



KUWAIT NATIONAL DEVELOPMENT PLAN 2020-2025

KUWAIT VISION 2035

To transform Kuwait into a financial and trade hub, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, which accentuates values, safeguards social identity, and achieves human resource development as well as balanced development, providing adequate infrastructure, advanced legislation and inspiring business environment.

H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah



The KNDP 2020-2025 addresses key challenges facing Kuwait.

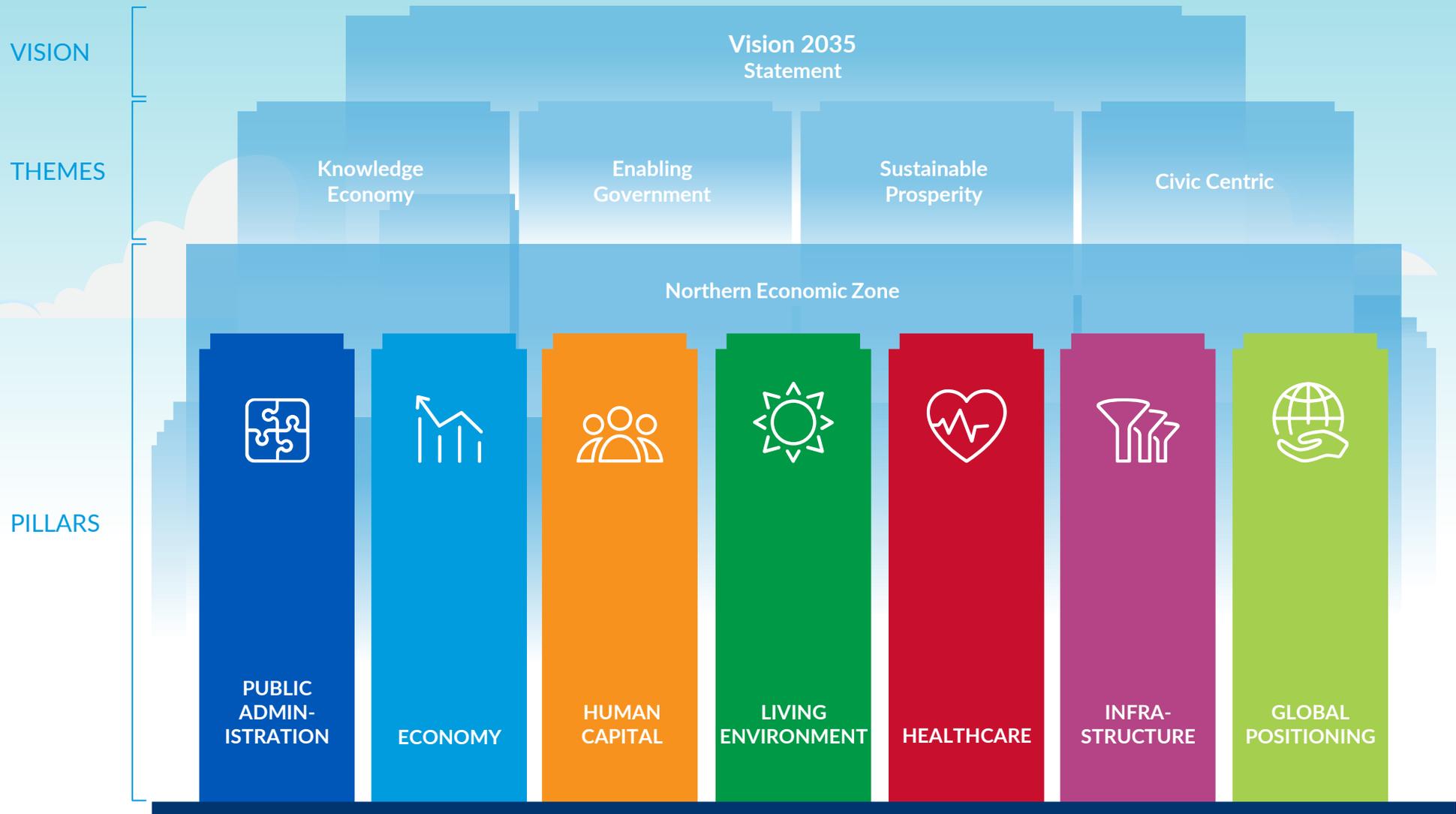
Focusing on the private sector, it will create more private sector jobs for Kuwaitis and grow GDP.

