



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait

June 1, 2013-May 23, 2014

Submitted to:

Doing Business Team, the World Bank Group

Prepared by:

Kuwait Direct Investment Promotion Authority (KDIPA)

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1. After a decade of being in the World Bank Group Doing Business Reports (DB2004-DB2014), the need has become more imminent for concerted action to address issues of streamlining the business environment in Kuwait, and to see to it that Kuwait is covered in it properly and included in all the additional data. It is believed that the main two factors that could have attributed to affect Kuwait's position in DB reports are the insufficient documentation of the information representing the actual regulatory improvements that have been progressively taking place, and on another level the weak communication of these improvements. This issue has become the epicenter of the regulatory reform agenda in the country.
2. This Report is the first official attempt to relay a non-exhaustive update of the reforms in doing business in Kuwait for the period under consideration. It is submitted to the Doing Business Team at the World Bank Group by the Kuwait Direct Investment Promotion Authority (KDIPA), a newly established public entity in accordance with Law No.116/2013, with the stated mandate of fostering direct investment in Kuwait by both local and foreign investors, and handling the task of streamlining business environment, among others.



3. KDIPA was designated by a Council of Ministers Decision No. 1551 dated December 18, 2013, to head the Permanent Committee for Streamlining Business Environment in Kuwait (PCK), with an initial membership of four other government entities. The official representatives of PCK were at the assistant undersecretary level and were named by a Ministerial Decision No. 59 dated February 17, 2014. At the same time, KDIPA assigned from its designated staff a Working Group for Doing Business (WGDB) to coordinate and follow up with PCK.
4. PCK held the first meeting on March 31, 2014. The outcome of this meeting envisaged an interim action plan with immediate steps to be taken on best effort basis to produce achievable results by mapping and identifying the actual procedures on the ground to depict the real picture and record the outcome to be able to determine adequately areas that need to be improved.
5. Given the time constraint, and the broad and cross cutting nature of the issue of business environment reform, PCK decided to start by mapping procedures for four indicators “topics” out of the ten that compose the Doing Business aggregate index, those which measure the cost and complexity of regulatory processes, and fall in the domain of the government entities represented in PCK. They cover: starting a business, dealing with construction permits, getting electricity, and registering property.
6. The members of PCK indicated upon reviewing the procedures published in Kuwait Economy Profile in DB2014, pertaining to the four indicators, that the reality is different as several improvements and



reforms which have already taken place but were not depicted, while other procedures were actually eliminated but it was not also taken account of. They have suggested preparing and submitting an official mapping of all the procedures with detailed notes.

7. The official responses were received and documented from the concerned government entities describing the procedures relating to the four indicators as shown **in Tables 1-4** at the **Appendix** of this report. The most important changes were related to enhancing the e-transactions and e-links between government entities, use of online automatic systems that ensure immediate and speedy response, as well as the introduction of One Stop Shops in more than one government entities to facilitate regulatory processes.
8. The preliminary findings derived from the official responses show reduction, though at varying rates, of the total number of procedures, duration, and cost for the selected four indicators as compared to their status in the Ease of Doing Business Index 2014, as summarized hereunder:



Summary Table

#	Indicators	Number of Procedures		Duration of Procedures		Cost of Procedures	
		DB2014	Amended for DB2015	DB2014	Amended for DB2015	DB2014	Amended for DB2015
1	Starting a Business	12	7	32	21		
2	Dealing with Construction Permits	24	19	130	123	KD 12,725	KD 2,095
3	Getting Electricity	7	7	42	22	KD 5,732.900	KD 5,582.900
4	Registering Property	8	5	47	15		

9. KADIPA will work closely with DB Team at the World Bank to sustain this effort and initiate the needed reforms to create a more enabling business environment for local SMEs.

10. The next steps will be determined after the release of DB Report 2015 and assessing Kuwait's position in it as an indicative guide to develop a more elaborate roadmap, delivery timeframe, and with more engagement by various stakeholders based on the initial communication and documentation established.

Please note: the *Reform Update Template for Kuwait in DB2015* **is attached separately**. Please refer to the Appendices for information on:

Appendix -1 Tables 1 – 4 relating to amended procedures for the four indicators.

Appendix - 2 Stocktaking of Legal & Regulatory Developments.

Appendix - 3 List of Steps Taken by WGDB at KDIPA (February 17, 2014 – May 23, 2014).



Appendix – 1:

Table 1: Official Response relating to Starting a Business Indicator:

# of Procedures	Description of Procedures	Duration	Cost
1	<p>Register at the Department of Companies at the Ministry of Commerce and Industry (MOCI)</p> <ul style="list-style-type: none"> The project owner must submit the standard unified application form to the Department of Companies at the MOCI accompanied by the following documents: <ol style="list-style-type: none"> A copy of the Civil ID of the Director and all the partners. A certificate issued by the Public Institution for Social security (PIFS) to prove that the Kuwaiti Manager does not work in the government sector. A copy of the Lease contract and a copy of the rent payment receipt. A certificate from the Public Authority for Civil Information (PACI) showing the address of the premises. Record of the names of the founding partners and their respective share, the value of capital, the form of the legal entity, the purpose of the company and the name of the manager. Bank certificate of each partner's share of the capital of one of the local banks in Kuwait. (Step 3 in DB2014) Once the application is approved: <ol style="list-style-type: none"> Stamped and signed by the Department of Companies and assigned a reference serial number for the company. The owner of the company will reserve a company's name in the Department 	1 Day	None



