
Parallel cofinancing framework agreement between IFAD and the Abu Dhabi Fund for Development

Document: EB 2025/146/R.15

Agenda: 3(e)(iii)

Date: 11 November 2025

Distribution: Public

Original: English

FOR: APPROVAL

Action: The Executive Board is invited to authorize the President of IFAD to finalize and sign the parallel cofinancing framework agreement between IFAD and the Abu Dhabi Fund for Development.

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I. Abu Dhabi Fund for Development

1. The Abu Dhabi Fund for Development (ADFD) is one of the United Arab Emirates' leading financial institutions. It was established in 1971 to provide financing for infrastructure projects in developing countries to bolster their economies while enabling them to fulfil their sustainable development goals.
2. ADFD aims foster economic progress by financing sustainable infrastructure projects. It also manages grants for strategic projects that the United Arab Emirates extends to partner countries. The institution pursues a diversified investment strategy that plays an important role in strengthening developing economies. It also finances private companies in the United Arab Emirates to enable them to increase their competitiveness and expand their global footprint.

II. Background and purpose of the parallel cofinancing framework agreement

3. ADFD has expressed interest in cofinancing IFAD development projects, particularly in the areas of renewable energy, and water supply and management.
4. The terms of the cooperation between IFAD and ADFD will be outlined in the proposed parallel cofinancing framework agreement.
5. The financing envelope provided by ADFD will be in the form of loans provided to IFAD's borrowing Member States. These loans will have, to the extent possible, the same financing conditions as set forth in the financing agreement between the borrower and IFAD. The risk of default of the loans provided by IFAD and ADFD to finance an IFAD project will fall on each party for its own financing, and measures will be taken by each party in line with the provisions agreed in the respective financing agreements signed with the borrower.
6. The parties will provide parallel financing in support of sovereign projects selected from the IFAD pipeline. IFAD and ADFD will meet on a regular basis to discuss IFAD's project pipeline, priority sectors and countries, and review progress on ongoing cofinanced projects, as well as other opportunities for cooperation.
7. For each project cofinanced, IFAD and ADFD will sign separate financing agreements with the borrower. Both parties will take steps to ensure that the financing agreements are consistent with each other, and that obligations imposed by the financing agreements shall, wherever possible, be uniform and shall not impose overlapping or duplicate obligations on the borrower.
8. The framework agreement is an expression of interest by the parties for joint collaboration under parallel cofinancing.
9. IFAD does not anticipate any potential risks associated with entering into this Agreement.

III. Alignment with IFAD strategies

10. The principles and objectives of the proposed parallel cofinancing framework agreement are aligned with IFAD's strategic goals and policies. This partnership strengthens IFAD's ability to meet international cofinancing targets and enhances its development impact.

IV. Recommendation

11. In accordance with article 8, section 2 of the Agreement Establishing IFAD, the Executive Board is invited to authorize the President of IFAD to finalize and sign the parallel cofinancing framework agreement between IFAD and the Abu Dhabi Fund for Development, based on the terms outlined in this document.
12. The signed agreement will be submitted to the Board for information at a subsequent session.

**PARALLEL CO-FINANCING FRAMEWORK AGREEMENT
BETWEEN
THE ABU DHABI FUND FOR DEVELOPMENT
AND
THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

The present Parallel Co-financing Framework Agreement (the “Agreement”) is undertaken:

Between: The Abu Dhabi Fund for Development , “ADFD”

And: The International Fund For Agricultural Development, “IFAD”

The said being collectively referred to hereinafter as the “Parties” and separately as “Party”;

WHEREAS the International Fund for Agricultural Development (henceforth “**IFAD**”) is a specialized agency of the United Nations and an international financial institution, established by an international treaty with the objective of mobilizing additional resources to be made available for agricultural development in its developing Member States. In fulfilling this objective, IFAD shall provide financing primarily for projects and programs specifically designed to establish inclusive, resilient and sustainable agri-food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies;

WHEREAS the Abu Dhabi Fund for Development (henceforth “**ADFD**”) a bilateral funding agency established in 1971 by the United Arab Emirates to provide financing for infrastructure projects in developing countries, which would bolster their economy while enabling them to fulfil their sustainable-development agenda;

WHEREAS the Parties wish to strengthen their collaboration as may be consistent with their respective operational methods and policies for the realization of their shared objectives;

WHEREAS the Parties expressed interest in cofinancing development projects through concessional loans provided to some of IFAD developing Member States and to enter into a Cofinancing Framework Agreement to set the principles of such collaboration;

ACCORDINGLY, the Parties agree to the terms of the following Agreement:

**ARTICLE 1
Definitions, Scope of Applications**

1.1 For the purposes of this Agreement, the following capitalized terms have the meanings set forth below:

- A. “**Borrower**” means a Member State of IFAD to which the financing of both Parties is extended. A political subdivision of a Member State may be designated as the borrower, but in this case the Member State must act as a guarantor.