Through a participatory approach, it will improve performance across many dimensions including human capital, wellbeing and the environment.

The KNDP 2020-2025 is a bold step towards achieving the Vision 2035.



Building on the **Vision 2035** and guided by five strategic themes, the formulation of the **KNDP 2020-2025** followed a rigorous methodology to define a coherent set of policy-driven programs across the seven pillars of the New Kuwait



Themes - The government will forge alignment around the key national priorities across these five themes

Northern Economic Zone



Creating an **investment-friendly environment** and world-class infrastructure to attract international investments, and significantly grow Kuwait's economy beyond oil

Knowledge Economy



Building the foundations for Kuwait to **carve out a role in the global knowledge-based economy**, driven by specialized jobs created by the private sector

Enabling Government



Reshaping the **government's role from operator to policymaker and regulator**, creating an inspiring and fair environment for people and businesses

Sustainable Prosperity



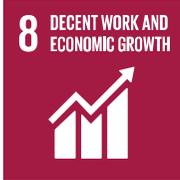
Developing the path for **long-term prosperity** through a balanced and private sector driven economy

Civic Centric



Equipping and empowering citizens and residents with skills and incentives to participate and thrive in the private sector

KUWAIT'S EFFORTS TOWARDS THE SDGs

	<p>Kuwait has achieved zero poverty, and offers support to vulnerable groups such as low income families, widows and orphans</p>		<p>Kuwait relies heavily on fossil fuel energy today but plans to focus on developing renewable energy to meet the national target</p>		<p>Kuwait's arid climate puts it at a high risk of climate change, and Kuwait plans to take action to develop climate change adaptation</p>
	<p>While hunger is not an issue for Kuwait, the high incidence of overweight and obesity due to poor nutrition is alarming</p>		<p>For long-term economic prosperity, Kuwait aims to tackle youth unemployment by boosting the private sector</p>		<p>Kuwait has a marine biodiversity that is threatened by seawater pollution from industrial and urban coastal development</p>
	<p>Kuwaitis have access to free healthcare. As the ageing population grows, Kuwait must meet the health needs of all</p>		<p>Kuwait aims to promote local industries, expand production base and strengthen industrial cooperation with Gulf countries</p>		<p>Kuwait's unique desert ecosystem is under severe climate pressures and has become increasingly vulnerable</p>
	<p>Kuwaitis have access to free education but challenges remain in improving the overall quality of education</p>		<p>Kuwait is committed to achieving a resilient society, free of inequalities and discrimination</p>		<p>Kuwait has historically been engaged in promoting peace, cooperation and inclusive societies</p>
	<p>Kuwait has made significant achievements in gender equality yet strides remain to be made to ensure the empowerment of all women</p>		<p>Being a city state, Kuwait is faced with the challenge of achieving sustainable urban development</p>		<p>Kuwait is committed to advancing the sustainable development goals through global partnerships</p>
	<p>Despite challenging and dry climate, the state of Kuwait ensures access to clean and affordable water to all residents</p>		<p>Kuwait has ratified a number of conventions to ensure sustainability in production and consumption patterns</p>		

Theme	Program	Pillar
Northern Economic Zone	1 Unlock the northern hub potential	
	2 Privatization program	
Knowledge Economy	3 Foster a dynamic private sector	
	4 Equip the people with the skills and incentives for future growth	
Enabling Government	5 Develop a transparent and synergistic government	
	6 Build a connected and integrated infrastructure	
Sustainable Prosperity	7 Build a livable and harmonious environment	
Civic centric	8 Improve our health and wellbeing	
	9 Contribute to the global community	



Since the discovery of oil, Kuwait has strived to secure the welfare of future generations. The first steps taken in 1952 by the late Amir Sheikh Abdulla Al Salim, included setting up the Kuwait Investment Board, an investment vehicle of surplus oil revenue. In 1976, the Future Generations Fund followed. It is an intergenerational savings platform, to which 10% of all state revenues are diverted annually.

The launch of the Northern Economic Zone in the northern region of Kuwait builds on these previous efforts, and is the government's next big endeavor to ensure a prosperous, sustainable future for younger Kuwaitis.

Given Kuwait's desire to reduce its dependence on oil as the main source of national income, investing in the Northern Economic Zone and implementing reforms proposed in this plan are imperative to diversify the Kuwaiti economy.

The implications of this zone will be profound – it is projected to boost the country's non-oil GDP by 13% to 16%, and to generate more than 200,000 private sector jobs. The zone provides a valuable opportunity to propel our economy into the future, by creating a vibrant and dynamic market.

