ANNEX A

Kuwait Five-Year Plan Overview:

Finally and in a move described as historic, the Kuwaiti national assembly initially approved the development plan up to 2013/14 –the first plan since 1986. This is a move that almost everybody was calling for to revive the Kuwaiti economy facing recessionary pressures since September 2008. The plan, which includes a total of 1,100 projects among them lots of Mega Projects, was approved with estimated KD37bn (US$125bn) of spending focusing on both oil and non oil economic sectors.

Kuwait has announced spending in the 2010/2011 fiscal year about 16 billion Kuwaiti dinars ($55.6 billion), and it will base its 2010/2011 budget on an oil price of $43 a barrel.

The plan aims at decreasing the country’s dependence on oil but also to includes investment on raising oil and natural gas production, it aims as well for turning Kuwait into a regional trade and financial hub through sustaining economic development, economic diversification and GDP growth. Private sector will be involved in such projects mainly through BOT schemes. Consequently, banking sector will have the appetite to provide credit lines for such projects as long as government support is there. This will have its direct positive impact hand in hand with the expansionary monetary policy to increase liquidity. Due to Kuwaiti law regarding property development, all of these projects will follow the build-operate-transfer (BOT) model, thus allowing the private sector to become more involved in the ongoing development of Kuwait. While the BOTs are currently operating in a 20-year timeframe, the government is examining regulations with an eye to making them more flexible.

The Mega Projects Agency (MPA), the executive arm of the Kuwaiti Ministry of Public Works leads the charge to design and implement most of the country’s infrastructure projects.

The plan includes lots of Mega Projects to be implemented in the next five years:
- The new business hub (Silk City) with estimated cost US$77bn
- A major container harbor and a 25km causeway
- Railway and metro system
- Additional spending on new cities, infrastructure and services; particularly health and education
- Around KD25bn of oil sector investments to raise production capacity and modernize current facilities.
BOT Contracts

We note that a significant number of the projects detailed above are guided by BOT contracts as defined by the Kuwaiti Law no7/2008, which governs the building, operation and transfer of structures that require granting of rights to state-owned properties. Under a BOT contract, a private company constructs and manages a facility and transfers the project to the government with no obligations after a given timeframe. In Kuwait, the typical term spans 30 years (up to 40 years in the case of special projects, approved on a case-by-case basis and not exceeding KD250 million in value), after which time, the project must be handed over to the government “without any consideration or compensation.” The private company benefits from revenue streams during the period of operation. The government benefits from not having to incur additional spending on its balance sheet, as well as from employing the arguably better honed skills of the private sector in identifying, planning and delivering profitable projects. As a form of private-public cooperation that differs from either full privatization or full nationalization, BOT contracts ensure that the Kuwaiti government retains long-term strategic control of large projects.

Last month, Deputy Prime Minister Sheikh Ahmad Al-Fahd Al-Sabah was quoted as saying that the oil-rich country wants to tender $8.7 billion in new development projects by next April. These projects include three new housing communities, a bridge, a hospital and a port expansion. Sheikh Ahmad had earlier indicated that Kuwait is planning to build 70,000 new homes by 2015 to meet the country’s growing housing needs. He said the housing scheme would help push the country’s real estate sector towards recovery after the effects of the global financial crisis. The ambitious property plan will be carried out by Kuwait's Public Authority for Housing Care (PAHC).

Leading Mega Projects:

I. Project name: Shadadiyah University Campus
   Client: Kuwait University Works
   Estimated Value KD: 1,597 B (25 yrs project)
   Project Description: The Kuwait University plans to develop the Kuwait University City (KU City), a educational complex in Shadadiyah, 20 km west of Kuwait City. KU City will spread over a 4.9 million m² area. It will consist of three campuses including 16 colleges and support faculties, a hospital, a hotel, a housing complex, sports facilities, auditoriums and so forth. Upon its completion in 2015, the city will have the capacity to accommodate up to 40,000 students.
   Infrastructure contractor: on 28 January 2010 Kuwait University has signed a contract with GULF DREDGING & GENERAL CONTRACTING CO. for an infrastructural construction and maintenance of the project worth KD 5.227 million. The project is to be executed in 24 months as of next February and will be followed with construction of the buildings of the basic faculties of the university, along with affiliate facilities.
II. Project name: Silk City—known as Madinat Al Hareer

Client: Ministry of Public Work
Estimated Value KD: 25 B (in 25 years)

Project Description: In July 2008, Kuwaiti Government had approved the biggest real estate project that will be located in Subiya, northern Kuwait. The city will span 250 km² and will include 30 communities grouped into four main districts: Finance City, Leisure City, Ecological City, and Educational and Culture City, it will include as well Olympic Stadium, residences, hotels and retail facilities. Around 450,000 new jobs will be created. The most iconic development within Finance city will be the 250-storey Burj Mubarak Al Kabeer, which is intended to become the tallest structure on earth. Once completed in 2023, Silk City will be transformed into a new urban centre for 750,000 residents in over 175,000 residential units. *Project is under design. Civic Arts / Eric R. Kuhne and Associates is the urban and landscape designer. The city needs more than 10 years to be completed. Completion duration for the first phase is between 5 - 7 years. Construction in first phase is expected to be in 2012. Estimated duration of the project 2012-2023.*

Project website: www.madinat-al-hareer.com

The whole project design was created as a voluntary initiative by TAMDEEN REAL ESTATE Company in collaboration with Ajiyal Real Estate & Entertainment Co.
www.tamdeenrealestate.com

TAMDEEN REAL ESTATE CO.
P.O.Box 21816 Safat 13079, Kuwait
Tel: 00965 1882233
00965 25362330
Fax: 00965 25362360
Mohammed Jassim Al Marzouq
Chairman & CEO
Mmarzouk@tamdeen.com

III. Residential Projects:

New city developments are included in the plan to meet the demands of its fast growing population. Kuwait has plans to create satellite cities and towns in the outlying regions mainly in Subiya, Khairan (potentially for 500,000 people) Jaber Al Ahmed City (100,000), Arifjan (up to 100,000) and other smaller city developments such as Al Mutlaa, Saad Al Abdullah, Sabah Al Ahmad city which are currently witnessing a surge in activity mostly related to large scale public housing projects. According to the Public Authority for Housing Welfare (PAHW) almost 50,000 residential units will be distributed at the end of the five-year development plan. The new cities will be executed also through a BOT basis, since the institution lacks professional expertise in the construction of such huge projects. All cities among residential units, comprise commercial complexes, ministerial complex, universities, schools, mosques, hospitals, sport and entertainment areas and amenities. These urban projects are divided into three contracts; the first of which covers the development and maintenance works of the public
utilities including the horticultural works, the waste recycling plant, the drinking water plant, and the main power station. The second contract covers the road building works and the telecommunication services, while the third contract deals with the infrastructure works at the public facilities in the areas.

