INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/52

# KUWAIT

February 2026

## 2025 ARTICLE IV CONSULTATION—PRESS RELEASE AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with Kuwait, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse of time basis, following discussions that ended on December 17, 2025, with the officials of Kuwait on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on February 3, 2026.
- An **Informational Annex** prepared by the IMF staff.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund**
**Washington, D.C.**

# IMF Executive Board Concludes 2025 Article IV Consultation with Kuwait

**FOR IMMEDIATE RELEASE**

- Economic activity is rebounding, driven by the unwinding of OPEC+ production cuts and robust non-oil growth, with inflation moderating. Lower oil revenues have weakened the external and fiscal positions, but external buffers remain strong.
- Looking ahead, growth is expected to remain robust over the medium term, with inflation continuing to moderate. However, lower oil prices are projected to weigh on fiscal and external balances, while near-term risks remain broadly balanced.
- Kuwait has started the transition from an oil dependent welfare state towards a dynamic and diversified economy. Alongside a public investment scale-up, reform momentum has been building on wide-ranging fiscal and structural reforms.

**Washington, DC – February 24, 2026:** The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Kuwait.[1]

An incipient recovery is underway, while inflation continues to moderate. Real GDP expanded by 1.7 percent (y-o-y) in 2025Q2, driven by robust non-oil growth of 3.1 percent (y-o-y), following a contraction in 2024. Headline inflation continued to ease in 2025, reaching 2.4 percent (y-o-y) in November. Despite lower oil prices and production, the fiscal position has improved. The current account surplus moderated to an estimated 23.6 percent of GDP in 2025, and external buffers remain large. The financial system remains stable and prudently managed.

Looking ahead, the economy is expected to recover. Real GDP will expand by 3.8 percent in 2026, driven by the unwinding of OPEC+ production cuts and robust non-oil growth, estimated at 3.0 percent of GDP. Headline CPI inflation will moderate to 2.1 percent in 2026 and then stabilize just below 2.0 percent over the medium term. The fiscal deficit of the budgetary central government will increase to 8.7 percent of GDP in FY2025/26 and 9.4 percent of GDP in FY2026/27, given higher spending and lower oil revenue, then will widen over the medium term. The current account surplus will moderate to 19.6 percent of GDP in 2026, primarily reflecting lower oil exports, then will gradually decline over the medium term.

The risks around these projections are broadly balanced. The economy is highly exposed to a variety of global risks through its oil dependence, especially to commodity price volatility, a

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

global growth slowdown or acceleration, and shifts in global financial conditions. The materialization of these risks would be transmitted to Kuwait mainly via their impacts on oil prices and OPEC+ production. The main domestic risk is changes in the speed of structural reforms and associated infrastructure project implementation to diversify the economy.

**Executive Board Assessment**[2]

In concluding the 2025 Article IV consultation with Kuwait, Executive Directors endorsed staff's appraisal, as follows:

An economic recovery is underway, in spite of lower oil prices. Growth is rebounding, driven by the unwinding of OPEC+ production cuts and robust non-oil growth. Inflation continues to moderate, reflecting lower core and food inflation. Lower oil revenues have weakened the external and fiscal positions, but buffers remain strong. Financial stability has been maintained, with a credit cycle upturn underway. These macrofinancial developments are projected to persist under the baseline, which is subject to broadly balanced risks arising mainly from the heavy dependence of the economy on oil.

Staff welcomes the authorities' Vision 2035 aspirations to implement economic reforms in pursuit of a more diversified economy. To sustainably boost non-oil growth, a comprehensive and well-sequenced package of fiscal and structural reforms is needed. Fiscal reforms should reinforce long-term fiscal sustainability and intergenerational equity while incentivizing Kuwaitis to pursue jobs in the private sector. In parallel, structural reforms should unify the labor market and improve the business environment.

Gradual fiscal consolidation at a pace of about 1 percent of GDP per year would be needed over the next decade to achieve long-term fiscal sustainability. To mobilize non-oil revenue, the 15 percent CIT should be extended to all domestic companies, while the GCC-wide excise tax and 5 percent VAT should be introduced. To rationalize the public sector wage bill, a performance-based public sector wage setting mechanism should be introduced to gradually reduce the large premium over the private sector, and a hiring cap instituted to steadily lower the public sector employment share. To reform energy subsidies, retail fuel, electricity and water prices should be gradually raised towards their GCC-average levels while providing targeted cash transfers to vulnerable groups. Finally, to improve infrastructure, on-budget public investment should be further scaled up, by around 2 percent of GDP over the medium term.

Comprehensive PFM reforms should be implemented to strengthen the conduct of fiscal policy. A priority is to develop a medium-term fiscal framework, including a fiscal rules framework with a ceiling on public debt and a target for the non-oil fiscal balance. In addition, public investment management assessments should be undertaken periodically to ensure best practice in infrastructure governance and track contingent liabilities. Furthermore, the government should publish a medium-term debt management strategy including a bond issuance calendar. Finally, the government should develop a sovereign asset-liability management framework to balance intergenerational fiscal policy tradeoffs while managing risks to the public sector balance sheet.

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[2] The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

The exchange rate peg remains an appropriate nominal anchor for monetary policy. It has helped support macroeconomic and financial stability for many years, including relatively low and stable inflation. The external position was substantially weaker than the level implied by medium-term fundamentals and desirable policies in 2025, reflecting an excessive reliance on oil exports and inadequate public and private saving of oil revenue. These public and private saving-investment imbalances are driven by fiscal and structural factors. Fiscal consolidation to reinforce intergenerational equity, together with structural reforms to enhance competitiveness, would help strengthen the external position and support the exchange rate peg.

Systemic risk remains contained and prudently managed. With a credit cycle upturn underway, the CBK should consider reclassifying part of its country-specific capital buffer as a positive neutral countercyclical capital buffer. The forthcoming Real Estate Financing Law will permit banks to offer mortgage loans for the first time, in which context the CBK should continue its practice of regularly reviewing the adequacy of its financial regulatory perimeter and extensive macroprudential policy toolkit. Finally, the CBK should continue its risk-based supervisory approach to assessing banks and effectively addressing any vulnerabilities.

A comprehensive and well-sequenced structural reform package should be implemented to unify the labor market and improve the business environment. The state owns most productive assets, employs nearly all Kuwaitis, and leads all megaprojects. The priorities include reducing the public sector wage premium, scaling up the supply of housing, and deepening the financial markets.

Statistical capacity has weakened further from a low base, hampering surveillance. Major gaps in the national accounts, government finance and external sector statistics should be filled to enable well-informed policymaking.

### Table 1. Kuwait: Selected Economic Indicators, 2023-2027

| | | | Projections | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 |
| **Output and prices** | | | (Percent change) | | |
| Real GDP | -1.7 | -2.6 | 2.6 | 3.8 | 2.5 |
| Oil | -4.2 | -6.9 | 2.4 | 4.7 | 2.0 |
| Non-oil | 1.0 | 1.8 | 2.7 | 3.0 | 3.0 |
| CPI inflation (average) | 3.6 | 2.9 | 2.3 | 2.1 | 2.1 |
| Core 1/ | 3.1 | 2.4 | 1.7 | 1.8 | 1.9 |
| **External sector** | | | (Percent of GDP, unless noted otherwise) | | |
| Current account balance | 31.1 | 29.1 | 23.6 | 19.6 | 18.1 |
| Official reserve assets (months of imports) | 9.3 | 8.1 | 7.0 | 7.1 | 7.2 |
| Gross external debt | 39.0 | 41.3 | 37.1 | 43.4 | 46.0 |
| **Government finance 2/** | | | (Percent of GDP) | | |
| Revenue 3/ | 76.6 | 74.4 | 77.6 | 76.1 | 75.4 |
| Oil 3/ | 71.7 | 68.4 | 70.9 | 68.9 | 68.1 |
| Non-oil | 4.8 | 5.9 | 6.7 | 7.2 | 7.4 |
| Expenditure 4/ | 48.3 | 48.2 | 50.5 | 51.1 | 51.0 |
| Net lending (+) / borrowing (-) 3/ 4/ | 28.2 | 26.1 | 27.1 | 25.0 | 24.4 |
| Budgetary central government | 0.9 | -2.4 | -7.1 | -9.3 | -9.8 |
| Gross government debt | 3.1 | 2.9 | 14.7 | 24.2 | 28.9 |
| **Money and credit** | | | (Percent change) | | |
| Credit to nonfinancial private sector | 1.8 | 5.2 | 6.8 | 6.1 | 5.8 |
| Broad money: M2 | 1.0 | 4.3 | 3.6 | 4.8 | 5.3 |
| *Memorandum items* | | | | | |
| Nominal GDP (US$ billions) | 165.4 | 160.2 | 156.6 | 159.5 | 166.3 |
| Population (millions) | 4.9 | 5.0 | 5.1 | 5.2 | 5.3 |
| GDP per capita (US$) | 33,663 | 31,971 | 30,634 | 30,593 | 31,273 |

Sources: Kuwaiti authorities; IMF staff estimates.

1/ Excludes food and non-alcoholic beverages.

2/ Calendar year basis.

3/ Includes estimated KIA investment income and GRF profit transfers from the KPC.

4/ Includes estimated interest expenditure on government debt by the KIA.

INTERNATIONAL MONETARY FUND

# KUWAIT

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

February 3, 2026

## KEY ISSUES

**Context.** Kuwait has started the transition from an oil dependent welfare state towards a dynamic and diversified economy. Reform momentum has been building, starting with enactment of the Financing and Liquidity Law. Alongside a public investment scale-up, the authorities are working on wide-ranging fiscal and structural reforms, including to energy subsidies and mortgage lending.

**Developments, the outlook and risks.** A recovery is underway, driven by the unwinding of OPEC+ production cuts and robust non-oil growth, while inflation continues to moderate. Lower oil revenues have weakened the external and fiscal positions, but buffers remain strong. The financial system is stable, with a credit cycle upturn underway. These developments are projected to persist under the baseline, which is subject to broadly balanced risks mainly associated with oil prices and production.

**Fiscal policy.** Gradual fiscal consolidation at a pace of about 1 percent of GDP per year would be needed over the next decade to achieve long-term fiscal sustainability. The priorities are to mobilize non-oil revenue, rationalize the public sector wage bill, reform energy subsidies, and improve infrastructure. Comprehensive PFM reforms should be implemented to strengthen the conduct of fiscal policy, especially by developing a medium-term fiscal framework and medium-term debt management strategy.

**Monetary and financial sector policies.** The exchange rate peg remains an appropriate nominal anchor for monetary policy. The external position was substantially weaker than warranted by medium-term fundamentals and desirable policies in 2025, reflecting an excessive reliance on oil exports and inadequate public and private saving of oil revenue. Fiscal consolidation to reinforce intergenerational equity, together with structural reforms to enhance competitiveness, would help strengthen the external position and support the exchange rate peg. Systemic risk remains contained and prudently managed.

**Structural reforms.** A comprehensive and well-sequenced structural reform package should be implemented to unify the labor market and improve the business environment. The priorities include reducing the public sector wage premium, scaling up the supply of housing, and deepening the financial markets. Data provision has some shortcomings that somewhat hamper surveillance.

Approved By
**Zeine Zeidane (MCD) and Koshy Mathai (SPR)**

Discussions were held from December 3 to 17, 2025 in Kuwait City, Kuwait. The mission team comprised Francisco Parodi (head), Diva Singh, Sahra Sakha, and Francis Vitek (all MCD). Advisor to Executive Director Fajer Alhajji also attended the meetings. The mission met with Prime Minister Al-Sabah, Acting Minister of Finance Al-Mukhaizeem, Central Bank Governor Al-Haroon, Minister of Housing Al-Meshari, Minister of Public Works Al-Mashaan, Financial Intelligence Unit Head Al-Mekrad, Civil Service Commission Director Al-Rubaiaan, other senior public sector officials, private sector representatives, and civil society members. Support from headquarters was provided by Esther George and Nareg Mesrobian.

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# CONTEXT

1. **Kuwait has started the transition from an oil dependent welfare state towards a dynamic and diversified economy.** Momentum to implement fiscal and structural reforms has been building in Kuwait, to support its Vision 2035 aspiration to diversify the economy. Notably, the Financing and Liquidity Law was enacted in March 2025, permitting the government to issue debt for the first time since 2017. The authorities have also announced major public investments in housing, electricity and water, and transportation infrastructure, amounting to 26 percent of GDP cumulatively from 2025 through 2030.

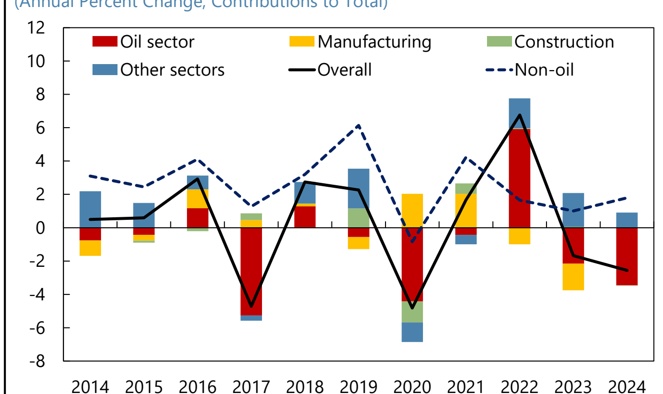
2. **Implementation of a package of fiscal and structural reforms is needed to diversify the economy.** To achieve long-term fiscal sustainability while maintaining growth and containing inflation, these economic reforms should be comprehensive and well-sequenced. To support the authorities, the 2025 Article IV Consultation with Kuwait focused on: i) fiscal and structural reforms to achieve its Vision 2035 aspiration to diversify the economy; ii) monetary and financial sector policies to maintain macrofinancial stability; and iii) strengthening economic statistics to enable well-informed policymaking.

# DEVELOPMENTS, THE OUTLOOK AND RISKS

## A. Recent Economic Developments

3. **The economy is recovering from recession.** Real GDP declined by 2.6 percent in 2024, extending the 1.7 percent downturn from 2023. The contraction was driven by a 6.9 percent fall in oil sector output from further OPEC+ production cuts. In contrast, the non-oil sector expanded by 1.8 percent, supported by resilient private domestic demand amid robust credit growth. A recovery is underway, with real GDP expanding by 1.7 percent (y-o-y) in 2025Q2 driven by robust non-oil growth of 3.1 percent (y-o-y), and PMI readings signaling a continuation through year-end.

**Real GDP Growth**
(Annual Percent Change; Contributions to Total)

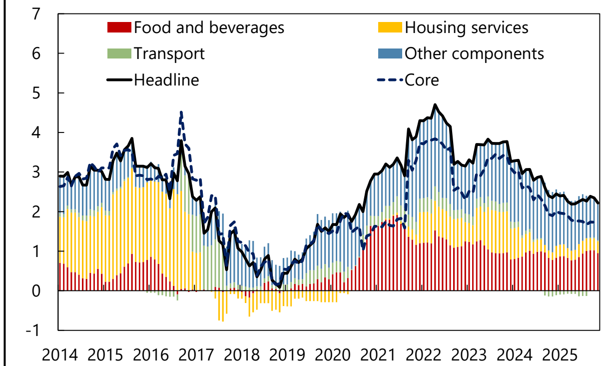



Sources: Kuwaiti authorities; IMF staff calculations.

**4. Inflation and employment growth continue to moderate.** Headline CPI inflation fell to 2.9 percent in 2024, from 3.6 percent in 2023, reflecting lower core and food inflation. Headline CPI inflation held steady at 2.4 percent (y-o-y) in November, with high food inflation offsetting subdued core inflation. Employment growth moderated to 3.4 percent in 2024, from 7.5 percent in 2023, as the post-pandemic rebound in private sector employment of expatriates subsided. For the first time in a decade, Kuwaitis filled more new jobs in the private sector than the public sector in 2024, amid subdued hiring by and elevated retirements from the government.

**CPI Inflation**

(Annual Percent Change; Contributions to Total)



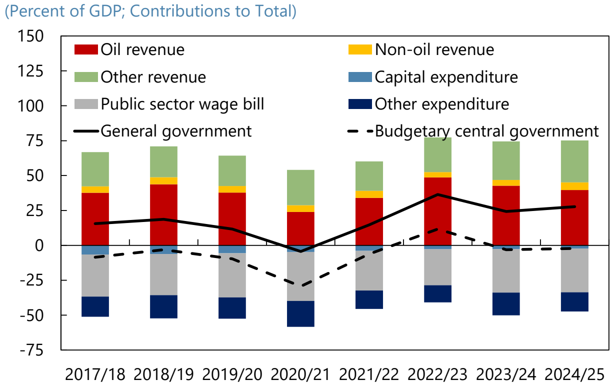

Sources: Kuwaiti authorities; IMF staff calculations.

**5. External buffers remain strong, but the external position is substantially weaker than warranted by medium-term fundamentals and desirable policies.** The current account surplus moderated to 29.1 percent of GDP in 2024, from 31.1 percent of GDP in 2023, with lower oil exports more than offsetting higher non-oil exports and investment income. This trend accelerated through 2025Q3, when the current account surplus fell by 27.2 percent (y-o-y), reflecting lower oil exports and higher goods imports concentrated in oil sector investment. Official reserve assets stood at US$40.8 billion at end-2025, equivalent to 7.0 months of projected imports or 104.2 percent of the ARA metric. The external position was substantially weaker than the level implied by medium-term fundamentals and desirable policies in 2025, reflecting an excessive reliance on oil exports and inadequate public and private saving of oil revenue (Annex II). This public saving shortfall is apparent in both the external and fiscal balances, which remain well below their Permanent Income Hypothesis (PIH) targets consistent with intergenerational equity.[1]

**6. The fiscal balance improved despite lower oil revenue.** The fiscal deficit of the budgetary central government narrowed to 2.2 percent of GDP in FY2024/25, from 3.1 percent of GDP in FY2023/24. This primarily reflected moderation of energy subsidies alongside international fuel prices and mobilization of non-oil revenue by raising government service fees.[2] At the general government level, the fiscal surplus widened to 27.7 percent of GDP in FY2024/25, from

**Fiscal Balance**

(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

[1] The consumption module of the EBA-Lite methodology was used to reflect the PIH calculation relevant for large commodity exporters (Annex II).

[2] The fiscal year starts on April 1 and ends on March 31.

24.3 percent of GDP in FY2023/24, also reflecting higher estimated Kuwait Investment Authority (KIA) investment income. The assets under management of the KIA are estimated to have surged to 640 percent of GDP at end-2025, from 605 percent of GDP at end-2024, thanks to strong global investment returns.[3] The government resumed sovereign debt issuance, placing 4.6 percent of GDP in domestic bonds and 7.2 percent of GDP in external bonds in 2025. This debt issuance is intended to finance budgetary central government fiscal deficits and replenish the General Reserve Fund (GRF) managed by the KIA, while developing the domestic debt market and establishing a benchmark sovereign yield curve. The overall risk of sovereign stress is low (Annex IV).

**7. Credit growth has been picking up, despite still elevated interest rates.** Growth in credit to the non-financial private sector increased to 6.8 percent in 2025, from 5.2 percent in 2024, supported by stronger non-oil growth. This credit expansion has been broad-based.

**8. The regional conflicts had limited economic impacts.** Given its oil dependent economy, Kuwait was mainly exposed through oil prices and production, neither of which were heavily impacted. Regional shipping disruptions did not curtail its oil exports.

## B. The Outlook and Risks

**9. Under the baseline assuming current policies, the economy is projected to recover in the short run, and to expand further over the medium term:**

- Real GDP is projected to expand by 2.6 percent in 2025 and 3.8 percent in 2026, driven by the unwinding of OPEC+ production cuts and robust non-oil growth, then will stabilize just above 2.0 percent over the medium term.
- Non-oil GDP is projected to expand by 2.7 percent in 2025 and 3.0 percent in 2026 on the back of the public investment scale-up, then will grow at its potential rate of 2.7 percent over the medium term.
- Headline CPI inflation is projected to moderate to 2.3 percent in 2025 and 2.1 percent in 2026, then will stabilize just below 2.0 percent over the medium term.
- The current account surplus is projected to moderate to 23.6 percent of GDP in 2025 and 19.6 percent of GDP in 2026, primarily reflecting lower oil exports, then will gradually decline over the medium term.
- The fiscal deficit of the budgetary central government is projected to increase to 8.7 percent of GDP in FY2025/26 and 9.4 percent of GDP in FY2026/27, given higher spending and lower oil revenue, then will widen to 11.5 percent of GDP by FY2031/32.

[3] Source is Global SWF Annual Reports.

- Gross government debt will steadily rise to 36.3 percent of GDP by FY2031/32. Financing budgetary central government fiscal deficits from FY2025/26 through FY2031/32 will require additional net financing of 32.0 percent of GDP.

- Credit to the non-financial private sector is projected to expand by 6.1 percent in 2026 reflecting robust non-oil growth, then will stabilize just above 5.0 percent over the medium term.

**10. The risks around these baseline economic projections are broadly balanced (Annex III):**

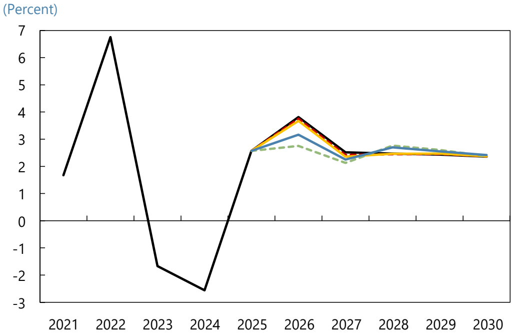
- The economy is highly exposed to a variety of global risks through its oil dependence, especially to commodity price volatility, a global growth slowdown or acceleration, and shifts in global financial conditions. The materialization of these risks would be transmitted to Kuwait mainly via their impacts on oil prices and OPEC+ production, as illustrated by a quantitative global growth slowdown scenario.

- The main domestic risk is changes in the speed of structural reforms and associated infrastructure project implementation to diversify the economy.

## Global Downside Risk Scenario Simulation Results

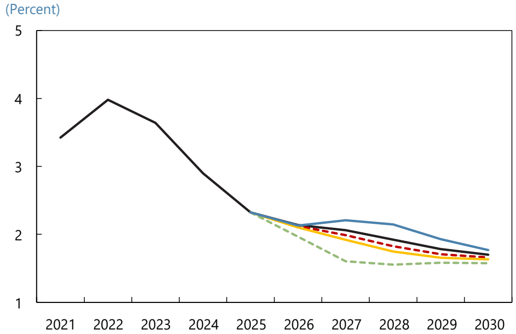
(GCC-DSGE Model: Additive Decomposition)

**Real GDP Growth**
(Percent)



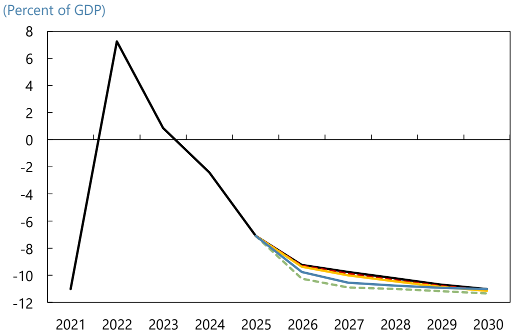

Sources: IMF staff estimates.

**CPI Inflation**
(Percent)



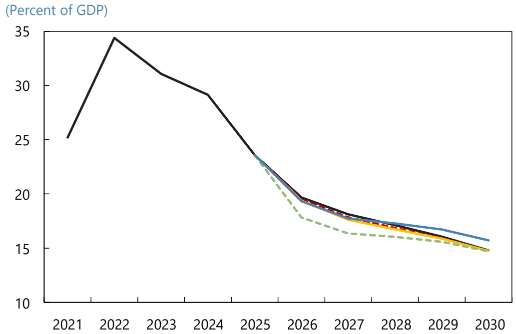

Sources: IMF staff estimates.

**Fiscal Balance of Budgetary Central Government**
(Percent of GDP)




Sources: IMF staff estimates.

**Current Account Balance**
(Percent of GDP)




Sources: IMF staff estimates.

