



United Nations

**Kuwait Common Country Assessment  
REVIEW OF KEY ISSUES PERTAINING TO SUSTAINABLE  
DEVELOPMENT IN THE STATE OF KUWAIT**

**Final May 2018**

**The United Nations Resident Coordinator Kuwait  
United Nations Country Team Kuwait**

**The first draft prepared by  
RICHARD OLVER  
United Nations Consultant  
[Richard.Olver@verizon.net](mailto:Richard.Olver@verizon.net)**

## Table of Contents

<b>INTRODUCTION.....</b>	<b>5</b>
<b>I. NATIONAL DEVELOPMENT CONTEXT.....</b>	<b>6</b>
A. Political Context	
B. Demographic trends	
C. The Kuwait National Development Plan	
D. Emerging national reforms and long-term development planning	
E. Kuwait's preventive diplomacy, humanitarian and development support	
F. Sustainable Development Goals and the principle of Leave No One Behind	
<b>II. KEY DEVELOPMENT ISSUES.....</b>	<b>19</b>
A. Key development challenges	
B. An Economy dependent on Oil	
C. Ease of doing business and investment	
D. Demographic imbalance, labor market, skillsets and capacities	
E. Quality of education	
F. Infrastructure and services for quality of life; healthcare, housing, recreation and culture	
G. Climate change and efficiency in utilization of resources	
H. Human rights covenants, conventions, and mechanisms	
I. Youth and gender inclusion in development	
J. Information gaps in existing analysis available in the country	
<b>III. THE UN AND THE PRIORITY DEVELOPMENT CHALLENGES.....</b>	<b>30</b>
A. Addressing delivery challenges	
B. UN Comparative Advantage in addressing the key development challenges, and in supporting the SDG Agenda	
C. Strategic entry-points for the United Nations System in Kuwait	
<b>ANNEXES.....</b>	<b>35</b>
Annex 1: Terms of Reference for the Country Analysis	
Annex 2: Approach and Methodology	
Annex 3: Human rights covenants, conventions, and mechanisms	
Annex 4: List of stakeholder consulted	
Annex 6: List of references and background documents	

## INTRODUCTION

As a Net Contributing Country, Kuwait has not previously had a strategic UN development assistance framework. Collective UNCT programming has been limited to the mobilization of specific technical agency inputs within projects led by the United Nations Development Programme (UNDP). UNDP is the only UN fund or programme resident in Kuwait that has a multi-year Country Programme Document. The new resolution of the General Assembly on 31 May 2018 on repositioning the UN Development System has put the UNDAF (United Nations Development Assistance Framework) as the key document for engaging the United Nations Development System in a specific country in programmatic assistance. It also called for delinking the United Nations Resident Coordinator Functions from the UNDP Resident Representative functions.

UN development policy now centers on Agenda 2030. Its integrated approach requires a coherent and strategic framework for the UNCT's operational activities, to enable them to achieve greater focus, to provide more coherent and impactful technical assistance, meeting priority development challenges and priority policy goals. Such a strategy must be developed with national partners, based on the 2030 Agenda.

The 2030 Agenda is universal, integrated, transformative and people-centered. It is grounded in human rights, and focused on the promise to reduce inequalities and leave no one behind. Aligned with the Charter of the United Nations and the Universal Declaration of Human Rights, it is applicable and relevant to all countries. As interdependent goals, the SDGs require coherent efforts at all levels by governments, the United Nations and all other stakeholders.

To effectively support national efforts to achieve the transformative ambitions of the 2030 Agenda, the UN system needs to take an integrated approach to programming that combines actions across sectors and involves all relevant stakeholders.

In the interest of providing more coherent technical assistance in support of the policy goals of the State of Kuwait, the UNCT has commissioned this desk review as a collective analysis and understanding of development challenges facing the country, that can inform future UN support of any type, including future joint programming, in the absence of a common strategic framework.

The United Nations Country Team (UNCT) in Kuwait undertook this light review with facilitation support from an international consultant. The key objective of this analysis is to inform the UN System's strategic planning processes, thus contributing to the articulation of high-quality development objectives and priorities. Building on existing analytical work by the government and development partners, including UN agencies, the country analysis contributes to:

- Assessing the current situation of progress made, and areas where Kuwait has not been able to reach internationally agreed sustainable development goals and treaty obligations.

- Identifying patterns of socio-economic development, and describing the situation of access to socio-economic opportunities and services of various groups of population, disaggregated by sex, age, ethnic group and socio-economic status.
- Assessing the capacity of Kuwait to prevent, mitigate, prepare for and respond to complex situations, considering its role as an international player in preventive diplomacy and humanitarian support.
- Identifying gaps in the existing analytical processes and products for national development where the UNCT's support can bring added depth and quality of analysis, considering realization of New Kuwait Vision 2035 and Sustainable Development Goals commitments, and enhancing Kuwait positioning at the international level and improving key performance indicators in health, education, economic diversity, jobs, infrastructure, and environmental sustainability.
- Assess the UN comparative advantage and identify development priorities in line with the three revised global UN programming principles, tailored to the country context: 'Leave No One Behind'; human rights, gender equality and women's empowerment; and sustainability and resilience.
- Analyze the capacity and influence of UN stakeholders, and identify how to leverage their support for programme implementation in support of realizing the 2030 Agenda and national realization of sustainable development goals for new Kuwait 2035.

## **I. NATIONAL DEVELOPMENT CONTEXT**

### **A. Political Context**

Kuwait is a constitutional monarchy governed by the Al-Sabah family. The current Amir is HH Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. HH the Amir appoints the Prime Minister, who in turn appoints the Cabinet. The country's 50-seat unicameral parliament, the National Assembly (NA), is arguably the strongest in the GCC sub-region in terms of both constitutional powers and public constituency to provide balance to the government's policy agenda. Under the Constitution, the NA may approve or veto any bill proposed by the Cabinet, overturn any Amiri decree made during the dissolution of Parliament and summon the Prime Minister and any of his ministers for interpellation (also known as "grilling"). Political parties are prohibited in Kuwait.

In 2016, members of the National Assembly, in line with popular opinion, heavily criticised the government's fiscal reform policy, which has seen the removal of various subsidies including on fuel, following the downturn in national earnings due to the sustained global oil price drop. Three requests were filed to call Ministers for interpellation in response to this reform agenda. Consequently, national elections that were due to be held in July 2017 were brought forward to 26 November 2016. Approximately 70% voter turn-out was recorded, much higher than the 52.5% recorded at the 2013 elections (during an opposition-led boycott) and 59% in 2012. Around half the 50 seats were won by candidates identifying with the opposition bloc and 60% of seats went to new candidates who had not previously held a seat in parliament. Several seats were won by candidates under the age of 40 and one woman was elected to the National Assembly (none had been elected in 2013).

In his address during the inauguration of the new National Assembly in December 2016, HH the Amir emphasised that the fiscal reform process would continue. Key ministerial reappointments, including the Minister of Finance and the Minister of Social Affairs and

Labour, who also holds the new, upgraded, portfolio of Minister of Economic Development, reflect this direction. The Kuwaiti Court system is constitutionally independent and has many supervisory powers under the law. On 6 November 2014, 22 Kuwaiti women were sworn in by the head of the Supreme Judicial Council as the first Kuwaiti female public prosecutors. This paves the way for the appointment of the first Kuwaiti women as judges in due course, as the judiciary are appointed from the prosecution service.

Approximately 70% voter turn-out was recorded, higher than the 52.5% recorded at the 2013 elections (during an opposition-led boycott) and 59% in 2012. In the 2013 elections, pro-government liberals won the majority of seats. In 2016, around half the 50 seats were won by candidates identifying with the opposition bloc (political parties are not permitted in Kuwait) and 60% of seats went to new candidates. Several seats were won by candidates under the age of 40 and one woman was elected to the National Assembly (none had been elected in 2013).

### ***B. Demographic trends***

The demographic profile of Kuwait can be characterized as imbalanced. The demographic imbalance in the State of Kuwait has two dimensions: nationality and age.

#### **Nationality**

As of 2016, Kuwait has a total population of 4.13 million,<sup>1</sup> of which approximately 30% are Kuwaiti nationals.<sup>2</sup> The majority of the population are temporary migrant workers and their families who comprise more than 90% of the private sector workforce. Notwithstanding the reliance on migrant labour, Kuwaiti public opinion (as evidenced in the press) tends towards concern that Kuwaitis are outnumbered in their own country. Memories of the 1990 invasion and the current turmoil elsewhere in the region may contribute to this concern.

Although the Ministry of Social Affairs in 2013 announced its intention to deport 100,000 foreigners each year, this target was not pursued following the appointment of the current Minister at the end of that year

Since the reduction in subsidies in August 2016, there has been debate on the cost of remaining subsidies benefitting non-citizens. Calls have also been made for further reduction of the number of foreign workers. New regulations that will see the increase in electricity and water charges later in 2017 will apply only to non-citizens.

#### **Age**

The second dimension of demographic imbalance in Kuwait is age. According to the Ministry of State for Youth Affairs, approximately 70% of the Kuwaiti citizenry is classified as “youth” i.e. 34 years of age and below. As throughout the AS/MENA region, effective youth empowerment is a key political challenge for the Government. Concerns have been frequently expressed in the media about the risk of alienation, radicalization, drug abuse

---

<sup>1</sup> [https://www.csb.gov.kw/Default\\_EN.aspx](https://www.csb.gov.kw/Default_EN.aspx)

<sup>2</sup> <http://stat.paci.gov.kw/englishreports/#DataTabPlace:PieChartNat>

and violence among youth. The impact of the youth demographic bulge is exacerbated by the reliance on the public service for employment.