	<p>of Companies.</p> <ol style="list-style-type: none"> 3. The Department of Companies staff member searches in the database of the Commercial Registry of the company's proposed name to ensure it does not match with other names reserved. 4. Department of Companies has set guidelines to follow while choosing the name of the company in coordination with the Commercial Registry. 5. Once the company's name is approved, the Department of Companies will send an e-mail to confirm the name and reserves it for 3 months.(Step 2 in DB2014) 6. An email is sent by the MOCI to Kuwait Municipality to request inspection of the company's premises and verification of the headquarters, according to the lease. 7. Send a request to the Ministry of Interior to investigate on the partners and their security/criminal record.(why not by email??) <p>The Department of Companies may issue additional letters addressed to various government ministries depending on the nature of the activities of the company in order to obtain their approval on the establishment of the company, for example, for opening a pharmacy a letter is sent to the Ministry of Health to take their approval.</p>		
2	<p>A letter is sent from the Department of Companies for the limited liability companies and one person companies to the bank.</p> <ul style="list-style-type: none"> • The owner of the company will get a letter from the Department of Companies to be sent to the commercial bank the owner selects to deposit the specified capital of the company. (Step 4 in DB2014) 	1 Day	No
3	<p>Deposit the capital in the bank and get a certificate thereof relating to the limited liability companies and one person companies.</p> <ul style="list-style-type: none"> • The bank opens an account in the name of the company with the term "under 	1 Day	No



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	<p>formation" annexed to the account in accordance with the Department of Companies' letter. (joint Step 4 in DB2014)</p> <ul style="list-style-type: none"> The deposited capital remains frozen until the bank receives the notarized deed of incorporation and the commercial license of the company, after which the term "under formation" is removed and the account is activated. The bank issues a deposit certificate in the name of the company addressed to the MOCI, providing details on the capital deposited. 		
4	<p>Inspection for the company by Kuwait Municipality (Municipality).</p> <ul style="list-style-type: none"> The Municipality <u>receives an electronic (e-link) request</u> from MOCI for conducting the inspection of the company's premises. (This is an improvement because it has introduced e-link) The response time to this request <u>is automated</u> and depends on the site classification if it is classified as commercial <u>then immediate response</u> (in 40% of the cases), but if it is classified as investment then the response will take from 1-15 days (in 60% of the cases). This is an improvement because it grants immediate approvals for commercial companies) Kuwait Fire Service Directorate received <u>an electronic request (e-link)</u> from the <u>MOCI</u> to check the compliance of the company's systems and regulations on fire protection systems and <u>responds electronically and immediately</u>. (This is an improvement because it has introduced e-link) 	<p>1 - 15 Day Reduced from 4-15 days in DB2014)</p>	No
5	<p>Obtaining the approval of the Memorandum of Association from MOCI:</p> <ul style="list-style-type: none"> Owner of the company will submit a draft Memorandum of Association to the Department of Companies and to provide modifications or additions to the Memorandum of Association that were accepted by the MOCI before issuance the approval of the establishment of the company. As soon as the signing of the final draft of the Memorandum of Association is 	<p>1 Day</p>	<p>KD 3 for the first page of the Memorandum of Association and</p>



	<p>done, the Department of Companies will issue a letter addressed to the Ministry of Justice to document the Memorandum of Association.</p> <p>Certifying the Memorandum of Association with <u>the notary officer (Ministry of Justice) stationed at the MOCI One Stop Shop (OSS) within the Companies Incorporation Section.</u> (This is an improvement because it used OSS and reduced duration)</p> <ul style="list-style-type: none"> • The owner of the company will submit to <u>the notary officer at OSS in MOCI</u> the Memorandum of Association approved by MOCI the Department of Companies letter, and the bank capital deposit certificate. • The officer verifies that all documents are complete. • The Memorandum of Association will be signed by the founding partners and 3 copies of the original documented are documented, one for the company, one for the Ministry of Justice, and the third for the MOCI. <p>Getting a Commercial License and a Commercial Registry Certificate from the Department of Companies (MOCI).</p> <ul style="list-style-type: none"> • The owner of the company will keep a signed copy of the contract and approved Memorandum of Association in Department of Companies (MOCI). • The commercial license is issued in the Department of Companies. • The Commercial Registry Certificate is issued in the Department of Companies. • The number of civil ID will be <u>granted immediately through an electronic system</u> for the company by the Public Authority for Civil Information (PACI). (This is an improvement because it joint steps 6-9, and 11, in DB2014 saved 4 procedures and reduced duration by 6 days) 		<p>KD 1 for each subsequent page.</p> <p>KD 150 for commercial license (up from KD 30 in DB2014) and KD 7 to the Commercial Registry (Check about KD 5 at PACI)</p>
6	<p>Register with Kuwait Chamber of Commerce and Industry (KCCI).</p> <ul style="list-style-type: none"> • The company must apply for membership in the KCCI by submitting copies of the commercial license , Memorandum of Association , and fill out a signature 	1 Day	KD 82 for the first registration



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	form of the person authorized to sign on behalf of the company. Membership in KCCI is a prerequisite for dealing with some government entities, banks, and participation in public tenders.		then KD 55 for the annual renewal
7	Registration in the Ministry of Social Affairs & Labor. All the data of the company are sent <u>electronically (e-link) from MOCI to the Ministry of Social Affairs & Labor</u> . Then the Ministry of Social Affairs & Labor inspects the headquarters of the company to determine whether it is suitable with the number of employees. This is an improvement because	15 days and 11 procedures	NO (Be sure)

Table 2: Official Response relating to Dealing with Construction Permits Indicator:

# of Procedures	Description of Procedures	Duration	Cost
1	Obtaining approval from the Ministry of Communication for a phone connection. ¹	20 Day	KD 1,500
2	Inspection for electricity on- site by the Ministry of Electricity and Water.*	2 Day	no charge
3	Obtaining the approval of the electricity for the site by the Ministry of Electricity and Water.	2 Day	no charge
4	Inspection of Water on- site by the Ministry of Electricity and Water.*	2 Day	no charge
5	Obtaining the approval of the water to the site by the Ministry of Electricity and Water.	2 Day	no charge
6	Inspection for sewerage on-site sanitation by the Ministry of Public Works.	1 Day	no charge
7	Obtaining the approval of the sewerage designs by the Ministry of Public Works.	2 Days	No charge
8	Obtaining the approval on the design by the Kuwait Fire Service Directorate.	9 - 40 days	From KD 10

¹ This could not be verified as officials in MoC did not respond despite repeated attempts to check this information. So it was kept as mentioned in Kuwait Economy Profile in DB2014.