**Legend:** — Baseline scenario --- +China housing correction — +EA sovereign stress --- +US import tariffs — +Dollar depreciation

**Note:** The scenario assumes: i) a persistent 10 percent decrease in the real price of housing and 10 percent reduction in the real price of equity in China phased in over 2 years; ii) a persistent 100 basis point increase in the term premium and 10 percent reduction in the real price of equity in the Euro Area phased in over 1 year; iii) a persistent 10 percentage point increase in the non-oil import tariff rate and 10 percent reduction in the real price of equity in the United States phased in over 1 year; and iv) a permanent 10 percent depreciation of the dollar in nominal effective terms phased in over 1 year.

***Authorities' Views***

**11. The authorities broadly agreed with staff's assessment of recent economic developments, the outlook and risks.** The authorities' non-oil growth outlook is underpinned by the accelerated implementation of large-scale public investment projects, including the Northern Economic Zone, Mubarak Al-Kabeer Port, the T2 Airport, and the GCC railway. While they did not dispute staff's bottom-line external sector assessment, they questioned the applicability of the EBA-lite framework to assessing Kuwait's external position, given the oil dependent nature of its economy.[4] They also expected the current account surplus to decline slower than staff, due to increased tourism receipts and contained remittance outflows.

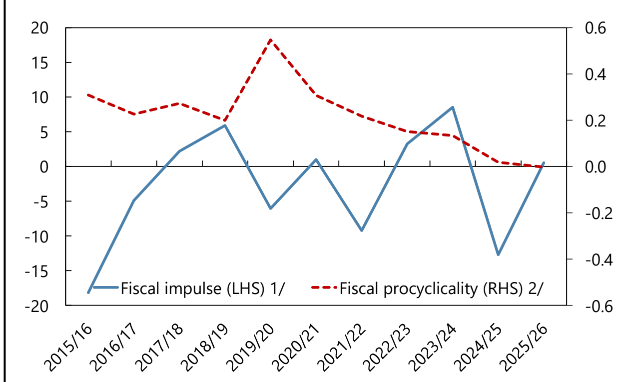
# POLICY DISCUSSIONS

**12. The authorities aspire to diversify the economy under their Vision 2035.** Alongside the public investment scale-up, they are working on wide-ranging fiscal and structural reforms, including to energy subsidies and mortgage lending. However, in the absence of a comprehensive plan, these efforts risk being implemented on a piecemeal basis, limiting their effectiveness. To achieve long-term fiscal sustainability while maintaining growth and containing inflation, implementation of a comprehensive and well-sequenced package of fiscal and structural reforms is needed. Fiscal reforms should reinforce intergenerational equity while incentivizing Kuwaitis to pursue jobs in the private sector. In parallel, structural reforms should unify the labor market and improve the business environment.

## A. Fiscal Policy

**13. The stance of fiscal policy is projected to be neutral in FY2025/26, while its conduct has become less procyclical over time.** The stance of fiscal policy is projected to be roughly neutral in FY2025/26, with a fiscal impulse of 0.5 percent of non-oil GDP. This follows the large fiscal consolidation in FY2024/25, when the fiscal impulse was −12.7 percent of non-oil GDP. The conduct of fiscal policy has become less procyclical over time, as measured by the rolling correlation between the fiscal impulse and real price of oil. Fiscal policy is estimated to be roughly acyclical in FY2025/26.

**Fiscal Impulse and Procyclicality**




Sources: Kuwaiti authorities; IMF staff estimates.

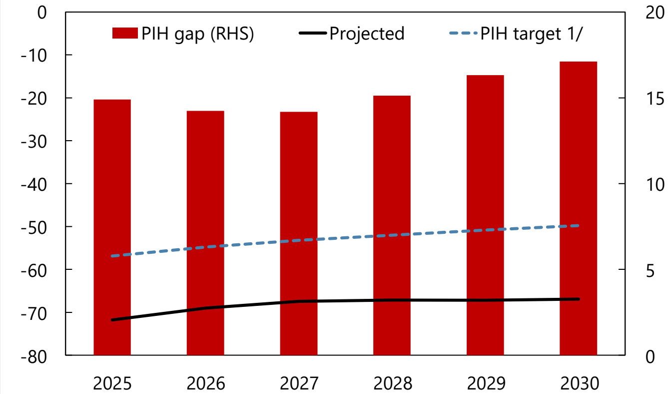
1/ Change in the non-oil fiscal deficit of the budgetary central government in percent of non-oil GDP.

2/ Rolling correlation between the fiscal impulse and real price of oil over a centered 11 year window.

[4] Staff assigns the most weight to the consumption-based external sustainability approach, which reflects the PIH calculation relevant to oil exporters.

**14. Relative to the baseline, further fiscal consolidation is needed to reinforce intergenerational equity.** In 2025, the non-oil fiscal balance of the budgetary central government is estimated to fall short of its PIH target by 14.9 percent of non-oil GDP (9.1 percent of GDP). Despite a projected fiscal consolidation of 4.9 percent of non-oil GDP from 2025 to 2030, this PIH gap is projected to widen to 17.1 percent of non-oil GDP by 2030 (11.1 percent of GDP). While this PIH analysis is subject to considerable uncertainty, it indicates that given proven hydrocarbon reserves, Kuwait would need to undertake substantial further fiscal consolidation beyond that projected under the baseline to equitably distribute oil wealth across current and future generations, accounting for population growth. Given large fiscal buffers, gradual fiscal consolidation is appropriate, at a pace of about 1.6 percent of non-oil GDP (1.0 percent of GDP) per year. This would close the PIH gap after about 10 years.

**Non-Oil Fiscal Balance of Budgetary Central Government**
(Percent of Non-Oil GDP)




Sources: Kuwaiti authorities; 2025 Global SWF Ranking; IMF staff estimates.

1/ Consumption-based fiscal sustainability approach for large exporters of exhaustible commodities, using a constant real per capita annuity target. Assumes a long run growth rate of real oil prices of 0 percent, return on KIA assets of 5 percent, and growth rate of the Kuwaiti population of 1 percent.

**15. Tax and expenditure policy reforms should underpin fiscal consolidation, as illustrated by a quantitative reform scenario:**

- Fiscal consolidation should be implemented at a pace of about 1.6 percent of non-oil GDP (1.0 percent of GDP) per year until the PIH fiscal balance target is achieved. This would reverse the projected roughly 0.5 percent of GDP per year increase in the fiscal deficit of the budgetary central government over the medium term, strengthening the fiscal and external positions with manageable impacts on growth and inflation.

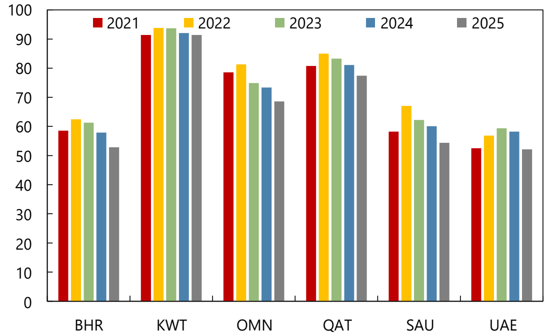
- The hydrocarbon share of government revenue remains the highest in the GCC. To mobilize non-oil revenue, the 15 percent CIT should be extended to all domestic companies, while the GCC-wide excise tax and 5 percent VAT should be introduced. The authorities are developing plans to implement these tax reforms.

- Compensation of government employees is by far the highest in the GCC (Box 1). The authorities are developing plans to reform the civil service. A performance-based public sector wage setting mechanism that constrains wage growth below inflation should be introduced to gradually reduce the large premium over the private sector, while a hiring cap that limits recruitment to retirements should be used to steadily lower the public sector employment share. Allowances should be streamlined or integrated into base salaries.

## Figure 1. Kuwait: Tax and Expenditure Policy Indicators

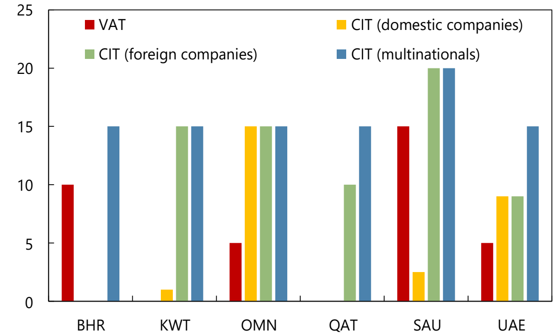
*There is substantial scope to further mobilize non-hydrocarbon revenue in Kuwait.*

### Hydrocarbon Share of Government Revenue 1/
(Percent)




Sources: IMF October 2025 MCD REO; IMF staff estimates.

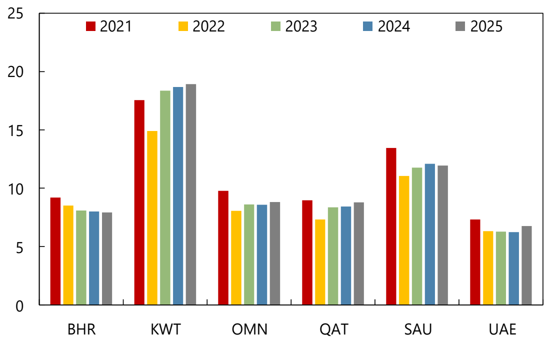
### Current Tax Rates
(Percent)




Sources: PWC Worldwide Tax Summaries; IMF staff calculations.

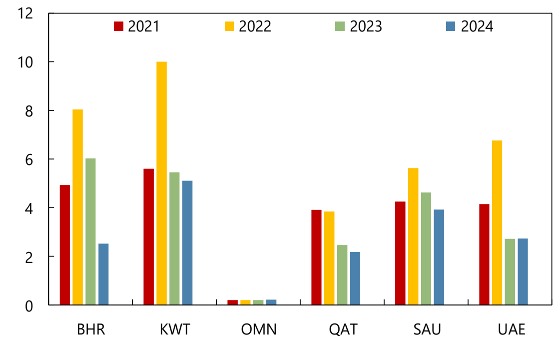
*Shifts in the composition of government expenditures are warranted to promote economic diversification.*

### Compensation of Government Employees
(Percent of GDP)




Sources: IMF October 2025 WEO; IMF staff calculations.

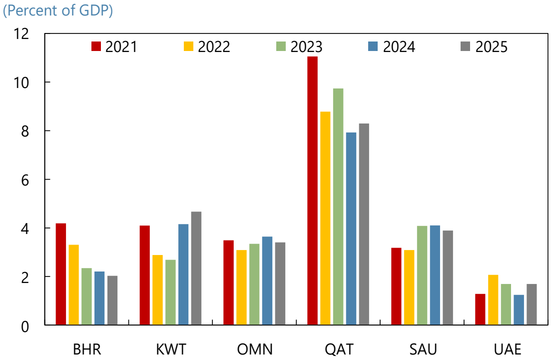
### Energy Subsidies
(Percent of GDP)




Sources: IEA; IMF October 2025 WEO; IMF staff calculations.

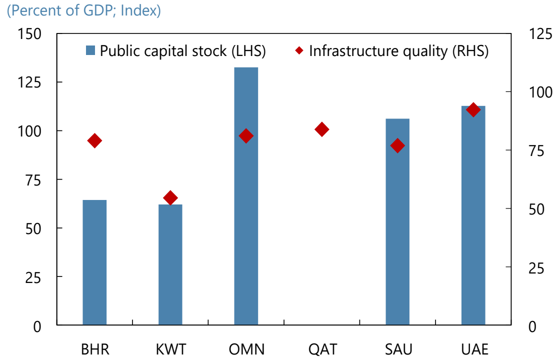
*Public investment should be further scaled up to improve infrastructure in Kuwait.*

### Public Investment
(Percent of GDP)




Sources: IMF October 2025 WEO; IMF staff calculations.

### Public Infrastructure 2/
(Percent of GDP; Index)




Sources: IMF FAD Expenditure Assessment Tool.

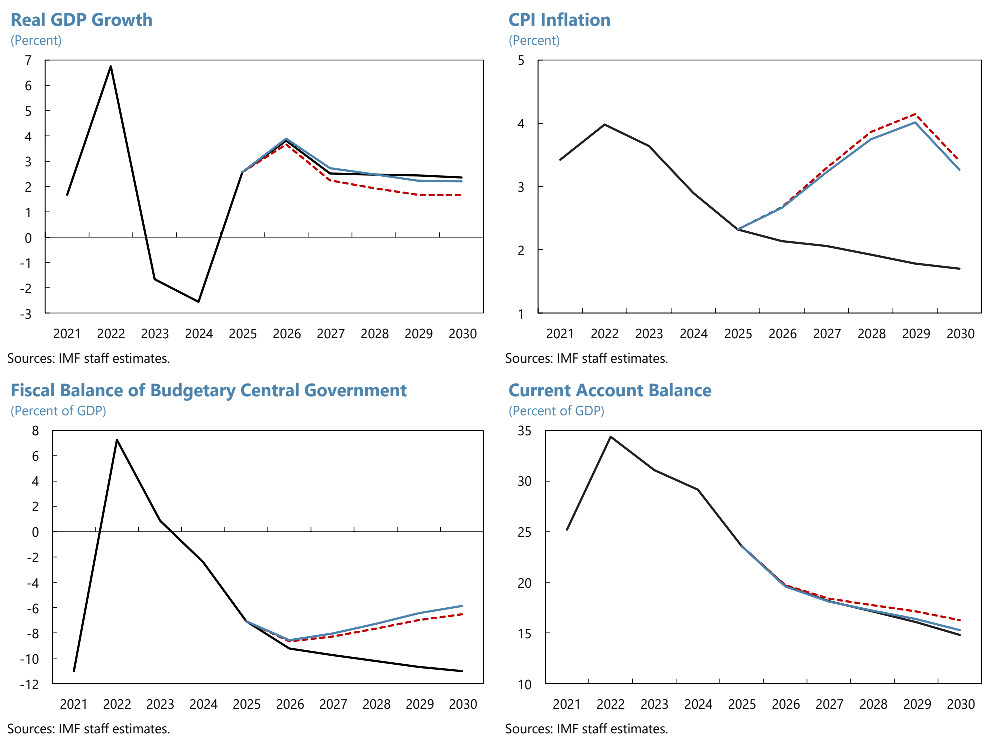
1/ Includes CIT on hydrocarbon extraction companies and profit transfers from hydrocarbon extraction SOEs. Also includes SWF investment income for Kuwait.
2/ Infrastructure quality is measured by a global index where 100=best and 0=worst. Public capital stock data is unavailable for Qatar.

- The authorities are considering options to rationalize energy subsidies, which are the highest in the GCC (Box 2). They should be reduced at a pace of about 0.8 percent of non-oil GDP (0.5 percent of GDP) per year by gradually raising retail fuel, electricity and water prices towards their GCC-average levels while providing targeted transfers to vulnerable groups via the existing social assistance system. Electricity generation and distribution efficiency should be enhanced to reduce costs.

- An increase in public investment is underway, but the quantity and quality of infrastructure remains the lowest in the GCC (Section D). On-budget public investment could be scaled up at a pace of about 0.6 percent of non-oil GDP (0.4 percent of GDP) per year to build up the quantity and quality of infrastructure, while mitigating the contractionary impact of fiscal consolidation on the economy. Administering more public investment projects on-budget would enhance fiscal transparency.

**Reform Scenario Simulation Results**

(GCC-DSGE Model: Additive Decomposition)




**Legend:** — Baseline scenario - - - +Fiscal reforms — +Structural reforms

**Note:** The scenario assumes: i) a permanent 2.5 percent of GDP reduction in compensation of government employees phased in linearly over 5 years; ii) a permanent 2.5 percent of GDP reduction in hydrocarbon consumption subsidies phased in linearly over 5 years; iii) a permanent 2.0 percent of GDP increase in public investment phased in linearly over 5 years; iv) the permanent imposition of a 5 percent excise tax on alcohol, pork, sugary drinks and tobacco phased in linearly over 2 years from 2026; v) the permanent imposition of a 5 percent VAT phased in linearly over 2 years from 2028; vi) a structural reform induced permanent 2.7 percent increase in labor productivity phased in linearly over 5 years; and vii) a confidence induced permanent 2.0 percent increase in private consumption, 8.0 percent increase in residential investment and 8.0 percent increase in business investment phased in linearly over 5 years. The effect on labor productivity of a structural reform package of product market, labor market and governance measures is estimated for Kuwait at the 5-year horizon using a local projection panel regression spanning the GCC countries over the period 2000 through 2021, following the October 2023 Regional Economic Outlook for the Middle East and Central Asia.

**16. Gradual fiscal consolidation should be supported by comprehensive PFM reforms to strengthen the conduct of fiscal policy (Box 3).** A priority is to develop a medium-term fiscal framework, including a fiscal rules framework with a ceiling on public debt and a target for the non-oil fiscal balance of the budgetary central government. This would help align government budgets with achieving fiscal policy objectives over the short to medium run, while strengthening fiscal risk management through contingency planning amid volatile hydrocarbon revenues. In addition, the coverage of the fiscal accounts statistics should be expanded to the general government level, and the timeliness of reporting improved. Furthermore, public investment management assessments should be undertaken periodically to ensure best practice in infrastructure governance and track contingent liabilities. Finally, the government should publish a medium-term debt management strategy including a bond issuance calendar to inform investors.

### Reform Scenario Simulation Results: Fiscal Balance of Budgetary Central Government

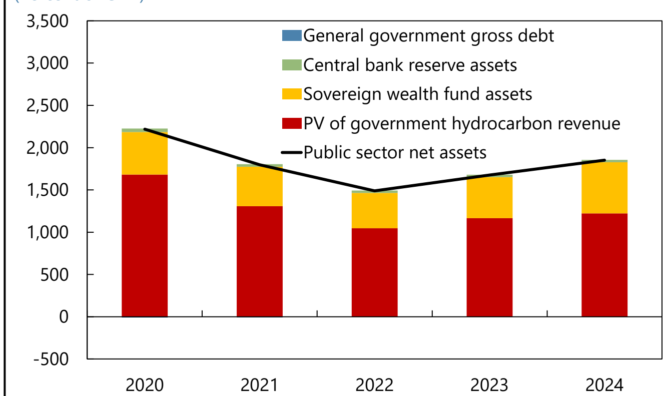
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| | (Deviations from Baseline) | | | | | |
| Public sector wage bill rationalization | | | | | | |
| Millions of Kuwaiti dinars | 0 | 165 | 448 | 757 | 1,093 | 1,454 |
| Percent of GDP | 0.00 | 0.34 | 0.88 | 1.42 | 1.96 | 2.50 |
| Percent of non-oil GDP | 0.00 | 0.54 | 1.38 | 2.21 | 3.05 | 3.87 |
| Energy subsidy reform | | | | | | |
| Millions of Kuwaiti dinars | 0 | 165 | 448 | 757 | 1,093 | 1,454 |
| Percent of GDP | 0.00 | 0.34 | 0.88 | 1.42 | 1.96 | 2.50 |
| Percent of non-oil GDP | 0.00 | 0.54 | 1.38 | 2.21 | 3.05 | 3.87 |
| Public investment scale up | | | | | | |
| Millions of Kuwaiti dinars | 0 | -132 | -358 | -605 | -874 | -1,163 |
| Percent of GDP | 0.00 | -0.27 | -0.70 | -1.14 | -1.57 | -2.00 |
| Percent of non-oil GDP | 0.00 | -0.43 | -1.10 | -1.77 | -2.44 | -3.09 |
| Introduction of excises | | | | | | |
| Millions of Kuwaiti dinars | 0 | 82 | 214 | 263 | 262 | 265 |
| Percent of GDP | 0.00 | 0.17 | 0.42 | 0.49 | 0.47 | 0.46 |
| Percent of non-oil GDP | 0.00 | 0.27 | 0.66 | 0.77 | 0.73 | 0.71 |
| Introduction of VAT | | | | | | |
| Millions of Kuwaiti dinars | 0 | 0 | 0 | 188 | 493 | 602 |
| Percent of GDP | 0.00 | 0.00 | 0.00 | 0.35 | 0.88 | 1.03 |
| Percent of non-oil GDP | 0.00 | 0.00 | 0.00 | 0.55 | 1.37 | 1.60 |
| Structural reforms | | | | | | |
| Millions of Kuwaiti dinars | 0 | 9 | 30 | 64 | 101 | 133 |
| Percent of GDP | 0.00 | 0.02 | 0.06 | 0.12 | 0.18 | 0.23 |
| Percent of non-oil GDP | 0.00 | 0.03 | 0.09 | 0.19 | 0.28 | 0.35 |
| Confidence effects | | | | | | |
| Millions of Kuwaiti dinars | 0 | 32 | 87 | 143 | 200 | 255 |
| Percent of GDP | 0.00 | 0.06 | 0.17 | 0.27 | 0.36 | 0.44 |
| Percent of non-oil GDP | 0.00 | 0.10 | 0.27 | 0.42 | 0.56 | 0.68 |
| Total | | | | | | |
| Millions of Kuwaiti dinars | 0 | 320 | 869 | 1,566 | 2,368 | 3,000 |
| Percent of GDP | 0.00 | 0.66 | 1.70 | 2.94 | 4.24 | 5.16 |
| Percent of non-oil GDP | 0.00 | 1.04 | 2.67 | 4.58 | 6.60 | 7.98 |

Sources: IMF staff estimates.

**17. A sovereign asset-liability management framework should be developed to safeguard the public sector balance sheet.** Kuwait has a very strong public sector balance sheet, supported by large proven oil reserves and estimated KIA assets, versus low government debt. However, an increasing share of public investment is occurring off-budget, potentially exposing the government to greater contingent liabilities. The government should develop a sovereign asset-liability management framework to balance intergenerational fiscal policy tradeoffs while managing risks to the public sector balance sheet, which should be compiled and reported to enhance fiscal transparency.[5]

**Partial Public Sector Balance Sheet**

(Percent of GDP)




Sources: Kuwaiti authorities; 2025 Global SWF Ranking; IMF staff estimates.

## Box 1. Kuwait: Managing the Public Sector Wage Bill

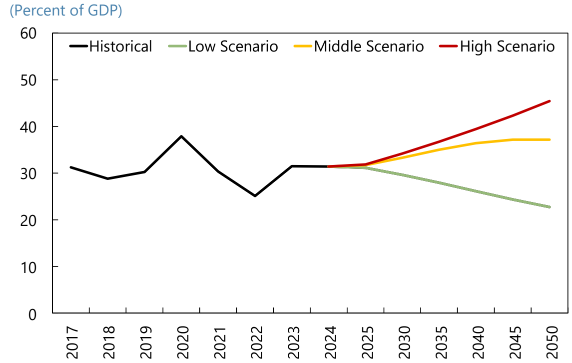
**Context.** At over 31 percent of GDP in FY 2024/25, Kuwait's public sector wage bill including allowances is the highest in the GCC as a share of GDP, and among the highest globally. Over the past 5 years, the wage bill has grown by about 15 percent in nominal terms, reflecting employment growth and increases in allowances. About 80 percent of employed Kuwaitis work for the government, with public employment offering stronger job security, shorter working hours, and a 40 to 60 percent wage premium over comparable private sector jobs. The resultant burgeoning public sector wage bill has crowded out public investment and hampered private sector development by raising the reservation wages that private firms must offer to compete with the government.

**Salaries.** The structure of public salaries is complex and fragmented, governed by about 20 different pay scales and 60 types of allowances under the Civil Service Commission (CSC). Basic pay for civil service employees has not been revised for decades, and is neither indexed to inflation nor any other metric. As a result, allowances now account for up to 70 percent of salaries and are set independently by line ministries with little oversight by the CSC or Ministry of Finance. Importantly, the current wage and promotion system, stipulated in the Civil Service Law, prioritizes tenure over productivity and performance.

**Outcomes.** Despite the high public sector wage bill, outcomes in critical areas, such as government effectiveness (which captures perceptions of public service quality, civil service performance, and policy implementation) and education, lag behind GCC and other regional or income peers. Given a rapidly growing youth

**Public Sector Wage Bill: Scenario Analysis 1/**

(Percent of GDP)




Sources: Kuwaiti authorities; IMF staff estimates.

1/ The scenario analysis depends on assumptions regarding demographics, public sector hiring, and public sector wages.

[5] See the Staff Report for the 2023 IMF Article IV Consultation with Kuwait, Annex V.

