

Client Alert

Corporate

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Third Wave of PPPs in the GCC: Expanding Horizons in Social & Economic Infrastructure

Public-Private Partnerships (PPPs) have long played a role in the GCC's infrastructure landscape, particularly in the utilities sector. However, the region is now experiencing a third wave of PPP activity—one that is expanding into education, healthcare, and transport and civic infrastructure projects. This article explores this third wave, outlines key considerations for participants, and highlights how legal structuring and regulatory frameworks are enabling this transformation.

WHAT ARE PPPS?

A central characteristic of PPPs is the establishment of a long-term (typically between 15-25 years) contractual relationship between the public and private sectors for the development of infrastructure and related services. PPPs differ from both:

- a) **traditional public sector procurement:** where the Government is fully responsible for all aspects of developing infrastructure, and operating / maintaining the infrastructure over its lifespan; and
- b) **privatization:** where the private sector takes ownership of infrastructure and full responsibility for service delivery with no public sector involvement in either activity.

PPPs sit in between these models (but closer to privatization) and aim to strike a balance: leveraging private sector efficiency, experience and innovation while maintaining public oversight and strategic control of important infrastructure and core services. Government still performs its central obligations, including policy development, but all other obligations, such as construction, design, and non-core operations are all carried out by the private sector. Risks between the parties related to PPP contracts are allocated to the party best placed to manage them.

The benefits of PPPs are evident. The public sector gains access to alternative financing streams, improved efficiency, design innovation and

service quality by harnessing the private sector's expertise. On the other hand, private sector participants receive steady flows of revenue, often backed by government guarantees with strong credit ratings for the duration of the partnership. These advantages make PPPs an attractive model for infrastructure delivery, particularly in regions like the GCC that are focused on economic diversification.¹

EVOLUTION OF PPPS IN THE GCC

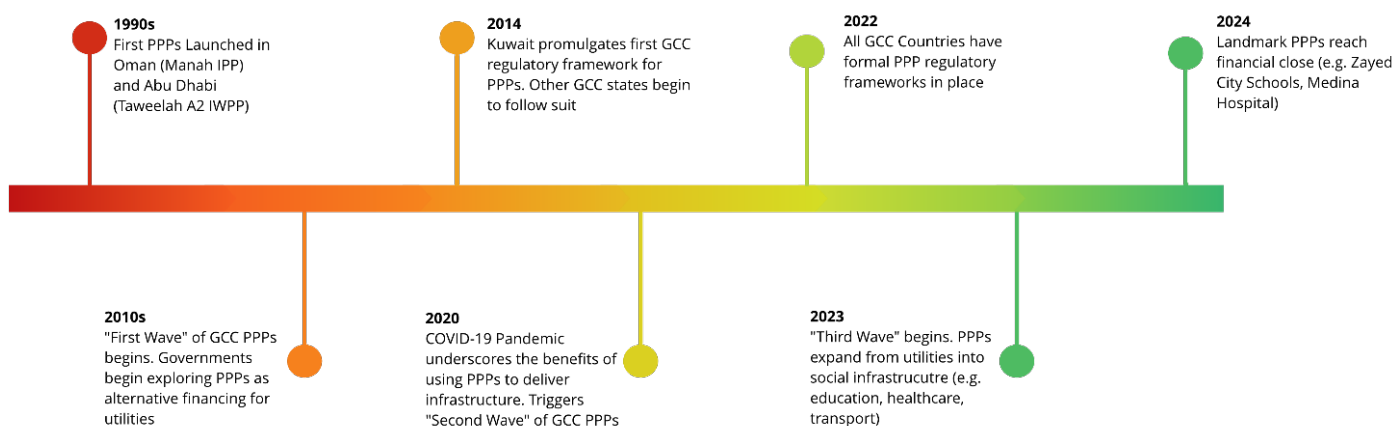
The first wave of PPPs in the GCC region were the pathfinder power and water projects of the 1990s in Oman and Abu Dhabi.² These early utility initiatives demonstrated the feasibility of PPP models and laid the foundation for subsequent developments. These deals had no formal PPP policy backing: rather, they followed project finance models.

