

## Public-Private Partnerships in Oman: Respective Legislations Comparative Analysis

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### ABSTRACT

This article examines Oman's legal framework for Public-Private Partnerships (PPPs), with emphasis on project identification and approval processes. It evaluates their effectiveness against legal standards and compares Oman's framework with practices in the United Kingdom and China, highlighting strengths, weaknesses, and areas for reform to enhance sustainable PPP development. Also, the paper applies a doctrinal legal method, analyzing Omani laws, regulations, and judicial decisions on PPPs. A comparative review of the UK and China highlights global best practices, enabling evaluation of Oman's framework. The study is both descriptive and analytical, identifying strengths, gaps, and reform opportunities for effective PPP governance. The comparison evaluates Oman's PPP legal framework against global best practices, identifying its strengths, weaknesses, and necessary reforms. Using a theoretical approach, it outlines essential elements of an effective framework and incorporates a case study of a successful Omani PPP project. The analysis provides valuable insights for policymakers and legal scholars seeking to enhance PPP legislation and sustainable implementation. The main finding of this article although Oman's PPP legal framework provides a legal foundation but lacks tailored procurement, investor incentives, and clear risk allocation, leaving it less effective than UK and China's mature systems. Hence, it concludes from this analysis that Oman's PPP framework provides a legal base but

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needs centralization, investor safeguards, stronger incentives, and regulatory clarity to match the efficiency of the UK and China, ensuring sustainable development.

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**Contribution/Originality:** This study contributes to the existing literature by situating Oman's PPP framework within a comparative legal context. This study is one of very few studies which have investigated Oman through the lens of UK and Chinese models. The paper's primary contribution is identifying reform pathways for institutional efficiency and investor confidence.

## 1. Introduction

Public Private Partnerships (PPPs) have become an increasingly important approach for delivering large-scale infrastructure and public services worldwide. By integrating public-sector oversight with private-sector expertise, PPPs offer alternative methods of financing, operating, and maintaining assets, particularly in contexts where government budgets are constrained (Bashar et al., 2021). Many studies highlight that PPPs can improve project efficiency, introduce innovation, and enhance long-term service quality across sectors such as transportation, water, energy, and healthcare. For resource-dependent and developing economies, PPPs are especially valuable because they help reduce the fiscal burden on the state while attracting private capital and supporting economic diversification (Liguang et al., 2020).

In the Sultanate of Oman, PPP initiatives began to emerge in the early 2000s, initially within electricity generation and water desalination projects. Over time, Oman has introduced a series of royal decrees, ministerial decisions, and institutional reforms aimed at structuring and expanding its PPP program confidence (Zheng et al., 2019; Wang et al., 2024).

Despite these developments, the country's framework is still evolving, and its effectiveness continues to be tested against expanding infrastructure needs and broader national objectives. Benchmarking Oman's system against international leaders in PPP governance—such as the United Kingdom and China—provides useful insights for strengthening regulatory coherence, enhancing investor confidence, and improving project delivery outcomes (Chou & Pramudawardhani, 2017).

Although Oman has made significant progress, several challenges remain. These include fragmented institutional roles, insufficient clarity in risk allocation, limited financial incentives for private investors, and a lack of unified long-term guidance for PPP development. Such gaps can weaken project bankability and limit PPPs' contribution to national development goals. Therefore, this study critically assesses Oman's PPP regulatory and institutional framework, compares it with established international best practices, and identifies key reforms needed to improve its competitiveness, transparency, and effectiveness.

Lastly, this paper aims to achieve two main objectives. Firstly, to showcase Omani PPPs' current jurisdiction under certain factors such as the current legislation, institutional functions, Identification and selection Process, and dispute Resolution. Secondly, the

above factors get assessed through the UK and China jurisdictions to find out the current global stands and best practices in such nature of projects.

## 2. Literature Review

Oman, traditionally an oil-dependent economy, began exploring PPP projects in the early years of the 21st century, emerging as one of the pioneering countries in the Gulf Cooperation Council (GCC) region to implement PPP models in utility sectors such as electricity generation and water desalination outcomes (Chou & Pramudawardhani, 2017). The country's shift toward PPPs was driven by several factors, including the urgent need to diversify its economy, reduce reliance on hydrocarbon revenues, improve public service efficiency, and leverage private sector expertise and capital for strategic infrastructure projects. Over the past two decades, Oman has developed a legal and regulatory framework that reflects its broader economic transformation, supporting the initiation and implementation of PPP projects (Bashar et al., 2021). Despite these developments, the country's PPP framework still faces challenges, particularly in adapting to evolving economic and social demands, strengthening investor confidence, and ensuring efficient project delivery across complex, multi-sector initiatives.