Public Authority Housing Welfare
Al Surra Street, Ministries Area,
P.O. Box 23385, Safat 13094, 13094, Kuwait
Tel: +965 2530-1000 | Fax: +965 2538-7464 | Email: webmaster@housing.gov.kw | Website: http://www.housing.gov.kw
Name: Ahmad Atwa
Position: Civil Engineer, Contracts Department
Tel: +9652-530-1000 (ext: 1364)

Some of the most significant urban areas are listed below:

**III.1. Project name: Khairan Residential City**
Estimated value KD: 1.828,863,- (7 yrs projects)
Project description: Main roads+35,844 residential units’
Khairan development will span 40 million m² in Al Zour Area. The city will be built in five stages, each adding between 4500 to 8500 units. The project is currently under study and the last official completion date announced was the last quarter of 2015. However, the project has already suffered delays in its planning stages.
Consultant: First Investment Company is the project consultant
Souk Al Safat Building, 1st Floor, Abdullah Al Mubarak Street, Mirqab Area,
P.O. Box 20230, Kuwait Safat 13063, Safat 13063, Kuwait
Tel: +965 2243-5857,+965 180-4050 | Fax: +965 2243-5856 | Email: info@fic.com.kw | Website: http://www.fic.com.kw

**III.2. Project name: Sabah Al Ahmad Future City**
Estimated value KD: 435 M
Project Description: Main roads+9574 housing units
This real estate community will be located 50 km south of Kuwait City. The city will be developed over an area of 35 million m². Once completed in 2015, the city will house up to 110,000 residents.
Infrastructure contractor as of February 8, 2010: Combined Group Contracting Co. ----- http://cgccompany.com/eng/overview.asp

**III.3. Project name: Mutlaa residential areas**
Estimated value KD: 890 M
Project Description: Main roads+18,000 residential units

**III.4. Project name: Jaber Al-Ahmad Residential City**
Estimated Value KD: 408 M
Project Description: Main roads+5020 residential units
The bidding on the project was open on 28 Jan 2010 and remains open for 90 days.

III.5. Project name: North South Sulaibikhat Residential City
Estimated value KD: 115M
Project Description: 1736 residential units
Soil Improvement, Road & Infrastructure works Contractor September 2009:

III.6. Project name: Saad Al Abdullah Residential City
Estimated value KD :199 M
Project Description: 3576 residential units
This city is currently under construction with an expected of 33% of completion by 2011/2012.

IV. Infrastructure Improvements

Air access: The most significant infrastructural development consists of the ongoing expansion of the Kuwait International Airport. The expansion project involves the construction of a new terminal building the two existing runways will be extended up to 600 meters and a third runway will be constructed. The airport capacity will be increased to 20 million passengers upon the project’s completion. These projects are carried by the Kuwait Directorate-General of Civil Aviation (DGCA)

IV.1. Project name: Kuwait International Airport Expansion Plan - New Passenger Terminal Two
Estimated value KD: 212 M
Project description: Construction on the project is in progress. The expansion project involves the construction of a new terminal building that will be connected to the existing terminal building via a tunnel, the two existing runways will be extended up to 600 meters and a third runway will be constructed, airplanes hangars, roads, substations and other airport related facilities.
The electrical infrastructure contract that has been awarded to Siemens is expected to be completed in January 2011. Tender for the main contract is expected to be issued in May 2012. Completion is expected in 2016.

IV.2. Project name: Kuwait International Airport Expansion – Infrastructure
Estimated value KD: 150 M
Project description: The project calls for design and construction of infrastructure work for the Kuwait International Airport, including approach roads leading to the airport, runway and aircraft hangars.
The main contract was warded in 2009 to Alghanim International General Trading and Contracting Company - Email: fasgl@falghanim.com- www.falghanim.com
Ground access: Another key infrastructure development is the expansion of highways and road networks (including the ring roads), the implementation of a mass transport system, and the implementation of a smart parking system. An underground network and a railway system will link Kuwait to the other members of the GCC, Central Asia, Europe, India Subcontinent and the Middle East. The railway project is planned to be 265 km long and will cover almost all parts of Kuwait. Also, the Jaber Al-Ahmad expressway will link the Silk City and the satellite cities to be built in the northern area of Kuwait city.

IV. 3. Project name: National Rail Network and a Metro system

Client: Ministry of communications
Estimated value KD: 4 M
Project description: The Kuwait Metropolitan Rapid Transit calls for construction of a 171 Km Kuwait Metro. The Metro will be built across the inner city of Kuwait and will include 4 lines. 60 kilometer of the metro will be built underground network, and will cover the country. *Invitation to Bid for the main construction contract is expected to be in 2011. The metro is expected to be completed in 2016.*

The National Railway System will be 518 kilometers (324 miles) long and is planned to link a proposed 2,000-kilometre (1,250-mile) Gulf railway line with Iraq, Iran and beyond. It will link the Saudi border in the south with the Iraqi border in the north, besides linking the east and west points in the country. The project is estimated to cost around 1.8 billion dinars and will be implemented by the private sector.

The railway project is to be implemented through a newly established shareholding company, of which 50% of the shares will be offered for sale to Kuwaitis, while the government and Kuwait Overland Transport Union will retain 40 percent and 10 percent respectively.

The studies prepared by the below mentioned consortium on the planned subway and railway systems have been concluded and submitted to the major projects committee for consideration.

*Consortium led by Eng. Saeed Dashti, Chairman of Overland Transport Union along with members of Spain’s Ingenieria & Consultoria de Transporte (Ineco), and the local Kuwait United Development group together carried out the feasibility study. Parsons Brinckerhoff conducted a feasibly study of roadway design and the transportation networks in Kuwait.*

IV.4. Project name: Jaber Al-Ahmad Al-Sabah Bridge-

Client: Ministry of Public Work
Estimated value KD: 750 M
Project description: the Jaber Al-Ahmad expressway will link the Silk City and the satellite cities to be built in the northern area of Kuwait city.
The bidding on the project was open on 4 Jan 2010 and closing date is remain open for a six-month period (Jun 8, 2010) to settle on the qualifiers, while the design and the execution of the project is due to complete in five months.

