Public, Private Partnerships Framework in the United Kingdom, China, and Oman: Theories and Motivations

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ABSTRACT

This paper will explore Public-Private Partnership (PPP) projects by focusing on two main aspects: the underlying theory of PPPs and the factors that encourage and drive their implementation [1]. In the first section, we will provide a thorough explanation of the theory behind Public-Private Partnerships, including an analysis of the legal framework that governs these initiatives and the essential requirements for their establishment. Following this, the paper will examine key factors influencing PPPs, featuring a comparative assessment of how these partnerships are managed in three distinct countries: the United Kingdom, China, and the Sultanate of Oman [4].

This comparative analysis will highlight both the similarities and differences in the governance of PPPs across these nations. The third section will delve into the practical application of Public-Private Partnerships in the Sultanate of Oman. A real-world case study will be presented to illustrate how PPPs are executed within this context [6].

By integrating both theoretical insights and practical examples, this paper aims to provide a comprehensive understanding of the operation and functionality of Public-Private Partnerships. It will address critical elements of the PPP model and its application across various legal and economic systems [3]. Ultimately, the paper will offer valuable insights into the mechanics of Public-Private Partnerships, emphasizing legal frameworks, motivating factors, and specific case studies from the United Kingdom, China, and the Sultanate of Oman [8].

Keywords and Definitions:

PPPs (“Public Private Projects”);

CPPPC (“China Public Private Projects Center”);

PUK (“Partnerships of UK”);

IUK (“Infrastructure of UK);

PFI (“Private Finance Initiative”).

UK (“United Kingdom”)

INTRODUCTION

The economy of the Sultanate of Oman, as a component of the global system, has faced significant challenges due to multiple financial crises and fluctuations in oil prices over the past several decades. Consequently, enhancing the diversity of national revenue has become essential for stability, prompting the need for long-term partnerships, particularly through Public-Private Partnerships (PPPs) [3].

When considering PPPs, countries must evaluate three key dimensions: economic viability, social impact, and affordability for consumers [4]. This paper will use Oman's jurisdiction as a foundational point for comparison, while also integrating experiences from the United Kingdom and China to maximize the insights gained from this study [9].

Furthermore, financial and economic motivations related to PPPs are crucial topics of research, as they can attract investors and facilitate evaluations of the jurisdiction. This aspect will be examined in detail to provide a clear understanding of the legal framework surrounding PPPs in Oman [6].

At the conclusion of this paper, specific examples of implemented PPPs in Oman will be presented to enhance comprehension and identify gaps in the execution of such projects [6]. PPPs will be analyzed to draw meaningful comparisons and arrive at valuable conclusions regarding the three jurisdictions: China, the UK, and Oman, particularly concerning certain critical factors [3].

LITERATURE REVIEW

Overview of Oman PPPs Jurisdiction

Oman began implementing the PPP model in the 1990s. However, the demand for such projects has surged in recent years within government sectors for several reasons [8]. Primarily, these projects aim to alleviate the financial burden on the government, bring in global technical expertise, stimulate the national economy through private-sector collaboration, and promote exports [2].

In recent decades, Oman’s successful PPP initiatives have predominantly concentrated on utility services, including electricity, water, and wastewater management, while there has been comparatively less focus on waste management [9]. Therefore, it is crucial to investigate the underlying causes of the slower development in the PPP sector and how these factors relate to the current government's policies and strategic plans [1].

Globally, the most widely utilized models for implementing PPPs are the Build-Own-Operate (BOO) and Build-Operate-Transfer (BOT) models. In Oman, the government employs these two distinct models primarily for the execution of PPP projects, particularly in the utility sectors of electricity, water, and sanitation [7].

In the subsequent sections of this paper, we will explore the key theoretical factors that should underpin the PPP legal framework, and provide a comparative analysis with other jurisdictions to highlight differences and best practices.

