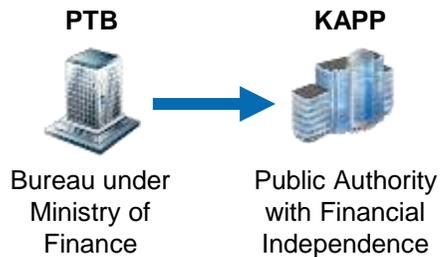






KAPP's Mission

Transition from PTB to KAPP



- **PTB was set-up in 2008**, under Article 12 of Law 7/2008 to serve as the **main body** responsible for **PPP projects' implementation**
- In August 2014, a **new PPP Law was passed**, aiming to enable Kuwait's institutional framework for PPPs and resolve shortfalls of Law 7/2008
- Under the new Law, PTB **became an Authority**, referred to as the “**Kuwait Authority for Partnership Projects (KAPP)**”, attached to the Minister of Finance, thus benefiting from increased autonomy and independent budget

KAPP's Mission

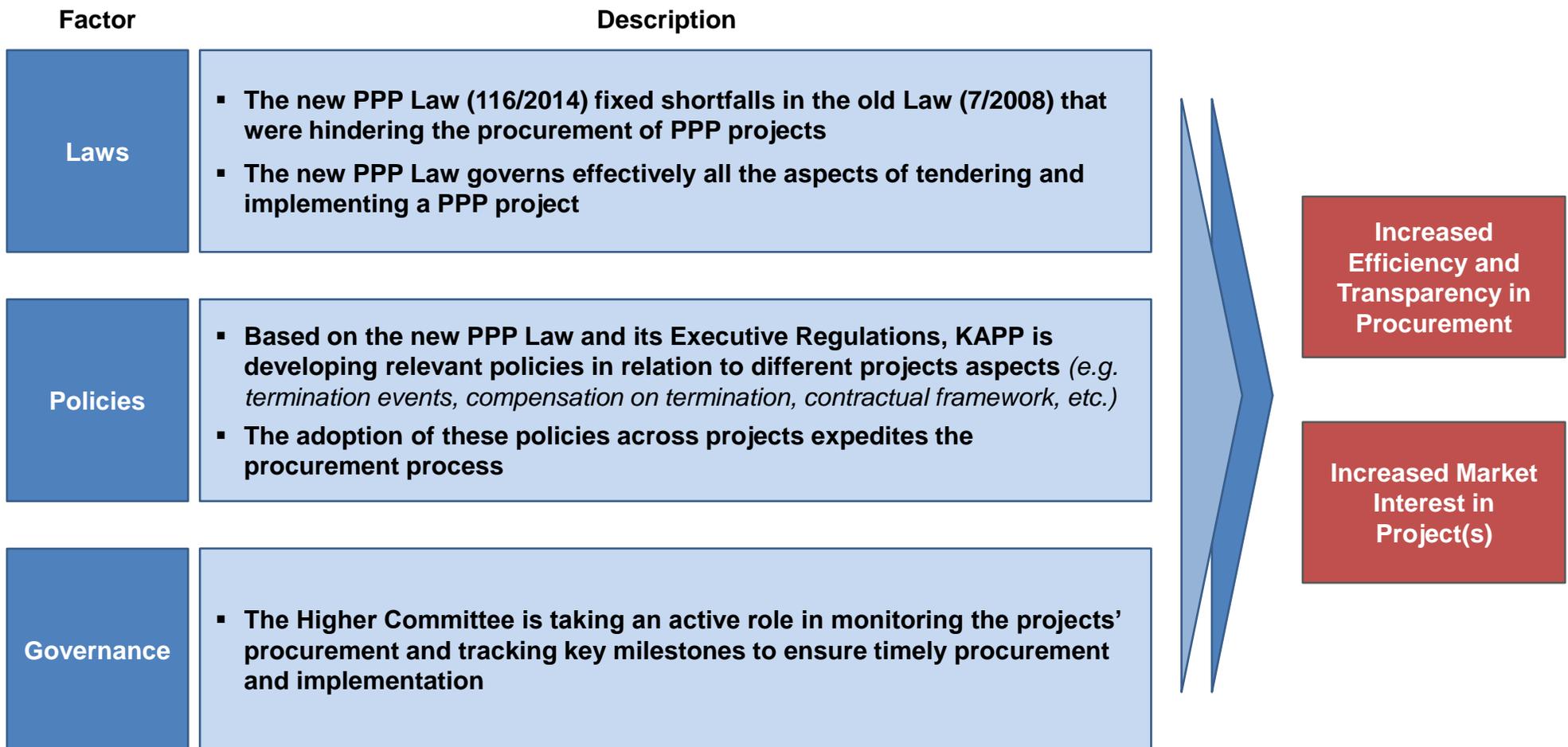
- Increase Kuwait's GDP and diversify its sources
- Encourage private sector participation in the economy
- Improve the quality of public sector services
- Promote human development and create job opportunities
- Promote scientific research and technological development

