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Study on the Impact of Kuwait's Banking Sector on the **Kuwait National Development Plan** (KNDP)

Report prepared by

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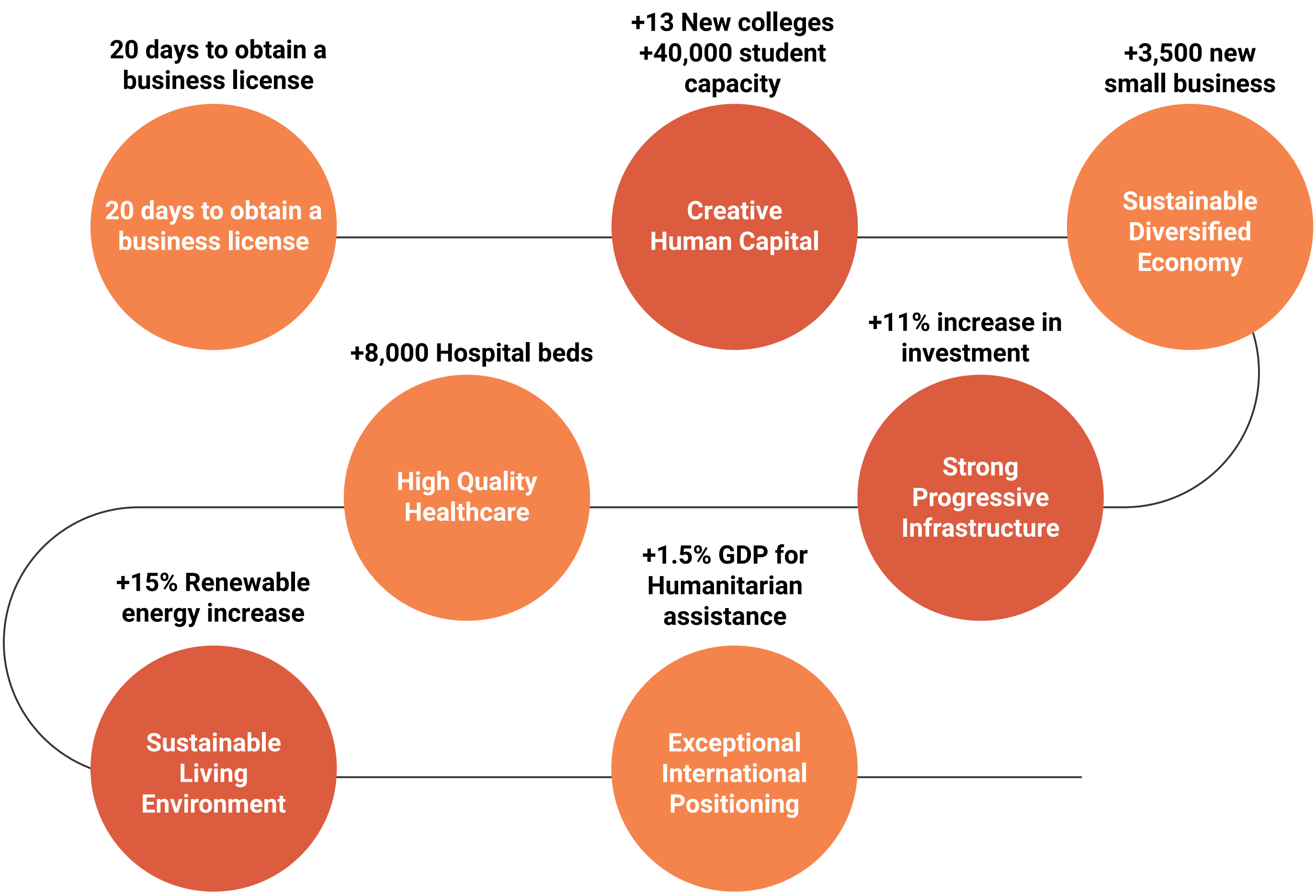
Executive Summary

New Kuwait Vision 2035 Strategy

To transform Kuwait into a diversified, knowledge-driven economy and a leading regional financial and commercial hub by 2035, Kuwait initiated a national development plan - Kuwait Vision 2035 or 'New Kuwait' in 2017. The plan aligns with the United Nations Sustainable Development Goals (SDGs), ensuring Kuwait's progress is comparable against global benchmarks.