The Ministry of Public Work has qualified eight groups, each comprising three to four contractors. The scope of work includes construction of Jaber Ahmed Al-Jaber Al-Sabah Bridge in Kuwait city.

*Contact: Central Tenders Committee CTC & Ministry of Public Works.*

The government’s ambitious plan included the development of Kuwait's islands - Bubiyan and Failaka.

**IV.6. Project name: Bubiyan Island Development**

Estimated value KD : 345 M (Infrastructure Cost : 305 Million KD, Port Superstructure : 40 Million KD)

Client: Kuwait Ports Authority the port’s project manager Ghaleb Al-Shimmari from the Ministry f Public Work

Project description: Yet another key infrastructure development was on top of the agenda of the five-year plan. Bubiyan Island and Bubiyan Harbor are crucial to the Kuwait’s pursuit of becoming a regional financial and economic hub. Bubiyan, Kuwait’s largest island- 530 km² island on the Gulf- close to the southern Iraq port of Umm Qaser, and is separated from the mainland by the Subbiya Channel. Long undeveloped due to its poor soil conditions, the Kuwaiti government approved a plan to develop Bubiyan in 2004 and to turn it into commercial seaport. The first phase of work is estimated to cost KD118m and includes the construction of three bridges. Work to design and build the port was set to start in 2009 and complete in 2014. A further KD45m has been allocated by the ministry for a railway linking the island with Kuwait City, KD19m for design works, and KD35m for roads. The project is expected to be carried out in five phases. The government of Kuwait will finance the entire required infrastructure for the island and the port: dredging & reclamation, ground improvement, road & bridge, port infrastructure & buildings

**IV.6. a. The Bubiyan Harbor development project:** The project aims to turn Bubiyan island into a naval facade of the country, a centre of shipping activities and a multi-media transport network. The MPA plans to build Bubiyan Island Port to serve the export and import requirements for the reconstruction of Iraq for 20 years. Upon its completion, the port will have a total handling capacity of 2.5 million containers per year.

It is being implements over four stages, the first of which is divided into three chapters. The first chapter (2007-2011) envisaged building the new railway and the new road and treating the soil there. The second (2009-2013) aims to deepen the draught of the harbor to 30 meters in order to be able to receive larger ships in line with the world's latest standards. The third chapter (2009-2014) aims to launch nine docks at the harbor in order to expand the harbor's handling capacity to 2.5 million containers a year. The second stage of the project (2016-2021) envisages adding seven docks while the third stage
(2023-2028) will add eight docks and the fourth stage will add 36 docks by 2033, thus pushing the total number of docks to 60.

*Port Contractor: HYUNDAI Engineering & Construction Co and Kuwait’s Kharafi Group have won the contract to design and build a container port on Bubiyan island.*

**IV.6. b. The Bubiyan Island development project** envisages initiating nature reserves and tourist resorts and the residential area along the coastline, building a modern road network, between Al-Sibiyah and Al-Jahra cities and Sheikh Jaber Al-Ahmad Bridge, with a total length of 36 km, to link the island and the harbor on one hand to Kuwait City and Al-Sibiyah City on the other.

To keep pace with demand, a number of hotel projects have been initiated while existing ones are being upgraded, expanded or refurbished. Among the major hotel upgrade projects under way is the Messilah Beach hotel and the Regency Palace.

*Urban contractor: The US’ Hill International (main consultant of MPA) has been selected as project manager on the scheme, which will include the construction of hotels, chalets and recreational facilities on the island and a causeway to the main island.*

**IV.7. Project name: Failaka Island Development**

Estimated Value KD : : 120 M

Project Description: The MPA of the Ministry is also developing the Failaka Island one of the country's major islands located some 20 km off the coast of Kuwait City in the Persian Gulf. The island has a historical significance as it dates back to thousands of years and is known of many Greek antiquities.

Its development project aims to launch a world-class tourist resort, 20 hotels, chalets, a golf course, housing units, a marine park, four marinas, and entertainment facilities in an environment-friendly atmosphere. No private cars will be allowed in the area.

After being put on hold in 2008 because of changes in legislature, the bidding for the project was initiated recently with around 42 companies having participated in the process. It is to be developed on a build-operate-transfer (BOT) basis and calls for the construction of tourism infrastructure on the 43 sq km island.

The government-owned Touristic Enterprises Company (TEC), meanwhile, is spearheading development of a section of the island. A BOT contract was signed in mid-September between TEC and a consortium led by Al-Mal Real Estate Company for the development of a tourist resort on the southern portion of the island. The resort will include a 100-room five-star hotel, 502 chalets, a sports and entertainment centre with a pier, a health spa, a water park and golf and mini-golf courses. Project costs are estimated at KD 40 million and the area to be developed covers about 1.7 million sq m. Detailed designs are due to take about a year, construction a further two years. The initial completion deadline set for 2015 is unlikely to be met.
IV.7. Project name: Jaber Al Ahmed Al Sabah Hospital (South Surra Hospital)
Client: Ministry of Health
Estimated value KD: 304 M
Project description: The project involves the construction and maintenance of Jaber Ahmed Al Jaber Al Sabah Hospital in Surra, comprising five buildings varying in size from two to eight stores, consisting of (1,268) beds, including a car parking area with capacity of (4,000) vehicles and other a comprehensive range of medical services comprising diagnostic and treatment services, a trauma center and casualty services, outpatient services, dental services, obstetrics and gynecology services, inpatient care services, VIP suites for the visiting heads of states and another wing for VIP suites. When completed, it will be the largest hospital in the state. The Construction works have commenced on this development and expected to be completed by end of 2012.

In August 2009 A joint venture of local Kuwait Arab Contractors Company and Egypt's Arab Contractors (Osman Ahmed Osman & Company) has been appointed as the main contractor www.karabcont.com

IV.8. Project name: Renovation and beautification of downtown Kuwait
Client: Kuwait Municipality
Estimated Value KD: 20 M

IV.9. Project name: Develop and beautification of Sulaibikhat Beach
Estimated value KD: 35 M

V. The five-year plan includes as well investment on raising oil and natural gas production.

Kuwait’s Electricity and Water Ministry (MEW) announced 9 mega projects to strengthen the electricity and water transmission network in the country, and to meet the increasing demand in consumer consumption. These are in addition to a further 99 projects, with a total cost of KD 253 million, providing services for consumers and new residential areas.

