



هيئة تشجيع الاستثمار المباشر
KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY

Supplement to the Second National Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait
May 31, 2015, submitted August 7, 2015

Supplement

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

June 1, 2014-May 31, 2015

Submitted to: Doing Business Unit, the World Bank Group

Prepared by: Kuwait Direct Investment Promotion Authority (KDIPA)

Originally Submitted on: May 31, 2015

Supplement update submitted on: August 7, 2015



Supplement to the Second National Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait June 1, 2014-May 31, 2015



SUPPLEMENT UPDATE :

1. **Supplement to the Second National Report:** This Supplement is in response to the Kuwait Reform Update Memo - Doing Business 2016 sent to us through the Office of the Executive Director on 22 June 2015, and serves to capture our comments and to provide additional amendments and information received from relevant government entities to augment our initial ***Second official non-exhaustive update of the reforms in doing business in the State of Kuwait for the period June 1, 2014 till May 31, 2015*** dated May 31, 2015, and submitted for consideration of the DB Team in preparing DB2016 report on June 2, 2015 in three e-mail dispatches that included:
 - Second National Report on Non-Exhaustive Reforms in Doing Business in the State of Kuwait June 1, 2014-May 31, 2015 with 7 attachments from No. (A) to No. (G) and one general attachment, along with attachments No.(1) to No. (10) relating to Appendix 4.
 - Reform update template for Kuwait for DB2016.



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2. **Deadline:** It is submitted on August 7, 2015 instead of the mentioned deadline of July 24, 2015, by mutual agreement with Doing Business Team as per our email to Mr. Santiago Croci and his response on July 24, 2015, extending the deadline for our comments and amendments two weeks to August 7, 2015. This was attributed to very tight timing this summer for KDIPA after receiving the first World Bank mission for providing technical support and capacity building for doing business reform in Kuwait during the period June 7-11, 2015, followed by the advent of the Holy month of Ramadan, then observing “*the Eid*” holiday, and the annual holidays, whereby several KDIPA staff as well as the staff of the other government authorities are on leave, such that it adversely affected our ability to obtain the needed data in time, especially from the new members of the Permanent Committee for Streamlining Business Environment in Kuwait, headed by KDIPA .



NEW INFORMATION ON IMPROVING LEGAL & REGULATORY FRAMEWORK:

3. **E-Services:** KDIPA on behalf of PCK received official response from the Public Authority for Civil Information (PACI) related to the implementation of e transaction law no.20/2014 dated August 3, 2015. The main points mentioned in their letter (in Arabic) include:
First: PACI role in instating the procedures needed to facilitate implementation of e-transactions and e-signature law, for which PACI received ISO 270001 for having right environment for highest data security standards. This letter covered:



- Establishing the needed infrastructure for the Public Key Infrastructure (PKI) *which supports the distribution and identification of public encryption keys, enabling users and computers to both securely exchange data*, as well as the Root for Kuwait;
- Developing needed software to issue e-signature on smart civil ID;
- Establishing a portal for authentication of e-signatures;
- Linking government e-services with this portal;
- Considering the potential of issuing for the public a certificate of their e-signature (Kuwait's nationals and residents);
- Considering the potential of issuing encryption certificates for the public and private sector;
- Considering the potential of delegating to each entity the right of issuing e-signature for their employees.

Second: PACI role in signing bilateral agreements with various relevant government and private sector entities to provide e-signature authentication and certification. These entities included:

- **Oil Sector:** KPC and its companies (KOC, KPC, KNPC, KUFPEC, KGOC, OSSC, PIC, Q8, KAFCO, KOTC). KPC received from PACI a Certificate Authority (CA) status for its employees.
- **Banking sector:** under umbrella of the Kuwait Banking Union which includes the CBK, commercial banks, Islamic banks, and branches of foreign banks to perform e-transaction for their employees and clients.



- **Government sector:** Bilateral agreements were signed with Kuwait Credit Bank, Public Authority for Industry (PAI), Ministry of Finance, and Ministry of Justice. PACI received applications for e-signature from 6 other government entities including: Ministry of Interior, PIFSS, Ministry of Higher Education, Public Authority for Environment (PAE), Ministry of Health, and Civil Service Commission.