Pillars of New Kuwait Vision 2035



Source: New Kuwait 2035

Third Kuwait National Development Plan (KNDP 3 from 2020 to 2025) on private sector engagement is pivotal to Vision 2035 covering several projects targeting areas such as administrative systems, knowledge-based sectors, infrastructure development, distinguished international position for Kuwait, prioritizing private sector and sustainability.

Kuwait has rolled out a series of flagship projects under Vision 2035. The development of the Northern Economic Zone (Silk City and Boubyan Island development), a trade, logistics, and investment hub connecting Asia and Europe is a key project of the development plan. Other major initiatives include the expansion of Kuwait International Airport, construction of new hospitals, development of renewable energy projects and reforms in education, training, and research to equip Kuwaitis with future-ready skills.

The number of projects in the annual development plan 2024/2025 reached 133 distributed over nine programs. The sixth program, building an integrated infrastructure, included the highest number of projects (33). Some of the projects are implemented by government agencies, and some are implemented through a public-private partnership system (PPP). The projects under Kuwait Vision 2035 have been making good progress with stable execution pipeline and new project inflow. However, the portion of completed projects for FY 2024/25 remain low at 2% due to delay in obtaining the required approvals from regulatory authorities, slow documentation cycle for contractual procedures and technical issues from the agency or the contractor.

There are 63 legislative programs supporting the projects under KNDP 3, of which 28 legislations were approved by the end of the third quarter of the 2024/2025 fiscal year. The fifth program on Developing a Transparent and Accountable Government has the highest number of legislations (31), accounting for 49% of the total legislations.

Kuwait Macroeconomic Overview

Kuwait's economic growth is expected to rebound to 2.6% y/y in 2025 and 3.9% y/y in 2026. The gradual unwinding of OPEC+ production cuts supported by large-scale infrastructure projects and the rollout of legislative reforms are likely to drive Kuwait's economic growth.

The share of oil export revenues in Kuwait's overall government revenues remains significant at roughly 90% despite the economic diversification efforts. Kuwait is highly dependent on oil and any fluctuations in oil price will lead to a fall in GDP growth and a contraction in spending. Kuwait's fiscal breakeven oil price, estimated by IMF at 80.2 $/bbl. in 2025, 76.7 $/bbl. in 2026, and 81.6 $/bbl. in 2030, is substantially higher than current oil prices. The decline in oil revenues from relatively moderating oil prices and rise in government expenditure is expected to lead to a widening of the fiscal deficit to 3.9% in 2025, 4.5% in 2026 and 6.6% in 2030. New PPP frameworks, corporate governance reforms, real estate reforms, and public debt law have been few initiatives on the regulatory front to tackle the structural fiscal imbalance. However, the government alone cannot provide funding for Vision 2035 projects. They require increased participation from the banking sector, private sector, and foreign investors to fulfill the funding gap necessary for the vision.

Non-Oil Sectors in Kuwait

Sectoral contribution to Kuwait GDP

Sectors	2010	2015	2020	2024
Mining and Quarrying (Oil sector)	55.9%	57.4%	50.2%	47.9%
Public administration and defence	8.4%	9.3%	12.2%	14.0%
Financial intermediation and insurance services	9.3%	8.2%	9.0%	8.9%
Manufacturing	6.0%	5.7%	9.0%	8.0%
Real estate	8.5%	7.2%	7.4%	7.3%
Education	4.0%	4.2%	4.8%	5.3%
Wholesale and retail trade	4.9%	4.3%	3.8%	3.6%
Construction	2.2%	1.9%	2.0%	2.6%

Source: Kuwait CSB

Kuwait's oil sector has remained a major driver of Kuwait's economic activity since the 1940s, contributing 47.9% to the country's total GDP in 2024. Among the non-oil sectors, public administration and defense accounted for 14.0% of the total GDP, reflecting significant government involvement in the non-oil activity.