### Box 1. Kuwait: Managing the Public Sector Wage Bill (concluded)

population, if public hiring were to continue at its current pace, the wage bill could reach 45 percent of GDP by 2050, putting major strain on public finances.

**Reforms.** In January 2026, following a government-mandated review of the Civil Service Law aimed at instating a more efficient and merit-based system, the Civil Service Council approved amendments to the Law linking allowances and other benefits to actual performance. Building on this important step, to enhance public sector efficiency and secure long-term fiscal sustainability, the authorities should consider additional measures, including:

- Adoption of a medium-term wage bill management strategy to guide hiring and pay policies, consistent with overall fiscal objectives and setting clear targets for wage bill growth.
- Simplification and unification of the wage structure through integration of multiple allowances into a revised base salary scale, and establishment of a structured wage-setting mechanism to enhance transparency and consistency.

In parallel, steps should be taken to incentivize private sector employment, including by reducing the reservation wage and public-private wage divide, introducing time-bound wage subsidies to kickstart private sector jobs, aligning non-wage benefits, and strengthening targeted skills development and vocational training.

### Box 2. Kuwait: Reforming Energy Subsidies

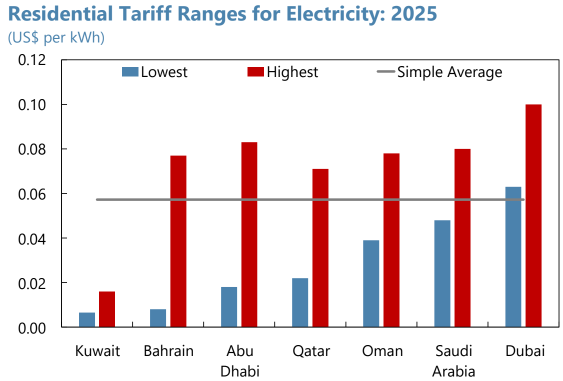
**Context.** Kuwait's longstanding system of energy subsidies has been a foundational element of its social contract. However, with domestic energy prices among the lowest in the GCC and the world, these subsidies have also contributed to Kuwait having some of the highest per capita energy consumption rates globally, at an estimated fiscal cost of 7 percent of GDP in 2024 (Figure 1). To incentivize more efficient energy use, strengthen public finances, and create fiscal space for public investment in infrastructure, reforming untargeted energy subsidies is an urgent priority.

**Electricity subsidies.** The Ministry of Electricity, Water and Renewable Energy (MoEWRE) purchases fuel for electricity generation from the Kuwait Petroleum Corporation (KPC) at cost-recovery prices that reflect international reference prices and other costs borne by the KPC. On the demand side, Kuwait's electricity tariffs have been set to support social objectives. Over the past decade, electricity demand has risen steadily, putting pressure on the system. The authorities have announced plans to add 14 GW of new electricity generation capacity by 2031 through PPPs.

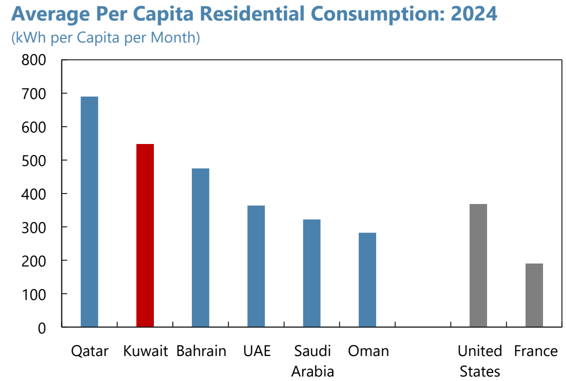
The fiscal cost of electricity subsidies is estimated at 5.5 percent of GDP in 2024, driven by very low tariffs, weak invoicing and payment compliance, and over-consumption. With tariff levels de-linked from consumption, larger subsidies accrue to households with higher consumption levels, leaving little incentive for efficiency. Despite their magnitude, the fiscal cost of electricity subsidies is neither calculated nor transparently reported in the budget.

## Box 2. Kuwait: Reforming Energy Subsidies (concluded)

### Residential Electricity Tariffs and Consumption




Sources: National Electricity Utilities; IEA; IMF staff calculations.




Sources: National Electricity Utilities; IEA; IMF staff calculations.

**Fuel subsidies.** Kuwait's oil sector is dominated by the KPC, which enjoys monopoly rights over the upstream, midstream, and downstream sectors. The MoO purchases fuel products from the KPC at the latter's export sales' prices and sells them on the domestic market at regulated prices. The difference between domestic regulated prices and the MoO's purchase prices represents the fuel subsidy. The average annual fiscal cost of fuel subsidies was 1.5 percent of GDP from 2021 through 2024. Unlike electricity subsidies, fuel subsidies are transparently reported in the budget. However, as for electricity, the MoF caps budget appropriations for the MoO's fuel purchases that can lead to arrears to the KPC. Fuel subsidies are also regressive and encourage wasteful consumption.

**Reforms.** The authorities are developing energy subsidy reforms, supported by IMF TA. Initial steps focused on improving electricity payment compliance and collection—supported by installing smart meters throughout the country—are underway. A comprehensive energy subsidy reform would need to be carefully calibrated and sequenced after close engagement with relevant stakeholders, to ensure its effective implementation and long-term sustainability. Key elements would include:

- A gradual increase in retail prices to target GCC-average electricity tariff and fuel price levels over the medium-term.
- Cash transfers to compensate households for the negative welfare impacts of higher energy prices.
- Targeted and temporary support to disproportionately affected firms.
- Enforcement of payment compliance for electricity tariffs.
- Medium-term investments to modernize power stations and the grid to reduce operational inefficiencies and technical losses that inflate supply costs.
- Measures to strengthen the governance of energy pricing. Fuel prices paid to the KPC should reflect the opportunity cost of not selling these products internationally.

### Box 3. Kuwait: Modernizing Public Financial Management

**Context.** Strong fiscal institutions and Public Financial Management (PFM) can help Kuwait ensure its oil wealth is used effectively. The Ministry of Finance (MoF) adopted a Treasury Single Account (TSA) in 2008 and other measures to improve its budget classification and information management systems, but reform momentum has waned over the past decade. As Kuwait now looks to deliver on the government's economic transformation agenda, including through enhanced public spending efficiency, the authorities have requested IMF TA to facilitate the move to a medium-term fiscal and budgetary framework. This will require strengthened macro-fiscal forecasting capacity and budget management processes.

**Reforms:**

- *Building macro-fiscal forecasting capacity and tools.* A strong macro-fiscal function is particularly important in Kuwait, where oil price volatility has a significant impact on macroeconomic and fiscal outcomes. Producing credible medium-term macro-fiscal forecasts can facilitate analysis and ensure that fiscal policy settings are appropriate. The technical capacity of the MoF's Macro-Fiscal Policy Department would need to be significantly enhanced to monitor macro-fiscal developments and understand their impact on the budget and economy, with the goal of producing rolling medium-term macro-fiscal projections.
- *Strengthening budget preparation.* Sound budget preparation requires top-down determination of an aggregate expenditure ceiling, together with bottom-up allocation of resources and preparation of budget proposals based on this ceiling. While this process currently exists, determination of the top-down envelope is based on a backward-looking average of preceding years' outcomes rather than a forward-looking approach grounded in a medium-term fiscal anchor that could be supported on an annual basis by flow-based fiscal rules. Such an approach would facilitate medium-term fiscal planning and prioritization, allowing for more effective resource allocation and greater transparency and credibility.
- *Strengthening budget execution, monitoring and management.* The TSA, GFMIS and centralized cash management systems provide a solid foundation for comprehensive budget execution and medium-term budgeting. However, rigid virement rules and lack of flexibility to respond to unavoidable in-year spending needs above allocated amounts lead to the frequent build-up of arrears, the settlement of which is complex and untransparent. This is particularly pertinent given the exogenous volatility of the budget arising from unanticipated changes in oil prices and fuel subsidies. Enhanced flexibility for in-year budget adjustments, including a credible mechanism to address fuel subsidy volatility, and a formal contingency reserve for urgent unavoidable spending, would facilitate transparency and monitoring.

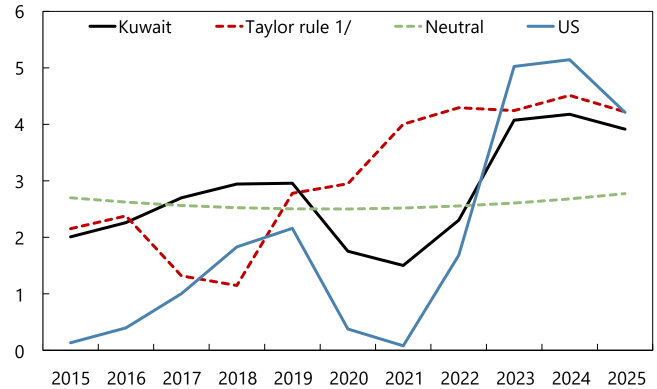
## B. Monetary and Exchange Rate Policies

18. **The exchange rate peg to an undisclosed basket of currencies remains an appropriate nominal anchor for monetary policy.** It has helped support macroeconomic stability, including relatively low and stable inflation, while limiting financial stability risks associated with exchange rate volatility. Sustaining this successful monetary policy track record requires preserving the independence of the Central Bank of Kuwait (CBK). The exchange rate peg is credible and has not been subject to market pressure. It is supported by a large and rising net foreign asset position, estimated at US$1,287 billion (803 percent of GDP) at end-2024. Staff's models suggest weak

external price competitiveness, reflecting public and private saving-investment imbalances (Annex II). These saving-investment imbalances are driven by fiscal (excessive current spending, inadequate non-oil revenue mobilization) and structural (dual labor market, challenging business environment, underdeveloped infrastructure) factors, which have eroded external price competitiveness. Fiscal consolidation to reinforce intergenerational equity, together with structural reforms to enhance competitiveness, would help strengthen the external position and support the exchange rate peg.

**19. The restrictive stance of monetary policy remains appropriate.** The particular features of Kuwait's exchange rate peg grant the CBK some monetary autonomy to pursue inflation and non-oil output stabilization objectives. The policy rate is currently in line with guidance from a Taylor rule, and remains above neutral despite 75 basis points of cuts since the Fed began its monetary easing cycle in September 2024. Under the baseline, monetary normalization should continue to follow the lead of the Fed and other systemic advanced economy central banks, as inflation further moderates and the non-oil output gap closes.

**Policy Rate**
(Percent)




Sources: Kuwaiti authorities; IMF staff estimates.

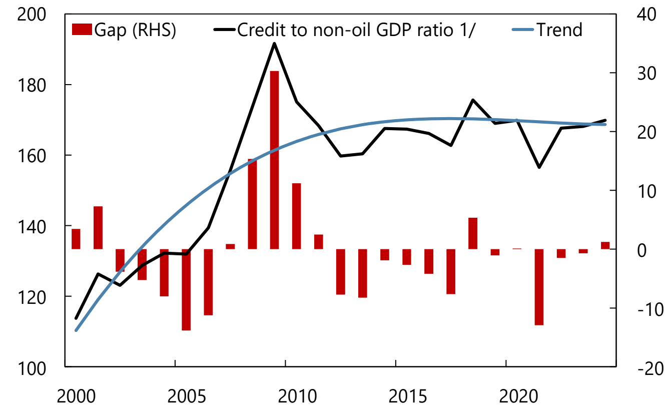
1/ The Taylor rule has a partial adjustment parameter of 0.5, an inflation gap response coefficient of 1.5, and a non-oil ouput gap response coefficient of 0.5.

**20. There is scope to strengthen the monetary transmission mechanism.** Continuing to deepen the domestic sovereign debt market through bond issuance will help deepen the interbank market by providing collateral for secured interbank lending, and will help develop the sovereign yield curve as a benchmark for efficiently pricing bank loans across maturities. Phasing out bank lending rate caps could also help strengthen monetary transmission.

## C. Financial Sector Policies

**21. The financial system is stable.** The banking system remains well-capitalized, liquid, and profitable. Nonperforming loans remain low and conservatively provisioned for.

**Credit to Non-Oil GDP Gap**
(Percent)




Sources: Kuwaiti authorities; IMF staff estimates.

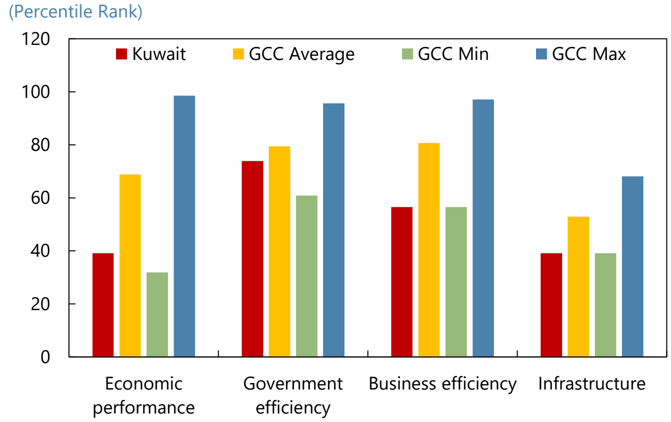
1/ Domestic bank credit to the domestic non-financial private sector in percent of non-oil GDP.

**22. Systemic risk remains contained.** Under the CBK's latest stress tests, the capitalization and liquidity of the banking system generally exceeded Basel III minimum requirements, while individual bank shortcomings were limited. The bank credit gap is estimated to be roughly closed, whereas the countercyclical capital buffer (CCyB) is currently set to zero. With a credit cycle upturn underway, the CBK should consider reclassifying part of its country-specific capital buffer as a positive neutral CCyB of around 1 percent, leaving overall capital requirements unchanged. To adapt to ongoing structural change, the CBK should also continue to regularly review the adequacy of its financial regulatory perimeter and extensive macroprudential policy toolkit. In particular, the forthcoming Real Estate Financing Law will permit banks to offer mortgage loans for the first time, transforming their balance sheets and potentially generating systemic risk. Finally, the CBK should continue its intrusive risk-based approach to microprudential supervision and regulation.

**23. Financial regulatory reforms are warranted to enhance financial intermediation efficiency.** The CBK is in the process of adopting the Basel III endgame requirements to constrain capital risk-weights. The unlimited guarantee on bank deposits should be replaced with a limited deposit insurance framework to address moral hazard, while bank lending rate caps should be phased out to support the efficient pricing of default risk and expand access to credit to riskier borrowers.

## D. Structural Reforms

**Competitiveness Indicators: 2025**
(Percentile Rank)



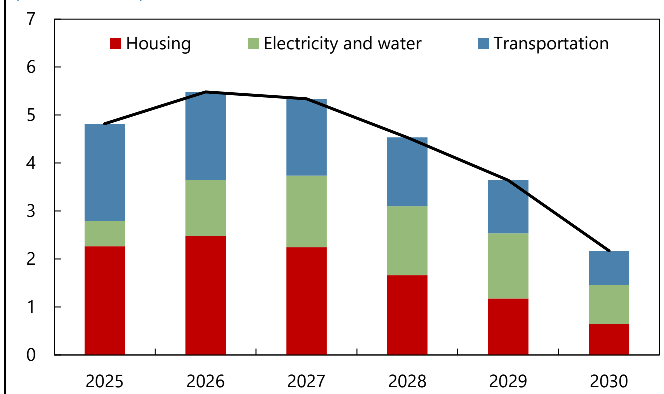

Sources: IMD World Competitiveness Ranking.

**24. A carefully sequenced structural reform package should be implemented to unify the labor market and improve the business environment.** Kuwait has lagged behind other GCC countries in implementing structural reforms and investing in infrastructure. The large state footprint has impeded non-oil growth, with the government owning most productive assets, employing nearly all Kuwaitis, and leading all megaprojects. To boost non-oil growth and exports while supporting private sector development amid weak external price competitivess, the priorities include reducing the public sector wage premium, scaling up the supply of housing, deepening the financial markets, and improving infrastructure.

**25. The authorities have announced new public investment projects to improve infrastructure.** These projects are concentrated in the housing, electricity and water, and transportation sectors. They are estimated to boost public investment spending by 26 percent of GDP cumulatively from 2025 through 2030. In this context, the authorities should strengthen their public investment management framework to ensure best practice in infrastructure governance and track contingent liabilities.

**Estimated Public Investment Projects**

(Percent of GDP)

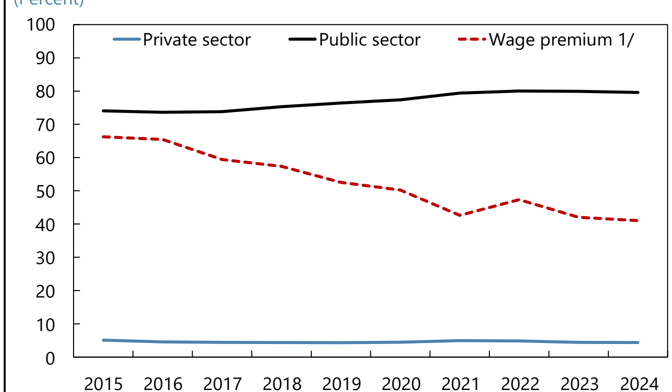



Sources: Kuwaiti authorities; IMF staff estimates.

**26. Labor market reforms are needed to tackle duality, boost productivity, and incentivize private sector-led growth.** The labor market remains highly segmented, with Kuwaitis overwhelmingly preferring public sector jobs for their attractive compensation and working conditions, while expatriates fill the vast majority of private sector jobs. Incentivizing Kuwaitis to pursue jobs in the private sector requires better aligning compensation and working conditions in the public sector. The authorities should also adopt a fully performance-based compensation system in the public sector and expand vocational training programs tailored to the needs of the private sector.

**Employment Shares of Kuwaitis versus Wage Premium**

(Percent)




Sources: Kuwaiti authorities; IMF staff calculations.

1/ The public sector wage premium includes base salaries but excludes allowances.

**27. Housing supply is being scaled up to satisfy strong demand (Box 4).** The traditional Kuwaiti housing scheme has become increasingly untenable, with over 105,000 families waiting to receive their allocation from the government, despite a fiscal cost of about 4 percent of GDP per year. To address the excess demand for housing, the government has announced several large-scale PPP projects to build 185,000 housing units. The initial phase of 5,000 housing units and associated infrastructure is expected to be completed over the medium term. While the forthcoming Real Estate Financing Law will unlock mortgage loans for Kuwaitis, the government will bear fiscal costs from initial interest-free loans provided by the state-owned Kuwait Credit Bank, as well as contingent liabilities from guaranteeing the mortgage loans. Sustainably satisfying the demand for housing will require reducing implicit fiscal subsidies while expanding public land sales for mixed residential and commercial development.

### Box 4. Kuwait: Reforming the Housing Scheme

**Context.** Kuwait's housing scheme remains a cornerstone of the country's social contract but is fiscally burdensome, with demand far outpacing supply. The housing scheme is characterized by heavy state involvement and limited private sector participation. The total fiscal cost—including foregone land sales revenue—is estimated at roughly 4 percent of GDP annually.

Although the state owns around 95 percent of land, inefficiencies in land management and weak institutional coordination have constrained housing delivery. Much of the land is reserved for oil sector or military use, and zoning regulations reinforce low-density development. Private developers are largely barred from building residential units for sale to Kuwaitis. High-rise buildings—largely housing expatriates—are confined to commercial centers.

Kuwait's housing shortage also reflects deep-rooted social preferences. Traditionally, Kuwaitis have favored government-provided villas, while apartment housing has been associated with expatriates. Kuwait lacks a fully functioning private housing market for citizens, who have no access to mortgage credit. The Kuwait Credit Bank (KCB) remains the primary source of housing finance, offering interest free loans for government-allocated plots or government-provided housing, effectively locking citizens into the public housing system.

**Reforms.** Recognizing the housing crisis, the authorities have launched a series of reforms to increase housing supply:

- The Public Authority for Housing Welfare (PAHW) master-plans sites and allocates land to private developers under PPP arrangements who will finance, design, build and sell housing units to eligible Kuwaitis under PAHW oversight. However, key financial parameters—the design of risk-sharing arrangements, the scope of potential government guarantees, and the inclusion of revenue-support mechanisms—remain undefined, creating uncertainty about financial viability.
- The forthcoming Real Estate Financing Law introduces "supported" loans, where the state covers interest payments via the KCB while borrowers repay only the principal, and "unsupported" market-rate loans that can be combined to cover construction costs or purchases from approved developers. However, fiscal risks will remain, with the state continuing to provide interest subsidies and lender guarantees, although these are intended to be phased out over time.

**28. Financial market deepening could boost private investment (Annex VI).** Financial intermediation is overwhelmingly bank-based, with domestic currency bond and equity markets underdeveloped by emerging market standards, potentially constraining private investment. Impediments to non-bank financial intermediation include the shallow sovereign bond market and underdeveloped financial market infrastructure. The recent enactment of the Financing and Liquidity Law has the potential to deepen the domestic sovereign debt market, if the authorities clearly articulate their public debt management strategy and establish a regular bond issuance program. Regular auctions across standardized tenors would support price discovery and the development of a benchmark sovereign yield curve. Greater participation from insurers, pension funds and asset managers would help diversify the investor base and deepen non-bank financial intermediation.

**29. Progress is being made on strengthening AML/CFT effectiveness.** The 2024 FATF Mutual Evaluation Report identified significant deficiencies in the effective implementation of the AML/CFT legal framework, in particular measures to combat terrorist financing. The authorities are working to address these deficiencies.

## E. Strengthening Statistics

**30. Statistical capacity has weakened further from a low base since the pandemic, hampering surveillance (Annex V).** Major gaps persist in the national accounts, government finance and external sector statistics: i) the Central Statistical Bureau (CSB) has not conducted its annual establishment survey since 2019; ii) expenditure-side GDP statistics remain unavailable for 2024; and iii) the fiscal accounts statistics exclude KIA investment income and SOE profit transfers. In addition, the CSB paused reporting CPI statistics in July 2025 due to the suspension of its field survey, but resumed data publication with a lag in December 2025.

**31. Economic statistics should be strengthened expeditiously to enable well-informed policymaking.** Reversing the deterioration in the quality and timeliness of the national accounts and CPI statistics produced by the CSB since the pandemic requires boosting its funding and restructuring its operations. The major gaps in the coverage of the fiscal accounts and external sector statistics should also be filled, especially now that the government has resumed issuing debt. The CSB is working to address deficiencies identified by the Data Adequacy Assessment, supported by technical assistance from the AMF, IMF and GCC Stat.

***Authorities' Views***

**32. The authorities broadly agreed with staff's policy recommendations to diversify the economy while maintaining macrofinancial stability.** They broadly supported the composition of staff's proposed medium-term fiscal consolidation package, prioritizing mobilizing non-oil revenue, rationalizing the public sector wage bill, and reforming energy subsidies. The authorities are considering revamping the Civil Service Law to encourage Kuwaitis to pursue private sector jobs through labor market reforms, including by introducing centralized compensation schemes, performance-based hiring, and vocational training aligned with market needs. The authorities are also considering publishing a public debt management strategy to inform investors and introducing an auction mechanism for domestic public debt issuance to develop a benchmark sovereign yield curve.

**33. The authorities view the CBK as conducting independent and prudent monetary policy, leveraging flexibility under the exchange rate regime to achieve its objectives, while maintaining the attractiveness of the Kuwaiti dinar.** The authorities maintain that bank lending rate caps are appropriate for Kuwait, supporting access to credit for consumers and SMEs, thereby promoting economic growth. Lending rates remain below ceilings, while regulations ensure fair pricing and risk management. Furthermore, the authorities view the unlimited deposit guarantee as a fundamental mechanism for reinforcing financial sector stability and confidence, while protecting depositors, improving resource allocation, mitigating systemic risk, and supporting overall economic growth. Finally, the authorities noted that they have worked fastidiously to address all areas identified for improvement by the 2024 FATF Mutual Evaluation Report within the 1-year notice period, particularly on risk understanding, investigation and prosecution, targeted financial sanctions, and beneficial ownership.

**34. The CSB is working to improve the quality and timeliness of the national accounts and CPI statistics.** It is actively collaborating with other government entities, as well as international and regional partners, to support capacity development and improve data granularity and coverage.

