including fluctuations in currency exchange rates, a changing taxation environment, regulatory and spectrum developments, intense competition, and the impact of inflation that is affecting consumer spending. In Kuwait, as the incumbent and dominant market leader in all key financial KPIs, maintaining this position presents many challenges due to the intense competition from two other operators, whereby we see unhealthy business practices, and a new MVNO that was recently launched. Nevertheless, the group and Zain Kuwait teams are focused on overcoming this and doing so successfully as 2022 resulted in Zain Kuwait witnessing impressive growth in its revenue and profit. Other challenges include the higher inflation rate that is impacting purchasing power and

cost of technologies, the population reduction of approximately 6% over the last few years, and regulatory challenges. With the new proactive CITRA board and management's astuteness in constantly investing in technologies and 5G upgrades attracting key corporate and government customer accounts, we are confident that Zain Kuwait will prevail and maintain its premier position in the market.

As a listed entity in Kuwait, the place of origin for the company, Zain controls the biggest share of the market in revenue and profitability. What are your thoughts on the present situation in the country?

Kuwait is having its challenges, yet the infrastructure stimulus investments and digital transformation undertaken in recent years by the authorities on multiple fronts is something we are building on. As the incumbent telecoms operator playing a leading role at the forefront of the country's Vision 2035, we are focused on investing in and bringing the latest and most empowering digital technologies to our beloved country, in a sustainable manner. Our nationwide 5G state-of-the-art network, unique B2B offerings, and appealing digital mobile services stand out to consumers, enterprises, and government departments alike. This is driving revenue growth and creating shareholder value for all. As a leading listed entity on the premier market in Kuwait, Zain seeks to exceed the regulations issued by all financial regulatory bodies including the Ministry of Commerce and Industry, the Capital Markets Authority, and Boursa Kuwait by applying high ethical standards, transparency, and professionalism toward all our stakeholders, thereby promoting investor and market confidence in Zain. ✖

INTERVIEW



BLUEPRINT *for success*

The Supreme Council for Planning and Development focuses on initiatives such as the country's diversification and privatization processes, including setting the policies and creating a blueprint for improvement and implementation.

BIO

Khaled A. Mahdi is Secretary General of Kuwait's Supreme Council for Planning and Development, the National Counterpart of UNDP's Country Program in Kuwait, and a member of several high-level government boards and committees. He leads Kuwait's National Standing Steering Committee for the Implementation of the UN Agenda 2030 for SDGs. In 2016, Mahdi established the Kuwait Public Policy Center (KPPC) and its Nudge Unit, reporting directly to him. He also oversees the three other in-house research centers: NKEC, NSDO, and NDRC. Mahdi is a graduate of the University of Toronto and holds a PhD in chemical engineering from Northwestern University. He is a certified consultant engineer, a project management professional (PMP) and PRINCE2, a certified GCC Arbitrator, and is a member on several international organizations. Khaled was an associate professor in the College of Engineering and Petroleum at Kuwait University.

Khaled A. Mahdi
SECRETARY GENERAL,
SUPREME COUNCIL FOR
PLANNING AND DEVELOPMENT

What milestones has Kuwait achieved in the last few years?

We have made great progress in two areas: infrastructure and legislation. Many legislations have paved the way for a proper platform to carry out change in the country. We have improved and implemented new laws for PPPs, competition protection, privatization, and SMEs. These legal structures have been established in the country. Since announcing Kuwait Vision 2035, five years have been spent on issuing laws. Some of them still need to be modified and enhanced; however, the positive thing is that we have made a start. That was the establishment of legal structures of the country. In the next wave of the plan, from 2015-2020, the country was like a workshop because of the project infrastructure that was established, including roads, fiber optics, the inception of the airport, starting the Mubarak Port, infrastructure in the oil sector, clean fuel refineries, and LNG. These are some of the infrastructure projects that have been developed, and more are being created as we speak. The next step is to include more private-sector engagement in the projects by releasing more land and giving maps of investment in the country, like the entertainment city project, Jaber Causeway, and the islands. Most of these are in the tendering phase. In terms of those in full force, Health Assurance Hospitals Company (DHAMAN) is a great example of a PPP project that succeeded in providing healthcare services. On the PPP projects side, we also have renewable energy developments and the GCC railroad, which should be tendered next year.

How is the Supreme Council for Planning and Development participating in the diversification and privatization processes?

Our work at the Supreme Council focuses on setting the policies, including the country's public and national legislation, and creating a blueprint for improvement and implementation. We are currently working on engaging the private sector more, as to allow it to contribute more toward the GDP of the country. This includes a policy for restructuring the government and shifting the government's operational role to the private sector and partnerships. Another policy aims to push

"We have made great progress in two areas: infrastructure and legislation."

this change through SMEs, private-public partnerships (PPPs), and privatization. The Public Authority of Manpower offers financial incentives to Kuwaitis to participate in the private sector. They are encouraged and trained to fill the skill gap between the public and private sectors, as in most situations the decision to switch is not an easy one.

