

# Understanding Kuwait's Financial Incentives for Local Solar Module Manufacturing

Strategic Case for Industrial Investment in PV Production

Content Partner: J. v. G. technology GmbH

*Turnkey solar module production lines — since 1997*

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# Technical Overview: Kuwait's Financial Incentives for Solar Manufacturing



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

# Key Project Data

**100–5...**

## Factory Scale

Annual production capacity of the modelled local solar module factory

**Local**

## Investment Model

Local solar module manufacturing — supply to government & PPP projects

**10 yrs**


## Tax Exemption

KDIPA income tax exemption — up to 10 years from start of operations

**Kuwait**

## Target Region

Government & PPP solar projects; Vision 2035 aligned sectors

 Investment model: Local solar module manufacturing · Incentives: KDIPA tax exemptions + customs relief · Source: PVKnowHow / J.v.G. Technology GmbH

# Kuwait's Renewable Energy Imperative

## Strategic Targets

- Target: 15% of electricity from renewables by 2030
- Vision 2035 mandates economic diversification away from hydrocarbons
- Solar PV identified as the primary renewable technology pathway
- Installed PV capacity: ~50 MW at end of 2024 — significant gap to target

## Market Trajectory

- Rystad Energy forecasts Kuwait solar capacity at 2.9 GW by 2030
- Projected to reach 10.1 GW by 2035
- Gigawatt-scale tenders now active through KAPP
- All major projects structured as PPP or IPP with long-term PPAs

# Active Tender Landscape: KAPP Solar Projects

## Al Dibdibah / Al Shagaya — Zone 1

- Capacity: 1,100 MW solar PV IPP
- Located in Jahra Governorate, ~100 km west of Kuwait City
- Qualified consortia announced: July 2024
- Bidders include ACWA Power, EDF, Masdar, TotalEnergies, Jinko Power

## Al Dibdibah / Al Shagaya — Zone 2

- Capacity: 500 MW solar PV IPP
- Same site: Shagayah region, Jahra Governorate
- Tender launched May 2025; submissions open to July 2025
- Design, finance, construct, operate, maintain & transfer scope

## Contract Structure

- 30-year Power Purchase Agreement (PPA) with MEWRE
- PPP / IPP model — KAPP as procurement authority
- Minimum 15% project developer equity stake required
- Completion within 7 years from tender conclusion

# KDIPA Investment Framework: Eligibility & Structure

## Legal Basis

- FDI Law No. 116 of 2013 — administered by KDIPA
- Up to 100% foreign ownership permitted for licensed entities
- January 2024 reform: foreign firms can open branch offices without a local agent
- Foreign companies may now directly participate in government tenders

## Eligible Sectors

- Renewable energy manufacturing is explicitly Vision 2035 aligned
- Solar panel production qualifies under "technology transfer" criteria
- Points-based evaluation: technology transfer, job creation, sustainability
- Approval based on strategic value — no fixed minimum capital threshold

# KDIPA Financial Incentives for Solar Manufacturers

## Tax Exemptions

- Income tax exemption for up to 10 years from start of operations
- Standard corporate tax for foreign firms: 15% – fully waivable under KDIPA
- Incentives applied on a case-by-case basis; tied to strategic contribution

## Customs Duty Relief

- Full or partial exemption on imported machinery, tools, and equipment
- Covers spare parts, raw materials, packaging, and production consumables
- Applicable to imports held for 5+ years from incentive approval date

## Additional Entitlements

- Land and real estate access via KDIPA allocation
- Full repatriation of profits and capital – no restrictions
- Legal protection against expropriation or nationalization

# Local Content Advantages for Module Manufacturers

1

## Supply Chain Position

GW-scale domestic demand creates a captive market for locally produced modules — reducing import dependence and logistics costs

2

## Tender Preference Potential

Local manufacturing capacity may be weighted in future tender evaluation criteria, as Kuwait prioritizes economic diversification and local industry development

3

## Workforce Development

Government Kuwaitization requirements incentivize local hiring; a proven turnkey manufacturing concept can deliver full on-site team training — no prior experience required

# Turnkey Factory Model: Scale & Investment Options

Parameter	Medium-Scale Factory	Large-Scale Factory
Annual Capacity	100–200 MW/year	300–500 MW/year
Automation Level	Semi-automatic lines	Fully automated lines
Throughput	~100–300 modules/hour	Up to ~600 modules/hour
Capex Profile	Moderate — lower entry point	Higher upfront; lower cost/module at scale
Best Suited For	Initial market entry; domestic supply	Regional export ambitions; GCC markets
Operator Training	Full on-site training included	Full on-site training included

# Technology Transfer: A Core KDIPA Requirement

1

## 1 – Factory Planning & Design

Full production line layout – tailored to Kuwait site and capacity requirements

Equipment specification, civil works coordination, utility planning

2

## 2 – Equipment Supply & Installation

Turnkey delivery: stringer, laminator, framing, testing, sorting systems

European-engineered production lines with validated process parameters

3

## 3 – Process Commissioning

Full line commissioning with quality benchmarks established at startup

IEC-compliant module designs; TÜV-certifiable production output

4

## 4 – Workforce Training

On-site team training – operators, technicians, quality staff

No prior solar manufacturing experience required from local workforce

5

## 5 – Independent Production

Local team operates line independently following handover

Ongoing technical support available from European provider

# Strategic Logic: Why Manufacture Locally in Kuwait?

## Market Protection

- Domestic production insulates against global module price volatility
- Reduces supply chain exposure to international trade disruptions
- Positions manufacturer ahead of potential local content policies

## Financial Viability

- KDIPA incentives materially improve return-on-investment calculations
- Tax holiday + customs relief can significantly shorten payback period
- Captive demand from GW-scale government and PPP projects

## Industrial Development

- Directly supports Vision 2035 economic diversification mandate
- Creates skilled technical employment for Kuwaiti nationals
- Establishes Kuwait as a regional solar manufacturing hub

# Key Risks & Mitigation Factors

## Regulatory Risk

- KDIPA incentives are not automatic — approved case-by-case
- Application timeline: several months from submission to approval
- Mitigation: engage experienced local legal and business consultants

## Market Demand Risk

- Kuwait may miss its 2030 target — Rystad notes likely shortfall
- Project execution timelines subject to government procurement pace
- Mitigation: GCC regional export strategy diversifies revenue base

## Technical Risk

- First-time manufacturers face a steep learning curve without support
- Module quality and certification compliance are non-negotiable for PPP projects
- Mitigation: proven turnkey manufacturing concept with full on-site training

# Strategic Importance: Manufacturing as a Competitive Anchor

1

## Demand Certainty

GW-scale government tenders provide a long-term, visible demand pipeline — reducing commercial risk for a local module producer

2

## Incentive Window

KDIPA's current framework offers a finite window of maximum incentives — early movers capture the full 10-year tax holiday and customs relief package

3

## Turnkey Entry Path

A proven turnkey manufacturing concept reduces the time-to-production and eliminates the need to develop proprietary process know-how from scratch

- ☐ An experienced European turnkey provider integrates production line expertise with factory planning, certification support, and workforce training — reducing the market entry barrier for Kuwait-based investors.

# About the Content Partner

## **J. v. G. technology GmbH** – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

### Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |  
TÜV-certified module designs | Factory planning to production

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