# STAFF APPRAISAL

**35. An economic recovery is underway, in spite of lower oil prices.** Growth is rebounding, driven by the unwinding of OPEC+ production cuts and robust non-oil growth. Inflation continues to moderate, reflecting lower core and food inflation. Lower oil revenues have weakened the external and fiscal positions, but buffers remain strong. Financial stability has been maintained, with a credit cycle upturn underway. These macrofinancial developments are projected to persist under the baseline, which is subject to broadly balanced risks arising mainly from the heavy dependence of the economy on oil.

**36. Staff welcomes the authorities' Vision 2035 aspirations to implement economic reforms in pursuit of a more diversified economy.** To sustainably boost non-oil growth, a comprehensive and well-sequenced package of fiscal and structural reforms is needed. Fiscal reforms should reinforce long-term fiscal sustainability and intergenerational equity while incentivizing Kuwaitis to pursue jobs in the private sector. In parallel, structural reforms should unify the labor market and improve the business environment.

**37. Gradual fiscal consolidation at a pace of about 1 percent of GDP per year would be needed over the next decade to achieve long-term fiscal sustainability.** To mobilize non-oil revenue, the 15 percent CIT should be extended to all domestic companies, while the GCC-wide excise tax and 5 percent VAT should be introduced. To rationalize the public sector wage bill, a performance-based public sector wage setting mechanism should be introduced to gradually reduce the large premium over the private sector, and a hiring cap instituted to steadily lower the public sector employment share. To reform energy subsidies, retail fuel, electricity and water prices should be gradually raised towards their GCC-average levels while providing targeted cash transfers to vulnerable groups. Finally, to improve infrastructure, on-budget public investment should be further scaled up, by around 2 percent of GDP over the medium term.

**38. Comprehensive PFM reforms should be implemented to strengthen the conduct of fiscal policy.** A priority is to develop a medium-term fiscal framework, including a fiscal rules framework with a ceiling on public debt and a target for the non-oil fiscal balance. In addition, public investment management assessments should be undertaken periodically to ensure best practice in infrastructure governance and track contingent liabilities. Furthermore, the government should publish a medium-term debt management strategy including a bond issuance calendar.

Finally, the government should develop a sovereign asset-liability management framework to balance intergenerational fiscal policy tradeoffs while managing risks to the public sector balance sheet.

**39. The exchange rate peg remains an appropriate nominal anchor for monetary policy.** It has helped support macroeconomic and financial stability for many years, including relatively low and stable inflation. The external position was substantially weaker than the level implied by medium-term fundamentals and desirable policies in 2025, reflecting an excessive reliance on oil exports and inadequate public and private saving of oil revenue. These public and private saving-investment imbalances are driven by fiscal and structural factors. Fiscal consolidation to reinforce intergenerational equity, together with structural reforms to enhance competitiveness, would help strengthen the external position and support the exchange rate peg.

**40. Systemic risk remains contained and prudently managed.** With a credit cycle upturn underway, the CBK should consider reclassifying part of its country-specific capital buffer as a positive neutral countercyclical capital buffer. The forthcoming Real Estate Financing Law will permit banks to offer mortgage loans for the first time, in which context the CBK should continue its practice of regularly reviewing the adequacy of its financial regulatory perimeter and extensive macroprudential policy toolkit. Finally, the CBK should continue its risk-based supervisory approach to assessing banks and effectively addressing any vulnerabilities.

**41. A comprehensive and well-sequenced structural reform package should be implemented to unify the labor market and improve the business environment.** The state owns most productive assets, employs nearly all Kuwaitis, and leads all megaprojects. The priorities include reducing the public sector wage premium, scaling up the supply of housing, and deepening the financial markets.

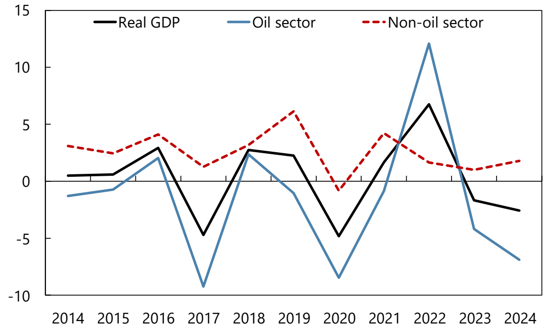
**42. Statistical capacity has weakened further from a low base, hampering surveillance.** Major gaps in the national accounts, government finance and external sector statistics should be filled to enable well-informed policymaking.

**43. Staff recommends that the next Article IV Consultation take place on the standard 12-month cycle.**

## Figure 2. Kuwait: National Accounts

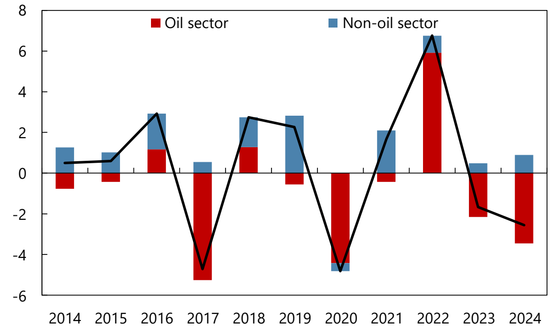
*The economic recovery from the pandemic was disrupted in 2023 and 2024 by OPEC+ production cuts.*

### Real GDP Growth by Sector
(Annual Percent Change)




Sources: Kuwaiti authorities; IMF staff estimates.

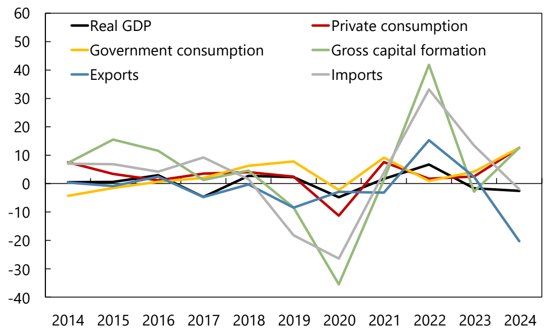
### Real GDP Growth by Sector
(Annual Percent Change; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

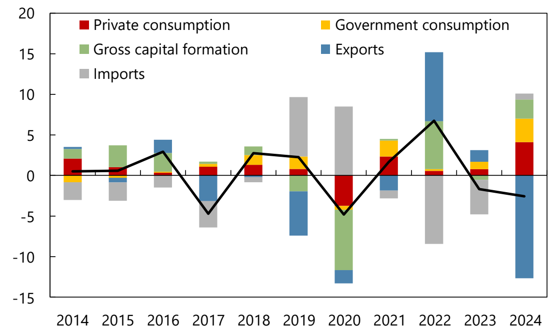
*Real economic activity was supported by domestic demand but dragged down by net exports.*

### Real GDP Growth by Expenditure Component
(Annual Percent Change)




Sources: Kuwaiti authorities; IMF staff estimates.

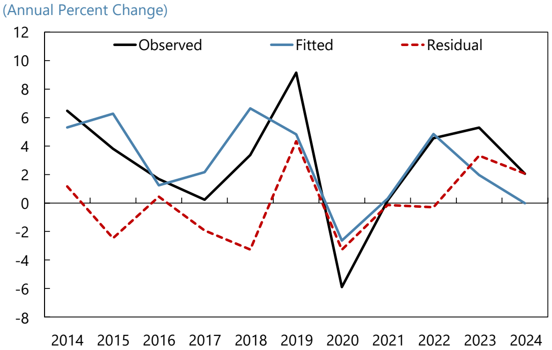
### Real GDP Growth by Expenditure Component
(Annual Percent Change; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

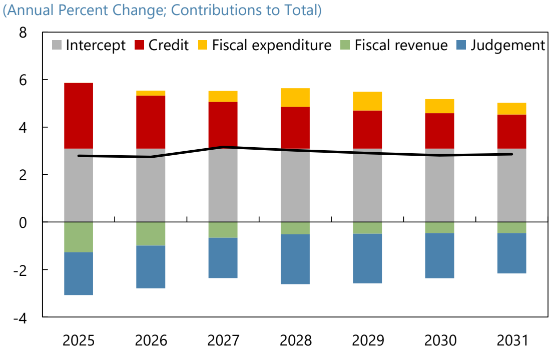
*Robust credit growth is projected to support non-oil growth, while fiscal expenditures and revenues have offsetting effects.*

### Non-Manufacturing Non-Oil Growth Estimates
(Annual Percent Change)




Sources: Kuwaiti authorities; IMF staff estimates.

### Non-Manufacturing Non-Oil Growth Projections
(Annual Percent Change; Contributions to Total)

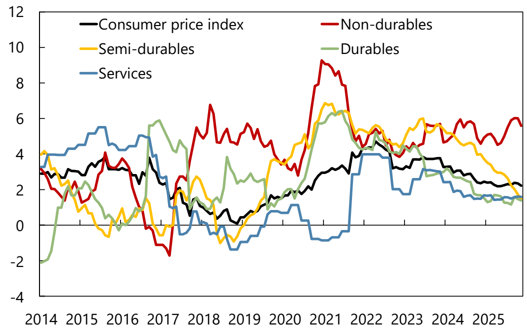



Sources: Kuwaiti authorities; IMF staff projections.

## Figure 3. Kuwait: Inflation and Employment

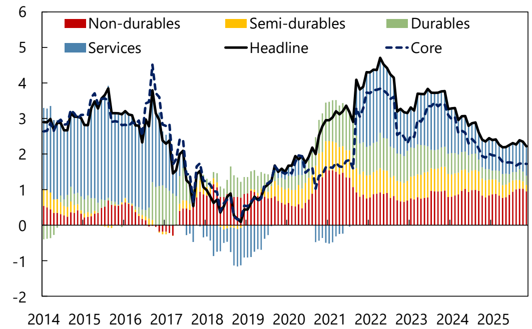
*Headline and core CPI inflation have been moderating.*

### CPI Inflation
(Annual Percent Change)




Sources: Kuwaiti authorities.

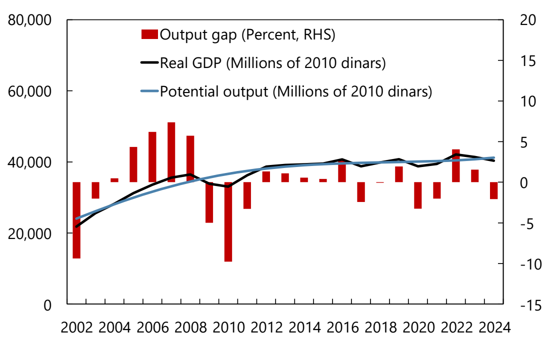
### CPI Inflation
(Annual Percent Change; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff calculations.

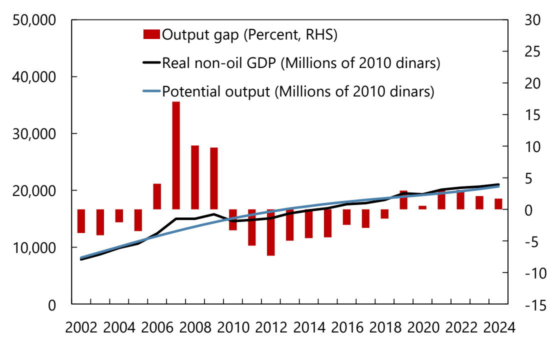
*The non-oil sector has been operating above its potential.*

### Output Gap




Sources: Kuwaiti authorities; IMF staff estimates.

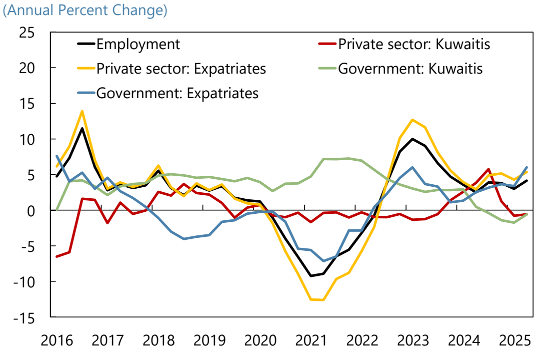
### Non-Oil Output Gap




Sources: Kuwaiti authorities; IMF staff estimates.

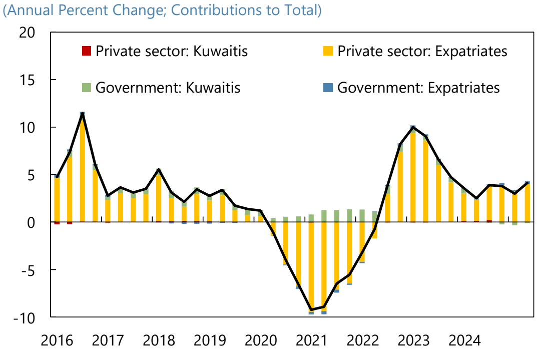
*The rebound in employment after the pandemic was concentrated among expatriates in the private sector.*

### Employment Growth
(Annual Percent Change)




Sources: Kuwaiti authorities.

### Employment Growth
(Annual Percent Change; Contributions to Total)

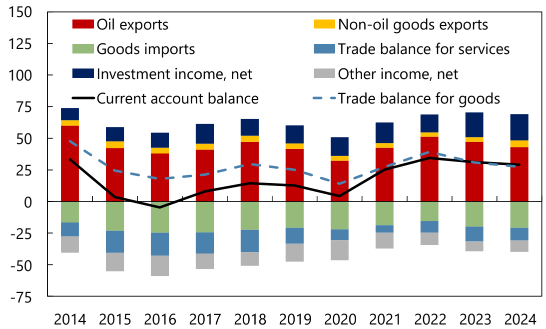



Sources: Kuwaiti authorities; IMF staff calculations.

## Figure 4. Kuwait: Balance of Payments

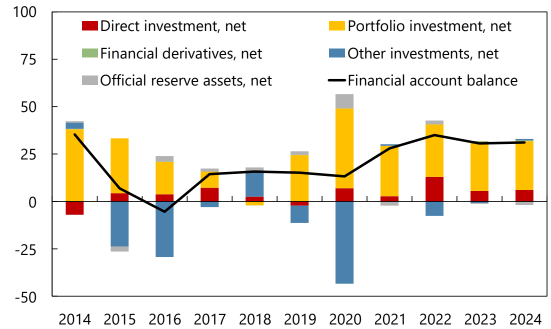
*The current account surplus remained large in 2024 due to high oil exports and net investment income.*

### Current Account Balance
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff calculations.

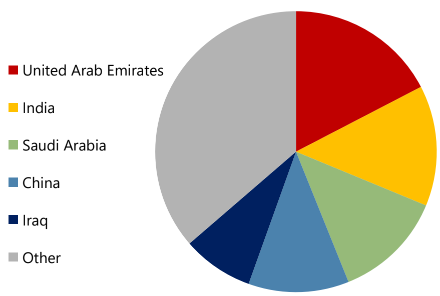
### Financial Account Balance
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff calculations.

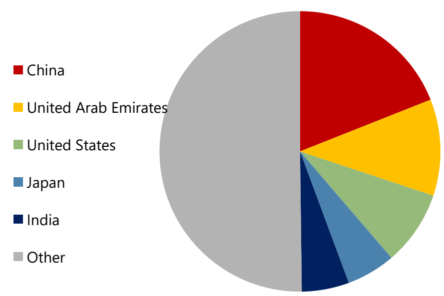
*Trade flows are concentrated among neighboring and systemic economies.*

### Bilateral Export Shares: 2020-2022
(Average)




Sources: IMF Direction of Trade Statistics.

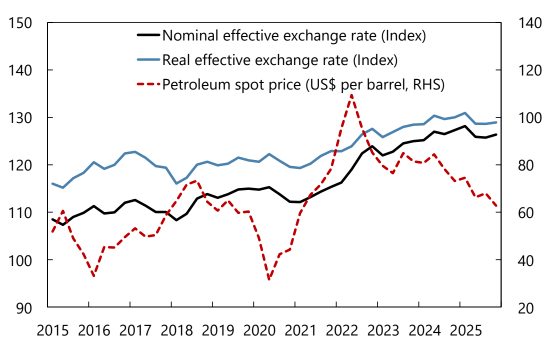
### Bilateral Import Shares: 2020-2022
(Average)




Sources: IMF Direction of Trade Statistics.

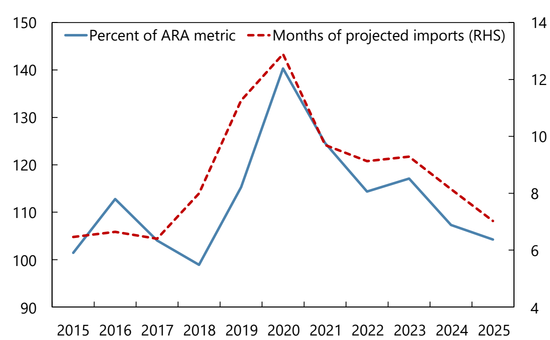
*The Kuwaiti dinar has appreciated in nominal and real effective terms, but reserve coverage remains adequate.*

### Nominal versus Real Effective Exchange Rates




Sources: IMF.

### Official Reserve Assets

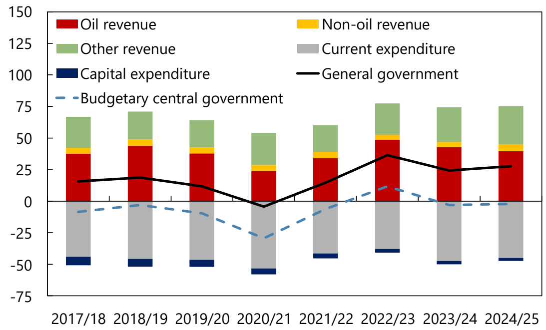



Sources: Kuwaiti authorities; IMF staff calculations.

## Figure 5. Kuwait: Government Finance

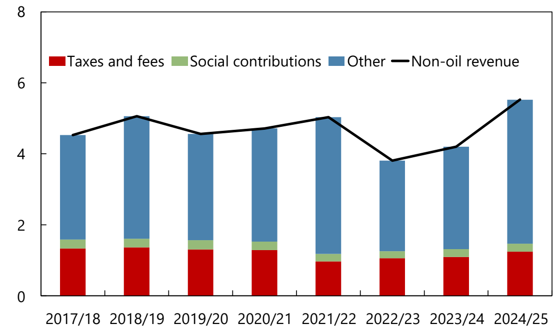
*The fiscal balance was stable in FY2024/25, with higher non-oil revenue offsetting lower oil revenue.*

### Fiscal Balance
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

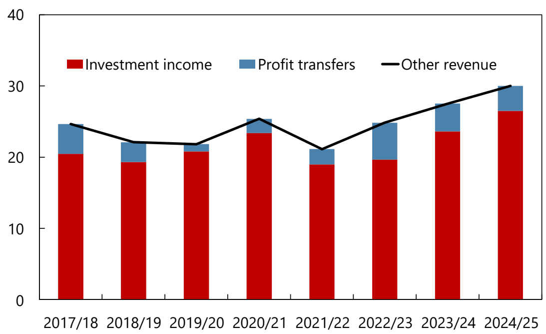
### Non-Oil Revenue
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

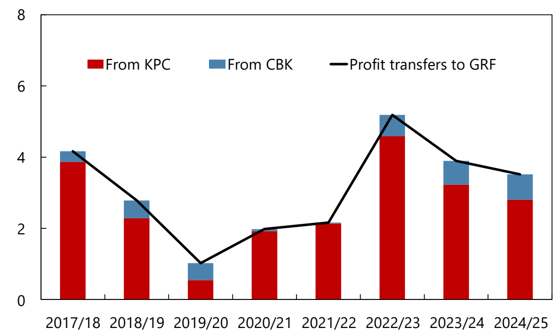
*KIA investment income is estimated to have increased in FY2024/25.*

### Other Revenue
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

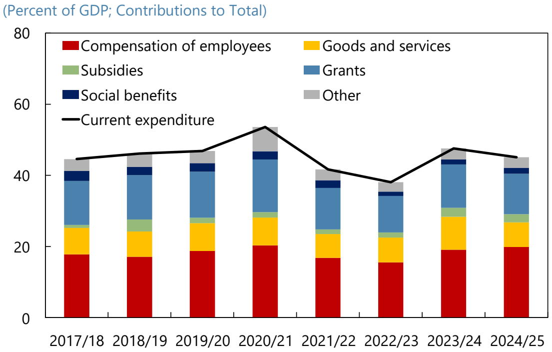
### Profit Transfers
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

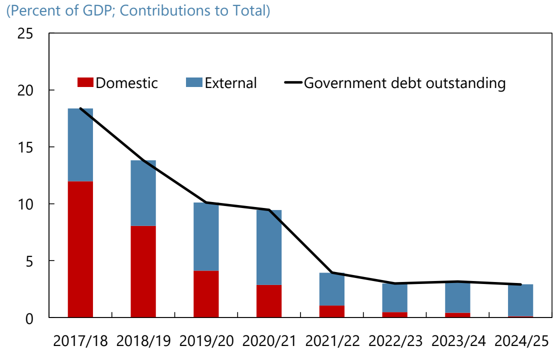
*Current expenditure was rationalized in FY2024/25, while government debt outstanding remained insignificant.*

### Current Expenditure
(Percent of GDP; Contributions to Total)




Sources: Kuwaiti authorities; IMF staff estimates.

### Government Debt Outstanding
(Percent of GDP; Contributions to Total)

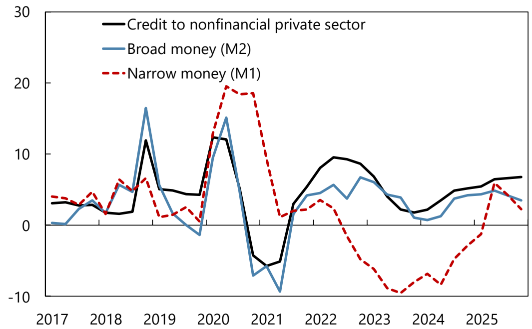



Sources: Kuwaiti authorities; IMF staff estimates.

## Figure 6. Kuwait: Money, Credit, and Banking

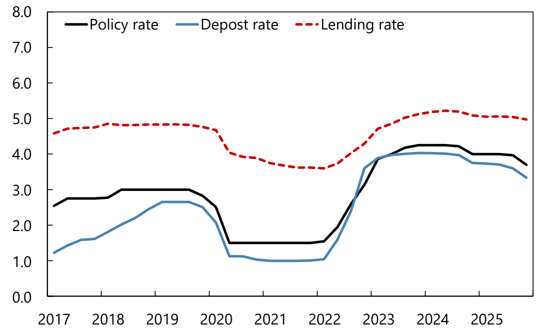
*Money and credit growth recovered in 2024 despite high interest rates.*

### Money and Credit Growth
(Percent)




Sources: Kuwaiti authorities.

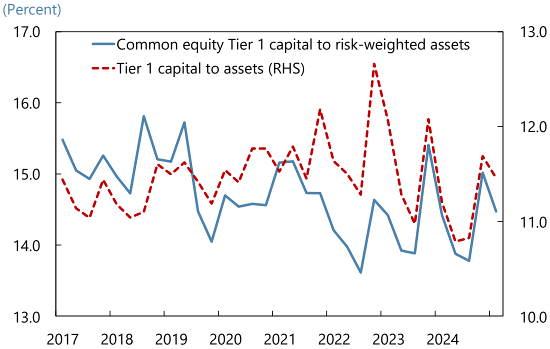
### Interest Rates
(Percent)




Sources: Kuwaiti authorities; IMF staff estimates.

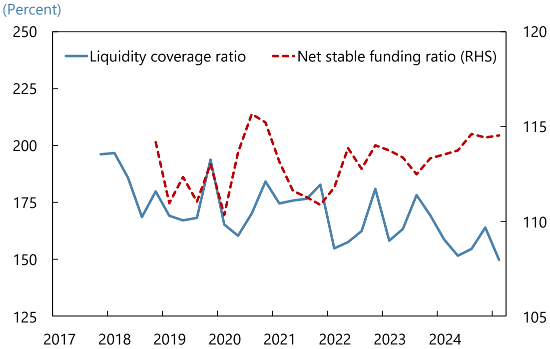
*Banks have maintained strong capital and liquidity buffers.*

### Capital Adequacy
(Percent)




Sources: Kuwaiti authorities.