Among the MEW’s major projects is a plan to establish new power plants in Al-Zour, Al-Subiya, Al-Jalai’ah, and Al-Shuaiba, as well as establishing new water desalination plants and developing the current facilities.

The plan is to assign some power and water projects to private companies, while also transferring the ownership of general power and water services to the private sector, in order to reduce government spending on power plants.

There are plans to establish a 2,000-megawatt 'gas turbine' power plants at the site of the Subahiya power plant at a projected cost of around KD 654 million. In addition, a similar project is set to be built at the northern Zour power plant site, at a total cost of KD 400 million, while the existing gas turbine plants located at the southern section of the same plant is set to be developed to increase its efficiency by 560 megawatts without increasing the amount of fuel required. The latter project is projected to cost around KD 224 million.
V.1. **Project name: Al-Zour south gas turbine power plant conversion**  
Estimated value KD: 211 M  
Project description: convert the gas turbine at the Al-Zour South power plant to combined cycle

V.2. **Project name: Establishing combined cycle gas turbine power plant at Subiya**  
Estimated value KD: 684 M

V.3. **Project name: Shuaiba North Power & Desalination Plant**  
Estimated value KD: 366 M  
Project description: The project calls for construction of Shuaiba North Power & Desalination Plant in Kuwait. The capacity of plant is 270,000 cubic metres of water and 800-MW of electricity.

V.4. **Project name: North Al Zour Desalination Plant in Kuwait**  
Estimated value KD: 1,430 M  
Project description: This project is split into two phases. Both phases will consist of 1,500 MW of power capacity, with a combined water capacity of 125 million gallons per day

V.5. **Project name: Al-Zour south power plant conversion**  
Estimated value KD: 170 M  
Project description: convert the Al-Zour South power station to combined cycle

*****end*****  
15 February 2010
ANNEX B

I. Central Tenders Committee
Safat, Kuwait
Tel No. (+965) 2240 1200
Fax No. (+965) 2241 6574
http://www.ctc.gov.kw/

In order to follow up in English the tenders going in the CTC sites, which is in Arabic, contact the following sites:

1- Free follow up of Kuwait tenders submitted by the CTC
http://www.constructionweekonline.com/tenders/index?opened=0&closed=0&tendersAddedThisWeek=0&tendersClosingThisWeek=0&country=Kuwait&category=&Submit2=Submit

2- Follow up of Kuwait tenders, paid registration is required to get full access and info
http://www.kuwaittenders.com/

II. The Mega Projects Agency(MPA)
In April 2005, the Divided Zone Agreements & Kuwaiti Islands & Mega Projects Development Team (Dizart), the government agency set up to oversee the multi-billion developments of Failaka and Bubiyan islands, has been formally dissolved. One of the reasons for this step is said to be the delays and problems with the progress of the estimated $33,000 million build-operate-transfer(BOT) development of tourist facilities on Failaka Islands. A new body – Mega Projects Agency(MPA) was established to take over the responsibility of Dizart. This body is headed by Mr. Walid Essa al-Thaqeb. MPA part and executive arm of the Kuwaiti Ministry of Public Works leads as well the charge to design and implement most of the country's infrastructure projects.

Address: Ministry of Public Works Building, 3rd Floor, 6th Ring Road
P.O. Box 8, Safat 13001- Kuwait
Tel: +965 2538-5520, +965 2538-5530, +965 2538-5243, +965 2538-5560
Fax: +965 538-5219, +965 538-5234, +965 538-7289
Email: hmansour@mpa.gov.kw
Mr. Waleed al-Thaqeb, Chairman

The Main consultants of MPA are Hill International-USA- offers extensive project management and construction claims consulting services worldwide- and System Development Project Management (SDPM)-Kuwait - a multi-disciplinary management consulting firm established in 2002 catering to Construction Projects in Kuwait and abroad, offering project management services including economic and financial consultancy services. The firm is also fully capable of taking up consultancy services for legal, financial and claims management, management of projects on BOT basis (Build Operate Transfer) and technical support services.
SDPM has entered into an agreement with the world renowned HILL International of USA, according to which major projects are carried out jointly. Thus, SDPM enjoys in addition to its highly qualified staff with local knowledge, more than 30 years of international experience of HILL International in the field of Program Management, PM/CM and Claims Management.
Clients of them are:
  • Mega Projects Sector - Ministry of Public Works - Kuwait
  • Public Authority for Applied Education & Training - Kuwait
  • Kuwait National Petroleum Company - Kuwait
  • Kuwait Commercial Markets Complex Co. - Kuwait

Hill-SDPM provided a broad and comprehensive Program Management, Consultancy Services for Technical, Financial, Environmental, Legal and Media studies to the Ministry of Public Works – Mega Projects Sector (for thirty three (33) months) with respect to the following Mega Projects.

1. Failaka Island Development Project (B.O.T)
2. Boubyan Island Development Project
3. Boubyan Seaport Project (Design Build)
4. Small Kuwaiti Islands
5. Sulaibikhat Bay Development Project

Address of Hill-SDPM
Al Jazeera Consultant Building, 1st and 2nd Floor, Al Mutanabi Street, Sharq, Kuwait
P.O. Box 13385, Kaifān 71954, Kuwait
Tel: (+965) 2247 2574 / 2245 0961 / 68
Fax: (+965) 2247 2583
Related Links: www.hill-sdpm.com
Email mail@sdpmintl.com
Fuad Al-Wuhaib, Managing Director

III- Ministry of Public Work
Engineer Abdulaziz Al-Kulaib
Assistant Undersecretary
Mr. Talal Al-Ozniyeg
Assistant Undersecretary for Documents and Contracts

IV- Ministry of Electricity and Water Building
South Al Sourra Street, Ministries Area
P.O. Box 12, Kuwait Safat 13001
Tel: +965 2537-1000
Fax: +965 2537-1420/1/2

V- Public Authority Housing Welfare
Al Surra Street, Ministries Area,
P.O. Box 23385, Safat 13094, 13094, Kuwait
Tel: +965 2530-1000 | Fax: +965 2538-7464 | Email: webmaster@housing.gov.kw |
Website: http://www.housing.gov.kw
Name: Ahmad Atwa
Position: Civil Engineer, Contracts Department
Tel:+9652- 530-1000 (ext: 1364)