Where do you see Kuwait's place in the MENA region from a financial or technological perspective?

Kuwait has strong fundamentals. As the only democratic country in the region, we require a great deal of political navigation and consensus. When we started forming the national plan, we focused on legislation to put the proper legal platform in place before moving forward. When countries go through development and new changes, they require a stable and subtle legal structure to help them move ahead, and our legal structure is solid. When I reflect on the progress done so far, I always remind myself that even changing a small company is difficult; we can imagine how challenging it can be to change a whole country. Life in Kuwait is stable and comfortable, which does not make it any easier for the change to happen. We are making progress, one step at a time.

Where can you see potential for economic diversification in Kuwait?

The digital and knowledge economy best suits the diversification process, which is why most of the policies focus on innovation and encouraging people to be creative. We called this pillar of the vision: creative human capital. Building a creative human capital will provide us with a diversified economy in the future, though this is a long process and not an easy one. We need to do it as a part of the fourth revolution. We are extremely realistic. We know our challenges, and we know how to deal with them. ✕

back to BASICS

By complementing the government's work through private sector, KIPCO is working to drive change forward and help realize the country's vision.

Sheikha Dana Nasser Sabah Al Ahmad Al Sabah
GROUP CEO,
KUWAIT PROJECTS COMPANY (KIPCO)



What is your perspective on the progress being made in economic diversification?

Kuwaitis have been engaged in entrepreneurship for a long time. We had always traded and participated in the international market. In the industrial era, we were fortunate to have struck oil and build our country with its support. We cannot, however, depend on oil forever. When it comes to diversifying the economy and seeking alternatives, I believe the movement has already begun. With the ESG policies being implemented and the net zero initiatives in place, we can take the country forward toward a more sustainable future. The economy must be diversified. The government has a plan and will hopefully execute it in a timely manner, and we, as the private sector, stand ready to support where we can. Overall, we, at KIPCO, are staying optimistic.

Given its wide range of projects, where does KIPCO stand in empowering Kuwait economy's development?

We are currently taking part in a merger with Qurain Petrochemicals that will enhance our portfolio. We are taking great steps toward integrating digitalization into all aspects of our business. It is an important milestone. In this new portfolio, we will include alternative investments or strengthen existing ones, such as the logistics and healthcare. We have education, food, petrochemicals, banking, media, and oil and gas. With the support of our other companies, such as SADAFCO and ATC, we aim to enhance our portfolio in the foodstuff and healthcare sectors. Especially with the net zero goal and the ESG, we are looking more into renewable energies. We are working

in alignment with the government, looking at its policies, and trying to support the change by creating jobs or putting Kuwait on the map for renewable energies. Additionally, Kuwait is facing a major housing problem, and this is where KIPCO can help the government, by delivering projects and accelerating the developments.

What are the greatest skills and strategies women can employ to excel in the Kuwaiti business scene?

When it comes to the ways in which women can overcome challenges, there are a few tools and strategies. First, women typically have to double or triple the amount of work to be viewed as having made progress in comparison to their male colleagues. This requires patience and resilience in order for us to move forward. Moreover, women are multi-taskers by nature and tend to be less emotional about business matters, which greatly improves their leadership and management skills. Business opportunities for women in Kuwait are significantly better now. In the 1980s, there were fewer women working in the private sector. Now, it is completely different. The entire dynamics of society have changed. For example, there are now three female CEOs in the banking sector. Women have also become more prominent in industry and logistics. Even at the government level, there are two ministers now. In the end, through diligent work and resilience women can truly excel in the workplace, as they do in life.

Where does KIPCO plan to focus its efforts in the coming months?

We will make the greatest effort in food security, medicine, healthcare, education, and technology. These are the basics. Since January 2022, we have been working on diversifying our portfolio, and due to the nature of Kuwait Vision 2035, it feels only natural to focus heavily on the fundamentals. We want to align ourselves with the government and help Kuwait grow. There are also other pillars, such as banking and insurance, which are the extras. We are working on improving our agility and become even larger following the merger. We will have to reevaluate our assets and choose our portfolio going forward. We aim to deliver great yield for our shareholders and grow our company. With the right strategy and a sustainable approach, we are certain to make the most of what is yet to come. ✖

BIO

Sheikha Dana Nasser Sabah Al Ahmad Al Sabah was appointed KIPCO's Group CEO in January 2022 and has been a board member since 2020. She is the founder & chair of the board of trustees of the American University of Kuwait (AUK) and chairperson of United Education Company. She was formerly CEO of Al Futtooh Holding Company and currently holds board positions in Gulf Insurance Group, OSN, and Kamco Invest. Sheikha Dana holds an honorary doctorate of Humane Letters from Dartmouth College in the US and a BA in English literature from Kuwait University. She also studied at Indiana University in Bloomington in the US.