KAPP's Differentiating Factors

- The new **rigorous PPP Law** allows KAPP to **structure and procure PPP projects effectively**
- The Authority, guided by the HC, has the **flexibility to select and apply the best-suited procurement process** (auction or competition) based on international best practices and on the projects' nature and requirements and not based on their values
- **The allowable project duration is extended up to 50 years** which potentially increases the feasibility of projects that would not have been feasible under a shorter duration constraint

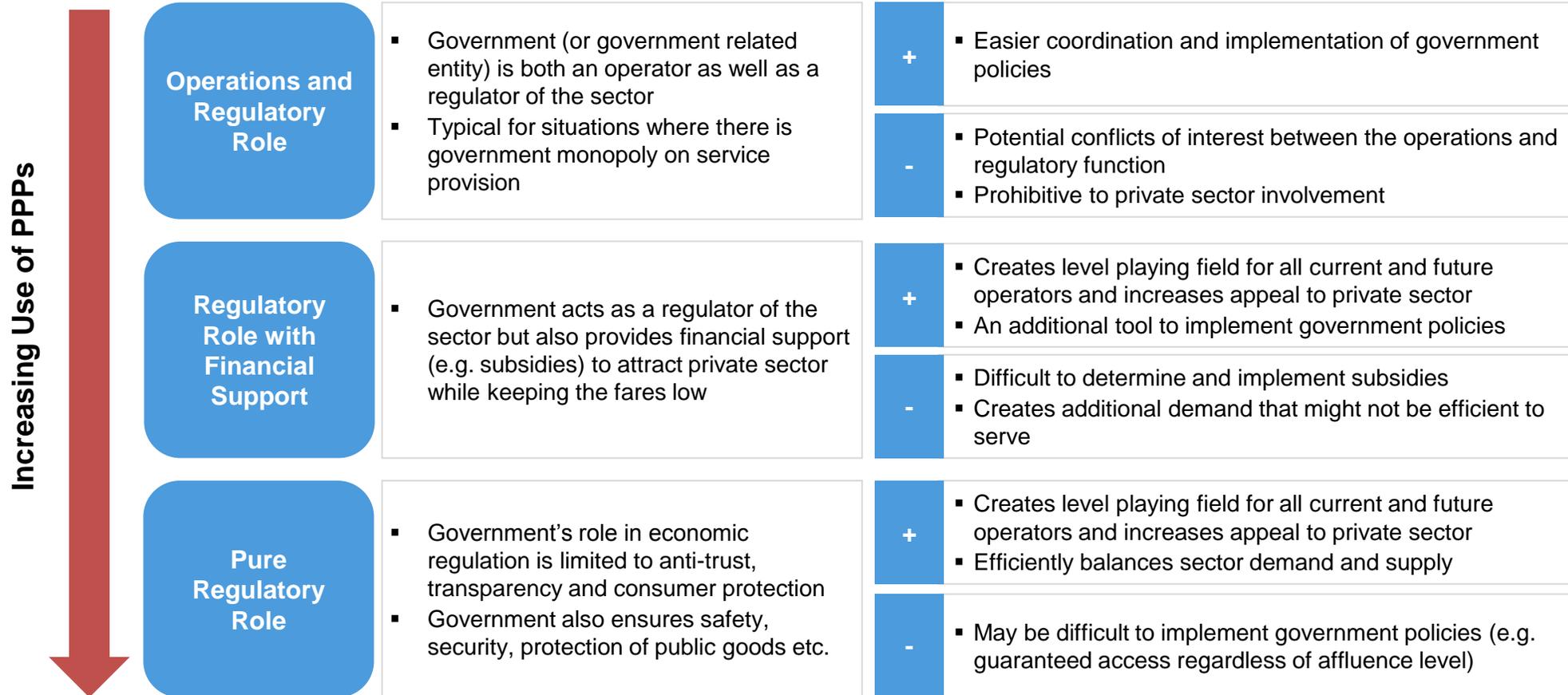


How Kuwait's project market is going to perform faster





The increasing adoption of the PPP program by government entities in Kuwait will allow them to move from the predominantly operator role towards regulatory and monitoring roles

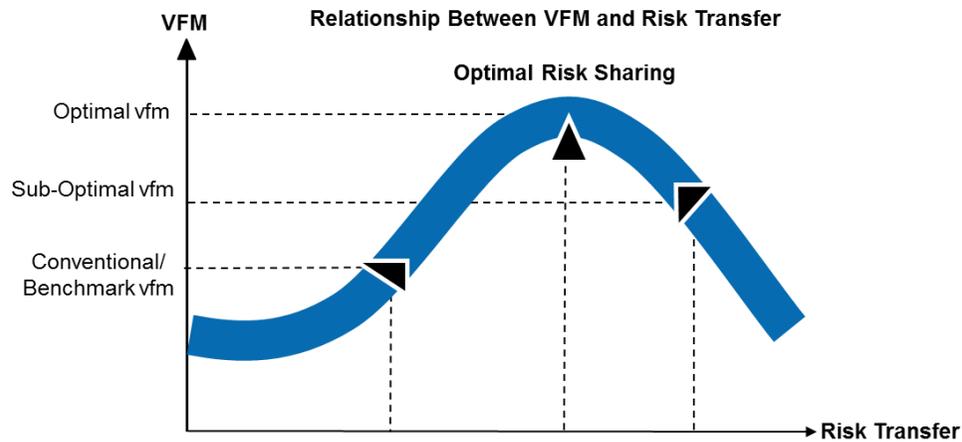




Getting the Best Deal in PPP projects

Rigorous feasibility study development requirements including comprehensive risk allocation and VfM analysis

