



SAARC Development Fund



# 14<sup>th</sup> Round Table Meeting, Thimphu 13<sup>th</sup> March 2019

## Presentation On SAARC Development Fund

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SAARC Development Fund



## SAARC DEVELOPMENT FUND CREATION

SDF has been created in the year 2010, under a Charter ratified by the Parliaments of eight Member States (MS) and its Bye-Laws were approved by the Governing Council of SDF.

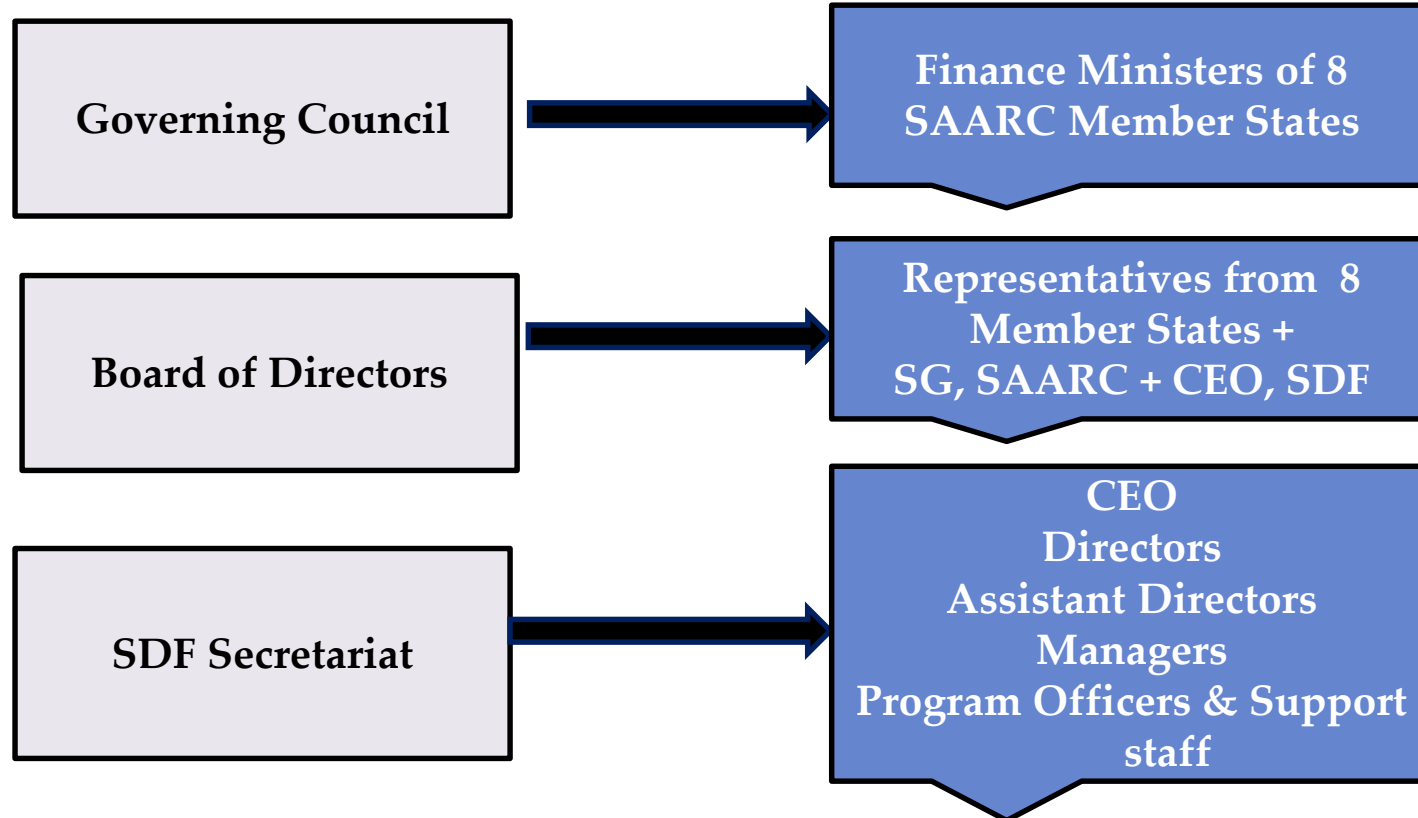


Inaugurated by Heads of SAARC Member States



