

# UAE procurement – on the brink of change

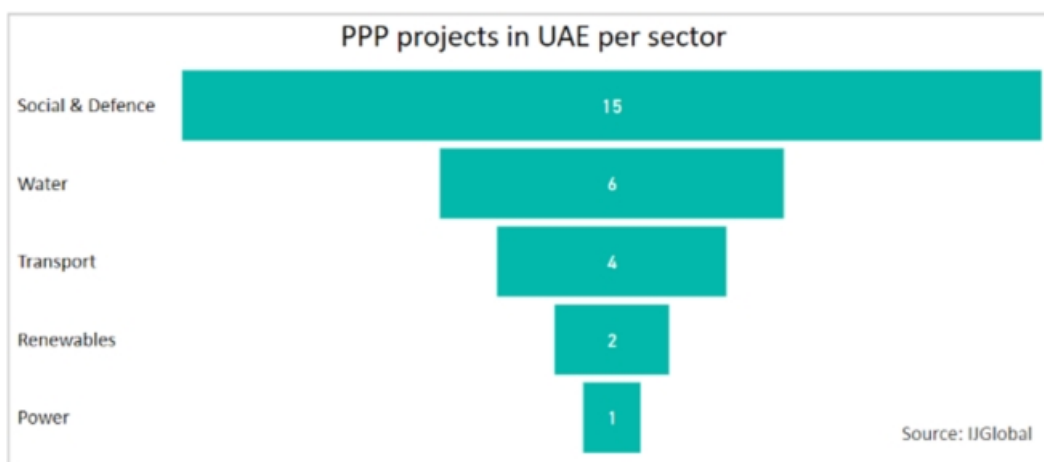
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Dubai's Department of Energy recently [announced](#) its intention to allocate up to Dh1 billion (\$272.3 million) for PPP projects in an effort to attract private sector investment and reduce the burden on the government budget. The [lack of a full PPP programme](#) has been holding back foreign investment for years, with companies mostly competing for O&M contracts. To change this, Abu Dhabi recently implemented a new PPP law which spawned a new government body – the Abu Dhabi Investment Office – tasked with facilitating private investment in the infrastructure, housing, transport and education sectors.

## Pushing for private involvement

Much like its MENA neighbours, the UAE is looking to diversify its economy by increasing private sector participation to help it better prepare for the post-oil economic era. Despite the fact that many countries in the region still rely primarily on [state funding](#) for their biggest projects and that the full PPP model is rarely implemented, there have been significant investments across a variety of sectors – such as social and defence, water and transport.



According to *IJGlobal* data, UAE's social and defence sector has seen the most projects carried out as PPPs. This trend suggests that further development could be expected in this space, similarly to other MENA countries such as Kuwait. The preferred mode of investment is expected to be either direct state funding or through PPP procurement, mainly in construction and O&M contracting.

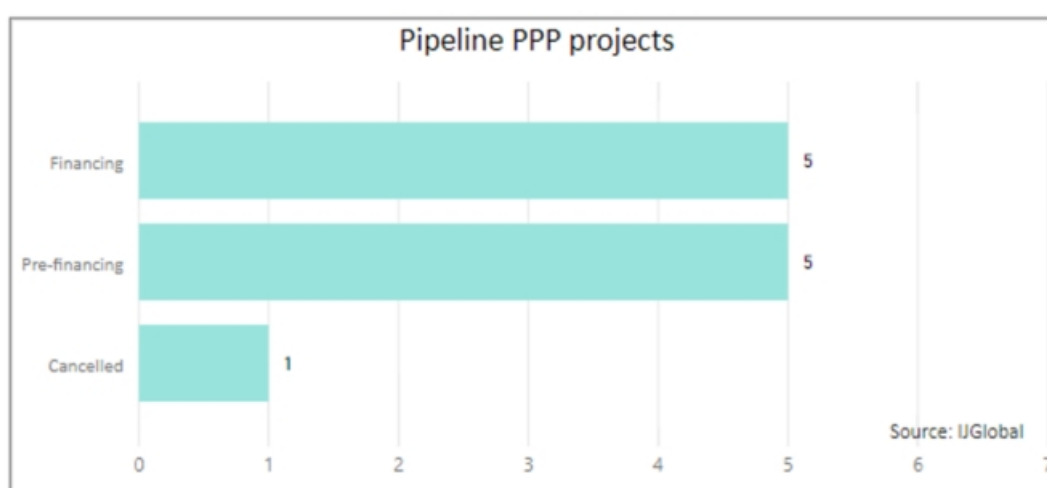
Among the most notable projects are the [NYU Abu Dhabi Campus](#) and the [Zayed University Campus](#). Both of these projects included the construction and operation of a greenfield university campus in the Abu Dhabi district.



The PPP initiative in the UAE has not attracted much international private participation over the years, arguably due to the lack of incentives. The majority of the projects have been developed by local companies prevailing over a limited number of international participants from Belgium, Japan and Australia, among others.

### Transport makes the cut

UAE has a significant PPP pipeline, still primarily in the social and defence sector, with the important addition of urban mobility.



According to *IJGlobal* data, the biggest upcoming project is the [Abu Dhabi Metro](#). The massive endeavour is estimated at \$7 billion and foresees the development of more than 130km of metro system in Abu Dhabi. The project however has been in development since 2009 and has suffered multiple delays, with no certainty about the details on this deal. The metro's first phase is scheduled for completion in 2020, although no private company has been awarded the O&M contract yet.

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