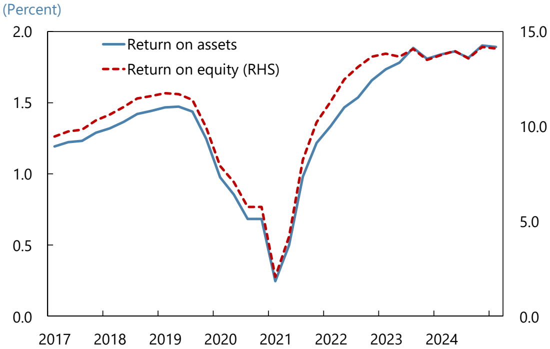
### Liquidity
(Percent)




Sources: Kuwaiti authorities.

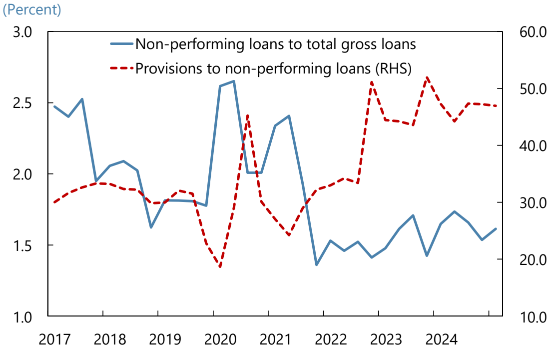
*Bank profitability has rebounded from its pandemic lows, while non-performing loans are low and well provisioned for.*

### Earnings and Profitability
(Percent)




Sources: Kuwaiti authorities.

### Asset Quality
(Percent)




Sources: Kuwaiti authorities.

## Table 1. Kuwait: Selected Economic Indicators, 2021–2031

| | | | | | Projections | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| **Output and prices** | (Percent change) | | | | | | | | | | |
| Real GDP | 1.7 | 6.8 | -1.7 | -2.6 | 2.6 | 3.8 | 2.5 | 2.4 | 2.4 | 2.4 | 2.4 |
| Oil | -0.9 | 12.1 | -4.2 | -6.9 | 2.4 | 4.7 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Non-oil | 4.2 | 1.6 | 1.0 | 1.8 | 2.7 | 3.0 | 3.0 | 2.9 | 2.8 | 2.7 | 2.7 |
| CPI inflation (average) | 3.4 | 4.0 | 3.6 | 2.9 | 2.3 | 2.1 | 2.1 | 1.9 | 1.8 | 1.7 | 1.6 |
| Core 1/ | 2.2 | 3.3 | 3.1 | 2.4 | 1.7 | 1.8 | 1.9 | 1.8 | 1.7 | 1.7 | 1.7 |
| **Oil sector** | (Millions of barrels per day, unless noted otherwise) | | | | | | | | | | |
| Crude oil production | 2.4 | 2.7 | 2.6 | 2.4 | 2.5 | 2.6 | 2.6 | 2.7 | 2.7 | 2.8 | 2.9 |
| Crude oil exports | 1.8 | 1.8 | 1.6 | 1.5 | 1.5 | 1.6 | 1.7 | 1.7 | 1.7 | 1.8 | 1.8 |
| Price of crude oil exports (US$ per barrel) | 70.3 | 101.0 | 84.3 | 80.6 | 69.2 | 63.3 | 63.3 | 64.4 | 65.6 | 66.5 | 67.0 |
| **External sector** | (Percent of GDP, unless noted otherwise) | | | | | | | | | | |
| Current account balance | 25.2 | 34.4 | 31.1 | 29.1 | 23.6 | 19.6 | 18.1 | 17.1 | 16.1 | 14.8 | 13.3 |
| Trade balance | 21.5 | 30.0 | 19.4 | 17.6 | 11.2 | 7.3 | 5.7 | 4.7 | 3.7 | 2.4 | 1.0 |
| Exports of goods and services | 51.7 | 60.4 | 57.7 | 56.0 | 53.0 | 51.0 | 50.5 | 50.5 | 50.6 | 50.6 | 50.6 |
| Oil | 42.5 | 51.2 | 47.2 | 43.0 | 38.8 | 36.5 | 35.7 | 35.4 | 35.2 | 34.9 | 34.5 |
| Non-oil | 9.3 | 9.2 | 10.5 | 13.0 | 14.2 | 14.5 | 14.8 | 15.1 | 15.4 | 15.7 | 16.1 |
| Imports of goods and services | 30.3 | 30.5 | 38.4 | 38.4 | 41.8 | 43.7 | 44.8 | 45.8 | 46.9 | 48.2 | 49.6 |
| Income balance | 3.8 | 4.4 | 11.7 | 11.6 | 12.4 | 12.4 | 12.4 | 12.4 | 12.4 | 12.4 | 12.4 |
| Official reserve assets (months of imports) | 9.7 | 9.1 | 9.3 | 8.1 | 7.0 | 7.1 | 7.2 | 7.3 | 7.4 | 7.5 | 7.6 |
| Gross external debt | 39.7 | 35.1 | 39.0 | 41.3 | 37.1 | 43.4 | 46.0 | 49.1 | 51.0 | 52.2 | 53.1 |
| **Government finance 2/** | (Percent of GDP, unless noted otherwise) | | | | | | | | | | |
| Revenue 3/ | 58.3 | 69.6 | 76.6 | 74.4 | 77.6 | 76.1 | 75.4 | 75.2 | 75.0 | 74.8 | 74.5 |
| Oil 3/ | 53.3 | 65.3 | 71.7 | 68.4 | 70.9 | 68.9 | 68.1 | 67.8 | 67.6 | 67.4 | 67.0 |
| Non-oil | 5.0 | 4.3 | 4.8 | 5.9 | 6.7 | 7.2 | 7.4 | 7.4 | 7.4 | 7.5 | 7.5 |
| Expenditure 4/ | 48.3 | 39.6 | 48.3 | 48.2 | 50.5 | 51.1 | 51.0 | 51.4 | 51.8 | 52.0 | 52.1 |
| Current 4/ | 44.2 | 36.7 | 45.6 | 45.8 | 47.1 | 47.3 | 47.3 | 47.6 | 48.0 | 48.2 | 48.3 |
| Capital | 4.1 | 2.9 | 2.7 | 2.4 | 3.4 | 3.8 | 3.7 | 3.8 | 3.8 | 3.8 | 3.8 |
| Net lending (+) / borrowing (-) 3/ 4/ | 10.0 | 30.0 | 28.2 | 26.1 | 27.1 | 25.0 | 24.4 | 23.8 | 23.2 | 22.8 | 22.4 |
| Budgetary central government | -11.0 | 7.3 | 0.9 | -2.4 | -7.1 | -9.3 | -9.8 | -10.3 | -10.7 | -11.1 | -11.4 |
| Excluding oil revenue (percent of non-oil GDP) | -78.6 | -79.6 | -85.2 | -82.3 | -78.4 | -74.7 | -72.5 | -71.1 | -70.1 | -69.1 | -68.2 |
| Gross government debt | 7.2 | 3.0 | 3.1 | 2.9 | 14.7 | 24.2 | 28.9 | 33.2 | 35.8 | 37.4 | 38.4 |
| **Money and credit** | (Percent change, unless noted otherwise) | | | | | | | | | | |
| Credit to nonfinancial private sector | 5.4 | 8.6 | 1.8 | 5.2 | 6.8 | 6.1 | 5.8 | 5.6 | 5.4 | 5.3 | 5.2 |
| Broad money: M2 | 3.8 | 6.5 | 1.0 | 4.3 | 3.6 | 4.8 | 5.3 | 5.4 | 5.5 | 5.4 | 5.4 |
| Policy rate (percent) | 1.5 | 2.3 | 4.1 | 4.2 | 3.9 | ... | ... | ... | ... | ... | ... |
| *Memorandum items* | | | | | | | | | | | |
| Nominal GDP (US$ billions) | 148.3 | 183.5 | 165.4 | 160.2 | 156.6 | 159.5 | 166.3 | 174.0 | 182.0 | 189.8 | 197.5 |
| Population (millions) | 4.4 | 4.8 | 4.9 | 5.0 | 5.1 | 5.2 | 5.3 | 5.4 | 5.5 | 5.6 | 5.8 |
| GDP per capita (US$) | 33,825 | 38,289 | 33,663 | 31,971 | 30,634 | 30,593 | 31,273 | 32,082 | 32,888 | 33,622 | 34,308 |
| Output gap: Non-oil (percent) | 3.2 | 3.1 | 2.1 | 1.7 | 1.8 | 1.9 | 1.4 | 0.3 | 0.0 | 0.0 | 0.0 |
| Exchange rate (Kuwaiti dinars per US$, average) | 0.30 | 0.31 | 0.31 | 0.31 | 0.31 | ... | ... | ... | ... | ... | ... |

Sources: Kuwaiti authorities; IMF staff estimates.

1/ Excludes food and non-alcoholic beverages.

2/ Calendar year basis.

3/ Includes KIA investment income and GRF profit transfers from the KPC that are excluded from the Budget and estimated by IMF staff.

4/ Includes interest expenditure on government debt by the KIA that is excluded from the Budget and estimated by IMF staff.

## Table 2. Kuwait: Balance of Payments, 2021–2031

| | | | | | Projections | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| | | | | | (Billions of U.S. dollars) | | | | | | |
| **Current account balance** | **37.4** | **63.1** | **51.4** | **46.7** | **36.9** | **31.3** | **30.1** | **29.8** | **29.2** | **28.1** | **26.3** |
| Trade balance for goods | 40.5 | 72.0 | 51.2 | 44.1 | 34.0 | 28.9 | 28.1 | 28.2 | 28.3 | 27.8 | 26.7 |
| Exports | 68.4 | 100.3 | 84.2 | 77.5 | 70.8 | 68.6 | 70.3 | 73.0 | 76.1 | 78.9 | 81.5 |
| Oil | 63.0 | 94.0 | 78.1 | 68.9 | 60.8 | 58.2 | 59.4 | 61.6 | 64.0 | 66.2 | 68.1 |
| Non-oil | 5.4 | 6.3 | 6.1 | 8.6 | 10.0 | 10.3 | 10.8 | 11.4 | 12.0 | 12.7 | 13.4 |
| Re-exports | 0.5 | 0.4 | 0.5 | 0.7 | 0.8 | 0.8 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 |
| Imports | 27.9 | 28.4 | 33.0 | 33.4 | 36.8 | 39.7 | 42.2 | 44.8 | 47.8 | 51.2 | 54.8 |
| Trade balance for services | -8.7 | -16.9 | -19.1 | -15.9 | -16.5 | -17.3 | -18.6 | -20.0 | -21.5 | -23.1 | -24.8 |
| Transportation | -2.9 | -3.2 | -4.0 | -3.7 | -4.3 | -4.5 | -4.9 | -5.3 | -5.7 | -6.1 | -6.5 |
| Travel | -4.3 | -12.1 | -12.6 | -10.2 | -11.0 | -11.5 | -12.3 | -13.3 | -14.3 | -15.4 | -16.5 |
| Other | -1.5 | -1.7 | -2.5 | -2.0 | -1.2 | -1.3 | -1.3 | -1.4 | -1.6 | -1.7 | -1.8 |
| Investment income, net | 24.3 | 26.1 | 32.3 | 33.1 | 36.1 | 36.8 | 38.3 | 40.1 | 42.0 | 43.7 | 45.5 |
| Receipts | 27.6 | 31.1 | 37.7 | 39.6 | 42.8 | 43.6 | 45.5 | 47.6 | 49.8 | 51.9 | 54.0 |
| Payments | 3.3 | 5.0 | 5.4 | 6.4 | 6.7 | 6.9 | 7.1 | 7.5 | 7.8 | 8.2 | 8.5 |
| Other income, net | -18.7 | -18.0 | -13.0 | -14.6 | -16.7 | -17.0 | -17.8 | -18.6 | -19.4 | -20.3 | -21.1 |
| Capital account balance | 1.4 | 0.5 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 | -0.2 |
| **Financial account balance** | **41.5** | **64.3** | **50.6** | **49.9** | **41.8** | **31.2** | **30.0** | **29.6** | **29.1** | **27.9** | **26.1** |
| Direct investment, net | 4.1 | 23.9 | 9.1 | 9.7 | 7.8 | 5.4 | 5.3 | 5.3 | 5.3 | 5.2 | 5.1 |
| Abroad | 4.7 | 24.6 | 11.2 | 10.3 | 8.3 | 5.9 | 5.8 | 5.9 | 5.8 | 5.8 | 5.7 |
| In Kuwait | 0.6 | 0.8 | 2.1 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 |
| Portfolio investment, net | 39.5 | 50.7 | 42.9 | 41.2 | 50.6 | 35.8 | 35.0 | 35.5 | 35.2 | 34.9 | 34.0 |
| Financial derivatives, net | 0.0 | 0.0 | 0.7 | 0.6 | 0.1 | -1.1 | -1.4 | -1.5 | -1.8 | -2.0 | -2.3 |
| Other investments, net | 1.1 | -14.0 | -1.6 | 1.3 | -10.4 | -12.1 | -12.8 | -13.5 | -14.3 | -15.1 | -15.9 |
| Official reserve assets, net | -3.2 | 3.7 | -0.5 | -3.0 | -6.4 | 3.2 | 3.8 | 3.8 | 4.6 | 5.0 | 5.2 |
| Net errors and omissions | 2.7 | 0.6 | -0.7 | 3.3 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Overall balance** | **-3.2** | **3.7** | **-0.5** | **-3.0** | **-6.4** | **3.2** | **3.8** | **3.8** | **4.6** | **5.0** | **5.2** |
| | | | | | (Percent of GDP) | | | | | | |
| **Current account balance** | **25.2** | **34.4** | **31.1** | **29.1** | **23.6** | **19.6** | **18.1** | **17.1** | **16.1** | **14.8** | **13.3** |
| Trade balance for goods | 27.3 | 39.2 | 30.9 | 27.5 | 21.7 | 18.1 | 16.9 | 16.2 | 15.5 | 14.6 | 13.5 |
| Exports | 46.1 | 54.7 | 50.9 | 48.4 | 45.2 | 43.0 | 42.3 | 42.0 | 41.8 | 41.6 | 41.2 |
| Oil | 42.5 | 51.2 | 47.2 | 43.0 | 38.8 | 36.5 | 35.7 | 35.4 | 35.2 | 34.9 | 34.5 |
| Non-oil | 3.7 | 3.4 | 3.7 | 5.4 | 6.4 | 6.5 | 6.5 | 6.6 | 6.6 | 6.7 | 6.8 |
| Re-exports | 0.3 | 0.2 | 0.3 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Imports | 18.8 | 15.5 | 20.0 | 20.9 | 23.5 | 24.9 | 25.4 | 25.7 | 26.3 | 27.0 | 27.7 |
| Trade balance for services | -5.9 | -9.2 | -11.5 | -9.9 | -10.5 | -10.8 | -11.2 | -11.5 | -11.8 | -12.2 | -12.6 |
| Transportation | -1.9 | -1.7 | -2.4 | -2.3 | -2.8 | -2.8 | -2.9 | -3.0 | -3.1 | -3.2 | -3.3 |
| Travel | -2.9 | -6.6 | -7.6 | -6.3 | -7.0 | -7.2 | -7.4 | -7.6 | -7.9 | -8.1 | -8.4 |
| Other | -1.0 | -0.9 | -1.5 | -1.2 | -0.8 | -0.8 | -0.8 | -0.8 | -0.9 | -0.9 | -0.9 |
| Investment income, net | 16.4 | 14.2 | 19.6 | 20.7 | 23.1 | 23.1 | 23.1 | 23.1 | 23.1 | 23.1 | 23.1 |
| Receipts | 18.6 | 16.9 | 22.8 | 24.7 | 27.4 | 27.4 | 27.4 | 27.4 | 27.4 | 27.4 | 27.4 |
| Payments | 2.2 | 2.7 | 3.2 | 4.0 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| Other income, net | -12.6 | -9.8 | -7.9 | -9.1 | -10.7 | -10.7 | -10.7 | -10.7 | -10.7 | -10.7 | -10.7 |
| Capital account balance | 1.0 | 0.3 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| **Financial account balance** | **28.0** | **35.0** | **30.6** | **31.1** | **26.7** | **19.6** | **18.0** | **17.0** | **16.0** | **14.7** | **13.2** |
| Direct investment, net | 2.8 | 13.0 | 5.5 | 6.1 | 5.0 | 3.4 | 3.2 | 3.1 | 2.9 | 2.7 | 2.6 |
| Abroad | 3.1 | 13.4 | 6.8 | 6.4 | 5.3 | 3.7 | 3.5 | 3.4 | 3.2 | 3.0 | 2.9 |
| In Kuwait | 0.4 | 0.4 | 1.3 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Portfolio investment, net | 26.6 | 27.6 | 26.0 | 25.7 | 32.3 | 22.5 | 21.1 | 20.4 | 19.4 | 18.4 | 17.2 |
| Financial derivatives, net | 0.0 | 0.0 | 0.4 | 0.4 | 0.1 | -0.7 | -0.8 | -0.9 | -1.0 | -1.0 | -1.1 |
| Other investments, net | 0.8 | -7.6 | -1.0 | 0.8 | -6.6 | -7.6 | -7.7 | -7.8 | -7.9 | -8.0 | -8.1 |
| Official reserve assets, net | -2.2 | 2.0 | -0.3 | -1.9 | -4.1 | 2.0 | 2.3 | 2.2 | 2.5 | 2.6 | 2.7 |
| Net errors and omissions | 1.8 | 0.3 | -0.4 | 2.0 | 3.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Overall balance** | **-2.2** | **2.0** | **-0.3** | **-1.9** | **-4.1** | **2.0** | **2.3** | **2.2** | **2.5** | **2.6** | **2.7** |
| *Memorandum items* | | | | | | | | | | | |
| Official reserve assets (billions of U.S. dollars) | 45.2 | 48.2 | 47.6 | 44.4 | 40.8 | 44.0 | 47.9 | 51.6 | 56.3 | 61.2 | 66.5 |
| Official reserve assets (months of imports) | 9.7 | 9.1 | 9.3 | 8.1 | 7.0 | 7.1 | 7.2 | 7.3 | 7.4 | 7.5 | 7.6 |
| Gross external debt (percent of GDP) | 39.7 | 35.1 | 39.0 | 41.3 | 37.1 | 43.4 | 46.0 | 49.1 | 51.0 | 52.2 | 53.1 |
| Exchange rate (Kuwaiti dinars per US$, average) | 0.30 | 0.31 | 0.31 | 0.31 | 0.31 | ... | ... | ... | ... | ... | ... |
| Nominal effective exchange rate (1997 = 100) | 113.7 | 120.4 | 123.6 | 126.5 | 126.6 | ... | ... | ... | ... | ... | ... |
| Real effective exchange rate (1997 = 100) | 121.1 | 125.2 | 127.3 | 129.7 | 129.3 | ... | ... | ... | ... | ... | ... |
| Terms of trade (2010 = 100) | 61.2 | 100.0 | 82.7 | 92.0 | 92.4 | ... | ... | ... | ... | ... | ... |

Sources: Kuwaiti authorities; IMF staff estimates.

## Table 3. Kuwait: Government Finance, FY2021/22–FY2031/32 1/

| | | | | | Projections | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| | | | | | (Billions of Kuwaiti dinars) | | | | | | |
| **Revenue 2/** | **28.7** | **42.4** | **37.5** | **36.7** | **36.9** | **37.4** | **38.8** | **40.5** | **42.3** | **43.9** | **45.5** |
| Oil | 16.2 | 26.7 | 21.5 | 19.4 | 17.4 | 17.0 | 17.4 | 18.1 | 18.7 | 19.4 | 19.9 |
| Non-oil | 2.4 | 2.1 | 2.1 | 2.7 | 2.9 | 3.2 | 3.4 | 3.6 | 3.7 | 3.9 | 4.1 |
| Taxes and fees | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.8 | 0.8 | 0.9 | 0.9 | 1.0 | 1.0 |
| Social contributions | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 |
| Other | 1.8 | 1.4 | 1.5 | 2.0 | 2.2 | 2.3 | 2.4 | 2.5 | 2.7 | 2.8 | 2.9 |
| Other 2/ | 10.1 | 13.6 | 13.9 | 14.7 | 16.6 | 17.1 | 18.0 | 18.9 | 19.8 | 20.7 | 21.5 |
| Investment income | 9.0 | 10.8 | 11.9 | 12.9 | 15.0 | 15.6 | 16.4 | 17.2 | 18.0 | 18.8 | 19.6 |
| Profit transfers | 1.0 | 2.8 | 2.0 | 1.7 | 1.6 | 1.6 | 1.6 | 1.7 | 1.8 | 1.8 | 1.9 |
| **Expenditure 3/** | **21.7** | **22.4** | **25.3** | **23.2** | **24.6** | **25.1** | **26.3** | **27.8** | **29.3** | **30.6** | **31.8** |
| Current 3/ | 19.8 | 20.9 | 24.0 | 22.0 | 22.8 | 23.3 | 24.4 | 25.8 | 27.1 | 28.3 | 29.5 |
| Compensation of employees | 8.0 | 8.5 | 9.6 | 9.7 | 10.0 | 10.1 | 10.5 | 11.1 | 11.6 | 12.1 | 12.6 |
| Goods and services | 3.2 | 3.8 | 4.7 | 3.4 | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 | 4.7 | 4.9 |
| Subsidies | 0.6 | 0.8 | 1.3 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 1.3 | 1.3 | 1.4 |
| Grants | 5.6 | 5.6 | 6.2 | 5.6 | 5.7 | 5.7 | 6.0 | 6.3 | 6.6 | 6.9 | 7.2 |
| Social benefits | 1.0 | 0.7 | 0.7 | 0.8 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 |
| Other 3/ | 1.5 | 1.4 | 1.6 | 1.5 | 1.6 | 1.8 | 2.0 | 2.3 | 2.5 | 2.6 | 2.8 |
| Capital | 1.9 | 1.5 | 1.3 | 1.1 | 1.8 | 1.8 | 1.9 | 2.0 | 2.1 | 2.2 | 2.3 |
| **Net lending (+) / borrowing (-) 2/ 3/** | **7.0** | **20.0** | **12.2** | **13.6** | **12.3** | **12.2** | **12.5** | **12.8** | **13.0** | **13.4** | **13.7** |
| Budgetary central government | -3.0 | 6.4 | -1.6 | -1.1 | -4.2 | -4.6 | -5.1 | -5.6 | -6.1 | -6.5 | -7.0 |
| Excluding oil revenue | -19.2 | -20.3 | -23.1 | -20.4 | -21.6 | -21.6 | -22.5 | -23.7 | -24.9 | -25.9 | -26.9 |
| Transfer to FGF | 0.0 | 0.1 | 0.0 | 0.0 | … | … | … | … | … | … | … |
| **Net financing** | **3.0** | **-6.4** | **1.6** | **1.1** | **4.2** | **4.6** | **5.1** | **5.6** | **6.1** | **6.5** | **7.0** |
| Net government debt issuance | -1.6 | -0.2 | 0.0 | -0.2 | 5.3 | 3.2 | 4.2 | 2.9 | 2.1 | 1.7 | 1.4 |
| Other | 4.6 | -6.1 | 1.6 | 1.2 | -1.1 | 1.4 | 0.9 | 2.7 | 4.1 | 4.8 | 5.6 |
| | | | | | (Percent of GDP, unless noted otherwise) | | | | | | |
| **Revenue 2/** | **60.2** | **77.4** | **74.4** | **75.2** | **76.6** | **75.6** | **75.3** | **75.2** | **75.0** | **74.8** | **74.4** |
| Oil | 34.1 | 48.7 | 42.7 | 39.6 | 36.1 | 34.4 | 33.8 | 33.5 | 33.3 | 32.9 | 32.5 |
| Non-oil | 5.0 | 3.8 | 4.2 | 5.5 | 6.1 | 6.5 | 6.6 | 6.6 | 6.6 | 6.7 | 6.7 |
| Taxes and fees | 1.0 | 1.1 | 1.1 | 1.2 | 1.3 | 1.6 | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 |
| Social contributions | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Other | 3.9 | 2.6 | 2.9 | 4.1 | 4.5 | 4.6 | 4.7 | 4.7 | 4.7 | 4.8 | 4.8 |
| Other 2/ | 21.1 | 24.8 | 27.5 | 30.0 | 34.4 | 34.7 | 34.9 | 35.1 | 35.1 | 35.2 | 35.2 |
| Investment income | 19.0 | 19.7 | 23.6 | 26.5 | 31.1 | 31.5 | 31.7 | 31.9 | 32.0 | 32.0 | 32.1 |
| Profit transfers | 2.2 | 5.2 | 3.9 | 3.5 | 3.3 | 3.2 | 3.2 | 3.2 | 3.2 | 3.1 | 3.1 |
| **Expenditure 3/** | **45.6** | **40.9** | **50.1** | **47.4** | **51.0** | **50.8** | **51.0** | **51.5** | **51.9** | **52.0** | **52.1** |
| Current 3/ | 41.7 | 38.1 | 47.5 | 45.1 | 47.2 | 47.1 | 47.3 | 47.7 | 48.2 | 48.2 | 48.3 |
| Compensation of employees | 16.8 | 15.5 | 19.1 | 19.8 | 20.7 | 20.5 | 20.4 | 20.5 | 20.6 | 20.6 | 20.6 |
| Goods and services | 6.7 | 7.0 | 9.3 | 6.9 | 8.0 | 7.9 | 7.9 | 8.0 | 8.0 | 8.0 | 8.0 |
| Subsidies | 1.3 | 1.5 | 2.5 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Grants | 11.7 | 10.3 | 12.2 | 11.4 | 11.8 | 11.6 | 11.6 | 11.7 | 11.7 | 11.7 | 11.7 |
| Social benefits | 2.2 | 1.2 | 1.4 | 1.6 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Other 3/ | 3.1 | 2.6 | 3.1 | 3.0 | 3.3 | 3.7 | 3.9 | 4.2 | 4.4 | 4.5 | 4.5 |
| Capital | 3.9 | 2.8 | 2.6 | 2.3 | 3.8 | 3.7 | 3.7 | 3.8 | 3.8 | 3.8 | 3.8 |
| **Net lending (+) / borrowing (-) 2/ 3/** | **14.6** | **36.5** | **24.3** | **27.7** | **25.6** | **24.8** | **24.3** | **23.7** | **23.1** | **22.7** | **22.3** |
| Budgetary central government | -6.3 | 11.7 | -3.1 | -2.2 | -8.7 | -9.4 | -9.9 | -10.4 | -10.8 | -11.1 | -11.5 |
| Excluding oil revenue (percent of non-oil GDP) | -73.4 | -76.7 | -85.2 | -72.5 | -73.0 | -69.3 | -68.4 | -68.3 | -68.4 | -68.0 | -67.5 |
| Transfer to FGF | 0.0 | 0.1 | 0.0 | 0.0 | … | … | … | … | … | … | … |
| **Net financing** | **6.3** | **-11.6** | **3.1** | **2.2** | **8.7** | **9.4** | **9.9** | **10.4** | **10.8** | **11.1** | **11.5** |
| Net government debt issuance | -3.3 | -0.4 | -0.1 | -0.4 | 11.1 | 6.5 | 8.1 | 5.4 | 3.6 | 2.9 | 2.3 |
| Other | 9.6 | -11.2 | 3.2 | 2.5 | -2.4 | 2.9 | 1.8 | 5.0 | 7.2 | 8.2 | 9.2 |
| *Memorandum items* | | | | | | | | | | | |
| Gross government debt | 3.9 | 3.0 | 3.2 | 2.9 | 14.0 | 20.1 | 27.4 | 31.6 | 33.9 | 35.4 | 36.3 |
| Domestic | 1.1 | 0.5 | 0.4 | 0.1 | 4.0 | 7.0 | 8.9 | 10.0 | 10.7 | 11.0 | 11.2 |
| External | 2.9 | 2.5 | 2.8 | 2.8 | 10.0 | 13.2 | 18.5 | 21.6 | 23.2 | 24.3 | 25.1 |