SAARC Development Fund

## Governance Structure of SDF





## SDF's FOCUS

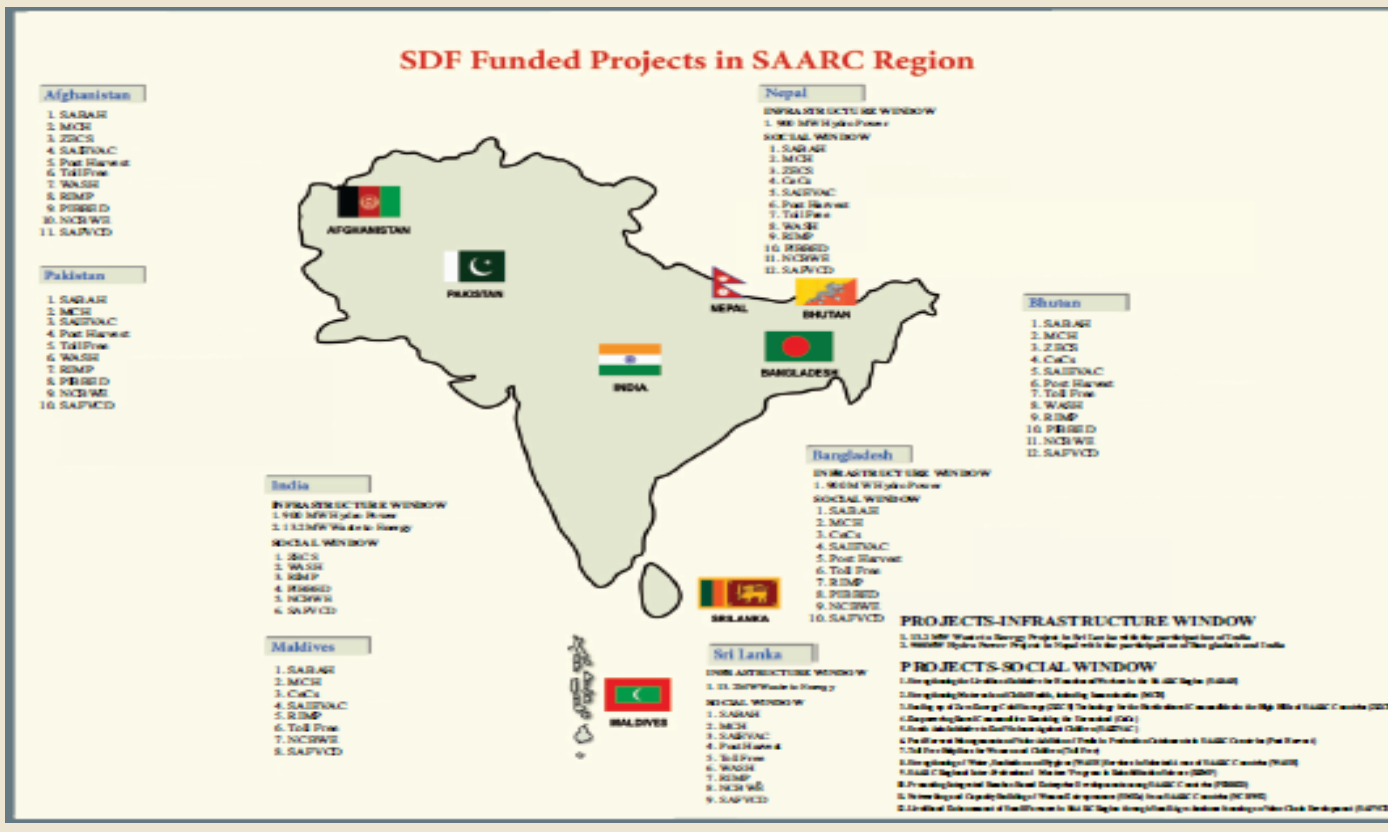
*“Regional Integration through Project Funding & Collaboration”*

### **Mandate of SDF**

1. To promote the welfare of the people of SAARC Region.
2. To improve their quality of life.
3. To accelerate economic growth, social progress and poverty alleviation in the SAARC Region, and
4. To strengthen regional integration and cooperation among the Member States through project collaboration.