PPPs Theoretical Overview:

Ideally, Public-Private Partnership (PPP) stakeholders, including government entities and private investors, should establish balanced, cooperative, and sustainable relationships [10]. However, experience with PPP projects in China reveals that many local public departments view the PPP model primarily as a financing tool, neglecting the cultivation of true partnerships. This oversight often provokes aggressive attitudes among private investors, potentially leading to opportunistic behaviors [9]. To mitigate these risks, it is essential to carefully design PPP legal frameworks, addressing both theoretical and practical considerations to prevent project failure and ensure effective delivery [1].

This paper examines Oman’s legal framework for PPP operations, drawing comparative insights from other jurisdictions, specifically the People's Republic of China and the United Kingdom. Accordingly, this section of Chapter Two analyses the relevant legislation while incorporating perspectives from previous studies on PPPs [2]. The initial part of this discussion focuses on four critical areas: governance and control mechanisms, procurement systems, financial and economic incentives, risk regulatory frameworks, and concession periods [5].

The overarching goal of this paper is to provide a comprehensive overview of PPP legal frameworks within Oman’s jurisdiction. Additionally, it aims to recommend best practices that can support Oman in developing an advanced PPP executive system. Such a system would enable the government to maximize the benefits of infrastructure projects for both end-users and investors [9].

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Control and Command

The relevant Omani legal framework extensively addresses control and command mechanisms within PPP projects [3]. Notably, Articles 25 and 30 of the PPP Act, along with Articles 58, 59, 60, and 70 of its executive regulations, set forth clear measures and rules to prevent misuse by investors and safeguard public entities[3].

However, one of the most significant challenges facing PPP projects is the inadequate enforcement of laws and regulatory obligations related to control and command [5]. These shortcomings often manifest in various forms, including incomplete contracts, unreasonable risk allocation, delays in government decision-making, unreliable feasibility studies, and improper operational practices[9].

To ensure the feasibility and success of PPP projects, the legal framework must address these issues comprehensively. By doing so, it can mitigate risks and enhance the effectiveness of PPP initiatives [6].

Procurement System

The procurement system serves as the backbone of Public-Private Partnerships (PPPs), fostering private-sector participation and safeguarding the rights of all stakeholders [2]. While each procurement system has its strengths and weaknesses, the current legal framework for PPPs in Oman lacks a distinct process tailored to PPP projects. Instead, the procurement process appears to mirror that used for traditional projects in the country [2].

This article examines the characteristics of successful procurement systems in two other jurisdictions, drawing comparisons with the existing framework in Oman. A robust procurement system is typically defined by three key themes: contracting, concession period, sustainability, and investor selection. These elements will be explored in detail in the following sections [9].

Financial and Economic Motivations

Financial and economic incentives are key drivers for private sector participation in PPP projects. Given the substantial capital investment required for most PPP construction projects, private investors seek reasonable returns on their investments [1]. This is often facilitated through concession periods, during which investors can generate revenue by offering the project’s services or products [7].

This article examines the current PPP legal framework in Oman, focusing on its capacity to incentivize private sector investment effectively [8]. Additionally, a comparative analysis of Oman’s framework with those of two other jurisdictions will highlight areas requiring improvement and offer recommendations for attracting investors more efficiently [5].

Risk Regulatory Framework

Kavishe et al. (2022) identified key factors that governments in developing countries must address to effectively support PPP construction projects. These include (i) adhering to the win-win principle, (ii)ensuring political stability, (iii) fostering a competitive procurement process, (iv) providing government guarantees, (v) establishing a favorable legal framework, and (vi) maintaining state credibility.

To promote the successful implementation of PPPs, governments can offer initiatives and guarantees, such as (i) exclusive concessions, (ii) a variety of guarantees, including power purchase agreements, fuel supply guarantees, force majeure protections (e.g., changes in law), foreign exchange regulations, compensation for government default and political risks, tax incentives and lenders’ rights

However, these initiatives and guarantees also introduce risks that may deter private sector participation if they are insufficient or absent. This section of the article will examine these risks in detail, offering insights into how they can be mitigated to encourage private investment. A comparative analysis of Oman’s approach with those of two other jurisdictions will further highlight the strengths and weaknesses of each framework [4].