THE RIGHT *guidance*



The World Bank has been helping the Kuwaiti government to improve socio-economic conditions, private sector expansion and governance, and developing human capital.

Issam Abousleiman
REGIONAL DIRECTOR, GCC COUNTRIES
WORLD BANK

Reforms required to accelerate Kuwait Vision: 2035

Green Growth agenda could greatly improve the economy

By going green, Kuwait could export more oil

BIO

Issam Abousleiman joined the World Bank in 1989 in the loans department and, since then, has held various positions across the institution, including head of financial advisory and banking at the World Bank Treasury and principal investment officer in the banking and debt management department. His most recent assignment was country manager for Colombia in the Latin America and Caribbean region. His regional expertise includes Africa, Asia, Europe, Latin America, and the Middle East regions. Abousleiman is a graduate of the Harvard University Executive Management program and holds an MBA in finance and investment from George Washington University, as well as an MBA in management from the American University of Beirut. He is a certified Financial Analyst (CFA).

As an organization with macro-expertise of the world's economy, what is the World Bank's perspective on the progress of Kuwait?

Kuwait's economy is set to continue recovering from the contraction brought by the pandemic in 2020. Developments in the oil economy have supported the recovery, with Kuwait's oil price and production levels increasing by 51.5% and 13.6%, respectively, during the first 10 months of 2022. Oil exports in Kuwait rose by 81% during 1Q2022 (YoY), prompting a 270% widening of the current account surplus, which is estimated to reach 28.5% of GDP during the same period. Economic growth is forecast to accelerate in 2022 to 8.5% before moderating to 2.5% in 2023 and 2024, respectively. After growing by 13.4% in 2022, the oil sector will continue supporting growth as more capacity from the Al Zour refinery comes online in 2023, despite signals of more cautious OPEC+ scheduled production. Likewise, the non-oil sector in Kuwait is anticipated continuing to expand in 2023 following a 7.7% uptick in 2022. More robust demand will be translated into additional upward inflationary pressures, though monetary tightening and decreasing global food prices will moderate inflation in the medium term.

Taking into account Kuwait's heavy reliance on the oil and gas industry, what solutions could be implemented to increase economic diversification?

Kuwait, like other GCC countries, wishes to diversify its economy away from oil, and indeed, its potential is tremendous. Vision 2035 provides a solid road map; one that can be updated over time; however, significant reforms are needed to realize its objectives. Examining the case of other GCC nations can guide Kuwait to the right policies to diversify the economy—encouraging FDI by ensuring a streamlined and supportive business environment. Neighboring countries are moving ahead with 100% foreign ownership and long-term residency: developing the knowledge economy and moving into high tech areas. GCC countries are looking at what role their sovereign wealth funds can play in supporting growth industries such as the tech sectors and reorienting their education and training systems to meet the demands

of tomorrow's workplace. Finally, rationalizing employment in the public sector and encouraging youngsters and women to embark on exciting careers in the private sector is also important. Kuwait is a relatively a small country and can transform itself rapidly within the right policy reform framework.

What is the current scope of the World Bank's support of the local authorities?

The government of Kuwait and the World Bank have a longstanding partnership built around an increasingly strategic Advisory Services Program begun in the early 1960s. Kuwait has been a strategic partner that has supported developing nations' progress. One of the first reports delivered in 1961 focused on the state of the Kuwaiti economy. The opening of the World Bank's Country Office in 2009 expanded the program with the aim of helping the government improve socio-economic conditions, including human capital, private sector development, and governance. The government has defined a clear path for sustainable growth with the Vision 2035/New Kuwait aimed at transforming the country into a regional financial and commercial hub by 2035. The seven pillars of the Vision are expected to be realized through the Third Kuwait National Development Plan (KNDP-3) 2020-2025 and subsequent national development plans. This is now also embodied in the Government Program approved in November 2022. Building on achievements and lessons learned, the World Bank and the government of Kuwait have agreed to a Country Engagement Framework (CEF) for 2021-2025 with the following thematic pillars: enabling the private sector to become the engine of growth and job creation in a diversified economy, investing in human capital as a key factor in wealth formation, enhancing governance and improving the effectiveness of public administration and service delivery, and promoting sustainable infrastructure and a healthy living environment. The CEF is also guided by a Gender Engagement Framework that will support a crosscutting approach to enhancing women's economic opportunities, and promote an enabling environment for their employment, entrepreneurship, and leadership. ✕

PUSHING FOR CHANGE

Public and private stakeholders are implementing programs of social uplift in Kuwait.

