

## ABU DHABI FUND FOR DEVELOPMENT (ADFD)

### 1) QUANTITY OF AID

#### 1.1. Current/Recent Quantity Performance:

	2006	as % of GNI
ODA Net Disbursements	248.8	0.24%

Source: OECD/DAC database, table 1.

The United Arab Emirate's net development assistance stood at US\$ 248.8 million in 2006. This is the equivalent of 0.124% of UAE GNI. Since 2002, UAE development assistance has increased by 60% (up from US\$ 155 million).

#### 1.2. Future Quantity Intent

Information on ADFD future ODA quantities is currently being assembled.

In December 2007, the United Arab Emirates pledged US\$ 300 million to the Palestinian Authority.

### 2) KEY AGENCIES/MECHANISMS

#### 2.1 Bilateral Agencies and Structures (this section is based on OFID, 2004)

The Abu Dhabi Fund for Economic Development (ADFD) is an autonomous institution established by the Government of Abu Dhabi in July 1971, located in Abu Dhabi. The ADFD's principle aim is to provide assistance to developing countries (ADFD, 2007). Up until 2003, the ADFD has committed a total of \$3.4 billion. Its objectives are:

- to offer economic aid in the form of loans, grants or capital participation in projects to Arab, African, Asian and other countries in support of their economic development;
- to establish or participate in the establishment of financial institutions which complement the purposes of the Abu Dhabi Fund and help create and foster a financial market in the Emirates;
- to issue guarantees and other such undertakings specified in the executive regulations to complement the purposes of the Abu Dhabi Fund;
- to employ temporarily available liquidity in productive investments; and
- to provide expertise and technical assistance in various fields of economic development.

The ADFD also has the responsibility for supervising projects financed partly or totally by the government of Abu Dhabi, and administering the Government's loans, grants and equity participation (including some projects in Abu Dhabi). Out of a total of Dh 16.5 billion (roughly US\$ 4.5 billion) of funds administered by ADFD as at November 2001, Dh 7.1 billion or 43% was for the Government (Arab Decision,

2003). As of end-2003, ADFD's authorized capital was US\$ 1.09 billion (53% subscribed).

## 2.2 Key Policies and Legislation

There are no key public documents available on policy or legislation.

## 3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

### 3.1. Recipient Countries

Between 1971 and end-2003, 52 countries have received ADFD funding (29 in Africa, 20 in Asia and 3 in the Middle East and Central Asia – OFID, 2004). Arab countries have received 85% of total ADFD aid (for the period between ADFD's start of operations and November 2001), as table 3.1b shows.

Distribution among recipients (to November 2001):

	% of total bilateral
<b>Arab Countries</b>	85.1%
<b>Africa</b>	7.8%
<b>Asia</b>	4.8%
<b>Other (regional allocation)</b>	2.2%

Source: Arab Decision (2003).

### 3.2. Allocation Criteria

#### 3.2.1. *Pre-selection criteria*

The ADFD does not have any pre-selection criteria, although it has only ever extended aid to countries in Asia and Africa.

#### 3.2.2. *Allocation criteria*

There is no publicly available information on ADFD allocation criteria.

## 4) AID POLICIES

### 4.1. Concessionalality

The ADFD delivers its aid mainly through concessional loans.

Grant share of total ODA	2.3%
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Source: OFID (2004, p32).

Concessionalality terms for these loans are shown in the table below, based on a 2005 loan the ADFD signed with the Sultanate of Oman for a transport link.

<b>Grant Element (%)</b>	?
<b>Maturity (years)</b>	18 years
<b>Grace Period (years)</b>	3 years
<b>Interest Rate (%)</b>	2.50%
<b>Service charge (%)</b>	N/A
<b>Currency denomination</b>	?

Source: Asia Pulse (2005) - based on a loan agreement with Oman in 2005.

#### 4.2. Types of Assistance

The ADFD offers aid only for projects and technical assistance. The United Arab Emirates started giving debt relief under the HIPC initiative in 2006. By end-June 2007, they had delivered debt relief to 1 HIPC to the tune of US\$ 28 million (IDA and IMF, 2007, p94).

