

July 31, 2018

# KUWAIT CLOSING ACCOUNTS 2017/2018

## Ministry of Finance, State of Kuwait

Approved by the Council of Ministers on July 23, 2018

Submitted to Kuwait National Assembly for ratification on July 24, 2018



On the path to  
fiscal reform





# AGENDA

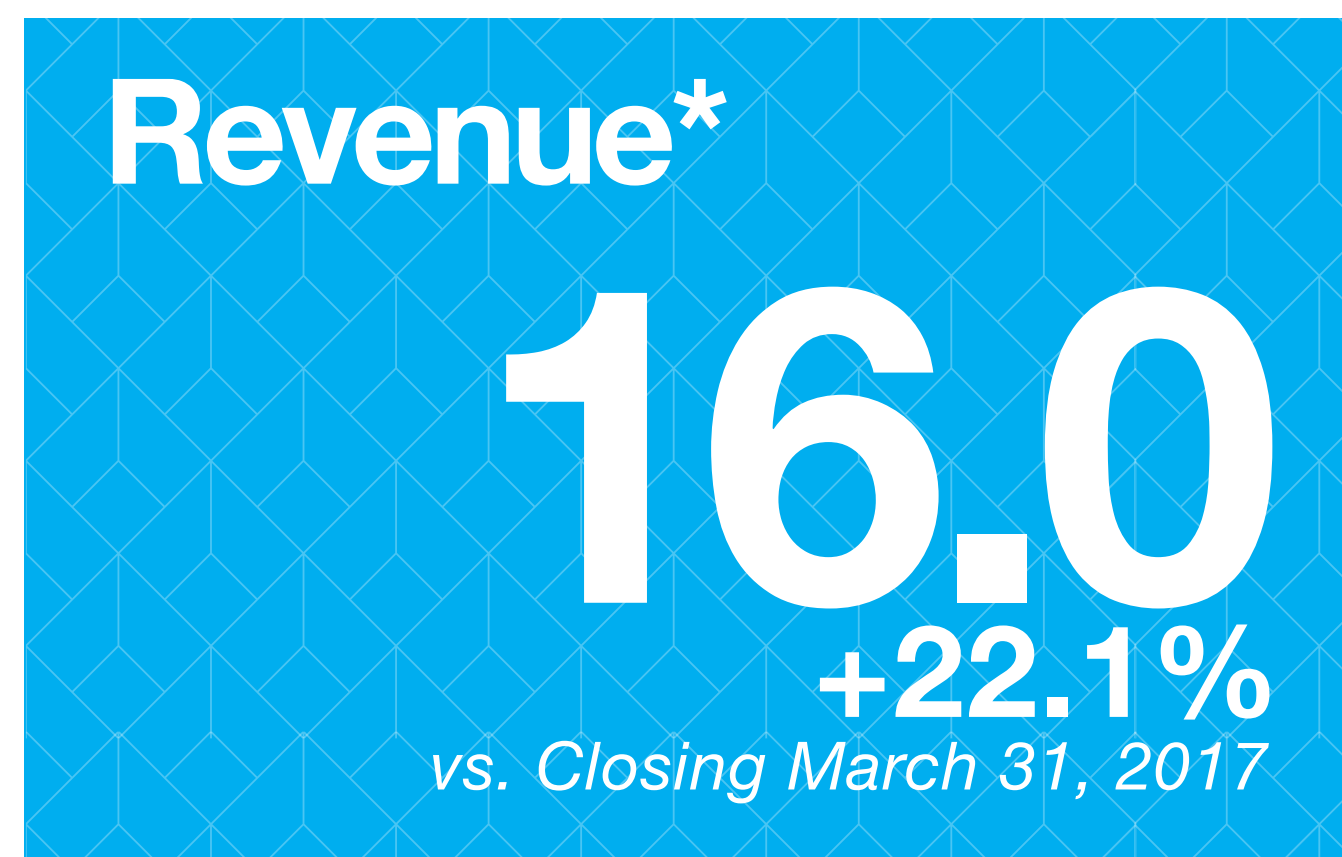
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- HIGHLIGHTS
- REVENUE REVIEW
- EXPENDITURE REVIEW
- Q&A