Privatization of some state services such as power, transport and healthcare were laid out in the Vision agenda through PPPs. Small and Medium enterprises (SMEs) were focused upon for job creation. Infrastructure projects such as residential, commercial and industrial plans were commenced. The COVID-19 pandemic led to Kuwait accelerating efforts in digital transformation, fintech, and e-commerce. The development plan focuses on trade and logistics sector to leverage Kuwait's strategic geographical location and develop ports such as Mubarak Al-Kabeer Port and Silk City to expand shipping services. Construction and infrastructure sector is a key focus of the Kuwait Vision 2035 through the execution of major PPP projects in housing, roads, metro and airports. Sustainability is another key pillar of the Vision 2035, with Kuwait's aim for generating 15% of electricity from renewable sources by 2030, giving space for solar and wind energy firms. Education and Healthcare sectors remain key for encouraging private sector participation under the diversification agenda.

Banking Sector in Kuwait

Kuwait has a robust and well-regulated financial services sector regulated by the Central Bank of Kuwait (CBK). It currently supervises five conventional, four Islamic and one specialised bank – the Industrial Bank of Kuwait that concentrates on medium-term industrial credit.

The total assets of Kuwaiti banks recorded a CAGR of 8.0% during 2019-24 and reached KD 113.9 billion in 2024. Net loans of Kuwaiti banks have grown at a faster pace than total assets, at a CAGR of 8.7% while total deposits have grown at 7.3% during the same period.

Sectoral Distribution of Domestic Credit Facilities of Kuwaiti Banks

Sector	Bank Credit in 2017 (KD mn.)	% of Total credit in 2017	Bank Credit in 2024 (KD mn.)	% of Total credit in 2024
Personal Facilities	12,403.6	35.1%	19,321.9	39.1%
Real Estate	7,875.7	22.3%	10,268.7	20.8%
Trade	3,356.2	9.5%	3,641.0	7.4%
Purchase of Securities	2,655.5	7.5%	3,763.8	7.6%
Other Services	2,497.7	7.1%	3,632.3	7.3%
Construction	1,936.3	5.5%	2,581.1	5.2%
Industrials	1,875.7	5.3%	2,132.5	4.3%
Crude Oil & Gas	1,322.8	3.7%	1,711.5	3.5%
NBFI	1,318.5	3.7%	1,390.0	2.8%
Public Services	114.7	0.3%	111.1	0.2%
Agriculture & Fishing	15.2	0.0%	36.4	0.1%
Total credit	**35,371.8**	**-**	**49,419.2**	**-**

Source: Kuwait CSB

Domestic credit of Kuwaiti Banks witnessed a 4.9% compounded annual growth rate from 2017 to 2024. However, this growth is largely driven by personal and consumer loans (39% of loan portfolio in 2024), reflecting discretionary spending. Credit extended to corporate segment has not seen a comparable level of growth. While factors such as COVID-19 pandemic, oil price fluctuations, high-interest rate environment and overall sluggishness in economic activity have contributed to this trend, banking lending to corporates need to improve for KNDP projects to get executed at a faster pace. Currently, banks lack sufficient incentives to lend to higher-risk sectors and SMEs, given their profit-driven nature. Hence, regulatory support is required through various targeted initiatives.

In line with Vision 2035, CBK is actively promoting sustainable finance by requiring banks to develop green financial products and become familiar with international climate risk management principles. Kuwait contributed to issuing USD 1 billion worth of sustainability bonds or green sukuks in 2024. Renewable energy and environmental projects such as soil remediation projects are gaining traction among all Kuwaiti banks.