## SDF Funded Projects Geographical Representation





## Profile of SDF

S. No	Particulars	Amount (Fig in USD)
1.	SDF Authorized Capital	1.5 Billion
2.	SDF Total Capital Base as on date	507.98 Million
3.	SDF Paid up Capital Contribution from SAARC Member States	297.84 Million
4.	Voluntary Contribution received from Member States	102.04 Million
5.	Interest Earned on an Investment to date	105.73 Million (Gross) 100.97 Million (Net)
6.	Funds Committed	<p>a) <b>Social Window</b> – USD 74.40 million for 12 projects being implemented by 74 Implementing Agencies &amp; Coordinating Agencies across the 8 SAARC Member States.</p> <p>b) <b>E &amp; I Windows</b> – USD 73 Million for the 05 Projects.</p> <p>c) <b>MSME Program</b> - Total fund commitment is USD 50 Mn*.</p> <p>*Projected Figure.</p> <p><b>Total Fund Commitment – USD 197.40 Mn</b></p>
7.	Funds Disbursed	<p>a) Social Windows – USD 47 Million.</p> <p>b) E &amp; I Windows – Funds will be disbursed in the current Year.</p>
8.	Projects Approved in the Year 2018	<p>a) 03 Projects under the E&amp;I Windows were approved under the 30<sup>th</sup> board Meeting of SDF held on 19-20 December 2018 in New Delhi.</p> <p>b) 02 projects under the Social Window were approved under the 4<sup>th</sup> BPAC Meeting held on 17<sup>th</sup> December 2018.</p>



## Capacity Development of SDF

*“SDF has build a capacity to meet all the necessary requirements as a Regional Financial Institution for financing the various cross-border projects through the three windows in the SAARC Member States in the most professional and prudent manner. Various support departments viz Credit/Risk & Investment, Legal, Monitoring & Evaluation, Internal Audit, Information Technology etc have been set-up for the in-depth analysis of the various project proposals from Credit/Risk, Legal and other technical point of views”.*

*To Co-Finance the Cross Border Projects and Fund Mobilization in the SAARC Member States, through the MoUs, SDF has developed the working relationships with :*

1. **The World Bank .**
2. Asian Development Bank. **(ADB)**
3. United Nations Development Program **(UNDP).**
4. The Asian Infrastructure Investment Bank **(AIIB)**
5. Agence Française De Développement **(AFD)**
6. Japan International Cooperation Agency **(JICA)**
7. **UNICEF**
8. Small Industries Development Bank of India **(SIDBI).**
9. **SAARC Bodies like , South Asian University, SAARC CCI, SAARC Arbitration Council etc.**



## Achievements & Future Action Plans

### Achievements during the Year 2018

#### Activation of Economic & Infrastructure Window and MSME Program

Approval on **05 cross border projects** for co-financing. **Total Fund Commitment is USD 123 Mn.**

#### Co-Financing with IFAD & SAC

In-Principal Approval on a Social Window Project to be co-financed with IFAD. **Total Fund commitment is USD 0.6 Mn.**

#### Projects under the Pipeline

Possessing a **strong Pipeline of 05 Cross Border Projects for Co-Financing under the E&I Windows** in the SAARC Member States.

#### Soliciting New Projects and Fund Mobilization

Identification of **10 Project Concept Notes under the E&I Windows** from the SAARC Member States and **Fund Mobilization through CSR** during the “SAARC Development Fund Partnership Conclave” held on July 2-3, 2018 in New Delhi, India.

#### Return on Investments

Interest Earned on an Investment to date – **USD 105.73 Mn (Gross).**

#### Internal Policies

Implementation of the **Credit Policy & Loan pricing Policy for the Co-Financing of the Cross Border projects** with various **Multilateral Development Banks / Regional Financial Institutions** in the SAARC Member States.

#### Project Closures

**In FY 18, Successful completion of 07 Projects** under the Social Window.





## Achievements & Future Action Plans

### Future Action Plans

#### Co-Financing

**Soliciting Cross-Border Projects for Co-Financing** with various **Multilateral Development Banks/ International** or Regional Financial Institutions, Scheduled Commercial Banks etc under the Social, Economic & Infrastructure Windows of SDF in SAARC Member States. Also **Co-Finance the various 'On-Going'** projects with **various MDBs /RFIs/ Banks etc.**

#### Fund Mobilization

Building partnerships with various Multilateral Development Banks/ International or Regional Financial Institutions for **Fund Mobilization (through CSR Funds) and Investments** in SAARC Member States.

