



KDIPA First Annual report 2015

Covering the period 1/1/2015-31/3/2016

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Chapter One: Statistical Review

Total Inward Direct Investments

KDIPA received a total of 14 applications for investment licensing and granting incentives with a total value of KD **585,029,939** during the said period of the report. Of this, 68.8% were licensed and approved and 31.2% under study. The projects were 100% in the services sector, and covered ICT, energy, and consulting activities. The nationalities of the investors were American, Dutch, Canadian, Singaporean, Chinese, and Spanish.

Inward Direct Investment	Number	Value of Direct Investment	%
Licensed & approved	8	402,507,318	68.8%
Unapproved	1	0	0
Under study	5	182,522,621	31.2%
Grand Total	14	585,029,939	100%

Licensed & Approved Inward Direct Investments

KDIPA licensed and approved a total of KD 402,507,318 during the period of the report for eight foreign companies that established Kuwaiti companies with equity share up from 49% and up to 100%. The licensed and approved investments were 100% in the services sector, and covered ICT, energy, and consulting activities. The nationalities of the investors were American, Dutch, Canadian, Spanish and Singaporean.

No.	Name	Activity	Date of approval	Foreign equity share %
1	IBM KUWAIT	IT	15/1/2015	100%
2	HUAWEI TECHNOLOGIES KUWAIT	ICT	30/3/2015	100%
3	GE TECHNOLOGIES CENTER KUWAIT	Technical solutions for electricity generation	8/5/2015	97%
4	NTG CLARITY NETWORKS INC	IT	2/12/2015	100%
5	MALKA COMMUNICATIONS GROUP	Visual communications, operations & development	12/1/2016	60%
6	TSK ELECTRONICA Y ELCTRICIDAD S.A.	Generating, transporting, distributing & engineering services for electricity generation	18/2/2016	100%
7	SINGULF GLOBAL PTE. LTD	Market studies	18/2/2016	Representative Office
8	BERKELEY RESEARCH GROUP	Consulting	18/2/2016	99%
Total Licensed & approved investments			402,507,318	

Unapproved Inward Direct Investments:

One application for opening a representative office was not approved and it was informed on the decision on May 6, 2015 justified based on insufficient compliance to requirements in accordance with DG Decision No. 34 of 2014 regarding Principles, Rules and Procedures for Licensing Branches and Representative Offices of Foreign Companies in the State of Kuwait. There was no value for the investment because opening a representative office does not entail investment or commercial operations but only conducting market studies.

Economic impact:

It is expected for the 8 approved and licensed project to achieve the following economic impact:

- Job creation for national human resources 209 job in various administrative and managerial levels.
- Provision of various high level training programs to qualify the national human resources.
- Transfer of technology (TOT) through specialized equipment, systems, applications etc.
- Enhance R&D especially in energy sector tooling solutions for harsh weather countries.
- Commercialization of R&D successful initiatives to broaden the national export base to neighbouring countries.
- Utilize the local networks of suppliers and service providers.
- Foster competitive clusters in sector or activities that Kuwait has an advantage by integrating local SMES with Transnationals corporations (TNCs) global value chains (GVCS).

Chapter Two: Investment Operations:

Negative List

The Council of Ministers Decision No. (75) of 2015 issued on February 1, 2015 defined the list of activities that are excluded from the provisions of the Law No. 116 of 2013, to include the following (<http://kdipa.gov.kw/wp-content/uploads/cmd752015.pdf>):

1: Extraction of crude petroleum (Class 0610)	2: Extraction of natural gas (Class 0620)	3: Manufacture of coke oven products (Class 1910)
4: Manufacture of fertilizers and nitrogen compounds (Class 2012)	5: Manufacture of gas; distribution of gaseous fuels through mains (Class 3520)	6: Real Estate (Level L), excluding privately operated building development projects
7: Security and investigation activities (Division 80)	8: Public administration and defense; compulsory social security (Level O)	9: Activities of membership organizations (Division 94)
10: Activities of hiring labor including domestic labor		

Investors Services:

During the report period KDIPA’s Investors Service Centre (ISC), established as part of its One Stop Department, performed the following services through the account managers, who responded to inquiries and explained procedures as needed:

Concept paper received	Online booking	e-mails info@	Phone calls	Visitors
53	455	3666	289	304

KDIPA installed the government e-stamp for collecting fees that are determined for its services as found under this link: <http://kdipa.gov.kw/wp-content/uploads/md5032014.pdf>

Licensing Procedures:

In order that KDIPA conducts its investors services role it needs to continuously coordinate with various concerned government entities. For such a purpose, more than 100 visits took place and mechanisms were development to facilitate licensing procedures.