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

		according to size of project	to KD 250 based on utilization of site and area.
9	After obtaining all the above approvals, the applicant will prepare the designs and processing schemes through an engineering office and then to be submitted to the Kuwait Municipality.	1 Day	no charge
10	The application is then submitted to the Department of Engineering Systems to start the licensing procedure and to study the architectural and construction designs, also the site will be inspected in the case there are an existing building. Once all these approvals are completed , the building permit will be issued.	20-30 Days	KD 150 if the site was outside the city KD 200 if the site was within the city
11	The engineering office on behalf of the applicant contacts the municipality branch at the respective governorate to obtain the supervision commitment for the site .	7-14 Day	no cost
12	The engineering office on behalf of the applicant contacts the Monitoring & Follow Up Engineering Department at the municipality branch at the respective governorate to obtain the boundaries of the site.	7-10 Day	From KD 30 to KD 350 depending on the area of the property
13	After the completion of construction which depend on the license and the approved designs the site will be inspected by the Department of Safety to issue a clearance	7-14 Day	KD 20



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	certificate on the location and its cleanliness.		
14	The construction will be inspected by the Monitoring & Follow Up Engineering Department to ensure its conformity with the license and the approved designs and the owner will be granted a letter directed to the Ministry of Electricity and Water to connect electricity.	7-14 Day	KD 10
15	Get phone connections and the Ministry of Communication. ²	17 Day	KD 250
16	Getting water connection.	7 Day	KD 100 ³
17	Access to sewerage connection from the Ministry of Public Works.	10 Days (maximum)	No charge
18	Inspection by Kuwait Fire Service Directorate during the building process to issue a letter of approval to proceed to connect electricity.	1 Day	KD 25
19	Final inspection by Kuwait Fire Service Directorate and granting the license (if all procedures are in line).	1 Day	No charge

Note:

If needed, an application is submitted to the Safety Department to issue a Safety license after the completion of all documents and required guarantees. **	7-14 Day	There are no fees for licensing safety but storing fees ranging from KD 30 to KD 100 KD depending on the location
If the project needs parking or requires action entrances and a private exits, an application will be submitted by the	2-5	From KD 10 to

² This could not be verified as officials in MoC did not respond despite repeated attempts to check this information. So it was kept as mentioned in Kuwait Economy Profile in DB2014.

³ Against this Item, the cost for the procedure is KD. 100/- provided the water supply network is available within 10 meters of the project and the pipe size is ¾ inch. Otherwise, the cost will depend on the quantity of water required and on the length and size of the pipeline need to be constructed.



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

engineering office to the Roads Section in the Planning Department in Kuwait Municipality .	Days	KD 20
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* Simultaneous.

** This procedure is not necessary unless needed.

Table 3: Official Response relating to Getting Electricity Indicator:

# of Procedures	Description of Procedures	Duration	Cost
1	<ul style="list-style-type: none"> The Client hires an engineering consulting firm who is approved by the union of engineering consulting firms and who has a Supervision Engineer licensed by the Ministry of Electricity & Water (MEW) to study and estimate the electrical load (kW) and power (kVA) requirement of the project and obtain approval. The Client in order to get assured that the Ministry of Electricity & Water (MEW) will make available necessary power supply for the electrical load of the project, submits an application in a prescribed form and in three (3) copies to the Area Engineer of the Electrical Distribution Networks (EDN) Department and of the concerned governorate under the Electrical Distribution Networks (EDN) Sector of MEW requesting approval /authorization for electricity supply. A copy of the application after necessary approval duly signed and stamped by the Area Engineer is handed over to the Client. One copy is sent to the Electrical Installation 	2 calendar days	No charge



	<p>Department of MEW.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. This approval is one of the requirements of the Kuwait Municipality based on which it gives permission to the client to start a construction on the land. 		
<p>2</p>	<ul style="list-style-type: none"> • The Client's engaged engineering consulting firm submits design drawings of the air-conditioning systems of the project and obtain MEW approval. <p>The Client's engaged engineering consulting firm performs the detailed designs of the air-conditioning systems of the project. (The time to complete this process lies with the client and not with MEW)</p> <ul style="list-style-type: none"> • The engineering consulting firm submits two (2) sets of design drawings for the air-conditioning systems to the Electrical Installation Department under the EDN Sector of MEW for approval. • The Air-conditioning Section of the Electrical Installation Dept. reviews and approves the air-conditioning design drawings and hand over one (1) set to the engineering consulting firm, duly signed and stamped. <p>Notes:</p> <ol style="list-style-type: none"> 1. It is presumed that all air-conditioning design works have been carried out as per the prevailing MEW regulations and norms of the industry and there are no comments on the design drawings. Any design works not complying with the MEW regulations and norms will lead to redesign and/or revisions of the drawings and the time to complete this process lies with the client. 2. The Ministry of Electricity & Water <u>has introduced method of submission of plans/designs electronically and already started receiving electronic submissions from some engineering</u> 	<p>Maximum 5 calendar days (The time to complete this process lies with the client and not with (MEW)</p>	<p>No charge</p>