KUWAIT HAS SEEN a wave of societal changes over the last couple of decades. From the simplicity of the pre-oil era to its current state of wealth, multiculturalism, and modernization, Kuwait has seen quite a transformation. While retaining the essence of its Arabic and Islamic identity, the Kuwaiti culture has been truly dynamic in evolving in pace with the spirit of the age. The Kuwaiti people are increasingly caring about new values from equal opportunities to the importance of mental health.

This cultural transition is supported by public and private institutions in the country. Alnowair foundation, for example, takes pride in “bringing positive social and behavioral change” to Kuwait, while raising awareness about socially important issues, “one mind at a time.” Public stakeholders such as the Ministry of Education and the Higher Authority for Planning and Development are also trying to do their bit.

WOMEN IN LEADERSHIP

Kuwait has been among the first in the GCC region to embrace the empowerment of women. In the 1990s, Kuwait University, for example, was the first major Arab academic center to have a woman president, Dr. Faiza Al-Kharafi. There are similar instances of women making it to the top in the media, executive positions, and the judicial system.

In a historic turn in 2020, eight women took the legal oath of office, becoming the “first women to be sworn in as judges in Kuwait,” according to Kuwait Times. This was followed by the appointment of 13 female prosecutors in 2022—who made up nearly 25% of the new judicial appointments in that year.

“And to further support these gender reform efforts, the General Secretariat of the Supreme Council of Planning and Development formed the Women's Affairs and Business Committee in May 2021 with the mandate of boosting women's economic empowerment,” reads a blog post by the World Bank. This has reinforced the place of Kuwaiti businesswomen in the nation's economy. The likes of Sheikha Bashayer Al Sabah-Arab, Noor Al Qatami, and Rana Al-Nibari are frequently seen in the country's business ecosystem these days.

Steps have also been taken to encourage leadership among women from an early age. The country's Public Authority for Youth, in cooperation with Alnowair foundation, has launched an initiative which focuses on leadership skills among schoolgirls. The initiative uses the medium of drama and performing arts to foster skills such as public speaking, audience engagement, and performance under pressure among young women.

And in the private sector, companies in Kuwait recently launched the Women's Economic Empowerment Platform (WEEP), providing

practical guidance to businesses to empower women

COMMUNITY VALUES

A thorough societal change will not be possible without the promotion of the right community values. Foundations such as Alnowair have taken it upon themselves to make a difference in this area. Sheikha Intisar Al-Sabah, Alnowair's founder, spoke to TBY about its various initiatives. The Boomerang project, for instance, which has the support of the Ministry of Education as well as the private sector, has reached out to over 11,000 students so far to “prevent bullying and promote kindness among students and the wider community,” as Sheikha Al-Sabah puts it.

Sheikha Al-Sabah told TBY about yet another initiative called “30 Yellow Benches.” This progressive project is intended to increase the residents' peace of mind through activities similar to meditation. The promotion of mindfulness and peacefulness is undoubtedly needed in a society in the process of modernization, where some may feel overwhelmed and confused. By designing and installing benches in Kuwait City, Alnowair has invited citizens to take a few minutes off, simply sit down, empty their minds, and engage with their environment.

“The wonderful thing is that you can find them everywhere. We have installed them in the desert, on the beach, at the animal shelter, and in the parks. The project has been a great success so far,” notes Sheikha Al-Sabah.

IMPORTANCE OF MENTAL HEALTH

With Kuwait's transformation into a more complex society, the issue of mental health has indeed come to the forefront. With Kuwait rapidly evolving, the nation is more exposed to the stress and other downsides of modern life. Loneliness, anxiety, and depression are currently major threats inside and outside the workplace in many developed economies. Fortunately, however, health authorities in the country are taking mental health problems seriously, including by launching awareness-raising campaigns. The country's Ministry of Health launched a campaign called “Now I Understand” in 2022 to support those affected by issues such as stress and depression, letting them know that there should be absolutely no stigma attached to these conditions.

Dr. Dina Al-Dhubaib from the Ministry of Health explained to *The Times Kuwait* that the “campaign emphasizes the importance of mental healthcare for all ages,” adding that “mental healthcare is not limited to the mental health clinic but is the responsibility of every individual anywhere.” It is hoped that the initiative will encourage those at risk to seek professional help, thus making the country's population healthier and more efficient individuals. ✖

INTERVIEW



BIO

Fatima AlSalem holds a PhD in mass communication from Indiana University Bloomington in the US and is currently the Chairman and Director General of KUNA. She was previously an associate professor of mass communication at Kuwait University, where she has taught public opinion, global communication, digital media, and news writing. An avid researcher, she has published many research articles on journalism and social media in Kuwait in numerous international and Arab academic journals. She has also participated in many local and regional conferences where she represented Kuwait with her research. She has published three book chapters on Kuwaiti media and women's political participation. Moreover, AlSalem has served as an advisor in several government committees.

Fatima Al Salem
DIRECTOR GENERAL,
KUWAIT NEWS AGENCY (KUNA)

What is KUNA's mandate?