### **Migrants (Foreign Workers)**

Kuwait is host to a vast number of overseas contract workers from countries in South and South East Asia, including India, Sri Lanka, Bangladesh and the Philippines, who are predominately employed in the construction sector and service industries. They make up a majority of the population, and the government is committed to reducing their numbers over the next decade.

In recent years, women have represented an incrementally larger percentage of overseas contract workers in Gulf Cooperation Council (GCC) countries; according to local press, they may now constitute one third of Kuwait's migrant population.

### **Statelessness**

Resolution of the status of approximately 93,000 Stateless people residing in Kuwait presents an ongoing challenge. The Central Apparatus established by the Ministry of the Interior continues to process citizenship claims, granting citizenship or related rights to groups of stateless people on a case by case basis. Between 2011 and December 2016, the nationality of 8,157 stateless persons was determined. In 2018, the government had announced that they are going to nationalize additional 4000 stateless person and are looking into options and alternatives to review remaining eligible persons for nationalization.

### **C. The Kuwait National Development Plan**

The Kuwait National Development Plan (KNDP), branded as "New Kuwait", sets the nation's long-term development priorities to achieve the **State Vision: Kuwait 2035** of HH the Amir.

His Highness' expectations for this vision is the realization of a nation of "content residents and vibrant, sustainable communities". People, their wellbeing and their environment are at the crux of the 2035 vision. His Highness' vision is:

***"[To] transform Kuwait into a financial and trade hub, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, which accentuates values, safeguards social identity, and achieves human resource development as well as balanced development, providing adequate infrastructure, advanced legislation and inspiring business environment."***

The Kuwait National Development Plan's short-to-medium terms objectives include developing diversified sustainable economy as First pillar of the New Kuwait vision 2035. This is said to be achieved through five main programmes, to positioning Kuwait as a global hub for the petrochemical industry , Knowledge economy, logistics and ports hub, new agro-

industries for perfumes and seeds, tourism and Islamic finance solutions. The plan aims to raise Kuwait's revenues to \$163.96 billion by 2035, from \$43.63 billion forecast for 2017.

The plan is designed around five main themes which include diversifying the economy away from its dependence on oil revenues, capital investment through mega-projects, development of education, tourism and transport sectors, making the country more attractive to tourists and increasing participation by the private sector by enhancing business environment and enhancing investment incentives. A programme for revising the Kuwait Urban Development plan and developing National Urban Policy is underway to translate the required land uses and avail needed urban regeneration of current urban fabric, infrastructure and services

The plan aims to develop a qualified modern labor force with qualified training and education as well as revisiting the foreign labor composition towards more skilled, educated and trained expats with the aim to reduce the number of expatriates to 60% of the population, down from the current level of 70%.

The Kuwait Mid-Range Development Plan 2015/2016 – 2019/2020 translates the State Vision: Kuwait 2035 of HH the Amir into five themes that represent a desired medium-term "end state" for Kuwait.

### **The Five Themes of the Mid-Range Development Plan**

Citizen participation & respect of the law - Creating a respected rule of law through controlling corruption, building confidence in and respect of rules of society and improving citizen participation in government

Effective & transparent government - Creating a transparent government through improving fairness and responsibility in policymaking, formalizing rules and regulations and their proper implementation

Prosperous & diversified economy - Developing a prosperous & diversified economy through ensuring growth in the economy other than from oil production and developing a strong presence in a variety of industries

Nurturing & cohesive nation – Developing a nurturing & cohesive nation through providing high quality healthcare and education and ensuring the economy and infrastructure provides a good quality of life for residents

Globally relevant and influential player – Acting as a globally relevant and effective partner through maintaining strong political, economic, trade and diplomatic influence internationally

These themes are supported by seven pillars that represent the drivers that Kuwait's different institutions (executive, legislative, and judicial) can use to achieve them.

### **The Seven Pillars: Institutional Drivers to Achieve the Themes**

Effective public administration;

This pillar involves reforming administrative and bureaucratic practices to reinforce integrity, transparency and accountability throughout the government. Reforming public administration also improves effectiveness and efficiency in policy implementation and service delivery, as administration plays a very important role in Kuwait's social and economic affairs.

Diversified sustainable economy;

Kuwait's economy represents the engine for broader development and gradually reducing the country's dependency on oil export revenues. This involves stimulating competition and innovation in the private sector and improving the mechanisms of the country's labor market, encouraging FDI investments, and stimulating the SME market.

Modern Infrastructure;

This pillar involves developing and modernizing the national infrastructure to develop and improve the country's information and communication technology (ICT), transportation, logistics and trade, and electricity production and transmission.

Sustainable living environment;

This pillar involves ensuring the availability of living accommodation for Kuwait's inhabitants as well as achieving sustainable development through environmental conservation and reduced consumption of strategic natural resources such as water and oil.

High quality health care;

Healthcare institutions in Kuwait will play a vital role in achieving the desired quality of life for the people of Kuwait. This involves improving service quality in the existing public healthcare system and developing a national healthcare system capable of resolving growing public health issues at reasonable cost.

Innovative human capital

Education and human capital involves reforming the education system in order better prepare youth to become competitive and productive members of the workforce, as well as improving the efficiency of education spending. The development of Kuwait's people through education and human capital improvement will be a key driver of achieving the vision and overcoming challenges.

Distinguished International position.

International positioning focuses on enhancing Kuwait's regional and global presence in spheres such as preventive diplomacy, trade and culture, development, humanitarian and poverty alleviation support and will enable Kuwait to become a globally relevant player.

These themes and pillars represent the main building blocks of the 2035 vision. They are then cascaded into strategic directions, areas of focus and improvement through 29 programmes, 219 policies according to the vision strategy, which are then translated to projects at an entity level.

#### **D. Emerging national reforms and long term development planning<sup>3</sup>**

GDP growth has remained resilient despite the ongoing slump in global oil prices and declining oil production. Activity has been supported by public infrastructure spending, which has boosted investment and supported consumption. However, in 2015 a 1.7 percent contraction in the oil sector offset growth of 1.3 in the non-oil sector.

Growth continues to firm. Oil production has recovered, and consumer confidence has lifted. Bank lending rose in 2016, led by rising household borrowing. Real estate prices and transaction volumes lost momentum, but this reflects a welcome cooling of the property market after prices doubled between 2009 and 2015. Infrastructure spending is helping ease banking sector liquidity.

Fiscal buffers and external positions remain strong and supportive of Kuwait's currency peg, backed by a Sovereign Wealth Fund (SWF) estimated at US\$600 billion, as well as low debt levels. The Current Account surplus narrowed significantly from over 30 percent of GDP in 2014, but remained substantial at 5.1 percent of GDP in 2015.

Fiscal pressures continue to increase. Oil receipts, which have historically accounted for three-quarters or more of total government revenues, are a third of their levels in FY13/14. As a result, the government posted a deficit of 20 percent of GDP in FY15/16, the first in more than a decade, (excluding investment income from the SWF). The FY16/17 budget projected a larger shortfall (26 percent of GDP), though conservative budget assumptions for oil (US\$35 per barrel) mean that actual outturns are better. The shortfall is being financed through bond issuances and drawdowns from the General Reserve Fund; privatization of state-owned oil services companies is also discussed.

Reform momentum is improving. In March 2016, the government approved a reform plan focused on cutting the fiscal deficit, and implementing structural reforms. In September, gasoline prices were partially deregulated for the first time in two decades. Electricity and water tariff hikes are also planned to take effect in September 2017, and are expected to generate savings of 1 percent of GDP. In June 2016, the National Assembly unanimously passed amendments providing increased penalties for employers violating expatriate worker laws in the private sector. During 2015, parliament approved amendments to the Capital Markets Authority law enhancing foreign investment incentives and the 2015-19 Development Plan.

However, reforms are slowed by measures to mitigate the short-term impacts of reforms on the population. For example, parliament amended increases in electricity and water tariffs to apply to non-citizens only (versus all residents). Wage freezes and the repricing of public services have been mooted, but face significant opposition. The government's March 2016

---

<sup>3</sup> Data in this section is drawn from: Kuwait's Economy: Recent Developments, Outlook & Challenges, World Bank Group, October 2016, and Kuwait: Recent Economic Developments, World Bank, Annual Meeting 2016

reform proposal is far-reaching. It requires parliament to pass 6 new laws and amend 8 existing pieces of legislation.

The growth outlook remains positive. It assumes rising oil output and successful passage and implementation of reforms and the Development Plan. Growth is expected to firm from 2.0 percent in 2016 to 2.6 percent in 2018, with activity supported by rising oil output (due to recent discoveries, improved production efficiencies, and as production from the Neutral Zone oilfield resumes in 2017). The investment outlook is also positive: in addition to public infrastructure projects, the Development Plan also includes at least 8 major Public Private Partnership projects, which should support growth in the non-oil sector. Fiscal and current account positions should gradually strengthen in line with a modest recovery in oil prices and output. The baseline assumes gradual implementation of spending and revenue reforms including the implementation of a VAT in 2018.