VI- Official site of e-government of Kuwait
http://www.e.gov.kw/sites/kgoEnglish/Portal/Pages/Business_EServices.aspx
ANNEX C

TENDER LISTINGS 1/2

Sabah Al Salem Campus Country: Kuwait   Closes: Feb 11, 2010
Category: Buildings
Issuer: Central Tenders Committee

WDC in Mina Abdullah - Phase 2 Country: Kuwait   Closes: Feb 16, 2010
Category: Power & Water
Issuer: Central Tenders Committee

Elevators Replacement in Power & Desalination Units Country: Kuwait   Closes: Feb 16, 2010
Category: Power & Water
Issuer: Central Tenders Committee

Police Station in Mubark Al-Kabeer Zone Country: Kuwait   Closes: Feb 21, 2010
Category: Buildings
Issuer: Central Tenders Committee

Maintenance Services for Roads in Al-Farwaniyah Zone Country: Kuwait
Closes: Feb 21, 2010
Category: Infrastructure
Issuer: Central Tenders Committee

Maintenance Services for Roads in Mubark Al-Kabeer Zone Country: Kuwait
Closes: Feb 21, 2010
Category: Infrastructure
Issuer: Central Tenders Committee

Annual Refurbishment of Ministry of Social Affairs and Labours Properties
Country: Kuwait   Closes: Mar 2, 2010
Category: Infrastructure
Issuer: Central Tenders Committee

Water Storage Facilities in West of Funaiyet - Phase 1 Country: Kuwait   Closes: Mar 7, 2010
Category: Power & Water
Issuer: Central Tenders Committee

Maintenance Works for Building of Ministry of Health in Sulaibikhat Country:
Kuwait   Closes: Mar 7, 2010
Category: Buildings
Issuer: Central Tenders Committee

Supply Valves for Water Pipeline in Kuwait Country: Kuwait   Closes: Mar 7, 2010
Category: Power & Water
Issuer: Central Tenders Committee

http://www.constructionweeekonline.com/tenders/index?opened=0&closed=0&tendersAddedThisWeek=0&tendersClosingThisWeek=0&country=Kuwait&category=&Submit2=Submit
TENDER LISTINGS 2/2

Al-Zour Desalination Plant - Phase 2 Country: Kuwait  Closes: Mar 9, 2010
Category: Power & Water
Issuer: Central Tenders Committee

Construction of Water Plant in East of Amgarh Country: Kuwait  Closes: Mar 9, 2010
Category: Power & Water
Issuer: Central Tenders Committee

Service Building at Football Stadium Country: Kuwait  Closes: Mar 21, 2010
Category: Buildings
Issuer: Central Tenders Committee

Street Lighting Maintenance Works for Roads at Kuwait City Country: Kuwait
Closes: Mar 21, 2010
Category: Infrastructure
Issuer: Central Tenders Committee

Abdullah Port - Al Funaitees East Potable Water Pipelines Country: Kuwait
Closes: Mar 23, 2010
Category: Infrastructure
Issuer: Central Tenders Committee

A/C System Replacement for Office of Ministry of Defence Country: Kuwait
Closes: Mar 23, 2010
Category: Power & Water
Issuer: Central Tenders Committee

Construction of Drainage System in Sulaibikhat Country: Kuwait  Closes: Apr 13, 2010
Category: Infrastructure
Issuer: Central Tenders Committee

Quality Control & Researches Centre Country: Kuwait  Closes: Apr 13, 2010
Category: Buildings
Issuer: Central Tenders Committee

Jaber Ahmed Al-Jaber Al-Sabah Bridge Country: Kuwait  Closes: Jun 8, 2010
Category: Infrastructure
Issuer: Central Tenders Committee
I- CIVIL & CONSTRUCTION WORK

1- Ahmadiah Contracting and Trading Co. SAK  http://www.ahmadiah.com

2- Ibrahim Al-Naser Al-Hajri & Sons Co. WLL
   Tel: +965 2457379

3- Arsan Contracting & Trading Co. WLL
   Po Box 34032 KUW Al Rai Area Road No. 22, Bldg., No.181, Kuwait
   Tel: +965-472 4771
   Fax: +965-472 4776

4- Abdul Rahman Al-Bisher Sons for General Trading & Contracting WLL

5- Consolidated Contractors Co. WLL
   GREECE (Managing Office), Tel. +30 210 6182000 / 6199200-19, Fax +30
   210 6199224 (4 Lines)
   Kuwait Office Tel: +96523980390 / 23980250-6 / 1823000, Fax: +965 23980560,
   23985320 , Mr. Magdy Mansour- Area General Manager, Kuwait (Embassy friend)

6- Al-Enmaa Real Estate Co. SAK  http://www.enmaa.com

7- Boodai Construction Co. WLL  http://www.boodai.com

8- Al-Bahar Construction Co. WLL http://www.albaharconstruction.com/

9- Kuwaiti Reconstruction House for Trading & Contracting WLL

10- Bayan National Trading Co. WLL  Tel: +965 2434602

11- Al-Toubad General Trading & Contracting Co. WLL

12- Jariya General and Trading Establishment
    PO Box: 25352 Safat  Postel Code: 13114
    Tel: 22461742
    Fax: 22461750

13- AL- Hamra Kuwait Co. WLL  www.hamrakt.com

14- Kharafi Construction Co. WLL  www.kharaficonstruction.com
15- United Gulf Construction Co. WLL
   http://www.ugcc.com/
   ugcc@qualitynet.net
   ugcc@ugcc.fasttelco.com

16- Gulf Dredging & Gen. Contracting Co. SAK

17- Al-Rabiah Construction Co. WLL www.alrabiahkw.com

18- Kuwait Systems General Trading & Contracting Co. WLL
    Tel no.: 22446153 – 2244515
    Fax: 22445159

19- Sadeem Al-Kuwait General Trading & Contracting Co. WLL
    http://www.sadeemalkuwait.com

20- IBC Pre-Fabricated Buildings Kuwait Co. SAK

II- ROADS & SEWAGE

1- Consolidated Contractors Co. WLL

2- Boodai Construction Co. WLL http://www.boodai.com

3- United Gulf Construction Company WLL

4- Kuwait Systems General Trading & Contracting Co. WLL

5- Shaheen Alghanim Roads & Bridges Contracting Company SAK
    www.shalghanim.com.kw

