

موازنة 2021 BUDGET

January 25, 2021
(Pending parliamentary approval)

Ministry of Finance
The State of Kuwait



Fitch
Ratings

AA
Stable

MOODY'S

A1
Stable

STANDARD
& POOR'S

AA-
Negative



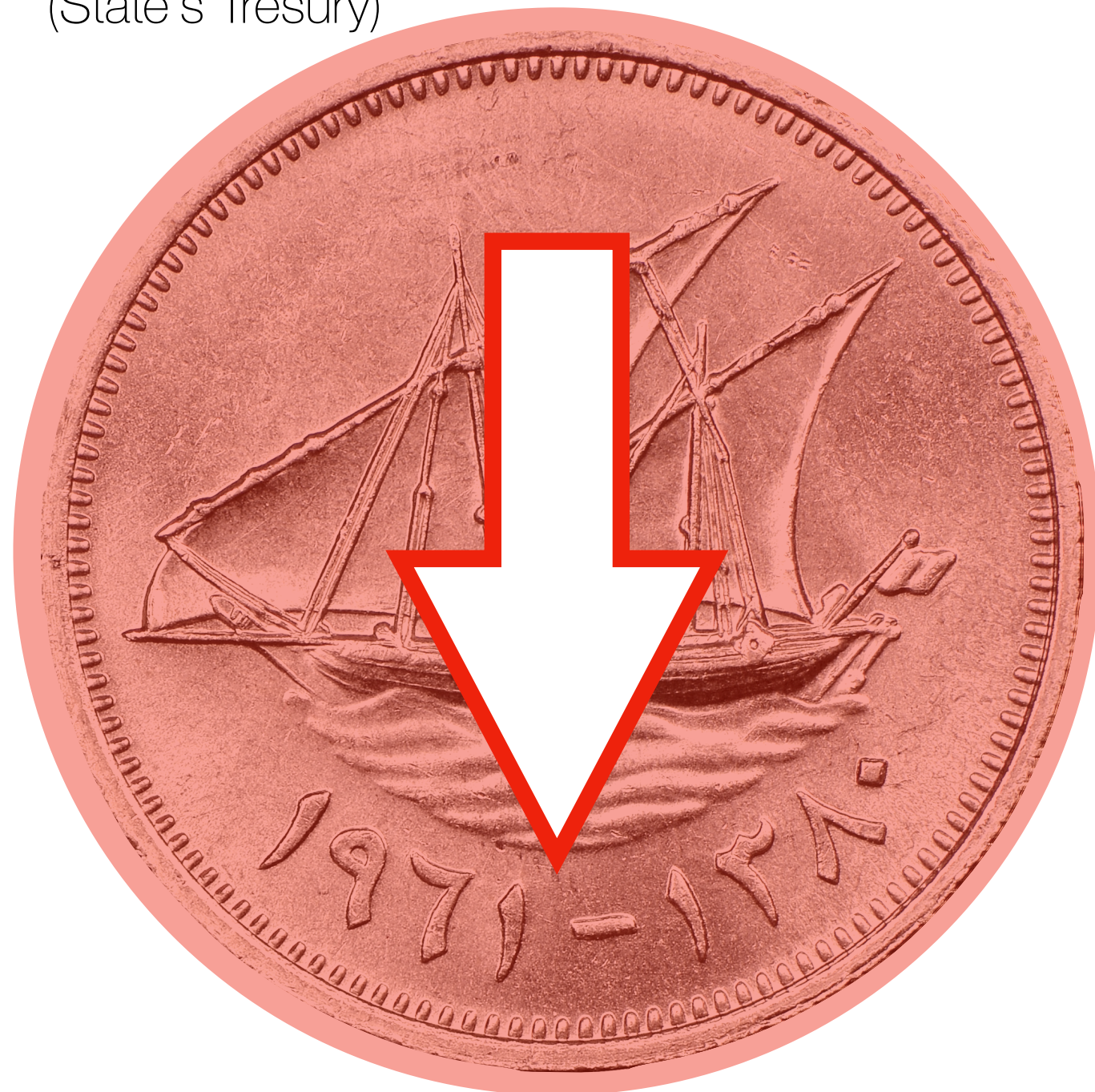
Structural changes on the 21/22 Budget

On 19 August 2020, Kuwait National Assembly passed Law 18 /2020 that amended decree law (106) of the year 1976 that mandated the transfer of 10% of all state revenue to the Future Generations Fund (FGF, commonly known as Kuwait's Sovereign Wealth Fund). The change in the law makes the 10% transfer conditional on the state registering a surplus in its budget. The law came into effect on September 13 retroactively, starting from FY 18/19.