Kuwait faces major long term structural challenges and external risks. Domestic risks include slow implementation of infrastructure projects, and domestic political uncertainty. The government's extremely strong fiscal cushion could reduce incentives to undertake politically difficult but much needed fiscal reforms. Comprehensive reforms are needed to rebalance the economy away from the energy sector to a more diversified growth path underpinned by innovation, private sector entrepreneurship and job creation, and an improvement in the skills mix of its labor force.

External risks include spillovers from regional geo-political tensions and conflicts, a supply overhang in global oil markets, and global financial volatility that dampens private investment and financing of PPPs. On the other hand, the rebalancing in global oil markets is progressing, and oil prices could move higher.

#### ***E. Kuwait's preventive diplomacy, humanitarian and development International role***

Kuwait is keen to assert its leadership in the GCC sub-region via an open and constructive foreign policy intended to support peace-building and stabilisation efforts in the sub-region. Its reputation as a leader in humanitarian response and as a stable state is an asset in this regard. In contrast to many GCC members, and as demonstrated by the national solidarity in response to the attack on worshippers at the Shia Al-Imam Al-Sadeq mosque in June 2015, sectarian conflicts are not anticipated in Kuwait. However, the leadership is acutely aware of the crisis affecting the Arab region and of the need to maintain national unity.

Relations with Iraq are also positive, promoted also by regular humanitarian relief. For example, in December, 2016 Kuwait donated USD 5 million to WHO to provide medical assistance to the population of Mosul.

In February 2016 Kuwait signed an agreement to host the NATO-Kuwait Istanbul Cooperation Initiative Regional Centre, and to allow movement of NATO personnel and equipment through Kuwait. This is the first agreement NATO has concluded in the GCC sub-region.

Kuwait is increasingly playing a role as mediator within the GCC: it was instrumental in easing long-standing tensions between Qatar and other GCC member States in 2014. Kuwait is the key mediator in the dispute that began in June 2017 between several GCC member States and Qatar. It is also active in mediation between the GCC and surrounding nations. In 2016, Kuwait hosted mediation between the parties to the Yemen conflict. In January 2017, the Minister of Foreign Affairs visited Iran to promote dialogue between that State and the GCC.

In June 2017 Kuwait was elected to serve on the UN Security Council in 2018-2019.

In recent years, Kuwait has advanced in its role as a humanitarian centre. In 2014, the UN Secretary-General officially honoured HH the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah as a Humanitarian Leader, which further positioned Kuwait as a leader at regional and global levels. Between 2012 and 2015, Kuwait led and hosted three international donors' pledging conferences for the Syrian crisis, raising a total of USD 7.5 billion. Of this total, Kuwait has contributed around USD 1.3 billion, making it the greatest single donor. In 2016, Kuwait co-hosted the fourth donors' conference in London and contributed a further USD 300,000 million. In April 2017, Kuwait supported the pledging conference for Iraq in Belgium.

Under the leadership of HH the Amir, Kuwait has pursued a foreign policy of generous humanitarian assistance, both through the UN system and bilaterally. Examples of recent contributions include: USD 200 million for Iraq; USD 200 million for the Gaza Strip; USD 100 million for Yemen (all 2015); USD 5 million to fight Ebola in West Africa (2014); and five million oil barrels to Japan following the earthquake and tsunami of 2011.

Kuwait's role as a "humanitarian centre" is a source of significant justifiable pride for the Government and people of Kuwait. The national leadership is now in the process of exploring the dimensions and implications of this role, both abroad and domestically.

#### **F. Sustainable Development Goals and the principle of Leave No One Behind**

Agenda 2030: The Sustainable Development Goals

At the beginning of the new century, a set of eight Millennium Development Goals (MDGs) were agreed upon by entities of the United Nations System, as common points of reference for the world's development, up to 2015. These were endorsed by member states and national targets established.

The State of Kuwait embraced the MDGs and was very active in their promotion and achievement. By 2015, Kuwait had achieved and exceeded its targets for six of the eight Millennium Development Goals, with MDG 3 (Promote gender equality and empower women) and MDG 7 (Ensure environmental sustainability) remaining to be fully realized.

The UN Summit on the Millennium Development Goals in 2010 initiated an intergovernmental dialogue on the Post-2015 Development Agenda, and a process for

developing future priorities through an inclusive, open and transparent multi-stakeholder consultative process. This process produced Agenda 2030, with 17 Sustainable Development Goals (SDGs).

HH the Amir addressed the UN Sustainable Development Summit on September 25, 2015 and endorsed Agenda 2030 in its entirety. On that date, UN member states adopted the 2030 Agenda containing these goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. 'Transforming Our World: the 2030 Agenda for Sustainable Development' is composed of a preamble, a declaration, 17 SDGs and 169 supporting targets, means of implementation, a Global Partnership, and a framework for follow-up and review of implementation. The SDGs demonstrate the scale and ambition of the new universal agenda. They seek to build on the Millennium Development Goals and complete what these did not achieve. They are integrated and indivisible, and they balance the three dimensions of sustainable development: the economic, social and environmental.

The 2030 Agenda for Sustainable Development, with its set of Sustainable Development Goals (SDGs), will be a core framework for future programming. The Agenda commits stakeholders to work together to promote sustained and inclusive economic growth, social development and environmental protection and to benefit all, including women, children, youth and future generations. It is to be implemented in a manner consistent with existing obligations of states under international law. This new universal agenda will require an integrated approach to sustainable development and collective action, at all levels, to address the challenges of development, with an overarching imperative of 'leaving no one behind', and addressing inequalities and discrimination as the central defining feature.

In December 2015, the first national workshop on Agenda 2030 began the process of SDG nationalization and identifying the priority SDGs for UN support in accordance with the UN Development Group Mainstreaming, Acceleration and Policy Support (MAPS) approach. In April 2016, the UNCT adopted a strategy to guide the UNCT's support to national implementation of the SDGs, including programmatic, advocacy and communications activities.

In 2016 the Minister of Social Affairs and Labour and Minister of State for Planning and Development, HE Mrs. Hind Subeah Al-Subeah, reaffirmed Kuwait's support to the SDGs, including the Addis Ababa Action Agenda.

The UNCT members have subsequently conducted a series of sectoral events to build awareness of key stakeholders and the public at large on Agenda 2030 and particularly on SDG 5, SDG 8, SDG 11, the human rights foundation of Agenda 2030, environmental mainstreaming through Agenda 2030, the role of the private sector to support SDG implementation, and national partnerships.

UNDP, in exercise of its mandate to support the development coordination function of the Government of Kuwait, has submitted a proposal to GSSCPD to support the establishment of an inter-ministerial coordination mechanism for national implementation, monitoring and reporting on Agenda 2030. The proposal would draw on the comparative advantage of

all UNCT members, including non-resident technical specialist agencies, to support the State of Kuwait in the effective implementation of Agenda 2030 and capturing of success stories to help position Kuwait as a key development partner of the United Nations.

### Leave No One Behind

In committing to the realization of the 2030 Agenda for Sustainable Development, Member States recognized that the dignity of the individual is fundamental and that the Agenda's Goals and targets should be met for all nations and people and for all segments of society. Furthermore, they endeavored to reach first those who are furthest behind.

Ensuring that these commitments are translated into effective action requires a precise understanding of target populations. However, the disaggregated data needed to address all vulnerable groups – including women, children, youth, persons with disabilities, older persons, stateless people, refugees, and migrants – as specified in the 2030 Agenda, are sparse. The current indicators were not designed to provide specific understanding of the circumstances of these vulnerable groups.

The limited data currently available indicate that the benefits of development are unevenly distributed among different groups. Data broken down by age, sex, income level, and location of residence can highlight differences among various population groups and support corrective action.

While means of implementation of the principle must be defined and developed, it is probable that several steps might be taken in the first years of the SDGs.

First it is necessary to identify the groups furthest behind on key SDG targets. As in other countries, in Kuwait the furthest behind may be poor, stateless or migrant women. Children within the same household might be treated differently (based on sex or disability).

Data is needed on key indicators for these and other groups. Based on such data, the UN and national partners could promote awareness and action.

With such data, Government would be able to provide targeted remedial support among the most excluded groups to reduce inequalities, to ensure that budget allocations for state-funded services are greatest where there is most need and to assess progress on the multiple inequalities which are the key barrier to progress.

To support the Government in undertaking such a programme, the UNCT would need to mobilize the specialized technical support capacities of several of its non-resident members, in addition to the in-country capacities of UNDP, UN Habitat, UNHCR, ILO and IOM. UNICEF, UNFPA, UN Women and WHO would have particularly important roles to play in designing and implementing a successful Leave No One Behind campaign.

## II. KEY DEVELOPMENT ISSUES

This section of the Common Country Analysis is a preliminary draft, which may be refined and elaborated by the UNCT with its national partners. A participatory approach could include a period of consultation culminating in a stakeholders' workshop with UN agencies and a broad representation of national stakeholders, including Government officials, Civil Society Organizations, and other partners (a possible design is included in Annex 3). The workshop would refine the focus of the UN's analysis, and focus it for the formulation of possible common, strategic initiatives.