Ministry of Commerce & Industry (MOCI)	Issuing commercial licenses, streamlining procedures to establish companies, reducing the duration for the licensing, utilizing e-links, adding economic activities, joining in the national one stop initiative of MOCI.
Ministry of Interior	Facilitating visa issuance as requested by KDIPA.
Public Authority for Manpower	Following up of labour files and issuance of work permits and authorized signature and mechanism for assessing labour needs for projects approved under Law No. 116 of 2013.
Ministry of Justice	Instating a mechanism for a fast track for documenting the articles of association of companies licensed by KDIPA.
General Directorate for Customs	Approving authorized signatures, for issuing customs exemptions granted to companies under Law No. 116 of 2013, and utilize e-link.

Tax Credit:

KDIPA Director General issued decision No. 16 of 2016 dated January 12, 2016 on the mechanism for granting tax exemptions based on performance. <http://kdipa.gov.kw/wp-content/uploads/dgd162016.pdf>. KDIPA Board of Directors approved the mechanism which was jointly developed between KDIPA and the Ministry of Finance with support by Al Markaz. The criteria covers:

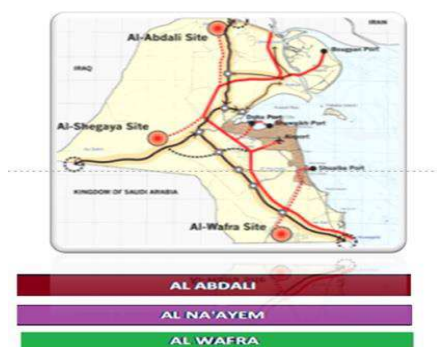
- Technology Transfer & Settlement and participation in diversification of the economic base.
- Creating jobs and training opportunities for Kuwaiti nationals.
- Expanding the local content by motivating and activating the Kuwaiti private sector's role by the utilization of local products and services

No.	Criteria	Measure	Set Multiplier for calculating annual benefit (Percentage/ Value)
1	Technology Transfer & Settlement and participation in diversification of the economic base.	Measured by proxy: 1-1 cost of advanced equipment (tangible value)	@ 20% of the value of advanced equipment.
2	Creating jobs and training opportunities for Kuwaiti nationals.	Measured by expenditure on salaries and training expenses for Kuwaitis as well as total number of jobs created.	
	2-1 Total expenditure on salaries paid to national labor.		@ 5 times the annual salaries paid to the national labor.
	2-2 Total number of national labor.		@ KD 60,000/Kuwaiti employee.
	2-3 Expenditure on training of national labor.		@ 10 times the annual expenditure on training of national labor.
3	Expanding the local content by motivating and activating the Kuwaiti private sector's role by the utilization of local products and services	Measured by the costs of head office rental, value of contracts entered into with local suppliers, and use of national inputs.	
	3-1 Rental of the premises of the investment entity.		@ double the annual rental value of the premises of the licensed investment entity.
	3-2 Dealing with local suppliers (especially SMEs) for provision of local products and services, or technical, professional and advisory services.		@ double the value of the annual contracts with local suppliers.
	3-3 Use of inputs from local sources such as raw materials.		@ double the annual value of inputs used from local sources.
Value of the granted tax exemption (total annual benefit) = sum of 1 + 2+ 3			

Kuwait Economic Zones Feasibility Study:

KDIPA completed the feasibility study for developing Kuwait Economic Zones assigned to an international consultant and its local partner during the report period covering 18 square Km in Abdali, Naaem, and wafra. The project benefited from the technical support of the World Bank Group. Six reports (in both English and Arabic) were completed (from A to F) covering economic, legal, financial environmental, promotional, and master planning aspects of the study.

This project is listed under the medium term development plan.