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	<p><u>consulting firms. Starting from sometime in May 2014, it will accept submissions of all air-conditioning system designs only electronically</u> and provided the submissions are in full compliance with the MEW requirements and there are no comments on the same, the time to complete this process will reduce from 5 days to 3 days.</p>		
3	<p>The Client's engaged engineering consulting firm submits the design drawings of the electrical installations of the project and obtain MEW approval.</p> <ul style="list-style-type: none"> Once the designs of the air-conditioning systems are approved by MEW, the Client's engaged engineering consulting firm finalizes the detailed designs of the electrical installations of the project. (The time to complete this process lies with the client and not with MEW) The engineering consulting firm submits two (2) sets of electrical installation design drawings along with a Load Form to the Electrical Installation Department for approval. These drawings include air-conditioning, lighting, reactive power compensation equipment (capacitor banks where applicable) and all other electrical equipment, electrical mains, switches, cable sizes, circuit breakers, fuses, etc.. <p>Alongside, the engineering consulting firm also submits the civil designs of the electrical substations/rooms of the project to the Civil Section of the EDN Department for approval.</p> <ul style="list-style-type: none"> The Electrical Section of the Electrical Installation Department reviews and approves the electrical installation design drawings and hand over one (1) set to the engineering consulting firm, duly signed and stamped. 	Maximum 5 calendar days	No charge
4	The Client's engaged electrical contractor submits final as-built drawings for air-		



	<p>conditioning and electrical installations of the project and obtain MEW approval.</p> <ul style="list-style-type: none"> The Client's engaged electrical contractor submits two (2) sets of final and complete as-built drawings for air-conditioning and electrical installations of the project for approval to the Electrical Installation Department along with Load Form, approved municipality drawing and MEW's approval/ authorization of electricity supply obtained earlier from Area Engineer. <p>In case of any change in the civil designs of the electrical substations/rooms of the project, the Supervision Engineer should again submit the civil designs to the Civil Section of the EDN Department for approval.</p> <ul style="list-style-type: none"> After the as-built drawings have been reviewed by the Air-conditioning and Electrical Sections and the civil design is approved, the Electrical Installation Department approves the drawings and load form and return one (1) set to the electrical contractor, duly signed and stamped. <p>In case, reactive power compensation is applicable for a project, the electrical contractor has to obtain necessary approval for the type and rating of capacitor bank from the Capacitor Section of MEW at this stage. The time to complete this process takes approximately 7 days. A 140-kVA load for a warehouse however likely need not require a reactive power compensation (Capacitor Bank).</p> <p>Notes:</p> <ol style="list-style-type: none"> It is presumed that all as-built drawings are in accordance with the design drawings already approved by MEW and the Kuwait Municipality approved drawings, and there are no comments on the as-built drawings. Any deviation from the Kuwait Municipality approved drawings will lead to obtaining 	<p>Maximum 5 calendar days</p>	<p>No charge</p>
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Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	<p>further approval from the municipality. Any deviation from the approved load and/or the approved design drawings will also lead to further approval from the Area Engineer of the concerned governorate. The time to complete this process lies with the client.</p> <p>2. At this stage, the concerned departments under the EDN Sector carry out the necessary external electrical works like, installation of transformers, Unit Distribution Substations, medium and low voltage cables, etc. as and where required depending on the project's electrical power requirements approved by the Electrical Installation Department, provided however that the electrical substations/rooms are ready for installation of equipment and design is approved by the Civil Section of EDN Department.</p>		
5	<p>The Client's engaged engineering consulting firm obtains inspection of the site by the Ministry of Electricity & Water.</p> <ul style="list-style-type: none"> The engineering consulting firm submits application for testing of electrical wiring in a prescribed form to the Inspection Section of the Electrical Installation Department along with approved original as-built drawings, copy of ownership certificate from the Ministry of Justice and no-objection letter from Kuwait Municipality. The Kuwait Municipality <u>sends by mail</u> this “no objection letter” to MEW for supplying electricity to the project, which must be available before an inspection can proceed. The time to arrange for a no objection letter from Kuwait Municipality lies with the client. The deputed Inspectors from the Inspection Section of the Electrical Installation Department conduct an inspection. The inspection is carried out on the complete electrical installation of the project and includes, but not limited to all sizes of cables, types of fuses, cable connection process and installation of main panels and sub-panels, etc.. 	1 calendar day	No charge



	<ul style="list-style-type: none"> • The Supervision Engineer from the Client's engaged engineering consulting firm and the contractor's electrician who executed the works should be present during the inspection. • On successful completion of the inspection the Inspection Section will submit his report in the prescribed form and the Electrical Installation Department will approve and forward the Client's file to the Accounting Department after duly signed and stamped. <p>The Cost Control Service Section of the Accounting Department estimates the costs for the electricity supply connection to the project and issue an Invoice to the Client for necessary payment.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. It is presumed that the all electrical installation works have been carried out as per the approved drawings and prevailing MEW regulations and there are no comments on the installation. Any installation works not complying with the submitted drawings and/or MEW regulations will lead to modification/rectification works and the time to complete this process lies with the client. 2. In case, a project is having more than two (2) transformers, the time to complete inspection work will be 2 to 3 days depending on the size of the project's electrical installation. A 140-kVA project however need not have more than one day to complete the inspection. 		
6	<p>The Client obtains external works from the Electrical Distribution Networks (EDN) Department under the EDN Sector of the Ministry of Electricity & Water (MEW).</p> <ul style="list-style-type: none"> • External works are designed by the Ministry and carried out by the Electrical Distribution Networks (EDN) Department of the Ministry of Electricity and Water (MEW) only. A 140-kVA load can be supplied from an existing distribution sub- 		



	<p>station in the area, if capacity is available.</p> <p>In the absence of the infrastructure facilities, the client / holder of the license can allocate a space on the plot not exceeding 5x5 m² for the MEW to install an electrical transformer or unit distribution substation (UDS) to provide power to the plot. Having the transformer or UDS installed will not result in additional cost to the customer.</p> <p>The former scenario is however, the more likely one for the assumed case.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. As mentioned under Item-3, Note-2, the concerned departments under the EDN Sector carry out the necessary external electrical works like, installation of transformers, Unit Distribution Substations, medium and low voltage cables, etc. as and where required depending on the project's electrical power requirements approved by the Electrical Installation Department, provided however that the electrical substations/rooms are ready for installation of equipment and design is approved by the Civil Section of EDN Department. 	2 calendar days	No charge
7	<p>The client obtains meter installation and final turn-on of supply from the Ministry of Electricity and Water (MEW).</p> <ul style="list-style-type: none"> • The Client will pay the connection fees at one of the Ministry offices and then make available copies of the payment receipt, approved original as-built drawings, the approved inspection report, ownership certificate and no objection letter from the Kuwait Municipality to the Emergency Office of the EDN Department of MEW and of the concerned governorate to obtain the power supply. <p>The meter is handed over to the Client directly by the Consumer Affairs Department. The Emergency Office will install the meter and will connect the power supply to the Project</p>	2 calendar days	KWD. 5,582.900



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

provided all documents submitted by the Client are fully in order.