KAPP ensures that the projects' feasibility studies include comprehensive **risk allocation matrices and VfM analyses (conducted by professional transaction advisors)**

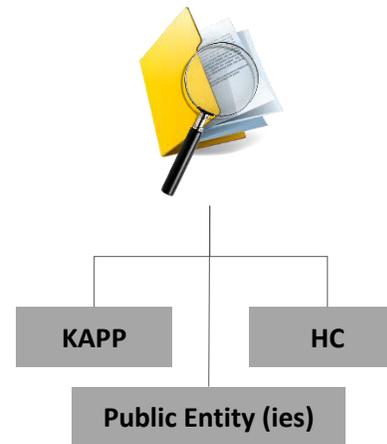


- VfM is optimized when risks are borne by the party most able to manage those risks
- VfM is achieved when an optimal level of risk transfer is realized at the lowest cost

Meticulous feasibility study review and approval process

Review and approval of the feasibility study outcomes by KAPP, the Public Entity(ies) and the Higher Committee

Feasibility Study



Other Qualitative Benefits Achieved

Improved service quality to the end users

Significantly shorter projects implementation timelines
(e.g. Az-Zour North 1)

Deployment of cutting edge technology

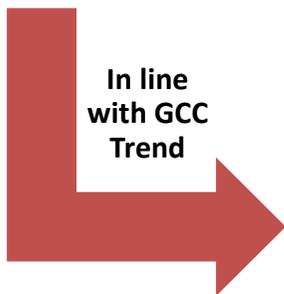
Knowledge transfer

Shift of the implementation burden from government to private sector, thus freeing government resources