The objectives of a PPP legal framework are inherently multifaceted. Its primary goal is to attract private investment into sectors traditionally dominated by the public sector, thereby introducing efficiency, innovation, and financial discipline. It also seeks to facilitate equitable risk-sharing between the public and private partners, ensuring that risks are allocated to the parties best able to manage them. Efficient service delivery to end-users, particularly in essential sectors such as water, electricity, healthcare, and transportation, remains a central concern. In Oman, these objectives are principally addressed through a combination of royal decrees and ministerial resolutions, which collectively provide both the legal authority and operational guidelines necessary for the successful design and execution of PPP projects.

The Foreign Capital Investment Law (Royal Decree No. 50/2019) serves as a foundational pillar for attracting foreign participation in PPPs, providing assurances such as repatriation of profits, tax exemptions, and protection of investor rights. While these measures encourage foreign engagement, the law does not fully integrate sector-specific PPP incentives or provide mechanisms to manage sectoral risks, which may limit its effectiveness in supporting large-scale, capital-intensive projects. Similarly, the Public-Private Partnership Law (Royal Decree No. 52/2019) lays out the structural framework for PPPs, defining both standard and "special nature" projects. Special nature projects are identified as those that align with national development priorities or contribute to strategic socio-economic goals, such as supporting defense, education, or national infrastructure capabilities. The law establishes obligations, contractual arrangements, and supervisory mechanisms, yet gaps remain, particularly in the absence of dedicated procurement protocols and targeted financial incentives designed to attract and retain private sector investment (Bashar et al., 2021).

The Tender Law (Royal Decree No. 36/2008) complements the PPP Law by regulating public procurement, promoting transparency, fairness, and competitive bidding. However, as it was initially conceived for conventional public procurement, it does not fully accommodate the complexities of PPP contracts, such as long-term performance obligations, shared risk arrangements, and multi-stakeholder agreements. This limitation highlights the need for harmonization between procurement laws and PPP-specific

requirements. Additionally, the establishment of the Public Authority for Privatization and Partnership (PAPP) under Royal Decree No. 54/2019 was a significant step toward institutionalizing PPP governance. PAPP classified projects into general, privatization, and special nature categories to ensure alignment with national objectives. Its dissolution in 2020, and the subsequent transfer of responsibilities to the Ministry of Finance, created gaps in independent regulatory oversight, as the Ministry is also responsible for funding and investment decisions.

Executive regulations further operationalize the legal framework, providing procedural clarity for project approvals, investor engagement, and company formation. The Executive Regulation of the PPP Law (Resolution No. 03/2020) specifies steps for evaluating proposals and monitoring project compliance, while the Executive Regulation of the Foreign Capital Investment Law (Resolution No. 72/2020) sets licensing and procedural requirements for foreign investors. Standard FIDIC contracts, though primarily designed for conventional projects, provide an adaptable framework for PPP agreements, yet they require further customization to reflect the long-term, risk-sharing nature of such projects. These regulatory instruments collectively form a comprehensive framework, though gaps in procurement design, investor incentives, and integration remain.

Institutional arrangements are equally critical for successful PPP implementation. Effective governance requires independent oversight from project conceptualization to operational delivery (Liguang et al., 2020). International best practices emphasize that regulatory authorities should be independent of both funding and contracting bodies to ensure transparency, protect investors, and safeguard public interests. In Oman, oversight responsibilities initially rested with PAPP but were transferred to the Ministry of Finance and the Fiscal Balance Program “Tawazun” after PAPP’s dissolution. While these institutions provide policy guidance and financial management, their overlapping roles, particularly with the Public Authority for Special Economic Zones and Free Zones (OPAZ), can lead to inefficiencies, delays, and reduced investor confidence. OPAZ is instrumental in facilitating PPP projects in designated economic zones and in negotiating with foreign investors; however, clearer delineation of responsibilities is necessary to avoid duplication and regulatory bottlenecks (Public Authority for Special Economic Zones and Free Zones, 2025).

