

An IFC Reports Interview with

**Sheikh Ahmad Al-Fahad Al-Sabah, Deputy Prime
Minister, Minister of State for Development
Affairs & Minister of Housing, State of Kuwait**

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For our special report on Kuwait



IFC REPORTS: Your Excellency it is a true pleasure and thank you very much for your time. I would firstly like to know what efforts are being undertaken to attract foreign investors to the country, given the country is now embarking on \$125 billion dollars worth of projects to be undertaken between 2010-2014?

SHEIKH AHMAD AL-FAHAD AL-SABAH: We are putting together models which will ensure that whoever comes to Kuwait to bid for a tender will get no less than 16% ROI (Return On Investment). I think foreign investors would then be happy to participate here in Kuwait. We believe that we have some things that you cannot find anywhere else. Any company that works here will be secure, and the fact that we are located between 3 large markets will help us a lot. We have sea to land and sea to sea transportation and we can be a hub.

We have a very good cash flow situation – we are doing this to change our economic model, not because we need money. We have a good cash flow but we want to develop the private sector. We also have a good history and an educated society that can be an added value for the country. We believe that we have a lot of areas we can develop in the country and we are looking towards downstream infrastructure and industry that will be led by the private sector. We already have small examples now, but we need more. For example we need at least a \$US 2 to 3 million industry for all the cables and materials. We have a port, a banking system and there is now land for those kinds of industries.

Kuwaitis spend about 1 billion KD per year on tourism when they leave the country to go on holiday to Europe or Asia, but if we can keep 20% of those people to holiday in Kuwait, this would be very good. We have to encourage people to develop this sector.

The Government and the private sector are planning a lot in different sectors. We are doing something to develop the human resources of this country for the new generation and for the tradition of Kuwait. We have to change the picture. I believe that if we can achieve 25 to 30% of this plan and we change the whole system, we will be successful. We have already signed the Boubyan Port and the bridge for the Silk City and a 2,000 megawatt power station. We are preparing 14 new hospitals, a healthcare company and we are looking at health insurance. We have already signed some large contracts and we want to show that we are doing something.

I think maybe this month the Zor Power Station will be on the market and the health company will be on the market as well. We want good success stories so people will believe in us. People want to achieve those goals, but if they have doubts it is very hard. This is the first plan we have had since 1986; we have studied the issues and we have proposed solutions to those issues. I think we have to prepare our machine in 4 years and when the machine is ready, you will just need to put the plan in the machine.

My advice to foreigners who want to invest in Kuwait is that I know it will be a little bit slow at the beginning, but the opportunities will be better for people who are the first over here. The only problem is that things will be slow and bureaucratic until this is resolved. They are guaranteed an IRR and they are guaranteed to be in a market with a lot of potential and they can partner with us.

IFC REPORTS: When we have interviewed private sector players and they have expressed their hesitation we have said that things are slow, but the ball is finally rolling in Kuwait and there is change.

SHEIKH AHMAD AL-FAHAD AL-SABAH: I understand this. I do not know if we are lucky or not but we started with the economic crisis 2 years ago and all companies can participate in tenders and they can raise funds. For FIFA 10:21 the tender was 1.9 and the real price of the share was 2,000%. At that time there was a lot of cash because of the global economic situation. When we started last year, all the companies like everywhere else had problems with the economic crisis, but we have a system with our Central Bank where they are trying to maintain the ratings balance of our banks. We have to be a little tough to do this. We have a lot of cash flow and they will be happy to finance our new projects.

IFC REPORTS: What final message would you like to send to American investors?

SHEIKH AHMAD AL-FAHAD AL-SABAH: Americans have always been very close to us and we have worked together with them for many years. Kuwait was a main partner of the US with the fight against terrorism in Afghanistan. We want to change our economic model to make more room for the private sector and I think this is the right time for American private sector companies to come over and partner with us. We are not talking about contracting – we are talking about being a partner in our electric, health, water, education, IT and downstream industries. Developing our IT industry and our research centres is the most important thing for us. The main consulting houses are working with us right now and they can analyse our market and advise their clients in the States.

IFC REPORTS: Your Excellency, it has been an absolute pleasure, thank you very much for your time.