The key development problems analysed were gathered from the Government and UN agencies. They have been selected from among the key national development priorities, based on the mandates of the UN System and the SDGs, and the comparative advantage of the UN agencies with normative, partnership and operational activities in Kuwait, including their roles and capacities. These development challenges are:

- A. Economic diversification in an oil dominated economy;
- B. Public administration, accountability and transparency;
- C. Foreign workers and labor market challenge;
- D. Quality of education;
- E. Infrastructure and services for quality of life: Healthcare, housing, recreation and culture;
- F. Climate change and efficiency of utilization of resources;
- G. Youth empowerment and gender inclusion; in the context of planned national reforms. This includes a modernized education system that prepares young people to pursue livelihoods outside the public sector, and creates systems of support for apprenticeship and entrepreneurship.
- H. Human rights;

### ***A. Economic Diversification in an oil dominated economy***

Kuwait holds the world's sixth-largest oil reserves and is one of the top 10 global producers and exporters of total petroleum liquids. Petroleum accounts for nearly half of GDP, 95% of export revenues, and 95% of government income.<sup>4</sup> Accordingly, Kuwait has suffered a significant downturn in its national revenue due to the sustained drop in oil price over the past three years. According to a report of the IMF. Despite Kuwait's dependence on oil, the government has cushioned itself against the impact of lower oil prices, by saving annually at least 10% of government revenue in the Fund for Future Generations. During 2018, the strong recovery in global oil prices will push the fiscal account into a small surplus in 2018 before it falls back into deficit in 2019–22. Real GDP growth will rise in tandem with recovering oil output.

Like other Gulf Arab states, Kuwait is faced with the challenges of adapting to an extended period of lower oil prices. Many reforms and austerity measures have been mooted, but it has proven difficult to achieve consensus on such measures.

---

<sup>4</sup> <http://www.forbes.com/places/kuwait/>

Starting in 2016, Kuwait began to accelerate the adoption of measures required to address its heavy economic dependence on the oil industry and consequent losses due to the sustained global oil price drop. With its GCC neighbours UAE, Saudi Arabia and Qatar, for example, Kuwait tried to impose an agreed Value Added Tax. In August 2016, the Council of Ministers approved the removal of some fuel subsidies but was revoked due to pressure from the parliament. The Government reportedly intends to end its subsidy programme entirely by 2020.

Kuwait will need \$116b over the next six years to finance its budget deficit caused by low oil prices, according to the IMF. In November of 2016 it was announced that Kuwait plans to offer KD3 billion (USD9.91 billion) in bonds to international investors. In 2017 the deficit was reduced to 7.2% of GDP, and the government raised \$8 billion by issuing these.

### ***B. Public administration, accountability and transparency***

The very heavy national reliance on public sector employment is expected to continue until the Government can more fully incentivize, strengthen and diversify the private sector. The “Kuwaitisation” subsidy scheme to encourage private sector employment of nationals has thus far not had significant impact on sustainability and youth empowerment. The many regulatory reforms to support business growth are positive, but are making slow progress in addressing the factors that hinder private sector development.

With an effective constitutional guarantee of employment, the public sector is the primary employer in Kuwait. The public sector (government departments and facilities owned by the public sector) employs more than 300,000 Kuwaitis, accounting for 80% of the total Kuwaiti citizen workforce. This number represents around 25% of citizens. Total compensation of those working in the public sector accounted for approximately 50% of the annual State budget, or 19% of Kuwait's GDP, an amount unmatched by countries outside the Arab Gulf.

Public expenditure in Kuwait depends heavily on oil revenues. The current, continuing weakness in oil prices creates a significant dilemma for the State. During the past few years, a set of ideas has been put forward to support the employment of Kuwaiti citizens in the private sector, but there is data suggesting that there are currently only 80,000 citizens employed in the private sector. These represent 6% of the total private sector workforce (the rest are migrant workers).

Reports of corruption across the branches of government and public enterprises are common in the absence of effective transparency and accountability measures. Legislation was passed in 2014 to establish a Public Authority for Anti-Corruption, however the Authority is not yet operational.

Surveys of public sector institutions confirm that employment is not fully based on functional job requirements, as many Kuwaitis employed by government departments suffer from limited professional capacity, which sometimes forces these departments to resort to supplemental hiring of migrant workers.

The Ministry of Social Affairs and Labour, for example, employs approximately 5,000 staff. The General Secretariat of the Supreme Council for Planning and Development GSSCPD (UNDP's key counterpart) employs approximately 500 staff yet faces significant challenges in the implementation of the Kuwait National Development Plan (KNDP). In 2015, UNDP Kuwait conducted the first comprehensive institutional assessment of a government partner (GSSCPD) to support KNDP implementation and recommend measures to enhance GSSCPD efficiency and responsiveness, in line with the capacity-development approach of the 2015 – 2018 CPAP.

As the public sector plays a highly important role as an employer in Kuwait, the transformation of the public administration in the manner envisioned in the KNDP will likely be a complex and lengthy process, as it will require the creation and implementation of new capacities, incentives and support systems to reorient a reduced number of civil servants toward redefined results.

### ***C. Foreign workers and labor market challenges***

Current Government policy aims to reduce the number of expatriates to 60% of the national population within 15 years, in part through restrictions on unskilled labour and the imposition of national quotas for labour-sending countries. However, through 2015, residence permits continued to be issued to foreigners in increasing numbers, year on year.

Estimates suggest there are more than 600,000 foreign domestic workers in the labour market, most of whom are women. Kuwait's Kefala sponsorship system offers few legal protections to domestic workers and Kuwait has not ratified ILO conventions on domestic workers and has not adopted recent GCC proposals for a common approach. The sponsorship system can have the unintended effect of limiting employers' legal accountability. Within the context of the Kefala system, cases of human trafficking may also be treated as a matter of illegal immigration rather than as human rights issues.

Most are job-dependent for their residence under the Kafala contract system. The Kafala is a sponsorship system used to monitor migrant workers, primarily in the construction and domestic sectors, throughout the Arab Gulf, Lebanon and Jordan. The system requires all unskilled workers to have an in-country sponsor, usually their current employer. Kuwait has not acceded to international conventions on migrant rights.

The Government of Kuwait has made considerable progress in labor mobility management, enhancing protection of migrants' human rights and actively working to combat trafficking in persons. To this end, the UN System fosters enhanced dialogue between relevant government entities in Kuwait and in migrants' countries of origin.

Since the reduction in subsidies last August, some opposition politicians have adopted an increasingly nationalist, populist, tone towards broader questions about national development and financial sustainability. Calls have been made for widespread new measures to reduce quickly the number of foreign workers in Kuwait and to impose on them targeted taxes and fees, such as additional fees for medical treatment. The underlying

structural issues that necessitate fiscal reform and that are leading to overburdened state infrastructure are not closely examined in the public arena. New regulations introduced by the government last year that will see the increase in electricity and water charges later in 2017 will apply only to non-citizens.

#### ***D. Quality of Education***

The country's long-term development plan, laid out in Kuwait Vision 2035, places a strong emphasis on education as a catalyst to economic diversification, sustainable growth and social progress. Substantial investment from the government is now being coupled with reform tailored to Kuwait's needs and values. The private sector has a strong presence, educating more than 40% of pupils in the country, and it is expanding even more rapidly than the public education system, as demographics and economic growth drive demand.

Kuwait's government allocated 9.5% of its 2016 budget to education, well below the GCC average of 15.6%, according to the May 2016 "GCC Education Industry" report published by investment bank Alpen Capital. The regional average is influenced by the huge sums being committed by Saudi Arabia, at 22.8% of its 2016 budget. Qatar allocated 10.1% and Bahrain spent 8.8%. Developed country norms vary, with Germany spending 5.2% of its 2016 budget on education, the UK 11.85% and the US 14.9%.

Government education spending has grown rapidly in recent years, as the leadership has continued to emphasise the importance of education in creating sustainable employment for Kuwaitis and equipping them with the skills to compete in the global marketplace. Government expenditure on education grew at an annual average rate of 14.8% in the four years to the 2013/14 fiscal year. Falling oil prices have brought the need for economic diversification back into focus, reinvigorating Kuwait's efforts to develop knowledge-intensive sectors such as high-tech manufacturing and ICT.

The sector is overseen by the Ministry of Education (MoE), which works in conjunction with the National Centre for Educational Development (NCED). The centre has a range of responsibilities, including inspecting schools, administering international tests to provide quantifiable data on the Kuwaiti education system which can be compared with global standards, and working with international institutions such as the World Bank on technical issues of reform. Education is enshrined as a basic right in Kuwait's constitution. The school system is broadly based on that of Egypt, which provided most of Kuwait's teaching staff in the early years after independence.

Kuwait's literacy rate is 96.2%, according to UNICEF, which is comparable with most developed countries, and most Kuwaiti students leave school with solid skills. The education system is outstanding, for example, at some international schools and the best universities. However, on indicators from maths and sciences to internet access in schools the country has room for improvement if it is to reach the same level as its high-income peers.

In 2014/15 in the public-school system overall there were 367,661 pupils at 840 schools, of which 196 were kindergartens, 259 primary schools, 211 intermediate schools and 143 secondary schools, according to the CSB. There were 65,201 teachers in total, leading to a

pupil-to-teacher ratio of 5.6:1, and 15,012 classrooms, meaning 24.5 pupils per room. Out of the total number of pupils in public schools, 42,644 were in kindergarten, 146,817 in primary school, 107,580 at the intermediate level and 68,881 in secondary.