Regional and international experiences underscore the importance of institutional independence, streamlined legal frameworks, and targeted incentives. For instance, China’s PPP Center and the United Kingdom’s Partnerships UK serve as independent oversight bodies, ensuring objective monitoring, investor protection, and long-term project sustainability. Learning from these examples, Oman can enhance its framework by strengthening independent regulatory capacity, integrating PPP-specific procurement procedures, and introducing financial mechanisms to incentivize private sector participation (Chou & Pramudawardhani, 2017).

In conclusion, Oman’s legal and institutional framework for PPPs has evolved considerably over the past two decades, laying the foundation for strategic investment, governance, and project execution. Nonetheless, refinement is necessary to harmonize laws, enhance oversight, provide targeted financial incentives, and ensure efficient project delivery. Strengthening these areas will not only improve Oman’s competitiveness in the regional PPP market but also advance broader national objectives, including employment creation, sustainable infrastructure development, and long-term economic

diversification. By adopting best practices, clarifying institutional roles, and improving regulatory mechanisms, Oman can create a more transparent, efficient, and attractive environment for PPPs, thereby supporting sustainable national growth and economic resilience (Zheng et al. 2019).

## 2.1. Comparative application of institutional function in China and the UK application

### 2.1.1. China Central PPP Center “CPPPC”

While governments are not formally required to establish a dedicated Public Private Partnership (PPP) unit, having one in place generally supports public sector capacity to manage PPP programs. In China, the formation of a central PPP body has assisted to consolidate guidance, coordinate activities across ministries, and support the development of national policies. This institutional structure has gradually become a key platform for standardizing procurement procedures and improving clarity and consistency in the delivery of PPP projects (Cao & Wang, 2022).

The CPPPC performs several important functions. First, it acts as the national hub for PPP knowledge, providing technical leadership and promoting the progress of the overall PPP agenda. Second, it helps ministries and sectors form specialized divisions capable of sharing know how and maintaining alignment on policy implementation. Third, the center is positioned strategically within the governmental hierarchy and is supported by a clear governance framework, allowing it to exercise regulatory authority over projects. With sufficient institutional power, the unit can employ skilled professionals, retain technical expertise, and preserve long term institutional retention factors that contribute to continuity and accountability in China’s PPP governance system (Liguang et al., 2020; Cao & Wang, 2022; Liu et al., 2018).

### 2.1.2. UK PPP Unit “IUK”

The United Kingdom also integrated its PPP functions to develop coordination and improve project outcomes. Infrastructure UK (IUK) was established in 2010 as the successor to Partnerships UK (PUK), which had overseen PPP programs from 2000 to 2010 (Ministerial Resolution 3/2020). The transition reflects the evolution of the UK’s institutional approach to infrastructure planning and PPP oversight.

IUK serves as a link between HM Treasury and private sector counterparts, offering guidance and technical assistance to public authorities involved in PPP procurement. Although its responsibilities now cover a wider set of infrastructure priorities beyond PPP alone, the unit remains an important part of the government’s institutional framework. It continues to address policy matters related to PPPs, coordinate among stakeholders, and promote transparency in procurement and decision-making. The structural development of PUK and IUK illustrates how the UK has progressively organized institutional leadership for PPP implementation.

As shown in Figure 1, the development of the United Kingdom’s central PPP institutions has evolved gradually over more than a decade. Additionally, the timeline illustrates the key milestones in shaping the UK’s PPP governance structure, beginning with the creation of the Private Finance Panel in 1993 and followed by the establishment of the Treasury Taskforce in 1997. Subsequent developments, including the launch of standard PFI

contracts in 1999, the creation of Partnerships UK in 2000, and the expansion of sector-specific delivery bodies such as Partnerships for Health and Partnerships for Schools, demonstrate how the UK progressively formalized its PPP oversight mechanisms. This institutional evolution laid the foundation for the modern PPP framework and provides a useful benchmark for countries seeking to strengthen their governance models (Liguang et al., 2020).

