

Abu Dhabi's AED55B Pipeline Marks Major Public-Private Funding Expansion

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This report does not constitute a rating action.

Key Takeaways

- Abu Dhabi's UAE dirham (AED) 55 billion public-private partnership (PPP) marks a major expansion of private-sector participation beyond traditional utility projects.
- We think the launch marks a pivot in Abu Dhabi's long-established infrastructure financing model, and forms part of a wider strategy to mobilize private, institutional, and sovereign capital alongside public resources.
- The key challenge will lie in successfully scaling up the established procurement practices, risk-allocation principles, and investor confidence across a much larger infrastructure program.

Abu Dhabi is evolving its proven infrastructure funding model with the launch of a major new public-private partnership (PPP). The program, announced in May 2026, marks one of the largest planned expansions of private-sector participation in infrastructure delivery in the Gulf. It covers 24 projects scheduled for procurement between 2026 and 2027 across transport, core infrastructure, and social infrastructure sectors.

In S&P Global Ratings' view, the program's significance lies more in its strategic implications than its size, because it marks a pivot in Abu Dhabi's long-established infrastructure financing model. Through this venture, the emirate is extending a PPP framework that has been tested primarily in utilities to a much broader range of assets, while simultaneously developing new channels to better mobilize institutional and private capital into infrastructure investment.

We believe the expansion reflects Abu Dhabi's strategy to use private and institutional capital as a complement to public resources, so it can diversify funding sources, broaden investor participation, and transfer selected project risks beyond the public sector. This deliberate policy choice, supported by the emirate's substantial fiscal flexibility, enables Abu Dhabi to expand infrastructure investment while preserving sovereign resources for other strategic priorities.

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Abu Dhabi Is Expanding PPPs Beyond Their Traditional Utility Focus

On May 11, 2026, Abu Dhabi's Investment Office (ADIO) and Abu Dhabi Projects and Infrastructure Centre (ADPIC) launched the new PPP pipeline ahead of the Abu Dhabi Infrastructure Summit 2026. The program comprises 24 projects to be tendered over 2026-2027, with a combined value of UAE dirham (AED) 55 billion (approximately \$15 billion), spanning transport, core infrastructure, and social infrastructure assets, with transport accounting for the largest share of planned investment.

Table 1

Abu Dhabi's pipeline will extend the proven PPP model beyond utility projects

Sector	Allocation	Projects	Scope
Transport	AED35 billion	11	Over 300km of new and upgraded roads, tunnels, intersections, network improvements
Core infrastructure	AED11 billion	5	Dams, water storage, flood control, stormwater drainage, urban landscaping
Social infrastructure	AED9 billion	8	Sports facilities, specialist healthcare assets, schools, university campuses

AED--UAE dirham. km--Kilometers.

The pipeline represents the latest phase in Abu Dhabi's efforts to mobilize private capital for infrastructure delivery while preserving fiscal flexibility. In contrast to earlier PPP activity, which was concentrated in power and water infrastructure projects, the new program applies the model across a broader range of sectors, including roads, flood-control systems, educational facilities, healthcare assets, and sports infrastructure.

The Program Will Help Abu Dhabi Mobilize Capital And Transfer Risk

PPPs are an increasingly key component of a broader infrastructure capital ecosystem for Abu Dhabi. The AED55 billion pipeline emerged as Abu Dhabi was expanding other channels for infrastructure investment, including a planned \$30 billion partnership involving L'IMAD, Abu Dhabi National Oil Company (ADNOC), BlackRock's Global Infrastructure Partners (GIP), and Temasek. L'IMAD, the emirate's newest sovereign investment platform, was established earlier this year amid a wider reorganization of Abu Dhabi's sovereign investment architecture.

These investment initiatives suggest Abu Dhabi is developing multiple channels through which infrastructure can be financed and owned by sovereign, institutional, and private investors. The participation of global investors such as GIP and Temasek also reflects sustained international appetite for the emirate's infrastructure assets, despite heightened regional geopolitical tensions. While the PPP projects are separate from the \$30 billion platform, these ventures all point to a growing emphasis on mobilizing external capital alongside public resources to support long-term infrastructure investment.