Well aware of the system's shortcomings, at the beginning of this decade the government initiated the Integrated Education Reform Programme (IERP) 2011-19. The programme's goals include improving educational outcomes, developing curricula, enhancing the effectiveness of teaching and school leadership, and making the system as a whole more effective and accountable.

In March 2015 the MoE and the NCED, in partnership with the World Bank, launched a five-year technical cooperation agreement to drive forward educational reform in conjunction with the IERP. Priorities include capacity building, improving the quality of teaching and monitoring the impact of reforms on both students and schools. The programme builds on a first-phase, World Bank-supported project to identify and assess the variables associated with educational outcomes and to develop a framework for reform. The programme has developed a new integrated curriculum for K-12 in all subjects, and is standards- and competence-based, as well as being child-centered. MoE officials have drawn up complimentary plans on implementing and communicating the new curriculum, including teaching plans and operational guidelines.

Pilot projects in 48 schools have focused on streamlined governance, better-defined roles for principals and teachers, student support, and school improvement units for collecting and analyzing performance data. The pilots encouraged greater use of data in lesson planning and more effective organization at the school level, with the result, the World Bank said, of better community involvement, teaching practices and pupil performance. The MoE and NCED have trained teams to help lead and drive these changes, improving knowledge transfer across the sector. Groups of school principals have also been formed and now work as ambassadors for reform at the school level.

In the faster-growing private sector, there were total of 257,405 pupils enrolled at 491 schools in 2014/15. Out of these schools, there were 108 kindergartens (with 39,771 pupils), 135 primary schools (112,301 pupils), 134 intermediate schools (65,453 pupils) and 114 secondary schools (39,880 pupils). With 15,125 teachers and 8428 classrooms, the private sector had a pupil-to-teacher ratio of 17:1 and 30.5 pupils per classroom.

Most private schools in Kuwait operate on a for-profit basis. The segment contains several chains, including the Kuwait Educational Fund, a public-private joint venture between KIPCO Asset Management Company, one of Kuwait's biggest financial groups, and the state-owned National Offset Company. Another is the long-established Educational Holding Group, which has become one of the largest private education networks in Kuwait and also runs the Gulf University of Science and Technology and the Afaq chain of schools. United Education Company, founded in 2003, operates institutions, including the American University in Kuwait (AUK) and the Al Rayan chain of K-12 schools, which have more than 10,500 pupils.

Kuwait's tertiary education sector is expanding strongly due to population growth, government investments in capacity, incentives for private universities to establish facilities and expand, and the policy of encouraging more Kuwaitis to take higher education and

training to develop their skills. The 2014 GER of 45.9% represented an increase of more than a third from 33.4% just five years before in 2009.

While the private sector in the higher education segment has independence, the courses that such tertiary institutions provide are still shaped by the government's labour market priorities

With economic diversification and the creation of meaningful jobs for young Kuwaitis now being prioritized by the government, sector leaders are keen to ensure tertiary programmes prepare students for the demands of the workforce. Vocational education also, is an important part of this agenda, preparing students for the workforce and reducing dependence on foreign specialists. "Vocational training is needed in order to allow people to specialize

#### ***E. Infrastructure and services for quality of life: Housing, recreation, healthcare, and culture heritage;***

##### **Housing**

About 70 percent of the land belongs to the government and only 30 percent is owned by people, and this is causing the housing shortage. "The solution is to release more properties for citizens which will then increase the property supply in local market. As a result, the price of land and real estate will drop, and so will the rent. If the increase of rent allowance is approved, we expect that within four months, rents will increase because of this decision. The government is not offering any other alternative to citizens, so they are obliged to rent flats and demand on houses is increasing.

Currently between 112,000- 114,000 applicants are awaiting their turn, and the ministry has only covered about 14,000 of these applications. Newly-married citizens today have to wait 15 to 19 years for a house. In the 1980s, the waiting period was between 10 and 13 years. The housing law which encourage public private partnerships and support private sector provision of affordable private housing would require changes in mindsets among government officials and capacity development for responsible housing institutions to lead on private sector participation and provide alternative packages for financing and cross-subsidisation which can allow the housing and real estate market to expand and deliver on needs.

Kuwaiti women who are married to Kuwaitis will be able to receive title deeds six months after the allocation. Also, divorcees and widows will now qualify for KD 70,000 housing loan without necessarily having children, but the only outstanding issue here is about women who are married to non-Kuwaitis. It is still debatable to grant Kuwaiti women married to expatriate's loan or consider them in the next housing projects since the government does not have low cost houses ready for them.

##### **Recreation and public space**

The new Kuwait vision has focused on providing quality of life for Kuwaitis, residents and tourists. Kuwait urban planning and design since the first master plan of Kuwait has put public space at the center of any residential neighbourhood together with community services and amenities managed by the community cooperatives and supported by the

Kuwait Agriculture and fishery Organisation. Cooperatives and communities have led into transforming their public spaces with recycling solutions, energy efficient lighting and introducing spaces for sports for leading healthy cities and communities. This was supported by the Municipality of Kuwait and its various branches in cities. Kuwait has been pioneering also in public private partnerships in developing efficient public space for culture, recreation and social networking as Al-Shaheed Park, Boulevard Salmiya, Avenues the covered shopping Arcade, the Barayeh Salem in Salmiya, the Corniche development and many others. Public theme parks are being re-invented and new are developed to support Kuwait implementation of its tourism aspiration as a potential new economic sector. There is a need to develop more awareness and media campaign around active and effective utilisation of public spaces as nodes for touristic attraction and culture and art innovation.

### **Health care**

Kuwait's healthcare sector is in transition, with growing signs of private sector participation despite government dominance of the funding and provision of care. If Kuwait is to ensure the continued provision of quality healthcare it will need a strategy to further promote the role of the private sector in healthcare provision at a reasonable price to the government and the economy.

The government's role in healthcare is extensive. The government funded 86% of national healthcare spending in 2014 according to the World Bank. This is one of the highest levels of involvement in the GCC, where the average is 79%, let alone compared to the G20, in which the average is 61%. The public sector provides over 80% of hospital bed capacity, controls over 30 hospitals which contain some 9,000 beds, and several clinics. This large public-sector role is despite the fact that the main focus of free government healthcare is the 30% of Kuwait's 4 million inhabitants who are nationals. Kuwaiti nationals receive care without charge in public hospitals, and healthcare abroad if the service is not available locally. In 2014 alone, the government spent \$1.5 billion on overseas treatment for approximately 11,000 Kuwaitis. By contrast, expatriates, the remaining 70% of the population, must purchase a subsidized health insurance policy from the government to access basic services at public hospitals during certain hours of operation. Supplementary top-up health insurance is optional and usually purchased by higher income individuals or their employers so that they can avoid waiting for care in government hospitals.

The challenge for the government is that this is not sustainable. As it stands, the sector will present a heavier burden on the public purse in coming years, thanks in part to the ageing population, the rising incidence of chronic illness, and because the government-dominated system does not provide cost-effective care. Moreover, the extent of government provision is rising as the government is planning to double the public hospital capacity. The current economic environment of low oil prices does not help. All of these factors will make it more difficult for the government to deliver on its social commitment to provide healthcare to the population.

The government is already taking steps to alleviate these challenges. For example, as of 2016, the Ministry of Health transferred the financial risk and care provision responsibilities of over 100,000 Kuwaiti retirees away from the budget. It achieved this by putting the retirees into a state-funded private health insurance plan that allows them to access basic healthcare services in private facilities—the government pays the premia and the private

insurer bears all the risk. The government has also established Dhaman (the Kuwait Health Assurance Company), a public-private partnership (PPP), that will cover around 2 million of the country's 2.8 million expatriates. Dhaman is an integrated payer and provider organisation; collecting premiums, processing claims, and paying for, and providing healthcare. It will build three secondary care hospitals with 700 beds and 15 primary care centres as of 2017. The government has already taken some of the most important steps anywhere in the GCC to advance PPPs, a critical mechanism for getting the private sector more involved in the management, delivery, and provision of healthcare. It also established the Kuwait Authority for Partnership Projects (KAPP, formerly known as the Partnerships Technical Bureau) in 2008 to oversee the implementation of PPPs.

In the meantime, the government is seeking to provide additional capacity in terms of hospital beds by doubling the number to 18,000. Kuwait needs more beds because its population is growing and ageing. The difficulty with the public sector being the main builder of healthcare infrastructure is that it increases the short- and long-term burden on the budget. The state has to fund the capital and operating costs and has high unit costs because of medical inflation. To move away from the current position in which the state plays an excessive role is to have a greater role for the private sector. This is the best way to deal with rising demand, fiscal constraints, and the need to restrain healthcare costs.

### **Culture heritage**

Kuwait was once a staple of cultural activity in the GCC region. However, the Iraqi invasion has affected the country's institutions, and consequently, its level of cultural activity. The Kuwait National Museum (KNM), for example, was severely damaged in a fire and has additionally lost a tremendous part of its valuables, which included an expansive Islamic Arts collection. Today, despite Kuwait's numerous artistic, historical, and scientific museums, there is a low level of cultural activity in the country.