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Concession Period

The concession period refers to the duration during which the private sector partner is responsible for constructing and operating a PPP project. Determining the optimal concession period involves various considerations, such as ensuring the project's lifetime in Build-Operate-Transfer (BOT) agreements maximizes benefits for both public and private stakeholders. Factors influencing this determination include cash flow projections, estimates of economic and social development, negotiations between project stakeholders [2], and total investment costs [10].

Scholars generally identify two types of concession period structures: the single-period concession structure and the two-period concession structure [9]. However, neither Oman's legal framework nor the other two jurisdictions under comparative study have adopted the two-period concession structure. Instead, the single-period concession structure has been the preferred model [10].

This preference is primarily driven by the potential for higher profitability for private sector partners when concession periods are shorter than the full lifetime of the infrastructure. This approach depends significantly on the government's efficiency in managing such projects and the private sector's willingness to embrace associated challenges [6].

To illustrate, the following are common challenges private investors encounter in PPP projects [8]:

Table 5: Common PPP challenges faced between developed and developing countries

No.	Issues and challenges	Developed	Developing	Both	Applicable
1	Appropriate risk allocation and risk-sharing	X	X	X	All
2	Political support	X	X	X	All
3	The private sector's financial strength	X	X	X	All
4	Available financial market	-	X	X	All
5	Concession period	-	X	X	All
6	Achieving the best VFM	X	X	X	All
7	Government guarantees	X	X	X	All
8	Negotiation between the project partners	X	X	X	All
9	Risk evaluation	X	X	X	All
10	Relationship between the project partners	X	X	X	All
11	compatibility/complementary skills among the key parties	-	X	-	Developing only
12	Favourable legal framework	-	X	-	Developing only
13	Realistic feasibility study	X	X	X	All
14	Selecting the proper partner	X	X	X	All
15	Trust and effective open communication and willingness to compromise	X	X	-	All
16	Clear roles and responsibilities among the project partners	-	X	X	All
17	competitive procurement process	-	X	-	Developing only
18	Innovation in delivering public services	X	X	-	All
19	public support	-	X	X	All
20	Acceptable level of the tariff	X	-	X	All
21	Democracy	-	X	-	Developing only
22	Efficient approval processes	-	X	-	Developing only
23	Knowledge transfer	X	X	-	All
24	Transparent and efficient procurement	-	X	-	Developing only

Motivative Factors for Successful PPPs

Risk Allocation Efficiency

In China's PPP projects, Risk Allocation Efficiency (RAE) practices emphasize assigning risks to parties with the most relevant expertise and capacity to manage or absorb them. This approach not only minimizes costs but also ensures risks are priced more economically [8]. A whole-life analysis is conducted primarily during the pre-financing stage, promoting a holistic and comprehensive approach to addressing technical and commercial risks. This strategy enables stakeholders to collaborate on solutions from the outset, leading to reduced overall project costs and greater satisfaction among all participants [5]. The UK adopts a similar strategy for evaluating RAE, with a focus on aligning risk allocation with each PPP's economic and commercial returns. Both jurisdictions share a common goal: to achieve overall PPP success by effectively managing risk and optimizing resource allocation [10].

In Oman, RAE practices bear some resemblance to those in China, relying on specialized expertise to manage and absorb risks while reducing costs [3]. However, Oman's approach demonstrates greater flexibility, accommodating various factors based on the specific type of PPP project. For instance, tariffs and pricing mechanisms are typically linked to economic returns and balanced with social considerations, ensuring a more adaptive framework for managing risks [7].

