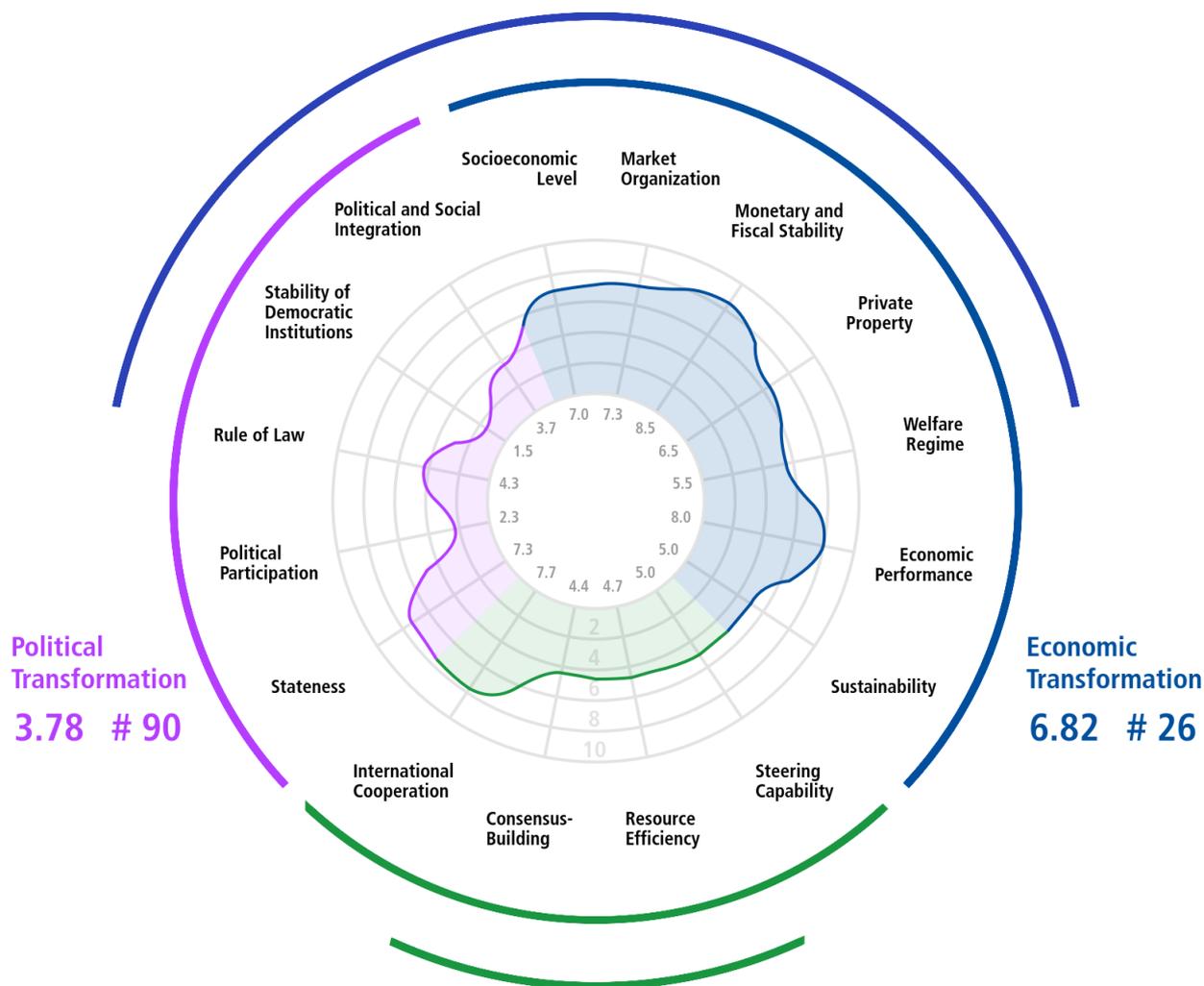


Kuwait

Status Index

5.30 # 62

on 1-10 scale out of 137



Governance Index

4.67 # 67

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2026 Country Report – Kuwait. Gütersloh: Bertelsmann Stiftung, 2026.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Sebastian Plate

Phone +49 5241 81 81263
sebastian.plate@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	5.0	HDI	0.852	GDP p.c., PPP \$	51636
Pop. growth ¹	% p.a.	2.5	HDI rank of 193	52	Gini Index	-
Life expectancy	years	83.2	UN Education Index	0.694	Poverty ³	% -
Urban population	%	100.0	Gender inequality ²	0.188	Aid per capita	\$ -

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

The period under review was marked by significant shifts in Kuwait's political landscape, with key developments stemming from events that began in 2021 and continued into 2024. The most notable change was the death of Emir Sheikh Nawaf al-Ahmad al-Sabah by the end of 2023, after a prolonged battle with health issues. Emir Nawaf had ruled since 2020, but his health problems had led him to delegate key responsibilities to Crown Prince Sheikh Mishal al-Ahmad al-Jaber al-Sabah, who had effectively been steering the country since 2021. Upon the emir's death, Mishal ascended to the throne, consolidating power and asserting a more rigid leadership style. This marked a departure from the previous era as Mishal sought to claim a stronger leadership role, which he emphasized through more direct governance.

Despite this shift in leadership, Kuwait's political paralysis continued, exemplified by ongoing challenges between the executive and legislative branches. The country's political deadlock persisted as efforts to break the gridlock faltered. A parliamentary election held in June 2023 failed to break the deadlock as many members from the dissolved 2022 assembly were re-elected. The situation escalated further in February 2024 when the emir again dissolved the newly formed assembly, with the state-run news agency citing "offensive and uncontrolled" remarks by certain lawmakers as justification – remarks that appeared to contradict the principles expressed in Mishal's inaugural address as ruler. Political tensions remained high with no clear resolution in sight. The crisis deepened after the election of April 4, 2024, which once again brought back many of the same legislators from previous assemblies. Despite the re-election of experienced figures such as Prime Minister Mohammed Sabah al-Sabah, he refused to form a new government after just four months in office. As a result, he was replaced by Ahmad Abdullah al-Sabah, a former finance and oil minister who had also served as the head of Mishal's court. Further complicating the political turmoil, Mishal made the contentious decision to postpone the new parliament's first session until May 14, 2024 – apparently defying the constitutional requirement mandating that the

assembly convene within two weeks of an election. This delay was seen by many as an indication of Mishal's desire to exert greater control over the political process. The delay was overshadowed by his subsequent decision on May 10, 2024, to suspend the assembly altogether. This move, which has happened only twice in Kuwaiti history, was framed by the emir as a necessary step to prevent forces within the assembly from interfering with the nomination of the crown prince, as the assembly had been perceived as having too much influence over the process.

Subsequently, Sheikh Mishal designated Sabah al-Khalid al-Sabah, a former prime minister and foreign minister, as his successor as crown prince. Sabah, who is not from the two prominent political families that have dominated Kuwait's leadership since the early 20th century, is expected to symbolize a shift toward a new generation of leaders. This move is in line with broader regional trends in the Gulf, where leadership transitions are increasingly moving toward younger figures who are seen as more attuned to the changing political and economic realities of the region.

The current political crisis in Kuwait was driven primarily by the suspension of parliament, which followed difficulties in coordinating efforts between the assembly and the government to advance the state's plans. This development occurred alongside a rising wave of citizenship revocation, creating a significant climate of political and human rights upheaval in the country.

History and Characteristics of Transformation

The state of Kuwait has a long-standing tribal tradition that dates to the late 17th and early 18th centuries, when Sunni tribes from the central Arabian Desert migrated to the area. The exact moment when the Al Sabah family took control of the sheikhdom is unclear, but most sources trace it to 1752, with Sheikh Sabah bin Jabir bin Adhbi. The family's influence expanded significantly under Mubarak the Great (1896 – 1915), who solidified his power by forming an alliance with the merchant class and, with British assistance, fended off an attempted Ottoman annexation.

On June 19, 1961, Kuwait became the first Gulf monarchy to gain independence from Britain, and it quickly modernized. The discovery of oil in 1938 dramatically shifted the country's economic landscape, transitioning it from a trading, pearling and fishing economy to an oil-driven one. Centralizing and nationalizing the oil industry gave the Al Sabah family significant leverage, diminishing the once-dominant merchant class, which was now dependent on the family's goodwill. Simultaneously, protectionist laws ensured that the local merchant elite maintained a prominent position in Kuwait's economy, thus preserving the oligarchic nature of the state. This close interdependence between political officeholders and a small group of local capitalists has remained a key feature of Kuwait's economic and political structure.

Kuwait is unique among Gulf states for its relatively open political system. It adopted a written constitution in 1962 and established the first elected unicameral National Assembly (majlis al-'umma) the following year. The assembly is the longest-serving all-elected legislature in the Gulf

and is known for robust debates on public affairs. Over the years, it has pushed for greater democratization, transparency in state finances and a larger role in defining oil policy. While the parliament has the power to dismiss the prime minister and cabinet members, executive authority remains largely with the emir and the ruling family council, which appoints the government. This division of power has often led to tensions and political paralysis, with the parliament serving as a vehicle for various opposition groups – including merchants, nationalists, Islamists and tribes – to challenge the government and push for greater influence.

These political power games have often paralyzed policymaking in the country and have led to two long periods with no parliament after the emir dissolved the assembly (1967 – 1981 and 1986 – 1992). Beginning in 2006, the situation deteriorated again, resulting in the dissolution of parliament on seven occasions (2006, 2008, 2009, 2011, 2012, 2013 and 2016).

Another constant feature in Kuwait's political history has been internal tensions within the ruling family. A pattern of power alternation existed between the two main branches of Mubarak the Great's sons, Jaber (1915 – 1917) and Salem (1917 – 1921), with one exception in the late 1960s. However, this tradition was broken in 2006 when Sheikh Sabah al-Ahmad (2006 – 2020) succeeded Sheikh Jaber al-Ahmad, with the designated heir, Sheikh Saad al-Abdullah, being unable to assume power due to health reasons. This marked the first time the parliament had played an active role in deposing the head of state. Following this, the Jaber branch gained dominance, and internal power struggles within it have shaped Kuwait's political landscape. The current emir belongs to the Jaber branch. However, his selected crown prince and future emir will not be directly descended from either branch. Nevertheless, this figure maintains familial ties to both through his maternal grandfather on the Jaber side and his father-in-law on the Salem side. His selection, as recently argued by the Arab Center Washington, marks a clear break with long-standing traditions in the country.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The Kuwaiti government maintains full control and a monopoly on the use of force within the country. Since the Iraqi invasion (1990 – 1991), Kuwait’s territorial integrity has remained secure, with relatively low levels of criminal violence and no major terrorist attacks reported since 2015. Despite ongoing political transformation processes, the state’s monopoly on the use of force has not been challenged.

Relations between Iraq and Kuwait have improved in recent years, yet Iraq’s state fragility remains a concern for Kuwaiti leadership. Occasional security incidents near the Kuwaiti border, including missile and drone attacks originating from Iraq, have not compromised Kuwait’s internal security. The Kuwaiti army continues to prepare for emerging threats such as aerial drones and ballistic missiles, ensuring that state authorities maintain uncontested control over the use of force.

Iraqi Prime Minister Mohammed Shia’ al-Sudani visited Kuwait in November 2022, engaging with Kuwaiti executive and legislative leaders, while Iraqi and Kuwaiti officials consulted on outstanding border issues in July 2023. Despite these tensions, Kuwait and Iraq have reached agreements on the management of transboundary oil fields, demonstrating efforts to strengthen bilateral cooperation.