The National Council for Culture, Arts and Literature houses a multitude of Kuwait's cultural centres, including Kuwait National Museum and Kuwait National Library, has re-emphasized the importance of these objectives and has taken active steps to transform Kuwait culture heritage and Arts assets to contribute to Kuwait vision 2035 being a hub for culture and tourism. Many new museums and theatres has been established and hundreds of functions organised in Kuwait contributing to achieving Kuwait cultural tourism goals. NCCAL is striving to build on Kuwait vision progress on the culture and Art front and further looking to: (a) Encourage reading and intellectual productivity, particularly with children and young adults; (b) Protect archaeology and traditional Kuwaiti heritage and; (c) Encourage more investments in cultural tourism.

### ***F. Climate change and efficiency in utilisation of natural resources;***

In common with other countries in the region, Kuwait faces several serious challenges related to climate change and linked to unsustainable use of natural resources. Rapid population growth and urban settlement have increased demands on Kuwaiti ecosystem services and resources, stretching the terrestrial, and coastal and marine ecosystems beyond their capacities. Since 1975, Kuwait has experienced 1.50C to 20C increase in temperature, which is significantly higher than the global average. In recent years, there has

been a sharp change in rainfall pattern in Kuwait which may be attributed to climate change impacts. In addition, there has been marked increase in dust storms in last few decades which are noticeable signs of change in climatic conditions in Kuwait and neighbouring nations.

In 2014, Kuwait enacted a new Environmental Protection Law (EPL) (Law No. 42 of 2014), which sets an ambitious vision to scale-up environmental protection results across all sectors of development. The new law is a critical turning point for environmental governance in Kuwait, setting a more ambitious vision for environmental sustainability and providing the Kuwait Environment Public Authority (KEPA) an enhanced mandate to set implementing regulations, seek actions by sectoral Ministries, and achieving improved environmental compliance and enforcement.

The effects of Kuwait's unsustainable growth are already evident in a severe drop in bioactivity due to degradation of the terrestrial environment and the near collapse of fish stocks, as well as increased pollution and emissions. Since the onset of modern development in the 1960s, the bioactivity of the country has dropped by 86%, due to rapid urbanization and unsustainable development. In comparison to the global average ecological footprint of 2.7 global hectares per capita, Kuwait's average footprint per person is 9.7, the second highest ecological footprint per capita in the world after Qatar, and 3.5 times more than the global average.

Kuwait, like many other countries in the 21st century face the climate change effects that are primarily attributed to environmental abuse and human activities, particularly with regard to biodiversity disruption and ecological imbalance.

The year 2015 is a big milestone for sustainable development and for countries' efforts to curb emissions. In 2015, a binding framework convention was signed. According to the International Energy Agency (IEA) scenarios, demand for oil will reach its peak in 2020 at 14.887 tons of oil equivalent. Additionally, uses of nuclear energy and gas will increase along with the growth of world population to 9 billion people by 2030.

Alternative solutions to the burning of fossil fuel, the main source of greenhouse gases, such as renewable energy and rationalization of energy use will ultimately lead to put an end to climate change. Nature secures sources of renewable energy, including the sun, wind, waves and biomass, all of which are effective and reliable sources of energy, which respect the environment while generating the energy the world need.

Continued use of non-renewable water is major factor in depleting groundwater reserves in Kuwait and put it a serious risk of climate change impacts. Being a highly water-scarce country, Kuwait is heavily dependent on desalinated water and fresh groundwater to meet drinking water needs. On a per capita basis, Kuwait has one of the highest per capita water consumption worldwide, apart from having world's highest per capita production of desalination water. Water resource management is huge challenge for Kuwait as its per capita natural water availability is lowest in the world. With climate change, it is expected that balancing water supply and water demand will become an even greater challenge.

Kuwait is endowed with rich biodiversity of terrestrial flora and fauna, however the potential loss of terrestrial and marine biodiversity due to climate change is a major concern

in Kuwait. Desert areas contain many species of annuals, which make up about 90% of plant species of Kuwait. Kuwait is also endowed with rich marine biodiversity. Many endemic species can be found including crabs, which are found on biota-rich inter-tidal Sabkha zones. An increase in seawater temperature will affect the reproduction period of fish and shrimp and may result in large-scale migration of fish to other areas which will have serious repercussions for the fish industry in Kuwait and neighbouring countries. Erratic rainfall and sand encroachment may lead to loss in plant cover thereby causing runoff and flooding.

The possible changes in temperature, precipitation and CO<sub>2</sub> concentration are expected to significant impact on crop growth. The potential of agricultural development in Kuwait is very limited, as less than 1% of the land area is considered arable. Moreover, only a portion of arable land area is actually cultivated due to a hyper-arid climate, water scarcity, poor soils, and lack of technical skills. Because of the nature of the terrain and water scarcity, it is quite difficult to put new land into agricultural production. Interestingly, agriculture consumes around one-third of groundwater but account for less than 5 percent of the GDP.

Current urban development trends, as well as inadequate governance and sustainable management practices are anticipated to lead towards irreversible degradation and loss of ecosystem functions and services. There is an urgent need to promptly review, update and incorporate recent international treaty obligations concerning the environment into national legislation, strategies and action plans. Progress towards sustainability depends on a multitude of potential interventions at the national level, such as investment in enhancing public awareness and changing the national consumption culture, developing national strategies based on ecosystem-based management of scarce resources in an arid environment, and implementation of technological innovations.

#### ***G. Youth empowerment and gender inclusion in development***

It was noted that human capital, particularly of youth, needs to be strengthened to support a private sector-driven economy. Policy regarding women's participation in the labour force also requires further development to support a private sector-driven economy. A comprehensive policy for women's economic participation at all stages would promote women's position in the labour force and help realize the potential for women's economic empowerment and leadership.

A cultural shift in youth values towards professional excellence, contribution to society and volunteerism is still needed. The World Economic Forum (2014-2015 ) highlights as a key challenge to competition in Kuwait the "inadequately educated workforce" and "poor work ethic in national labor force". At the same time, the impact of juvenile obesity and other non-communicable disease related to the increasingly sedentary lifestyle of Kuwaiti youth is a major concern for the future wellbeing of the nation. A National Youth Strategy, supported by United Nations, aims to promote greater engagement of youth in public life and to respond to the need to find employment opportunities for this strategic demographic.

The State of Kuwait has increasingly sought engagement with the United Nations system to support its efforts to build national capacity to promote and protect the full enjoyment of

the rights of women and girls in accordance with its commitments under the Convention to Eliminate All Forms of Discrimination against Women and other relevant international provisions. In 2017, Kuwait hosted missions by two UN Human Rights Council Special procedures mandate-holders in this field: the Special Rapporteur on trafficking in persons, especially women and children, and by the Working Group on the issue of discrimination against women in policy and practice. The reports of these missions were presented to the UN Human Rights Council during the May-June session of the Council. Despite the progress made by the State of Kuwait to date, gaps remain in the protection of women's rights under Kuwaiti law.

According to the mission report of the Working Group, civil society and academia have repeatedly raised concerns regarding the impact of certain legislative provisions on the full enjoyment of women's fundamental rights: the prohibition against Kuwaiti women transferring their nationality to their non-Kuwaiti spouse and children; and the continued existence in the penal code of Article 153, which provides a separate crime of "honor killing" where a man murders his female relative under certain circumstances, with a significantly reduced maximum sentence. Stateless women and girls and women employed as domestic workers are particularly vulnerable to human rights violations. Efforts have been made by the national authorities to improve the conditions facing both groups but measures taken are not yet comprehensive or in full compliance with international standards. Legislation to prohibit sexual harassment, marital rape and domestic violence is absent. Conversely, the Higher Council of the Family, which will guide implementation of the Family Law, was established in 2016.

Since the recognition of women's rights to political participation in 2005, the Council of Ministers has continuously included at least one woman. Women have been elected into the National Assembly on several occasions since 2009, albeit in limited numbers. With the educational opportunities provided by the public education system, women are able to pursue their studies to high levels and data from the Ministry of Higher Education show that over 70% of tertiary students are females. However, career advancement for women remains significantly slower than that of males, with only a limited number of female civil servants occupying leadership positions. On the positive side, a number of high-profile female professionals are raising the profile of Kuwaiti women in the private sector (e.g. Sarah Akbar, Chief Executive Officer of Kuwait Energy, famous for extinguishing the oil field fires lit by the retreating Iraqi army in 1991).

#### ***H. Human rights***

The 1962 Constitution of Kuwait includes many positive provisions related to human rights under section II (Fundamental Constituents) and section III (Public rights and duties). Some areas require further measures for Kuwait to fully meet its international treaty obligations.

Kuwait has ratified 19 ILO Conventions including seven out of the eight Fundamental ones. Kuwait did not ratify the new Convention 189 on domestic workers. Adoption is required of the "Law concerning trafficking in persons and smuggling of migrants".

A Private Sector Labour Act was adopted in 2010 which prohibited the dismissal of employees based on sex and other grounds, and prohibited employment of children under the age of 15. However, this law does not cover the rights of domestic workers.

The plan for “Kuwaitization” of labor aims at reducing the foreign workforce by 100,000 every year over 10 years. Special measures will need to be taken to ensure that such an accelerated programme are giving due consideration to the rights of those workers. The government is considering options and alternatives to the current sponsorship (Kafala) system which makes workers dependent on a current employer for their authorization to work and to remain in the country.