#### Line of Credit & Grants

**Availing Line of Credit & Grants** from various Multilateral Development Banks/ International or Regional Financial Institutions for On-Lending the various projects in SAARC Member States.

#### MSME Program

**Disbursements under the approved Micro, Small and Medium Enterprises (MSME) Program** in each SAARC Member States in the current year.

#### Technical Assistance

**Getting Technical Assistance** from various **Multilateral Development Banks/ International or Regional Financial Institutions** on the Concept Development & Project Financing under the two major programs running at SDF viz **Social Enterprises Development Program (SEDP)** and **Micro, Small and Medium Enterprises (MSME) Program** at SDF .

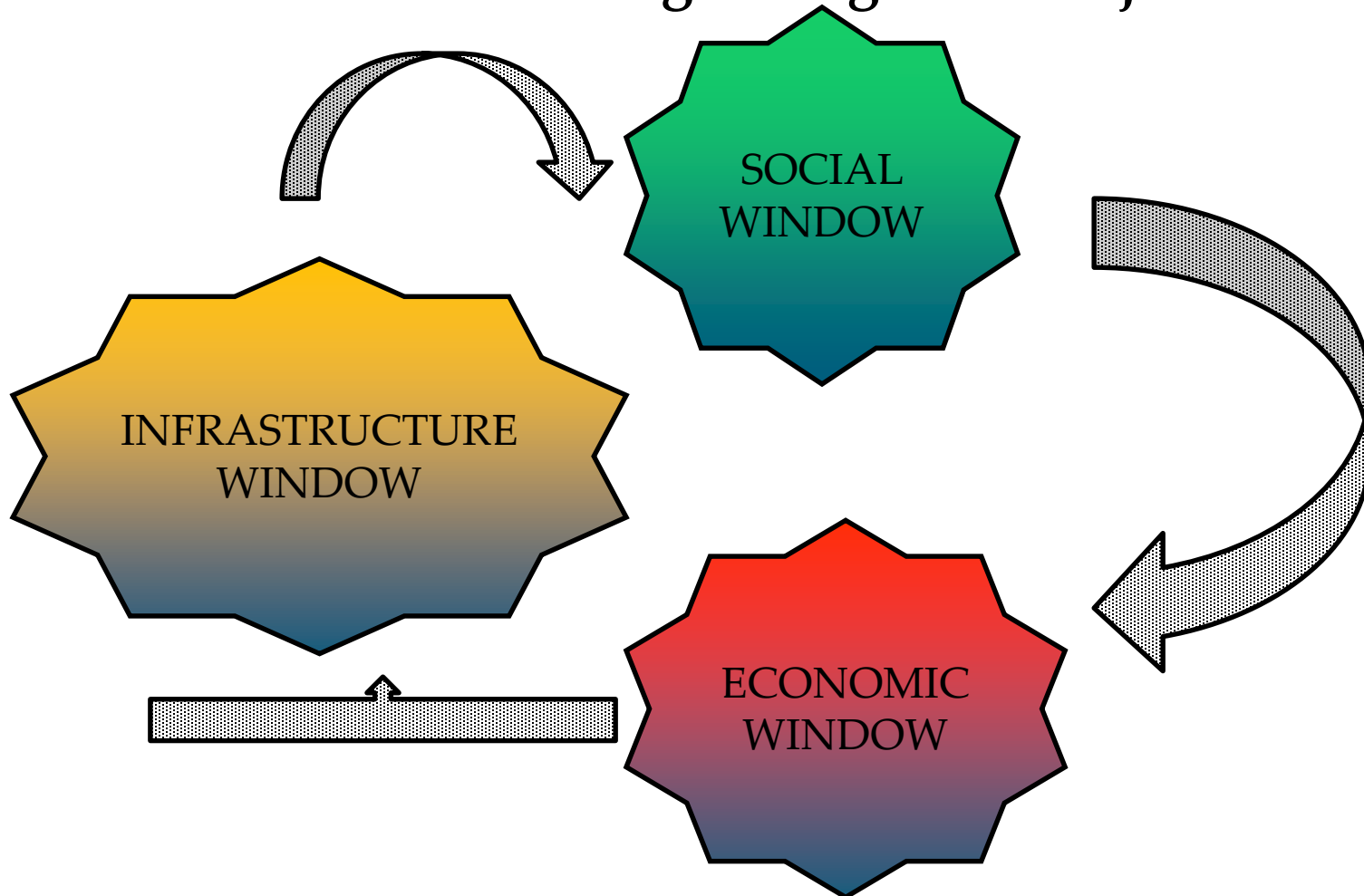
#### Credit Rating of SDF

Building a **Quality Credit Portfolio** through Project Financing in SAARC Member States and get **SDF rated by International reputed Rating Agencies.**



