



EXCLUSIVE: Aramco and PIF to form Saudi super contractor with local and international partners

5 October, 2017 By [Colin Foreman](#), [Andrew Roscoe](#)



Companies have expressed interest in the new construction company

Saudi Aramco and the Public Investment Fund (PIF) are planning to create a super contractor with local and international construction companies for the delivery of major infrastructure projects in the kingdom.

The proposed company will be 25 per cent owned by Saudi Aramco, 25 per cent by PIF, 25 per cent by a local contractor, and 25 per cent by an international contractor.

It is understood that Aramco and PIF received expressions of interest from selected local and international contractors at the end of September. Seven local firms expressed interest. They are: Al-Mabani General Contractors Company, Al-Muhadib Contracting, Al-Rashid Trading & Contracting Company, Al-Yamama, Azmeel Contracting, El-Seif Engineering Company, and Nesma & Partners Contracting Company.

For international contractors, it is understood that 25 construction companies were invited to express interest.

Once established, the contracting company will be tasked with delivering infrastructure projects across the kingdom and will fill the void left by the traditional heavyweights of Saudi construction: Saudi Binladin Group and Saudi Oger – both of which have had financial difficulties in recent years and have been forced to scale back their operations.

Certainty of delivery and the availability of contracting resources is becoming a growing concern in the kingdom as the National Transformation Plan (NTP) and Vision 2030 rapidly move from economic restructuring towards actual projects and construction work on site.

In recent months there has been a string of awards for airport public-private partnerships (PPPs), and other PPP deals have been tendered. More recently the [PIF has launched](#) a series of major new development schemes such as the Red Sea Project, New Jeddah Downtown, an entertainment city on the outskirts of Riyadh, as well as projects in Medina and Mecca.

Combined these projects involve building billions of dollars of new infrastructure, and more project launches and tenders are expected over the coming months.

The move by Aramco and PIF to establish a construction company echoes an earlier move by Aramco to create a project management company with an international partner. In May this year it agreed with [US-based Jacobs to form a joint venture company](#) based in Saudi Arabia to provide programme and construction management services for social infrastructure projects in the kingdom.

That company's services will include a full-spectrum of project and construction management services across all phases of the project lifecycle for social infrastructure projects. The company will also help train and help create quality jobs for Saudi nationals.

The new body is expected to sell its services to other government bodies in Saudi Arabia that are developing infrastructure. It is estimated that the potential workload will require some 15,000 staff.

The project management company will also take considerable strain away from Aramco, which in recent years has been relied upon to manage some of the kingdom's biggest construction projects.