State of Wealth Funds

General Reserve Fund

(State's Treasury)



Future Generations Fund



Status of Funds:

(FGF) performance continues to be healthy and growing. However, the General Reserve Fund is depleted due to increased withdrawals to cover the state's expenditures.

Note: Returns from the (FGF) are not included in the state budget, but are reinvested back to the fund as mandated by law.

Budget Highlights

(From April 1, 2021 to March 3, 2022)

KWD billions

Projected Revenue

10.9

+45.6% change
compared **Budget** 2020/2021

Expenditure

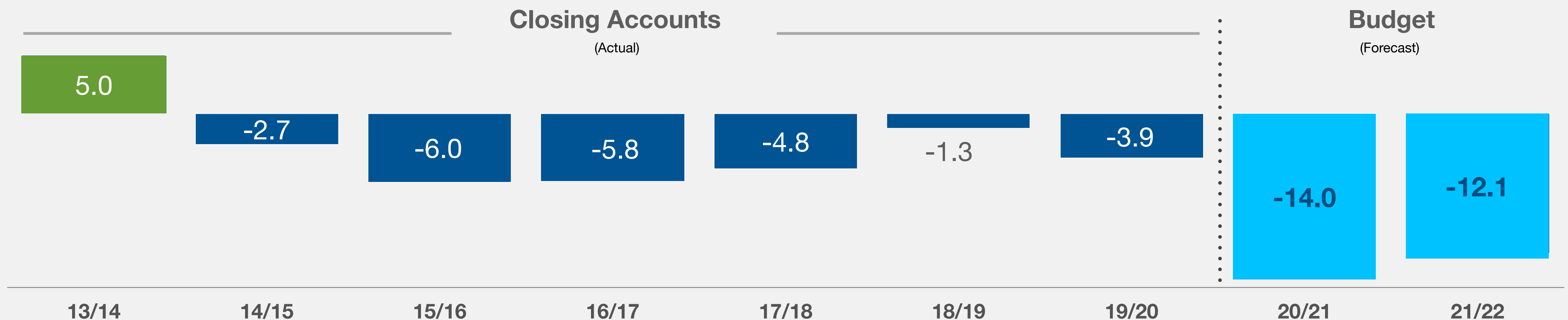
23.0

+6.9% change
compared **Budget** 2020/2021

Forecasted Deficit

12.1

-13.8% change
compared **Budget** 2020/2021



Budget Highlights

(From April 1, 2021 to March 3, 2022)