However, tensions over the Iraq-Kuwait maritime border have resurfaced. In September 2023, Iraq’s Federal Supreme Court invalidated the Iraqi parliament’s 2013 endorsement of a 2012 agreement on the partial delineation of the maritime boundary, citing a lack of two-thirds majority support for the implementing law. On September 19, 2023, the United States and the Gulf Cooperation Council (GCC) jointly called for the full demarcation of the Kuwait-Iraq maritime border beyond boundary point 162, as defined in the 2012 agreement, and urged the Iraqi government to swiftly resolve the domestic legal status of the agreement to regulate maritime navigation in Khor Abdullah. Rejection or reopening of the 2012 agreement could impact both countries’ ability to use the waterway and affect their respective maritime boundary and resource claims in the northern Persian Gulf waters adjacent to Iran and Saudi Arabia.

Question
Score

Monopoly on the
use of force

10



1

Kuwaiti citizens largely view the nation-state as legitimate, but citizenship and naturalization are restricted for certain groups. The Nationality Law of 1959 grants full citizenship to those who settled in Kuwait before 1920 and their descendants. However, foreign workers (3.4 million of the total population of 4.6 million) and stateless Bidoon (80,000 to 110,000 individuals) are excluded from citizenship. The National Assembly has attempted to address the Bidoon issue, but opponents of naturalization contend that Bidoon hold other nationalities and are motivated by material benefits. Despite proposals to grant more rights to this community, the situation has worsened, with the government pressuring Bidoon residents to declare their country of origin and suspending bank accounts.

In September 2024, Emir Mishal al-Ahmed al-Sabah introduced a draft decree amending the citizenship law, restricting eligibility and expanding the grounds for revocation. New provisions would prevent foreign-born women from automatically acquiring Kuwaiti nationality upon marriage and allow revocation of citizenship for crimes such as fraud, blasphemy or insulting the emir. Between 2011 and September 2024, about 10,000 people had their citizenship revoked. In early 2025, reports stated that the number of revocations had surged, with 35,000 individuals stripped of their citizenship between August and December 2024 alone. This escalation has raised concerns from organizations such as the MENA Statelessness Network and the Rights Realization Center, which have called for adherence to international human rights standards and the protection of individual rights.

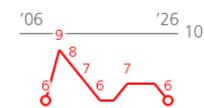
Kuwait's legal and political system blends secular principles with Islamic law. While Islam is the state religion and Islamic Shariah is a key source of legislation (under Article 2 of the constitution), the state operates to a significant extent on secular lines with the ruling family limiting religious influence. Sunni imams are government-appointed, and their sermons are monitored. Religious minorities, including Christians, can practice their faith, but non-recognized groups are restricted to private worship. Proselytizing is prohibited.

Islamist groups such as Shi'ites, Salafists and Hadas influence the National Assembly, focusing on issues such as corruption, though occasional ideological stances have emerged – for example, the 2022 “values document” that proposed the introduction of gender segregation and a modest dress code. In 2023, Kuwait affirmed freedom of belief while maintaining Islam as the state religion. The government continued to oversee Sunni imams but exercised less control over Shi'ite clergy.

Despite this religious tolerance, administrative barriers persist for religious communities that are not registered, with associated challenges in obtaining permits or sponsorships. Shi'a Muslims face discrimination in public sector employment, and antisemitic stereotypes appear in media. In October 2023, after the outbreak of the Gaza war, most of the National Assembly issued a statement opposing normalization with Israel. A new law passed in August 2023 requires candidates to follow Shariah law. The provision has been criticized for its vagueness and potential for discrimination.

State identity

6



1

No interference of religious dogmas

5



1

Since 1962, Kuwait has been divided into six governorates, with about 96% of the population living in Kuwait City, making the country effectively a city-state with a highly centralized administration. About 70% of Kuwaitis work in the public sector, a circumstance that reflects the social contract rather than merit-based employment. Kuwait does not levy income or social security taxes, and while a value-added tax (VAT) has been discussed since 2017, it has not been implemented.

The welfare state provides free or subsidized utilities, leading to unsustainable consumption patterns. While 100% of Kuwaiti households have access to water, electricity and sewage systems, rising demand has strained capacity, resulting in frequent power outages and water shortages, particularly during the summer. The summer of 2024 saw a peak in blackouts, surpassing previous years. Kuwait’s energy challenges are driven by rising demand, bureaucratic delays and limited natural gas production, requiring imports to meet power generation needs. In response, Kuwait has also continued investing in expanding oil production. Corruption and extreme weather events such as flash floods and heatwaves further strain infrastructure. Despite these challenges, Kuwait maintains advanced infrastructure and continues to provide essential utilities to its citizens. However, the quality and variety of these infrastructure services vary between different areas; some areas are less maintained than others.

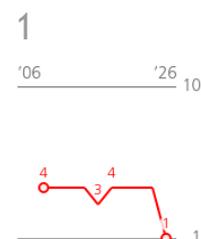
Basic administration



2 | Political Participation

The legal framework for Kuwait’s elections was previously aligned with international obligations such as the International Covenant on Civil and Political Rights. Elections have historically been largely free and competitive, with most adult citizens above age 21 allowed to vote, excluding police and military personnel. Women’s suffrage, introduced in 2005, granted women the right to vote and run for office. However, the expatriate population remained disenfranchised, and a small proportion of naturalized citizens had to wait 20 years before they could participate in elections. Concerns were occasionally raised about the Ministry of Interior – rather than an independent institution – as the supervising body, as well as about selective media access for opposition figures.

Free and fair elections



The qualities of Kuwait’s electoral system were largely unmatched in regional comparison. The persisting concerns were rendered moot when Emir Mishal announced on May 10, 2024, that he was indefinitely dissolving the parliament, or at least until an “expert committee” had elaborated a new constitution, a process expected to last for around four years. This decision, at least tentatively, ended Kuwait’s distinct history of dissolution and re-election of the unicameral National Assembly (majlis al-‘umma), with its 65 members (of which 50 were elected and 15 ex officio cabinet members appointed by the emir). This cycle happened twice during this report’s assessment period: Elections were held on June 6, 2023 and April 4,

2024, and the parliament was subsequently dissolved on February 15, 2024 and then, indefinitely, on May 10, 2024. When and in what form an elected parliament will resume work, and whether a successor body continues to be as influential but as unstable as before, remains to be seen.

Local elections for Kuwait's municipal council were held on May 21, 2022, with by-elections for two vacant seats held on May 18, 2024. The next elections are expected in 2026.

The emir is the country's head of state and head of the executive. Although the majority of parliament members were elected through largely free and open procedures, the parliament's role was limited even before its dissolution in May 2024, as up to one-third of its members, including ministers who served in the majlis ex officio, were appointed by the emir. This structure meant the government often did not need to hold a majority of elected members in parliament in order to pass new legislation. While parliament approved the annual budget, it lacked oversight over key entities such as the Kuwait Investment Authority (KIA), which manages the government's major financial reserves.

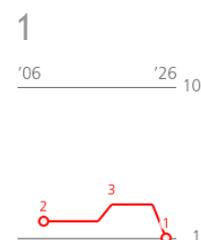
The relationship between the executive and parliament was frequently tense, especially because of parliament's ability to interpellate cabinet members and hold votes of (no) confidence on individual ministers. However, parliament's indefinite dissolution in May 2024 has escalated these tensions and significantly diminished the importance of democratic procedures, as potential veto players such as business elites and technocrats, who are less directly accountable to the electorate, will likely gain influence. As a result, governance is increasingly being shaped by the decisions of these unelected elites. While the May 2024 parliamentary suspension was not the first in Kuwait's history, its association with other current issues such as the massive wave of citizenship revocations raises serious concerns regarding Kuwait's democratic life. Power has significantly shifted toward the executive at the expense of the legislature.

Kuwait's constitution guarantees the freedom of assembly (Article 44), but in practice this right is restricted. Large demonstrations since 2011, including protests against corruption and austerity, have either drawn a response of appeasement, for instance via government cash handouts, or have been suppressed by force. Recently, small gatherings focused on issues such as corruption, domestic violence, femicides or Israel have been allowed.

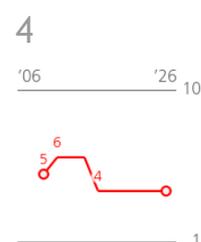
While the country is home to civic associations including trade unions and professional groups, migrant workers and most civil servants lack the right to form unions or strike. Since March 2019, migrant workers have been able to seek legal assistance from the Kuwait Trade Union Federation.

Kuwait's state monitors non-governmental organizations (NGOs), controlling their registration and licensing. However, unlike in many neighboring countries, the government provides NGOs such as the Kuwait Human Rights Society and groups such as Human Rights Watch with access and engages in dialogue with them.

Effective power to govern



Association / assembly rights



Public protests must be approved by authorities, with participants otherwise risking imprisonment or deportation (in the case of noncitizens). Since the peaceful resolution of the so-called Arab Spring in 2011, political protests have become rare, though semipublic gatherings or diwanias continue. Given the accelerating trend toward autocratization, the space for civic action and dissent is shrinking – making it harder for citizens to mobilize and express opposition.

The Kuwaiti constitution guarantees the freedom of expression (Article 36), but amendments to the Press and Publication Law in 2006 explicitly criminalized defamation and insults against religion, political leaders and the constitution. Additional laws, including the penal code and the 2016 Cyber Crimes Law, impose harsh penalties for speech deemed critical of Islam, the emir or foreign leaders. Violations can result in imprisonment or substantial fines.

In May 2023, the Criminal Court sentenced activist Salman al-Khalidi to five years of hard labor for allegedly spreading false information about Kuwait’s internal conditions and harming relations with other countries through posts on social media. This conviction followed a prior five-year sentence for which al-Khalidi had been pardoned, highlighting the growing risks faced by individuals expressing dissenting opinions online.

Further compounding these challenges, in August 2023, the Ministry of Information finalized a draft media law proposing severe penalties for violating prohibitions on criticizing religion, insulting the emir or crown prince, or publishing their statements without permission. The draft also incorporates fines of at least KWD 10,000 (about \$3,200) and prison terms of up to three years for offenders. Restrictions bar activities such as criticizing Kuwait’s constitution, breaching public morals and revealing official communications deemed confidential, even when the public interest is at stake. The 1979 Public Gatherings Law also bars non-Kuwaitis from participating in public demonstrations. This law has been used to target members of the stateless Bidoon community. In January 2023, authorities denied entry to Mona Kareem, a U.S.-based academic from the Bidoon community, preventing her from visiting her family.

3 | Rule of Law

There is a formally established separation of powers, enshrined in Article 50 of the constitution. In practice, however, significant power is concentrated in the executive branch, which is controlled by the emir, who appoints the members of the Council of Ministers (cabinet) and the prime minister, who leads the cabinet. The emir and the constitutional court have the authority to dissolve parliament, although new elections must be called within two months. However, this provision has not always been enforced in the past, and the suspension of parliament by the emir has further shifted power in favor of the executive at the expense of the legislative branch of government. While the parliament technically holds legislative power, the emir has

Freedom of expression

3

'06 _____ '26 10



_____ 1

Separation of powers

3

'06 _____ '26 10



_____ 1

the authority to reject laws and send them back for further revision. If the parliament can secure a two-thirds majority, the emir is obligated to sign the legislation. However, as only a quarter of the members of parliament are directly appointed by the emir (i.e., the cabinet), the lawmaking process is heavily influenced by negotiations.