SAARC Development Fund

## SDF Role -Funding of Regional Projects





## SDF's Funding Windows

### Focus Areas of Funding Windows :-

1. Focus Areas under the **Social Window** are poverty alleviation, social development focusing on education; health; human resources development; support to vulnerable/disadvantaged segments of the society; funding needs of communities, micro-enterprises, rural infrastructure development.
2. Focus Areas under the **Economic Window** are trade and industrial development, agriculture, service sectors, science and technology, and in other non-infrastructure areas.
3. Focus Areas under the **Infrastructure Window** energy, power, transportation, telecommunications, environment, tourism, and other infrastructure areas.



## SDF's Funding Windows – Eligibility Criteria

### Social Window

- a) involves **at least three or more than three SAARC Member States**,
- b) implementing and executing the projects of **significant Social development focusing the thrust areas** under the Social Window
- c) The financing through this window is in the form of Grant plus Loan combination or Grant (on case-to-case basis) under the **Co-Finance (50%) with the other Financial Institutions**, Donor Agencies, International Development Funds, Implementing Agencies etc in the SAARC Member States which are having minimum 5 years of relevant experience .

### Economic & Infrastructure Windows

- a) involves **at least two or more than two SAARC Member States**, or projects located in one or more SAARC Member States, of significant economic interest for two or more SAARC Member States are eligible under both these windows.
- b) The loans under the two windows can be extended on **100% secured basis** to private sector, public sector and autonomous bodies.
- c) SDF will be **co-lending (without taking a lead institution role) with local financial institutions/banks/** other Regional Financial Institutions/ any other Funding organization in the SAARC Member States.



## Social Window

### Existing Projects Funded in Social Window

- a) Projects Approved – 12
- b) Fund Committed – USD 73.74 Million
- c) Fund Disbursed – USD 46.75 Million
- d) Total Projects Completed and Projects closed - 07
- e) Impact Evaluation for the Social Window Project is under progress.
- f) Social Window Strategy Paper is being currently under the process of finalization.



## Status of Projects at SAARC Development Fund

SI No	Description of Project	Member State of Origination	Participating Member States	Loan Amount (USD Million)	Sovereign/ Non Sovereign/ Grant	Status
<b>Economic &amp; Infrastructure Windows and MSME Program</b>						
1	Purchase of new ATR aircraft for Drukair Corporation under sovereign guarantee extended by the Royal Government of Bhutan	Bhutan	Bangladesh, India and Nepal	13	Sovereign	Approved
2	37MW Upper Trishuli Hydroelectric power plant for the SPV- TrishuliJalVidyut Company Ltd with SDF financing up to USD 15 million.	Nepal	India	15	Sovereign	Approved
3	Proposal to finance Government of Nepal for onward lending to Nepal Electricity Authority (NEA) for Expansion of Koshi Corridor 220 kV Transmission Line Project being extended to the Government of Nepal	Nepal	India	15	Non Sovereign	Approved
4	900 MW GMR Upper Karnali Hydropower Project in Nepal	Nepal	India	15	Non Sovereign	In-principle Approved
5	13.2 MW Waste to Energy Project of Fairway Waste Management Private Limited in Sri Lanka	Sri Lanka	India	15	Non Sovereign	In-principle Approved
6	MSME Program	ALL SAARC MEMBER STATES		50		Program Approved
<b>TOTAL FUND COMMITMENT</b>				<b>123</b>		