Host buy-in and accountability

An essential factor in the success of any PPP model is fostering cooperative "buy-in" by ensuring that the procuring authority prioritizes and takes ownership of the required service outputs. This responsibility includes being accountable for setting specifications and standards, selecting private sector partners, and ensuring timely payment for services rendered [8]. China, with its extensive experience in managing large-scale projects, has demonstrated notable success in this area. The country's PPPs frequently achieve effective delivery due to strong accountability measures and robust project management practices [6].

In the UK, this principle is partially reflected in the implementation of the Private Finance Initiative (PFI), the most commonly applied model for PPPs. Under the PFI framework, ownership of procurement remains centralized with "Infrastructure UK" (IUK), while private partners focus on project execution. Additionally, the UK enhances accountability through specific financial structures that regulate PPP operations [9].

Oman follows a similar approach, with the Ministry of Finance overseeing the procurement process for PPPs. However, this centralized system often results in delays in project delivery and liquidity shortages [5]. To address these challenges, the Omani government utilizes agreements that typically require investors to lease land plots for project development, streamlining implementation and ensuring greater accountability [3].

Exports Contribution

By expanding China's involvement beyond simply financing PPP projects, the model created a pathway for China to leverage its expertise in managing large-scale projects across procurement, delivery, and operational phases [8]. Most notably, this approach allowed China to integrate specialist skills, often through Chinese entities that acted as contractors. This not only diversified China's exports but also provided an outlet for its productive capacity and enterprise, thereby accelerating the country's shift from a manufacturing-based economy to one focused on services [6].

Similarly, the UK has applied this principle in its PPP initiatives. While the government did not initially focus on these efforts, recent decades have seen various initiatives aimed at utilizing PPPs to bolster the UK's exports [9].

In Oman, recognizing its strategic location and the importance of its ports, the government has embraced PPPs to boost exports. By attracting more PPPs at the execution stage, Oman has significantly increased its exports in key industries. However, it is essential that certain PPP projects are also considered contributors to in-country value, ensuring that they benefit the local economy and workforce [6].

Flexibility

The PPP model provides various options for capital investment, risk allocation, private sector compensation, and the role of China in project implementation. This flexibility is one of the key advantages of PPPs [1].

However, China's financial management primarily relies on a cash and advance payment model, which requires private partners to build infrastructure only after the government resolves payment issues [5].

In the UK, flexibility is reflected in a comprehensive PPP financial management system that oversees revenue expenditures. This system divides government spending into revenue and capital categories, serving as an essential tool for accounting and budgeting purposes [8].

In Oman, flexibility is understood in the context of cost management for PPPs. Previous research identifies five key cost elements that should be considered in PPPs: capital cost, construction cost, evaluation methods, transaction costs, and the uncertainty that leads to additional costs. Governments generally have access to cheaper borrowing rates than private companies, as they face minimal risk of default [3]. However, this gives PPPs an initial disadvantage in terms of higher capital costs, which must be offset by lower operating costs. Therefore, effective management of capital costs is crucial to balancing efficient operations and reasonable spending in PPPs [2].

This section provides a framework for assessing whether PPPs are more beneficial than the conventional public sector approach [9]. The evaluation process includes the following comparisons:

(i) the cost of capital financing for the PPP proposal versus the public sector alternative,

(ii) the cost of construction,

(iii) the operational efficiency of PPPs compared to public sector alternatives, and

(iv) the costs associated with setting up and monitoring a PPP contract

The uncertainties involved in PPP agreements:

The table below highlights key factors associated with cost variations in PPPs [10].

Table: PPPs cost variation factors.