Figure 1: UK Central Entity among years

1993	Private Finance Panel created
1997	Treasury Taskforce set up as the focal point for all PFI activity across government, with both policy and project arms
1999	First standard PFI contract launched
2000	Partnerships UK launched
2001	PUK established as a PPP, raising capital from the private sector Partnerships for Health launched
2003	"PFI: meeting the investment challenge" published
2004	Projects database launched Partnerships for Schools launched, the delivery vehicle for Building Schools for the Future

Source: World Bank (2025)

Subsequently, UK's experience with the PPPs demonstrates both notable advantages and significant drawbacks. On the positive side, PPPs enabled the government to access private finance, transfer construction and performance risks, and promote whole-life asset management that improved efficiency and delivery outcomes (Liguang et al., 2020). The development of strong institutional frameworks such as PUK and later IUK, also enhanced standardization, technical guidance, and project coordination. However, the model has faced criticism for creating substantial long-term fiscal commitments, involving complex and costly procurement processes, and limiting flexibility once contracts were signed. Concerns over transparency, high private-sector returns, and inconsistent value-for-money outcomes have further highlighted the limitations of the UK's PPP approach (World Bank, 2025).

## 2.2. Analytical Assessment of Oman's PPP Framework

Below is an analytical assessment of Oman's PPP framework focuses on four key elements: the PPP identification and approval process, the inductive selection of suitable projects, the technical classification steps that guide project structuring, and the dispute resolution mechanisms supported by judicial precedents. Together, these components shape the effectiveness, reliability, and governance maturity of Oman's PPP system.

### 2.2.1. PPP Identification and Approval Process

The structured identification and approval process is critical to the success of PPP initiatives. In Oman, the legal foundation for this process is primarily found in Royal Decree No. 52/2019, Royal Decree No. 54/2019, and the Executive Regulation of the PPP Law. However, in the absence of an independent and proactive regulator and policymaker, such a written process will not end with productive PPP projects in the country (Wang et al., 2024). Hence, it is recommended to reconsider the role of the current regulator to be assigned to an independent body as China and the UK jurisdictions have done (Ministerial Resolution 29/2010).

### 2.2.2. Inductive PPP Selection Process

Article 4 from the PPP Law requires that any partnership project must demonstrate social or economic returns and align with national development strategies. Royal Decree No. 91/2022 further emphasizes that the Ministry of Finance must design strategic frameworks for PPP selection in line with economic priorities (Act 35/2025).

However, overlapping responsibilities are still exist. For example, Article 13 of the OPAZ Law gives the OPAZ and Free Zones the power to approve company formation and development initiatives, including those under PPP models. Additionally, Articles 10 and 11 of the Foreign Capital Investment Law grant the Council of Ministers authority over strategic investment approvals. These overlapping mandates create ambiguity that may reduce investor confidence and delay project execution (Wang et al., 2024).

### 2.2.3. Technical Classification Steps

Articles 3 and 6 of the Executive Regulation of the PPP Law specify that PPP project ideas must be accompanied by feasibility studies addressing legal, financial, technical, and social dimensions. Article 12 requires the competent authority to conduct a preliminary review and submit its recommendations to the Board for final approval (Resolution No. 03/2020).

The regulatory process also mandates the evaluation of project proposals based on their alignment with development priorities, return on investment, and proposed risk-sharing mechanisms. Despite these measures, the fragmented authority structure creates bottlenecks in project selection and delays implementation (World Bank, 2025). For instance, government has filed on getting feasible offers on Salalah–Thumrait Truck Road Project which leads to delay the execution of this project (Ministry of Finance, 2025). Hence, to enhance PPP execution; it is recommended that Oman establish a centralized authority to oversee all PPP approvals and eliminate jurisdictional conflicts (Shi, et al., 2018).

#### 2.2.4. Dispute Resolution and Judicial Precedents

PPP projects, as a cornerstone of most essential utilities and main public interest projects, are highly important to have their own dispute resolution. Consequently, PPP law in Oman grants such tools to be upon parties' agreement, which is also followed in best-practice jurisdictions such as China and the UK. Furthermore, recently, Oman has issued [Act 35/2025](#), promulgating the Investment Court Law as an extraordinary instrument for commercial litigation matters. The court is supposed to enhance Oman's PPPs by improving contract enforcement, reducing delays, increasing investor confidence, and aligning projects with international best practices ([Al Tamimi & CO, 2025](#)). Essentially, under Article 17 of the law PPP projects are a part of the court's jurisdiction, which assures Oman's government aims to incentivize this type of project ([Public Authority for Special Economic Zones and Free Zones, 2025](#)).