KWD billions

Projected Revenue

10.9

+45.6% change
compared **Budget** 2020/2021



Sources of Revenue



Oil

83%



Non Oil

17%

Expenditure

23.0

+6.9% change
compared **Budget** 2020/2021

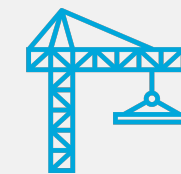


Expenditure Breakdown



Salaries
and
Subsidies

71.6%



CAPEX

15%



Other
Expenses

12%



Arrears
Settlements

1.3%

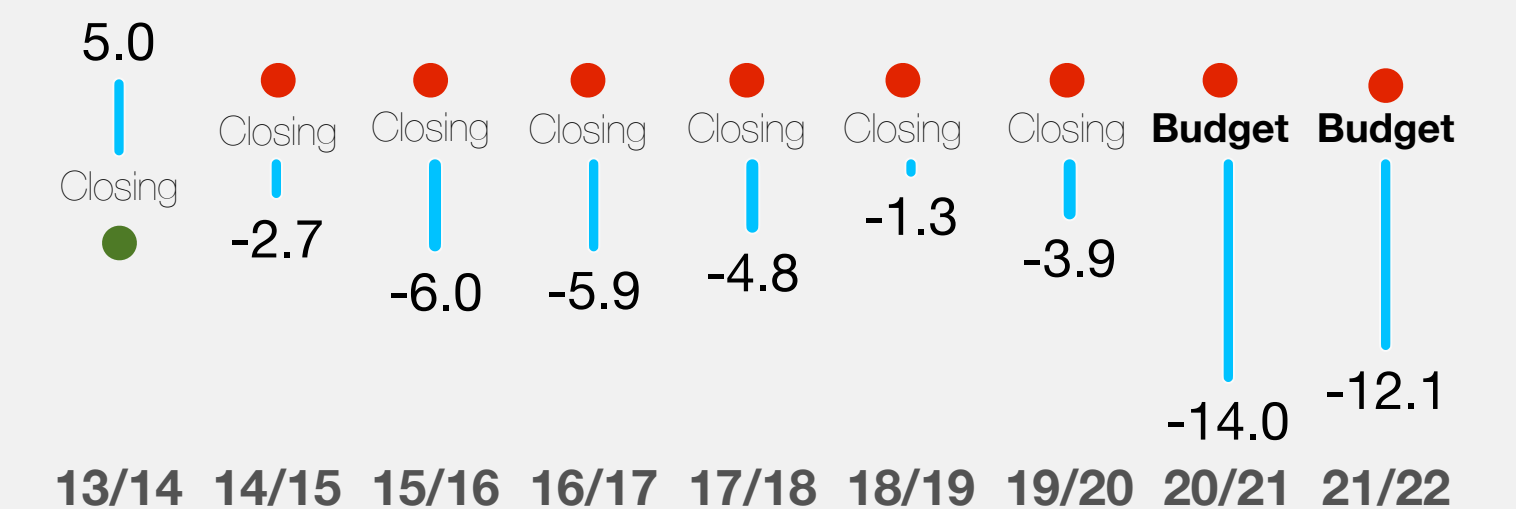
Forecasted Deficit

12.1

-13.8% change
compared **Budget** 2020/2021



Historical Data Surplus / Deficit from 2013/2014 to 2019/2020



BUDGET BREAK-EVEN POINT

\$90

OIL PRODUCTION COST

+8.0%

Increase in production
costs for the 2022/2021
fiscal year

2021/2022 Revenue projections are based on the following assumptions

Assumption		Budget fiscal year, which ends on March 31 2022	Budget fiscal year, which ends on March 31 2021
Oil Production		2.4 mn barrels / day	2.5 mn barrels / day
Average Oil Price		USD 45	USD 30
Exchange Rate		USD 3.30 per 1KWD	USD3.40 per 1KWD
Fiscal Year		365 Days	365 Days
Natural Gas Revenue		KWD 185.4 mn	KWD 211.0 mn
Deduction of production costs		KWD 3,166.7 mn	KWD 2,932.2 mn

CAPEX

+20.0%

from the current year's budget

SALARIES & SUBSIDIES

+5.4%

from the current year's budget

Budget Components

(From April 1, 2021 to March 3, 2022)

KWD billions

	Budget fiscal year, which ends on March 31 2022	Budget fiscal year, which ends on March 31 2021	Change%
Revenues			
Oil Revenues	9,127	5,628	62.2%
Non Oil Revenues	1,802	1,874	(3.8%)
Total Revenues	10,929	7,502	45.7%
Expenditures			
Salaries	(12,593)	(12,086)	4.2%
Subsidies	(3,916)	(3,578)	9.4%
Capex	(3,466)	(2,888)	20.0%
Other Expenses	(2,772)	(2,612)	6.1%
Arrears Settlements	(301)	(392)	(23.1%)
Total Expenditures	(23,048)	(21,555)	6.9%
(FGF) Deduction	0	0	
Fiscal Balance Surplus (Deficit)	(12,119)	(14,053)	(13.8%)

Budget Components

KWD billions

Ministries & Gov. Administrations

+7.9%

from the current year's budget

Secondary Entities

+7.6%

from the current year's budget

	Budget fiscal year, which ends on March 31 2022	Budget fiscal year, which ends on March 31 2021	Change%
Ministries and governmental administrations	8,060	7,472	7.9%
Treasury contribution to PIFSS	2,267	2,267	0.0%
Secondary entities	980	911	7.6%
Private Sector Allowance	624	844	(26.1%)
Judicial Affairs	281	208	34.9%
Social Support	263	265	(0.8%)
Independent Agencies	118	118	(0.1%)
Total	12,593	12,086	4.2%