It wasn't until the mid-2010's that GCC governments began actively exploring PPPs and considering regulatory frameworks to govern the implementation of PPPs.³ The introduction of regulatory regimes in Dubai (2015), Abu Dhabi (2019) and Saudi Arabia (2021) continued this second wave of PPP projects, although the projects delivered were still largely focused on the utilities sector (e.g. power and water projects) with some accommodation, education and healthcare projects (including a series of university PPPs projects in Abu Dhabi sponsored by the state-owned investment fund, Mubadala).

The COVID-19 pandemic continued this trend, highlighting the benefits of PPPs in delivering infrastructure quickly and efficiently. The financial repercussions of providing additional support to local economies led to GCC governments exploring the PPP and other delivery models. The potential benefits of utilising PPPs proved to be a key driving force in encouraging the adoption of the model.

By 2022, all the GCC member states had established a PPP regulatory framework to govern the implementation of these projects.⁴

Evolution of PPPs in the GCC



THE "THIRD WAVE" OF GCC PPPS: SOCIAL INFRASTRUCTURE

Today, PPPs are being used to deliver infrastructure across a much more diverse range of sectors, including rail, airports, roads, healthcare, education, civic infrastructure and tourism across the GCC. Regulatory certainty has further encouraged foreign direct investment, and successful projects have boosted confidence in the model both domestically and internationally.⁵

The private sector's increased willingness to participate in GCC infrastructure projects, coupled with the maturing of the region's projects market has led to a significant jump in the numbers of PPPs being announced and delivered. Governments across the region are seeking to use the model to deliver infrastructure projects such as schools, hospitals, roading and transportation networks.

For instance, in the last few years, Abu Dhabi has reached financial closing on several landmark projects such as the Zayed City Schools PPP (2022), the Abu Dhabi Road Lighting PPP (2023) and the Khalifa Student Accommodation PPP (2024). These projects have all been recognised as significant both regionally and beyond, with the latter being awarded IJGlobal's 2024 Social Infrastructure deal of the year.⁶ There are also numerous PPPs in the pipeline for the delivery of transportation infrastructure, including the Integrated Transport Centre's recent PPPs for the installation and operation of over 1,000 electric vehicle charging stations at 400 locations around Abu Dhabi.⁷

In Saudi Arabia, the first healthcare PPP (for Medina hospital) attracted bids from 86 different companies when it was announced, demonstrating the number of private sector participants willing to engage in projects in the region. This project reached financial close in 2024 and represents part of the sharp increase in the value of PPPs contracts awarded in recent years. The percentage of projects being delivered by PPP in Saudi Arabia has almost doubled from 10.2% in 2022, to 18.3% in 2024, with a total contract value of awarded PPPs making up more than a quarter of the value of government or government related projects.⁸

KEY CONSIDERATIONS

Looking ahead, PPP activity in the GCC is poised for continued growth. Across the GCC, there is a visible strategic shift towards using PPPs to drive innovation, build private sector capacity and involve private entities in the provision of services traditionally provided by the state.

In the UAE, Abu Dhabi has established the Gridora JV to oversee the development of strategically important infrastructure projects.⁹ The Abu Dhabi Government has also announced that it will be overseeing a portfolio of roads, bridges, transport, housing and tourism projects valued at more than USD \$54bn, an ambitious programme of infrastructure which it will be relying heavily on the PPP model to execute.¹⁰ In Dubai, the Department of Finance is also committing to the use of PPPs to sustainably develop its infrastructure. In 2021 and 2023 the Government of Dubai announced two waves of PPP projects with a total value of approximately USD \$17bn. Dubai also launched a digital PPP platform (known as "DP3") in 2023 to assist Government Departments in administering their PPPs more efficiently from project planning to delivery. Dubai's PPP program shows no signs slowing down with the announcement of more large projects including its Strategic Sewer Tunnels Project (valued at approximately USD \$22bn).¹¹

Saudi Arabia's National Centre for Privatization and PPPs (NCP) has also announced a significant pipeline of hundreds of PPP projects across 17 different sectors. It has been reported that, since NCP was formed in 2017, it has awarded more than 60 PPP contracts, and has a "healthy pipeline" of over 200 approved projects in different stages of development, with a further 300 under review.¹² The diverse range of upcoming PPPs includes the Makkah to Jeddah and Jeddah to Jazan highways (some of the first road PPPs undertaken in the region), more than 40 new water projects (spanning desalination, sewage treatment and strategic storage facilities) and a second wave of schools in Medina, all of which are being procured to support the Vision 2030 objectives of enhancing the quality of life in Saudi Arabia.¹³