Notes:

1. The Ministry of Electricity & Water, depending on the connected electrical load, provides 40A and 60A single phase or 25/50A, 40/75A and 60/125A 3-phase (directly connected) or 200/5A and 300/5A (Current Transformer operated) meters. In case the consumer requires a meter more than 300A, he has to provide this meter by himself. The meter is tested and approved by the MEW's main workshop and the time to complete this process is approximately 2 days provided the consumer makes available the meter on time.
2. A 140-kVA load will require a meter less than 300 A and hence the process of testing and approving the meter is not required.

IMPORTANT NOTE:

- The Electrical Distribution Networks (EDN) Sector of the Ministry of Electricity & Water, Kuwait, which is responsible to provide electricity supply to the consumers, is going to execute within 3 to 4 months time, plan to station engineers from the Air-Conditioning and Electrical Sections of the Electrical Installation Department at the Emergency Offices of the Electrical Distribution Networks (EDN) Department in different Governorates in order to further expedite and make convenient the process of getting electricity in Kuwait by avoiding the customer's back and forth need of coming to the ministry and going to the emergency offices. The plan will also help consumers completing the process of getting electricity from being in his own area. In other words, this plan will bring the getting electricity process at the consumer's door step.
- the main causes for of power outages in Kuwait are attributed to technical mishaps in the generators or transmission lines.



Table 4: Official Response relating to Registering Property Indicator:

# of Procedures	Description of Procedures	Duration	Cost
1	<ul style="list-style-type: none"> The owner of property submits a request to the concerned municipality branch to provide him with the specifications certificate of the property upon submitting the ownership document and opinion from the Zoning Department for industrial, commercial or investment parcels. After studying the application, a date is set for inspection of the property. After inspecting the property and in the case if there are no violations, a specifications certificate of the property is issued stating that the property is a piece of land or multi-floor building space then this certificate is sent to the Property Ownership Department. When this certificate is issued it means that the property meets the requested specifications. 	From 10 To 20 Day	KD 150 For commercial and industrial areas KD 50 for investment areas
2	<ul style="list-style-type: none"> The owner will deliver the original ownership deed to the Property Ownership Department, which will check the ownership document details against the property designs, and then will submit a letter of the property to the Property 	3 - 5 days	No cost



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	Registration Department in the Ministry of Justice with the attached documents (certificate of property specifications certificate, zoning opinion, and original deed of the property and a copy of cadastral survey plan.		
3	<ul style="list-style-type: none"> Obtain clearance from the Ministry of Communication.* Must obtain a permit from the Ministry of Communication (which is essential for all types of commercial and residential properties alike) to make sure that the previous owner / seller has paid all the bills for the related public services.* 	1 Day	no charge
4	<ul style="list-style-type: none"> Obtain clearance from the MEW:.* Obtain clearance from the MEW bills that indicates there is no electricity or other entitlements owned to the Ministry. 	1 Day	no charge
5	<ul style="list-style-type: none"> The person concerned will submit an application to the Department of Citizen Services with the necessary documents (original property deed + specifications certificate + zoning letter + civil ID) which will be reviewed and given an automated number, and then refer to the Technical Affairs Office to revise the cadastral survey information of the property, and then forward to the Comprehensive Section in order to write the document and sign it and ratify it by the stakeholders and then they will receive their own copy of the document. 	1 Day	0.5% of the property's value



Appendix - 2

Stocktaking of Legal & Regulatory Developments:

1. **New Investment Law:** On June 16, 2013, new investment Law No. 116/ 2013 regarding the Promotion of Direct Investment in the State of Kuwait was passed and published in the Official Gazette *Kuwait Al-Youm*, issue No. 1136. This new Law repealed its predecessor Law No. 8/ 2001 Regarding the Regulation of Direct Investment of Foreign Capital in the State of Kuwait. Consequently, the Kuwait Foreign Investment Bureau (KFIB), a division within the Ministry of Commerce & Industry, ceased to exist and replaced by Kuwait Direct Investment Promotion Authority (KDIPA). The New Law has been regarded as a welcomed addition to a host of new economic laws and regulations that have been approved in the last few years for the purpose of improving the overall investment climate, fostering competitiveness, encouraging more engagement by both local and foreign investors in value added investment opportunities, and contributing to achieve the country's economic diversification objectives. **The new law entered into force on December 15, 2013.** Its draft **Executive Regulations** was approved by the Board of Directors on April 20, 2014, and submitted to the Deputy Prime Minister, Minister of Commerce & Industry - Chairman of the Board of Directors of KDIPA to complete the needed procedures.



2. **New Public Entity:** A separate public authority (KDIPA) is established under Law No. 116/ 2013, overseen by a Board of Directors chaired by the Deputy Prime Minister and Minister of Commerce & Industry, and managed by a Director General.

