Kuwait: COVID-19
Government Relief measures

The Kuwait government has announced a slew of measures with the aim to help the economy in the wake of addressing the implications of COVID-19.

Announced measures

Fiscal measures

- Budget for ministries and government departments increased by KD 500 million for the fiscal year 2020/2021
- Monetary and liquidity stimulants
  - **Central Bank of Kuwait measures**
    - Discount rate reduced to a historic low of 1.5 percent
    - Repo rates, overnight, one-week and one-month reduced to 1 percent, 1.25 percent, and 1.75 percent respectively
    - Capital adequacy ratio lowered from 13% to 10.5%
    - Risk weight for SMEs lowered from 75% to 25%
    - Limit of financing increased from 90% to 100%
    - Loan to Value (LTV) ratio to be increased for properties
  
- **Kuwait Banking Association** announced a moratorium period up to 6 months on bank loans including waiver of interest and charges (if any for postponement) for retail clients (citizens and expats) and SMEs

Other measures

- Temporary fund established to receive financial contributions from locals in support of the government’s efforts related to the outbreak
- Limit for contactless payments increased to KD 25 from KD 10 and fees on point of sales devices and ATM withdrawals suspended for three months

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3 CBK announcement on Capital Adequacy Ratio and Eased Loan terms
Based on a report from the joint economic team, approved by the Council of Ministers, key highlights:

- **Liquidity measures**
  - **Additional financial support to SMEs**
    - Providing loans on concessional and long term basis to SMEs, through joint financing from local banks and the Kuwait National Fund for SMEs
    - Assisting SMEs and agricultural projects by postponing the installments funded by the Kuwait National Fund for SMEs and the Industrial Bank of Kuwait
  - **Postponing social security contributions by business owners in the private and oil sectors (not fully owned by the state) for a period of (6) months**
  - **Expediting work cycle to ensure that the government pays amounts due, to the private sector at the earliest**
  - **Proving government exemptions to the affected economic institutions in the manufacturing sectors and the cooperative societies from some government fees and dues (if these exemptions are passed through to their clients)**
  - **Exemption for self-employed Kuwaitis registered under Chapter Five of Social Security Law from contribution towards insurance for a period of (6) months**

- **Relief for citizens**
  - Support for the salaries of those registered under Chapter Five of Social Security in the affected sectors
  - Easing withdrawals from retirement pension

- **Relief for residents**
  - Establishing a mechanism to secure a minimum income that ensures the cost of living for workers affected by the current crisis
  - Maintaining stability in the levels and prices of food and medical commodities in local markets

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