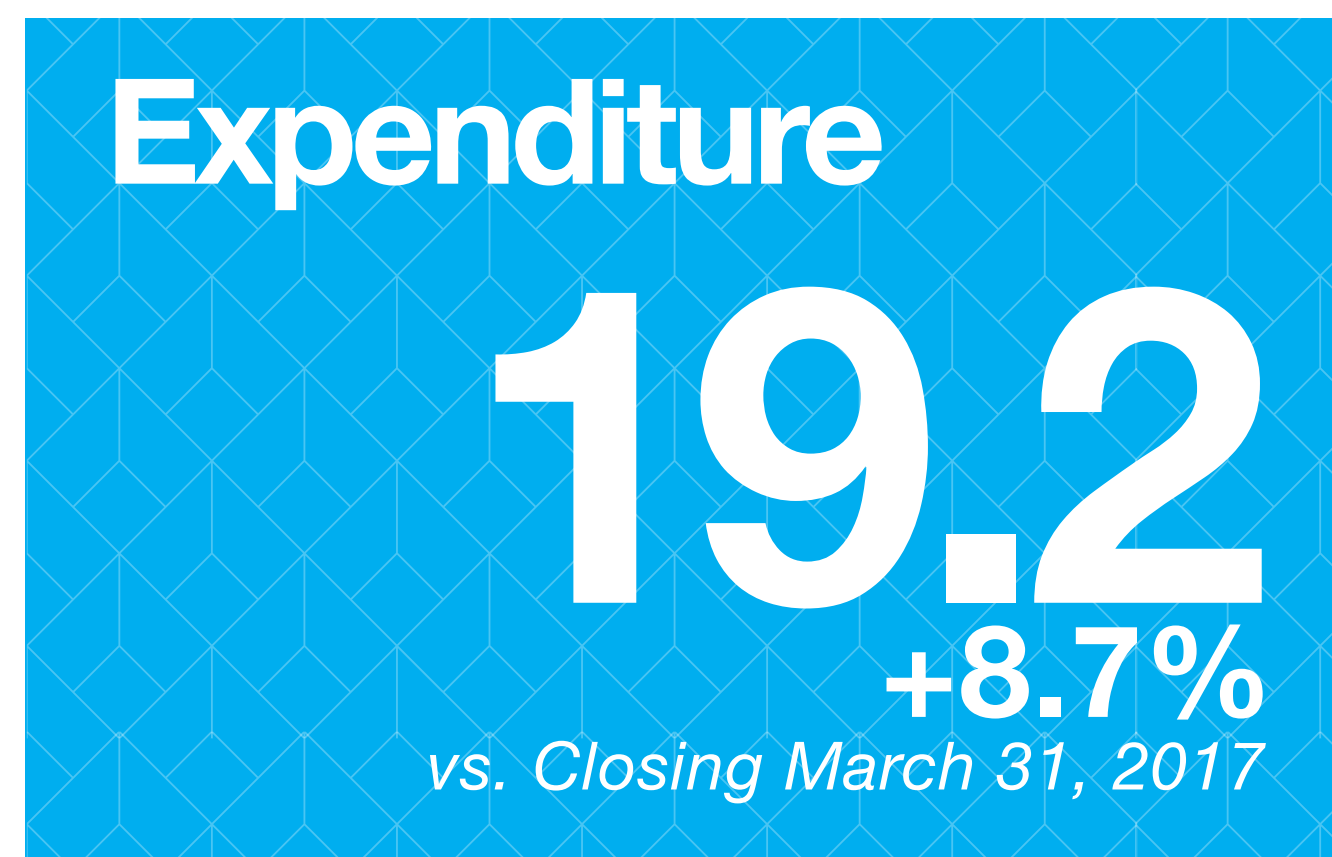


# HIGHLIGHTS (KD Bn)