The independence of the judiciary is outlined in Chapter V of the constitution, but the text does not provide detailed mechanisms for ensuring this independence. While the Supreme Judicial Council has some autonomy in managing the judiciary, its members – who include senior judiciary personnel – are appointed by the emir upon the council’s advisement. The Ministry of Justice also exerts significant influence over issues such as budgets, promotions, dismissals and procedural matters. The executive’s control over the judiciary is considerable, as the emir has the final say on judicial appointments, which are proposed by the council. Despite efforts at “Kuwaitization” of the judiciary, the number of judges who are Kuwaiti nationals is comparatively low. Judicial promotions are also approved by the executive branch. Judges who are Kuwaiti citizens are appointed for life, whereas noncitizens are given contracts of up to three years. In political cases, the courts frequently rule in favor of the government, further underscoring the lack of judicial independence.

The lack of transparency and accountability among Kuwaiti officials remains a significant concern. For years, the opposition has demanded reforms to tackle nepotism and pervasive corruption, with investigations having revealed the scale of the issue. Corruption is often described as deeply entrenched, with practices like bribery, nepotism and financial mismanagement found across various government sectors. In 2023, a high-profile corruption case focused on former Deputy Prime Minister and Defense Minister Khaled al-Jarrah al-Sabah, who was convicted of embezzling public funds and sentenced to seven years in prison. However, systemic issues – such as political influence over anti-corruption efforts – continue to impede meaningful progress and are widespread across different sectors. Investigations have frequently targeted government bodies such as the Ministry of Finance and the army, but progress remains slow and inconsistent due to the influence of entrenched interests. The widespread nature of corruption, spanning sectors from defense procurement to social services, underscores the challenge of effectively addressing it.

While civil rights in Kuwait are guaranteed by law, these rights are in practice applied differently to citizens and noncitizens, as well as gender and social minorities. Some articles of the constitution, such as the prohibition against illegal deportation and the guarantee of compulsory free education, explicitly address Kuwaiti nationals. Kuwaiti residents generally enjoy human rights and freedoms. Migrant workers are disproportionately disadvantaged by the existence of the kafala (sponsorship) system in Kuwait. The distinction with regard to civil rights between those who have Kuwaiti citizenship and those who do not is a key area of concern for international human rights organizations.

Independent judiciary

5

'06 '26 10



Prosecution of office abuse

5

'06 '26 10



Civil rights

4

'06 '26 10



The constitution has permitted capital punishment since the mid-1960s, and its use has significantly increased in frequency in recent years. In 2013, the government hanged five people convicted of murder and abduction. In 2017, seven others, including a member of the royal family, were executed after being convicted of various offenses, including murder, kidnapping and rape. In 2023, Kuwait carried out multiple executions, including the hanging of six individuals convicted of serious crimes such as premeditated murder and drug-related offenses. Another set of five executions involved individuals convicted of similar offenses, drawing international condemnation from Amnesty International and the European Union. These developments underscore Kuwait's consistent use of the death penalty despite global calls for abolition or moratoriums on capital punishment.

By law, torture and other forms of cruel and unusual punishment are prohibited in Kuwait, but there are reports that Bidoon individuals in particular have been tortured and beaten in police custody. As in other Gulf states, same-sex relationships are seen as immoral and prohibited by law. Kuwaiti authorities have intensified their crackdown on LGBTQ+ rights in recent years. Initiatives to censor LGBTQ+ symbols such as the rainbow flag have been accompanied by anti-LGBTQ+ campaigns across society. Authorities have also targeted activities they consider inappropriate, for instance by shutting down a women's gym that was hosting belly-dancing classes and canceling a women's yoga retreat. These incidents highlight the growing opposition to a burgeoning feminist movement and the harsh stance against LGBTQ+ individuals and related issues.

4 | Stability of Democratic Institutions

The political landscape of Kuwait has undergone significant changes in recent years, particularly between 2022 and 2024, a period that marked an important turning point in the nation's semiconstitutional monarchy. Historically, Kuwait's political system has been founded on the 1962 constitution, which established a parliamentary democracy, making it unique in the Gulf with its political pluralism and grassroots movements. However, the Al Sabah family remains firmly in control, with the emir as the head of state and the parliamentary system having operated within the confines of monarchical control, resulting in a partly free authoritarian state.

Over the past two years, political gridlock between parliament and the government reached a crisis point. Despite its rich history of parliamentary engagement and participation, Kuwait's National Assembly has faced frequent dissolutions – mainly in 1976 and 1986 – and internal conflicts. Since 2016, no parliament has completed its term. A near-constant cycle of tension between elected lawmakers and government officials appointed by the emir, marked by frequent cabinet resignations and intense scrutiny of ministers, has steadily eroded trust and created friction between parliament and the cabinet.

Performance of democratic institutions

2

'06 '26 10



1

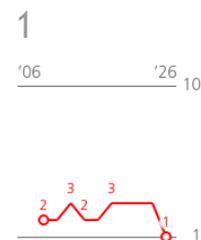
Under Emir Mishal, Kuwait has experienced a shift toward autocratic governance, marked by the dissolution of the National Assembly and the annulment of seven constitutional articles that defined its role in governance, signifying a major shift in Kuwait's political framework. These suspended articles include Article 51, which divided legislative authority between the Assembly and the emir; Article 79, which mandated that the Assembly ratify laws; Article 107, which required new elections within two months following the dissolution of the previous Assembly; and Article 181, which safeguarded the constitution and granted parliamentarians immunity except in cases of martial law.

This move is seen as part of a broader pattern of gradual erosion in Kuwait's political institutions. Mishal's consolidation of executive power highlights his response to perceived dysfunction in the political system, which many believe hindered progress. While Kuwait has long been known for its relatively strong parliament and pluralism, these values seem increasingly sidelined under the current leadership. Moreover, the lack of significant public criticism surrounding these moves suggests that the broader society may support the new direction or fear the mobilization of repressive means. It appears that many view the emir's actions as a necessary step toward prioritizing security and efficiency over the previously cherished democratic elements that characterized Kuwait's political system. This shift could be interpreted as a move away from the semi-democratic framework that once set Kuwait apart, aligning it more with the autocratic model seen in neighboring Gulf states. Statements from lawmakers and petitions calling for respect for the constitution signed by civil society organizations, including the Kuwait University Faculty Association, underscore concerns among some that the constitutional order may be at risk.

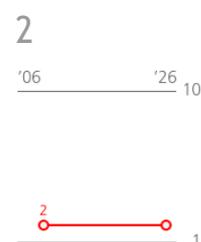
5 | Political and Social Integration

In Kuwait, formal political parties are banned, but members of parliament often form informal blocs that function similarly to political parties. These groupings include liberals (National Democratic Alliance), leftists (Kuwait Democratic Forum), nationalists (Popular Action Bloc), various Shi'ite groups (e.g., National Islamic Alliance, Justice and Peace Alliance), Salafi Islamists and the Muslim Brotherhood-affiliated Islamic Constitutional Movement. These blocs in turn often form coalitions, acting as de facto political parties. Additionally, tribal influence is significant, with major tribes holding informal primaries to unify around candidates. Tribal alliances might be seen as a potential threat to the ruling family; therefore, they are restricted. The government has worked to limit such tribal coordination, arresting individuals involved and focusing on halting vote-buying during elections. Despite this, parliamentarians' loyalties to tribal interests have often shaped their political behavior. This system has limited the development of a robust political party structure, leading to a fragmented and tribalized political landscape.

Commitment to democratic institutions



Party system



Kuwait's array of interest groups represents a broad spectrum of societal interests, encompassing women's organizations, Islamic associations, environmental groups, cultural clubs, charities, trade unions and various professional associations, including those for journalists and lawyers. While these groups often operate independently, they maintain influence in the political process primarily through informal channels such as diwanias – traditional social gatherings where individuals and groups engage with one another and express their views to the government. This enables them to modestly shape public opinion and political discourse. Among these groups, labor unions hold particular significance, as they are powerful players in advocating for workers' rights and often contribute to the broader political dialogue in Kuwait, notably influencing decisions related to labor laws, wages and working conditions. Through these various forms of engagement, interest groups in Kuwait continue to exert influence, despite the overarching dominance of the ruling family in political and economic matters. Notably, there are no clear channels through which the agendas of these interest groups are translated into policy and policy programs, especially given the current political turn of power since 2024.

Kuwait has long taken pride in its unique political system, which is often seen as more democratic than those of its Gulf neighbors. The country's vibrant civil society and parliamentary tradition have been sources of national pride, distinguishing it from the more authoritarian regimes in the region. However, this perception has shifted significantly after years of political gridlock, frequent suspensions of the National Assembly and a lack of substantive reforms. Despite a well-established parliamentary framework, the Assembly has struggled to function effectively, fueling public frustration. Many Kuwaitis have become disillusioned with the slow pace of reform, especially when comparing Kuwait's stagnant political processes to the rapid development seen in Gulf states like Qatar and the United Arab Emirates. The ongoing stalemate has led many to question the viability of Kuwait's semi-democracy, with the parliament's limited role in governance contributing to a sense of powerlessness among the population.

Furthermore, it is important to note that the general approval of democracy is limited to Kuwaiti citizens, who make up roughly 40% of the country's population. The majority of Kuwait's residents, including a large number of expatriates, do not enjoy the same privileges, as they are excluded from voting and participating in political life. The democratic rights of Kuwaiti citizens are selective, with the political system designed to reflect the interests of this relatively small group of nationals, leaving many others disenfranchised. This selective approval of democracy further contributes to a sense of inequality and dissatisfaction among the broader population, especially as the country's noncitizen residents continue to contribute significantly to its economy and development.

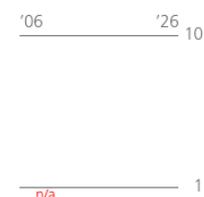
Interest groups

5



Approval of democracy

n/a

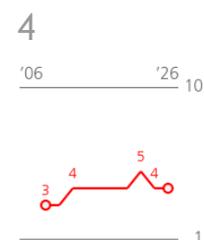


Social self-organization and the construction of social capital in Kuwait have been affected by the country's complex social stratification, which includes sectarian, ethnic, tribal, political and socioeconomic and class divisions. These lines – such as Sunni vs. Shi'a, Arab vs. Persian and liberal vs. Islamist – create a level of mutual mistrust between different groups, hindering the development of social cohesion and collective action. While Kuwaitis share common national interests, strong ties to family, tribe or sect often take precedence, making cooperation on broader social issues more challenging.

The political climate, which has been marked by frequent disputes between the cabinet and the National Assembly, has further undermined trust between citizens and the government. The emir's call for a “national dialogue” in autumn 2021 failed to unite the nation or bridge divides, showing the limited effectiveness of top-down initiatives with respect to building social capital.

Despite these challenges and Kuwait's deep class divisions, there are some smaller signs of grassroots efforts to foster social capital through voluntary engagement in environmental and cultural activities. Events such as Trashtag Kuwait Day and beach cleanup campaigns have drawn public participation, though such activities remain infrequent and involve only a limited number of people. This suggests that while there are pockets of self-organization, the overall level of social capital in Kuwait remains underdeveloped, primarily due to the country's complex social and political dynamics.