3. **New and Broader Mandate:** KDIPA objective is promoting direct investment **by both local and foreign investors**, and is mandated with the typical tasks that support this activity including receiving applications and issuing investment licenses, servicing investors throughout the project cycle, and identifying any hurdles that they might encounter, as well as organizing promotional activities and publications. In addition, KDIPA has other broader tasks that include streamlining business environment, managing economic zones, establishing and managing business incubators, and facilitating financing services. In particular, relating to streamlining business environment, Article 4/point 5 of Law No. 116/2013, states 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."

4. **New Administrative Unit:** Under the new law No. 116/2013 article 17 **a one stop shop** (OSS) will be established as a focused administrative unit within KDIPA in coordination with the relevant government authorities to shorten the duration for issuing investment licenses. The applicant is allowed to appoint specialized companies or qualified consulting firms that are qualified by KDIPA which will make it easier for investors to pursue their business.

5. **Faster Approvals:** under the new law No. 116/2013 article 14, the issuance of the investment license shall be issued pursuant to a decision of the Director General, if the application fulfills the criteria, principles and assessment rules established by the Board of Directors.



6. **Summary of Laws & Decisions:** The table hereunder summarizes the main laws and decisions that have been issued during the report period. It is noted that the last few months Kuwait has witnessed an active and consistent positive strides towards passing new economic laws or amending old ones embarking on a new approach to eliminate bureaucracy and enhance transparency. Several ministerial decisions at MoCI were issued during the period of the report regarding the decree law no. 25 of 2012 issuing the amended Companies Law no. 97 of 2013, also the approval of e-transactions law No.20/2014 which is a very important step that makes the use of electronic communications a recognizable mechanism in Kuwait including e-signature.

#	Name of Legislation	Date of adoption/ issuance	No. of Issue of Official Gazette <i>Kuwait Al Youm</i>
1	MOCI Ministerial Resolution no. 425/2013 amending the ministerial resolution no. 25 of 2013 for Companies decree law no. 25 of 2012 issuing the amended Companies Law no. 97 of 2013.	29-Sep-2013	1152 6 -Oct -2013
2	MOCI Ministerial Resolution no. 411/2013 amending the By-Law of the law no. 111 of 2013 for licensing the retail shops.	22-Oct-2013	1154 22- Oct-2013
3	PIFSS Ministerial Resolution no. 8 of 2013 in respect of stipulating terms and conditions that are considered applicable to law no. 101 of 2013 in respect of unemployment insurance.	8-Dec-2013	1161 8-Dec-2013



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

4	MOF Administrative Decision no. 875 of 2013 in respect of the rules and regulations for the Kuwait income tax law no.3 of 1955 amended by the law no. 2 of 2008.	12-Dec-2013	1164 29- Dec- 2013
5	MOF Administrative Decision no. 876 of 2013 in respect of the rules and regulations for the <i>Zakat</i> Law no.46 of 2006 related to the closed and public companies in the state budget.	12-Dec-2013	1164 29- Dec- 2013
6	MOF Administrative Decision No. 877 in respect of the rules and regulations of By-Law related to the Law no. 19 of 2000 for the support and encourage of employees labor force to work in non governmental bodies.	12-Dec-2013	1164 29- Dec- 2013
7	Law no. 2 of 2014 amending some provision of law no. 98 of 2013 in respect of establishing the national family fund for support and develop of the SME small to medium projects.	29-Jan-2014	1169 2-Feb-2014
8	Law no. 20 of 2014 regarding electronic Transactions.	11-Feb-2014	1172 23-Feb-2014
9	MoSL (Ministry of Social Affairs & Labor) Ministerial Resolution no. 226/ ع of 2014 in respect of determining terms and conditions of Small and Medium Enterprises (SMEs) project.	17-Feb-2014	1172 23-Feb-2014
10	Council of Ministers Resolution no. 303 of 2014 appointing the respective minister for executing provisions of Law no. 20 of 2014 regarding e-transactions.	10-Mar-2014	1175 16-March-2014



11	Ministerial Resolution no.26 of 2014 issued by the Ministry of State For Youth Affairs Executive By-Law for supporting youth projects.	1-May-2014	Annex 1182 6-May-2014
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7. **Insolvency Draft Law:** An inter-Ministerial Steering Committee for strengthening Kuwait insolvency and creditor/debtor regime was established by a Ministerial Decision No. 101/2013 dated March 21, 2013. The Steering Group is chaired by KDIPA's Director General (at the time he was the Assistant Undersecretary, Division of Kuwait Foreign Investor Bureau KFIB), and includes senior representatives from the Ministries of Commerce & Industry, Finance and Justice, the Central Bank of Kuwait, and the Legislation & Fatwa Department. More than 200 meetings with various stakeholders were held. Draft legislative provisions were prepared covering: draft Law on Enterprise Rehabilitation and Liquidation; draft Law on Voluntary Restructuring of Debts; and amendments to Law Governing Security Interests in Movable Assets. A public workshop was held on November 10, 2013, and the recommendations recorded. A dedicated public law website was developed by the World Bank containing the drafts and the comments received. These reforms were initiated by MoCI in response to recommendations by a World Bank assessment of Kuwait's insolvency regime in 2012. Upon clearance and Arabization from the Legislation & Fatwa Department, the draft law will be submitted to the Council of Ministers for approval before proceeding to send it to the Parliament.
8. **Creating a Connected Government:** One of the most prominent legal and regulatory achievements is creating e-government and providing multi-channels e-services and using e-tools to enhance stakeholders outreach. This is further enhanced by the passage of Law No. 20/2014 for e-transactions. The members of PCK (MoCI, MoJ, Municipality, and MEW) have provided official response showing how much they are applying e-services, e-links, and developing their websites for online services, as summarized hereunder:

Municipality	✓ A committee for streamlining and automating procedures was established by a Director General of Kuwait Municipality Decision No 4/2014 dated January 14, 2014 in cooperation with Central Agency for Information technology (CAIT) in light of enhanced adoption of e-government initiatives. This committee will determine various types of e-services needed to serve the public including online application for commercial licenses, online renewals, e-links with related government entities, e-archives for all
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Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

- important documents, online database for selecting commercial activities in various sites. These e-services and databases will be accompanied by placing adequate IT infrastructure, and issuing needed regulatory decisions.
- ✓ Coordination is ongoing with concerned government entities like MEW and the Kuwait Fire Service Directorate and the engineering offices to establish e-links and software applications that will reduce procedures and processing times **to a maximum of 5 days.**
 - ✓ The online commercial licensing is facilitated by establishing a GIS database for all civil data for property and shops in coordination with MoCI for issuing of commercial licenses at MoCI without going back to the Municipality. This system is running and has been implemented since September 8, 2013.