- B. **“Co-financing Framework Agreement”**, hereafter referred as the **“Agreement”** means this agreement, concluded between the Parties which formalizes and sets the principles for the parallel co-financing of Projects.
- C. **“Currency”** means the equivalent of UAE Dirham in either “US\$” or “EUR” or any other freely convertible currency, in line with Borrowers’ requirements.
- D. **“Financing Agreement”** means the agreement between the Borrower and ADFD providing for the ADFD’s Financing, or the agreement between the Borrower and IFAD providing for the IFAD’s Financing.
- E. **“IFAD Conceptual Framework and Operational Handbook for Financial Reporting and Auditing of IFAD-financed Projects”** means the conceptual framework and handbook providing the guiding principles in financial reporting and auditing of IFAD-financed projects, approved by IFAD’s Executive Board on 12 December 2017, as may be amended from time to time.
- F. **“IFAD General Conditions”** means the general conditions for agricultural development financing adopted by IFAD’s Executive Board on 29 April 2009, as amended from time to time.
- G. **“IFAD Policy on the Disclosure of Documents”** means the policy on disclosure of documents adopted by IFAD’s Executive Board on 17 September 2010, as may be amended from time to time.
- H. **“Joint Financing”** means a form of cofinancing of a project, whereby the Parties will jointly finance, and in such proportions as the Parties agree, the same contracts of those goods, works, services and/or consultancies as may be required for a Project.
- I. **“Parallel Financing”** means a form of cofinancing of a project, whereby the Parties will finance different contracts of those goods, works, services and/or consultancies as may be required for a Project.
- J. **“Project”** means the specific set of activities of an agricultural development project or program to be cofinanced by the Parties in accordance with this Agreement.
- K. **“Project Design Report”** or “PDR” is a “living document”, which will evolve during the design process, from a project concept note to a final complete design PDR as the basis for negotiations with Governments of the Financing Agreement. In its final form, the Project Design Report is the main guide for the implementation of the financed Project.
- L. **“Project Implementation Period”** means the period during which the Project is to be carried out, beginning on the date of entry into force of the Financing Agreement and ending on the Project Completion Date”.

1.2 Scope of the Agreement. The scope of this Agreement is to provide a framework of cooperation between the Parties, whereby the Parties agree to provide joint and parallel financing in support of sovereign Projects selected from the IFAD pipeline in line with

the terms described below. The Parties shall implement their respective activities further to this Agreement in accordance with their respective mandate, procedures, rules, policies and regulations. The conduct of cooperative activities under this Memorandum is subject to availability of funds, technical resources and personnel of each Party.

ARTICLE 2

Consultation, Selection of Projects for Financing, Approval process, Supervision

- 2.1** The Parties will consult each other to: (i) identify Projects that may be suitable for Co-financing and the type of Co-financing envisaged for each Project (s); (ii) periodically discuss priority sectors and countries; (iii) review ongoing Co-financing; and (iv) discuss other matters relating to Co-financing, as well as other opportunities for cooperation.

The Parties will periodically hold consultations to discuss the matters referred above. Consultations will be held at least once a year for this purpose and may, at the request of either Party, be supplemented by other meetings, in order to further the Parties' effective cooperation.

In all cases of Co-financing, the Parties agree to coordinate the administration of their respective Financings for the activities and discuss relevant matters concerning the Project, the Borrower's performance under the Project (s), and other matters of common interest.

- 2.2 Project Selection.** The Projects intended to be co-financed by ADFD will be selected by ADFD on a case-by-case basis and discussed with the Borrower. If, following consultations by IFAD with the potential Borrower, the Borrower expresses interest in ADFD potential co-financing, IFAD will submit to ADFD a Project Concept Note or a Project Design Report (PDR). The potential Borrower should via an official letter request a loan from ADFD to co-finance the Project "Finance Request", including the amount of funds required to make available for the co-financing of such Project and the proposed form of co-financing, areas of intervention, key activities and other aspects as deemed necessary.