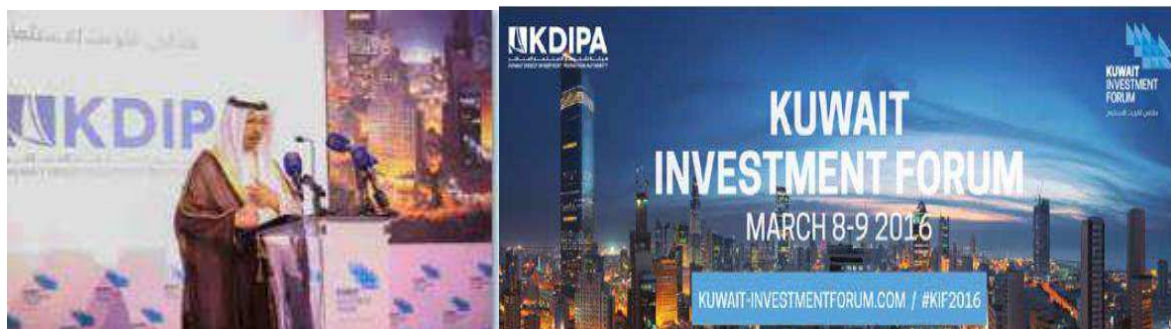
Kuwait Offset Program:

Kuwait Offset Program (KOP) transferred to KDIPA as per Council of Ministers decision No. 691 of 2013 dated May 26, 2014. A subsequent decision No. 890 of 2014 suspended KOP dated July 7, 2014, whereby Council of Ministers Decision No. 1212 of 2015 dated August 24, 2015 stopped the program and instructed to implement new offset obligations in projects that relate to Kuwait's developmental priorities. Before that, a diagnostic study was completed and presented to Minister of Commerce 7 Industry on June 30, 2015. A total of 700 offset files were received from the National Offset Company (NOC), which was liquidated. KDIPA managed the previous offset projects approved by NOC and is working on new obligations.

Chapter Three: Promotional Activities

Kuwait Investment Forum (KIF):

KDIPA organized its first promotional conference on March 8-9, 2016 under the patronage of H.H. the Emir and with personal attendance of H.H. the Prime Minister along with 600 dignitaries and business people from 24 countries. The KIF aimed to showcase new legal and regulatory developments in Kuwait, attributes of Kuwait as lucrative investment location, mega investment opportunities, the incentives and guarantees granted under Law No. 116 of 2013, and the way forward.



Signing of MOU with Pro-Mexico

KDIPA signed its first MOU with its counterpart IPA Pro-Mexico coinciding with the Mexican President state visit to Kuwait, with a Kuwait Mexican Business forum held at the Kuwait Chamber of Commerce & Industry.

Outreach Promotional Campaigns

KDIPA conducted four external promotional campaigns by visiting Tokyo, New York & Washington, London, and Dubai, during which presentations were given and meeting held with the business community and investors presenting Kuwait unique attributes and KDIPA's offer, according to its establishing law No. 116 of 2013.



Orientation Presentations

KDIPA conducted nine orientation presentations, four of which in cooperation with international consulting enterprises and law firms including EY, PWC, Al Tamimi & Partners, and ASAR. Another presentation covered newly adopted tax credit system for granting incentives at KDIPA, and two orientation sessions for employees at Kuwait Capital Market Authority (CMA) and trainees attending a course at the Arab Planning Institute (API). A presentation on Kuwait Direct Investment given at Saud Al Naser Al Sabah Diplomatic Institute for Foreign and Arab diplomatic mission in Kuwait. Another presentation was given at the headquarters of the Ministry of Foreign Affairs to the 8th annual convention of all Kuwaiti diplomatic missions abroad on direct investment in Kuwait, displaying the role of KDIPA and showing the main features of its establishing Law No. 116 of 2013.



Other Promotional Activities:

Organizing events:

KDIPA co-organized three events with MEED, Euromoney, and GOIC/ PAI among others for the 15th GCC industrialists' conference.



Attending events:

KDIPA took part in 20 events including three exhibitions organized under the theme “Kuwait at the heart of commercial world” “Britain in Kuwait Exhibition”, and the 5th Annual Investment Meeting of FDI Dubai in 2015.



KDIPA also took part in WAIPA annual conference in Mina, Italy. KDIPA participated in Kuwait Korea forum in both countries and the Kuwait French business forum as well as Kuwait Mexico Business forum. It attended the second meeting of Arab IPAs in Cairo, as well as two other regional meetings.



Receiving Delegations:

KDIPA received 20 delegations in coordination with the Ministry of Foreign Affairs and the KCCI.



Coordinating with Media:

KDIPA coordinated with various local, regional, and international media and publishing firms of which:

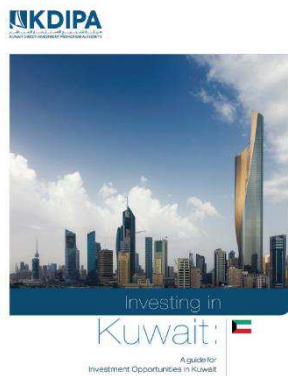
Oxford Business Group;	Press Peninsula (PP);	The Oil & Gas Year;	The Business Year
Financial Times (FDI Magazine)	the Economist (EIU)	Thomson Reuters/Zawya	Conway Inc.