#### 4.3. Channels of Assistance

The OECD/DAC reports that the UAE did not give any multilateral aid between 2002 and 2006, i.e. all UAE's development assistance was bilateral. Indeed, UAE did not contribute to the IDA14 replenishment (IDA, 2005). Virtually all ADFD aid is government-to-government, and most of it is registered on recipient country budgets. Some of the funds coming directly from the Abu Dhabi Government and administered by the ADFD go towards multilateral institutions such as the United Nations Arabian Gulf Programme (Dh 55 million in 2001 – see Arab Decision, 2003). However, there is no ADFD funding of NGOs.

#### 4.4. Sectors and Projects

In the past, ADFD's emphasis has been on projects that upgrade infrastructure, improve health and educational facilities and generate employment opportunities. Infrastructure projects such as roads, seaports, airports, energy generation and telecommunications services, as well as agricultural, social, health, education and housing projects amount to well over a third of ADFD's total aid (Arab Decision, 2003). The table below gives a disaggregation according to sector of ADFD cumulated disbursements until end-2003, with the sectors of concentration being infrastructure (electricity, water provision, transport and telecoms), agriculture and agro-industry, and industry.

Distribution of Project Loans by Sector (cumulated until end-2003):

<b>Sector</b>	<b>% of total</b>
Social Sectors	4.1%
Agriculture & Agro-industry	18.4%
Industry	17.5%
Electricity & Water Provision	23.9%
Construction & Housing	6.3%
Transport & Telecommunications	24.8%
Hotels & Tourism	3.7%
Other	1.4%
<b>Total</b>	<b>100%</b>

Source: OFID (2004, p32).

#### 4.5. Flexibility

There is virtually no flexibility in ADFD aid, because it is all in project or TA form. More information is still being collected on flexibility.

#### 4.6. Predictability

For the year 2003, disbursements made by the ADFD were 66% of commitments (OFID, 2004, p32). More information is still being collected on multi-year planning of disbursements and more recent disbursement records.

**4.7. Conditionality**

As all ADFD aid is projects, there is no economic or political conditionality on ADFD aid, and there are no resulting disbursement delays.

**4.8. Policy Dialogue**

Similarly, because of the project focus of its aid, and due to its lack of in-country representation, ADFD does not get involved in national-level macroeconomic or sectoral policy dialogue. Its disbursements are not linked to BWI decisions. More information is still being collected on whether new commitments are?

**5) AID PROCEDURES****5.1 Conditions Precedent**

More information is still being collected on conditions precedent.

**5.2 Disbursement Methods**

More information is still being collected on disbursement methods.

**5.3 Disbursement Procedures**

More information is still being collected on disbursement procedures.

**5.4 Procurement Procedures**

Joint guidelines on procurement procedures are produced together with other Arab aid institutions (World Bank, 2005 – see also under section 5.5). More information is still being collected on procurement procedures.

**5.5 Coordination**

In 1975, the “Coordination Group” was set up, with the aim of harmonizing operational linkages among 8 Arab aid institutions, which often act as co-financers of the same projects. The members are: (i) The Islamic Development Bank (IsDB), (ii) the Arab Gulf Program for UN Development (AGFUND), (iii) the Arab Fund, (iv) Arab Bank for Economic Development in Africa (BADEA), (v) OPEC Fund for International Development, (vi) Kuwait Fund for Arab Economic Development, (vii) Abu Dhabi Fund for Arab Economic Development and (viii) the Saudi Fund for Development. The Group publishes common guidelines and procedures (e.g. the ones listed in World Bank, 2005). Their adoption is not obligatory as it is left to the discretion of each individual institution to utilize the guidelines as appropriate, but in general they are used especially where (as normally) projects are co-financed among Arab agencies.

As with most of the Arab donors, a lot of ADFDs projects are co-financed with other (mainly Arab) donors. This is partly because the amounts committed to any one project can not exceed 10% of the Abu Dhabi Fund’s capital, or 50% of the total cost of the project (OFID, 2004, p30).

An example of how the Arab Coordination group works together is the recent joint visit to Uzbekistan in which a joint delegation (also including Japan, examined and discussed prospects for implementing joint projects in education, healthcare, agriculture and water management, energy, chemical industry, municipal services, construction and metallurgy (Asia Pulse, 2007).

**Key Sources** *(All internet-based sources accessed on 2 April 2008)*

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