KUNA was established in 1979 to provide Kuwait with an international presence and be a source of information for the nation and for international offices. What makes us reliable, and what makes KUNA a successful story of over 50 years, is the way it is structured. KUNA is funded by the government, yet very independent. We have our own internal rules and regulations. We have the freedom to cover news stories and have our own sources. The whole structure is built to be an independent institute. In addition to that, when KUNA was first established, it hired excellent journalists, and provided them with international training. Then, it signed MoUs with various news agencies around the world for news sharing, but also training. Our journalists have been trained at the BBC and Reuters, and other major agencies around the world. The other thing is that KUNA has a unique position in our society, being the only news agency in Kuwait. What many do not understand is the fact that we provide the news to those entities who

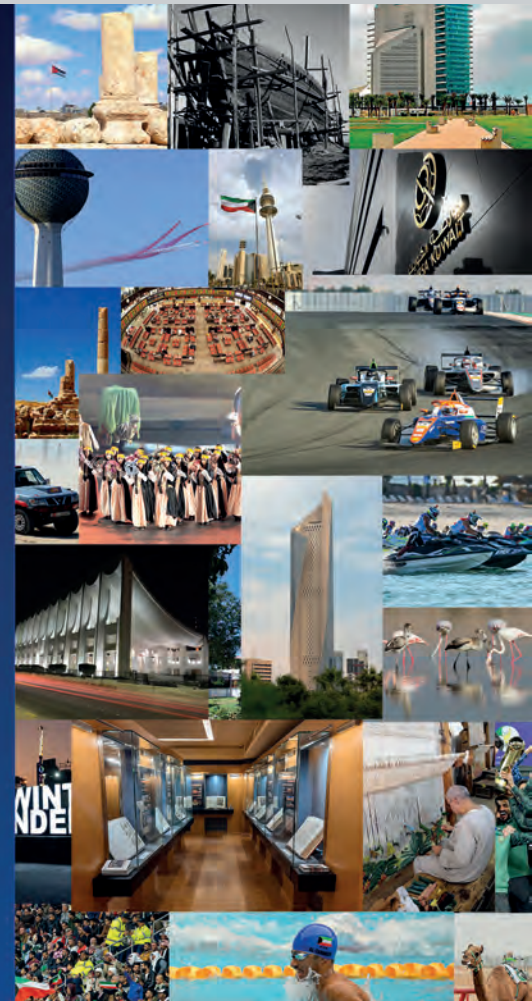
provide the news to the public. This makes us unique. Moreover, our journalists are truly world-class. They are objective and strive towards accuracy. Our work ethic is built around the main values of journalism, which are objectivity, truth, and integrity.

What is your perspective of KUNA's participation in the digitization of the media?

Kuwait has the highest registration rate for use of social media and digital news in the MENA region. We have a vibrant culture of digital media, and people are advanced in its use. The penetration rate of smart phones is 240%. One has to adapt to this reality or else go out of business. Many, if not all, have already become digital news providers rather than just a printed newspaper. The newspaper will stay, but the way they present news will certainly change. Al-Qabas is a great example of successfully turning a newspaper into a digital news platform. They offer podcasts and videos, addressing the need for digital data. When it comes to KUNA, we have had an app, that was later discontinued, yet now I have assumed my role here, this is one of the major projects on my agenda. We will have our application up and running again soon, and we have also started thinking differently about social media. ✖



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strategic GROWTH

KAMCO Invest has grown to become one of the key players in the regional financial services sector and the sixth-largest asset manager in the MENA region according to Forbes.

Faisal Mansour Sarkhou
GROUP CEO,
KAMCO INVEST



What strategies have underpinned KAMCO Invest's success as the company expands?

The most important factor is the clear vision and mission that we share across the entire organization. Our vision and mission lay a foundation for the five-year plan, budgeting strategies, and yearly revisions based upon progress achieved. We adopt a periodic theme to fit our strategy and early 2022 we focused on collaboration, cooperation and support one another. COVID was a challenging period, which helped us see that through cooperation we can overcome any challenges and were able to continue growing our client base and our asset under management. Today, our AUM stands at USD12.9 billion, making us the sixth-largest asset manager in the MENA region (Forbes ME ranking 2022).

What sustainable strategies and ESG approaches have you been working on?

There are many elements under the ESG umbrella, and we take care of our stakeholders and the wider society. KAMCO Invest was the first investment company in Kuwait to join the UN Global Compact initiative which is in line with our efforts to strengthen our business model by incorporating the UN SDGs within our business functions. This stems from our belief in its 10 principles which are integral to our core values. We are also committed to the Women Empowerment Principles in support of the UN sustainability goals. We published our first sustainability report for 2021 showcasing the company's continued commitment across environmental, social, economic, and governance aspects. In addition, we focus on being a more transparent organization and our digital platform is designed to suit a diversity of customers.