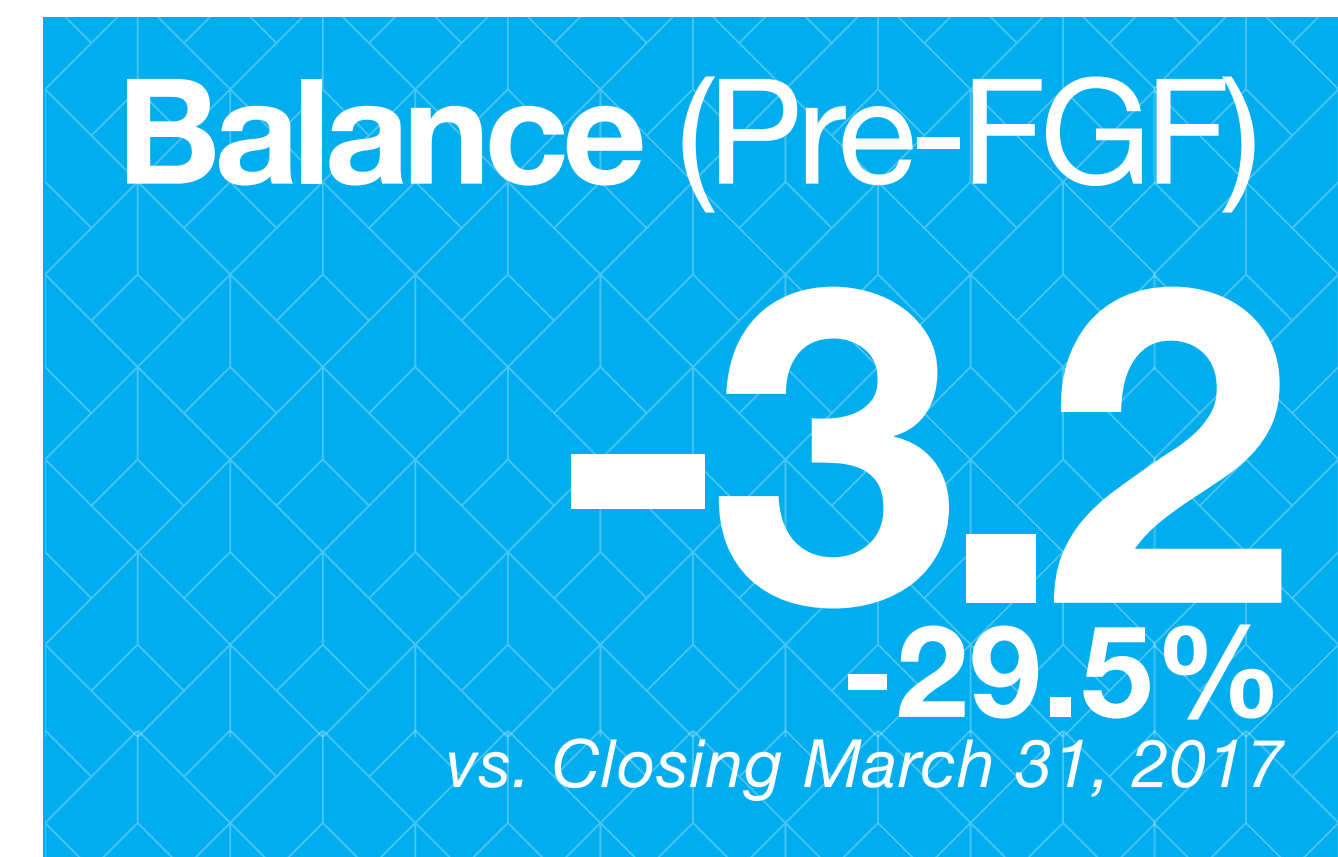
**Closing 2017/2018**  
On the path to fiscal reform