6- Alghanim International General Trading and Contracting Company WLL
    www.falghanim.com

7- Copri Construction Enterprises WLL  www.copri.com


9- First Kuwaiti General Trading and Contracting SAK www.firstkuwaiti.com

10- Mushrif Trading & Contracting Co. SAK www.mushrif.com
11- Mohammed Abdulmohsin Al-Kharafi & Sons Co. (MAK Group)  
   www.makharafi.net  
   www.kharaficonstruction.com

12- Combined Group Contracting Company WLL  www.cgc-kw.com

13- Mubarak Al-Hajraf General Trading and Contracting Company WLL

14- Kuwait Arab Contractors SAK  www.karabcont.com

15- Medco General Trading & Contracting Co. WLL  
   http://www.medco-kw.com/

16- Green Tide general Trading & Contracting Co. WLL

17- Sai General Trading And Contracting Co. WLL

18- Ahmaidah Contracting and trading Co. SAK  http://www.ahmadiah.com

19- Burhan International Construction Company (Burhan) WLL  
   www.burhaninternational.com

20- Al-Dar Engineering &
ANNEX D

Business Rules and Laws in the State of Kuwait

I. BUSINESS FUNDAMENTALS

The fundamentals of doing business in Kuwait are no different from elsewhere. The business climate is different and social and cultural affinities have great influence. Good business depends on good relations anywhere. Kuwait, it is all the more important to go beyond business relation to personal relations. The hard-sell approach does not appeal. An attractive brochure, product videos, samples, low-key presentations, pleasantries and patience are essential. Hospitality is an integral part of local culture and to refuse a first cup of gahwa (coffee) or chai (tea), when visiting an office, would be impolite.

II. KUWAITI BUSINESS LAWS

The rules of commerce are in general similar to West European practice. Any Kuwaiti or GCC national over 21 years of age may carry on commerce in Kuwait provided he or she is not affected by a personal legal restriction. But a foreigner (non-GCC national) may not carry on a trade unless he or she has one or more Kuwaiti partners and the capital owned by the Kuwaiti partner(s) in the joint business is not less than 51% of the total capital (60% in the case of banks, investment houses and insurance companies). A foreign firm (including a partnership) may not set up a branch and may not perform any commercial activities in the country except through a Kuwaiti agent. Foreign individuals and firms may not acquire commercial licenses in their own name nor may they own real estate locally.

The main laws regulating business in Kuwait, which have been amended several times since they were issued, are (a) The Civil Code (Law 67 of 1980), (b) The Commercial Code (Law 68 of 1980), and (c) The Commercial Companies Law (Law 15 of 1960).

III. NEW LIBERALISED BUSINESS LAWS

Extensive legislation to reform Kuwait's economy, liberalize its business laws and comply with WTO rules was issued by Amiri Decree in June 1999. In May 2000 the National Assembly approved the indirect Foreign Investment Law which allows foreigners to own stocks on the Kuwait Stock Exchange (KSE). Law No. 20/2000 on allowing non-Kuwaitis to possess shares in Kuwaiti shareholding companies was approved. According to the Article (1) of the law, non-Kuwaitis may possess shares in the Kuwaiti shareholding companies already incorporated during the effective date or which may be incorporated after its implementation. Non-Kuwaitis may participate in the establishment of these companies in accordance with the provisions of the law. In August
2000 the Kuwaiti Cabinet approved regulations necessary to implement the bill allowing foreigners to own stocks and trade on the bourse. The legislation allows foreign investors and expatriates living in Kuwait to own up to 100 per cent of the stock of Kuwaiti companies listed on the KSE, except in banks where the ownership will be limited to 49 per cent.

**IV. PUBLIC SECTOR CONTRACTING**

As a general rule, a public authority in Kuwait may only buy equipment and commodities, and commission works, by way of an independently administered tendering process. Public tendering is governed by Law 37 of 1964, Law 18 of 1970 and Law 81 of 1977 as amended.

Tendering procedures for most public institutions are administered by the Central Tenders Committee (CTC), though the client body (i.e. the public body requiring the service) draws up the specifications and particular conditions it requires, reviews pre-qualifying companies, and evaluates bids technically. However some public institutions have their own tendering procedures. But no matter who administers a tender, the procedures are in essence the same as CTC procedures, and all activities relating to public tenders, such as tender announcements, invitations to pre-qualify, pre-tender meetings, and amendments to conditions and specifications, are only published in Al-Kuwait Al-Youm, the official gazette.

Funding for major projects is normally provided by the government. In recent years other forms of financing, such as credit facilities supported by Export Credit Agencies (ECAs) and Build-Own-Transfer (BOT) type schemes, have been tried.

**IV.1. Eligibility & Registration**

A tenderer for a public contract must be a Kuwaiti merchant who is (a) registered with the KCCI and the MCI, and (b) registered as an approved supplier or contractor. The CTC and client bodies maintain lists of approved suppliers of equipment and materials. To get on the lists, the main requirement for suppliers is that they be Kuwaiti merchants. Application for registration is usually made to the client body. The CTC also maintains lists of approved contractors for works. Before getting on these lists a contractor must be classified according to the size of projects he is deemed capable of undertaking. The size limit for the first three categories represents the cumulative size of all contracts being undertaken at the same time by a contractor, e.g. a category (4) contractor cannot bid for a contract worth more than KD50,000 if, at the time of his bid, he is already undertaking projects with a total value of KD200,000. Foreign companies are not classified as they must prequalify each time they bid for public sector contracts.

**IV.2. Pre-Qualification**

Participation in some public tenders is restricted to firms who have been pre-qualified, i.e. judged capable of undertaking the particular project. To prequalify, a firm submits a
standard set of documents outlining its financial and technical capabilities to the CTC. Foreign firms must prequalify each time they bid for a public contract. Their applications may only be submitted by their Kuwaiti agent and must be accompanied by an authenticated copy of the agency agreement.

**IV.3. Bidding Procedures**

Forthcoming tenders are announced in Al-Kuwait Al-Youm as invitations to bid. To collect the documents, a written request in Arabic plus the fee (for which a receipt is given) is needed. A foreign firm must show an authenticated copy of the agreement with its local agent.

