

# Exclusive: International interest grows for Bahrain Causeway

A range of international bidders could be enticed to bid for the planned King Hamad Causeway project under a PPP model, experts have told Partnerships Bulletin

by Alicia Buller 09 June 2023



The existing King Fahd Causeway (Credit: Getty)

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Following confirmation that preparations for Bahrain's King Hamad Causeway project connecting the Gulf island to Saudi Arabia are well underway, experts are hopeful that a PPP route could see the scheme attract a wide range of international investors..

"The project will be launched for pre-qualification once we get the final approval," Hussain Ali Yaqoob, director of land transportation planning & studies and acting director of land transportation projects at the Ministry of

Transportation and Telecommunication of Bahrain, told the recent Middle East Rail event in Abu Dhabi.

The minister confirmed that the transaction advisory team, comprising financial advisers KPMG, technical consultants Aecom and legal consultants CMS has completed stage one and two deliverables for the project.

Industry experts believe there could be significant potential in the project being developed under a PPP model.

M.R. Raghu, chief executive of Marmore Mena Intelligence at Kuwait Financial Centre, said: "Given the successful implementation of the first causeway (King Fahd) between the two countries in the PPP mode – which proved to be financially and economically viable – the new project could also be implemented through the PPP route."

Raghu added: "Global private players in the construction and infrastructure industry could be a part of the project. Saudi Arabia and Bahrain are looking to attract global investments."

Joss Dare, partner at law firm Ashurst, agreed, saying he expects the King Hamad Causeway project to follow the lead of the country's Bahrain Metro project in being issued as a PPP.

"When these deals were originally floated in the market back in 2017, it was the new Causeway that initially caught the eye," he explained. "The project appeared to have the early momentum with a bidders' day in Manama attracting considerable attention at the time.

"Since then, it seems as though the Bahrain Metro project has largely overtaken the causeway as the priority project for Bahrain. However, interest in the Causeway deal will remain high when it is eventually brought to market, provided that certain risk structuring issues are appropriately addressed in the RFP documentation."

At an estimated cost of \$3.5bn, the King Hamad Causeway involves building a 25km road and rail crossing between Bahrain and Saudi Arabia, following the same alignment as the existing King Fahd Causeway.

Yaqoob said there is an understanding between both countries that King Hamad would be implemented as a PPP, adding that the island's existing King Fahd Causeway is operating at capacity and witnessing 6% traffic growth per annum. About 11.5 million cars cross the causeway every year.

Bahrain's Crown Prince and Prime Minister Prince Salman bin Hamad Al Khalifa told local media in March that he is "committed to implementing plans that advance economic development" and noted the strength of PPPs in furthering investment projects.

