



United Nations Development Programme
Country: Kuwait



Initiation Plan

Project Title: Feasibility Study for Establishment of Kuwait Petroleum and Petrochemical Technology and Services City (KPPTSC)

Expected CP Outcome(s): Outcome 3.1: Improved business environment for more effective Public-Private sector Partnerships (PPP)
Outcome 3.2: SME energized through stimulating mechanisms

Initiation Plan Start Date: November 2011

Initiation Plan End Date: March 2012

Executing Entity: Kuwait Institute for Scientific Research

Implementing Entity: United Nations Development Programme

Brief Description

The Kuwait Institute of Scientific Research (KISR) has been asked by the Government of the State of Kuwait to explore options for creating a Kuwait Petroleum and Petrochemical Technology and Services City (KPPTSC) focused on the technology and services companies working in the petroleum, petrochemical, renewable energy, and electric power generation sectors. KISR has contracted UNDP-Kuwait to conduct the phase one feasibility study. The feasibility study will address three main components: competitiveness of the proposed City, scope of the proposed City, and readiness of potential tenants to establish businesses in the city. The feasibility study is considered a key phase to determine the overall viability of the proposed City and whether the Government should continue to the engineering design phase, or not.

Programme Period:	2009 -2014	Total resources required	\$ 297,884
CPAP Programme Component:	Economic & Private Sector Development	Total allocated resources:	\$ 297,884
Atlas Award ID:	_____	• Regular (UNDP)	\$36,395
PAC Meeting Date	_____	• Government (KISR)	
		• Project resources:	\$244,382
		• GMS (7%):	\$17,107
		• Total (KISR):	\$261,489

Agreed by UNDP: Adam Abdelmoula
Dr. Adam Abdelmoula, UNDP Resident Representative



PURPOSE

Oil and gas resources in most countries of the Middle East region have played a significant role in the socio-economic development of the region. Most of these countries still enjoy vast oil and gas reserves that surpass resources of any other region in the world, and these countries are expecting a rapid growth in crude oil production, natural gas production, petroleum refining, and petrochemicals industries in the coming decades. There is also growing interest in Middle Eastern countries in renewable energy technologies and technologies to improve the efficiency and productivity of electric power generation.

In all of these sectors, there is a clear understanding that new technologies will be needed to meeting the Region and the world's growing demand for energy in the coming decades, given the fact that current demand for fossil-fuel based energy is outstripping available supply. The Government of the State of Kuwait believes that it is strategically located in the Region to play a catalytic role and to act as a technology gateway in the coming decades given the country's historical role in energy production and the nature of the global energy challenges ahead. This is the basis for the Government, through KISR, to explore the feasibility for creating the Kuwait Petroleum and Petrochemical Technology and Services City.

The model that KISR has envisioned for the proposed Technology "City" or "Park" would be to create an entity to promote collaboration between Kuwaiti, regional and international oil, gas, and petrochemical industries, various energy-related service businesses, research organizations, and universities. To explore the viability for such a technology hub, KISR is examining the possible role, functions and services for the City using a three-phased planning and development approach: (i) a feasibility phase, (ii) an engineering design phase, and (iii) a construction and rollout phase. KISR has contracted UNDP-Kuwait to conduct the phase one feasibility study. The feasibility study will address three main components: competitiveness of the proposed Park, scope of the proposed Park, and readiness of potential tenants to establish businesses in the Park. In addition, the feasibility will provide some indicative costing and economic projections for the proposed City. The feasibility study is considered a key phase to determine the overall viability of the proposed Park and whether the Government should continue to the design phase, or not.

EXPECTED OUTPUTS

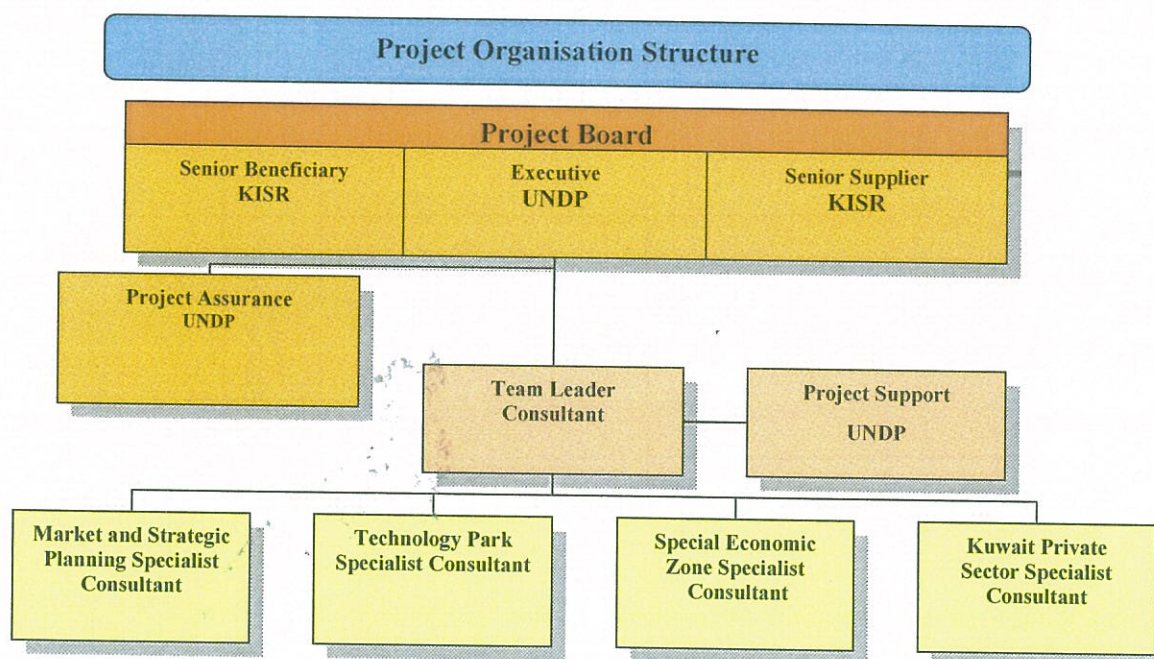
The key output for this Initiation Plan is the Feasibility Study that KISR is contracting UNDP-Kuwait to undertake. In light of the deliverables cited in the KISR TOR sent to UNDP, the feasibility study will address eight core issues that relate to determining the viability for establishing the proposed Technology Park. The eight core issues are:

- a. Defining the Target Market
- b. Competitor Analysis
- c. Services to Be Offered by KPPTSC
- d. Costs and Economic Projections
- e. Economic and Social Objectives for KPPTSC
- f. KPPTSC Business Model and Rollout Strategy
- g. Kuwait Business Environment
- h. Global Market Context

The eight topics are highly inter-related, but when taken together, they provide both the approach and the basis for providing KISR with different options for moving forward with the project, or not.

MANAGEMENT ARRANGEMENTS

The organizational structure for the feasibility study will comprise of UNDP(implementing entity) designated as the Executive which will be responsible for contracting the Team Leader and the 4 consultants who will constitute the team charged with undertaking the study. KISR is designated as the Senior Supplier which will represent the interests of the stakeholders and for supplying UNDP with the funding for the IP activities. The Senior Beneficiary is also KISR which will be the agency who will benefit from the study that will eventually provide the assessment on the practicality of undertaking further actions to pursue the output of the feasibility study. The assurance is responsible for supporting the board in monitoring of the delivery of the planned activities and will be retained by UNDP.



MONITORING

The consultant team will report regularly to both the KISR staff overseeing the feasibility study as well as the UNDP management team responsible for assuring the quality of the feasibility study. The study will be conducted as part of UNDP-Kuwait's Economic and Private Sector Development portfolio of activities. The consultant team leader will give short progress reports to both KISR and UNDP every two weeks, or as agreed by KISR, detailing the status of the research and interviews being conducted and any issues or highlights encountered.

A final progress report will be submitted by the Team Leader to UNDP and KISR detailing the progress, constraints, and lessons learned which will also include a financial summary. The report will be prepared in the UNDP standard format.

ANNUAL WORK PLAN

Year: Q4 2011 – Q1 2012 (September 2011 – February 2012)

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET	
		Q1	Q2	Q3	Q4		Funding Source	Amount
<p>Output 1: Feasibility Study completed</p> <p><i>Baseline: use of existing data on Technology Parks and Kuwaiti business environment</i></p> <p><i>Indicators: Progress documented in completing Study per Work Plan</i></p> <p><i>Targets: Final study supports Government in its efforts to promote private sector development in Kuwait and encourage growth of the non-oil sector, in particular knowledge-based firms:</i></p> <p><u>Related CP outcomes:</u></p> <p>3.1: Improved business environment for more effective Public-Private sector Partnerships</p>	<p>1. Planning phase completed for Feasibility Study</p> <ul style="list-style-type: none"> -Plan and budget report prepared for KISR TORs prepared -Advertised and identified consultants <p>2. Feasibility study team recruited</p> <ul style="list-style-type: none"> Team leader Market and strategy specialist Technology park specialist Special economic zone (SEZ) specialist Kuwait business specialist 				Q4/11	UNDP	UNDP	<p>Consultant Fees and travel costs: \$27,841</p> <p>International consultant</p>
					Q4/11	UNDP	KISR	<p>Team leader: \$40,500</p> <p>Market & strategy specialist: \$37,125</p> <p>Technology park specialist: \$30,375</p> <p>SEZ specialist: \$30,375</p> <p>Kuwait business specialist: \$8,775</p>

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<p>(PPP) 3.2: SME energized through stimulating mechanisms</p>	<p>3. Feasibility study prepared, reviewed, and accepted</p> <ul style="list-style-type: none"> • Travel and DSA • Survey and World Petroleum Congress • Wrap-up workshop Q1/12 • Contingency • UNDP expert consulted from HQ • UNDP General Management Support (7%) • Other 	<p>Q4/11</p>	<p>UNDP</p>	<p>KISR \$261,489 UNDP \$8,674</p>	<p>International and national consultants</p>	<p>KISR total Contribution: \$261,489 Travel: \$18,000 DSA: \$48,132 Survey & WPC: \$19,600 Workshop: \$1,000 Other: \$2,500 Contingency: \$8,000 GMS: 17,107</p>
<p>Total UNDP Contribution</p>						<p>\$36,395</p>
<p>Total KISR Contribution (including 7% GMS)</p>						<p>\$261,489</p>
<p>TOTAL</p>						<p>\$297,884</p>

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