			Evidence	Note
1	Cost of capital	Interest + dividends	PPP more expensive	Private sector has to pay higher interest rates than government
2	Cost of construction		PPP more expensive	Higher cost of 'turnkey' projects, offset by saving on cost of overruns
3	Cost of operation	Efficiency	Neutral	Empirical evidence suggests no significant difference
4	Transaction costs	Preparation and tendering	PPP more expensive	Costs of preparing contracts and tenders
		Monitoring	PPP more expensive	Costs of monitoring and supervising contractors
5	Uncertainty	Renegotiation and contingent liabilities	PPP more risky	Future renegotiations and changes

Standardisation

Standardization plays a critical role in various aspects of PPPs, including procurement models, risk allocation, public-sector funding structures, private-sector financing, security arrangements, documentation, and dispute resolution [2]. This process has been particularly effective in mature PPP markets such as the UK and Australia, where it has led to significant improvements in both cost efficiency and project delivery timelines [1].

In China, standardization is similarly applied across procurement models, risk allocation, public-sector funding structures, private-sector financing, security arrangements, documentation, and dispute resolution [8].

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The UK also follows a written and standardized process, governed by laws and regulations specific to PPPs. The UK government prioritizes the preservation and timely updating of relevant policies, contracts, practices, and reviews. These documents are made publicly available to ensure transparency and provide a valuable reference for future initiatives [9].

In Oman, the government's PPP framework also emphasizes standardization. The importance of this approach cannot be overstated, as PPPs in sectors with limited successful procurement history require careful consideration and adherence to standardized practices to ensure their success [3].

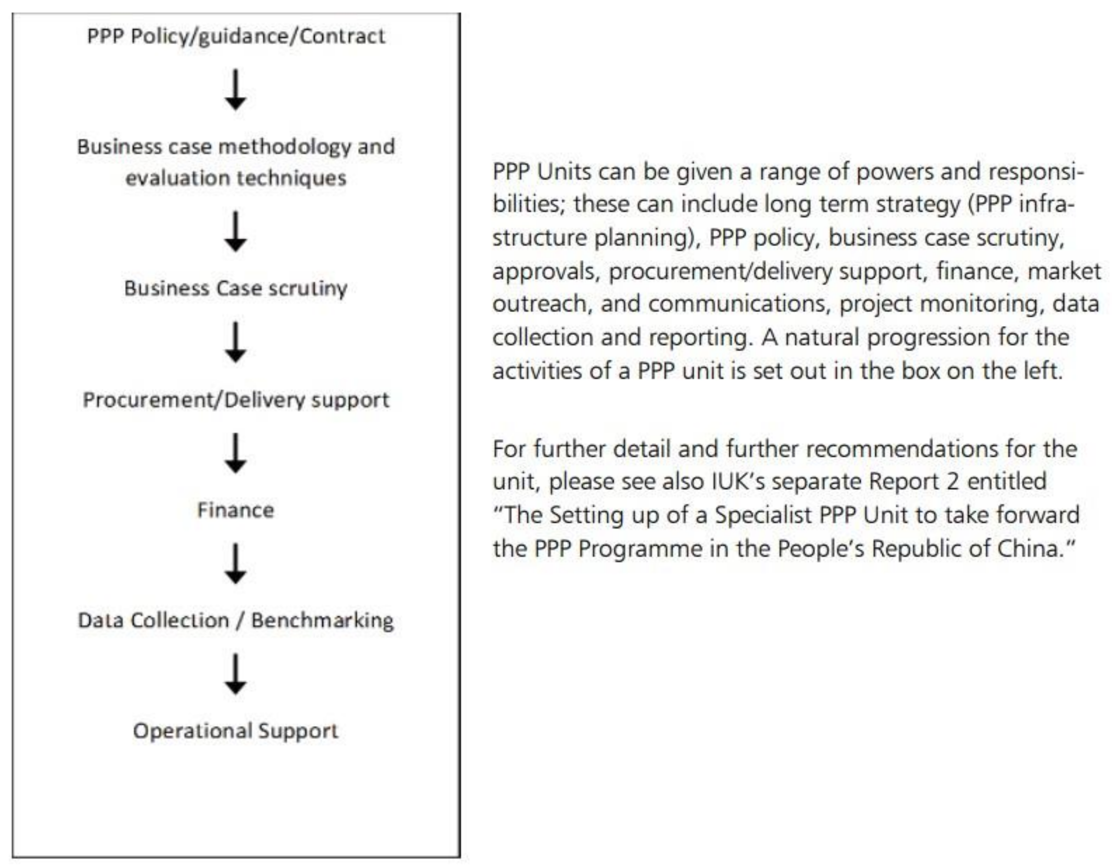
Central PPPs Unit

PPPs unit, although not a pre-requisite, establishing a PPP unit within host governments to control PPP procurement may provide consistency of approach and build greater certainty of execution while giving China a focus for its consultation and policy coordination activities [6].

