

KPC Local Content Strategy and Private Sector Participation (PSP) Program

Introduction

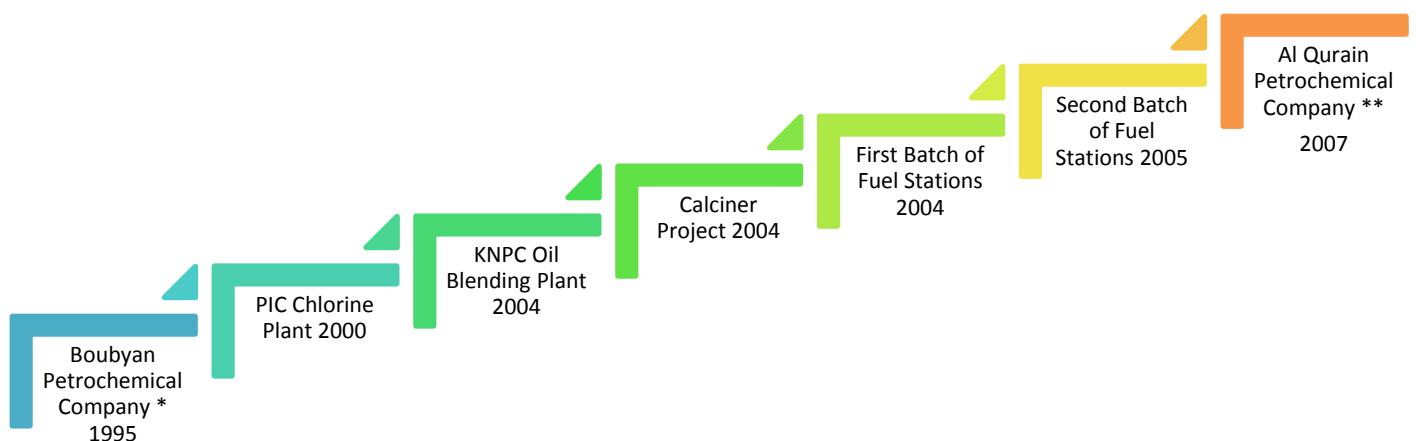
- The government economic development medium-term plan aim the following:
 - Diversify the ownership structure in economic activities by reducing the dominance of the public sector and gradually increase the contribution of the private sector
 - Adopt economic reform based mainly on the private and public sector partnership approach
 - Encourage the growth of the private sector to exercise a greater role in economic development

In line with government vision/plan , KPC local content strategic directions

Develop a cohesive and comprehensive program to strengthen KPC role in local economy development

- Enhance private sector contribution in KPC's activities/investments
- KPC 2030 local content strategy sought to address the above strategic directions through the following strategic objectives
 - : – Facilitate Industry & Government local content collaboration platform
 - Maximize local content in country spend – Foster know-how transfer to local Private Sector
 - Develop national workforce directly or indirectly
 - Support industrialization opportunities
 - Encourage private sector participation in oil sector activities

KPC Past Efforts in Private Sector Participation (PSP)



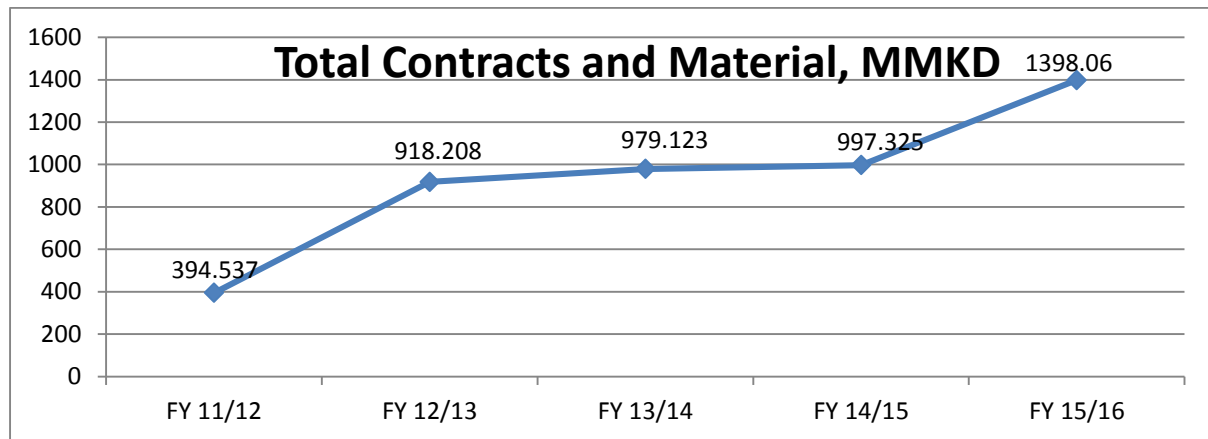
* Participation in Equate (9%), TKOC (9%)