In our view, the objective is not simply to secure funding, but to broaden the investor base supporting infrastructure delivery while preserving sovereign capital for other strategic priorities, including economic diversification initiatives, major energy infrastructure investments, and infrastructure resilience.

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Indeed, we believe the PPP model serves a precise and well-understood function within Abu Dhabi's fiscal architecture. Under conventional public procurement, an AED55 billion infrastructure delivery would require an equivalent level of direct sovereign expenditure during the construction period. Yet under design, build, finance, and operate (DBFO) structures, a significant portion of that capital burden is transferred to private sponsors and their project finance lenders, and replaced by long-term payment streams that are smaller in annual value, contingent on performance, more predictable, and ultimately more efficient to manage from a budgetary standpoint. In this sense, we view Abu Dhabi's PPP model not simply as a procurement mechanism, but as a capital-allocation tool that enables the emirate to accelerate infrastructure delivery while retaining greater capital allocation flexibility over time.

The program also reflects Abu Dhabi's increasing use of PPP structures to improve risk transfer and project-delivery efficiency. By bringing private sponsors and project finance lenders into the delivery of these assets, the emirate can transfer construction, design, and long-term operating risks to parties that are better positioned to manage them. As a result, cost overruns and delivery delays--typically retained by the public sector under traditional public procurement--are borne by contractors and project companies rather than the government, while performance-linked payment mechanisms help align incentives between public and private stakeholders throughout the life of the asset.

A Tested Framework Is Being Applied At A Larger Scale

The pipeline program will benefit from financing structures that are already familiar to investors. Abu Dhabi's PPP market is most developed in the power and water sectors, where Emirates Water and Electricity Company (EWEC) has procured independent power and water projects for more than two decades.

Long-term take-or-pay and availability-based arrangements, strong government-backed counterparties, and established risk-allocation frameworks have supported substantial private-sector participation for programs in these sectors, helping mobilize approximately \$28 billion of project investment with average leverage of about 74% over the two decades. These existing structures have also attracted a broad range of international sponsors, lenders, and investors, while some operational assets have subsequently accessed capital markets.

Similar approaches have also been applied in selected social infrastructure projects, including the Zayed City Schools PPP, Khalifa University student accommodation, and Abu Dhabi's LED street-lighting program. While these transactions formed part of a completed PPP portfolio of approximately AED2.4 billion and were significantly smaller than the newly announced AED55 billion pipeline, they provided evidence that Abu Dhabi's PPP framework can be extended beyond the utility sector.

We view this track record as positive, because it reduces execution risk relative to a wholly new procurement model and demonstrates a degree of consistency in structuring and procurement across multiple asset classes.

While the contractual frameworks for the new pipeline have not yet been disclosed, we expect investors will look for features that have underpinned the success of Abu Dhabi's utility PPP program, including predictable cash flows, robust public-sector counterparties, and clearly defined risk allocation. The AED55 billion program therefore represents less a departure from existing practice than a significant expansion in scale and asset diversity.

Investor Confidence Will Be Key To The Program's Success

Procurement, financing structures, and investor participation will determine whether the program is able to scale up successfully. The program's next phase will be the release of project-specific procurement and financing structures. Given the diversity of assets within the pipeline, investors will focus on how construction, operating, and demand risks are allocated across sectors, and whether financing approaches differ between transport, core infrastructure, and social infrastructure projects. These decisions will directly influence project bankability, lender appetite and financing costs.

Abu Dhabi has a track record of attracting private investment into utility infrastructure projects. Its procurement frameworks have benefited from clearly defined risk allocation, highly creditworthy government-linked counterparties, and strong contractual protections and risk-allocation mechanisms. These have historically provided investors with a high degree of revenue visibility and downside protection, attributes that will be increasingly relevant amid the heightened geopolitical and infrastructure security risks due to the Middle East war.

Beyond the utility sector, ADIO has established a demonstrable track record of PPP procurement and delivery through a series of social infrastructure transactions. In our view, the consistency of structuring, procurement, and execution across both EWEC and ADIO-led projects provides evidence of institutional capability and maturity. This could support investor confidence as Abu Dhabi seeks to scale up PPP delivery across a broader and more diverse infrastructure pipeline.