KAPP's Priority Sectors

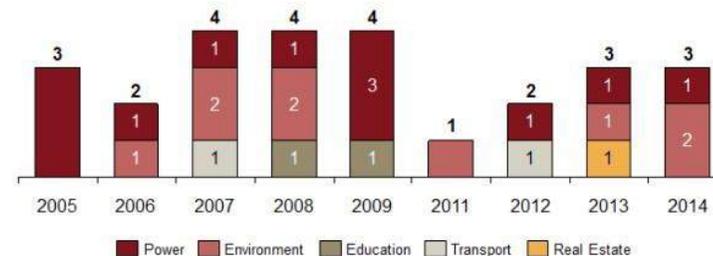
Priority Sectors	Flagship Projects	Description
 Power	Az-Zour North – Phase I	<ul style="list-style-type: none"> Developed a power and desalination plant with a capacity of at least 1,500 MW and 102 MIGD
 Water/ Wastewater	Umm Al Hayman WWTP	<ul style="list-style-type: none"> Establish a new wastewater treatment plant with an initial capacity 500,000 m³/day and maximum 700,000 m³/day
 Solid Waste Management	Kabd Treatment SWTP	<ul style="list-style-type: none"> Develop a waste management facility expected to treat 50% of total municipal solid waste generated in Kuwait
 Real Estate	South Jahra Labor City	<ul style="list-style-type: none"> Develop a complete city to house expat labor in South Jahra, including residential units, shared and commercial facilities
 Education	KSchools Development Program	<ul style="list-style-type: none"> Develop 9 schools, 1 Olympic swimming pool and 1 residential building for school faculty
 Transport	Kuwait National Rail Road	<ul style="list-style-type: none"> Develop an integrated rail network to link Kuwait City to the airport, seaports, and other GCC countries



In line with GCC Trend

In the past 10 years, the region has witnessed numerous PPPs that achieved resounding success particularly in the Power, Water/Wastewater, Solid Waste Management, and Real Estate sectors

PPP Infrastructure Projects Reaching Financial Closure in the GCC
(Number of Projects, 2005 - 2014)





The Role of Private Finance in PPP projects

Using private finance in the form of bank debt brings about a number of key advantages to PPP projects which contribute to their overall quality and success



1	Aligned Incentives	<ul style="list-style-type: none">▪ All project stakeholders, including banks, have aligned incentives and interest in project success▪ Each stakeholder adds value to the project based on their area of expertise, thus contributing to the overall success
2	Added Project Oversight	<ul style="list-style-type: none">▪ Involvement of banks in projects adds another layer of oversight and monitoring to the project structure
3	Expedited Implementation	<ul style="list-style-type: none">▪ Bank debt repayment being tied to the generation of project revenue creates an incentive for expedited implementation
4	Increased Access to Project Finance	<ul style="list-style-type: none">▪ Removal of the burden of large upfront capital investments from the government



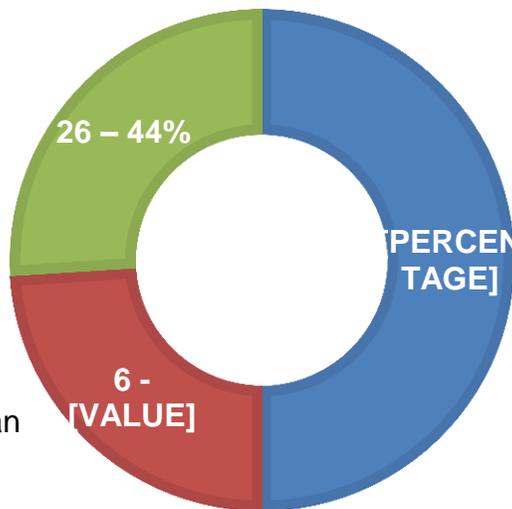
The Role of Capital Markets in PPP Projects in Kuwait

- *For projects with investment values above 60 million, the Authority establishes a public joint-stock company following the procurement of the project and selection of the successful investor to implement the project*
- *In addition to the shares held by government entities and the investor, 50% of the company's shares are distributed to Kuwaiti nationals through an IPO*

Distribution of Shares in PJSCs

A percentage of shares no less 26% shall be allocated to the **Successful Investor** for subscription

A percentage of shares no less than 6% and no more than 24% shall be allocated to **Public Entities**



50% shall be allocated for subscription through an **initial public offering to living Kuwaitis**

- 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



Thank You