Social capital



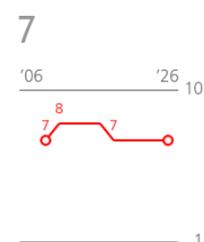
II. Economic Transformation

6 | Level of Socioeconomic Development

Kuwait boasts immense wealth and achieves high levels of socioeconomic and human development due to its abundant supply of crude oil, which accounts for 6% to 8% of the world's known reserves. The country's economy heavily relies on oil, with approximately 80% to 90% of state income stemming from the export of oil and oil products. The wealth derived from oil revenues has facilitated notable advancements in critical sectors of human development. The state does not publish official poverty statistics, but estimates suggest that the poverty rate among Kuwaiti citizens remains below 2%. However, these figures may be misleading, as they do not account for the economic challenges faced by noncitizens, particularly migrant workers who make up a significant portion of the country's workforce. Despite the economic disruptions caused by the COVID-19 pandemic, this low estimated poverty rate suggests that Kuwait has largely weathered the crisis, aided by its substantial oil revenues and strong public welfare system.

Question Score

Socioeconomic barriers



The UNDP's 2022 Human Development Index (HDI) ranked Kuwait at 49th place worldwide with a score of 0.847, categorizing it as a nation with very high human development. Additionally, the country's Gender Inequality Index (GII) score stood at 0.199 in 2022, reflecting progress in ameliorating gender-related disparities.

Kuwaiti citizens have a very high per capita income, with a gross average salary of about KWD 20,610 (approximately \$47,500) in 2021. However, this figure includes a substantial number of individuals employed in the public sector. About 70% of Kuwaiti citizens work in the public sector due to favorable salaries, benefits, working conditions and job security. In contrast, only 4.5% of Kuwaitis are employed in the private sector; here, the strategy of "Kuwaitization" is intended to bring more Kuwaiti citizens into jobs currently held by migrant workers. Kuwait's 2024 youth unemployment rate declined relative to the previous year, although the past two years still saw levels that were significantly higher than those of earlier periods.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	148350.7	183502.0	165384.4	160227.3
GDP growth	%	1.7	6.8	-1.7	-2.6
Inflation (CPI)	%	3.4	4.0	3.6	2.9
Unemployment	%	3.0	2.2	2.1	2.1
Foreign direct investment	% of GDP	-0.2	0.4	1.3	0.4
Export growth	%	-2.3	13.3	-	-
Import growth	%	3.9	33.2	-	-
Current account balance	\$ M	34943.3	63077.6	51396.2	46702.6
Public debt	% of GDP	7.2	3.0	3.1	2.9
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-

Economic indicators		2021	2022	2023	2024
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	25.4	20.7	-	-
Public education spending	% of GDP	7.8	6.6	5.0	6.4
Public health spending	% of GDP	5.0	3.7	-	-
R&D expenditure	% of GDP	-	0.1	0.1	-
Military expenditure	% of GDP	6.6	4.7	4.9	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Like other Gulf nations, Kuwait's economy is heavily influenced by dominant parastatal enterprises, particularly in the hydrocarbon sector, which accounts for more than 50% of real GDP. Additionally, the informal sector remains substantial, with Kuwait's informal economy estimated to account for 20.3% of the country's GDP. This sizable informal sector suggests the presence of ongoing challenges in guaranteeing unrestricted market participation and regulatory enforcement.

In an effort to boost foreign direct investment (FDI) and enhance its economic competitiveness with regional counterparts, Kuwait has implemented a series of progressive reforms. The 2013 Foreign Direct Investment Law was a significant step, allowing up to 100% foreign ownership for businesses approved by the Kuwait Direct Investment Promotion Authority (KDIPA). To further strengthen its appeal to international investors, Kuwait took bold action in January 2024, revising the law to enable foreign companies to establish branch offices without the need for a local agent. This policy shift grants foreign enterprises greater autonomy, enabling them to operate independently – whether through fully owned branches, joint ventures with Kuwaiti partners or local agency agreements. Additionally, foreign companies are now granted direct access to government tenders, providing a path for them to execute contracts through their own branches if they win bids. These reforms, passed by the National Assembly, are strategically designed to attract foreign businesses to Kuwait and boost market competition, which is anticipated to enhance the quality and reduce the cost of goods and services available to consumers.

Market organization

7



1

A significant development in Kuwait's economic landscape has been the implementation of Competition Law No. 72/2020 and its associated regulations, adopted in July 2021 (Decision No. 14/2021) and reinforced by Resolution No. 25 in 2022. These reforms have enhanced competition policies, aligning them with evolving trends in both domestic and regional markets. Since 2021, the Competition Protection Agency has actively enforced these laws, contributing to a more transparent and competitive business environment.

These legislative efforts are part of a broader attempt to address Kuwait's historically monopolistic market structures, which in turn have long been controlled by the ruling family and influential oligarchic elites. The approval of the 2020 competition law, which grants extensive powers to the Competition Protection Authority (CPA), represents a key step in this direction. The CPA, which has been in operation since 2015, is tasked with ensuring a fairer commercial landscape by promoting competition, enhancing accountability and curbing corrupt business practices.

The adoption of these regulations ensures the freedom to engage in economic activity unless doing so negatively impacts competition. The framework clearly defines competition policies and practices, including horizontal and vertical agreements, price fixing, and bid rigging, thereby fostering a level playing field for all market participants. However, despite these formal reforms, there have been no major reported achievements or significant enforcement activities by the CPA to date, raising questions about the practical impact of these measures on Kuwait's market structure.

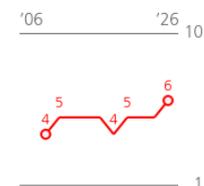
Kuwait's foreign trade is relatively liberal. It became a member of the World Trade Organization (WTO) in 1995, earlier than many other countries. In 2003, the Gulf Cooperation Council (GCC) established a customs union, under which Kuwait applies a common external tariff, typically set at 5% for most products, with some exceptions. However, some sources suggest the general tariff rate on most imports is around 4%. According to the WTO, the country's average applied most-favored-nation (MFN) tariff rate is 4.7%. While Kuwait is open to foreign trade, non-tariff barriers such as licensing requirements, quality certifications, product performance regulations, and technical and sanitary measures affect a significant portion of imports, potentially limiting market access for foreign businesses.

Oil and petroleum-related gases make up the bulk of Kuwait's exports, primarily going to Asian countries including China, South Korea, India and Japan. At the same time, Kuwait relies heavily on imports of food, consumer goods and other manufactured products. Its major suppliers include China, the United Arab Emirates, India, the United States, Saudi Arabia and Japan.

Bureaucratic procedures also act as trade barriers, as foreign businesses often face complex steps to legalize shipping documents and obtain necessary approvals. While Kuwait aims to improve its business environment, these procedural hurdles still affect

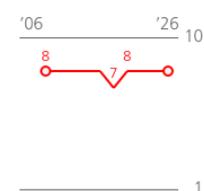
Competition policy

6



Liberalization of foreign trade

8



trade efficiency. Kuwait's new deep-sea port, Mubarak al-Kabeer, located on Bubiyan Island, began phase I completion in 2021. Initially planned for full operation by 2024 as part of the China-led Belt and Road Initiative, the project has faced delays, with full completion now expected by the end of 2026. The port is a crucial element in Kuwait's long-term economic vision, and is being developed by the Chinese State Construction and Communications Corporation under a direct contract with the Chinese Ministry of Transport. Once completed, it is expected to enhance Kuwait's logistics and trade connectivity, helping to diversify the country's economy beyond oil exports.

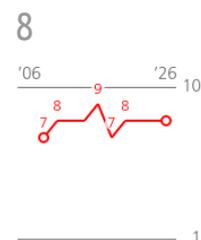
While the Central Bank of Kuwait (CBK) plays a supervisory role, the country is also home to several commercial banks – largely private – that are generally well managed and stable. Starting in 2004, international banks began operations in Kuwait, resulting in the current mix of local, Islamic and other foreign banks. Since 2015, foreign banks have been permitted to open more than one branch in the country. However, Kuwait's banking system remains largely protected by a strong central bank that regulates and intervenes in the system. The CBK enforces rigorous supervisory standards and ensures that banks comply with international capital adequacy requirements, including those outlined by the Basel Accords. As of 2021, Kuwaiti banks maintained a capital adequacy ratio (CAR) of 18.5%.

Kuwait's banking sector also demonstrates resilience in terms of asset quality, with a low non-performing loan (NPL) ratio of 1.9% as of Q3 2021. This reflects the effective risk management practices of banks in the country. Additionally, the CBK requires banks to submit detailed financial disclosures, including quarterly reports on capital adequacy, liquidity coverage and NPL provisions, thus promoting transparency and financial stability.

The banking sector was strongly affected by the COVID-19 pandemic, and the CBK implemented various stimulus measures to mitigate its negative impact. These measures included relaxing liquidity requirements, reducing discount rates and strengthening maximum credit limits while also decreasing risk weighting, particularly for small and medium enterprises. As a result, Kuwait's banking system remained both profitable and stable. However, due to the ongoing political standstill, there is potential for liquidity risks.

While performance on the Kuwaiti stock market was largely stagnant through much of 2024, investor confidence appeared to pick up again by the end of that year.

Banking system



8 | Monetary and fiscal stability

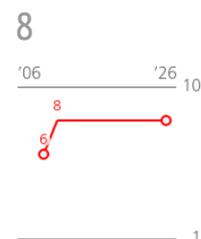
After a period of historically low inflation rates in decades, with an annual average of 0.5% in 2018, Kuwait experienced a steady rise in inflation – first to a rate of 1.1% in 2019, then to over 2.1% in 2020 and 3.4% in 2021. A peak of 4.0% was reached in 2022, but this afterward began to moderate, with the inflation rate for 2023 measured at 3.6%, indicating a gradual easing of price pressures.

Regarding exchange-rate policies, the Kuwaiti dinar (KWD) has been pegged to an undisclosed weighted basket of international currencies of Kuwait's major trading and financial partner countries. This peg has helped maintain the KWD's stability, even as inflationary pressures have increased. Like its counterparts in other Gulf countries, the central bank emulated the U.S. Federal Reserve's monetary policy both during and after the COVID-19 pandemic. In September 2024, the CBK reduced its discount rate by 25 basis points to 4%, aligning with the Federal Reserve's actions as oil prices dropped toward \$70. Notably, while the CBK operates with a high degree of independence, political dynamics in Kuwait can still indirectly influence its decisions, particularly in times of economic distress or significant policy changes.

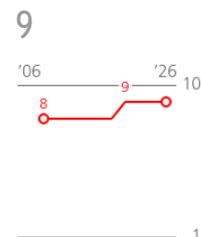
While fiscal stability in Kuwait suffered from the effects of the pandemic and the associated costly stimulus measures, the Russian invasion of Ukraine triggered a global energy crisis that boosted Kuwait's oil and gas revenues, helping the country reduce its deficit. This recovery was reflected in the current account balance, which remained positive at \$63.1 billion in 2022, though it decreased to \$51.4 billion in 2023 – signaling some weakening of Kuwait's external position. Nonetheless, the current account surplus supports the country's ability to finance fiscal needs without excessive borrowing.

Additionally, public debt stocks were reduced to just 2.9% of GDP in 2022, increasing slightly to 3.2% of GDP in 2023. This represents a modest rise in borrowing, though Kuwait's debt levels remain relatively low compared to other Gulf countries. Furthermore, Kuwait's total reserves remained strong at \$47.9 billion in 2022, decreasing slightly to \$47.4 billion in 2023, providing a buffer against external shocks. The government's efforts to reduce the budget deficit and engage in fiscal consolidation, along with the country's strong sovereign wealth fund and reserves, position Kuwait to handle future fiscal challenges.

