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Mubadala: Forging Development in Abu Dhabi

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ABSTRACT

In 2007, Khaldoon Khalifa Al Mubarak, the CEO of Mubadala Development Company (Mubadala), had every reason to be optimistic about the future of his home, Abu Dhabi, one of the emirates comprising the United Arab Emirates (UAE). The tiny, sandy, and dry emirate with a population of 1.5 million, only 420,000 of whom were citizens, was nestled upon nearly 10% of the world's known reserves of oil and the 4th largest proven reserve of natural gas. With the price of oil doubling every 10 years between 1970 and the 2000s, the state-owned Abu Dhabi National Oil Company (ADNOC) had enjoyed an era of increasing profitability. Another state-owned firm, Abu Dhabi Investment Authority (ADIA), had been investing extra oil revenues outside of the county for more than 30 years, and the intensely secretive organization had amassed assets worth an astonishing—and still rapidly growing—\$500 billion to \$900 billion. A common refrain held that Abu Dhabi nationals could live off of the returns generated by ADIA forever. Some accordingly referred to the emirate as "the richest city in the world." Yet Al Mubarak, trusted advisor to the crown prince Mohamed bin Zayed Al Nahayan, and Mubadala were charged with transforming the economy of the emirate. Many were concerned that Abu Dhabi was in danger of suffering from the so-called "resource curse," as its economy focused on fossil fuels and little else. Not only would Abu Dhabi's economy continue to be subjected to the vagaries of world energy prices, there would be little for its citizens to do. Not everyone could work for ADNOC or ADIA. Not everyone was from one of Abu Dhabi's handful of incredibly wealthy families. To be a developed country, Abu Dhabi needed change. Fortune had already played perhaps too large a role.

KEYWORDS

[Development Economics](#); [Economy](#); [Non-Renewable Energy](#); [Globalization](#); [Leading Change](#); [State Ownership](#); [Diversification](#); [Abu Dhabi](#)

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