

# Political disputes narrow scope for meaningful reforms

Daniel Moshashai | Regional Analyst – Geopolitics and Infrastructure |  
d.moshashai@castlereagh.net

The Kuwaiti government's resignation this week validates concerns of an enduring standoff between the National Assembly and the government over the use of state funds, attribution of contracts and overall reforms in the country.

Over the last few weeks, three ministers resigned in order to avoid no-confidence motions relating to allegations of mismanagement. Both government and Parliament members accuse each other of dishonest or fraudulent practices at a time of general frustration over deteriorating public services and allegations of overall corruption in Kuwait.

The political disputes could harm the encouraging pace of reform in Kuwait and ensure investor confidence remains low: in a country where ministerial musical chairs is common practice but does not lead to political progress, it is usual for business sentiment to be tepid. The idea of dissolving Parliament has been dismissed, so the next cabinet is likely to further submit to MPs' antipathy towards foreign investors and reluctance to open up the economy

If Khaled Al Fadhel – the country's ninth oil minister since 2009 – is not replaced, he will face pressure from MP Badr Al Mulla, who in early November requested an extensive report on the energy sector's plans and contracts. Al Mulla has warned Al Fadhel that he possesses potentially damaging files on the oil ministry. Further pressure on the ministry could endanger current breakthroughs in reform, such as the resumption of oil production in the neutral zone by December and the implementation of strategic development projects like the Al Zour refinery.

---

## Customary political stalemate impacts reform

The unfolding developments are nothing new in Kuwait politics. Similar stories have played out over the last decade or more. It is easy for Parliament to destabilise the government and its reform plans, as only 25 MPs are needed to finalise a no-confidence motion and the decision has to be taken within a week of the motion's submission.

The authorities are keen to bring business regulations in line with standards in more developed economies and have had some success: the country has risen 14 places on the World Bank's 2020 ease of doing business index. However, amid popular dissatisfaction with corruption levels - Kuwait dropped 13 places between 2008 and 2018 on Transparency international's Corruption Perceptions Index - the political climate is increasingly liable to ineffective back-and-forth between Parliament and government, with both sides wanting to appear to be pushing back against the issue.

Although anti-corruption efforts are necessary and welcome, the fact that ministers are regularly called on by Parliament to justify spending, the attribution of contracts and their strategy plans can easily slow the pace of reform and encourage high degrees of politicisation. The oil ministry has been accused of having state oil companies under its watch give housing to ineligible people, and has been summoned to provide a list of the companies it has dealt with since 2006, as well as the studies performed with them, the value of contracts signed and the reasons behind the attribution of such contracts.

Overall, political disputes will continue to limit the scope for further and more meaningful foreign investment in a region that is actively pushing ahead with ambitious development plans without any parliamentary impediments.