Recently we have also provided regular support for universities, building Kuwait University's common area for the finance society. Meanwhile, since the first sustainability report, we have introduced many changes both internally and externally. Our entire activity is digitalized with an environmental orientation.

What are the main advantages of the digital route and your new app?

In the digital arena and during COVID-19, we successfully managed the company offsite. One is today able to sign memos anywhere in the world through DocuSign and other systems. One can apply for leave and do everything else online. Building on that, we wanted to ease the journey of our investors by solving some of their challenges as, from a regulatory perspective, you need to stringently know your customer (KYC). Digitizing that process and allowing clients to do it at their convenience was critical. Now, the KAMCO Invest App allows them to learn how to update documents and helps us communicate with them directly and instantly. We need to do this from a compliance perspective for all our clients. This is part of the strict regulations of Kuwait's Capital Markets Authority. We focus on the client journey to make their life easier, digitizing their interaction with us, and their ability to review reports and make requests online rather than calling someone. Currently, we are in phase two, where we enable people to invest in our products. Today, having a mobile civil ID in Kuwait allows anybody to open an account digitally with access to our mutual funds, which rank first and second among conventional funds and first for Islamic funds in the Kuwaiti stock market.

What are your plans to develop the app?

We hold public sessions to educate people on investments and financial literacy. Introducing more education-based content onto the app may occur over the coming years. From a technological perspective, creating content is an undertaking in itself. KAMCO Invest is the only company in the country with a fully-fledged research team with a substantial output on the app. We are creating reports on the energy sector, real estate, and banking, and provide daily and weekly market color. We have two types of research, the buy-side, and the sell-side, which is not client-centric. All of these contribute to KAMCO Invest's ability to provide comprehensive and useful support for our stakeholders, and all interested parties. ✖

BIO

Faisal Mansour Sarkhou was appointed Group CEO of KAMCO Invest in 2014. He has extensive experience in investment services namely investment banking and asset management and joined the company in 2000. He has held several managerial positions including head of corporate finance and head of financial services and investments. Earlier in his career Sarkhou was a member of the corporate finance team at KPMG in Kuwait. He sits on the board of several companies, is a member of advisory boards and executive committees, and is a prominent speaker at various investment forums. Sarkhou holds a BSc economics degree with honors from the University of Birmingham, UK and an EMBA with distinction from HEC Paris, France.

INTERVIEW



FORWARD *looking*

KPMG is looking to help companies in Kuwait with upcoming changes such as ESG requirements in line with the increasingly diversification of the economy.

BIO

Rasheed Al-Qenae is the Managing Partner of KPMG Kuwait and Head of Tax—Middle East and South Asia (MESA) region. His expertise lies in advising large multinationals on tax-related matters and infrastructure projects in Kuwait. He brings valuable experience from working with the department of income taxes in Kuwait for years and has had a wide range of clients from multiple sectors, including oil and gas, aviation, financial services, and retail.

Rasheed Al-Qenae
MANAGING PARTNER,
KPMG KUWAIT

Which of KPMG's solutions are the most sought after in the Kuwaiti market?

In Kuwait, KPMG provides audit, tax, and advisory services. In terms of our focus areas, we noticed that the COVID-19 crisis highlighted technology as the space to improve upon. Companies have seen how powerful technology can be for their business by helping in lowering costs, increasing efficiency and so forth. The pandemic also made people more aware of the need for cybersecurity, which became one of our priorities. Companies are exposed to cyber threats due to technological shifts, which is one of the major pain points of our clients. We have become a knowledge advisor and a means of improvement for our clients, working to resolve these potential concerns even before they arise. Technology can be extremely powerful when applied using the right procedures and tools. You need to develop the right infrastructure to support your system and keep your data safe.

In 2022, KPMG in Kuwait launched the first edition of the KPMG Private Enterprise Global Tech Innovator competition in Kuwait. How was this initiative received in the country?

Kuwait has certainly responded positively to this idea. Early-stage tech companies from over 30 countries participated in the event, with 25 applications from Kuwait alone. The event provided a great platform to support the growth of participating tech start-ups and gave them the opportunity to present their ideas to a global audience and network with industry leaders, investors as well as other competitors. Bounce, an edtech start-up, emerged as the country winner and went on to represent Kuwait in the global finale at Web Summit, Lisbon, where Hull-based HiiROC was named the overall winner. We intended to put these young entrepreneurs in front of investors who are more likely to be interested in their ideas, considering many of them are constantly disrupting their respective sectors. Our goal was to promote great ideas and accelerate the development of innovative techpreneurs who

came forward for the competition, and we are certainly noticing a spring in their step post completion. KPMG is only the facilitator and does not gain from this event.

What are the priorities of KPMG in Kuwait for 2023?