Firms who have purchased the documents may be invited to pre-tender meetings with the client body. Sometimes these are mandatory and bidders who do not attend find themselves excluded from the tender. The scope of work may be amended after the tender documents have been issued or after a pre-tender meeting. When this happens the administering committee issues a formal addendum which can only be collected on production of the original receipt for the tender documents. Notice of pre-tender meetings and tender amendments are announced in Al-Kuwait Al-Youm and tenderers are seldom advised directly.

**IV.4. Bid Preparation**

A bid may only be submitted on the original official tender documents issued to the company making the bid. All parts must be completed in full and the documents may not be altered in any way. The bid must conform to the tender terms exactly and alternative terms are never acceptable. All prescribed supporting documentation must be appended. The tender documents are expected to be submitted without erasures or corrections. Where alternative offers are allowed, a tenderer must buy a separate set of documents for each offer he submits, with each bid clearly marked to show that it is an alternative.

**IV.5. Pricing & Pricing Preferences**

Contracts must usually be priced on a lump sum fixed-price basis, though unit pricing is normal in maintenance type contracts. Most bids must be priced in Kuwaiti Dinar. Prices must be stated on a cash-basis.
Public sector contracts must by law be awarded to the bidder who offers the lowest price provided his bid conforms with technical requirements and he has adequate resources. But where a firm has submitted an artificially low bid and it appears that it will be unable to perform to the required standard, the contract may be awarded to the next lowest bidder.

Local manufacturers have a price advantage. Subject to technical acceptance, goods made in Kuwait may be priced up to 10% higher than comparable items made abroad and be deemed the lowest priced. Goods made in other GCC countries have a 5% price preference; but if the goods are not made in Kuwait then GCC goods have a 10%
advantage. Local contractors for the performance of works do not enjoy any pricing advantage.

**IV.6. Bid Bonds**

A bidder's offer must be irrevocable until the end of its period of validity which initially cannot be more than 90 days. An unconditional bank guarantee for the entire initial period of validity, issued in Arabic by a Kuwaiti bank, must be submitted with the bid. These bonds vary from 2% to 5% of the value of the bid. If a bidder is successful but refuses to sign the contract, the bond is forfeit.

Bidders are often asked, towards the end of the initial period of validity, to extend their offers. If they wish to do so then the bid bond must also be extended.

**IV.7. Submission of Bids**

Tender documents must be signed by the bidder and stamped with his seal. If a foreign firm submits a bid directly, rather than through its local agent, both its stamp and the agent's stamp must appear on every page. Proof of the signatory's capacity to bind the bidding firm is always required and this usually takes the form of a notarized power of attorney.

If the tender documents include a bid envelope, this must be used to submit the bid. The name of the bidder may not appear on the envelope, which must be sealed with wax. Bids must be submitted to the tender committee at the place, date and time stated in the conditions. Where the CTC is administering the tender, bids must be submitted in the CTC's office in Sharq, which is done by placing the envelope in the box designated for that tender by a notice in Arabic (only). The closing time is usually 1:00pm and the box is always sealed the very second time is up.

**IV.8. Evaluation & Award**

Where the CTC is administering the tender, bidders may get a copy in Arabic of the list of bidders and their prices from the CTC's Sharq office, about a week or so after bidding closes, by showing a copy of the original receipt for the documents. But other tender committees do not normally provide such lists.

In most tenders a technical study, to ensure that bids comply with the required specifications, is usually carried out by the client body. During these studies, a bidder may be invited to answer queries orally or he may be sent a list of questions requiring a written reply.

Once technical studies are completed, a contract is awarded on the basis of price from among the bids that conform with the tender specifications. The administering committee notifies a successful bidder in writing, but the latter does not have any contractual rights until he has signed his contract with the client body. If the winner fails to sign the contract within a specified time of being invited to do so, he is deemed to have withdrawn.

Before signing the contract, a successful bidder must replace his initial guarantee with a
final guarantee or performance bond from a Kuwaiti bank. This is typically 10% of the contract value and must be valid for the duration of the contract including a maintenance period. A contractor who fails to present this guarantee is deemed to have withdrawn.

**IV.9. Performance**

Public sector contracts always contain penalty clauses, and minor delays and faults in execution usually result in penalties being imposed. Contractors for the performance of works normally receive an advance of 10% to cover costs of mobilization. Stage payments on account of work-in-progress are also made. Most contracts allow the client body to retain 10% from work-in-progress payments until the end of the contract and to recoup the advance pro-rata from work-in-progress payments, so that during the maintenance period the client body is holding retention of 10%.

Public sector contracts normally include a maintenance period of a year, during which the contractor is liable for any faults in the equipment or works. The period is covered by a retention, in the case of works, and the performance bond. When a project of works is completed, the contractor usually receives a provisional completion certificate which is replaced by a final acceptance certificate at the end of the maintenance period. This final certificate releases him from further liability and enables him to claim his final payment. Before he can receive his final payment, a foreign contractor must obtain a tax clearance certificate.

**V. COUNTERTRADE OFFSET PROGRAMME**

Under Kuwait's counter-trade offset programme, a foreign contractor who signs contracts to supply government institutions with goods or services that are cumulatively worth equivalent to or exceeding KD10 million in any fiscal year (April to March) incurs an offset obligation that requires him to set up a business beneficial to Kuwait.

**V.1. The Office Obligation**

The offset obligation is expressed in the same currency as the supply contracts and is nominally 30% of their value. The contractor earns 'credits' for expenditures relating to his offset business venture (OBV) and when these credits amount to 30% of his supply contracts he has fulfilled his obligation. Actual expenditures will be much less than 30% because most expenditures earn credits at a rate greater than 1:1 and, in practice, offset expenditures amount to about 3% of a contractor's supply contracts. But before a contractor may embark on his OBV, the business must be officially approved. The programme is administered by the Counter-Trade Offset Program Executive Office (PEO) in the Ministry of Finance. The stated objectives of Kuwait's offset programme are:
to promote long-term mutually beneficial collaborative business ventures between foreign enterprises and Kuwaiti companies with an emphasis on the private sector;

• to achieve sustainable economic benefits (such as export sales and import substitution);

• to enhance the high-tech capabilities of the private sector by creating and expanding education and training opportunities for Kuwaiti nationals locally and abroad;

• to facilitate the transfer of state-of-the-art technology into the private sector; and

• to support Kuwait's foreign aid programmes.

These objectives provide the criteria by which proposed OBVs are evaluated.