The request for ADFD Financing will be reviewed by ADFD which upon completion of its internal assessment and approval procedures, will inform IFAD and the potential Borrower of the relevant outcome. Guided by IFAD PDR, ADFD will conduct its own internal assessment, review and approval processes.

- 2.3 Negotiation, Approval and Signing Process.** IFAD and ADFD will enter into separate Financing Agreements with the Borrower. Efforts shall be made by both Parties to ensure that negotiation, approval and signing of the Financing Agreements are aligned, to the extent possible. In accordance with each Party internal rules & procedures, the following shall apply:

- (a) IFAD negotiates a Financing Agreement with the Borrower, upon its completion to be submitted for the approval of IFAD Executive Board or of the IFAD President based on IFAD Delegation of Authority. Upon its approval, the negotiated text of the Financing Agreement shall be signed by IFAD and the Borrower; and

- (b) ADFD, during the due-diligence process, discusses with the Borrower the potential co-financing terms and conditions and, upon the approval of ADFD Board of Directors, ADFD negotiates and signs the Financing Agreement with the Borrower; and
- (c) The Party conducting the negotiations will notify the other Party of the main findings and results of the negotiations or mission.

The Parties will take steps to ensure that both Financing Agreements are consistent with each other, and that obligations imposed by both Financing Agreements shall, wherever possible, be uniform and shall not impose overlapping or duplicate obligations on the Borrower. The Parties will furnish to the other Party a copy of the signed version of the furnishing Party's Financing Agreement.

- 2.5 ***Supervision and Mid-term Review.*** Each Party may undertake regular supervision and implementation support missions, and a Mid-term Review mission. The Parties may decide to jointly supervise the respective Project(s) co-financed with ADFD. Each year, IFAD will provide ADFD with the supervision plan for the respective Project(s) co-financed with ADFD, to allow ADFD to plan its participation in such missions in a timely manner. ADFD participation in the missions will be coordinated with IFAD, and terms of reference will be agreed by both Parties prior to such missions. Each Party will cover the cost of its own participation in such missions.

Each Party will share with the other Party the produced supervision mission reports, mid-term reports and completion reports.

- 2.6 **Disbursement, Loan Administration and Audit.** Each Party shall channel the respective financing to the Borrower's accounts (Designated Accounts) and shall require the Borrower, in its respective Financing Agreement, to:
- (i) carry out the Project in accordance with each Party's financial management policies and procedures;
 - (ii) carry out the withdrawal arrangements in accordance with each Party's financial management policies and procedures;
 - (iii) ensure that the annual audit is carried out by auditors following terms of reference acceptable to each Party; and
 - (iv) ensure that an opinion on the usage of all Project funds is presented in the audit report.

ARTICLE 3

Financing Terms and Conditions of Financing

- 3.1 **Financing Terms and Conditions.** Each Party shall apply to its respective Financing Agreement with the Borrower its own terms and conditions. The Parties agree to align, to the extent possible, the two Financing Agreements with reference to disbursement, repayment, representations and warranties from the Borrower, administrative, monitoring and termination aspects.

The Parties shall consult with each other during the approval and the negotiation phases aiming at a straightforward, coherent and easy to manage contractual structure.

- 3.2 **Credit Risk.** The risk of default on the loans falls on each of the Parties for its own financings. Each Party may on an individual basis take the measures agreed in its respective Financing Agreement. In no case shall there be automatic cross-default, automatic cross- suspension or automatic cross-acceleration of any loan of the other Party with the same Borrower.

ARTICLE 4 **Disclosure Procedures**

- 4.1 The Parties may exchange data, which is not personal data, and information IFAD is not subject to local laws pursuant to this Agreement subject to their obligations under their applicable regulations and in accordance with their respective rules and procedures regarding disclosure and access to documents and information. The Parties expect that they will not disclose any information they exchange pursuant to this Agreement to a third Party without the approval of the other Party from which the information was obtained.