Promotional Video:

KDIPA prepared a promotional video for image building of Kuwait and highlighting its role in enhancing direct investment.

Investment Opportunities Guide:

KDIPA issued an amended version of Investing in Kuwait Guide in done with KPMG.



Advertising:

KDIPA placed eight ads in prominent publications.



Website:

KDIPA launched its new domain for website and its social media channels.



Chapter Four: Advocacy Activities

Streamlining business environment:

According to its establishing Law No. 116 of 2013, KDIPA is mandated to do the following: *“To coordinate with all relevant and competent authorities to simplify and facilitate the procedures and services required to improve and streamline the investment environment in the State of Kuwait and enhance its competitive advantage and monitor the competitive position and performance indicators in the investment field on the basis of international standards and reports, so as to ensure the encouragement of Direct Investments in the State of Kuwait.”* In this regard, the Permanent Committee for Streamlining Business Environment in Kuwait (PCK) established in accordance with the Council of Ministers Decision No. 1551 of 2013 dated December 18, 2013, headed by KDIPA with initial membership of four government entities. PCK membership expanded to include three more entities, in accordance the Council of Ministers Decision No. 116 of 2015 dated January 26, 2015; and two more government entities added according to Council of Ministers Decision No. 100 of 2016 issued February 3, 2016. KDIPA presented two follow up reports to the Council of Ministers on the work of PCK. KDIPA prepared Kuwait’s first and second official reports depicting reform in doing business in Kuwait. A Diagnostic workshop organized with the World Bank Doing Business Team held in Kuwait during the period January 11-13, 2015. Two open dialogue seminars held as part of Public Private Dialogue initiative KDIPA is managing to detect barriers and facilitate potential solution. First held on January 7, 2015 and the second on January 17, 2016 attended by the contributors of Kuwait reports in Doing Business. KDIPA held an orientation session gathering focal teams designated by the members of the PCK to better coordinate reform efforts. KDIPA signed a technical support agreement with the World Bank Group to identify reform priorities and means to achieve them.



Enhancing Competitiveness

KDIPA commissioned Kuwait Institute for Scientific Research (KISR) to conduct a study to enhancing Kuwait Competitiveness in international indices to reach the innovation stage.

It is a three-year project under the second development plan (2015/16-2019/20).

Chapter Five: Supporting Activities

Human Resource Development:

KDIPA developed an HR training plan for its employees, both internal and external programs. A new employee's guide compiled, and an orientation program provided for them. KDIPA participated in three events that discussed HR development in Kuwait and in Oman. 133 employees benefited from 62 training programs, 3 of them external.

International Agreements & Legal Affairs

KDIPA attended 12 meetings of which 9 covered bilateral relations, and 3 regional relations as part of GCC countries with China and EU, and free trade amongst GCC. The recently approved economic law compiled and listed on KDIPA's website for easy access to interested investors. Other legal affairs carried out including preparing legal memos, reviewing contracts, providing legal opinion, following up legal issues, and responding to relevant communications.

Information technology (IT)

KDIPA completed the needed IT infrastructure, both software and hardware, and installed successfully in its new premises. Backup systems applied. New emails created for all staff and a special hiring entry established at KDIPA website. Finger print system installed. As well as surveillance cameras and electronic doors for security. KDIPA established e-links with concerned government entities of which the Ministry of Finance to perform financial operations of using Oracle system; the Civil Service Commission to link to the integrated system that ensures salaries and deductions are carried out and managing attendance and leaves; Ministry of Interior for visa issuance for investors; General Directorate of Customs for managing the customs exemptions; and the Public Authority for Industry (PAI) to unify the industrial project applications.

Financial & Administrative affairs

KDIPA settled the status of its employees be it those who transferred from KFIB/MOCI, or new hired staff. The transfer operation was synchronized such that no interruption in services or internet connections. Announcing job vacancies and managing the full system of hiring new staff. The draft budgets prepared for the fiscal years 2015/2016 and 2016/2017, and final expenditure allocations made for fiscal year 2014/2015 in accordance with relevant regulations and provisions. Several ad-hoc sub-committees established in accordance with work needs.