Sources: Kuwaiti authorities; IMF staff estimates.

1/ The fiscal year starts on April 1 and ends on March 31.

2/ Includes KIA investment income and GRF profit transfers from the KPC and CBK that are excluded from the Budget and estimated by IMF staff.

3/ Includes interest expenditure on government debt by the KIA that is excluded from the Budget and estimated by IMF staff.

## Table 4. Kuwait: Monetary Survey, 2021–2031 1/

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Projections | | | | | |
| | (Billions of Kuwaiti dinars) | | | | | | | | | | |
| **Net foreign assets** | **18.9** | **23.5** | **25.2** | **27.3** | **25.7** | **25.5** | **25.9** | **26.6** | **27.8** | **29.2** | **30.8** |
| Central bank | 12.0 | 13.2 | 13.0 | 12.1 | 10.9 | 11.7 | 12.7 | 13.7 | 15.0 | 16.3 | 17.7 |
| Assets | 12.1 | 13.2 | 13.1 | 12.2 | 10.9 | 11.8 | 12.8 | 13.8 | 15.0 | 16.4 | 17.8 |
| Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Commercial banks | 6.9 | 10.4 | 12.2 | 15.2 | 14.8 | 13.8 | 13.1 | 12.9 | 12.8 | 12.9 | 13.1 |
| Assets | 17.9 | 22.7 | 24.9 | 27.9 | 32.7 | 36.4 | 39.7 | 42.5 | 45.0 | 47.3 | 49.6 |
| Liabilities | 11.0 | 12.4 | 12.7 | 12.7 | 17.9 | 22.6 | 26.6 | 29.7 | 32.2 | 34.4 | 36.5 |
| **Domestic assets** | **59.3** | **62.0** | **63.0** | **64.1** | **69.4** | **75.8** | **81.9** | **87.7** | **93.3** | **98.8** | **104.4** |
| Central bank | 0.1 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Claims on government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Claims on other sectors | 0.1 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Commercial banks | 59.1 | 61.7 | 62.8 | 63.8 | 69.2 | 75.7 | 81.8 | 87.5 | 93.1 | 98.7 | 104.3 |
| Claims on non-financial private sector | 40.9 | 44.1 | 45.2 | 47.2 | 50.5 | 53.7 | 56.8 | 60.0 | 63.3 | 66.6 | 70.1 |
| Claims on government | 1.1 | 0.5 | 0.4 | 0.3 | 2.9 | 4.9 | 6.5 | 7.7 | 8.7 | 9.4 | 9.9 |
| Claims on other sectors | 17.2 | 17.1 | 17.2 | 16.2 | 15.8 | 17.1 | 18.4 | 19.7 | 21.2 | 22.7 | 24.3 |
| **Domestic liabilities** | **78.2** | **85.6** | **88.3** | **91.4** | **95.1** | **101.3** | **107.8** | **114.3** | **121.1** | **128.0** | **135.3** |
| Central bank | 12.2 | 13.5 | 13.3 | 12.5 | 11.1 | 11.9 | 12.9 | 13.9 | 15.2 | 16.5 | 17.9 |
| Monetary base | 6.3 | 5.8 | 6.1 | 6.9 | 6.7 | 7.3 | 8.1 | 8.8 | 9.7 | 10.8 | 11.9 |
| Other | 5.8 | 7.7 | 7.2 | 5.6 | 4.4 | 4.6 | 4.9 | 5.1 | 5.4 | 5.7 | 6.0 |
| Commercial banks | 66.0 | 72.1 | 75.0 | 78.9 | 84.0 | 89.4 | 94.9 | 100.4 | 105.9 | 111.5 | 117.4 |
| Private sector sight deposits | 10.4 | 9.9 | 9.1 | 8.8 | 9.1 | 9.4 | 9.9 | 10.4 | 11.0 | 11.5 | 12.1 |
| Other | 55.6 | 62.1 | 65.9 | 70.1 | 74.9 | 80.0 | 85.0 | 90.0 | 95.0 | 100.0 | 105.3 |
| *Memorandum items* | | | | | | | | | | | |
| Credit to non-financial private sector (percent change) | 5.4 | 8.6 | 1.8 | 5.2 | 6.8 | 6.1 | 5.8 | 5.6 | 5.4 | 5.3 | 5.2 |
| Broad money: M2 (percent change) | 3.8 | 6.5 | 1.0 | 4.3 | 3.6 | 4.8 | 5.3 | 5.4 | 5.5 | 5.4 | 5.4 |
| Narrow money: M1 (percent change) | 2.3 | -4.6 | -7.8 | -2.6 | 2.4 | 5.0 | 5.7 | 5.7 | 6.1 | 6.1 | 6.1 |
| Policy rate (percent) 2/ | 1.5 | 2.3 | 4.1 | 4.2 | 3.9 | … | … | … | … | … | … |
| Bank deposit rate: 1 year (percent) 2/ | 1.3 | 2.7 | 4.4 | 4.4 | 4.1 | … | … | … | … | … | … |
| Bank lending rate: 1 year (percent) 2/ | 3.7 | 3.9 | 4.9 | 5.2 | 5.0 | … | … | … | … | … | … |

Sources: Kuwaiti authorities; IMF staff estimates.

1/ End of period values.

2/ Period average values.

## Table 5. Kuwait: Financial Soundness Indicators for the Banking System, 2014–2024 1/

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (Percent) | | | | | | | | | | |
| **Capital adequacy** | | | | | | | | | | | |
| Common equity Tier 1 capital to risk-weighted assets | … | … | … | 15.3 | 15.2 | 14.0 | 14.6 | 14.7 | 14.6 | 15.4 | 15.0 |
| Non-performing loans net of provisions to capital | 10.4 | 8.7 | 7.4 | 6.4 | 5.6 | 6.6 | 6.6 | 4.4 | 4.2 | 4.1 | 4.8 |
| Regulatory capital to risk-weighted assets | 16.9 | 17.5 | 18.6 | 18.4 | 18.3 | 17.2 | 19.0 | 19.2 | 19.2 | 19.9 | 19.4 |
| Regulatory Tier 1 capital to risk-weighted assets | 15.6 | 16.1 | 16.7 | 16.5 | 16.5 | 15.4 | 16.6 | 17.1 | 17.0 | 17.6 | 17.0 |
| Tier 1 capital to assets | 10.3 | 10.8 | 11.5 | 11.4 | 11.6 | 11.2 | 11.8 | 12.2 | 12.7 | 12.1 | 11.7 |
| **Liquidity** | | | | | | | | | | | |
| Liquid assets to short term liabilities | 32.7 | 31.7 | 31.4 | 30.9 | 30.7 | 28.1 | 27.5 | 27.0 | 24.8 | 24.2 | 22.8 |
| Liquid assets to total assets | 24.7 | 24.3 | 24.1 | 23.7 | 23.6 | 21.7 | 21.3 | 20.8 | 19.0 | 17.3 | 16.8 |
| Liquidity coverage ratio | … | … | … | 196.1 | 179.9 | 193.8 | 184.2 | 182.8 | 180.9 | 169.3 | 163.9 |
| Net stable funding ratio | … | … | … | … | 114.2 | 113.0 | 115.2 | 110.9 | 114.0 | 113.3 | 114.4 |
| **Earnings and profitability** | | | | | | | | | | | |
| Interest margin to gross income | 60.4 | 61.0 | 69.3 | 69.3 | 72.0 | 68.2 | 71.9 | 67.8 | 70.4 | 68.1 | 69.7 |
| Non-interest expenses to gross income | 42.9 | 40.7 | 41.1 | 38.8 | 37.0 | 39.5 | 39.7 | 40.8 | 40.3 | 41.0 | 42.5 |
| Return on assets | 1.2 | 1.2 | 1.2 | 1.3 | 1.4 | 1.2 | 0.7 | 1.2 | 1.7 | 1.8 | 1.9 |
| Return on equity | 9.8 | 9.9 | 9.3 | 10.3 | 11.6 | 9.9 | 5.7 | 10.2 | 13.7 | 13.5 | 14.2 |
| **Asset quality** | | | | | | | | | | | |
| Non-performing loans to total gross loans | 2.9 | 2.4 | 2.2 | 1.9 | 1.6 | 1.8 | 2.0 | 1.4 | 1.4 | 1.4 | 1.5 |
| Provisions to non-performing loans | 35.2 | 32.7 | 32.9 | 33.3 | 29.8 | 22.8 | 30.1 | 32.2 | 51.1 | 52.0 | 47.2 |
| *Memorandum items* | | | | | | | | | | | |
| Customer deposits to total loans | 96.5 | 92.3 | 91.8 | 93.9 | 91.7 | 94.6 | 99.3 | 96.4 | 92.9 | 95.0 | 91.5 |
| Foreign currency denominated loans to total loans | 26.0 | 30.5 | 29.1 | 30.6 | 30.1 | 32.5 | 31.7 | 32.5 | 35.7 | 35.8 | 36.0 |
| Gross asset position in financial derivatives to capital | 71.4 | 76.2 | 87.1 | 89.5 | 92.5 | 114.7 | 104.7 | 112.2 | 139.7 | 135.2 | 145.7 |
| Gross liability position in financial derivatives to capital | 71.4 | 76.2 | 87.0 | 89.5 | 92.5 | 114.6 | 111.6 | 112.1 | 139.8 | 135.2 | 145.8 |
| Large exposures to capital | 97.1 | 101.1 | 94.7 | 105.5 | 104.6 | 106.1 | 98.5 | 83.2 | 79.3 | 79.8 | 72.8 |
| Personnel expenses to non-interest expenses | 47.3 | 49.3 | 53.4 | 56.0 | 54.4 | 54.3 | 53.3 | 54.4 | 53.1 | 50.7 | 50.7 |
| Trading income to total income | 16.0 | 15.5 | 9.4 | 8.4 | 6.5 | 11.4 | 7.0 | 11.8 | 9.2 | 12.2 | 10.1 |

Sources: Kuwaiti authorities.
1/ Consolidated basis.

# Annex I. Implementation of 2024 Article IV Recommendations

| Recommendation | Status |
| --- | --- |
| ***Fiscal Policy*** | |
| Undertake medium-term fiscal consolidation through current expenditure rationalization focused on the public sector wage bill and energy subsidies, together with non-oil revenue mobilization by expanding the CIT to cover all domestic companies while introducing the GCC-wide VAT and excise tax. | *Partially implemented.* Fiscal consolidation focused on current expenditure rationalization and non-oil revenue mobilization occurred in FY2024/25. However, measures to rationalize energy subsidies, expand the CIT to cover all domestic companies, and introduce a VAT and excise tax, have not been implemented. |
| Introduce a Medium-Term Fiscal Framework including a Fiscal Rules Framework, underpinned by a Medium-Term Macroeconomic Framework. | *Not implemented.* The MoF requested IMF CD support to develop a Medium-Term Fiscal Framework underpinned by a Medium-Term Macroeconomic Framework. |
| Enact the new Public Debt Law to support orderly fiscal financing. | *Implemented.* The Financing and Liquidity Law authorizing sovereign debt issuance has been enacted. |
| Enhance fiscal transparency by publishing the KIA's balance sheet. | *Not implemented.* The KIA's balance sheet has not been published, which would require a constitutional amendment. |
| ***Monetary and Financial Sector Policies*** | |
| Replace the unlimited guarantee on bank deposits with a limited deposit insurance framework. | *Not implemented.* The unlimited deposit guarantee remains in place. |
| Phase out the bank lending rate caps. | *Not* implemented. The CBK has not started to phase out the bank lending rate caps. |
| Deepen the interbank and domestic sovereign debt markets. | *Partially implemented.* Sovereign debt issuance has resumed, facilitated by the enactment of the Financing and Liquidity Law. |
| ***Structural Reforms*** | |
| Implement a structural reform package to improve the business environment and better harmonize the labor market. | *Partially implemented.* Some recommended structural reforms to improve the business environment and better harmonize the labor market have been implemented. In particular, infrastructure investment and public land sales for development have been scaled up, while the public sector wage premium has been eroded. |

# Annex II. External Sector Assessment

***Overall Assessment:*** *The external position was substantially weaker than the level implied by medium-term fundamentals and desirable policies in 2025. While Kuwait's external buffers remain strong thanks to high oil export revenues that have generated large current account surpluses and a high net foreign asset position, the external position should be even stronger to ensure long-term external sustainability.*

***Potential Policy Responses:*** *To strengthen the external balance to a level consistent with economic fundamentals and desirable policies, Kuwait should undertake gradual fiscal consolidation over the medium term to reinforce intergenerational equity, alongside structural reforms to enhance competitiveness and diversify the economy. The exchange rate peg to an undisclosed basket of currencies remains an appropriate nominal anchor for monetary policy, as it continues to support low and stable inflation.*

## Foreign Assets and Liabilities: Position and Trajectory[1]

**Background.** The net foreign asset position excluding gold stood at US$1,287 billion (803 percent of GDP) at end-2024, up from US$1,133 billion (685 percent of GDP) at end-2023. Total foreign assets excluding gold amounted to US$1,389 (867 percent of GDP) at end-2024, up from US$1,231 billion (744 percent of GDP) at end-2023, mainly reflecting higher portfolio equity assets. Total foreign liabilities amounted to US$102.6 billion (64 percent of GDP) at end-2024, up from US$98.6 billion (60 percent of GDP) at end-2023.

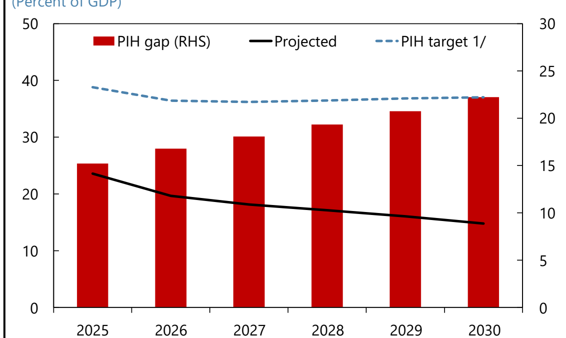
**Assessment.** The net foreign asset position is high, and is projected to steadily increase over the medium term. This strong outlook reflects projected double-digit current account surpluses as a share of GDP over the medium term, given oil export revenues and investment income receipts.

| | | | | | |
|---|---|---|---|---|---|
| 2024 (% GDP) | NIIP: 803 | Gross Assets: 867 | Debt Assets: 326 | Gross Liab.: 64 | Debt Liab.: 45 |

## Current Account

**Background.** The current account surplus is estimated to have moderated to 23.6 percent of GDP in 2025, down from 29.1 percent of GDP in 2024. This primarily reflected lower oil export revenues, which are estimated to have fallen to 38.8 percent of GDP in 2025 from 43.0 percent of GDP in 2024, given lower oil prices and OPEC+ production cuts.

**Current Account Balance**
(Percent of GDP)




Sources: Kuwaiti authorities; EWN Database; IMF staff estimates.

1/ Consumption-based external sustainability approach for large exporters of exhaustible commodities, using a constant real per capita annuity target. Assumes a long run growth rate of real oil prices of 0 percent, return on NFA of 4 percent, and growth rate of the Kuwaiti population of 1 percent.

**Assessment.** The large current account surplus was substantially lower than the level consistent with medium-term fundamentals and desirable policies in 2025. The EBA-lite current account approach estimates an adjusted current account balance of 24.4 percent of GDP in 2025, versus a current account norm of 41.1 percent of GDP. This implies a current account gap of −16.7 percent of GDP, reflecting excessive national consumption that has eroded national saving. The relative policy gap accounts for −1.6 percent of GDP of this current account gap, reflecting excessive public consumption that should be rationalized through medium-term fiscal consolidation.[2] The consumption-based external sustainability approach for oil exporters estimates a current account norm of 39.6 percent of GDP in 2025, to support intergenerational equity by saving adequately to maintain a constant real per capita annuity consistent with the PIH, implying a current account gap of −15.2 percent of GDP. Given that it is tailored to oil exporters, staff assigns the most weight to the consumption-based external sustainability approach (ES), following past Article IV Consultations.

**Kuwait: EBA-lite Model Results, 2025**

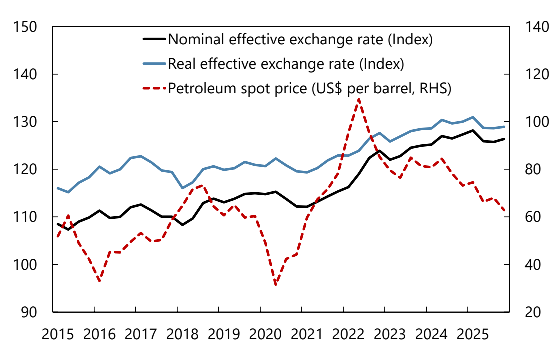
| | **CA model** 1/ | **REER model** | **ES model** |
|---|---|---|---|
| | | (Percent of GDP) | |
| **CA-Actual** | **23.6** | | **23.6** |
| Cyclical contributions (from model) (-) | -0.5 | | -0.5 |
| Natural disasters and conflicts (-) | -0.3 | | -0.3 |
| **Adjusted CA** | **24.4** | | **24.4** |
| **CA Norm** (from model) 3/ 4/ | **41.1** | | **39.6** |
| **CA Gap** | **-16.7** | **-11.4** | **-15.2** |
| o/w Relative policy gap | -1.6 | | |
| Elasticity | -0.3 | | -0.3 |
| **REER Gap** (in percent) | **55.7** | **37.9** | **50.7** |

1/ Based on the EBA-lite 3.0 methodology.
2/ Consumption-based external sustainability approach for oil exporters.
3/ Cyclically adjusted, including multilateral consistency adjustments.
4/ For ES model, not cyclically adjusted, maintains constant real per capita annuity.

## Real Exchange Rate

**Background.** The exchange rate is pegged to an undisclosed basket of currencies. For over a decade, the Kuwaiti Dinar has experienced moderate trend appreciation in nominal and real effective terms. This trend appreciation was paused in 2025 by depreciation of the US dollar.

**Nominal versus Real Effective Exchange Rates**




Sources: IMF.

**Assessment.** The EBA-lite current account approach estimates a real effective exchange rate (REER) overvaluation of 55.7 percent in 2025, while the EBA-lite REER model estimates an overvaluation of 37.9 percent, and the ES approach estimates an overvaluation of 50.7 percent. These substantial estimated exchange rate overvaluations mirror the corresponding estimated current account gaps and share the same root cause, namely excessive national consumption that has eroded national saving, in particular excessive public consumption. Meanwhile, the exchange rate peg continues to anchor price stability, while limiting financial stability risks associated with exchange rate volatility. Fiscal consolidation to reinforce intergenerational equity, together with structural reforms to enhance competitiveness, would help strengthen the external position and support the exchange rate peg, while preserving the macrofinancial stability benefits of the current exchange rate regime.

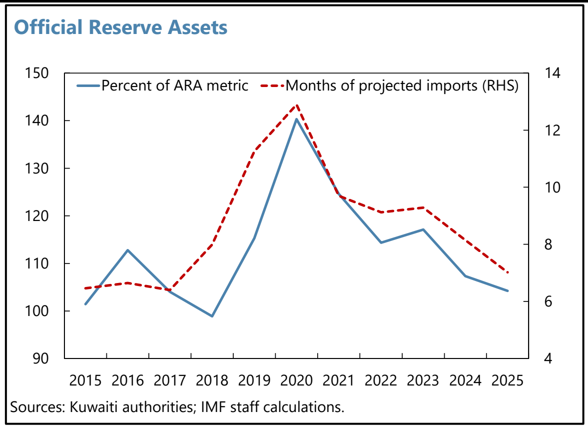
## Capital and Financial Accounts: Flows and Policy Measures

**Background.** Strong capital outflows have continued as the KIA invested high oil export revenues abroad. The financial account surplus is estimated to have moderated to 26.7 percent of GDP in 2025, down from 31.1 percent of GDP in 2024.

**Assessment.** Capital flow analysis is hampered by stock-flow inconsistencies between the BOP and official IIP data, as the latter has limited coverage and excludes foreign assets held by the KIA. Strong external buffers limit the risk of a capital outflow surge and vulnerabilities to it.