In addition, Internationally, a central unit for PPP projects is usual practice for several reasons, such as to help the government have a focal point for PPP expertise and to drive forward the PPP program [4]. Also, to have an influential location within government and with a clear and robust governance structure, the central PPP unit will provide sufficient powers and responsibilities to be able to regulate the PPP program effectively, is allowed to recruit and retain experts with commercial experience in PPPs, is set up for the long term so that it provides a permanent knowledge [8].

Below is a table outlining the PPP unit's benefits and competencies [9].

Table: PPP unit's benefits and competencies [5]



In China, China Public Private Partnership Centre "CPPPC" is the sole entity that prioritises, and makes decisions on PPP projects. The same applies in the UK; Infrastructure UK "IUK", which was officially set up in 2009 in partnership with Partnerships of UK "PUK", is accountable for managing PPPs over the country [8]. However, the same was true in Oman. Still, later in 2019, the unit merged under the Ministry of Finance

(“MOF”), which the paper intended to assess regarding efficiency and decision-making consequences of this step [5].

In the UK, the jurisdiction identified certain vital entities that are authorised to play a specific role in the PPPs Framework [2]. Therefore, under the UK's PPP framework, many entities involved deliver their mandate under IUK's oversee [8].

Moving to Oman's experience, we found that the government unified the PPP-related works under a central unit before 2022, the Public Authority for Public Private Partnership “PAPP.” Still, the said authority was canceled and merged under the Ministry of Finance [7].

Appropriate Projects Selection:

Selected sectors and projects to be delivered under PPPs mode will need careful consideration and intensive preparation to implement the project efficiently [6]. A lengthy track record of successful PPPs and procurement is critical and essential for such project delivery [9]. The government is also trying to collect unified data under the CPPPC in China. Still, as the private sector handled most projects, the entity started efficiently classifying PPPs and submitting its recommendations to the government in the past two decades [4].

In the UK, the sectors and projects relevant to PPPs are identified straightforwardly to ensure equal opportunities and fairness. Hence, the PPPs in the UK are categorised into several types, which will be elaborated on herein. One of the most common types of PPPs is “PFI" used in the UK since the early 1990s (Adam Cribari 2017). These are long-term contracts (typically 20-35 years) where the private sector constructs the project's assets (for example, a building) and raises the required funding, usually on a project finance basis, i.e. where contractual payments from the public sector represent the primary security for funders [8].

In Oman, the situation was evident in 2019 as the government decided to establish an independent unit for the government of PPPs. However, the unit has been canceled in recent years, and MOF has taken the lead on such matters since then [7].

Land Rights

The relevance of land rights will depend on whether the project is land-intensive and whether the PPPs model is being used [3]. For lease-type arrangements, BOT" Build-Own-Transfer”/BTO "Build Transfer-Operate”/ BOO” Build-Own-Operate” procurements and concessions, private sector contractors and their financiers will need comfort that land access and use rights are (a) broad, (b) not capable of being summarily withdrawn and (c) where relevant, capable of being assigned to subcontractors and financiers [4]. However, PPP lenders can also step in under a particular case as identified in the local laws, and project documentation will need to accommodate lender step-in rights to permit lenders to protect their investment before any project termination right arises [10].