** participation in Equate (6%) , TKOC (6%), TKAC (20%), TKSC (11.5% (TKAC owns 57.5% of TKSC))

KPC Contribution to the Local Content

KPC and its subsidiaries are always striving to maximize the local content in their operations and projects. Currently KPC has an objective of a minimum 20% of contracts , engineering and materials is allocated to the local content. This percentage will increase in accordance to the newly passed tendering law to 30 % .

- Total local content for the last FYP around 4.7 billion KD



KNPC Fuel stations franchising to entrepreneurs

The oil sector plans to offer KNPC's 43 existing fuel stations to Kuwaiti entrepreneurs.

Entrepreneurs will manage and operate the stations through franchising agreement.

An MoU between KPC and Kuwait National Fund for Small to Medium enterprises development has been signed to explore means of cooperation between the two parties and insure success of the fuel stations franchising.

Currently efforts are underway to determine and approve the franchising model details, and implementation road map.

KPC defines Local Content as activities across three value streams

- Workforce development تنمية القوى العاملة
 - Employment and training of direct and indirect local workforce to increase access to and utilization of local human resources in oil & gas operations
- Supplier industry development تطوير القطاعات الصناعية والخدمية
 - Development and procurement of local materials and services to increase local firms' participation in the oil & gas supply chain

- Partnerships development تنمية القطاع الخاص
 - Enhancement of the private sector's contribution in KPC activities / investments and stimulation of growth and development of PSP businesses

KPC Local Content Mission and Vision Statement, and Strategic Objectives & its supporting Initiatives

- Mission : “Enabling KPC to effectively contribute to sustainable economic growth, through the development of the local industry and national workforce”
- Vision: “Leading the growth of Kuwait’s oil sector through development of the local industry and national workforce”
- Strategic Objectives:
 - Facilitate Industry & Government LC collaboration platform
 - Maximize in country spend
 - Foster know-how transfer
 - Develop national workforce
 - Support industrialization opportunities
 - Encourage private sector participation
- Strategic Initiatives:
 - Government-Industry LC Collaboration Platform Set Up
 - LC Demand and Project Integration / LC Development Opportunities
 - New Business & Technology Transfer Framework Development
 - Future O&G Workforce Generation
 - Industrialization Opportunity Development
 - Partnership Program

Local Content Six Strategic Initiatives

A. Government-Industry LC Collaboration Platform Set Up

This initiative is set in motion to engage with relevant bodies advising on the development of LC collaboration. Relevant government entities and private sector industry associations can be brought together under a collaboration framework to establish support measures for LC

B. LC Demand and Project Integration

This initiative relates to targeting the high potential sectors methodically by aggregating K-Cos spend demand across projects to identify opportunities that can maximize in country spend. This initiative also focuses on Integrating LC considerations into the technical & procurement concept selection and project design phase

C. LC Development Opportunities (includes Backward linkages)

This initiative aims to leverage the K-Cos purchasing power in an effort to increase the participation of local businesses and to support capability building in targeted sectors based on current and future category potential and competitiveness levels

D. New Business & Technology Transfer Framework Development

This initiative acts as the mechanism to transfer the required capabilities and skills to fill the gap and aims to capitalize on K-Cos' own expertise and relationships with IOC's and international contractors to encourage and facilitate transfer of know-how and technology to the local market

E. Future O&G Workforce Generation

This initiative is designed to help address the current mismatch in skilled labor demand and supply by building the required fundamental skills and competencies through tailoring education and training to the Oil sector needs to maximize 'Education to Employment' links

F. Industrialization Opportunity Development (Includes Forward Linkages)

This initiative aims to maximize K-Cos domestic output use by establishing downstream industries based on selected 'forward linkages' opportunities. It also includes pursuit of opportunities for the involvement of the private sector in K-Cos' business and industrialization of private businesses. This initiative includes setting up the petroleum industrial park