Our focus for 2023 will be ESG, which is the priority for KPMG globally and not just in Kuwait. We aim to contribute toward the diversification of the economy and help it become less reliant on the oil and gas sector. While there are still no ESG compliance rules in Kuwait, we expect them to be introduced soon. The positive thing about international companies present in the country is that they are likely already ESG-compliant due to the regulations elsewhere, which will certainly accelerate the transition. We are planning events and initiatives to make our clients more aware and prepared for these changes. We want to educate them on the reporting standards and systems they can use to advance their operations. We will ensure our clients and communities are ready for this change before it happens. Another focus for KPMG is digital transformation. We currently work with a number of organizations that want a complete digital makeover of their business. Along with this, we are focusing on cybersecurity. We want to help our clients transition to digital as early and swiftly as possible. Finally, we want to improve our team; our focus is mainly their work-life balance. We introduced several changes since the pandemic struck, and these work for the betterment of our team's health and efficiency. At this point, we are working using a hybrid model. Some physical interaction is necessary because activities such as networking and negotiation are better done in person; however, organizational administration can, for example, be dealt with via online channels. The recipe for success comes down to balance and moderation, which is what we have been exploring. The hybrid model is likely to continue as the newer generations are becoming more tech-savvy. ✖

attractive OPTIONS

In an unpredictable and rapidly evolving market, Kamco JEDI Fund has valuable advice in terms of the available investment opportunities.



Fahad Al-Sharekh
GENERAL PARTNER,
KAMCO JEDI FUND KAMCO INVEST

Considering the economic challenges of the present, what strategies and tools would you recommend in taking advantage of the investment opportunities available? The opportunity is in investing in capital efficient start-ups, because we are seeing the best entry points, due to the economic reset. All other asset classes are going through a serious correction, and no one can determine when the bottom will be reached. This also caused the investments landscape to change materially since the end of 1Q2022. Rock-bottom interest rates since 2008 drove investors to take increasingly bigger risks, pushing stocks to record highs. That party is over now, and reality has set in. Moreover, the US Fed's aggressive rate hikes—meant to cool the economy and, thus, consumer spending—rippled through the markets and upended the way investing has worked since the financial crisis.

What is your perspective on the different asset classes and their situations at the moment?

When it comes to real estate, in December 2021, the US rate on the 30-year mortgage was at 3%; now, it is more than 6%. The pandemic housing boom is a bust, and many companies in the sector have laid off their employees. It is not clear if US home prices are anywhere near the bottom. The S&P500 is down more than 20% for the year, as the higher-rate environment changed investors' appetite. We cannot yet pinpoint where this will take the stock market in the coming months. Typically, when stocks are down, investors turn to bonds, though this is not the case right now. With rates on newly issued bonds moving higher, investors have dumped older bonds and favoured short bonds, making the market unreliable. Depending on how we measure it, this sell-off led to perhaps

the worst sell off in decades. Finally, some consider cryptocurrencies to be a suitable hedge against inflation; however, as inflation rose, and the Fed started tightening, crypto sold off just like any other risk asset. This has set off a domino effect of several failed companies and currencies.

What investment advice would you provide for 2023?

2023 will be a great year to invest due to the major reset that all capital markets have realized. Therefore, it is the best entry point in over a decade. The uncorrelated asset class with the public markets that are going through a material correction in valuations and market capitalization is the early-stage VC; however, VC requires investing with experienced and well networked managers to get to the best deals early. Therefore, the best advice is to invest with emerging managers in VC funds. Emerging managers in venture capital, also known as first-time or new fund managers, are often considered to be a high-risk, high-return investment opportunity. The reason for this is that these managers are typically less experienced than established managers and have a smaller track record of investments. However, many emerging managers have unique perspectives and strategies that can outperform more established managers. Additionally, emerging managers may be more willing to invest in the early-stage and high-risk companies that established managers may not be as comfortable with. This can lead to a higher potential for returns when these companies are successful. Furthermore, emerging managers are typically more nimble and able to make quicker decisions than established managers, which can be an advantage in a rapidly changing market. ✖

2023 might be one of the best years to invest in over a decade

Venture capital demands experienced managers to be successful

BIO

Fahad Al-Sharekh is well versed in the technology and finance ecosystems in both MENA and the US, having previously served as group managing director of Sakhr Software, and is currently General Partner of The JEDI Fund and Vice Chairman of Kamco Invest - Saudi. He joined the Investment Banking team at Brown Brothers Harriman & Co. in New York at the start of the tech boom. He founded TechInvest in 2015, an advisory firm that provides opportunities for Middle East investors, including established sovereign wealth funds like Mubadala and Kuwait Investment Authority (KIA).

FOCUS

Sustainable development

AN EYE ON DEVELOPMENT

Kuwait is witnessing a paradigm shift across several economic sectors from banking to energy, with sustainability being the common denominator.

