

ABU DHABI ESTABLISHES A NEW FRAMEWORK FOR ENDOWMENT INSTITUTIONS

Abu Dhabi has introduced a new regulatory framework for establishing and licensing endowment institutions, so that individuals and families can manage their assets and philanthropic activities more effectively.

THE FRAMEWORK

The initiative was spearheaded by the Abu Dhabi Department of Economic Development (ADDED) in partnership with the Endowments and Minors' Funds Management Authority (Awqaf Abu Dhabi), and the new framework allows for the consolidation of various asset classes, such as real estate, shares, and private companies, under a single endowment entity.

The goal is to empower individuals and organisations to participate in philanthropic activities and to contribute to social causes by streamlining the management and strategic planning processes.

WHAT ARE THE CHANGES?

Abu Dhabi has granted legal recognition to a number of different types of endowment, including private (family-owned), charitable and joint endowments. These endowment institutions can manage assets and engage in commercial activities designed to maximise both returns and positive social impact.

In turn, the endowment entities are monitored: required to submit annual reports and subject to oversight by the Endowments Authority to ensure they are legally compliant and following the founder's directives. Approval from Awqaf Abu Dhabi is also required to set up an endowment institution.

IMPACT

The introduction of the framework aligns with Abu Dhabi's push, more generally, towards sustainable development, and we expect to see the region attracting additional investment as a result.

Turning to the impact on UHNW families, the new regulations will allow them to consolidate their assets under one endowment entity, which could assist families with creating a consistent legacy, securing not only the family's finances but also giving the younger generations a sense of responsibility and philanthropic purpose in their investment goals.

Key issues

- The new resolution has been issued to address the establishment and licensing of endowment institutions.
- It builds on existing laws to introduce structured governance for endowment entities.
- The resolution also introduces robust monitoring and supervisory mechanisms.

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