Sheikh Nasser Sabah Al-Ahmad Al-Sabah

First Deputy Prime Minister and Minister of
Defence of Kuwait

Program 1

Unlock the northern hub potential



Northern Economic Zone (NEZ)

OVERVIEW

- This program, manifested through a special economic zone, will catapult the economy of Kuwait to the next level
- The creation of a semi-autonomous economic region in the north will reduce Kuwait's reliance on oil and lead to a more sustainable economy

DESIRED OUTCOMES



POLICIES

- 1.1 Define a framework for an international business ecosystem and align with international partners
- 1.2 Ensure independent governance and regulation to administer the territory
- 1.3 Ensure that projects follow a holistic master plan to maximize the impact of the development of the territory
- 1.4 Prioritize critical initiatives to expedite investment and development

CHAMPIONS

First Deputy Prime Minister

GOVERNMENT SPONSOR

Government Program Preparation and Follow Up Committee

SCPD SPONSOR

Vision 2035 Committee

IMPLEMENTATION PARTNERS

- Hareer City and Boubyan Island Development Agency
- Ministry of Public Works
- Northern Economic Zone Corporation (to be established)
- Development companies (to be established)

MONITORING AND SUPPORT

General Secretariat of the Supreme Council for Planning and Development

PILLARS



SDG TARGETS IMPACTED



OPPORTUNITY FOR CHANGE

Thanks to its strategic location at the northern tip of the Gulf, Kuwait has a unique opportunity to develop a special economic zone to serve the region. Predominantly made up of five islands off the coast in the north, it will act as a catalyst for Kuwait's transformation into a financial and commercial hub.

- The creation of the Northern Economic Zone is expected to **stimulate significant foreign direct investment (FDI) inflows**, which currently stand at around KD 105 million after falling by 17% since 2016
- The development of **new economic sectors** will decrease Kuwait's reliance on oil exports, which currently represent 50% of GDP and 90% of the state budget
- By attracting high value-added sectors, new **private sector jobs will be created for the young and talented population**, providing attractive alternatives to civil service, which currently employs over 80% of the national labor force

- Building **world-class infrastructure**, such as Mubarak Al Kabeer Port, will support international investment and trade
- As a major step, the **Jaber Al Ahmad Causeway was completed in 2019**, creating a direct connection between the Northern Economic Zone and Kuwait City

230,000

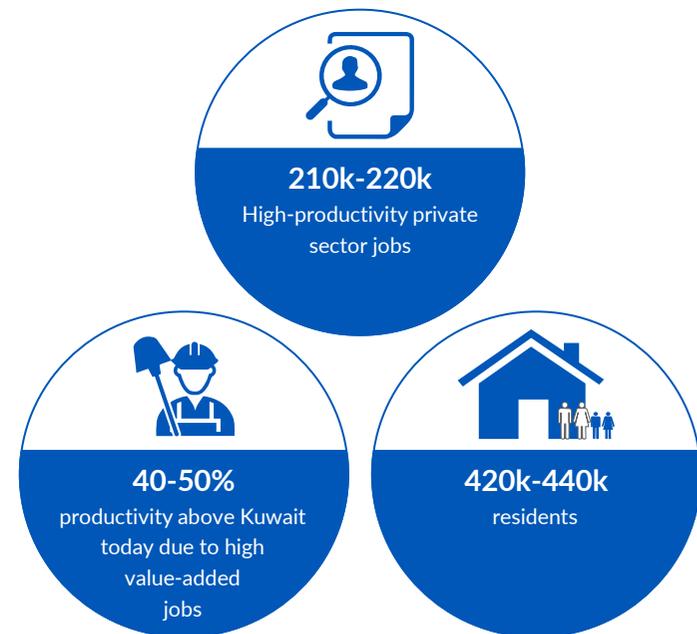
private sector jobs for Kuwaitis required by 2035 in comparison to around 74,000 in 2018