This year, Qatar has also announced its intention to increase its use of the PPP model. In January, the government unveiled the third iteration of its National Development Strategy, focused on diversifying the Qatari economy, noting that PPPs will play an integral role in achieving this goal.¹⁴ In May, Qatar's Public Works Authority (Ashghal) unveiled a five-year infrastructure plan worth approximately US \$22.2bn for 2025–2029, marking the largest initiative in its history.¹⁵ This plan encompasses a variety of projects across numerous sectors including construction of government buildings, advanced sewage and rainwater drainage systems, residential projects containing more than 5,500 plots and the

strategic outfalls project aimed at sustainable water reuse. Ashghal emphasized PPPs would play a major role in delivering this infrastructure programme, and announced QR21 billion in financial and regulatory support for the contracting sector to boost local supplier engagement.

Kuwait is also deploying the PPP model for the delivery of key infrastructure with suggestions that a new 90 project pipeline could be used to stimulate PPP investment in the country.¹⁶ Recently, Kuwait announced a series of new energy PPPs which it aims to commence construction of by the end of 2025 (including large renewable energy projects which will produce a combined total of 7.2GW energy once complete).¹⁷ The Kuwait Authority for Partnership Projects is also currently running a tender process for the delivery of nationwide high-speed fibre broadband network.¹⁸

These initiatives demonstrate the continued appetite of GCC procurers to embrace the delivery of projects using PPP models as part of their broader economic plans to diversify their economies away from hydrocarbons and improve the capacity of both public and private sectors in their respective countries.

To ensure success, PPPs must be tailored to meet each project's unique objectives and risks. There are numerous factors that entities looking to deliver PPP projects should consider, including:

- a) ensuring project objectives are clearly defined;
- b) appropriately allocating risks between public and private sectors;
- c) engaging experienced advisors to ensure accurate models are used when assessing a project's feasibility; and
- d) establishing robust bidding practices.¹⁹

Legal expertise is essential in navigating these complexities.

LOOKING AHEAD: OPPORTUNITIES AND CHALLENGES

The GCC's use of the PPP model is now in full swing with little sign of slowing down. As procurers around the region have become more familiar with the model, the projects market has evolved from delivering limited power and water projects into a significant pipeline of investment of all kinds of transportation and other social infrastructure. As governments' strategies seek to further diversify the economies of the GCC, they will continue to find efficient ways to deliver essential services and infrastructure to meet increasing demands. PPP projects will undoubtedly play a pivotal role in helping governments achieve these goals.

King & Spalding has a proven track advising both public and private sector stakeholders successfully deliver PPPs projects. As the GCC continues to lead the way in infrastructure innovation, we anticipate that PPPs will remain a cornerstone of various governments' procurement strategies. For more information, please also look out for our upcoming thought leadership in this area:

- *Delivering Infrastructure Projects under a Public-Private-Partnership Model (2nd Edition) (2025)*
- *Middle East PPP Law Report (2nd Edition) (2025)*
- *PPP Projects – Challenges and Opportunities (2025),*

which will be published on our website shortly.

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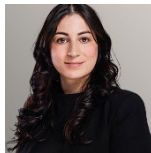
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This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice. In some jurisdictions, this may be considered "Attorney Advertising."

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¹ For further detail on PPPs see, King & Spalding's upcoming "Delivering Infrastructure Projects under a Public-Private-Partnership (PPP) Model (2nd Edition)" (2025)

² Oman's Manah IPP was the first to be awarded in the GCC in 1994, followed by Abu Dhabi's Taweelah A2, IWPP in 1998

³ Biygautane, M., & Clegg, S. (2023). "Public-Private Partnerships in the Gulf Cooperation Council Region: Policy Discussions, Projects, Regulatory Frameworks, and Future Directions." Public Works Management & Policy, 29(2), 146-159. (<https://doi.org/10.1177/1087724X231210189>)

⁴ For more detail on the PPP regulatory landscape in each of the GCC countries, see King & Spalding's upcoming "Middle East PPP Law Report (2nd Edition)" (2025)