Monetary stability



Fiscal stability



9 | Private Property

The legal framework for property rights in Kuwait is clearly defined in the constitution, and in recent years the country has made significant progress in improving the procedures, time and cost associated with property registration. However, Kuwait has imposed stricter property ownership regulations for non-Gulf Arabs, while also extending privileges to citizens of the Gulf Cooperation Council (GCC). This move comes as the country faces one of the region's most challenging housing affordability crises. Under the new rules, non-GCC nationals must fulfill several conditions to purchase property, including a 10-year residency requirement, demonstration of a clean criminal record and approval from the Kuwaiti Council of Ministers. Additionally, heirs inheriting property are required to sell it within one year unless an exemption is granted. Unlike other Gulf countries that have opened their real estate markets to foreign investors, Kuwait continues to restrict property ownership for former citizens, non-Arabs and stateless individuals (Bidoon), excluding them from these opportunities.

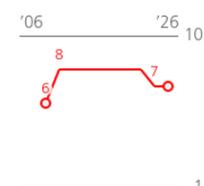
Despite Kuwait's generous grants of property and land to its citizens, the housing crisis derives from the fact of limited land, as well as time constraints. The process of land or property allocation to citizens is lengthy, but has been steady and consistent. The impacts of sea-level rise add another layer of complexity to Kuwait's property rights framework. As the country faces the challenge of rising sea levels, significant portions of its coastal land may ultimately become uninhabitable or unsuitable for development, threatening existing property values and potentially displacing citizens. This environmental threat could further exacerbate the housing shortage, making land allocation and property rights even more contentious in the future as both economic and environmental factors increasingly influence access to land.

In Kuwait, private companies are generally permitted and protected, and the government has introduced various reforms to encourage private sector participation in the economy. The country's legal framework allows the establishment of private businesses in most sectors, including those traditionally dominated by the state such as energy and infrastructure. However, certain limitations remain, particularly in strategic sectors such as oil and gas, where foreign investment is restricted or subject to stringent conditions.

Kuwait has actively pursued privatization efforts in recent years, focusing on reducing the public sector's involvement in nonstrategic sectors and encouraging private sector growth. In 2020, for example, the government approved a plan to privatize state-owned assets, including selling stakes in several state-owned enterprises. The Kuwait Authority for Partnership Projects (KAPP) is responsible for overseeing privatization and public-private partnership (PPP) initiatives. These efforts aim to increase efficiency, attract FDI and boost non-oil revenue streams.

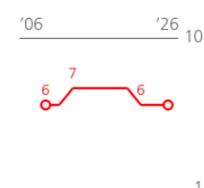
Property rights

7



Private enterprise

6



Despite these efforts, privatization processes have sometimes faced challenges in terms of transparency, market principles and entrenched societal attitudes toward the public sector. There have been concerns about the limited involvement of the private sector in some of the country's major economic sectors due to the dominance of large state-owned enterprises. Additionally, privatization and privatization-related reforms often encounter political hurdles, with debates over the proper balance between state ownership and private sector participation.

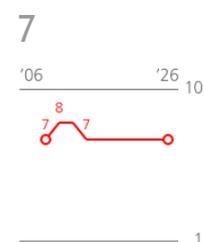
10 | Welfare Regime

Like other Gulf states, Kuwait operates as a rentier-based welfare regime in which the state takes primary responsibility for the well-being of its citizens. Most of the revenue generated from oil exports is directed to the public sector employee payroll in the form of salaries, public transfer payments and pensions. Kuwait's social safety nets are largely state-driven, with the government playing a significant role in providing compensation for social risks such as unemployment, illness, disability and old age. Social programs cover a range of benefits, including housing subsidies, pensions, health care and education. Public health care expenditure decreased from 5.7% of GDP in 2020 to 5.2% of GDP in 2021, yet life expectancy at birth increased from 78.8 years in 2021 to 80.3 years in 2022 – reflecting the effectiveness of the health care system in improving health outcomes despite fiscal challenges.

Notably, despite Article 11 of the constitution, which ensures the provision of social services, aid and medical care equally to all citizens, not all benefit from Kuwait's generous social welfare. In 1985, the government revoked the provision of many welfare benefits to the Bidoons, a marginalized minority group. Moreover, the government's welfare system is focused almost exclusively on Kuwaiti nationals, leaving a significant portion of the population – mainly foreign workers – without access to state-provided benefits. This affects approximately 3.3 million people, who collectively represent roughly 70% of the workforce and are frequently socially excluded and economically exploited. They experience discrimination due to xenophobic rhetoric from certain officials and are systematically marginalized through labor, migration and citizenship policies.

The economic consequences of the COVID-19 pandemic significantly affected members of this workforce. Unlike public employees, who continued to receive their salaries, migrant workers – who almost entirely (about 96%) work in the private sector – did not enjoy such privileges. Many either lost their jobs or had their wages suspended temporarily.

Social safety nets



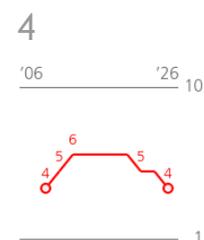
Kuwait has made significant progress in expanding access to education, with notable improvements in enrollment among females across all levels. In 2024, the gross enrollment ratio was 101.9% at the primary education level, 95.3% at the secondary level and 61.6% at the tertiary level. However, public schools are reserved for Kuwaiti students. Non-Kuwaitis do not have access to public schools, which comprise about 80% of all schools in Kuwait; accordingly, many private schools operate with limited resources and correspondingly impaired quality levels, while good private schools are accessible only to those who can afford their high fees. The female-to-male enrollment ratio is above 1 at all levels, with ratios of 1.2 at the primary level, 1.1 at the secondary level and 1.4 at the tertiary level, reflecting increased educational opportunities for women. The country also maintains a high literacy rate – 97.0% for males and 95.0% for females – indicating strong overall educational outcomes.

However, these educational gains have not fully translated into greater labor force participation among women. While this rate rose from 24.6% in 2021 to 25% in 2023, it remains well below the global average of 40.3% (World Bank data for 2019). Despite their higher average educational attainments, women continue to be under-represented in leadership roles, particularly in politics, law and business. Nevertheless, there has been some progress. In the 2023 parliamentary elections, one woman was elected to the National Assembly, compared to two in 2022 and none in 2020. Additionally, in June 2023, a woman was appointed as a cabinet minister, marking a significant milestone for women’s political participation.

Kuwait’s political landscape remains male-dominated, shaped by entrenched social norms and limited access for women to influential spaces such as diwanis, which are traditional political forums that serve as key networking hubs. These barriers, coupled with resistance from conservative political forces, continue to hinder women’s advancement in politics despite their increasing presence in education and the workforce.

Beyond gender disparities, ethnic and religious representation also remains uneven. The Shi’ite Muslim minority, comprising approximately 30% of the population, faces inadequate political representation, reinforcing social divisions. However, the most pronounced inequalities affect noncitizens, particularly migrant workers and the Bidoon, a stateless group. These communities experience systemic discrimination and restricted access to basic rights and services. While some Bidoon individuals have recently been granted citizenship, many remain at risk of deportation, with limited access to social services. Migrant workers also face severe inequality due to restrictive policies that limit their rights and access to essential services. Their socioeconomic position has been further weakened through gradual attempts to replace foreign workers with Kuwaitis in the private and public sectors through a process of “Kuwaitization.”

Equal opportunity



11 | Economic Performance

Kuwait's economy has faced significant challenges in recent years, shaped by the global pandemic, fluctuating oil prices and ongoing political gridlock. These factors, combined with long-term structural weaknesses, have influenced the country's economic performance. Despite being one of the wealthiest nations globally, Kuwait's growth has shown signs of strain due to its persistent reliance on fossil fuels.

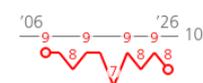
The economic downturn caused by the COVID-19 pandemic and the global oil price crash placed considerable fiscal pressure on Kuwait. While oil prices briefly surged following the Russian invasion of Ukraine, they have remained volatile, making it difficult to sustain consistent growth. This ongoing price instability underscores the vulnerabilities of Kuwait's rentier-state model, which remains overwhelmingly dependent on hydrocarbon revenues. Nevertheless, Kuwait Petroleum Corporation has announced plans to invest KWD 10 billion (\$33 billion) over five years to expand oil production capacity – signaling the country's continued commitment to fossil fuels despite global energy transition efforts.

Kuwait's GDP per capita improved from 2021 to 2023, reflecting a post-pandemic economic recovery. However, in 2023, GDP per capita growth declined sharply to -3.2%, down from 5.7% in 2022, due to a combination of base effects from the post-pandemic rebound, declining oil revenues and limited economic diversification. Similarly, Kuwait's GDP contracted by 1.5% in 2023, indicating an economic slowdown despite previous gains.

Inflation has shown signs of stabilization, with the overall rate dropping slightly to 2.36% in 2024, suggesting modest improvements in price stability. This could encourage investment, as economic predictability is a key factor for investors. Meanwhile, Kuwait's unemployment rate has remained relatively low at around 2.5%, but labor market challenges persist, particularly due to the overwhelming reliance on public sector employment. Kuwait's current account balance declined from a surplus of \$63.1 billion in 2022 to one of \$51.4 billion in 2023, largely due to reduced oil revenues and a global economic slowdown. While the country still maintains a positive balance, this decline highlights the ongoing challenges of sustaining revenue levels in a world where oil markets remain unpredictable. Given its continued investments in oil production, Kuwait appears committed to maintaining its status as a fossil fuel-driven economy – despite growing global efforts to transition toward renewable energy sources and the government's attempts to diversify its economy.

Output strength

8



1

12 | Sustainability

Kuwait has a long history of environmental politics, beginning with small-scale environmental activism in the 1960s and 1970s that eventually led to the establishment of the Kuwait Environment Protection Society (KEPS). The KEPS was granted a seat on the Environment Protection Council in 1980, which also included all ministers involved in environmental policymaking. The Gulf War (1990 – 1991) and the subsequent burning of oil wells heightened the public’s environmental awareness. However, in the years that followed, Kuwait pursued an unsustainable development path.

In 2014, Kuwait enacted the Environment Protection Law, introducing a broad set of regulations aimed at protecting human health, controlling pollution, enhancing natural resources and promoting cleaner energy. The law also called for the creation of an environmental police force, which has succeeded in reducing illegal fishing and safeguarding nature reserves. However, the law has struggled to address more significant environmental challenges such as pollution, waste management and water conservation.

Kuwait’s focus on environmental sustainability was further highlighted by the launch of the Kuwait Environmental Governance Initiative in 2016, which was in turn incorporated into the country’s development plan, New Kuwait 2035. This initiative prioritizes a “sustainable living environment” as one of seven key pillars and underscores the importance of aligning Kuwait’s environmental policies with international environmental standards and agreements. However, the plan has yet to be associated with clear targets or actionable objectives.

Despite these efforts, Kuwait faces significant challenges in improving its environmental performance. The country is particularly vulnerable to the impacts of climate change, as it is experiencing rising temperatures, increased humidity and more frequent natural hazards such as dust storms and torrential rain. However, the government has struggled to translate environmental policies into concrete, actionable climate measures. One of the most pressing challenges facing Kuwait is its heavy reliance on fossil fuels and the need to transition to a low-carbon economy. While many of its Gulf neighbors have made significant progress in this area, Kuwait has struggled to keep pace.

Environmental
policy

4

'06 '26 10



1

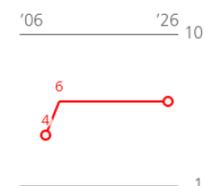
Kuwait's education and research policies face significant challenges in delivering high-quality education and fostering effective research and development (R&D). Despite a long-standing commitment to education, the quality of the system remains comparatively low, especially given the country's wealth. The most recent U.N. Education Index indicates that Kuwait's educational quality has stagnated between 2020 and 2023, with the country receiving an index score of 0.683 – slightly above the global average but underwhelming for a resource-rich nation. While Kuwait boasts a high literacy rate (97.0% for men and 95.0% for women in 2024) and strong enrollment ratios, concerns persist regarding educational quality, exacerbated by national school-system shutdowns and pandemic-related school closures.