Ministry of Justice (MoJ)

- ✓ A Ministerial Decision No.46/2012 dated April 23, 2012 established a notary office for MoJ **at MoCI OSS** to document the Memorandum of Association within the MoCI Companies Incorporation Section.
- ✓ Ministry of Justice is developing a fast track for documenting Memorandum of Association for limited liability companies, General Partnership companies, and Limited Partnership companies, to process procedures within 2 hours from submission, without violating any articles in decree law No. 25/2012 as amended by Law No. 97/2013. While, the public shareholding companies, the holding companies, and the closed shareholding will take a maximum of two to complete the same procedure.
- ✓ An e-link is established with Kuwait Municipality for a user based dedicated e-link to speed review of documents needed that are available in a shared e-database.
- ✓ An e-link is established with the Kuwait Fire Service Directorate.
- ✓ An e-link is established with, the Public Authority for Civil Information (PACI), to verify information in its records.
- ✓ An e-link is established with the Public Authority for Housing.



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

- ✓ Initiating the “Comprehensive Staff Member” approach in all governorates in Kuwait whereby all procedures are completed immediately to register property.
- ✓ Mobile based applications are used especially SMS messages to be in touch with public to complete any missing documents and save time.
- ✓ Internet channels are used through dedicated emails to receive any complaints and handle it.
- ✓ Developing an automated electronic system for standardizing forms and text used for property registration.
- ✓ an e-system for real estate credit was developed in addition to the existent manual system, and access to real estate credit database was extended to be shared with the Central Bank of Kuwait and all banks
- ✓ an e-payment system (*Tasdeed*) has been launched on a dedicate portal (Justice e-Portal : <https://www.kuwaitcourts.gov.kw/>).

بوابة الدفع الإلكتروني

محكمة اون لاين

رمز المستخدم

كلمة السر

تقديم طلب

دخول

لمتابعة طلبات التسجيل

رموز مستخدمين للتسليم

بوابة العدل الإلكترونية

MoCI

- ✓ According to Article 5 of decree Law No. 25/2012 it enacted a One-Stop-Shop to facilitate the procedures of establishing commercial entities by assigning the process of establishing companies to it along with representatives of the concerned government entities to ensure the rapid processing of the companies' establishment and commercial licensing procedures. OSS at MoCI has started with a representative from MoJ and from Kuwait Chamber of Commerce & Industry. Other concerned



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

government entities are being coordinated with to establish e-link and actual presence in the OSS for commercial licenses duly.

Access to information on websites (services, fees etc)

Online information

regarding the following:
- Guide for Construction licensing .
- Fees against all kinds of services provided by the Municipality.

https://www.baladia.gov.kw/main-web/license/con-license.htm



Online information and applications for establishing various types of companies including needed documents, conditions, fees, and location of providing the services.

http://www.moci.gov.kw/StaticShow.aspx?id=279



Online information on MoJ services including fees and location of providing the service

https://www.moj.gov.kw/sites/ar/Pages/PortalMain.aspx



Online information on various services, of which:
Water connections to industrial plots
Electricity connections to new building
Approval of final designs as built
Inspection of on-site eclectic connections
Approval of central air conditioning
Opening a file for licensing electric connections

Online Information includes the following:

- the documents and conditions required;
-fees and costs.
- location of service conducted
- duration of procedure.

http://mew.gov.kw/en/



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

The screenshot displays the website interface for the Ministry of Electricity & Water. It features a navigation menu with the following items:

- Ministry of Electricity & Water: Technical & Historical Information
- Consumer Services: Information & Electronic Services
- Employee Services: Information & Electronic Services
- Contracts and Procurement: Electronic Services for Companies

Under the 'Consumer Services' section, there are links to:

- Important Numbers
- Electricity Emergency Centers
- Online Services
- Consumption bills
- Forms
- General Information

Under the 'Contracts and Procurement' section, there are links to:

- Qualification Requirements for Companies to Enrol in MEW
- Central Tenders Committee
- Procurement Guidance
- Electronic Forms
- Qualification Requirements for Electrical Distribution Networks Equipments
- Ministry Announcement For Companies

Websites

<http://www.baladia.gov.kw/>

<http://www.moci.gov.kw>

<https://www.moj.gov.kw/sites/en/Pages/PortalMain.aspx>

<http://mew.gov.kw/en/>

9. **Issue of Minimum Capital:** The official sources of Ministry of Commerce and Industry have explained that under commercial companies Law No. 15 of 1960, the capital of a limited liability company must not be less than KD 7,500, but under Article 98 of decree law No. 25/2012 as amended by law No. 97/2013 and its Executive Regulation:" the capital of the limited liability company shall be divided into membership interests of equal value that are not divisible



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

and which shall have a minimum value of one hundred Kuwaiti Dinars each...". Thus the limited liability company must have a minimum of 100 shares each one at a price of KD 100, which totals KD 10,000 recording an increase of KD 2,500. This did not resemble a minimum capital increase but was ordained merely to resolve a technical issue to avoid the fractions of shares and maintain whole numbers.