The digital initiatives of Kuwaiti banks range from simply offering online versions of traditional services to actively incorporating new, innovative digital products and services into their online and mobile banking apps. However, the uptake of digital initiatives such as open banking, launch of digital banks and fintech partnerships are still in the early stages and are yet to gain traction in the country.

Global and Regional Best Practices

Vision strategies of countries globally generally aim for economic transformation, focusing on moving toward a high-income, developed, or knowledge-based economy and improving citizens' quality of life. The goals and drivers of success across many visions show common themes. For established economies like Japan and China, the focus was on specific achievements. Japan aimed to improve standard of living through high GNP growth and public infrastructure, while China sought to become a manufacturing powerhouse through technological leadership, subsidies, and export-led growth. For GCC countries, the goals often revolve around diversification away from the hydrocarbon sector and becoming a knowledge-based economy. Key success drivers across global visions consistently include government accountability, targeted investments, promoting SMEs and digitalization.

The role of banks is critical and focuses on financing and supporting key sectors and demographics. Under many global vision strategies, banks are directed to -

- **Support SMEs and Private Sector:** Involves increased lending, advisory services, and sometimes instant, collateral-free financing.
- **Promote Financial Inclusion:** Implementing financial literacy programs and increasing access to financial services for lower-income demographic and small businesses.
- **Fund Long-term National Projects:** Low-interest, long-term financing for major national projects, expanding the mortgage market and directing capital to non-oil sectors.
- **Adopt Modern Practices:** Enhancing digitization, fintech partnerships and incorporating ESG principles.

Environmental, Social, and Governance (ESG) Initiatives

ESG is a growing focus, driven by national commitments and banking sector integration. Regionally, major economies like the UAE and Saudi Arabia have set ambitious net-zero targets (2050 and 2060, respectively) using comprehensive transition programs and a Circular Carbon Economy model. Countries like Canada encourage businesses to make public net-zero commitments through its Net-Zero Challenge. In the banking sector, ESG is being integrated into business strategy (ex: JPMorgan Chase's Green Economy Banking vertical), driving innovative services like marketplaces for carbon credits (ex: Climate Impact X), and influencing risk management through climate-related stress tests mandated by regulators like the European Central Bank. Global banks are also significantly investing in enhancing ESG reporting and disclosure capabilities.

Small and Medium Enterprises (SMEs)

Governments worldwide recognize the critical role of SMEs. The German "Mittelstand" Model emphasizes securing market share in specialized global segments through technology and R&D, with banks acting as the main source of funding. Developing nations have adopted targeted government initiatives - India offers over 250 government schemes, including credit assistance and a Credit Guarantee Fund, with banks directed to provide collateral-free lending (up to INR 1 million) and meet Priority Sector Lending (PSL) targets. Similarly, Saudi Arabia's Monsha'at provides loan guarantee schemes (Kafalah) and partners with banks to offer low-cost loans, while Oman's OMR 2 billion future fund has a significant allocation to finance SMEs.

Digital Economy Transformation

Digital transformation is a key driver for economic modernization across all regions. Japan's "Digital Garden City Nation" vision aims to spread digital transformation to rural areas, focusing on smart agriculture and logistics, supported by technology investment incentives. India is a global leader in digital transactions, powered by a rapid 5G rollout and "India Stack" of open APIs empowering fintechs. This transformation brought the informal sector into the digital financial ecosystem. Saudi Arabia's Digital Economy is focused on smart infrastructure, digital government, and supporting an ecosystem for FinTechs with accelerator programs, open banking, and Buy Now, Pay Later (BNPL) services.

Opportunities for Banking

- **Lending to key sectors:** Banks in Kuwait play a crucial role in lending to key sectors that drive economic development. For real estate and construction, banks provide finance for large-scale projects and infrastructure development. Additionally, banks can direct capital towards social infrastructure, including financing for the education and healthcare sectors. Lending to the renewables sector, such as solar and wind projects, is still in the early stages in Kuwait and is yet to gain widespread traction among banks.