⁵ "Abu Dhabi's ADQ launches investment platform with Australia's Plenary", Gulf News, 25 February 2025 (<https://gulfnews.com/business/markets/abu-dhabis-adq-launches-investment-platform-with-australias-plenary-1.500045711>)

⁶ "Khalifa University Student Accommodation PPP (UAE) wins two awards at the 2024 IJGlobal Awards", SixConstruct, 7 May 2025 (<https://www.sixconstruct.com/en/news/khalifa-university-student-accommodation-ppp-uae-wins-two-awards-at-the-2024-ijglobal-awards-sixconstruct/>)

⁷ "Integrated Transport Centre (Abu Dhabi Mobility) advances sustainable mobility with strategic investment in electric vehicle charging infrastructure", Abu Dhabi Media Office, 8 May 2025 (<https://www.mediaoffice.abudhabi/en/transport/integrated-transport-centre-abu-dhabi-mobility-advances-sustainable-mobility-with-strategic-investment-in-electric-vehicle-charging-infrastructure/>)

⁸ "Rise in PPPs reflects Saudi budgetary pragmatism" MEED, 7 March 2025 (<https://www.meed.com/rise-in-ppps-reflects-saudi-budgetary-pragmatism>)

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- ⁹ “ADQ, IHC and Modon Holding form new infrastructure platform ‘Gridora’ to accelerate the development of strategic projects” ADQ, 16 April 2025 (<https://www.adq.ae/newsroom/adq-ihc-and-modon-form-new-infrastructure-platform-gridora-to-accelerate-the-development-of-strategic-projects/>)
- ¹⁰ “\$54bn private investment sought for Abu Dhabi infrastructure” Arabian Gulf Business Insight, 2 December 2024 (<https://www.agbi.com/infrastructure/2024/12/54bn-private-investment-sought-for-abu-dhabi-infrastructure/>)
- ¹¹ “Dubai tenders first two packages of £17bn sewerage tunnels project”, Ground Engineering, 9 April 2025 (<https://www.geplus.co.uk/news/dubai-tenders-first-two-packages-of-17bn-sewerage-tunnels-project-09-04-2025/>)
- ¹² “Saudi Arabia expands PPP pipeline”, MEED, 14 May 2024 (<https://www.meed.com/saudi-arabia-expands-ppp-pipeline>)
- ¹³ “Public-Private Partnerships in Saudi Arabia: Trends, Frameworks, and Investment Opportunities”, Aninver Development Partners, 22 March 2025 (<https://aninver.com/blog/public-private-partnerships-in-saudi-arabia-trends-frameworks-and-investment-opportunities>)
- ¹⁴ “Qatar’s rise to global prominence: National Development Strategy 3 (NDS-3) - A government roadmap for sustainability and prosperity”, PWC Media Centre, 24 January 2024 (<https://www.pwc.com/m1/en/media-centre/articles/qatar-rise-to-global-prominence.html>)
- ¹⁵ “Qatar’s Public Works Authority launches \$22bn five-year plan”, Gulf Construction, 12 May 2025 ([https://gulfconstructiononline.com/ArticleTA/433265/Qatar%E2%80%99s-Public-Works-Authority-launches-\\$22bn-five-year-plan#](https://gulfconstructiononline.com/ArticleTA/433265/Qatar%E2%80%99s-Public-Works-Authority-launches-$22bn-five-year-plan#))
- ¹⁶ “Kuwait minister backs PPP for 90-strong pipeline”, Partnerships Bulletin, 11 February 2024 (<https://www.partnershipsbulletin.com/article/1905898/kuwait-minister-backs-ppp-90-strong-pipeline>)
- ¹⁷ “Kuwait eyes public-private partnership energy projects to help end power crisis”, Reuters, 29 May 2024 (<https://www.reuters.com/business/energy/kuwait-eyes-public-private-partnership-energy-projects-help-end-power-crisis>)
- ¹⁸ “RFP issued for fixed telecommunications network PPP Project in Kuwait”, InfraPPP, 14 October 2024 (<https://www.infrappworld.com/news/rfp-issued-for-fixed-telecommunications-network-ppp-project-in-kuwait>)
- ¹⁹ For a more detailed discussion on common PPP challenges, and how to avoid, them, see K&S’ upcoming article: “PPP Project Challenges and How to Avoid Them” (2025)