10. **SMEs:** Kuwait has taken several positive strides to create a more favorable business environment to support local SMEs. Law No.98/2013 has established the National Fund for SMEs with a capital of KD 2 billion to support the sector. Also, the Ministry of Commerce & Industry has established a new department for registering SMEs and requested suggestions from visitors of its website to ensure that this department will expedite the process of starting a new SME enterprise in Kuwait. In the same token, Law No. 116/2013, Article 4 point 4 mandated KDIPA of the task : " *To establish or contribute to the capital of companies specialized in the establishment or management of business incubators for projects that meet the objectives of the Authority, following the approval of the Council of Ministers, and in accordance with the principles and rules established by the Board in this regard*". This should be conducive to create more dynamic SMEs sector with strong potential for integration in global supply/production chains.



<http://www.moci.gov.kw/>

11. **Business Laws & Regulations:** In the Ease of Doing Business website, under **Law Library**, Kuwait Business Laws & regulations for COMMERERCIAL AND COMPANY LAWS only lists: Law of Commercial Companies (as amended on 19th October, 1960), with an inactive link to Pubic Authority for Industry (PAI) website. In the last few years several



economic laws were passed that have contributed to make the legal and regulatory framework for Kuwait more accommodating and modern and made its investment climate more favorable. Of these laws:

- e-transactions law No. 20/2014
- New investment Law: Promoting direct investment law No. 116/2013.
- New commercial permit's law No. 111/2013.
- SMEs law No. 98/2013.
- New commercial companies law No. 97/2013.
- Anti-corruption law No.24/2012.
- Protecting competition law No. 2/2012.
- Privatization law No. 37/2010.
- BOT law No. 7/2008.
- Tax Law No. 2/2008.

KDIPA will provide later a pdf file for all related economic laws (as available in Arabic and or English) with proper links.

APPENDIX - 3

List of Steps Taken by WGDB at KDIPA (February 17, 2014 – May 23, 2014)

#	Action	Date
1	Appointing Working Group within KDIPA for Streamlining Doing Business in Kuwait (DBWG)	February 17, 2014
2	Orientation session 1 addressed to DBWG by the economic consultant	February 17, 2014
3	Translation of Kuwait Economy Profile in Doing Business 2014 into Arabic	February 20 - March 17, 2014
4	Meeting in KDIPA premises between DB WG and Ms Alya Al Alali, Advisor to the Executive Director - EDS 11, World Bank Group	February 20, 2014
5	Prepare an internal memo on scope of work of PCK and a draft Roadmap for Action Plan	March 4, 2014
6	Extract the procedures mentioned in the four indicators per ministry or government entity that is involved in it	March 4, 2014
7	Prepare an "Introductory Booklet on Kuwait Position in DB Reports 2004-2014" in Arabic.	March 4, 2014
8	Communicating to the four members of PCK about the Ministerial Decision No. 59/2014 dated February 17, 2014	March 6, 2014



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

	on the formulation of the committee and their nomination as members, and dispatching with the letter a blinded copy of the "Introductory Booklet on Kuwait Position in DB Reports 2004-2014" in Arabic.	
9	Orientation session 2 addressed to DBWG by the economic consultant	March 9, 2014
10	Meeting with KDIPA DG and DBWG to discuss tasks and steps to be taken	March 11, 2014
11	Orientation session 3 addressed to DBWG by the economic consultant	March 13, 2014
12	Orientation session 4 addressed to DBWG by a contributor to DB questionnaires	March 18, 2014
13	A record was established detailing names, position, and contacts of all the members of PCK.	March 18, 2014
14	Invitations sent to all members of PCK to attend the first meeting to be held on March 31, 2014, with the meeting's draft agenda.	March 20, 2014
15	Orientation session 5 addressed to DBWG by a contributor to DB questionnaires	March 27, 2014
16	First update of legal stocktaking from Kuwait legislation database	March 27, 2014
17	Preparing a presentation to the upcoming meeting of the PCK, a full mapping in Arabic of all the procedures for the four indicators, and a draft proposed interim roadmap.	March 27- 30, 2014
18	First meeting of PCK. A presentation was given and the agenda items were all approved including proposed interim roadmap, which was approved to act upon.	March 31, 2014
19	An initial deadline for collecting feedback of PCK members on the four indicators procedures based on their comments in the meeting was set at April 17, 2014	
20	Official response from Ministry of Justice (MoJ) was received and further clarifications were sent by fax.	April 14, 2014 May 7, 2014
21	Official response from Ministry of Commerce and Industry (MoCI) was received and further clarification was received by fax.	April 17, 2014 May 20, 2014
22	Initial response from Kuwait Municipality was received by email, then the official response was sent.	April 17, 2014 May 11, 2014
23	Official response from Ministry of Electricity and Water (MEW) was received	April 24, 2014
24	Mapping and comparing the received procedures on the four indicators with the listed procedures in Kuwait Economy Profile in DB 2014	April 17 - May 21, 2014
25	Phone call scheduled with Doing Business Team at Washington D.C. to touch base and start the communication	April 29, 2014
26	Other stakeholders were contacted on specific producers in the four indicators (Ministry of Communication, Ministry of Public Works, Kuwait Fire Service Directorate, General civil defense department)	May 6, 2014
27	Site visits to Ministry of Communication, Ministry of Public Works to follow up by DBWG member, and phone calls to Kuwait Fire Service Directorate, General civil defense department for follow up also.	May 14, 2014
28	Initial response from Kuwait Fire Service Directorate was received by email, then the official response was sent	May 14, 2014



Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait May 23, 2013

		May 21, 2014
29	First review of information received and incorporating it into the procedures for the four indicators	May 20, 2014
30	A communication network was established with various stakeholders to create open channels for follow up.	May 21, 2014
31	Second review of information received and incorporating it into the procedures for the four indicators	May 21, 2014
32	Official response from Ministry of Public Works received by fax.	May 22, 2014
33	Third and final review of information received and incorporating it into the procedures for the four indicators.	May 22, 2014
34	Final update of legal stocktaking from Kuwait legislation database.	May 22, 2014