## FX Intervention and Reserves Level

**Background.** Official reserve assets stood at US$40.8 billion (7.0 months of projected imports, 104.2 percent of ARA metric) at end-2025, down from US$44.4 billion (8.1 months of projected imports, 107.3 percent of ARA metric) at end-2024. Sovereign wealth fund assets under management by the KIA on behalf of the government are estimated at US$1,002 billion (640.3 percent of GDP) at end-2025, up from US$969 billion (604.8 percent of GDP) at end-2024.[3]




**Assessment.** Official reserve assets are sufficient to cover prospective BOP financing needs—lying within the adequate range of 100-150 percent of the ARA metric—and are projected to remain so over the medium-term. They are complemented by substantial foreign assets held by the KIA.

[1] The data source is the January 20, 2026 version of: Lane, Philip R. and Gian Maria Milesi-Ferretti, "External Wealth of Nations Database" (based on Lane, Philip R. and Gian Maria Milesi-Ferretti, 2018, "The External Wealth of Nations Revisited: International Financial Integration in the Aftermath of the Global Financial Crisis", IMF Economic Review, 66, 189-222).

[2] Staff assigns the most weight to the consumption-based external sustainability approach, which together with the PIH analysis of fiscal policy indicates that the fiscal balance gap accounts for the bulk of the current account balance gap.

[3] The data source is the Global SWF Annual Reports.

# Annex III. Risk Assessment Matrix[1]

| Risk and Likelihood | Economic Impact | Policy Responses |
|---|---|---|
| **Global Risks** | | |
| High | High | |
| **Commodity price volatility.** Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability. | Higher/lower oil prices would strengthen/weaken the fiscal and external balances while raising/reducing growth. Higher/lower domestic capacity pressures and imported food prices would raise/reduce inflation. | Fiscal consolidation/stimulus should stabilize non-oil growth and inflation, reinforced by monetary tightening/easing within autonomy limits. Fiscal and structural reforms that raise non-oil revenues and diversify the economy would enhance resilience to this risk. |
| High | Medium | |
| **Geopolitical tensions.** Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains. | Global geopolitical tensions and regional conflicts have not materially impacted Kuwait's economy. Higher/lower oil prices would strengthen/weaken the fiscal and external balances while raising/reducing growth. Higher/lower domestic capacity pressures and imported food prices would raise/reduce inflation. | Fiscal consolidation/stimulus should stabilize non-oil growth and inflation, reinforced by monetary tightening/easing within autonomy limits. Fiscal and structural reforms that raise non-oil revenues and diversify the economy would enhance resilience to this risk. |
| High | Medium | |
| **Financial market volatility and correction.** Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes | Tighter/looser global financial conditions would reduce/raise growth and inflation, via trade, financial and commodity price spillovers. The potential impacts on the fiscal and external balances are ambiguous, with likely offsetting impacts on oil revenues versus net investment income. | Fiscal stimulus/consolidation should stabilize non-oil growth and inflation. Monetary policy should continue to support the exchange rate peg by adjusting the policy rate in line with major central banks, while marginally easing/tightening within autonomy limits. |

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities. Risks may interact and materialize jointly.

| Risk and Likelihood | Economic Impact | Policy Responses |
|---|---|---|
| in sovereign bond yields, and capital flow volatility. | | |
| **Domestic Risks** | | |
| Medium | High | |
| **Accelerated/delayed fiscal and structural reforms.** Fiscal and structural reforms to diversify the economy are accelerated/delayed, or their scope and effectiveness is enhanced/diminished. | The accelerated/delayed implementation of these fiscal and structural reforms would promote/hinder economic diversification and boost/restrain investor confidence. This would enhance/diminish resilience to global risks and stimulate/depress private investment. | The government should publish and implement a workplan articulating its fiscal and structural reforms, while clearly explaining their benefits to the public. It should also strengthen the social safety net to support potentially adversely impacted groups. |

# Annex IV. Fiscal and Debt Sustainability Assessment

## Figure 1. Kuwait: Risk of Sovereign Stress

| Horizon | Mechanical signal | Final assessment | Comments |
|---|---|---|---|
| **Overall** | ... | Low | The overall risk of sovereign stress is low, given low public debt vulnerabilities over the medium and long-term horizons. |
| **Medium term** | Low | Low | Medium-term risks are low consistent with the mechanical signal, given the low level of public debt and large SWF assets. |
| Fanchart | High | Low | |
| GFN | Low | Low | |
| Stress test | ... | ... | |
| **Long term** | ... | Low | Long-term risks are low despite rising aging-related health and social security expenditures, given the low level of public debt and large SWF assets. |
| **Sustainability assessment 1/** | Not required for surveillance countries | Not required for surveillance countries | |
| **Debt stabilization in the baseline** | | | No |

### DSA Summary Assessment

Commentary: The overall risk of sovereign stress is low, reflecting low public debt vulnerabilities at all horizons. Given the recent enactment of the Financing and Liquidity Law authorizing sovereign debt issuance, government debt is projected to gradually rise from an insignificant 2.9 percent of GDP at end-2024 to 37.1 percent of GDP at end-2031, to finance budgetary central government fiscal deficits while developing the domestic debt market. The government has large buffers that can support fiscal financing, in particular SWF assets worth an estimated 640 percent of GDP at end-2025.

Source: IMF staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

## Figure 2. Kuwait: Debt Coverage and Disclosures

| | | | | | | Comments |
|---|---|---|---|---|---|---|
| **1. Debt coverage in the DSA: 1/** | CG | GG | NFPS | CPS | Other | |
| **1a. If central government, are non-central government entities insignificant?** | | | | | n.a. | |
| **2. Subsectors included in the chosen coverage in (1) above:** | | | | | | |

| | | | | Subsectors captured in the baseline | Inclusion |
|---|---|---|---|---|---|
| CPS | NFPS | GG: expected | CG | 1 Budgetary central government | Yes |
| | | | | 2 Extra budgetary funds (EBFs) | Yes |
| | | | | 3 Social security funds (SSFs) | Yes |
| | | | | 4 State governments | Yes |
| | | | | 5 Local governments | Yes |
| | | | | 6 Public nonfinancial corporations | No |
| | | | | 7 Central bank | Yes |
| | | | | 8 Other public financial corporations | No |

| | | | | | |
|---|---|---|---|---|---|
| **3. Instrument coverage:** | Currency & deposits | Loans | Debt securities | Oth acct. payable 2/ | IPSGSs 3/ |
| **4. Accounting principles:** | Basis of recording | | Valuation of debt stock | | |
| | Non-cash basis 4/ | Cash basis | Nominal value 5/ | Face value 6/ | Market value 7/ |
| **5. Debt consolidation across sectors:** | Consolidated | | Non-consolidated | | |

**Color code:** chosen coverage; Missing from recommended coverage; Not applicable

**Reporting on Intra-Government Debt Holdings**

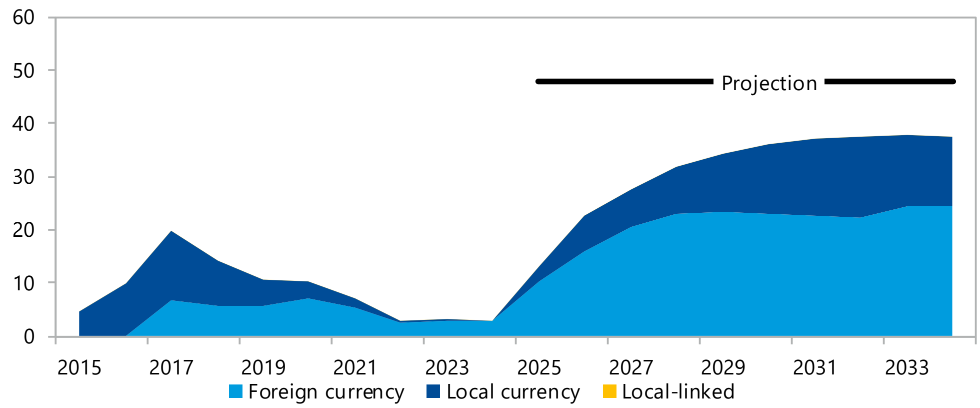
| Issuer \ Holder | Budget. central govt | Extra-budget. funds (EBFs) | Social security funds (SSFs) | State govt. | Local govt. | Nonfin. pub. corp. | Central bank | Oth. pub. fin corp | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 Budget. central govt | | | | | | | | | 0 |
| 2 Extra-budget. funds | | | | | | | | | 0 |
| 3 Social security funds | | | | | | | | | 0 |
| 4 State govt. | | | | | | | | | 0 |
| 5 Local govt. | | | | | | | | | 0 |
| 6 Nonfin pub. corp. | | | | | | | | | 0 |
| 7 Central bank | | | | | | | | | 0 |
| 8 Oth. pub. fin. corp | | | | | | | | | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The DSA covers the general government, which includes extra budgetary funds and social security funds. There are no state or local governments in Kuwait. Fiscal data for the broader public sector is currently unavailable. Staff is working with the authorities on expanding the coverage of the fiscal data to encompass the broader public sector.

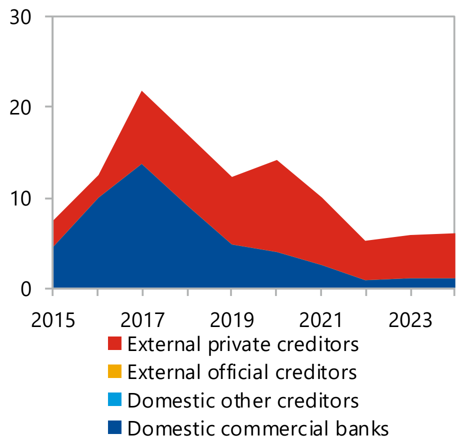
## Figure 3. Kuwait: Public Debt Structure Indicators

**Debt by Currency (Percent of GDP)**



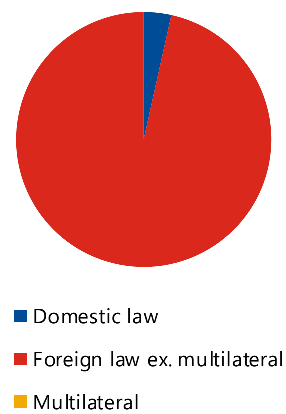

Note: The perimeter shown is general government.

**Public Debt by Holder (Percent of GDP)**



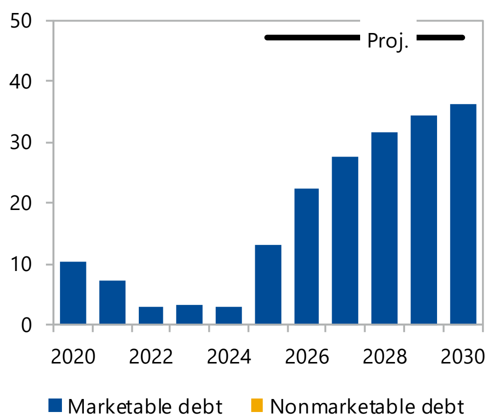

Note: The perimeter shown is general government.

**Public Debt by Governing Law, 2024 (percent)**



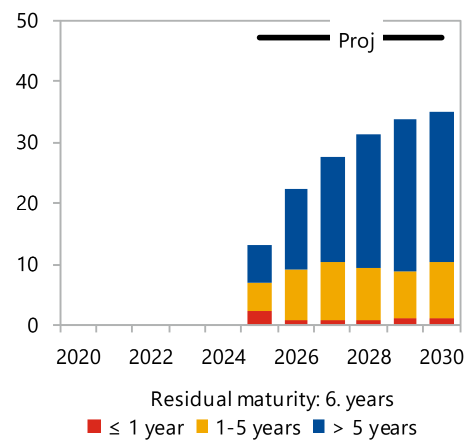

Note: The perimeter shown is general government.

**Debt by Instruments (Percent of GDP)**




Note: The perimeter shown is general government.

**Public Debt by Maturity (Percent of GDP)**




Note: The perimeter shown is general government.

Commentary: All indicators are reported on a calendar year basis.

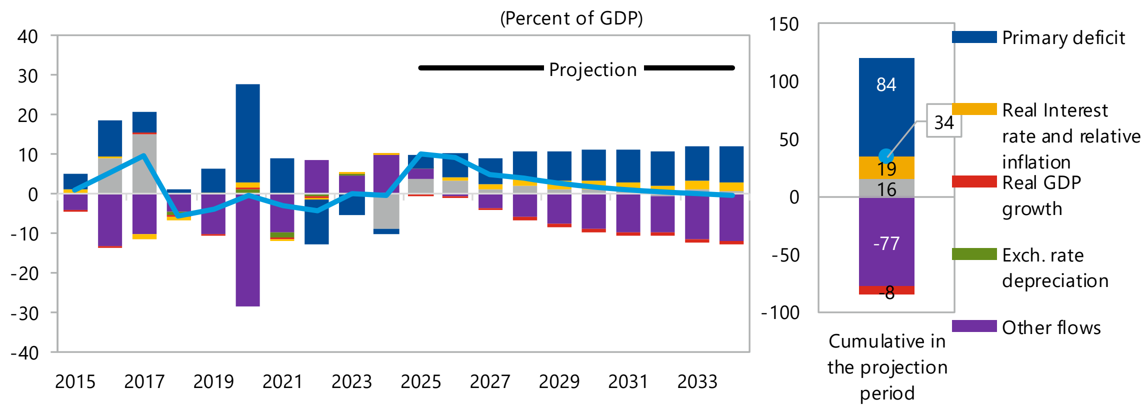
## Figure 4. Kuwait: Baseline Scenario

(Percent of GDP unless indicated otherwise)

| | Actual | Medium-term projection | | | | | | Extended projection | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| Public debt | 2.9 | 13.0 | 22.5 | 27.5 | 31.7 | 34.3 | 36.0 | 37.1 | 37.6 | 37.8 | 37.4 |
| Change in public debt | -0.2 | 10.1 | 9.5 | 5.0 | 4.2 | 2.7 | 1.7 | 1.0 | 0.5 | 0.2 | -0.4 |
| Contribution of identified flows | 8.7 | 6.2 | 6.1 | 3.9 | 2.3 | 1.3 | 0.5 | 0.1 | 1.2 | -0.8 | -1.1 |
| Primary deficit | -1.2 | 3.7 | 6.0 | 6.6 | 7.1 | 7.5 | 7.9 | 8.3 | 8.6 | 9.0 | 9.4 |
| Noninterest revenues | 49.3 | 46.7 | 44.7 | 43.8 | 43.4 | 43.1 | 42.8 | 42.5 | 42.1 | 41.7 | 41.4 |
| Noninterest expenditures | 48.1 | 50.4 | 50.7 | 50.3 | 50.4 | 50.7 | 50.7 | 50.7 | 50.7 | 50.7 | 50.7 |
| Automatic debt dynamics | 0.2 | 0.0 | 0.5 | 0.9 | 1.1 | 1.2 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 |
| Real interest rate and relative inflat | 0.0 | 0.0 | 1.0 | 1.4 | 1.7 | 2.0 | 2.1 | 2.2 | 2.2 | 2.3 | 2.3 |
| Real interest rate | 0.1 | 0.3 | 1.4 | 1.4 | 1.7 | 1.9 | 2.1 | 2.3 | 2.3 | 2.3 | 2.3 |
| Relative inflation | -0.1 | -0.2 | -0.4 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Real growth rate | 0.1 | -0.1 | -0.5 | -0.6 | -0.7 | -0.8 | -0.8 | -0.8 | -0.9 | -0.9 | -0.9 |
| Real exchange rate | 0.1 | … | … | … | … | … | … | … | … | … | … |
| Other identified flows | 9.7 | 2.5 | -0.4 | -3.5 | -5.9 | -7.5 | -8.8 | -9.5 | -8.8 | -11.2 | -11.8 |
| Contingent liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (minus) Interest Revenues | -25.0 | -31.0 | -31.4 | -31.7 | -31.9 | -32.0 | -32.0 | -32.1 | -32.1 | -32.1 | -32.0 |
| Other transactions | 34.8 | 33.5 | 31.0 | 28.3 | 26.1 | 24.5 | 23.3 | 22.6 | 23.3 | 20.9 | 20.2 |
| Contribution of residual | -8.9 | 3.9 | 3.4 | 1.1 | 1.9 | 1.4 | 1.2 | 0.9 | -0.7 | 1.1 | 0.7 |
| | | | | | | | | | | | |
| Gross financing needs | -25.7 | -26.7 | -19.4 | -17.9 | -16.5 | -15.4 | -14.7 | -14.2 | -13.8 | -12.9 | -11.8 |
| of which: debt service | 0.5 | 0.5 | 6.0 | 7.3 | 8.3 | 9.0 | 9.5 | 9.6 | 9.7 | 10.1 | 10.8 |
| Local currency | 0.4 | 0.4 | 0.8 | 1.4 | 1.7 | 1.8 | 2.2 | 2.6 | 2.9 | 3.1 | 3.4 |
| Foreign currency | 0.1 | 0.1 | 5.2 | 5.9 | 6.6 | 7.2 | 7.3 | 7.1 | 6.9 | 7.0 | 7.4 |
| Memo: | | | | | | | | | | | |
| Real GDP growth (percent) | -2.6 | 2.6 | 3.8 | 2.5 | 2.5 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Inflation (GDP deflator; percent) | -0.7 | -4.8 | -1.9 | 1.7 | 2.1 | 2.1 | 1.9 | 1.7 | 1.6 | 1.7 | 1.7 |
| Nominal GDP growth (percent) | -3.3 | -2.3 | 1.8 | 4.2 | 4.7 | 4.6 | 4.3 | 4.1 | 4.0 | 4.1 | 4.1 |
| Effective interest rate (percent) | 3.3 | 3.8 | 8.9 | 8.3 | 8.7 | 8.5 | 8.3 | 8.2 | 8.1 | 8.1 | 8.0 |

### Contribution to Change in Public Debt

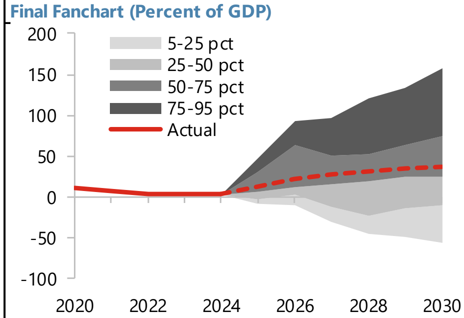
(Percent of GDP)




Commentary: All indicators are reported on a calendar year basis. Other flows include government transfers to and from SWFs.

## Figure 5. Kuwait: Medium-Term Risk Assessment

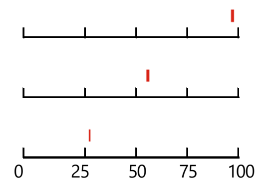
### Final Fanchart (Percent of GDP)



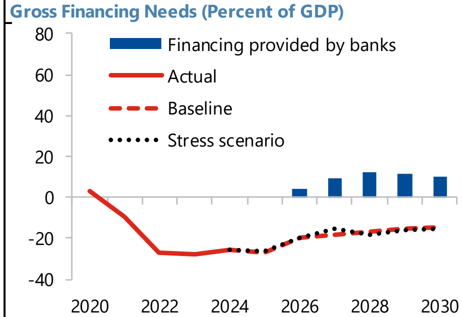

**Debt fanchart module**

| | Value | Contrib 1/ |
|---|---|---|
| Fanchart width *(percent of GDP)* | 215.1 | 3.1 |
| Probability of debt non-stabilizaiton *(percent)* | 65.7 | 0.6 |
| Terminal debt-to-GDP x institutions index | 13.8 | 0.3 |
| **Debt fanchart index (DFI)** | | 4.0 |
| **Risk signal: 3/** | | **High** |

Percentile in peer group 2/

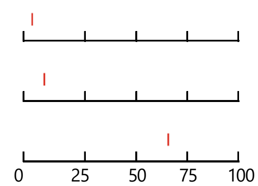



### Gross Financing Needs (Percent of GDP)




**Gross financing needs (GFN) module**

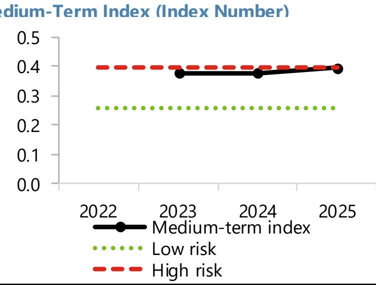
| | Value | Contrib 1/ |
|---|---|---|
| Average baseline GFN *(percent of GDP)* | -18.4 | -6.3 |
| Initial Banks' claims on the gen. govt *(pct bank assets)* | 0.5 | 0.2 |
| Chg. In banks' claims in stress *(pct banks' assets)* | 16.5 | 5.5 |
| **GFN financeability index (GFI)** | | -0.6 |
| **Risk signal: 4/** | | **Low** |




Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

### Medium-Term Index (Index Number)




Medium-term risk analysis

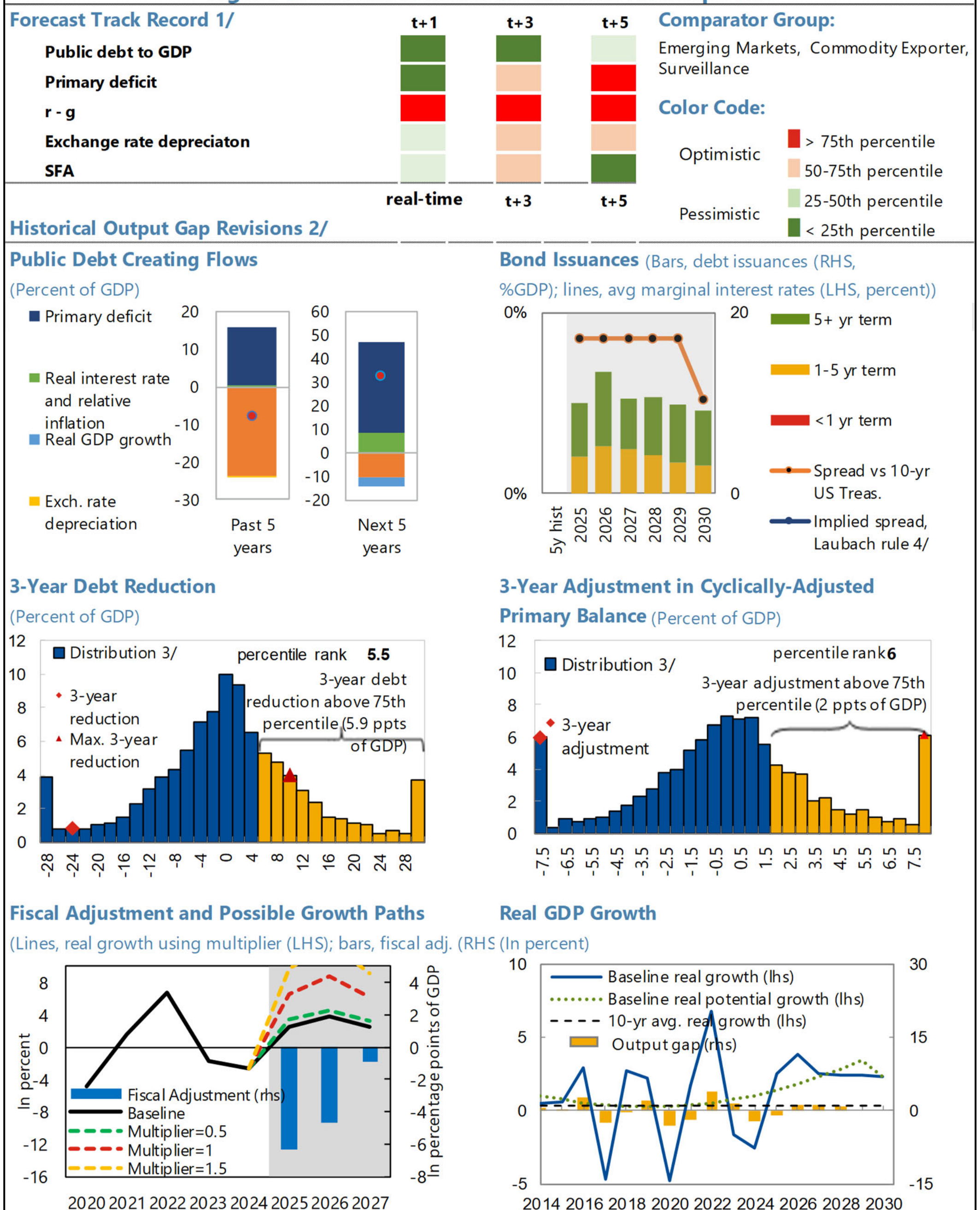
| | Value | Normalized value | Weight | Contribution |
|---|---|---|---|---|
| Debt fanchart index | 4.0 | 0.9 | 0.5 | 0.4 |
| GFN finaceability index | -0.6 | 0.0 | 0.5 | 0.0 |
| **Medium-term index** | | 0.4 | | |
| **Risk signal: 5/** | | **High** | | |
| **Final assessment:** | | **Low** | | |

Prob. of missed crisis, 2025-2030, if stress not predicted: 45.5 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 10.2 pct.