Lender step-in

In this regard, local Chain’s laws and project documentation must accommodate lenders' step-in rights to permit lenders to protect their investment before any project termination right arises. However, international lenders have no clear step-in within China's jurisdiction [1]. In the UK, due to the long experience and trust that PPPs have gained, regulators are comforting lenders to step in locally or globally. Oman has also established a sound lender step-in system, but it requires an in-depth review to avoid any barriers that might cause a step-back in PPP investment [6].

Oman jurisdiction also has a similar arrangement, depending on whether the project is land intensive and whether the PPP model is being used [5]. However, the three jurisdictions are practicing almost the same approach. For instance, in BOT/BTO/ BOO procurements and concessions, private sector contractors and their financiers will need comfort that land access and use rights are; (1) broad, (2) not capable of being summarily withdrawn, and (3) where relevant, capable of being assigned to subcontractors and financiers [4]. Governments can nearly always borrow money more cheaply than private companies or private individuals.

This is because there is minimal risk of defaults [2]. This means that any PPP always starts with a handicap of higher costs of capital – which can only be offset by lower operating costs; lenders in PPPs play a significant role as most projects are about an alliance between technical expertise and finance capabilities [2].

Security Over the Assets

In China, to attract finance on competitive terms, the private sector will need to be able to give its financiers comfort that appropriate security and credit support can be granted to financiers, including security or analogous rights over land and interests in relevant project entities and project assets [6]. Financiers will also need comfort that (a) their priority over unsecured or lower-ranking claims is maintained, (b) security can be enforced upon default, and (c) judgments obtained in recognised foreign jurisdictions will be enforced [2].

In the UK, the situation has become almost the same, as most legislation and contracts guarantee well-established systems in this regard [10].

In Oman, the PPP Act already treats such security and depends more on the assets constructed within the PPP projects. Hence, the government does not allow any investor to overlap any asset security process, and the consequences of such violations highly impact the investors [3].

Termination Compensation/ Government Guarantees

For projects to be commercially bankable/ investable, the government will likely need to agree to pay compensation to the private partner upon termination in certain circumstances or provide guarantees [9]. Local laws in certain jurisdictions prohibit such arrangements, necessitating amendments to the law to accommodate PPPs or appropriate alternative solutions to be put in place [8].

China and UK jurisdictions have very constructive arrangements for compensation and government guarantees in rare situations [9].

In contrast, Oman's jurisdiction managed the normal termination and guarantees. Still, termination-caused compensation has not yet been introduced in any legislation that permits such experiences, but it is carefully taken and has not yet been witnessed in any PPPs [4].

Dispute Resolution

Local law must accommodate a recognised dispute resolution regime to ensure all PPPs ' rights and satisfaction. Often, this requires the inclusion and enforcement of ‘agreement to arbitrate' provisions in project contracts and the acceptance of arbitration in an established foreign jurisdiction such as the UK. The ability to enforce such arbitral awards in the host jurisdiction will also be a key consideration for financiers and contractors [8]. Since a smooth PPP delivery requires a well-established dispute resolution framework that enables contracted parties to guarantee end-up resolution in such circumstances, the local laws of the three jurisdictions shall accommodate a recognised and practical dispute resolution regime [6]. Although not a pre-requisite, the PPPs unit shall control such cases by providing a consistent approach and building greater certainty of execution.

China followed a standard dispute resolution that enabled PPP parties to reach a mutual dispute resolution if no special instructions were followed in certain PPPs [1]. In the UK, PFI mandated all PPP investors to apply the standard dispute resolution clause with a minor deviation in rare cases [2].

Oman's jurisdiction follows China's approach in allowing PPP parties to select the proper dispute resolution and the government to interfere in rare PPPs to achieve public interest [3].