- **Participation in PPPs:** Banks can participate in major national development projects through PPPs, offering both funding opportunities and ancillary services. Banks can offer long-term debt financing to sub-contractors for mega-projects (e.g., Kuwait Metro, new cities) using non-recourse, project-cash-flow-based models. Ancillary Services include providing advisory services for structuring complex financial deals, conducting feasibility studies and helping consortiums navigate the PPP legal framework.

- **Supporting SMEs:** Opportunities for banks in the SME sector involves creating a simplified lending process with fully online applications and alternative credit data, and offering advisory services on business development, financing and risk management. Banks can also design flexible products, such as tailored loans for different stages of an SME's lifecycle. Banks can also build partnerships, notably with the National Fund for SME Development (NFSD) in Kuwait for co-financing loans and fostering community development through conferences, workshops and mentorship for knowledge sharing and business connections.

- **Fintech Partnerships:** Banks can leverage fintech partnerships to achieve faster time-to-market and lower development costs across key areas. These include e-payments (for BNPL, digital wallets and cross-border payments), lending (to speed up loan applications and improve risk assessment), RegTech (to automate compliance and enhance efficiency), Open Banking (to securely access customer data via APIs for personalized solutions and new revenue streams) and Islamic Fintech (to develop digital, Sharia-compliant banking and wealth management tools).

- **Digital Banking Platforms:** Banks can incorporate digital services to enhance customer experience and expand market reach. This involves embedded finance, integrating financial services directly into non-banking applications for seamless customer journeys and hyper-personalization, using advanced tech for tailored advice, customized product recommendations, and faster fraud detection. Digital platforms can enable digital wealth management solutions and are also crucial for expanding into business and SME segment by providing online credit facilities and advanced analytics.

- **Funding SDGs and Green Financing Opportunities:** Banks have significant opportunities to support UN SDGs in Kuwait, particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Change) through loans for reducing greenhouse gas emissions, expanding renewable energy generation and financing sustainable housing/electric vehicles. For SDG 11 (Sustainable Cities), banks can lead financing for mega-projects (like Smart Cities) and lend for social needs (housing, health and education). Beyond financing, banks can also offer advisory services for business transition and adaptation finance and incorporate innovative products like sustainability-linked loans, offering lower interest rates for meeting ESG targets.

Forecasting

Kuwait's Real GDP is projected to experience a strong growth phase in the near term, with annual growth ranging from 2.4% to 5.0%, primarily driven by a surge in the oil sector in the initial years combined with strong activity across non-oil sectors.

The oil sector is expected to see strong growth in the near term, driven by planned oil capacity expansions and anticipated reversal of OPEC+ production cuts before moderating at 2.2% in the long term in 2035. Forecasts are bullish on the non-oil sectors. Growth is primarily driven by numerous KNDP projects currently in progress or in pipeline and positive structural reforms. Non-oil GDP is expected to increase to 2.4% to 3.8% in short term before moderating at 2.6% in the long term.

Central Bank of Kuwait's discount rate is linked to the US Fed rate. Rates are expected to decline in the near term, moving in line with US Fed rate cuts. In the long-term, CBK discount rate (at ~3.1% in 2035) is expected to remain above the Fed rate, to keep Kuwaiti financial assets attractive to international investors.

The baseline forecast for near-term domestic credit growth in Kuwait is projected at 5%–7%. This growth is expected to stabilize at 3%–5% in the long term. However, there is a significant upside potential in the near term, with credit growth potentially rising to 7%–10% due to the passage of the Mortgage Law and the increased financing requirements for KNDP projects.