The AED55 billion pipeline was unveiled amid heightened regional geopolitical tensions, and at a time when risks to critical infrastructure, export routes, and broader economic activity remain elevated. Despite the risks associated with the Middle East war, the PPP infrastructure program has so far attracted commitments from global infrastructure investors, including through the recently announced \$30 billion infrastructure partnership involving L'IMAD, ADNOC, GIP, and Singapore's Temasek. This suggests that Abu Dhabi's infrastructure investment framework remains attractive to long-term institutional capital despite the uncertain regional environment.

We believe this confidence reflects investor familiarity with infrastructure frameworks that have already been tested across the emirate's utility sector. For international investors, Abu Dhabi benefits from several structural advantages that are uncommon in many infrastructure markets, including the UAE dirham's peg to the U.S. dollar, which eliminates foreign-exchange risk for dollar-based investors, and a highly creditworthy sovereign environment with a track record of support for strategically important infrastructure assets.

In our view, the willingness of large international institutional investors with extensive experience in global infrastructure markets to commit long-term capital amid the current environment indicates confidence in Abu Dhabi's creditworthiness and the credibility of its procurement structures, government-backed counterparties, and established approach to risk allocation.

Market Capacity Will Determine The Pace Of Project Delivery

The simultaneous procurement of transport, core infrastructure, and social infrastructure assets will test the capacity of contractors, advisers, lenders, and public-sector counterparties to manage a significantly larger and more diverse pipeline than in previous years. While these

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challenges are not unique to Abu Dhabi, they will remain important considerations for project-level risk assessment and investor due diligence.

We expect the principal test will be scalability. Abu Dhabi has previously procured and financed infrastructure projects through its utility PPP program. The larger question is whether public-sector counterparties, contractors, advisers and financing providers can efficiently manage a significantly larger and more diverse pipeline within this relatively compressed timeframe. While delays won't necessarily undermine investor appetite, they could affect project sequencing, procurement timelines, and the pace at which capital is deployed. Phased tendering and effective sequencing of projects will therefore be important in maintaining competitive procurement outcomes, supporting project bankability and preserving investor confidence across the program.

We will also closely watch the role played by private capital. While Abu Dhabi has signaled a desire to attract institutional investors into infrastructure, the participation of infrastructure funds, sovereign investors, and long-term capital providers remains unclear. Their involvement could help determine how quickly the emirate expands its infrastructure investment ecosystem beyond traditional project finance lenders. We think the most likely outcome is a gradual broadening of the investor base rather than a rapid change in the sources of infrastructure capital. Infrastructure funds and other long-term institutional investors are likely to participate alongside traditional project finance lenders as the market develops, helping deepen Abu Dhabi's infrastructure investment ecosystem over time.

Financing structures could also provide an early indication of how Abu Dhabi's infrastructure funding model is evolving. The emirate's utility PPP program has historically relied on nonrecourse bank financing during construction, with some assets then accessing capital markets once operational. At present, it is unclear whether the new generation of transport and social infrastructure PPPs will follow a similar trajectory, or attract greater participation from institutional debt investors and capital markets at an earlier stage. The outcome will help determine whether Abu Dhabi's infrastructure financing ecosystem is expanding not only in scale, but also in funding diversity.

We believe bank financing is likely to remain the primary source of funding during construction, particularly in the early stages of the program. However, some social infrastructure and lower-operational-risk assets may be able to access capital markets at an earlier stage than has typically been the case in the utility sector, reflecting their generally simpler operating profiles and lower operational risk. This could support a gradual increase in participation from institutional debt investors and capital markets over time.

Related Research

- [**Contractual Cash Flow Protection Supports Abu Dhabi-Linked Utilities Projects Amid War, April 14, 2026**](#)
- [**Emirate of Abu Dhabi 'AA/A-1+' Ratings Affirmed; Outlook Stable, March 6, 2026**](#)
- [**On The Rise: How Government-Related Entities Are Shaping Project Finance In The Gulf, March 4, 2025**](#)

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