### 3. Research Methods

This study adopts a doctrinal legal research approach, which involves a systematic analysis of existing legislation, regulations, policies, and judicial decisions relevant to Public-Private Partnerships (PPPs) in Oman. The method enables an in-depth examination of Oman's current legal and institutional framework governing PPPs, with particular emphasis on legislation, institutional functions, project identification and selection processes, and dispute resolution mechanisms.

In order to contextualized Oman's framework within the broader international landscape, a comparative analysis is undertaken with reference to the United Kingdom and the People's Republic of China. These jurisdictions are selected due to their advanced PPP regimes, which are recognised globally for establishing best practices in the sector. The comparative element allows for the identification of strengths and weaknesses in Oman's PPP legal framework, as well as insights into global standards and practical models that may inform future reforms.

The combination of doctrinal and comparative methods ensures that the research is both descriptive in mapping the current position of Omani PPP law, and analytical, in evaluating its effectiveness against established international practices.

### 4. Results

This study was guided by two overarching objectives. The first objective was to examine Oman's public-private partnership (PPP) framework under four critical factors: legislation, institutional functions, project identification and approval processes, and dispute resolution. The second objective was to assess these factors in light of international practices, particularly those of the United Kingdom and China, to identify global standards and best practices. The results presented below demonstrate how these objectives were achieved by systematically analysing Oman's PPP framework and comparing it to international benchmarks ([World Bank, 2025](#); [Bashar et al., 2021](#); [Wang et al., 2024](#)).

#### 4.1. Legislative Framework

The analysis of Oman's legislative framework revealed both strengths and weaknesses. The enactment of the Public-Private Partnership Law ([Act 52/2019](#)) established a formal

legal basis for structuring and managing PPP projects, complemented by the Tender Law (Act 36/2008) and the Foreign Capital Investment Law (Act 50/2019) (Ministry of Finance, 2025). Collectively, these instruments signal the government's commitment to encouraging private sector participation in infrastructure development (World Bank, 2025).

Despite these achievements, several shortcomings persist. Oman's PPP law does not include procurement mechanisms tailored specifically for long-term, complex projects, relying instead on general procurement rules that may not adequately address PPP-specific risks (Chou & Pramudawardhani, 2017). In addition, the framework lacks strong financial incentives, such as tax exemptions, sovereign guarantees, or revenue-sharing arrangements, which are commonly used in the UK and China to enhance project bankability (Liguang et al., 2020; Cao & Wang, 2022; Liu et al., 2018). Furthermore, inconsistencies between the PPP Law and other investment-related regulations create uncertainty for stakeholders, reducing investor confidence (Zheng et al., 2019; Wang et al., 2024). These findings directly address the first research objective by documenting the current legislative landscape and align with the second objective through comparison with international practices that demonstrate more harmonised and investor-friendly frameworks.

#### 4.2. Institutional Functions

Institutional arrangements remain a critical challenge for Oman's PPP framework. The creation of the Public Authority for Privatization and Partnership (Act 54/2019) initially reflected international best practice, providing a dedicated body to coordinate policy, standardise procedures, and offer technical expertise (Bashar et al., 2021). However, its dissolution in 2020 and the transfer of responsibilities to the Ministry of Finance (Act 110/2020; Royal Decree 91/2022) has weakened institutional clarity and regulatory independence. The Ministry now serves as both funder and regulator, a dual role that introduces potential conflicts of interest and undermines transparency (Wang et al., 2024).

Comparative analysis reinforces these concerns. China's PPP Center (CPPPC) and the UK's Infrastructure UK (IUK) operate as independent, specialised institutions that provide regulatory oversight, coordination, and credibility (Bashar et al., 2021; World Bank, 2025). These examples demonstrate how dedicated institutions can enhance investor confidence, highlighting a gap in Oman's current system. This finding addresses the first objective by evaluating institutional functions and meets the second objective by contrasting Oman with global best practices.

#### 4.3. Project Identification and Approval

Oman's project identification and approval process is fragmented, with responsibilities spread across the Ministry of Finance, the Public Authority for Special Economic Zones and Free Zones (Public Authority for Special Economic Zones and Free Zones, 2025), and the Council of Ministers. Although Article 4 of the PPP Law requires projects to demonstrate socio-economic benefits, the dispersed authority leads to delays, duplication of efforts, and uncertainty for investors.

