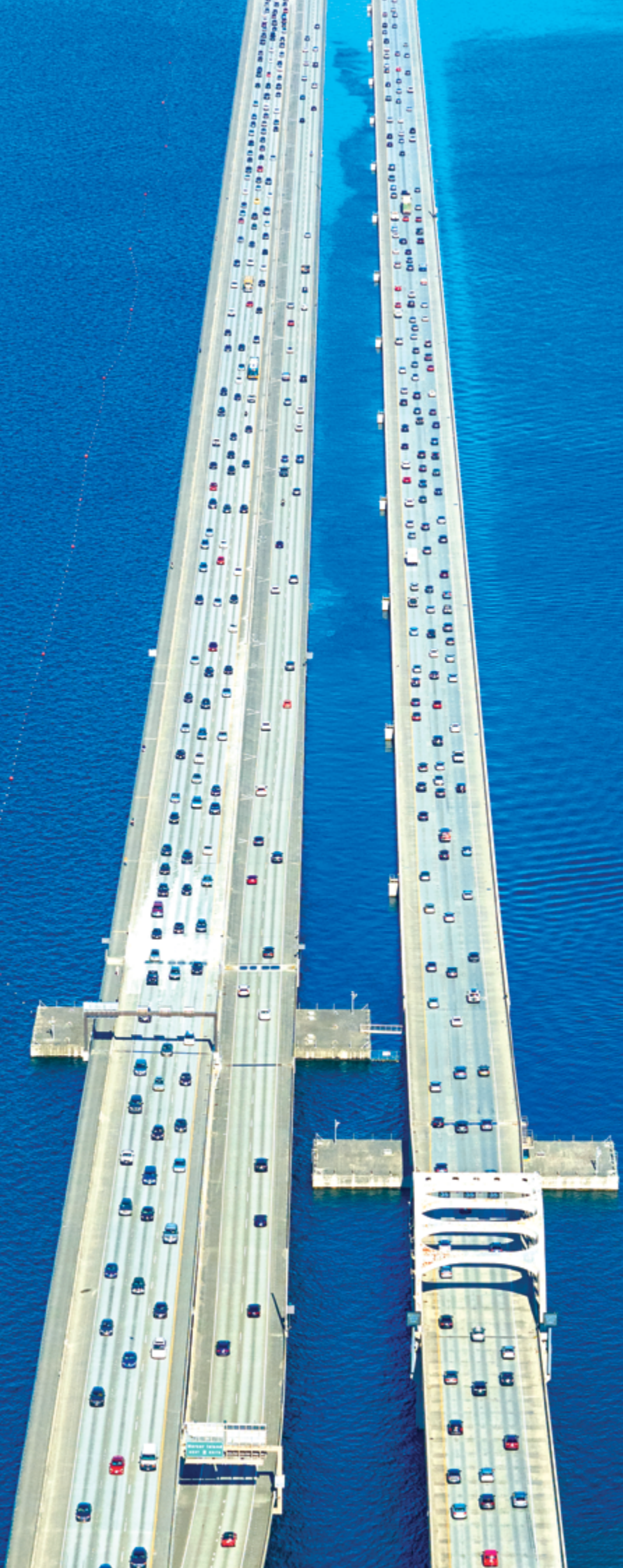


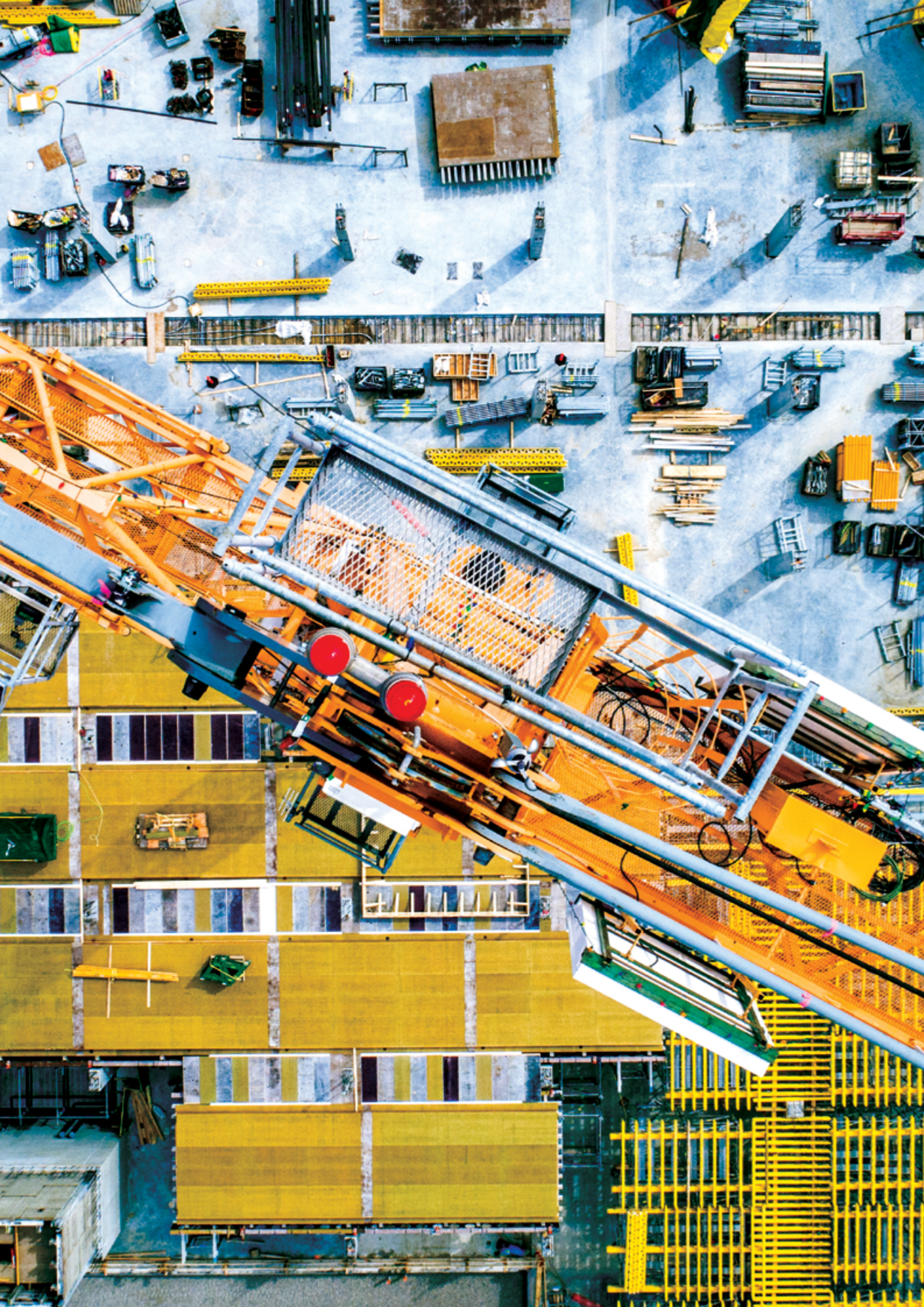


Bridging the gap

**Infrastructure Advisory
Services**

2019-2020





Infrastructure development in Kuwait

The decline in oil prices that started around 2014 prompted Kuwait to look at various alternatives to contain the budget deficits that it was experiencing for the first time in nearly two decades. Some of these measures were short term, like exiting from investments in stocks and other assets, which were made over the years from annual budgetary surpluses, to generate liquidity. Other initiatives have been somewhat controversial, like reducing subsidies on essential items and (contemplating) introducing corporate and personal income tax, both of which have their own political and social ramifications.

“Kuwait has made a good start in the Infrastructure sector with the necessary framework and legislation now in place”

Oil prices have since recovered (although nowhere near their 2011-2014 level) and the fall in GDP was reversed post 2016. However, the stop gap measures taken did not risk proof the economy from future oil shocks, as they were aimed primarily towards financing deficits and not towards building capacity or sustainable infrastructure. This realization led the Government to put the focus back on diversifying the economy away from the oil sector. One of the key outcomes of which was the new Kuwait Vision 2035, released in January 2017, which seeks to transform the country into a regional financial and cultural hub through investment in several development areas.

The provision of adequate infrastructure services to meet the growing needs of its citizens and businesses remains among the foremost challenges of developing economies across the world. The scale, technical requirements, long gestation and economic characteristics of infrastructure projects puts governments at the forefront to play an essential role for its provisioning. However, government’s limited ability to commercialize principles of infrastructure provision often result in a lack of efficiency or responsiveness in the envisaged delivery of services. Further, as projects are becoming mega and more complex in nature, they are inherently becoming more risky with higher investment requirements making it increasingly difficult for project sponsors to keep their nerve in the face of potential uncertainties.

While we agree that the government must maintain (and the public expects it to maintain) a level of control and oversight over the provisioning of infrastructure, the reality is that the pace of technological and social change has been faster than the pace of regulatory change. Historically, governments have used public money or some form of debt security issued by the state to fund developments. However, with the increase in the scale of required investment and limited public purses, many governments are increasingly turning towards various funding solutions that include accessing private equity and debt finance for infrastructure projects that have scope for commercialization in

order to get them implemented. Governments are providing the necessary support to service providers to design, build and operate the assets over a period of years, and receive in return an agreed revenue stream, with penalties or rewards for under/over-performance to encourage efficient operations.