THE STATUS QUO in a large number of sectors has been challenged by the introduction of several key technologies in just under a decade. Green energies have become a viable alternative to fossil fuels, leading to the reshaping of the energy sector. The transport sector, meanwhile, is undergoing a paradigm shift with the introduction of electric vehicles by many automakers. Most importantly, the finance sector has seen the rise of fintech, cryptocurrencies, and smart banking powered by AI.

Kuwait is no exception. In fact, thanks to its prosperous economy, Kuwait has been an early adopter of many game-changing technologies. The country's private sector is leading the way, creating a wave of drastic reforms across several industries. This is in keeping with the Kuwait's Vision 2035, which identifies digital transformation as one of its pillars.

In November 2022, the Kuwait Digital Transformation Conference was inaugurated in Kuwait City to "showcase the latest technologies & solutions for digital transformation," according to Zawya. Held by the Central Agency for Information Technology (CAIT), the conference gathered together over 500 professionals and executive managers to discuss the country's prospects in the face of an economic ecosystem in the middle of transformation.

Almost all presenters and panelists were unanimous that the region is caught in the middle of a rapid digital transformation and business practices need to be rethought accordingly. This may seem like a challenge in a society such as Kuwait, where routines, traditions, and the old way of doing things matter; however, the country's leadership has been open in adopting new practices as long as they accelerate Kuwait's path toward achieving its economic goals.

The event's keynote speaker, Ammar Hussein, deputy director-general of the Central Agency for Information Technology (CAIT), summed up this attitude by explaining that "our aim is to enhance the efficiency of cloud-based applications and enhance the performance of key entities and industries in Kuwait in line with the Kuwait Vision 2035," according to Zawya.

Sustainability is the common denominator of all these changes. While revolutionary changes are taking place across the finance and automotive sectors, the energy which powers these sectors is also increasingly coming from sustainable sources. The inevitable metamorphosis of the energy sector may be the greatest change that Kuwait's economy is facing.

Despite its status as a traditional exporter of hydrocarbons, Kuwait has taken some steps toward embracing sustainable energies. The country's goal is to raise the share of renewables to 15% in its energy portfolio by 2030. The Shagaya Renewable Energy Park is the focal point of Kuwait's developments in sustainable energies. Located in the middle of a desert 100km to the west of Kuwait City, the energy park has huge potential for photovoltaic (PV) expansion. "Phase

2 of Shagaya will include a 1,500-MW PV solar plant, which will be the second-largest PV plant in the world," according to the National Center for Atmospheric Research (NCAR).

Whether it is shifting to renewables or to accelerate digital transformation, many believe that Kuwait is agile enough to not only adjust its economy to the changing realities of the outer world, but also to make profits. "I think Kuwait can benefit tremendously from these developments and plans. Because it is a relatively small country in size with one of the highest GDP per capita figures in the world, there's room for the government and private sector to implement changes swiftly and effectively," said Palladium's Abdullah AlNabhan to TBY recently.

Almost every observer is unanimous that Kuwait should not miss this opportunity to go through an economic transformation now, because thanks to reasonably high oil prices most GCC economies, including Kuwait, will continue to grow at least until 2023. This will provide the government with enough funds to safely implement an overhaul across its economy. The S&P Global Ratings has forecasted that "Kuwait's economy will grow by 8% in 2022, followed by 5.5% in 2023, mostly on account of rising oil production as OPEC+ cuts are discontinued."

All this has created a series of new opportunities for the tech-savvy youth of Kuwait. The nation's entrepreneurs are trying to capitalize on the imminent changes in the way of doing business, especially in areas such as digital finance, green energy, and electric vehicles. "Youth, in particular, consider entrepreneurship as means to achieve their personal and professionals' aspirations and contribute to socio-economic development," observed the Kuwait Foundation for the Advancement of Sciences (KFAS) in a 2021 report. The same report found that "there is a favorable perception, locally, regarding entrepreneurship," with up to 60% of Kuwaitis believing that the time is ripe for new enterprises in the start-up scene.

The country's inevitable transformation is also presenting the nation's savvy entrepreneurs with an opportunity: the Kuwaiti economy can capitalize on its notable accumulated wealth to support new enterprises in emerging fields discussed here. Although some projects will fail, those that succeed will be able to drive Kuwait's economic transformation. This will be possible only by raising the state's investment in R&D—which in 2020 stood at 0.2% of the GDP—and then by offering financial helplines to entrepreneurial initiatives in emerging and sustainable sectors.

The trend has already begun. "The focus on start-ups relates to Kuwait, which is now home to a thriving start-up scene. In just the past year, start-ups Justclean, Floward and Raha have raised USD6 million, USD27.5 million, and USD6.7 million in funding, respectively," reported Arab Times in 2022. And hopefully we will see more activities in the start-up ecosystem in 2023. ✕



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