Gap Analysis

Policy level gaps

- **Delay in reform implementation:** The pace of reforms in Kuwait is slow and often stalled due to political conflicts and administrative issues. The Kuwait parliament has been dissolved multiple times, especially when lawmakers have challenged government policies. Conflicts over accountability and issues between lawmakers and executives citing corruption or lack of transparency have created political instability and frequent cabinet reshuffles. The executives have in turn complained that the assembly has obstructed development plans and politicized oversight. For instance, the public debt law in Kuwait was delayed for approximately eight years, primarily due to the recurring disagreements between the government and the National Assembly. Kuwait's last public debt law, which had allowed the government to issue bonds, expired in March 2017. The government submitted a draft of a new public debt law to the National Assembly in August 2017. However, after multiple delays, the new public debt law in Kuwait was passed only in March 2025, with a debt ceiling of KD 30 billion that allows the issuance of bonds and Sukuk with maturities of up to 50 years. The delay in the public law has stalled project implementation through limited fund allocation and hindered the progress of Kuwait Vision 2035.

- **Lack of coordination among policymakers, government agencies and implementing authority:** The lack of coordination between various government agencies, private sector and the authorities responsible for the implementation of KNDP is a significant challenge to the implementation. This leads to fragmented decision-making, duplicated efforts, stalled initiatives and an inability to address development challenges that cut across multiple sectors. The GSSCPD lacks robust, real-time monitoring and evaluation mechanisms that prevent it from effectively tracking performance and holding implementing agencies accountable for the delay. Delays in core government procedures such as licensing, procurement, and contract approvals, which require multiple ministry approvals impact the pace of reform and private sector activity, directly undermining the KNDP's goals.

- **Support for domestic industries:** The Kuwait government provides strategic support to domestic industries under the KNDP, but the implementation and scale of direct support are less compared to regional peers like Saudi Arabia and UAE. The government has established the Kuwait Authority for Partnership Projects (KAPP) to facilitate private sector investment in major infrastructure and service projects, and the National Fund for SME Development (NFSD) to provide financing, incubation, and support for SMEs. However, direct policy support for priority sectors such as pharmaceuticals remains low with limited investment for local production.

Regulatory gaps

- **Support for KNDP:** Central Bank of Kuwait's approach is generally considered supportive and enabling of the Vision 2035, but it relies less on direct, targeted preferential incentives like subsidized interest rates for SME/ESG lending and mandating lending to priority sectors. CBK is yet to have a regulatory framework that directly aligns with KNDP and does not specify the lending needs from banks for PPP and sustainable projects.

- **Coordination Hurdles:** Large development plans like the KNDP involve multiple governmental and regulatory bodies, each with its own priorities. A challenge in Kuwait is the lack of coordination among central rule-making bodies and the sectoral regulators responsible for implementing them. The KNDP itself aims to achieve an "Effective Civil Service" and reshape the government's role from operator to policymaker and regulator. This suggests that existing institutional frameworks could suffer from inefficiencies and gaps in government policy coordination, implementation, and responsiveness. The participation of economic societies such as Kuwait Economic Society, Kuwait Chamber of Commerce and Industry and Kuwait Industries Union in formulating policies with regards to implementing Vision 2035 is also lacking in Kuwait. These civil societies could provide consultation for these reforms as they possess industry-focused market professionals and legal experts. There is no formal platform for policy co-creation with economic societies, and their limited participation is a gap in KNDP implementation.

Implementation gaps

- **Delays in project implementation:** Project delays remain a significant issue in Vision 2035 implementation, with 70% of projects behind schedule at the end of the third quarter of the 2024/2025 fiscal year. The primary cause of these setbacks is administrative challenges, which account for roughly 43% of all delays. Key issues include slow contractual documentation, protracted approval processes from regulatory bodies, multiple licensing entities, and difficulties obtaining work visas. However, the Kuwait government is initiating few steps to streamline approval processes and enhance inter-agency coordination, reflecting a broader commitment to improving project governance and execution efficiency under Vision 2035. Other major factors contributing to delays are technical challenges caused by obstacles from the entity or contractor, delays in phase delivery, or material supply issues. Financial challenges primarily due to failure to allocate funds, insufficient budgets, or delayed approvals for budget adjustments have also led to project delays.