In order to make infrastructure projects commercially viable, Kuwait will need to put focus on improving the ‘bankability’ of emerging infrastructure opportunities by creating more rigor in the way projects are prioritized, selected, developed (by undertaking more robust technical and financial feasibility analysis), de-risked and procured. This will generate the required interest from the private sector (including internationally) to embrace the increasingly important role in financing and delivering critical projects. Ultimately, this should lead to better infrastructure, higher quality of life and improved global competitiveness.

Kuwait has made a good start, with the necessary framework and legislations now in place. Going forward, the flexibility and the sense of urgency demonstrated in the actual implementation of infrastructure projects will determine its success.



Infrastructure advisory services

Our infrastructure services team offer help with many aspects of development or operation. Working with policy makers, contractors, bidders, investors and lenders, we focus on all areas of the sector to provide the support needed to drive your business objectives forward.

By combining valuable global insight and the strength of our international network with hands-on local experience, we can help address the challenges you are facing at any stage of an asset's life-cycle; from strategy and planning, procurement and financing to construction, operations and hand-back.

- We develop strategic business cases and feasibility studies to help you understand the underlying economic impacts of a potential scheme.
- We advise on procurement, capital structuring and funding; underpinned by the necessary regulatory framework and governance structures.
- We support the public sector in running a fair and transparent procurement process.
- We help private sector bidders in preparing and pricing for a competitive bid.
- We ensure project delivery and develop operational models to help day-to-day project management and monitoring, ensuring project delivery is on track – to time and budget.

OUR CAPABILITIES

 **STRATEGIES**

Strategy organization and performance development

 **DEVELOPMENT**

Bid structure and creating value for money

 **DELIVERY**

Delivering major projects

 **ASSET MANAGEMENT**

Achieving positive performance

 **INVESTMENTS**

Maximizing value in the secondary market


IN-DEPTH SECTORIAL KNOWLEDGE

 **POWER AND UTILITIES**

- Independent power production (IPP) and Independent power and water production projects (IWPP)
- Renewable energy including PV, CSP and wind energy
- Water and waste-water projects
- Solid waste management

 **CITIES**


- New urban developments
- Smart cities

 **TRANSPORT**

- Airports, rail, metro, ports, roads and bridges

 **HEALTHCARE**

- Primary, tertiary and specialist hospitals

 **TELECOM**

- Fixed line, mobile and internet

 **EDUCATION**

- Schools, universities and vocational education

LOCAL TEAM PRESENCE

We have a large, experienced, on-ground team with infrastructure and PPP experience with a strong knowledge of the local infrastructure landscape and the procurement process



AWARDS

<p>International Finance's Financial Awards</p> 	<p>CIPS Middle East Supply Chain Management Awards</p> 
<p>Best Corporate Advisory Firm in the GCC 2018</p>	<p>Best Procurement consultancy 2018</p>
<p>Regulation Asia Awards for Excellence</p> 	<p>Meed Awards</p> 
<p>Consulting Firm of the Year 2018</p>	<p>Advisory Services of the Year 2018</p>

*Received by KPMG globally

Infrastructure Advisory experience

Structuring of development projects in public private partnership for new Cities, Govt. of Kuwait



Comprehensive healthcare sector assessment, feasibilities and development structures for hospitals and medical clinics



Development strategy and phasing plan for Warehouse sector in public private partnership, Govt. of Kuwait



Comprehensive education sector assessment, feasibilities and development structures for schools, colleges, medical university and vocational training institutes



Telecoms market analysis with consumer survey, structure for segregating operations and network and financial feasibility, Govt. of Kuwait



Large scale infrastructure project development sizing, product mixes, funding strategy, financing solutions and bid advisory involving Govt. of Kuwait



We are providing end to end bid advice and arranging the entire non-sponsor financing for the Umm-Al-Hayman Wastewater PPP



We have advised, and are advising the government on policy, feasibility and procurement of landmark leisure, sports and entertainment projects



KPMG in Kuwait

With over 200 employees and 10 partners based in Kuwait, we form part of a global network of more than 200,000 outstanding professionals working together to deliver value in 154 countries, drawing on global industry insights to complement our strong local knowledge.

KPMG in Kuwait operates through its member firms KPMG Safi Al-Mutawa & Partners and KPMG Advisory W.L.L. We provide a full range of audit, tax and advisory services to a portfolio of clients that includes major corporations, government institutions, public sector agencies and not-for profit organizations.



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