+19.9% vs. Budget



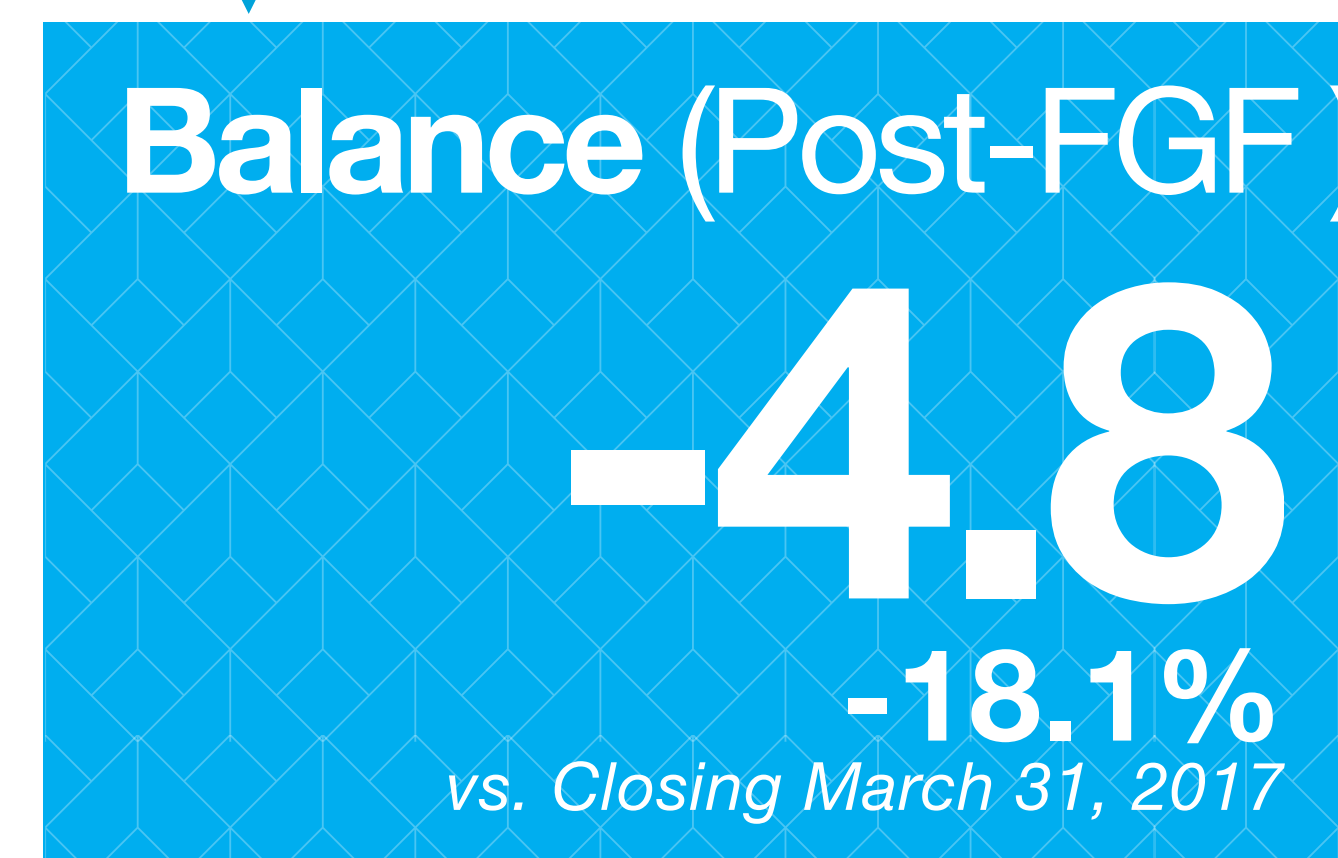
-3.3% vs. Budget



-50.5% vs. Budget



→ Less 10% of total revenue,  
transferred to the FGF\*\*



-38.6% vs. Budget

\* Net revenue after production costs.

**\*\* What is the Future Generations Fund (FGF)?**

The FGF is the national savings fund that receives a minimum of 10% of State revenue annually as mandated by law. All investment revenue from FGF activities are reinvested by the Fund and are not included in the State of Kuwait's Closing Accounts.

# OIL REVENUE IDENTIFIERS

**Closing 2017/2018**  
On the path to fiscal reform

	<i>Closing Accounts</i>	<i>Budget</i>
	March 31, 2018	April 1, 2017
<b>Production</b>	2.8 mbpd	2.8 mbpd
<b>Price per Barrel*</b>	USD54	USD45
<b>Exchange Rate</b>	302 fils	301 fils
<b>Days in a year</b>	365 days	365 days
<b>Revenue from Gas Production</b>	KD238.1 Mn	KD176.7 Mn
<b>Production Cost</b>	KD2,346.5 Mn	KD2,309.0 Mn

\* Price of Kuwait export crude.