ARTICLE 5 **Communication**

- 5.1 All written communications required or permitted by this Agreement shall be in writing and delivered in person, sent by mail, or shall be directed to the following addresses, and the Parties shall advise one another of any changes:

For Abu Dhabi Fund for Development, (“ADFD”)

Al Bateen Area, Bainunah Street,
PO Box 814 –Abu Dhabi - United Arab Emirates
Attention: Mr. Adel Al Hosani
Executive Director, Operations
Fax: +9712 6677070
E-mail: operations@adfd.ae

With copy to :

For IFAD:

Ronald Thomas Hartman
Director
Global Engagements, Partnership and Resource Mobilization Division
E-mail: r.hartman@ifad.org

ARTICLE 6 **Effectiveness, Amendments and Termination**

- 6.1 **Effectiveness.** This Agreement shall enter into force, once signed by both Parties, upon ADFD ´s communicating to IFAD the fulfilment of its internal procedures to celebrate international agreements.

- 6.2 **Amendments.** Both Parties may propose to amend this Agreement in writing, in accordance with their internal procedures.
- 6.3 **Termination.** Either Party may terminate this Agreement by giving notice in writing to the other Party at least three months in advance. The notice to terminate shall indicate a termination date. In such case, unless otherwise agreed by the Parties, the contractual obligations assumed by the Parties, if any, prior to reception of the respective notice to terminate this Agreement, including those concluded with third parties, shall remain in full force and effect and be unaffected by such early termination.

ARTICLE 7

General Provisions

- 7.1 **Relationship of the Parties.** No provision of the Agreement may be interpreted as creating a principal– agent relationship between the Parties. Each Party possesses independent and functionally equal legal capacity vis-a-vis the other Party.
- 7.2 **Tax Regime.** Pursuant to provisions set forth under Section 16 of the Headquarters Agreement entered into between IFAD and the Italian Republic in 1978, this Agreement is exempt from all forms of indirect taxation.
- 7.3 **Novation/ Assignment.** Neither Party will be entitled to assign or otherwise transfer its rights and obligations under this Agreement, in full or in part, without the prior written consent of the other Party.
- 7.4 **Amicable Settlement.** The Parties agree that in the event of any controversy or dispute arising out of or in connection with the implementation of this Agreement, every effort shall be made to amicably reach a settlement by direct negotiation.
- 7.5 **Independent Right of Action.** Notwithstanding any provision of this Agreement, each Party reserves the right to enforce its rights and perform its obligations under its respective Financing Agreement entered into with the Borrower, and nothing in said agreements will be deemed to preclude or limit the right of either Party to exercise its contractual remedies under the terms set out in its Financing Agreement, provided that any standstill and/or consultation period provided under this Agreement has been complied with.
- 7.6 **No waiver of Privileges and Immunities.** Nothing in this Agreement shall be deemed as a waiver of or otherwise affect the privileges and immunities of IFAD under the Agreement Establishing the International Fund for Agricultural Development, the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations (1947), any other international treaty or convention, or under international customary law.
- 7.7 **No Financing Commitment.** This Agreement will not be construed as representing any commitment with regard to the financing of a particular Project on the part of either Party, and no provision of any of said agreements will be construed as imposing any financial obligation to the Borrower on the part of either Party. Any such commitment and obligation will be exclusively reflected in the Party's Financing Agreement once

executed upon achievement of the approvals of the competent internal bodies of each Party.

- 7.8 **Anti-corruption, AML/CFT and Sanctions.** The Parties are committed to complying with their own policies and procedures, and acknowledge and agree that, in carrying out their obligations under this Agreement, each of them shall endeavor to comply with the internal policies and procedures they have respectively adopted on compliance matters, including, for IFAD, the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations¹ and the IFAD Anti-Money Laundering and Countering the Financing of Terrorism Policy².

IN WITNESS WHEREOF, each through its authorized representative has signed the present Agreement in (2) two copies in English language, on Thursday, 9 October 2025.

**Abu Dhabi Fund for
Development**

**International Fund for
Agricultural Development**

**Mohammed Saif Al Suwaidi
Director General**

**Alvaro Lario Hervas
President**

¹ https://www.ifad.org/documents/38711624/40189363/fraudpolicy_eb86_e.pdf/e2ae80aa-e423-4d7c-a582-c01c1917b427?t=1545052888000

² <https://webapps.ifad.org/members/eb/128/docs/EB-2019-128-R-41-Rev-1.pdf>