43%

of the population will be under 30 in 2030

95%

of private sector employees are currently expats

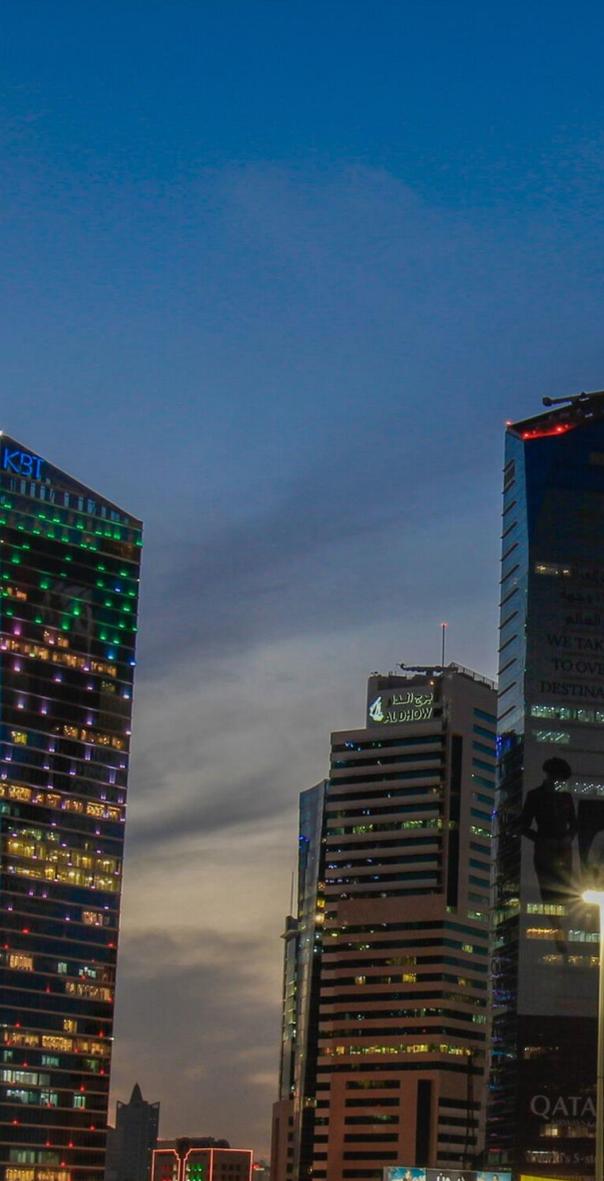




The Northern Economic Zone will be an autonomous international territory of Kuwait, the Northern Gulf gateway for trading and cultural exchanges, a modern global city-state to champion contemporary urbanism and wellbeing, funded by global capital markets in a sustainable private-led development and propelling Kuwait's progress beyond oil in the region and the world.



Proposed NEZ Law



DESIRED OUTCOMES



LEGAL
FRAMEWORK TO
FACILITATE
INVESTMENT

A semi-autonomous legislative zone within Kuwait's mainland to support independent regulations and business-friendly laws. Liberal policies to help build trust among investors and improve ease of doing business. This will help promote the region globally and serve as a model to drive change across mainland Kuwait

By 2025...
NEZ law and executive by-laws
implemented



INDEPENDENT
INSTITUTIONAL
SET-UP

Adequate supporting infrastructure and a human-centric environment to attract FDI and facilitate the growth of innovative industries. An independent authority working hand-in-hand with businesses to offer tailored incentives to accelerate investment and economic development

By 2025...
**Investment and development
corporation,
regulatory authority and
development companies**
established



ANCHOR ASSETS
IN PLACE

Endorsed anchor projects to champion the development of the region (such as Mubarak port, tourist resorts, etc.). These assets will accelerate private investment and the creation of vibrant communities in this sparsely-populated region