In comparison, the UK and China employ centralised, streamlined systems. Infrastructure UK provides a "single-window" approach to project evaluation and approval, while the CPPPC ensures consistency and accountability by vetting all projects against socio-

economic, technical, and financial criteria (Bashar et al., 2021; Cao & Wang, 2022). These international practices meet the second research objective by offering benchmarks for more efficient and transparent project approval processes.

#### 4.4. Risk Allocation and Investor Incentives

Effective PPPs require clearly defined risk allocation mechanisms. The results show that Oman has not yet established a structured methodology for distributing risks among stakeholders, leaving investors uncertain about responsibilities (Shi et al., 2018; World Bank, 2025). Additionally, Oman lacks strong financial incentives, such as tax benefits, sovereign guarantees, or predictable revenue-sharing mechanisms, reducing the attractiveness of its PPP projects (Liguang et al., 2020; Liu et al., 2018).

By contrast, China implements whole-life risk assessments at the pre-financing stage (Liu et al., 2018; Cao & Wang, 2022), and the UK aligns risk allocation with project-specific returns. These mechanisms increase predictability and reduce disputes, highlighting areas where Oman could reform its approach. These findings directly address the first objective by evaluating Oman's current framework and fulfil the second objective by benchmarking it against international best practice.

#### 4.5. Dispute Resolution

The analysis of dispute resolution mechanisms indicates that Oman has made progress through the enactment of the Investment Court Law (Act 35/2025), which grants jurisdiction over PPP-related disputes. Nevertheless, the system is still nascent and lacks the maturity of the UK's long-established commercial arbitration frameworks or China's sector-specific mechanisms for resolving PPP disputes (Zheng et al., 2019; Bashar et al., 2021).

These findings satisfy the first objective by evaluating the current state of dispute resolution and the second objective by providing a comparative perspective, demonstrating how Oman's system could evolve to provide greater investor assurance.

#### 4.6. Overall Alignment with Objectives

Overall, the results show that both research objectives have been achieved. The study examined Oman's PPP framework in depth, identifying legislative gaps, institutional overlaps, fragmented project approval processes, unclear risk allocation, and underdeveloped incentives. At the same time, comparative analysis with the UK and China provided international benchmarks, highlighting global best practices that Oman could adapt to enhance transparency, efficiency, and investor confidence (World Bank, 2025; Bashar et al., 2021; Wang et al., 2024).

### 5. Conclusion

This paper has critically examined the legal and institutional framework governing Public-Private Partnerships in Oman, drawing insights from practices in the United Kingdom and China. The analysis reveals that Oman has laid a foundational legal structure through a series of royal decrees and ministerial regulations. However, significant opportunities for reform remain if Oman aims to leverage PPP as a sustainable development tool (Chou & Pramudawardhani, 2017).

Four primary areas emerge as critical for future improvement: (1) the centralization of PPP regulatory authority, (2) the inclusion of compensation and exit clauses in PPP contracts, (3) greater investor security, and (4) cost and risk management mechanisms. The experiences of the UK and China demonstrate the importance of centralized oversight and investor confidence in achieving successful PPP implementation.

Such recommended rectification on the institutional side should be implemented in a short-term manner, “3-4 years”, as a decrease in the volume of PPP projects was noticed in recent years.

The royal decree 91/2022 needs to be reconsidered in order to synergize the PPP projects' institutional responsibilities, and the Ministry of Finance can still play a significant role at the policy-making and preparation stage for any PPP project the government decides to execute under the PPP scheme.

To enhance its PPP ecosystem, Oman must build institutional capacity, develop sector-specific policies, and establish a clear, coordinated approval and implementation framework. Further, targeted incentives and updated contract models, such as PPP-specific FIDIC terms, will attract foreign investment and enable efficient service delivery (Liguang et al., 2020).

While Oman's legal framework aspires to encourage private-sector participation, its success is contingent on resolving regulatory overlaps, clarifying agency mandates, and empowering technically equipped regulators. Addressing these gaps will be vital to realizing the full potential of PPP as a strategic tool for national growth.

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Not applicable.

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