Kuwait established in 2010 the Central Agency for Regularization of the Status of Illegal Residents aimed at resolving the issue of the Bidoun. However, categorizing the Bidoun as “illegal residents” reflected neither their status as stateless persons nor their historical sense of belonging to Kuwaiti society.

A law on the rights of the child has been recently adopted. The age of criminal responsibility is 7 years. Kuwait has considered lowering the age of imprisonment from 15 to 14. Under the relevant UN standard, the Committee on the Rights of the Child considers the absolute minimum age to be 12 years, and recommends that it be at least 14 to 16. There is a need to build a system of restorative and rehabilitative juvenile justice fully in line with relevant standards.

Civil society has been active in establishing coalitions and submitting individual and joint submissions to UPR in both cycles. Furthermore, some NGOs have been active in submitting reports to treaty bodies but at a lesser scale. OHCHR has engaged in capacity building activities with Civil Society.

There are several key opportunities in Kuwait to promote the protection of human rights:

1. Establishment of a National Human Rights Institution;

In 2015, legislation was adopted to establish the national human rights institution, the Human Rights Diwan. The UNCT understands that some Diwan members have been nominated but not formally appointed to their positions, which would require approval of the National Assembly. The Human Rights Diwan would be the first national human rights institution in Kuwait. Although its legislation is not fully compliant with the Paris principles, it is considered to provide a good basis for institutional development. Appointment of commissioners and key secretariat staff has not yet been finalised. The provision of institution-building capacity development support for this Diwan, and technical assistance to its programmatic efforts should be a very high priority for the UNCT.

2. National Human Rights Reporting and Coordination Mechanisms (NRCMs);

Although Kuwait has a Liaison committee (inter-ministerial committee) led by the Ministry of Foreign Affairs tasked with the preparation of periodic reports to human rights treaty bodies (and UPR), however, this is an area that the UNCT could explore in Kuwait on how to strengthen this committee. MOFA Kuwait in cooperation with OHCHR conducted a series of workshops for members of the committee and other government entities and NGOs as well

as private sector on the linkages between human rights reporting, Agenda 2030 and the National Development .

Domestically, it is beneficial to focus on national implementation of international treaties that Kuwait is already party to through proposing legislative amendments and raising awareness of international standards. The Government established a ministerial committee for liaising on the reporting before international mechanisms realizing the importance and obligation of engagement.

Externally, partnership with various UN agencies and offices in relevant areas would increase capacities and could lead to improving human rights situation.

One of the challenges facing human rights is the need for many legislative amendments which would require full engagement by parliament and government alike.

#### ***I. Information gaps in existing analysis available in the country***

The elaboration of the National Development Plan has been based on various analyses, including a preliminary analysis provided by GSSCPD of the link between the seven pillars of the KNDP and the 17 SDGs. The State of Kuwait is yet to conduct a comprehensive mapping of the alignment between Agenda 2030 and the KNDP, or of the availability of baseline data for the first national report on SDG implementation.

### **IV. THE UN AND THE PRIORITY DEVELOPMENT CHALLENGES**

#### ***A. Addressing Development Challenges***

The key challenges faced by Kuwait have been analyzed extensively, and a process has been established to transform Kuwait from an oil-dependent economy, with citizens reliant on public jobs and state subsidies, to a private sector driven economy with an empowered citizenry. That process is set out in Kuwait's Vision 2035.

The two prerequisites for sustainable policy reform in support of Vision 2035 are communications to build ownership and institutional capacity in government to direct and manage a reform program. Potentially, both are strongly supported by the Sustainable Development Goals and the logic of the Human Rights Based Approach.

Regarding communications, the government will need to maintain and expand its ongoing, substantive dialogue with key stakeholders and the public. From the government perspective, this must promote a better public understanding of: the relationship between financing of salaries and subsidies and the depletion of oil resources; the continual race to meet infrastructure demand; and risks of abrupt transition to a less oil-intensive future. From the perspective of the public, this should include the encouragement of open and continuing dialogue with civil society groups, especially those representing vulnerable groups.

To make reforms timely and effective, central government capacities must be strengthened, with improved strategy and coordination at the center, informed by technical advice and data. The key requirement is for a whole-of-government perspective, with the Cabinet getting streamlined advice on critical areas for action. An improved, central management of the annual government plan should identify the most pressing implementation for Cabinet resolution.

In some areas, the most pressing need is for activation of reforms based upon substantial preparatory work that has already been done. This applies particularly to governance (where an anti-corruption authority has been established), human rights (where a newly established Divan awaits staffing) and market structure (where the new competition protection authority has been guided in best-practice).

For the creation of a modern private sector, the regulatory and licensing roles of the public sector will need to be reduced and redefined, and new systems of transparency and accountability introduced that meet global standards. The same principle can be approached from the corporate governance perspective, particularly with respect to transparency and accountability in investor relations.

The rapid implementation of reform, and the creation of a responsive, service-oriented government require public sector modernization to improve service delivery. A modernization strategy should obtain public buy-in for administrative reform and streamlining by linking it to better service delivery and reduced corruption. One constituency for public sector reform will be public sector employees themselves, particularly those at the “front line” who face severe bureaucratic challenges in effectively carrying out their tasks.

Better alignment of existing organizations around delivery goals should be created through better interagency coordination to resolve bottlenecks and streamlining at the process level.

Regarding land, many problems blocking dynamism in private sector development could be resolved by the creation of a central land authority which would be responsible for all land zoning and enforcement. It could also address the lack of centralized information about land. It would oversee all decisions about the allocation of public land and promote transparency in the land market by maintaining a single publicly accessible database of land title records. In addition, it could develop taxes on idle or underused land with the purpose of creating incentives for appropriate use of the land, less focused on land hoarding and more on the use of land as part of an integrated development policy.

Perhaps the most challenging area of reform concerns the need to reorient the modes of interaction between the state and the private sector. Current controls, exercised through various forms of restrictions on management (e.g. employment policy and licensing), should be transformed to an arm’s length approach using modern policy instruments such as taxation and regulation. In some sectors (such as landline telecom) a commercialization process, let alone privatization, has yet to begin.

The current approach to boosting private sector participation across the economy has not been as effective as anticipated, due to complex procedures and substantial restrictions imposed on would-be private investors. Genuine progress on private sector participation requires an alternative in which private investors can enter sectors with an assurance of managerial flexibility while having clarity about the tax regime and administrative environment. Privatization and PPP frameworks need to be refreshed with a realistic view of investor requirements and with less invitation to complexity and failure in the public role.

In the long-term, Kuwait may wish to reexamine the relationship between the citizen and the state regarding oil revenue management. The distortions caused by the sharing of oil rents through jobs and subsidies have been known for a long time, and the Vision 2035 anticipates a shift away from these. However, this is a fundamental, sovereign issue for the State and people of Kuwait, and not solely a matter of technical reform.

Should Kuwait wish to address this issue, one method that would do so while supporting entrepreneurial behaviors would be a direct dividend payments (DDP) approach. Kuwait is in some respects a strong candidate for this approach, given high per capita oil wealth, the general recognition of a low-performing public sector, and the repeated frustrations in trying to deliver public services with such a weak role for pricing. If a cash “oil dividend” was set at a conservative level, it could heighten engagement among the younger population who could see it as a more sustainable and empowering means of sharing the country’s oil wealth.

The reform processes set in motion by Vision 2035 concentrate on macro-level issues, but with an end goal of “contented citizens”. Addressing the need of Kuwait’s people, citizen and non-citizen alike, requires that the vulnerabilities of groups such as women, youth, the stateless and migrants are addressed fully, and that their rights are at the center of the government’s new service orientation. The issues of the vulnerable and those who might be left behind by Kuwait’s next stage of prosperity are discussed extensively in this analysis. It is critical that they be afforded highest priority, along with the structural changes contemplated. The UN System has a unique role in this regard.

Finally, as described above, the natural environment of Kuwait is under severe stress, and urgent measures are required to slow and ultimately reverse its degradation.

## **B. UN Comparative Advantage in addressing the key development challenges, and in supporting the SDG Agenda**

### The UN System in Kuwait

The Kuwait UNCT is composed of 18 UN and affiliated entities. Among entities with a country presence, UNDP and the World Bank have significant operational country programmes, while ILO and UN-Habitat have project-based country activities. IOM, OCHA, UNHCR and WFP offices primarily support humanitarian coordination and resource mobilization for the sub-regional crisis response. UNDSS provides safety and security support to the UN Agencies. The IMF Middle East Centre for Economics and Finance provides training for government

personnel from across the GCC. The Kuwait Joint Support Office (KJSO) provides administrative services to UN missions in Iraq and Afghanistan.

Non-resident agencies that participate in the UN Country Team include:

1. OHCHR (Middle East Regional Office)
2. UNEP (Arab States Regional Office)
3. UNFPA (GCC Sub-Regional Office)
4. UN Women (Arab States Regional Office)
5. UNESCO (Regional Office for the Gulf States and Yemen)
6. UNICEF (Gulf Area Office)
7. UNIC (Office for Kuwait and Beirut in Lebanon)
8. UNODC (Gulf Area Office)
9. OHCHR (Regional Office for Middle East and North Africa)

All UN agencies with operational activities in Kuwait base their programming on annual or multi-year planning documents. All are responsive to the National Development Plan and other national priorities. UNDP is the only agency in Kuwait with a Country Programme Document (CPD). The current CPD which was supposed to end in 2018 has been extended to 2019. The United Nations Resident Coordinator has initiated discussions with the State of Kuwait concerning the scope of new forms of partnership bringing forward mandated Resident and non-resident UN APFs to respond to national strategic development priorities within a United Nations Strategic Partnership Framework. This will allow various development agencies to base their own multi-year programming documents on the priorities of cooperation with the state of Kuwait outlined in the strategic partnership framework.

