

Offset Program standards regarding partnerships between foreign obligors and the private sector

I. Conditions and steps for submitting “partnership” from foreign obligors, and the process of putting it forward to the private sector:

1. The foreign offset obligor submits the concept paper to NOC.
2. The submitted concept paper is appraised by NOC with respect to the objectives of the Offset Program, and the idea is either approved, requested to be amended, or rejected.
3. The feasibility study is submitted to NOC.
4. NOC and the foreign obligor (or selected specialized third party foreign company on their behalf) wishing to participate in the implementation of the partnership will jointly set the standards, conditions, and criteria for the local private company in order to be qualified for becoming a partner for the implementation of the project.
5. The project idea will be advertised to the private sector for their interest in the partnership, given that they match the conditions and criteria agreed by the foreign obligor, to submit their interest in obtaining the partnership with the foreign obligor.
6. The private sector companies that match the conditions and criteria, and set forth their interest in participating in the project, are given the feasibility study of the project, after signing a non- disclosure agreement, and the local companies that do not match the required criteria and conditions are excluded.
7. Requests for participation from the private sector are collected, and NOC sends the final list of qualified local companies wishing to participate to the foreign obligor.
8. The foreign obligor interested in developing the long term partnership will agree on the local Kuwaiti company which it wishes to develop the partnership from the submitted list.
9. NOC notifies the local Kuwaiti company that is chosen by the foreign obligor, and works to establish the partnership according to the requirements of NOC. Required legal steps are initiated for the establishment of a company and its necessary licenses from concerned government agencies.

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II. Conditions for request of a “partnership” with a foreign investor from the private sector.

1. A concept paper for the partnership shall be submitted by the companies or individuals from the private sector to NOC, such that it includes a description of the activities incorporated with the partnership and the most significant benefits related.
2. The submitted concept paper is appraised in accordance to the objectives of the offset program, and the idea is either approved, requested to be amended, or rejected.
3. A feasibility study is requested from the owner of the approved concept paper.
4. NOC presents the feasibility study to foreign offset obligors that are searching for investment opportunities to fulfill their offset obligation.
5. NOC and the foreign obligor (or selected specialized third party foreign company on their behalf) wishing to participate in the implementation of the partnership will jointly set the standards, conditions, and criteria for the local private company in order to be qualified for becoming a partner for the implementation of the project.
6. The project idea will be advertised to the private sector for their interest in the partnership, given that they match the conditions and criteria agreed by the foreign obligor, to submit their interest in obtaining the partnership with the foreign obligor.
7. The private sector companies that match the conditions and criteria, and set forth their interest in participating in the project, are given the feasibility study of the project, after signing a non- disclosure agreement, and the local companies that do not match the required criteria and conditions are excluded.
8. Requests for participation from the private sector are collected, and NOC sends the final list of qualified local companies wishing to participate to the foreign obligor.
9. The foreign obligor interested in developing the long term partnership will agree on the local Kuwaiti company which it wishes to develop the partnership from the submitted list.
10. NOC notifies the local Kuwaiti company that is chosen by the foreign obligor, and works to establish the partnership according to the requirements of NOC. Required legal steps are initiated for the establishment of a company and its necessary licenses from concerned government agencies.

III. Conditions and procedures of NOC once Partnership is established:

1. National Offset Company signs a contract with the established partnership (company) in order to ensure its compliance with the objectives set by the Offset Program.

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IV. Conditions and procedures of NOC for monitoring the steps after the partnership:

1. The foreign company interested in the partnership shall be responsible for the management of the company.
2. The foreign company interested in the partnership in the company to be established must commit to long term participation and refrain from leaving the company. In addition to notifying NOC of any developments that emerge on changing the quota or percentage of the partnership or any other offset conditions.
3. The established company must mandate an external auditor that will submit its reports directly to NOC, and on a periodical basis to ensure the continuous participation of the foreign company and its execution of responsibility towards the management of the company, in addition to the monitoring of the local employees and the nature of work assigned to them and any other aspects that preserve the safety, continuity, and success of the established company. The external audit fees will be covered from the established company's expense.
4. At the establishment of the company and the entering in a Government bidding that the Kuwait Offset Program is applicable to, as the application of the offset obligation is only on the supply of goods and benefits that are supplied by a foreign contractor, and the local components are deducted from the total offset obligations.
(The foreign obligor is considered responsible in front of NOC for any problems with respect to the conditions and objectives that NOC has set.)

V. Appraisal of the feasibility study costs:

1. NOC shall evaluate the costs of the feasibility study.
2. The local company that is chosen for the partnership shall compensate the local company that submitted the concept paper for the cost of the feasibility study as well as an additional **15%** to the cover the efforts and other expenses.