## Status of Projects at SAARC Development Fund

<b>SOCIAL WINDOW PROJECTS</b>						
SI No	Description of Project	Member State of Origination	Participating Member States	Loan Amount (USD Million)	Sovereign/ Non Sovereign/ Grant	Status
1	Strengthening the livelihood initiative for home based workers in SAARC Region	SEWA, Ahmedabad, India	All SAARC Member States	21.07	Grant	Closed except Phase II for Bangladesh, Maldives, Sri Lanka
2	Strengthening Maternal and Child Health Including Immunization	HLL Lifecare Ltd, India	All SAARC Member States	15.03	Grant	Closed except for Pakistan
3	Scaling up of Zero Energy Cold Storage (ZECs) technology for the horticultural commodities in the high hills of SAARC countries	Nepalese Farming Institute, Nepal	Afghanistan, Bhutan, India and Nepal	3.38	Grant	Closed
4	Empowering Rural Communities : Reaching the Unreached	Ministry of Information Communication, Bhutan	Bangladesh, Bhutan, Maldives and Nepal	7.93	Grant	Closed
5	South Asia Initiative to End Violence Against Children (SAIEVAC)	SAARC Secretariat, Nepal	All SAARC Member States except India	2.60	Grant	Closed
6	Post- Harvest Management and Value Addition of Fruits in Production Catchments in SAARC Countries	SAARC Secretariat, Nepal	All SAARC Member States except India	4.97	Grant	Closed



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SI No	Description of Project	Member State of Origination	Participating Member States	Loan Amount (USD Million)	Sovereign/ Non Sovereign/ Grant	Status
7	Regional Inter-professional Master's Program in Rehabilitation Science	Center for Rehabilitation of Paralyzed (CRP), Bangladesh	Bangladesh	1.50	Grant	Active
8	Toll Free Helplines for Women and Children in SAARC Member States	SAARC Secretariat, Nepal	All SAARC Member States except India	4.00	Grant	Active
9	Strengthening of Water, Sanitation and Hygiene (WASH) services in selected areas of SAARC Countries	SEWA, Ahmedabad, India	Afghanistan, Bhutan, India, Nepal, Pakistan and Sri Lanka	6.29	Grant	Closed except for Nepal and Pakistan
10	Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries	Foundation for MSME Clusters (FMC), India	Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan	4.38	Grant (Co-funding)	Active
11	Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries	Pakistan Science Foundation, Islamabad, Pakistan	All SAARC Member States	0.73	Grant	Active
12	Livelihood enhancement of small farmers in SAARC region through small agro-business focusing on value chain development	SAARC Agriculture Centre & CIRDAP, Bangladesh	All SAARC Member States	1.81	Grant (Co-funding)	Active





## Status of Projects at SAARC Development Fund

SI No	Description of Project	Member State of Origination	Participating Member States	Loan Amount (USD Million)	Sovereign/ Non Sovereign/ Grant	Status
<b>Social Window (New projects)</b>						
1	SAARC B2B and E-Commerce Trade Portal	SAARC Chamber of Commerce and Industry	All SAARC Member States	0.11	Grant (Co-funding)	In-principle Approved
2	Consortium for Scaling Up Climate Smart Agriculture in South Asia	International Fund for Agricultural Development (IFAD), Delhi Office.	Bhutan, Pakistan and Sri Lanka	0.60	Grant (Co-funding)	In-principle Approved
<b>Total Fund Commitment under Social Window</b>				<b>74.40</b>		
<b>Total Fund Commitment under E&amp;I and Social Windows and MSM Program</b>				<b>197.40</b>		



## OTHER DEPARTMENTAL ACTIVITIES

S.No	Departments	Activities
1.	Administration and Finance	a) Audit and Budget activities b) Administration and HR activities
2.	Credit/Risk & Investment	a) Credit Appraisal in Project Financing b) Risk Management activities under the Project Financing c) Investment activities
3.	Legal	a) Contract Management b) Legal Opinions & Advises c) Legal Documentations & Policy Documents d) Recovery Mechanism
4.	Monitoring & Evaluation	Project M&E activities and Impact Evaluations
5.	Internal Audit	Internal Audit of projects and Internal Audit of SDF
6.	Communication and Knowledge Management	a) Communication activities and Media outreach b) Knowledge base Data Management
7.	Information Technology	All IT related activities at SDF



## Major Focus Areas

For the Strategic Growth in the South Asia region through “Project Collaboration and Regional Integration”, the main focus areas are –

- **Soliciting Cross-Border Projects for Co-Financing with various MDBS, International / Regional Financial Institutions etc , under the Social, Economic & Infrastructure Windows of SDF in the SAARC Member States.**
- **Building partnerships with various various MDBS, International / Regional Financial Institutions etc for Fund Mobilization and Investments in the SAARC Member States.**



SAARC Development Fund

## Contact Us

**For any further clarifications or details , kindly contact with :-**

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**THANK YOU**