UNDP supports the implementation of the Kuwait National Development Plan, through its main national counterpart, the General Secretariat of the Supreme Council for Planning and Development (GSSCPD). The UNDP Country Programme Document 2015 - 2018 has a funding envelope of USD 51 million. The four areas of work are (a) policy and regulatory economic, social and environmental frameworks for sustainable development; (b) social development; (c) governance; and (d) strategic partnerships.

The World Bank engages in strategic advisory services supporting key development areas for Kuwait: improving public sector performance; increasing private sector development to support economic diversification; and human development.

The IMF Middle East Center for Economics and Finance (CEF) conducts courses for officials from Arab League countries aimed at building capacity in economic analysis and diagnosis; and formulation and implementation of effective economic and financial policies.

ILO provides technical advisory services to its tripartite constituents: Ministry of Social Affairs and Labour, Kuwait Trade Union Federation and the Kuwait Chamber of Commerce and Industry.

UN-Habitat supports knowledge development of Arab cities, regional and national capacity building and advocacy for sustainable urban development. UN Habitat's key counterparts are the Kuwait Municipality and the Governorates.

In support of Kuwait's expanding humanitarian role, UNHCR advocates for increased protection space for refugees, asylum seekers and stateless persons, and processes asylum claims and works on resource mobilisation and regional advocacy. UNHCR's key counterpart is the Ministry of Foreign Affairs.

IOM focuses on labour migration, counter-trafficking, and human rights, emphasising advocacy and capacity-building. The main counterpart for IOM in Kuwait is the Ministry of the Interior.

The OCHA liaison office in Kuwait has three areas of activity: capacity-building, partnership and information- sharing.

OHCHR core priorities in Human Rights include developing a national human rights institution, and further cooperation in the area of human rights and SDGs.

WFP focuses largely on advocacy and resource mobilization for humanitarian partnership.

The Kuwait Joint Support Office (KJSO) is an integral component of both the United Nations Mission of Assistance in Iraq (UNAMI) and the United Nations Mission of Assistance in Afghanistan (UNAMA). Funded by these missions, it provides human resources and finance services to both missions.

Currently, most technical assistance by NRAs (UNESCO, UNODC, UN Women) is provided on a project or stand-alone activity basis as in the case of (WHO, ICAO & UNICEF); in some case through partnerships with UNDP. However, the preparation of the coming strategic framework as per the requirement of the New Resolution of the repositioning of the UN Development System open further avenues for engagement with the broader UN development system.

#### The UNCT's Comparative Advantage

Broadly recognized elements of comparative advantage for the UN are: a recognized mandate, a demonstrated capacity and a unique contribution in the selected areas of intervention. The UN's work in operational activities in Kuwait is gauged against the KNDP and Government of Kuwait priorities, and the SDGs and individual UN agency goals.

In December 2017, the UNCT made a preliminary assessment of its comparative advantage, and later in early 2018, New thematic groups were formed (Youth, gender and Sustainable development, chaired by UNDP, Migration, Refugees and Human Rights co-chaired by IOM & UNHCR and the Operations Management Team and UN Communication Group.

In their preliminary assessment, UNCT members considered the typical comparative advantages identified by a range of UNCTs, as reflected in the UNDAF guidelines: strengthening national capacities; supporting international commitments e.g. Agenda 2030;

convener of national and international partners; technical expertise in specific areas; monitoring and evaluation of the national development framework; policy advice; and a neutral space to address sensitive political issues.

Through an iterative process, the UNCT identified the areas of their greatest comparative advantage, in terms of priority and relevance accorded to the proposed comparative advantage across the UNCT membership. Four key comparative advantages of the UNCT in Kuwait were agreed, in order of importance to the team:

1. Strengthening individual and institutional capacities in specific areas at the national level through leveraging technical expertise
2. Supporting international commitments, norms and standards through policy advice and technical expertise
3. Convener of national and international partners, as a neutral space to address sensitive issues
4. Support to legislative reforms and awareness building on integrating sustainable development goals in National development plan formulation, monitoring and implementation;

### ***C. Strategic entry-points for the United Nations System in Kuwait***

The Kuwait Mid-Range National Development Plan for 2015/2016 – 2019/2020 presents a national direction for the coming years, setting out areas of focus, and the plans and projects to achieve the desired state.

The State of Kuwait has supported global priorities strongly. By 2015, Kuwait had achieved six of the eight Millennium Development Goals, with MDG 3 (Promote gender equality and empower women) and MDG 7 (Ensure environmental sustainability) requiring further effort. Kuwaiti has strongly supported the SDGs both at home and abroad and the government has begun the process of aligning the SDGs with the national development agenda. HH the Amir addressed the UN Sustainable Development Summit in September 2015 and endorsed Agenda 2030 in its entirety.

Broad potential exists for expanding the already highly active UN partnerships in Kuwait, according to UN norms and standards, either for support to the achievement of national objectives within Kuwait, or at the regional and international level. SDG Goal 17 is highly important in this regard.

Kuwait has demonstrated its increasing interest in positioning itself in the region and internationally in the humanitarian-development nexus and leading provider of South-South Cooperation. Potential partners for the UN include not only the Government and its ministries and institutions, but also the Kuwait Fund for Arab Economic Development, the Arab Fund for Economic and Social Development, philanthropic foundations and charitable organizations such as the International Islamic Charity Organization, the Kuwait Foundation for the Advancement of Science, the University of Kuwait (and private universities present in Kuwait), NGOs, and the private sector.

The commitment of the Kuwaiti leadership to implementation of Agenda 2030 provides multiple entry-points to expand the UN's partnerships across these sectors and to introduce new stakeholders to sustainable development initiatives. Kuwait's important role in the provision of South-South Cooperation can be leveraged to support SDG implementation abroad through the funding and technical assistance provided bilaterally to Governments and through the Kuwait Fund and Kuwaiti NGOs such as the Kuwait Red Crescent Society.

There is wide national awareness and support of the UN's normative role. The government embraced the MDGs and was very active in their promotion and achievement. HH the Amir addressed the UN Sustainable Development Summit in September 2015 and endorsed Agenda 2030 in its entirety. In 2016 the Minister of Social Affairs and Labour and Minister of State for Planning and Development, HE Mrs. Hind Subeah Al-Subeah, has reaffirmed Kuwait's support to the SDGs, including the Addis Ababa Action Agenda.

The UN has supported the government in the ongoing process of SDG nationalisation and identifying the priority SDGs for UN support. The UNCT members continue to build awareness of key stakeholders and the public at large on Agenda 2030. Initiatives have already been carried out with regards to SDG 5, SDG 8, SDG 17 the human rights foundation of Agenda 2030, environmental mainstreaming through Agenda 2030, the role of the private sector to support SDG implementation, and national partnerships.

Support to building capacity for the government's realization of its vision of Kuwait as a humanitarian centre for the region and beyond will require significant UN efforts (beyond those already in place) in support of government and other national stakeholders, as well as the further strengthening of UN capacities.

In recent years, Kuwait has positioned itself as a humanitarian centre. Between 2012 and 2015, Kuwait led and hosted three international donors' pledging conferences for the Syrian crisis, to which it has been the greatest single donor. In 2015, Kuwait co-hosted the fourth donors' conference in London. Kuwait has also pursued a foreign policy of generous humanitarian assistance globally, both through the UN system and bilaterally. In May 2015, Kuwait opened the Gulf Cooperation Council Centre for Disaster Risk Reduction.

UN agencies are very active in partnerships building in Kuwait, and look to support capacity development for institutional development of the humanitarian centre role envisioned by Kuwait. These and other institutional development efforts, as well as resilience-building and crisis response capacity development are areas where the UN could provide future support.

To optimize the impact of Kuwait's generous humanitarian contributions, the UNCT could continue to advocate for the resilience-based approach to humanitarian response, including with the range of national partners engaged in implementation on the ground. The UNCT could also support Kuwait to consider increasing its donor contributions to global UN initiatives and to participate in regional and global fora such as the OECD DAC.

Given the current, strong focus of the UNCT and the Government on partnerships, there is a very positive basis for a continued partnership in this area. While strategic priorities remain to be developed, the future partnership could focus in two areas in which the UN has a strong

history and a very good national 'brand awareness': national SDG goals in support of vulnerable groups, and capacity building for Kuwait's support to preventive diplomacy, humanitarian and development assistance to least developed countries and areas in conflict. There are other areas of national priority in which the UN has global capacity and experience and the repositioning of the United Nations Development System, provides ample opportunity through the United Nations Strategic Partnership Framework to bring the United Nations Capacities to Kuwait and build capacities of Kuwait younger generation for addressing sustainable development priorities in Kuwait and bringing Kuwaiti lesson to least developing countries through the partnership between Kuwait and the United Nations. The United Nations collaboration of a Sustainable Development Goals Innovation Platform that bring UN expertise to support the National Committee for Sustainable Development would be key for the success of the new strategic partnership framework for Kuwait.

DRAFT INTERNAL USE ONLY