P.S.: It should be noted that actual dates and supporting legal or administrative decisions for these developments or measures will be duly provided once reported and confirmed to us by PACI. (Please refer to Attachment No. H).¹



NEW INFORMATION ON MAPPING INDICATORS PROCEDURES:

4. **Mapping Procedures:** KDIPA, on behalf of PCK, continued to request from PCK members and other related government entities to review existing procedures that were reported in Kuwait DB2015 for relevant indicators. In this Supplement we got new information regarding getting credit, and trading cross borders.
5. **Getting Credit:** The Central Bank of Kuwait (CBK), a new member of the Permanent Committee for Streamlining Business Environment in Kuwait (KPC), headed by KDIPA, joining in accordance with the Council of Ministers Decision No. 116 of 2015 dated January 26, 2015, provided us with their official

¹ Please note that the attachments are numbered such that they are continuation of our original second national report numbering of attachments which included attachments from No. A to No. G, as this supplement resembles an integral part of that report.



response on August 3, 2015, regarding the Getting Credit indicator information for Kuwait. They indicated that this is the first time they review the questionnaire and check the data regarding Getting Credit information. They have clarified that the information regarding the Depth of Credit Information, mapping the correct answers in comparison to what was published about Kuwait under this indicator in DB2015 in English, however their letter is in Arabic.

(Please refer to Attachment No. I)

6. **Trading Cross Borders:** The General Administration of Customs (KGAC), also a new member in the KPC Kuwait has indicated to KDIPA in their official written response received on May 22, 2015, which was received by KDIPA on May 28, 2015, but was not ready to be included in our Second Report, that is why we are providing it in this Supplement. The main points they mentioned in their letter (which is in Arabic) are:

- The documents requested for processing imports and exports mentioned in the Kuwait DB2015 Trading Cross Border are different from reality, and which depends if shipments are for bonded exports or imports which usually take longer than procedures for other shipments.
- The costs mentioned in the Kuwait DB2015 for Trading Cross Border are more expensive than the actual costs incurred, indicating that costs per shipments differ according to the kind of each shipment.
- KGAC has taken several procedures to facilitate transactions G2G and G2C, for example:
 - ✓ Issuing a customs user's guide;



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- ✓ Establishing bilateral linkages with various relevant government entities;
 - ✓ Fully equip border entry points with staff to handle operations;
 - ✓ Automating customs transactions and procedures to facilitate procedures and to eliminate corruption, as well as speed up linkage within the GCC Customs Union;
 - ✓ Establishing its own One Stop Shop and adopting “account manager” system whereby one officer is in charge of the whole process for a client aiming at reducing time of procedures to a duration of only “5 minutes”.
- KGAC attached to the letter an official copy of the List of costs in KD for handling container shipments (20 and 40 sq feet), and utilizing various customs e-services for issuing manifests and other documents.

(Please refer to Attachment No. J)

- KGAC also attached to this letter other documents relating to (in Arabic):
 - ✓ **Required procedures, timing, and cost for merchandize imports and exports in Kuwait**, as well as the documents required by article (48) of Law No. 10 of 2003 regarding the Unified GCC Customs Law, and articles (14), (15), (16), and (18) of the Executive Regulations of Law No. 10 of 2003 for handling re-exports and transit trade in GCC. **(Please refer to Attachment No. K)**
 - ✓ **Minutes of the First Bilateral Cooperation Meeting between Kuwaiti Customs and Saudi Arabian Customs, during the period April 15-17, 2012 in Kuwait.** In



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this meeting several issues were discussed to address obstacles that hinder trade between both countries and recommendations to facilitate them. Under Item Four in particular, there was a recommendation to enhance e-link between both customs based on best experience. **(Please refer to Attachment No. M).**

- ✓ Technical Document for the Scheme Work for Vehicle e-Registration and Link between Kuwait & Saudi Customs (Arabic/English), based on a meeting held August 15, 2013 at KGAC targeting September 9, 2013 to launch the integration with Saudi Arabia in the identified entry border points for the Vehicle Registration Methodology (VRM) till ensuring full stabilization and smart offline live. **(Please refer to Attachment No. N).**

Attachments: No. (H) to No. (N).