Kuwait's education system remains highly gender-segregated in public schools from the primary level onward, while private foreign schools following British, American, French or other international curricula often embrace coeducation. However, access to free public education is not available for noncitizens or marginalized groups, deepening social and economic inequalities.

Despite significant education funding, sector expenditure has steadily declined, dropping from 7.8% of GDP in 2021 to 6.6% in 2022 and further to just 5.0% in 2023. While this still places Kuwait above the global average, the downward trend raises concerns about the government's commitment to improving educational quality. Similarly, Kuwait's investment in R&D has been weak. Expenditure in this area halved from 0.2% of GDP in 2020 to just 0.1% in 2022, highlighting a lack of government support for innovation and technological advancements. This decline has left Kuwait struggling to keep pace with its Gulf counterparts in research output, technological progress and the transition to a knowledge-based economy. Although national development plans like New Kuwait 2035 emphasize knowledge-driven growth, R&D remains a low priority, undermining efforts to foster innovation and diversify the economy. Kuwait's post-secondary education system has also made strides, with institutions such as Kuwait University and the Public Authority for Applied Education and Training offering a variety of academic and technical programs. However, the country still faces challenges in aligning its higher education output with labor market needs and in fostering research and innovation at these levels.

Education policy /
R&D

6



Governance

I. Level of Difficulty

Kuwait has an advantageous geographic location as part of the Arabian Peninsula, connecting world markets in Europe, America and Asia. However, the micro-state is also surrounded by powerful states with hegemonic ambitions, including Iraq, Saudi Arabia and Iran. The Iraq War (1990 – 1991), with all its political, economic, social and ecological consequences, still constitutes a trauma for many Kuwaiti citizens. In addition, the broader geopolitical tensions in the Middle East – particularly the rising tensions between Iran and its neighbors – add an external constraint to Kuwait’s security and stability. Given Kuwait’s proximity to both Saudi Arabia and Iran, the persistent risk of conflict in the region – especially the possibility of an escalation between Iran and its Gulf neighbors – creates an environment of uncertainty that hinders long-term planning and development. This regional instability, coupled with Kuwait’s relatively small size and strategic vulnerabilities, makes it highly susceptible to external pressures that are often beyond its control. The looming threat of conflict across the MENA region is a constraint that hangs over Kuwait’s governance and economic decisions, further complicating its efforts to diversify its economy and address domestic challenges.

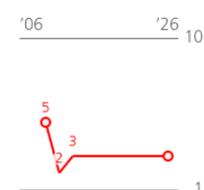
Despite its wealth, Kuwait faces several structural constraints that affect governance performance. One key challenge is its overreliance on oil revenues, which account for nearly 90% of government income. This economic dependency makes the country highly vulnerable to fluctuations in global oil prices, constraining long-term fiscal planning and diversification efforts. While initiatives such as New Kuwait 2035 aim to reduce the country’s reliance on hydrocarbons, progress has been slow due to political gridlock and bureaucratic inefficiencies.

Political instability is another significant constraint. Repeated conflicts between the executive and legislative branches have led to frequent government reshuffles and stalled reforms. This ongoing deadlock has hindered efforts to implement policies addressing economic diversification, environmental challenges and labor market reforms. The powerful and long-established merchant families, once central to Kuwait’s political and economic landscape, are gradually losing influence.

Additionally, Kuwait’s education and research sectors lag behind regional peers, with decreasing public investment in education and research and development (R&D). This has led to a shortage of skilled labor, which is crucial for a knowledge-based economy.

Structural
constraints

3



Environmental concerns further exacerbate governance challenges. Kuwait experiences extreme temperatures, water scarcity and rising pollution levels, yet its environmental policies remain fragmented. Climate change poses an existential threat, with record-breaking heatwaves and frequent dust storms threatening both public health and the country's infrastructure.

Unlike its more authoritarian neighbors, Kuwait has a long history of social activism dating back to the early 20th century, when the merchant community established the country's first schools to provide public education. Civil society activity received a further boost during the spread of the Arab Nationalist Movement in Kuwait in the 1950s and with the establishment of the Kuwaiti branch of the Muslim Brotherhood in 1947. In the 1970s, the first environmental NGO was created, and Shi'a religious groups began to appear in Kuwait under the influence of Iraqi clerics. Special organizations such as the Kuwaiti Community Association today fight for the rights of disadvantaged groups in Kuwait. Additionally, there are other civil organizations such as the Kuwait Environment Protection Society, which dates to the 1970s and aims to improve the ecological situation in the country.

Deeply rooted societal attitudes hinder greater involvement of women in politics, though civil society organizations such as Mudhawi's List have emerged in recent years to advocate for women candidates seeking elected office. Despite women gaining the right to vote and run for office in 2005, their representation in the National Assembly remains minimal, reflecting broader structural and cultural barriers to gender equality in politics.

Since the Arab upheavals of 2010/11, Kuwait's vibrant, diverse civil society has increasingly challenged state authorities, but has also become exposed to greater scrutiny and monitoring. The Ministry of Social Affairs and Labor has closed several civil society organizations due to a lack of proper licensing. Additionally, individuals including opposition figures and human rights advocates have on occasion been imprisoned in recent years for making critical comments on social media. A growing lack of social trust among Kuwaitis, both in their fellow citizens and in political institutions, has become increasingly evident in recent years. This decline in trust – fueled by perceived corruption, a lack of government accountability and frustrations over the slow pace of reform – has made it more difficult for society to unite around common causes. Kuwait's civil culture remains exceptional in regional comparison, as the articulation and aggregation of social interests have elsewhere been systematically restricted. However, there are growing indications that this space is shrinking, with increasing legal and political pressures being placed on activists, journalists and organizations critical of the government.

Civil society traditions

6

'06 '26 10



1

Kuwait's social cleavages run along confessional, historical, political and national lines, though they are often intertwined. A major historical cleavage is between the badu (Bedouins) and hadhar (urban people with strong tribal affiliations). Politically, tensions between liberals and Islamists have become apparent primarily in public debates in the National Assembly. Another often-mentioned religious fault line is between Sunni and Shi'ite Muslims, although the latter are fairly well integrated compared to their situation in other Sunni-dominated Arab Gulf states. Nevertheless, the potential for an escalation of sectarian tensions in this predominantly Sunni country remains a concern. Incidents like the one in May 2022, when Kuwaiti security forces raided the largest Shi'ite mosque in the country, fuel such perceptions. Another long-standing unresolved societal conflict is the social exclusion of the Bidoon people, who are largely Shi'ite Muslims. In addition to this community's social and political exclusion, most of its members also struggle with economic and educational inequalities, which leads to a sense of hopelessness.

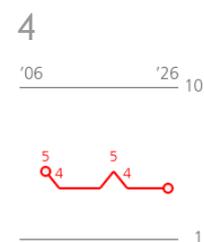
A noticeable rise in nationalist sentiments and xenophobia toward expatriates has been evident in the public rhetoric, in socioeconomic plans such as "Kuwaitization" and in recent legislative changes, including various proposals to impose a tax on expatriates' remittances. Recently, the Kuwaiti government has intensified its policy of deporting expatriates, especially those accused of crimes such as drug abuse, violence, theft, expiration of residence permission, alcohol production and other violations of laws.

II. Governance Performance

14 | Steering Capability

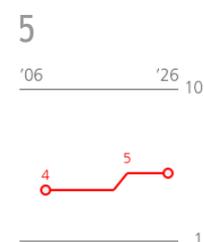
Kuwait has unveiled two major development plans over the past decade, the first in 2010 and the second in 2017. The earlier long-term vision spanned the period from 2015 to 2019. In autumn 2019, the government launched a new development plan for the period from 2020 to 2025, with the Kuwait Vision 2035 (New Kuwait) initiative as a key priority. The vision seeks to transform the country into a regional and global financial and trade hub, focusing on the areas of public administration, infrastructure, digitalization, sustainability and human capital. These domestic development goals are closely aligned with international objectives, including the United Nations Sustainable Development Goals (SDGs) for 2030. However, according to the latest SDG ranking, Kuwait has slipped from 101st to 111th place out of 193 U.N. member states, with its score decreasing from 64.5 to 63.76. While Kuwait has made progress in certain areas such as clean water and sanitation, decent work, economic growth, and partnerships for the SDGs, many challenges remain across other goals.

Conflict intensity



Question Score

Prioritization



Many Kuwaitis hope the recent oil revenue windfall resulting from the global energy crisis will be strategically invested in much-needed projects and reforms aligned with the country's development plans. Despite growing calls for populist measures such as increased subsidies, the government has resisted, citing concerns over high costs. This ongoing disagreement has been a key driver of numerous cabinet resignations.

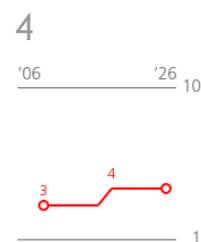
The General Secretariat of the Supreme Council for Planning and Development (GSSCPD) plays a crucial role in shaping and executing Kuwait's development strategy. It is responsible for formulating plans, setting priorities, and ensuring that initiatives align with Kuwait's long-term vision to improve its global competitiveness and attract investment. However, political instability has made it more difficult to maintain focus on strategic priorities. Frequent cabinet reshuffles, such as the appointments of new finance and trade ministers in August 2024, have served to shift policy priorities. Additionally, powerful economic interests and lobbying groups often exert pressure on the government, potentially distracting from long-term goals in favor of more immediate, sector-specific interests.

The last decade has revealed a significant gap between much-needed reforms and actual implementation. There have been repeated instances in which new reform plans have been introduced before key elements of previous reforms have been carried out, and without sufficient effort to assess or evaluate the trajectory of the unimplemented plans. This has largely been attributable to external shocks such as the COVID-19 pandemic as well as internal political struggles. The energy crisis triggered by the Russian attack against Ukraine brought new revenues over the short term, and with an increasingly centralized government, many hope for the timely implementation of previously promised projects.

One key area is energy security, with Kuwait having secured a 15-year liquefied natural gas (LNG) supply deal with QatarEnergy starting in 2025. This agreement will ensure a stable energy supply, particularly during peak summer months, and reduce dependence on volatile oil markets.

In the area of infrastructure development, the government has launched a \$1.31 billion road maintenance program, signing contracts with 18 local and international firms in October 2024. This nationwide initiative aims to improve deteriorating road conditions, a long-standing public concern. Economic diversification and fiscal reforms have also been prioritized. Kuwait will implement a 15% minimum tax on multinational enterprises in 2025, aligning with OECD guidelines. This tax policy aims to create a more balanced fiscal structure and diminish the country's dependency on oil revenues. However, frequent policy changes have served to extend the time necessary for proper implementation. While policy initiatives are often ambitious, their practical outcomes have consistently fallen short of expectations. This constant shifting of priorities and strategies impedes the ability to evaluate and execute reforms effectively, leaving many initiatives stalled or underperforming on the ground.