- **Speed of project execution:** The speed of project execution in Kuwait is generally slow with a high rate of delays and significant underutilization of allocated budgets. For example, Jaber Hospital project, which is one of the largest central hospitals in Kuwait was delayed more than 90% from its original duration, and a delay fine of KD 18 million was applied. The time-overrun for major infrastructure projects are high in Kuwait due to delay from executors and slow contractual procedures. For instance, the Kuwait Metro Rail Network was stuck in the planning/ tendering stage for years and frequently put on hold due to slow contractual procedures and funding disagreements. A lack of ease in doing business environment in Kuwait has also contributed to the slow project implementation.

Funding gaps

- The primary funding level gaps in implementing Kuwait Vision 2035 projects stem from the nation's heavy reliance on oil revenues and lower capital expenditure for projects. The reliance on oil revenues creates fiscal volatility, leading to budget deficits when oil prices fall, which in turn constrains the funds available for development projects. To avoid this, Kuwait is implementing projects through PPPs, but the uptake of PPPs is slow in Kuwait compared to UAE and Saudi Arabia.

Recommendations

Regulatory and Policy-level bottlenecks

- **Goal Setting & Governance:** The current roadmap, while visionary, lacks follow-up and suffers from a disconnect between KPIs and project financing. To remedy this, a cross-functional working group should be established to oversee the progress of the Vision and ensure the proper financing of key projects. This governance structure should be supported by the adoption of performance-based budgeting and a clear target mechanism to hold entities accountable.

- **Project Execution:** Project implementation is hindered by delays in awards and execution, often worsened by the need for re-tendering of contracts, which should be avoided. An effective project progress monitoring system is required. The recommended solution is to empower the cross-functional working group to oversee major projects while implementing a digital platform for sub-project monitoring. Furthermore, adopting the PPP model should be prioritized in strategic sectors to leverage private sector efficiency.

- **Improving Business Environment:** The business environment needs an overhaul, requiring simplified and transparent processes. Specific reforms are necessary for priority sectors, and the country must become more friendly to foreign investors. Streamlining business licensing processes, introducing long-term residency programs for expats, making visible quality of life improvements, and offering targeted business incentives will all improve the ease of doing business in Kuwait. To attract high-value activity, the government should provide R&D incentives and promote strategic initiatives like joint ventures and offset programs.

- **Mobilizing Investments:** Project delays are often directly linked to financing gaps, and the system remains overly reliant on traditional funding channels. Kuwait can establish a mandate for leveraging the Kuwait Investment Authority (KIA) to fund Vision-related projects. Additionally, the government must expand the PPP model and explore alternative funding modes through capital markets and bank lending through co-financing or syndication.

- **Institutional Coordination:** Ineffective progress is often traced back to siloed governance and decision-making, resulting in lower inter-agency coordination and subsequent project delays. To institutionalize cooperation, a 'New Kuwait 2035 Financial Coordination Council', comprising of representatives from the MoF, CBK, CMA, and KAPP—should be created. Additionally, SCPD should be empowered to mandate inter-agency cooperation.

- **Digitalization:** Digital efforts are currently held back by a lack of clear regulatory clarity and a lack of comprehensive digital ecosystem for SME development. Simplifying processes for licensing, tenders, and permits through digital means is necessary. The government should focus on integrating SMEs into a digital ecosystem by developing dedicated incubators and innovation hubs. Regulatory bottlenecks must be removed to facilitate further digitalization of banking services, and public services must be modernized through launch of efficient e-portals.

- **Better Stakeholder Engagement:** The current governance model suffers from regulators not fully understanding market pain points and limited participation from the private sector. To rectify this, the private sector must be formally involved in policy-level and regulatory decisions. This should be facilitated by creating structured, formal mechanisms such as Stakeholder Councils and Industry Round Tables to ensure consistent feedback and collaboration.