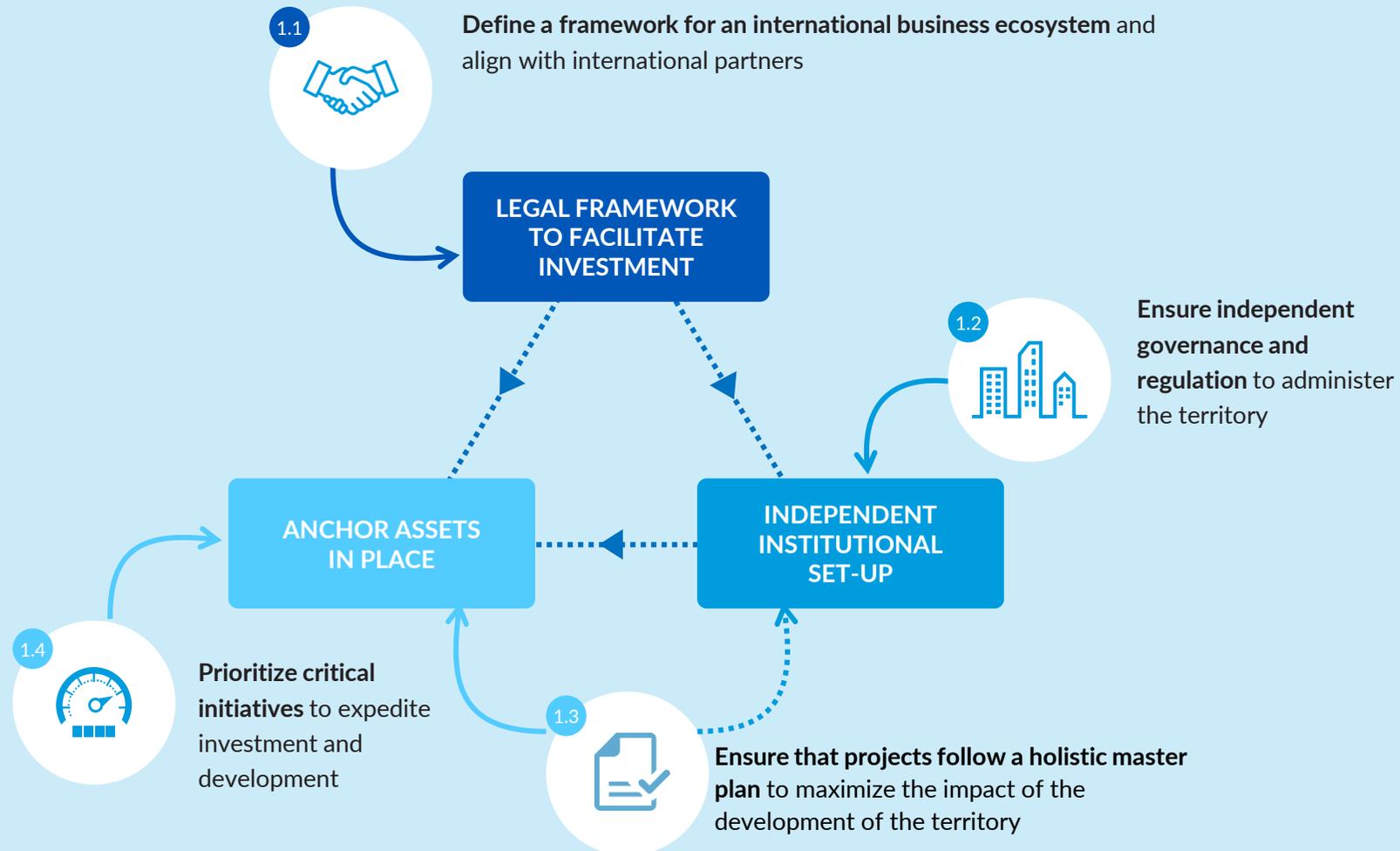
By 2025...
**Master plan completed; and Port
Mubarak activated**

*The region's contribution to Kuwait's GDP is expected to reach
KD 5 billion to 7 billion by 2035*

Presentation to Accompany NEZ Law, 2019



HOW WE PLAN ON GETTING THERE



Policy	Potential implementation mechanisms	Policy Owners
1.1  Define a framework for an international business ecosystem and align with international partners	<ul style="list-style-type: none"> Implement NEZ Law Define free zone business legislation 	Hareer City and Boubyan Island Development Agency
1.2  Ensure independent governance and regulation to administer the territory	<ul style="list-style-type: none"> Establish independent corporation and assign Board of trustees Develop policies for NEZ 	Northern Economic Zone Corporation (to be established)
1.3  Ensure that projects follow a holistic master plan to maximize the impact of the development of the territory	<ul style="list-style-type: none"> Complete the NEZ master plan 	Northern Economic Zone Corporation (to be established)
1.4  Prioritize critical initiatives to expedite investment and development	<ul style="list-style-type: none"> Complete the Port Mubarak Initiate construction of additional projects 	Ministry of Public Works/ Development companies (to be established)

Total population in the Northern Economic Zone is expected to reach 440,000 people, supported by 220,000 jobs

Presentation to Accompany NEZ Law, 2019

Pillars impacted



SDG targets impacted



CHAMPIONS

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MONITORING AND SUPPORT

General Secretariat of the Supreme Council for Planning and Development

SDG TARGETS IMPACTED



By setting up a business-friendly regulatory environment, fostering a human-centric environment and setting up anchor infrastructure projects, this programme will attract FDI and facilitate the growth of innovative industries. This way, Kuwait will be able to decrease its heavy reliance on oil and foster a more sustainable economy. The development of the Northern Economic Zone will be beneficial for the country as a whole and will contribute to achieving all SDGs