Implementation



Like other ambitious GCC states, Kuwait seeks to place itself on the global map by pursuing modernization centered on a knowledge-based economy. Like its regional peers, Kuwait relies on international consultancies. For example, to launch Vision 2035, the Supreme Council for Planning and Development hired the international consultancy firm Tony Blair Associates. The government has also worked with Ernst & Young and the World Bank to develop strategies for the rationalization of subsidies and the introduction of austerity measures in order to reduce the budget deficit. However, these recommendations have often been met with resistance from parliament and local researchers on the grounds of decontextualization – that is, that they do not adequately reflect local needs – as well as concerns about the manipulation of national resources and marginalization of local expertise.

The Kuwaiti government has adopted several best practice models from its Gulf neighbors in key policy areas, aiming to align with regional trends. While implementation is often delayed due to political fragmentation, notable efforts have been made in the areas of economic diversification, integration of renewable energy sources and decarbonization of oil refinery operations. Kuwait is also pushing forward with expanding digitalization, including the rollout of an integrated 5G network, while also engaging in controversial tactics such as increased state surveillance. In addition, Kuwait is working toward positioning itself as a regional logistics hub. This expansion aligns with its broader strategic goal of enhancing connectivity and attracting global trade, further diversifying its economy and reducing its dependence on oil revenues. These initiatives signal a convergence between Kuwait and other small Gulf states like the United Arab Emirates, Qatar and Bahrain, particularly regarding technological and environmental advancements.

On the domestic level, the government mainly cooperates with the two leading institutions: the Kuwait Foundation for the Advancement of Sciences (KFAS) and the Kuwait Institute for Scientific Research (KISR). The government also works with academics from Kuwait's universities, but the academic sphere is generally more engaged with teaching than with research or consulting. Particularly in the sensitive area of energy diversification and resilience, the state-owned oil companies, with their various institutions and financial capacities, play a critical role in shaping state policy.

Policy learning

6



15 | Resource Efficiency

The country's abundance of oil has financed the development of a generous welfare state, which provides a broad range of services such as health care, housing loans and free education, as well as employment or financial assistance to all Kuwaiti citizens. While Kuwait has exploited its hydrocarbon resources relatively efficiently, its growing dependence on just one resource has caused problems, as the country does not rely on a comprehensive taxation system. Oil wealth has created a bloated public sector that hampers efficient administration. There have been attempts to modernize the public administration, implement fiscal reform, and reduce corruption and the bureaucracy's inefficiency, for instance by bringing more Kuwaitis into the private sector. This "Kuwaitization" is meant to enhance receptivity to labor market needs and focus on individual merit rather than "networks of privilege."

This shift became most evident in November 2023, when the government took decisive action against the entrenched interests of the influential and old merchant families. In a significant move, legislation was passed extending government oversight over the Kuwait Chamber of Commerce and Industry, a key stronghold of the merchant elite. The new legislation is seen as a step toward empowering younger generations and supporting small enterprises. It included the removal of the Chamber from the Industry Authority Council and its replacement by the Small Enterprise Fund, signaling a shift toward greater inclusivity and economic diversification.

Furthermore, strong fluctuations in global oil market prices dramatically affect the domestic budget. To promote long-term financial stability as oil revenues decline, Kuwait created the Future Generation Fund in 1976. Since then, a minimum of 10% of the country's oil revenues have been invested in this special reserve. This fund and the General Reserve Fund, which serves as the main government treasury, are administered by the Kuwait Investment Authority (KIA). According to the Sovereign Wealth Fund Institute, the KIA is the oldest and one of the wealthiest such funds in the world.

Despite these measures, Kuwait faces ongoing challenges in generating administrative efficiency paired with fiscal stability. While the country has experienced fiscal surpluses due to the global energy crisis, it has struggled to allocate and manage resources, particularly in the public sector. The Kuwaiti public administration remains plagued by inefficiency, often due to the overextension of welfare programs and a reliance on a bloated bureaucracy with limited accountability mechanisms. As the country aims to shift toward a more diversified economy, there has been growing pressure to reduce dependence on the public sector and create incentives to increase productivity and make the private sector more dynamic.

Efforts to improve administrative practices, for instance by increasing transparency in budget planning and promoting more competition in recruitment, are seen as crucial to achieving these goals. However, significant hurdles including political resistance and the influence of entrenched interests remain, slowing progress toward a more effective and sustainable governance model.

Efficient use of assets

5

'06 '26 10



1

In recent decades, Kuwait's policy coordination has often been hampered by internal disputes, particularly between the two branches of the al-Jaber and al-Salem families. However, this division no longer appears to be a significant barrier, especially with the ascension of the new crown prince, Sabah al-Khalid, who does not belong to one of the larger ruling branches. The main challenge to effective coordination now lies in the ongoing impasse between the government and parliament. The suspension of parliament has further disrupted traditional coordination mechanisms, leading to fragmented decision-making and a lack of horizontal coordination between government departments.

Similar to other Gulf states, Kuwait's public sector faces inefficiencies due to a siloed approach within individual departments and government bodies. The blurred boundaries between the private and political sectors – especially when influential merchant families hold political office – hinder transparency and exacerbate conflicts of interest. These structural challenges, combined with the absence of a functioning parliament, complicate the mediation of competing interests and make it difficult to maintain a coherent policy agenda. The lack of a functioning parliament has further hindered the government's ability to balance policy trade-offs and introduce effective coordination mechanisms.

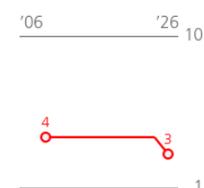
Kuwait's political system has traditionally followed a hierarchical-bureaucratic coordination model, with the emir and the ruling family exerting significant influence over state affairs. The suspension of parliament has further centralized decision-making, limiting opportunities for informal networks and decentralized coordination. This centralization has created a lack of transparency in the assignment of responsibilities, leading to further inefficiencies and diminished accountability.

Allegations of malfeasance continue to dominate public discourse in Kuwait, serving as a powerful driver for societal mobilization against the regime. Since 2016, the Anti-Corruption Authority (Nazaha) has taken significant steps to address corrupt practices among officials. It implemented the Kuwait Integrity and Anti-Corruption Strategy (2019 – 2024), which is built around four primary pillars: the public sector, the private sector, society and specialized bodies. Each pillar is linked to specific priorities and initiatives, with Nazaha serving as the central body responsible for monitoring and evaluating the strategy's implementation. To support its efforts, several institutions – including a high-level committee chaired by Nazaha, a technical committee, and a monitoring and evaluation committee – assist in overseeing progress. Despite being supervised by the Ministry of Justice, Nazaha operates with full independence and impartiality.

While Kuwait's anti-corruption policy has slowly improved over time and has yielded some success, the problem remains widespread and deeply rooted in the country's systems.

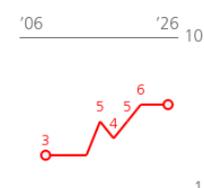
Policy coordination

3



Anti-corruption policy

6



16 | Consensus-Building

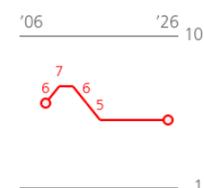
Kuwaiti citizens generally express support for the ruling Al Sabah family, with broad consensus on its prominent position in the country's political structure. However, there is considerable debate regarding the proper extent of its influence and the type of political system Kuwait should adopt. Some citizens advocate for a top-down, hyperdevelopmental approach similar to that being pursued by other small Gulf states. Proponents of this path believe it would benefit from the absence of a parliamentary body able to obstruct swift development. Others argue for a shift toward a more democratic system, advocating for a constitutional monarchy with political parties and an elected cabinet. This divergence of opinions has been a defining feature of Kuwait's political landscape. While the leading role of the Al Sabah family is undisputed, there is no agreement on how that should be balanced with political participation from the population. Efforts to engage in a national dialogue have failed to reconcile these differing views. The suspension of parliament in May 2024 has temporarily brought an end to this ongoing debate in favor of the executive, leaving the future direction of Kuwait's political and economic development uncertain.

The country's long-term development plans aim to shift the economy from a state capitalist model characterized by large government bodies and state-owned firms to one based on principles of the market economy. However, there is little consensus on how to proceed. The merchant elite, while generally supportive of economic transformation due to the associated potential for increased business opportunities, opposes measures that would diminish their oligarchic privileges. Meanwhile, popular voices in parliament fear a widening gap between the elite and ordinary Kuwaiti citizens, with the parliamentary opposition generally advocating for the protection of the generous welfare system and rejecting efforts to scale it back.

While power is shifting toward the Al Sabah family and its inner circles, the rulers' primary interest lies in maintaining the country's stability rather than in obstructing democratization efforts. Although some factions within the political landscape may have differing views, there does not appear to be either anti-democratic actors or proponents of democratization capable of significantly influencing the monarch's decisions. The ruling family is generally motivated by the desire for stability and economic prosperity, which suggests its members are likely to support reforms that do not disrupt the country's social and political order. This alignment of interests indicates a potential pathway for gradual reforms, free from significant anti-democratic resistance. However, it does not mean that significant democratic reforms are realistic any time soon.

Consensus on goals

5



Anti-democratic actors

3



In contrast, with elected representatives sidelined, the space for democratic deliberation and decision-making has clearly diminished, deepening divisions between democratic and anti-democratic actors within society. While some segments of the public view the suspension as a temporary and necessary measure by the emir to address corruption and dysfunction, others express significant concern over its long-term implications for democratic governance.

Kuwait's political leadership has shown some success in managing social cleavages and preventing society from fragmenting along ethnic, political, religious or tribal lines. The government has used a combination of patronage and divide-and-rule tactics to address these long-standing divisions. By trading loyalty for support, the leadership has stabilized tensions and maintained a broad political consensus. However, this approach has not been without challenges. The Bidoon, a group without full citizenship rights, have been excluded from these inclusionary co-optation strategies, creating a marginalized social class and fueling xenophobic sentiment, especially during times of economic hardship.

While younger parliamentarians have increasingly rejected undemocratic practices, civil society actors and some members of parliament have called for better treatment of the Bidoon. In response to their plight, steps such as granting military service and health care access to descendants of former Bidoon soldiers have been taken. However, significant issues remain unresolved, as evidenced by the widespread revocation of dual citizenships in autumn 2024.

The political leadership's ability to manage these cleavages has also been tested by internal political crises. The suspension of parliament in 2024 and the failed national dialogue illustrate the difficulty of bridging deep political divides. Though the leadership has taken steps to ease tensions, for instance by granting pardons to dissidents in 2023, the overall lack of concrete action to resolve cleavages, particularly regarding the Bidoon, indicates that while the government is capable of moderating conflict, it struggles to implement lasting and inclusive solutions.

The involvement of civil society actors in policymaking occurs informally rather than in a formal, institutionalized way. A common tool used for this informal exchange is meetings (diwanias) in which members of parliament and other civil society actors such as professional groups or labor unions deliberate together. This is an important steering element used to influence public opinion and shape the political decision-making process. After a period of systematic crackdown on civil society participation that began in 2011, journalists and public intellectuals have recently had more leeway to criticize the government. However, there are clearly defined boundaries. This is particularly true regarding allegations of corruption or mismanagement of public spending.

Cleavage /
conflict
management

4

'06 '26 10



1

Public
consultation

5

'06 '26 10



1

As part of the sustainable-development-focused Strategic Cooperation Framework (2020 – 2025) between Kuwait and the United Nations, a permanent national steering committee, the National Sustainable Development Committee (NSDC), was set up by a ministerial decision. While the NSDC was meant to include civil society representatives, these mainly appear to be government-controlled parastatal organizations such as the Society for the Protection of the Environment, the Kuwait Society of Engineers and the Kuwait Economic Society. This initially promising sign of an increase in civil society participation has not produced tangible outcomes to date. In light of the politically insecure situation, it seems that the ruling elites are seeking to curtail civil activism more than was previously the case.