Improving the Contribution of Banking Sector

- **Lending to Priority Sectors:** To de-risk lending to priority sectors, the government should expand credit guarantee schemes and offer interest subsidies and targeted loans to spur strategic investment. Banks must be guided by lending mandates and benefit from reduced capital risk weights specifically for projects aligned with KNDP. A robust pipeline of sustainable projects should be created through the use of ESG-linked incentives and clear, transparent guidelines.

- **Lending to SMEs:** Support for SMEs can be enhanced by expanding credit guarantee schemes under the National SME Fund and mandating SME quotas in government procurement. To facilitate growth and access to capital, the government should streamline SME listings and launch a parallel market designed for better liquidity. Effective coordination requires establishing a unified SME Authority to centralize financing, incubation, and policy support. Promoting digital adoption is essential to help SMEs seamlessly integrate with the broader funding ecosystem.

- **PPP Enablement & Project Financing:** To successfully execute large-scale projects under Vision 2035, the government must strengthen project-finance and PPP frameworks. This involves expanding syndicated lending, offering credit enhancements, and collaborating with relevant agencies (like KAPP) to develop bankable, risk-mitigated structures. Enhancing investor confidence is key, which can be achieved through clear legal frameworks, standardized procurement, and establishing public project pipelines, mirroring successful transparency models seen in the UAE and Saudi Arabia.

- **Sustainability & Green Financing:** The financial sector’s contribution to sustainability can be increased by introducing incentives and lending quotas for green projects to expand sustainable financing and private-sector participation. A key step involves leveraging sovereign wealth fund and capital markets to anchor the issuance of green sukuk and bonds, which promotes ESG integration and secures long-term sustainability leadership. Establishing a clear framework for green and sustainable investments is necessary to enable banks to channel capital toward sustainable projects.

Unlocking the Potential of Key Non-Banking Sectors

- **Incentivizing Local Manufacturing and Procurement:** To boost domestic production, the government should introduce concessional lending and performance-linked grants tied to production volume, export performance, and employment outcomes. A major component of this strategy is the provision of long-term government procurement commitments to ensure a reliable and predictable demand pipeline for domestic producers. Financial institutions must also be actively involved by introducing risk-sharing mechanisms, credit guarantees, and preferential capital treatment for industrial lending.

- **Developing Industrial Investment Zones:** Attracting substantial investment requires modernizing industrial zones by providing incentives and implementing one-stop permitting systems. Strategy should shift towards cluster-based development, which strategically links industries with essential support systems like universities, ports, and energy hubs. To simplify and encourage foreign capital, the government must simplify Foreign Direct Investment (FDI) rules and promote transparency through public dashboards and global investor outreach campaigns.

- **Human Capital Development & Research:** Developing a skilled workforce and fostering innovation can be achieved by establishing dual-education and training programs. Efforts must also be made to attract skilled expatriates and global R&D partners through Memoranda of Understanding (MoUs), fast-track visas, and various incentives. To commercialize academic work, the government should create innovation funds and technology-transfer hubs to ensure research leads to localized technology and economic impact.

Overall, Kuwait requires reforms at a policy level to bring various government agencies and regulators to align their functions towards achieving the KNDP goals. Regulatory landscape needs to evolve at a faster pace to provide a conducive environment for private sector participation, luring foreign investments and encouraging non-oil sectors to expand their operations within Kuwait. Working towards KNDP goals requires large scale investments in mega infrastructure projects, sustainable development and new age technologies like Artificial Intelligence.

Such large-scale investments can only be done with a synchronous of funding which requires government, SWFs, private sector, foreign investors and lending institutions (banks) to work together. Banks, hence, have a crucial role in the achievement of KNDP goals. Introduction of innovative digital solutions, supporting SMEs, working towards sustainable goals and lending to non-oil sectors could be aspects that can be a guiding force for banks to support KNDP. However, banks would require support from regulators, who will have to provide regulatory frameworks and incentives to banks for offering their support to KNDP programs.

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