# REVENUE DISCUSSION

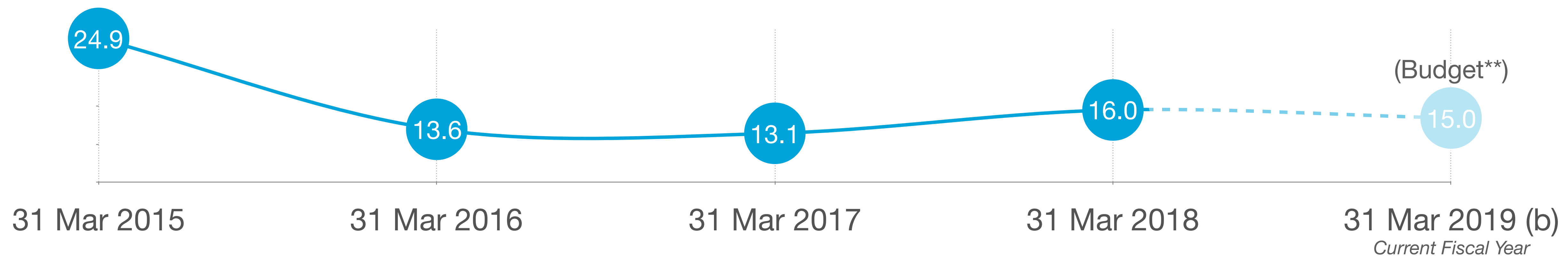
**Closing 2017/2018**  
On the path to fiscal reform

<i>KD Mn*</i>	Closing Mar 31, 2018	Closing Mar 31, 2017	% vs. LY Closing	% vs. budget
<b>Oil</b>	<b>14,282</b>	<b>11,689</b>	22.2%	22.0%
<b>Non-Oil</b>	<b>1,717</b>	<b>1,411</b>	21.7%	5.1%
<b>Total Revenue</b>	<b>16,000</b>	<b>13,100</b>	22.1%	19.9%

**Non-oil revenue  
actual growth**

**+21.7%**

## Revenue trend FY14/15 to FY18/19 (KD Bn)



\*Figures are rounded to the nearest tenth. \*\*Budgeted price per barrel of Kuwaiti crude: U.S. \$50 with an average production level of 2.8 million bpd.

# EXPENDITURE DISCUSSION

**Closing 2017/2018**  
On the path to fiscal reform

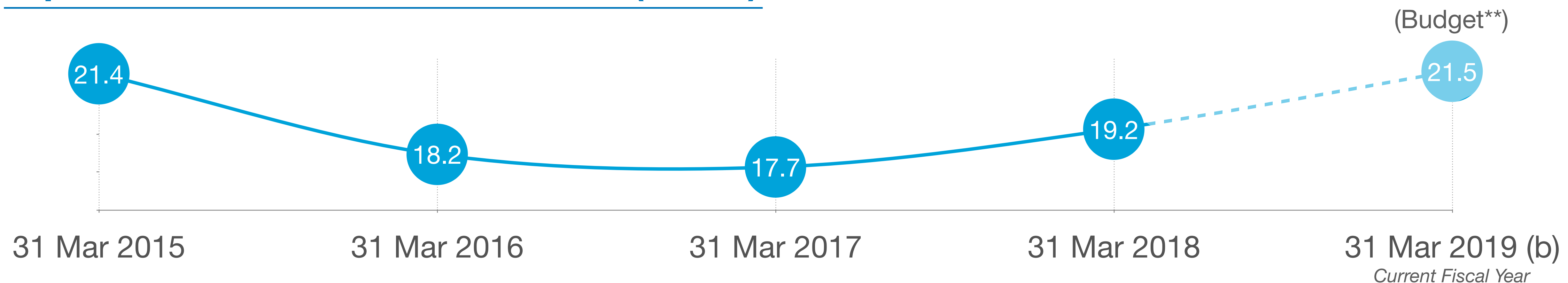
<i>KD Mn*</i>	Closing <b>Mar 31, 2018</b>	Closing <b>Mar 31, 2017</b>	% vs. <i>LY Closing</i>	% vs. <i>budget</i>
Salaries and Wages	(11,012)	(10,200)	8.0%	1.4%
Subsidies	(2,967)	(2,695)	10.1%	(2.9%)
Capital Expenditure	(3,224)	(2,626)	22.8%	(5.7%)
Other Expenditure	(2,044)	(2,186)	(6.5%)	(20.2%)
<b>Total Expenditure</b>	<b>(19,247)</b>	<b>(17,708)</b>	<b>8.7%</b>	<b>(3.3%)</b>