Kuwait has largely avoided addressing significant acts of historical injustice, with the trauma from the Iraqi invasion (1990 – 1991) serving more as a tool for cultivating collective memory than as a source of lingering conflict. However, the most prominent and ongoing injustice remains the treatment of the Bidoon. In recent years, the revocation of citizenship for many Bidoon individuals has further entrenched their marginalization, fueling societal divisions and exacerbating long-standing grievances.

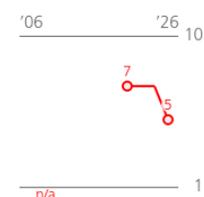
The previous emir, Sheikh Nawaf al-Ahmad al-Jaber al-Sabah, was deeply committed to promoting national unity and reconciliation. His approach, known as the “New Era,” focused on fostering dialogue and mending relationships with the country’s critics, particularly those from the previous era of political activism. This initiative led to several waves of political amnesty in which the government pardoned exiled lawmakers, dissidents and even those who had been politically sanctioned, including members of the Al Shammar and Al Mutair tribes, prominent members of the ruling family, and individuals from the Kuwaiti Hezbollah. His efforts facilitated unprecedented cooperation between the government and parliament, marking a rare period of political accord. The partnership between opposition leader and (now former) Speaker of Parliament Ahmed al-Saadoun and the prime minister resulted in a full legislative agenda being agreed upon by a joint committee, merging both parliamentary and government priorities.

Key political reforms were initiated during this period, including the rehabilitation of activists and politicians previously sentenced for political crimes, allowing them to hold public office and run for political positions. One of the most significant proposals was an amendment to Kuwait’s electoral system to allow for political lists, a reform aimed at fostering coalition-building. Although the amendments were scheduled for discussion in December 2023, they were delayed following the death of the emir.

In contrast, the current emir, Sheikh Mishal al-Ahmad al-Jaber al-Sabah, who ascended the throne in December 2023, appears to prioritize the issues of national security and development. While stability remains a key concern, his policies have centered on securing Kuwait’s future and addressing the country’s strategic goals.

Reconciliation

5



n/a 1

His tenure has not so far placed immediate attention on deep-rooted social issues such as those affecting the Bidoon, and his leadership style overall indicates a different focus than his predecessor.

17 | International Cooperation

Kuwait is among the world's largest donors, and became a participant in the OECD's Development Assistance Committee (DAC) in 2018. However, like other oil- and gas-dependent rentier states with a low level of industrialization, Kuwait has required international assistance to implement its own national development plan aimed at building a sustainable and knowledge-based economy. It welcomes public and private consultation and assistance from international organizations, institutions and other entities. International consulting firms have assisted Kuwaiti authorities in developing large-scale infrastructure projects such as the new port and the national railway project. According to the Middle East Economic Digest (MEED), the main foreign consultants in various sectors – such as construction, water and power, transportation, and oil – include the U.S.-based Hill International and Honeywell UOP, Germany's WTE Wassertechnik GmbH, Spain's Ineco, China's Power China, the United Kingdom-based Amec Foster Wheeler, and the Turkish Limak Holding. Furthermore, Kuwait continues to receive military assistance from the United States and seeks to improve its health system with assistance from the WHO, which only recently opened a country office in Kuwait.

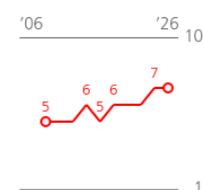
Additionally, the Kuwait Fund for Arab Economic Development (KFAED) provides financial and technical assistance to developing countries, reflecting Kuwait's commitment to international cooperation and development. KFAED's initiatives align with Kuwait's broader development goals, promoting sustainable economic growth and infrastructure development.

Kuwait is a member of various regional and international organizations, including the United Nations, OPEC and the WTO, but its political structure often slows its ability to meet international commitments. While Kuwait submits reports to U.N. bodies, it is often slow to act on external recommendations, such as those from the World Bank, the IMF, the ILO and the U.N. Human Rights Committee regarding economic reforms, labor laws and the Bidoon issue. The country also struggles to meet its climate goals, and is behind schedule in meeting its own pledges.

Despite these challenges, Kuwait maintains significant global standing. It is a respected neutral mediator and a longtime donor of international aid, though its official development aid volumes have gradually declined in recent years. In 2023/24, Kuwait continued providing humanitarian assistance, notably to Syria and Yemen, but at reduced volumes compared to previous years. Kuwait has strengthened its international economic ties, signing a Trade and Investment Framework Agreement

Effective use of support

7



Credibility

7



(TIFA) with the United States in 2024 and aligning with global financial regulations. It also implemented the Foreign Account Tax Compliance Act (FATCA) in 2015. On the political stage, Kuwait served as a nonpermanent member of the U.N. Security Council from 2018 to 2019, advocating for humanitarian resolutions related to Syria, Yemen, Iraq and Palestine. Kuwait continues to oppose normalization with Israel, maintaining its strong stance on Palestinian rights and self-determination. This position has been notably reflected in its condemnation of Israeli actions during the Gaza and Lebanon conflicts ongoing since 2023.

Kuwait has historically pursued a foreign policy focused on maintaining good neighborly relations, regional stability and international cooperation. Its political leadership has consistently sought to foster strong relationships with neighboring countries, including those within the Gulf Cooperation Council (GCC), Iraq and Iran. The country's diplomatic approach is underpinned by its long-standing commitment to regional integration, cooperation within multilateral frameworks, and support for peace and stability in the Middle East.

As a founding member of the GCC, Kuwait has consistently worked to strengthen ties with its Gulf neighbors, emphasizing collective security and economic cooperation. The GCC states share common interests in regional stability, particularly regarding security threats and economic integration. Kuwait's leadership has played an active role in encouraging collaboration among member states and supporting initiatives for a unified regional voice on political and economic matters. However, Kuwait's stance within the GCC can be described as mediatory and stabilizing; for example, during the Gulf political crisis and the blockade on Qatar in 2017, Kuwait played an important role in helping to mediate and ease tensions until the blockade was lifted in 2021. In addition, Kuwait often seeks to balance relations between its regional allies and those in the broader Middle East.

Kuwait's relations with Iraq have been largely shaped by its role as a mediator in post-Saddam Iraq. The country has made efforts to assist in Iraq's reconstruction, offering financial support and providing humanitarian aid. Additionally, Kuwait's political leadership has championed Iraq's reintegration into regional organizations and promoted regional cooperation in the fields of energy, trade and security. Despite historical tensions between the two countries, Kuwait has taken significant steps to improve bilateral ties, facilitating dialogue and supporting Iraq's sovereignty and stability.

When it comes to Iran, Kuwait has taken a cautious but constructive approach, advocating peaceful coexistence and diplomatic dialogue. Kuwait is keen to maintain positive relations with Tehran, particularly regarding shared maritime boundaries and economic exchanges. However, Kuwait's relationship with Iran remains complex due to broader Gulf geopolitical dynamics, especially given its alignment with GCC policies on security and regional tensions.

Regional cooperation

9



1

One noteworthy shift in Kuwait's foreign policy occurred in late 2024 with the reopening of its embassy in Damascus, Syria. This move reflects a pragmatic approach to regional diplomacy, signaling a desire to reengage with Syria after years of political disengagement. The embassy reopening can be interpreted as part of Kuwait's broader strategy to support regional stability and secure its interests in the Levant, while also signaling potential shifts in the wider Arab world's approach to the Syrian government.

Kuwait's relations with Türkiye have been cooperative, particularly in economic and security matters. While Kuwait values its ties with Ankara, it also seeks to maintain a balance, avoiding overreliance on any one partner. The strategic partnership with Türkiye has been reinforced through trade agreements, as well as a shared interest in regional peace and stability, particularly in Iraq and Syria. However, Kuwait's diplomatic approach remains flexible, ensuring its foreign policy accommodates the complex dynamics of the Middle East.

Strategic Outlook

Kuwait's political and economic challenges remain deeply intertwined. Key vulnerabilities such as fluctuating oil prices require strategic responses that balance internal reforms with external pressures. While the country continues to benefit from significant hydrocarbon reserves and a high per capita income, the long-term viability of this wealth depends on moving away from an oil-dependent economy and establishing more sustainable sectors. A critical step forward would involve continued investment in upgrading Kuwait's aging infrastructure. This includes modernizing the energy, transportation and digital sectors in order to provide a more resilient foundation for future growth. It should also include educational reforms that foster inclusive and diversified growth, including in new industries such as clean energy, technology and fintech. While Kuwait has strong research institutions, its academic programs should be better aligned with labor market needs to support economic diversification. Establishing entrepreneurship programs, incubators and stronger industry partnerships would help students develop the skills needed by high-growth industries and foster innovation.

Equally important is addressing the long-standing issue of political paralysis, which has hindered effective policy implementation in the past. The government's strategy must focus on making substantial improvements in public services such as health care, education and housing, areas that have seen insufficient progress in recent years. At the same time, it is critically important for Kuwait to maintain its unique political culture and ensure that the current suspension of parliament is only temporary – as has been the case in Kuwait's recent history. The recent tendency toward autocratization risks undermining Kuwait's long-established reputation as a “good citizen” of the global community.

Fighting corruption in Kuwait requires more targeted efforts beyond the Kuwait Integrity and Anti-Corruption Strategy. The government must prioritize the swift investigation and prosecution of high-profile corruption cases, ensuring those involved are held accountable. Additionally, it should strengthen key institutions like the Anti-Corruption Authority and the Public Prosecution by increasing their independence, resources and capacity for oversight. Implementing robust mechanisms for whistleblower protection and promoting transparency in public procurement and government contracts will also be critical. These steps will help rebuild public trust and prevent the perpetuation of corrupt practices.

Climate change and environmental degradation are urgent concerns for Kuwait, as the country is already grappling with extreme temperatures, rising sea levels, frequent sand and dust storms, and worsening water scarcity. These challenges are compounded by already high levels of pollution that threaten public health, infrastructure and economic stability. To address these issues effectively, Kuwait must accelerate mitigation efforts like transitioning to renewable energy sources while also implementing robust adaptation measures. Adaptation strategies could include investing in climate-resilient infrastructure such as elevated buildings and flood-resistant structures. Additionally, the government should prioritize the development of sustainable water

management solutions such as advanced desalination technologies and efficient irrigation systems. Urban planning activities should focus on green infrastructure such as green roofs and urban cooling systems.

The government must address its deep-seated gender inequalities and the plight of marginalized groups. Efforts to grant citizenship or legal status to the Bidoon must be fully realized; for migrant workers, the government needs to reform the controversial kafala system and ensure better working conditions and legal protections. Not least, gender equality should be addressed through legislative changes such as the introduction of quotas and the provision of equal rights to women in all spheres of society.

Internationally, Kuwait should continue to leverage its geopolitical position and relationships with its neighbors, particularly in the Gulf Cooperation Council (GCC), positioning itself as a key player in regional economic integration efforts. Additionally, Kuwait could work to foster a pragmatic relationship with Israel, focusing on economic cooperation, security and common regional threats. With Iran, Kuwait must pursue diplomacy and dialogue, aiming for de-escalation and mutual economic benefits while carefully balancing regional alliances. Kuwait's response to U.S. President Donald Trump's administration must be constantly reevaluated as the country seeks to maintain a balanced approach in its relationship with the United States amid the changing dynamics of the Gulf region.

By prioritizing economic diversification and the fight against corruption, and by addressing social inequalities and the accelerating pace of climate change, Kuwait can lay the foundation for a more sustainable future and maintain its position as a key player in the Gulf region.