A contractor's obligation begins when he signs the supply contract that creates it. The total time allowed to fulfill the obligation is 10 years, i.e. 24 months for approval of the OBV and eight years thereafter to generate the credits needed to extinguish the obligation, with 50% being settled within four years. A contractor's OBV must include Kuwaiti businesses or entrepreneurs as equity partners, and it must exist and operate under Kuwait's Commercial Companies Law.

A contractor, who refuses to participate in the programme or ceases to participate before he accumulates credits equal to 10% of his obligation, incurs a penalty of 6% of the value of his supply contract(s). If he fails to continue after completing 10% or more of his obligation, the penalty is reduced by the percentage of the obligation which has been completed.

V.2. The Offset Process

Once a foreign contractor has signed the supply contracts that trigger his obligation, he must acknowledge this obligation by signing a memorandum of agreement with the Ministry of Finance. He must then submit business ideas to the PEO in order to obtain approval for an OBV. For each idea he must submit in turn a concept paper, a proposal and a business plan, and each of these documents must be approved before the next one is submitted.

The concept paper is essentially a brief summary of the proposed business. A proposal is similar to a traditional feasibility study and is the key document upon which approval of the OBV rests. The business plan must be fully detailed and must cover the whole eight years in which the obligation must be fulfilled.

The proposed OBV must pass normal evaluation criteria for commercial, technical and financial viability. The business is also evaluated on its ability to further capital accumulation and promote economic development in Kuwait, on the contribution it can make to developing a highly skilled experienced globally-competitive work force and on whether it will transfer inwards technology appropriate to the development of new industries in Kuwait.
V.3. Calculation of Credits

Once his business plan has been approved the foreign contractor establishes and operates the OBV with his Kuwaiti associates. He is awarded offset credits annually on the basis of the expenditures relating to the OBV as shown by its audited financial statements.

All the OBV's expenditures, except for costs incurred in administering the programme, are eligible for credits. But instead of being just aggregated to calculate the credits, these expenditures are classified and weighed according to the preferences given to them under the government's economic policy objectives. First the expenditures are classified, according to the internal functions of the OBV, into micro-categories (see box) and the actual expenses in each micro-category are then multiplied by the appropriate micro-multiplier. The result is then multiplied by the approved macro-multiplier. The final result is the amount of credits earned in that particular micro-category. The credits earned in each micro-category are then summed to arrive at the total number of credits generated by the OBV for that year.

To decide what the OBV's macro-multiplier should be, the OBV is classified according to its activities into one of the economic activity areas (EAA) shown in the box. Each EAA has a macro-multiplier which ranks it by the preferences accorded to that economic activity in the government's policy objectives.

Once an OBV is established, the PEO must be provided with six monthly progress reports, i.e. performance updates. The OBV is required to maintain accounting records according to International Accounting Standards and to file annual audited financial statements with the PEO. All supporting records must be kept for four years and PEO has the right to audit these records annually.

V.4. Future Credits

After a contractor's current obligation has been fulfilled, additional credits generated by his OBV may be carried forward and set against offset obligations arising from any future supply contracts he signs. These future credits may not be transferred to other contractors.

V.5. Third Party Fulfillment

Subject to PEO approval, a foreign contractor may designate a third party to fulfil his offset obligation, though the contractor remains responsible for the outcome. Contractors unable to find suitable OBVs may be allowed to fulfil their obligations by investing in approved investment funds which provide finance for ventures acceptable under the offset programme. Several local funds have been approved for this purpose by the Ministry of Finance.
Overview on Company Classification Terms

In order for the Central Tenders Committee (CTC) to maintain the competency level of the contractors participating in the tenders of the ministries of the State of Kuwait, the Contractors for Public Tenders Classification Committee was established. The Classification Committee works on classifying the contractors for road, sewage, electricity, air-conditioning and construction works according to its approved standards. The Committee set terms for the companies and the organizations that would apply for classification or for upgrade to a higher category.

Company Classification Terms

The approved key terms that are being used by the Classification Committee for the contractors participating in the tenders of the ministries and entities of the State of Kuwait for road, sewage, electricity, air-conditioning and construction works are:

1- The financial status for the company or the organization
2- Any previous work and experience for the company or the organization
3- The organizational structure and job design for the company or the organization
4- The equipment and workshops owned by the company or the organization
5- Field inspection on existing and on-going projects

The following conditions must be met for the companies or the organizations that apply for classification:

1- The company or the organization must be Kuwaiti
2- The company or the organization, the applicant, must be a member in Kuwait Chamber of Commerce & Industry (KCCI)
3- The company or the organization must have been established at least three years ago
4- The company or the organization must have a technical body specialized in the category applied for
5- All the employees in the technical and administrative bodies must be sponsored by organization
6- The company or the organization must be registered at the CTC (Supplier Card)
7- The capital of the company or the organization must not be less than:
   a- Fifty thousand (50000) KD, fourth category companies
   b- One hundred thousand (100000) KD, third category companies
   c- Two hundred thousand (200000) KD, second category companies
   d- Five hundred thousand (500000) KD, first category companies
8- The company or the organization must have an experience in the field of the classification applying for

The following conditions must be met for the companies and organizations that apply for upgrade to a higher category:

1- One year must have been passed on the classification of the company or the organization
2- The company or the organization must have participated and implemented
governmental projects through the CTC
3- The company or the organization must have met the condition concerning its capital (as well as the other classification conditions)
The required documents and proofs that must be submitted by the companies and organizations applying for classification or for upgrade to a higher category are:
1- Original three years budget for the company or the organization from an Audit Office
2- Copy of KCCI Certificate
3- Copy of the commercial register for the company or the organization
4- Copy of the company foundation contract and any amendments (If any)
5- Original employee list (RJ) from the Ministry of Social Affairs and Labor
6- Organizational structure for the company or the organization defining the title and position
7- Project contracts

In order to handle the request for classification or for upgrade to a higher category which is submitted on a disk, the following two software programs must be installed on the computer:

1- Microsoft Access
2- WinZip

Instructions:
1- Using WinZip, unzip the request on the disk.
2- Then, import the data into Microsoft Access.
3- After import completes, re-zip the request using WinZip and save it on the committee disk.

Notes:
1- All data about the company or the organization applying is saved on the committee disk.
2- The attached contracts are numbered with reference to the request.
3- A file box is made for the documents and proofs submitted for the classification or for the upgrade for a higher category.
4- The documents attached to the request, that are submitted by the company or the organization, are destroyed after one month of the decision of the Committee.