Commentary: Following the Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for Market Access Countries, the mechanical signal from the debt fanchart index is high, but has been assessed as low, as the government has large financial asset buffers exceeding 75 percent of GDP and 100 percent of public debt.

Source: IMF staff estimates and projections.
1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

## Figure 6. Kuwait: Realism of Baseline Assumptions




Commentary: The cyclically-adjusted primary fiscal balance is estimated assuming an expenditure elasticity of 0 and a revenue elasticity of 1 with respect to the output gap.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates.

3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

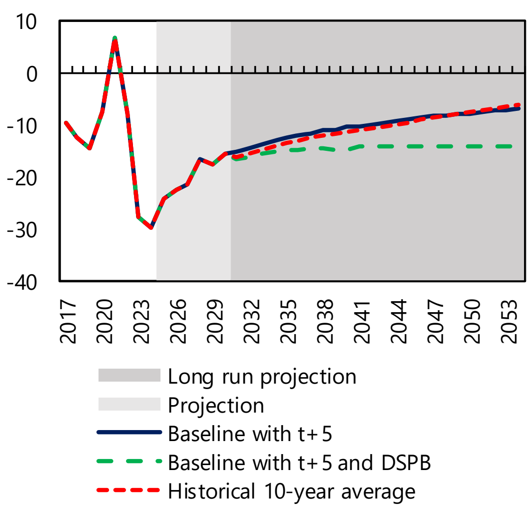
## Figure 7. Kuwait: Triggered Modules

| | | | |
|---|---|---|---|
| **Large amortizations** | **Pensions** | Climate change: Adaptation | Natural Resources |
| | **Health** | Climate change: Mitigation | |

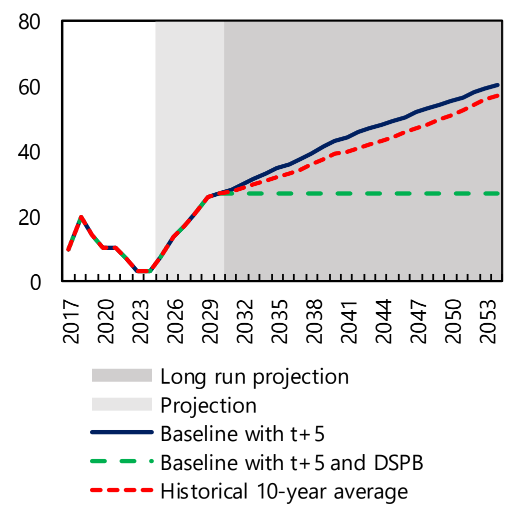
## Figure 8. Kuwait: Long-Term Risk Assessment: Large Amortization

| **Projection** | **Variable** | **Risk Indication** |
|---|---|---|
| Medium-term extrapolation | GFN-to-GDP ratio | |
| | Amortization-to-GDP ratio | |
| | Amortization | |
| Medium-term extrapolation with debt stabilizing primary balance | GFN-to-GDP ratio | |
| | Amortization-to-GDP ratio | |
| | Amortization | |
| Historical average assumptions | GFN-to-GDP ratio | |
| | Amortization-to-GDP ratio | |
| | Amortization | |
| Overall Risk Indication | | |

**GFN-to-GDP Ratio**




**Total Public Debt-to-GDP Ratio**

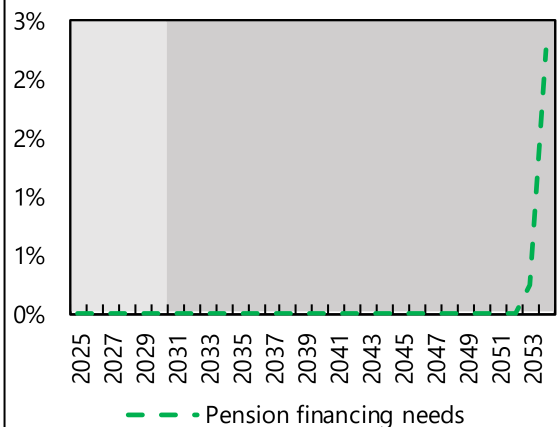



Commentary: The government has large buffers that can support fiscal financing. The projected public debt increase under the baseline is to finance budgetary central government fiscal deficits while developing the domestic debt market.

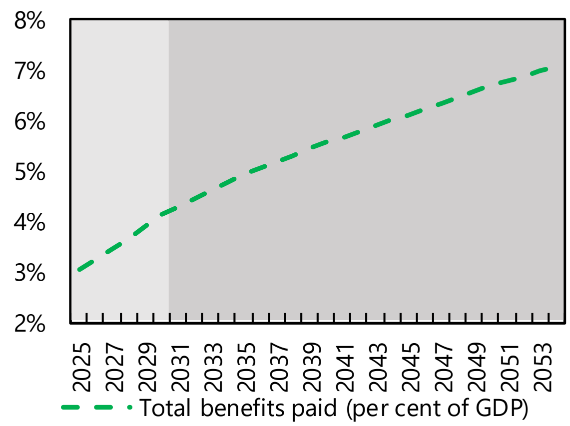
## Figure 9. Kuwait: Demographics: Pensions

| **Permanent adjustment needed in the pension system to keep pension assets positive for:** | **30 years** | **50 years** | **Until 2100** |
|---|---|---|---|
| (pp of GDP per year) | 0.08% | 0.93% | 1.12% |

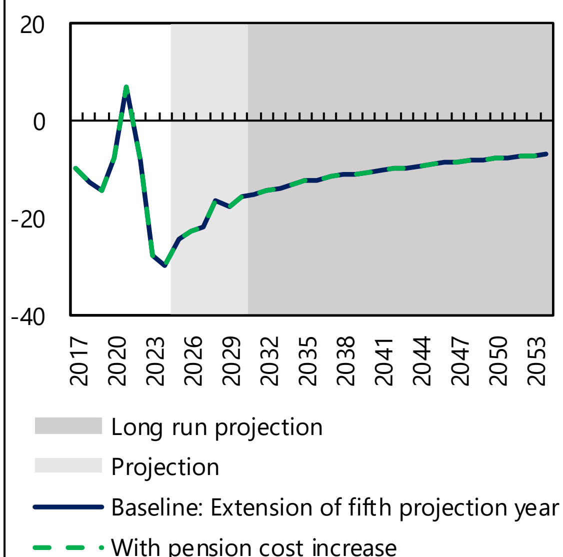
**Pension Financing Needs**



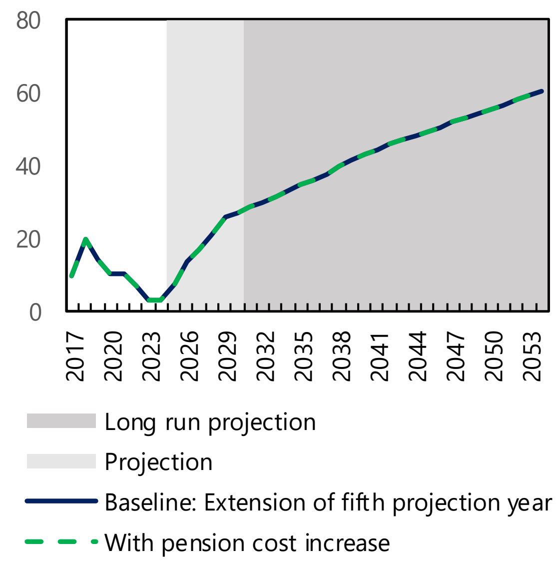

**Total Benefits Paid**




**GFN-to-GDP Ratio**

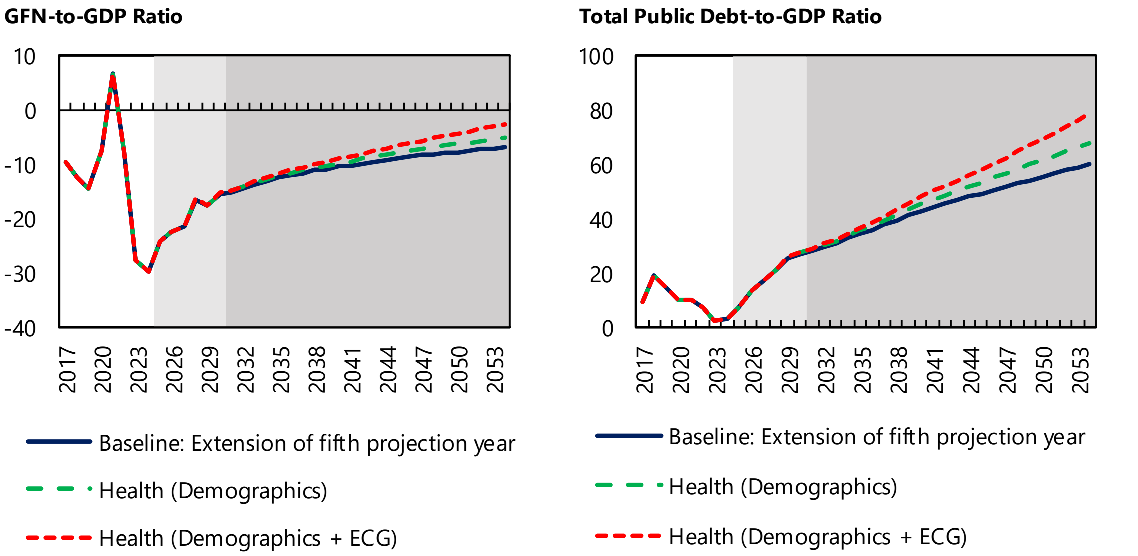



**Total Public Debt-to-GDP Ratio**




Commentary: The government has large buffers that can support fiscal financing. The projected public debt increase under the baseline is to finance budgetary central government fiscal deficits while developing the domestic debt market.

## Figure 10. Kuwait: Demographics: Health




Commentary: The government has large buffers that can support fiscal financing. The projected public debt increase under the baseline is to finance budgetary central government fiscal deficits while developing the domestic debt market.

# Annex V. Data Issues

## Table 1. Kuwait: Data Adequacy Assessment for Surveillance

**Data Adequacy Assessment Rating 1/**

C

Questionnaire Results 2/

| **Assessment** | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency | Median Rating |
|---|---|---|---|---|---|---|---|
| | C | C | B | C | B | C | C |

Detailed Questionnaire Results

| **Data Quality Characteristics** | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency |
|---|---|---|---|---|---|---|
| Coverage | C | C | C | C | B | |
| Granularity 3/ | D | | B | B | B | |
| | | | B | | A | |
| Consistency | | | C | C | | C |
| Frequency and Timeliness | C | C | B | B | B | |

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

| | |
|---|---|
| A | The data provided to the Fund are adequate for surveillance. |
| B | The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. |
| C | The data provided to the Fund have some shortcomings that somewhat hamper surveillance. |
| D | The data provided to the Fund have serious shortcomings that significantly hamper surveillance. |

**Rationale for Staff Assessment.** Data provision has some shortcomings that somewhat hamper surveillance. The national accounts, prices, government finance and external sector statistics have major shortcomings that hamper surveillance. In particular, the quality of the national accounts statistics has been undermined by the suspension of the annual establishment survey since 2019, while an expenditure-side national accounts decomposition remains unavailable for 2024. In addition, the quality and timeliness of the CPI statistics have been impacted by the pause in the field survey starting in July 2025. Furthermore, the exclusion of government debt service costs, KIA investment income and SOE profit transfers from the government finance statistics hampers fiscal policy analysis. Finally, the omission of foreign assets held by the KIA from the IIP statistics generates stock-flow inconsistencies with the BOP statistics. In contrast, the monetary and financial statistics have some shortcomings but are broadly adequate for surveillance. In particular, the exclusion of real estate price indexes hampers the measurement of financial conditions and assessment of financial stability risks. Finally, the absence of a decomposition of external debt into short-term versus long-term components hampers the assessment of FX reserve adequacy.

**Changes since the last Article IV consultation.** The CPI field survey was paused starting in July 2025, impacting the quality and timeliness of the CPI statistics. Little or no progress has been made on improving the national accounts, government finance and external sector statistics.

**Corrective actions and capacity development priorities.** To support well-informed surveillance and policymaking, the authorities should: i) resume the timely publication of monthly CPI statistics informed by a field survey; ii) regularly publish complete national accounts statistics including an expenditure-side GDP decomposition in a timely manner; iii) expand the coverage of the government finance statistics to include government debt service costs, KIA investment income and SOE profit transfers; and vi) expand the coverage of the IIP statistics to include foreign assets held by the KIA. The Kuwaiti authorities are engaging external experts to help review the statistical programs at the Central Statistical Bureau. The IMF is providing information on its Data Quality Assessment Framework to support the authorities with this review.

**Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff.** Since the official IIP statistics exclude foreign assets held by the KIA, staff base the External Sector Assessment on IIP estimates from the External Wealth of Nations database. Staff also use estimates from the IEA Fossil Fuel Subsidies database and Global SWF Annual Reports to help inform surveillance.

**Other data gaps.** Expanding the coverage and improving the timeliness of labor market statistics would help inform surveillance.

## Table 2. Kuwait: Data Standards Initiatives

Kuwait participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since September 2021.

## Table 3. Kuwait: Table of Common Indicators Required for Surveillance

As of January 1, 2026

| | Data Provision to the Fund | | | | Publication under the Data Standards Initiatives through the National Summary Data Page | | | |
|---|---|---|---|---|---|---|---|---|
| | Date of Latest Observation | Date Received | Frequency of Data[6] | Frequency of Reporting[6] | Expected Frequency[6,7] | Kuwait[8] | Expected Timeliness[6,7] | Kuwait[8] |
| Exchange Rates | Aug-25 | Sep-25 | M | M | D | 30 | ... | 21 |
| International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1] | Aug-25 | Sep-25 | M | 2M | M | 30 | 1M | 21 |
| Reserve/Base Money | Aug-25 | Sep-25 | M | 2M | M | 30 | 2M | 21 |
| Broad Money | Aug-25 | Sep-25 | M | 2M | M | 30 | 1Q | 21 |
| Central Bank Balance Sheet | Aug-25 | Sep-25 | M | 2M | M | 30 | 2M | 21 |
| Consolidated Balance Sheet of the Banking System | Aug-25 | Sep-25 | M | 2M | M | 30 | 1Q | 21 |
| Interest Rates[2] | Aug-25 | Sep-25 | M | M | M | 30 | ... | 21 |
| Consumer Price Index | Jul-25 | Aug-25 | I | I | M | 30 | 2M | 30 |
| Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4] | Mar-25 | Apr-25 | M | 6M | A | 365 | 3Q | 240 |
| Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government | Mar-25 | Apr-25 | M | 6M | Q | 365 | 1Q | 240 |
| Stocks of Central Government and Central Government-Guaranteed Debt[5] | Mar-25 | Apr-25 | M | 6M | Q | ... | 2Q | ... |
| External Current Account Balance | Mar-25 | Aug-25 | Q | Q | Q | 90 | 1Q | 90 |
| Exports and Imports of Goods and Services | Mar-25 | Aug-25 | M | 2M | M | 90 | 12W | 90 |
| GDP/GNP | Mar-25 | Jul-25 | I | I | Q | 90 | 1Q | 90 |
| Gross External Debt | Mar-25 | Aug-25 | Q | 2Q | Q | 90 | 2Q | 90 |
| International Investment Position | Mar-25 | Aug-25 | Q | Q | A | 90 | 3Q | 90 |

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.
[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
[3] Foreign, domestic bank, and domestic nonbank financing.
[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
[5] Including currency and maturity composition.
[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.
[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.
[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

# Annex VI. Financial Deepening in Kuwait

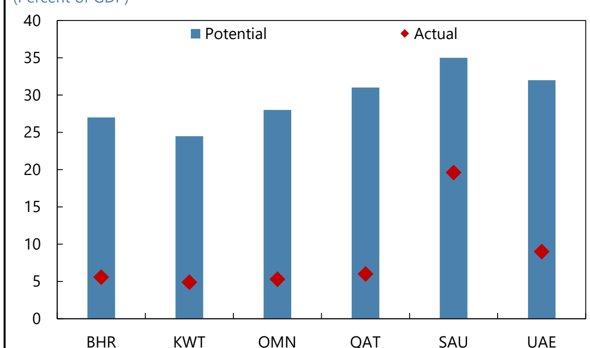
1. **Kuwait has a unique opportunity to further develop its financial system.** The Financing and Liquidity Law (enacted in March 2025) allows sovereign debt issuance for the first time since 2017, while the forthcoming Real Estate Financing Law introduces market-based housing finance. Together with ongoing infrastructure investments, the authorities view these reforms as having the potential to catalyze deeper financial markets.

2. **Kuwait's banking system and equity markets are well developed compared to GCC peers and emerging market benchmarks.** Bank assets reached 250 percent of GDP in 2024—among the highest in the GCC—supported by strong balance sheets, high liquidity, and a large Islamic finance segment. Similarly, equity market capitalization was about 90 percent of GDP in 2024, above the emerging market average. The Kuwait Capital Markets Authority recently introduced key tools—including short selling, securities lending and borrowing, margin trading, and omnibus/sub-accounts—to facilitate participation by institutional and foreign investors. Market infrastructure has also been strengthened through the launch of a Central Clearing Counterparty (CCP) in 2025.

3. **The local currency debt market is at a nascent stage of development.** Outstanding local currency bonds (private and sovereign) totaled only 5 percent of GDP in 2024 (about 20 percent of GDP below potential market size). The long pause in government debt issuance precluded the development of a benchmark sovereign yield curve, limiting price discovery in corporate issuances and the development of an institutional investor base. The resumption of local currency sovereign debt issuance provides an opportunity to reinvigorate the market. To ensure a smoothly functioning primary market, it will be critical for the government to develop a predictable and transparent issuance calendar and to adopt auction-based issuance. This would facilitate yield curve development and eventually support secondary market activity. The authorities are also developing a sovereign sukuk program to expand Islamic debt instruments.

**Local Currency Debt Market: Actual versus Potential**

(Percent of GDP)




Sources: GCC authorities; IMF staff estimates.

4. **Going forward, reform efforts should focus on three mutually reinforcing priorities:**

- *Establishing a transparent and predictable sovereign issuance strategy.* Publishing a 12-month ahead issuance calendar embedded in a medium-term debt management strategy would enhance transparency and clarity. Regular auctions across standardized tenors would support price discovery and the development of a benchmark sovereign yield curve. Establishing a joint Issuance and Market Development Committee among the CBK, MoF, KIA and CMA could better align issuance planning, liquidity management, and market-development objectives.

- *Broadening the investor base and strengthening the role of nonbank financial institutions.* Greater participation from insurers, pension funds, and asset managers would help diversify financing channels and deepen intermediation. The forthcoming Real Estate Financing Law can support this shift by expanding long-term lending opportunities and creating conditions for securitization.
- *Strengthening secondary market activity.* Leveraging the new CCP while further activating repo and collateral tools will be important to strengthen secondary market liquidity.

INTERNATIONAL MONETARY FUND

# KUWAIT

February 3, 2026

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX


Prepared By

Middle East and Central Asia Department with inputs from other departments and the World Bank


## CONTENTS

# FUND RELATIONS

(As of January 31, 2026)

**Membership status:** Joined September 13, 1962; Article VIII.

| **General Resources Account:** | **SDR Million** | **Percent of Quota** |
|---|---|---|
| Quota | 1,933.50 | 100.00 |
| Fund holdings of currency | 1,433.26 | 74.13 |
| Reserve tranche position | 500.94 | 25.91 |
| Lending to the Fund | | |

| **SDR Department:** | **SDR Million** | **Percent of Allocation** |
|---|---|---|
| Net cumulative allocation | 3,168.75 | 100.00 |
| Holdings | 3,254.70 | 102.71 |

**Outstanding Purchases and Loans:** None

**Latest Financial Commitments:** None

**Overdue Obligations and Projected Payments to the Fund:**[1]
(SDR Million; based on existing use of resources and present holdings of SDRs)

| | | Forthcoming | | | |
|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 |
| Principal | | | | | |
| Charges/Interest | | 0.01 | 0.01 | 0.01 | 0.01 |
| **Total** | | 0.01 | 0.01 | 0.01 | 0.01 |

### Lending to the Fund and Grants

Kuwait contributed to the PRGF-HIPC Trust in support of the Fund's concessional assistance to low-income countries. This included an interest-free deposit of SDR 4.2 million that matured in January 2024 and a grant contribution of SDR 0.1 million to the PRGF-HIPC Trust.

### Exchange Rate Arrangements

Kuwait's de facto exchange rate arrangement is classified as other managed. Since May 2007, Kuwait's de jure exchange rate arrangement has been a conventional peg against an undisclosed currency basket. Kuwait has accepted the obligations under Article VIII, Sections 2, 3, and 4, and

[1] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

maintains an exchange system that is free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions, other than those notified to the Fund pursuant to Executive Board Decision 144-(52/51). On April 2, 2002, Kuwait notified the Fund, under Executive Board Decision 144-(52/51), of exchange restrictions it introduced in order to implement UN Security Council resolutions 1373 (2001), 1333 (2000) and 1267 (1999).

**Article IV Consultations**

The last Article IV Consultation was completed on December 4, 2024 (Country report 24/328—Published December 9, 2024). The Staff Report is available at:
Kuwait: 2024 Article IV Consultation-Press Release; and Staff Report

**FSAP Participation**

The last FSAP took place in 2018. The FSAP focused on banking supervision, financial safety nets, and managing systemic risk and liquidity. It also covered capital market development and supervision, as well as SME access to finance. An FSSA Report was discussed by the Executive Board along with the Staff Report for the 2019 Article IV Consultation and is available at:
https://www.imf.org/en/Publications/CR/Issues/2019/04/02/Kuwait-Financial-System-Stability-Assessment-46730

**Technical Assistance since 2016:**

| | | |
|---|---|---|
| **FAD** | Debt Management Strategy | January 2016 |
| **MCM** | Bank Stress Testing | May-June 2016 |
| **FAD** | Macro-Fiscal Unit | November 2016 |
| **MCM** | Crisis Management and Resolution | April-May 2017 |
| **FAD** | Macro-Fiscal Unit | May 2017 |
| **STA** | Government Finance Statistics | April-May 2018 |
| **STA** | Government Finance Statistics | September-October 2018 |
| **LEG** | AML/CFT Diagnostic | October 2018 |
| **FAD** | Tax Policy and Administration | October-November 2018 |
| **STA** | National Accounts Statistics | January 2019 |
| **MCM** | Monetary Policy Operations | February 2019 |
| **STA** | Government Finance Statistics | October 2019 |
| **STA** | EGDDS | January-February 2021 |
| **MCM** | Developing Local Debt Markets | October 2021 |
| **STA** | External Sector Statistics | January-February 2022 |
| **ICD** | Macro Modeling | May 2024 |
| **STA** | External Sector Statistics | June 2024 |
| **FAD** | Public Wage Bill | February 2025 |
| **FAD** | Macro-Fiscal Unit | April 2025 |
| **FAD** | Fuel Subsidy Reform | July 2025 |
| **FAD** | Energy Subsidy Reform | September 2025 |
| **ICD** | Macro Modeling | December 2025 |

**Resident Representative:** None

Kuwait has consented to the quota increase under the Sixteenth General Review of Quotas.

# RELATIONS WITH THE WORLD BANK

(As of January 31, 2026)

**World Bank Country Page:**

https://www.worldbank.org/en/country/gcc/brief/kuwait-country-program