Other expenditure **under budget by 20.2%**

**Capex up 22.8%** vs last year

Rise in subsidies partly caused by higher fuel cost than last year

## Expenditure trend FY14/15 to FY18/19 (KD Bn)



\*Figures are rounded to the nearest tenth. \*\*Budgeted price per barrel of Kuwaiti crude: U.S. \$50 with an average production level of 2.8 million bpd.

# CLOSING ACCOUNTS 2017/2018

**Closing 2017/2018**  
On the path to fiscal reform

KD Mn\*

	Closing Mar 31, 2018	Closing Mar 31, 2017	% vs. LY Closing	% vs. budget
<b>REVENUE</b>				
Oil	14,282	11,689	22.2%	22.0%
Non-Oil	1,717	1,411	21.7%	5.1%
Taxes and Fees	506	559	(9.4%)	2.3%
Social Contributions ( <i>Health ins. payments from expats</i> )	95	79	19.8%	(15.0%)
Other Revenue	1,078	768	40.3%	13.5%
Revenue from Asset Disposal	39	5	696.9%	(50.1%)
<b>Total Revenue</b>	<b>16,000</b>	<b>13,100</b>	<b>22.1%</b>	<b>19.9%</b>
<b>EXPENDITURE</b>				
Salaries and Wages	(11,012)	(10,200)	8.0%	1.4%
Subsidies	(2,967)	(2,695)	10.1%	(2.9%)
Capital Expenditure	(3,224)	(2,626)	22.8%	(5.7%)
Other	(2,044)	(2,186)	(6.5%)	(20.2%)
<b>Total Expenditure</b>	<b>(19,247)</b>	<b>(17,708)</b>	<b>8.7%</b>	<b>(3.3%)</b>
<b>Fiscal Balance (Pre-FGF)</b>	<b>(3,247)</b>	<b>(4,608)</b>	<b>(29.5%)</b>	<b>(50.5%)</b>
Transfer to FGF	(1,600)	(1,310)	22.1%	19.9%
<b>Fiscal Balance (Post-FGF)</b>	<b>(4,847)</b>	<b>(5,918)</b>	<b>(18.1%)</b>	<b>(38.6%)</b>

\*Figures are rounded to the nearest tenth.

# FISCAL AGENDA UPDATE

**Closing 2017/2018**  
On the path to fiscal reform

1

**Revising the law that governs the structure of the State of Kuwait's budget,** in close coordination with the Kuwait National Assembly and the financial sector **ON TRACK**

2

**Boosting collection efforts of dues to government entities and accounts** **ON TRACK**

3

**Preserving the State's General Reserve Fund (GRF)\*** through prudent financial management, economic reforms and debt issuance. **Gradual progress**

\*The GRF is the State's treasury.



# TAKEAWAYS

**Closing 2017/2018**  
On the path to fiscal reform

## More efficient spending

**Total spending came in at 3.3% below budget as a result of improved allocation and monitoring of funds.**

## 2017/2018 was a Capex year

**Last year's Capex deployment rates reflect the Government's commitment to turning infrastructure plans into on-ground realities, while energizing the economy.** The current fiscal year's budgeted Capex spend of KD3.6 billion continues on this path.

## The Kuwait difference

Financially and socially, Kuwait is in a unique position that enables us to introduce reform gradually in a controlled and responsible manner. This takes place within **a legislative and open political environment that encourages a lively debate of the issues and the opportunities.**



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