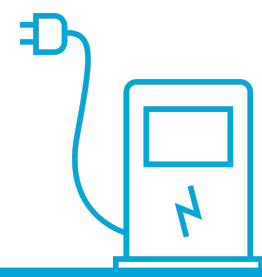
Expenditures

Subsidies

Subsidies in the budget

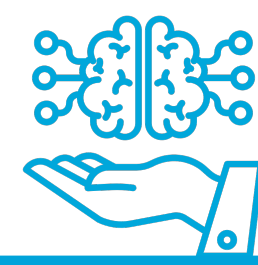
KWD 3,915.8 mn

42.6%



Energy and fuel subsidies

20.3%



Educational support

16.1%



Social welfare

8.8%



Housing support

Expenditures

Largest CAPEX Projects Scheduled for 21/22

To the nearest KWD Million

Project	Entity	Budget fiscal year, which ends on March 31 2022
Airport Expansion: T2 Passenger Terminal	MPW	360.0
Salem Al-Ali Military Camp	Kuwait National Guard	86.6
New Maternity Hospital	MPW	74.0
New Justice Building	Amiri Diwan	54.4
Umm Al-Hayman Sewage Plant Project Expansion	MPW	50.0
The development of the eastern runway at Kuwait International Airport	Civil Aviation	40.0
New buildings in Farwaniya Hospital	MOH	40.0
New buildings at Al-Adan Hospital	MOH	30.0
Development of Al-Abdali Highway	MPW	30.0
Roads, bridges, rain drainage, sanitation, and other services for Cairo Street	MPW	30.0

Arrears Settlements

KWD 301.2 mn

56.8%

Ministry of Defense

26.5%

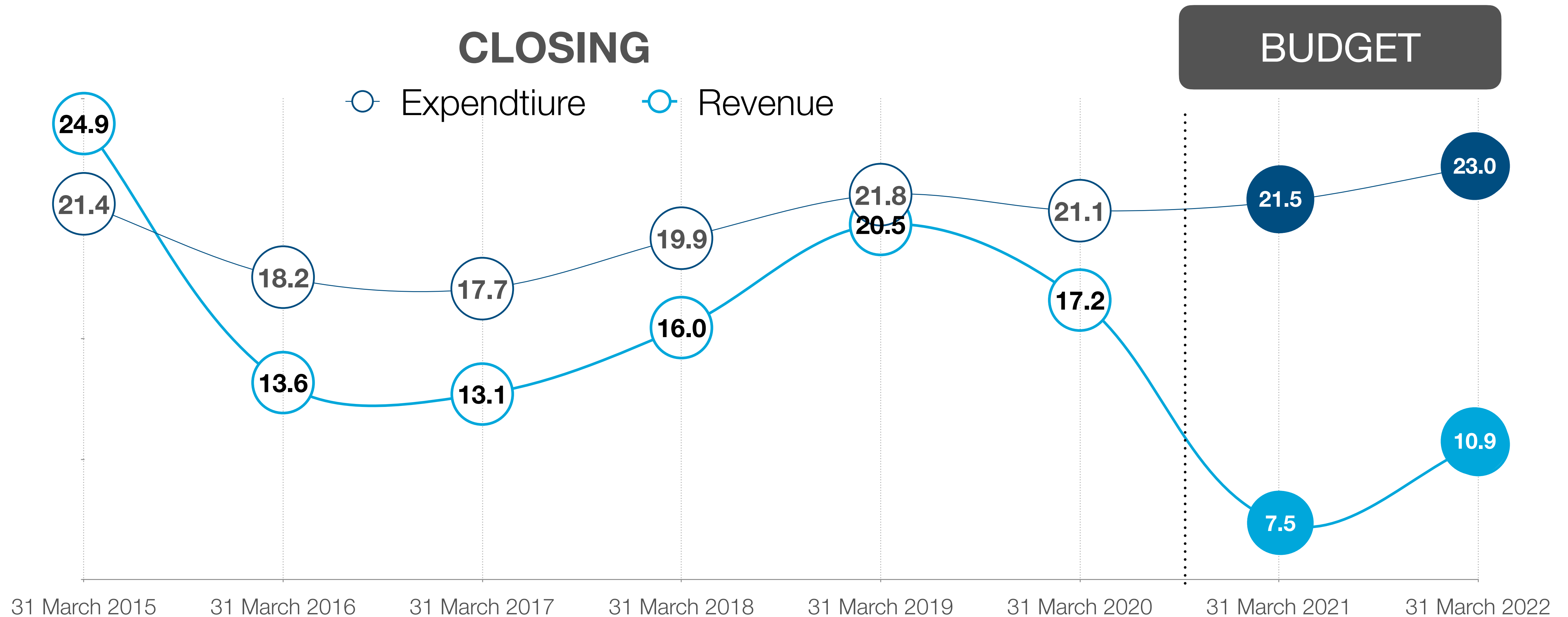
Ministry of Health

16.6%

Amiri Diwan

Historical Figures for Public Finance

KWD billions



Ministry of Finance The State of Kuwait



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