The total area of the NEZ will encompass around 1,700 square kilometers of land, of which around 900 square kilometers is the net developable area

Presentation to Accompany NEZ Law, 2019



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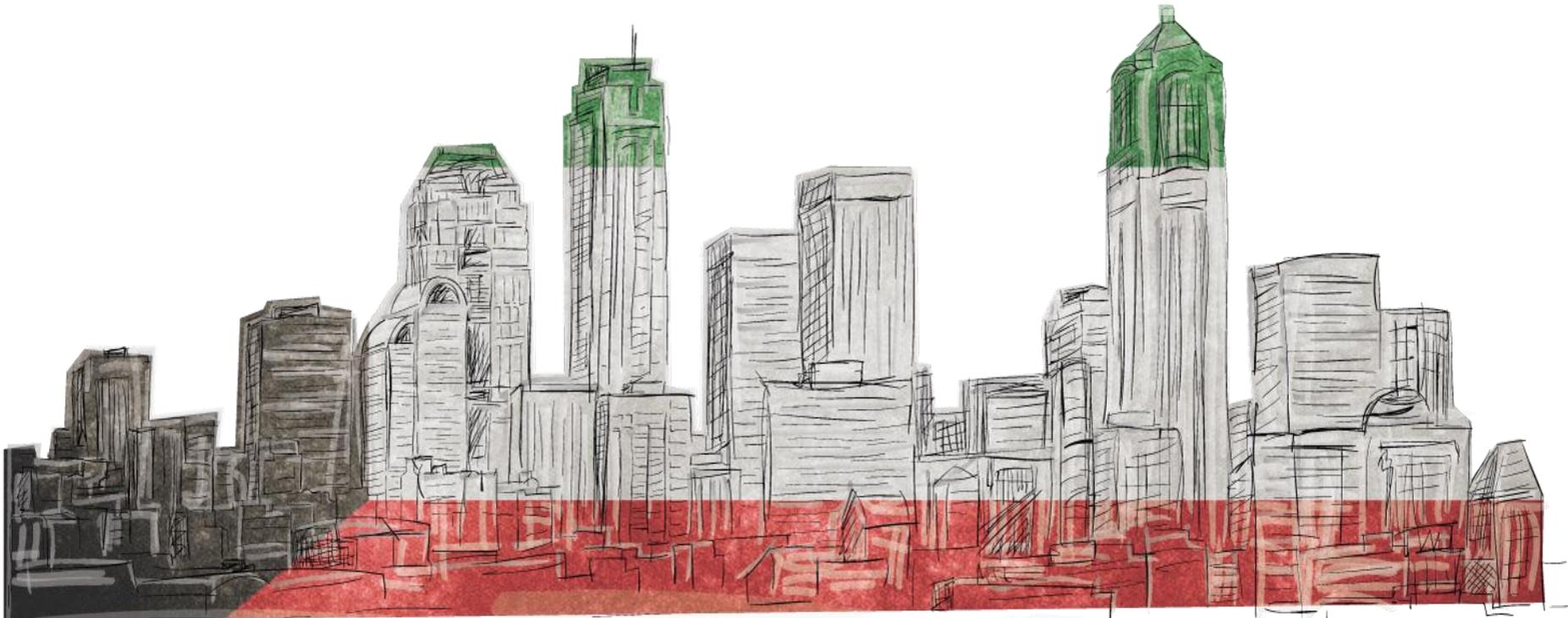
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Overview of Northern Economic Zone location

Hareer City & Boubyan Island Development Project

Interim Report | September 2016



Bii We held a session to explore the current constraints and opportunities in Kuwait that Hareer & Boubyan can build on



Strengths and opportunities of Hareer & Boubyan

- Efficient port
- Huge surrounding population
- Availability of capital
- Strong government support
- Large available land (can be used for large scale industrial projects)
- Strong Kuwaiti private sector that is looking for an easier place to operate
- Open and tolerant population
- High support of the Emiri Diwan
- A rich environment that can be well utilized



Challenges and constraints

- Human culture and work culture
- Slow decision making and political processes
- Constraining regulations, e.g. on foreign ownership which hinders attracting FDI
- Slow regulatory reforms
- Government commitment
- Funding of large projects that may not be NPV-positive
- Achieving full independence governance for the city may be challenging
- Government focus on quick wins and not on a long term horizon
- Time constraint