Enforcement of Contracts

Under PPPs, many efforts are made to ensure a robust agreement to provide the appropriate delivery of projects [2]. However, lenders particularly have the upper hand to enforce their view on such fields, even

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against state bodies, in an impartial court of law, as an essential part of the overall business environment [9]. This is likely to be more of an issue for overseas banks than domestic ones and is a reason why, initially, the governments wish to concentrate on the domestic finance market [1]. However, other factors may assist in enforcing PPP contracts, such as (a) a business case approach for project preparation, (b) appraisal and evaluation techniques, (c) PPP approval processes, (d) procurement procedures, (e) audit procedures and (f) benefit capture and feedback mechanisms, all within an overall governance framework [5].

In China, most PPP project terms tend to agree to compensate the private partner upon termination in certain circumstances or provide guarantees to ensure the projects' commerciality and bankability.

The UK jurisdiction does not follow the same as most PPPs are related to public utilities, and such terms cannot be absorbed in such arrangements [5].

In Oman, the laws permit such experiences but are cautiously taken and not witnessed in any PPPs [5]. Henceforth, the PPP projects followed the neutral enforcement process under the PPP Act and other legislation.

Real Examples of PPPs in Oman

Healthcare Sector

Oman's healthcare sector remains managed and operated mainly by the government. However, in recent decades, the government has started involving private sector participants to develop infrastructure under the PPP model. This indicates that participants from both sectors, “public and private,” endorse and encourage the contractual type of PPPs, perceiving them to be the most suitable healthcare infrastructure in the Omani context [3].

Al Mashari (2022) states that while evaluating an incident in which the governorate's public sector involved the private sector in disaster management, a public sector participant considered the lack of policy to have negatively impacted the level of service. Subsequently, in the absence of such policies in the healthcare sector, the PPP legal framework requires further review in terms of multiple industries and responding to different types of projects and circumstances [9].

Tourism Sector

The tourism industry represents 2.6% of the Sultanate of Oman's GDP [11]. The government announced incentives as part of economic diversification, part of Vision 2040. The government made many efforts to accelerate projects to achieve the target of 6% of the GDP by 2040, but PPPs are still not the most preferred method in this industry [9].

However, the latest studies show that tourism authorities in Oman have focused on the tourism industry as an accelerator of economic diversification in Oman. Conversely, human resources are a significant concern, with the initiative to attract talented and young Omanis to the tourism industry [9]. Additionally, PPPs must link with the leading industry facilities such as vacation apartments, hotels, incentives, meetings, exhibitions, and conferences. Therefore, the government can achieve the target of increasing industry contribution to the GDP. Moreover, the current PPP legal framework needs development to support such industries. The PPP's legal framework shall include all factors that enable such sectors to attract more private investments into the country to satisfy the increased demand and business requirements [7].

CONCLUSIONS

The paper concludes by highlighting key recommendations for how Oman’s PPP framework can draw lessons from more established jurisdictions to enhance the country’s economic and social development [7]. To clarify the findings of the literature review, the paper identifies four critical factors that could significantly influence the future success of PPPs in Oman: centralized PPP governance, compensation mechanisms related to termination, security over assets, and effective cost management [2].

A comparison with China and the UK reveals the elements that have contributed to their successful PPP implementations [1]. In particular, the infusion of foreign investor capital into PPPs has been a cornerstone of success. Furthermore, the centralization of regulatory frameworks and implementation strategies has played a crucial role in these achievements [6].

Building on these insights, Oman's PPP legal framework can evolve by introducing policies that strengthen PPP operations, such as:

(1) enhancing government capacity-building initiatives,

(2) offering robust security and incentives for investors,

(3) transferring appropriate risks to the private sector, and

(4) promoting competition and ensuring transparency [6].

Developing a comprehensive PPP system would require a detailed policy roadmap for managing and implementing projects across all sectors. While Oman's existing policies aim to advance the PPP model in general, its adoption and success have not yet reached the levels seen in other jurisdictions [10].

To achieve these goals, Oman needs regulators with specialised expertise who can guide the development of policies and provide targeted support for industries in which the country seeks to attract PPP investments. This will enable the government to craft more effective, industry-specific policies that maximize the potential of PPPs and deliver long-term benefits [3].

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