



SAARC Development Fund



**PRESENTATION**  
**BY**  
**SAARC DEVELOPMENT FUND at FICCI**  
**December 15<sup>th</sup> , 2017**  
**New Delhi**



SAARC Development Fund



## SAARC DEVELOPMENT FUND CREATION

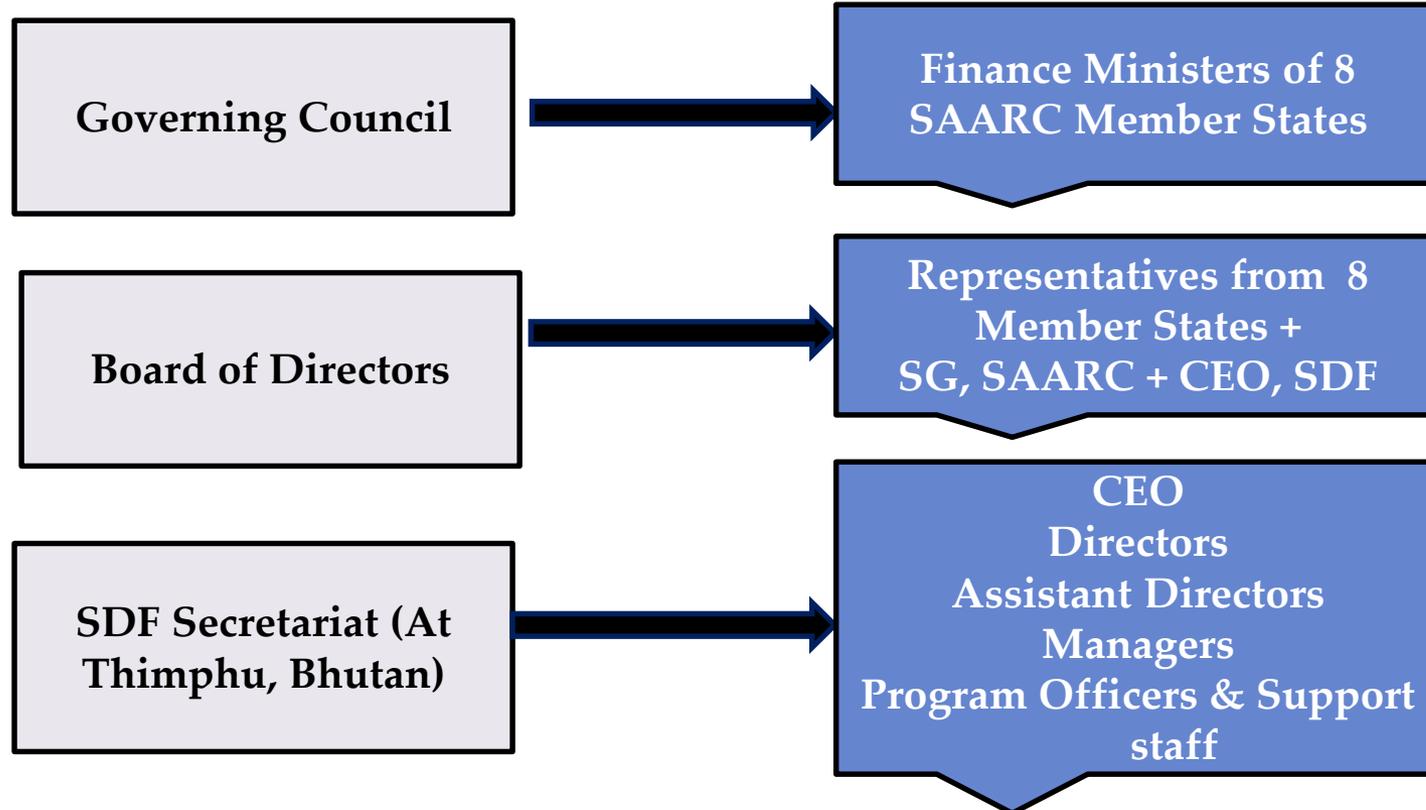
SDF has been created in the year 2010, under a Charter ratified by the Parliaments of eight Member States (MS) and its Bye-Laws were approved by the Governing Council of SDF.



Inaugurated by Heads of SAARC Member States

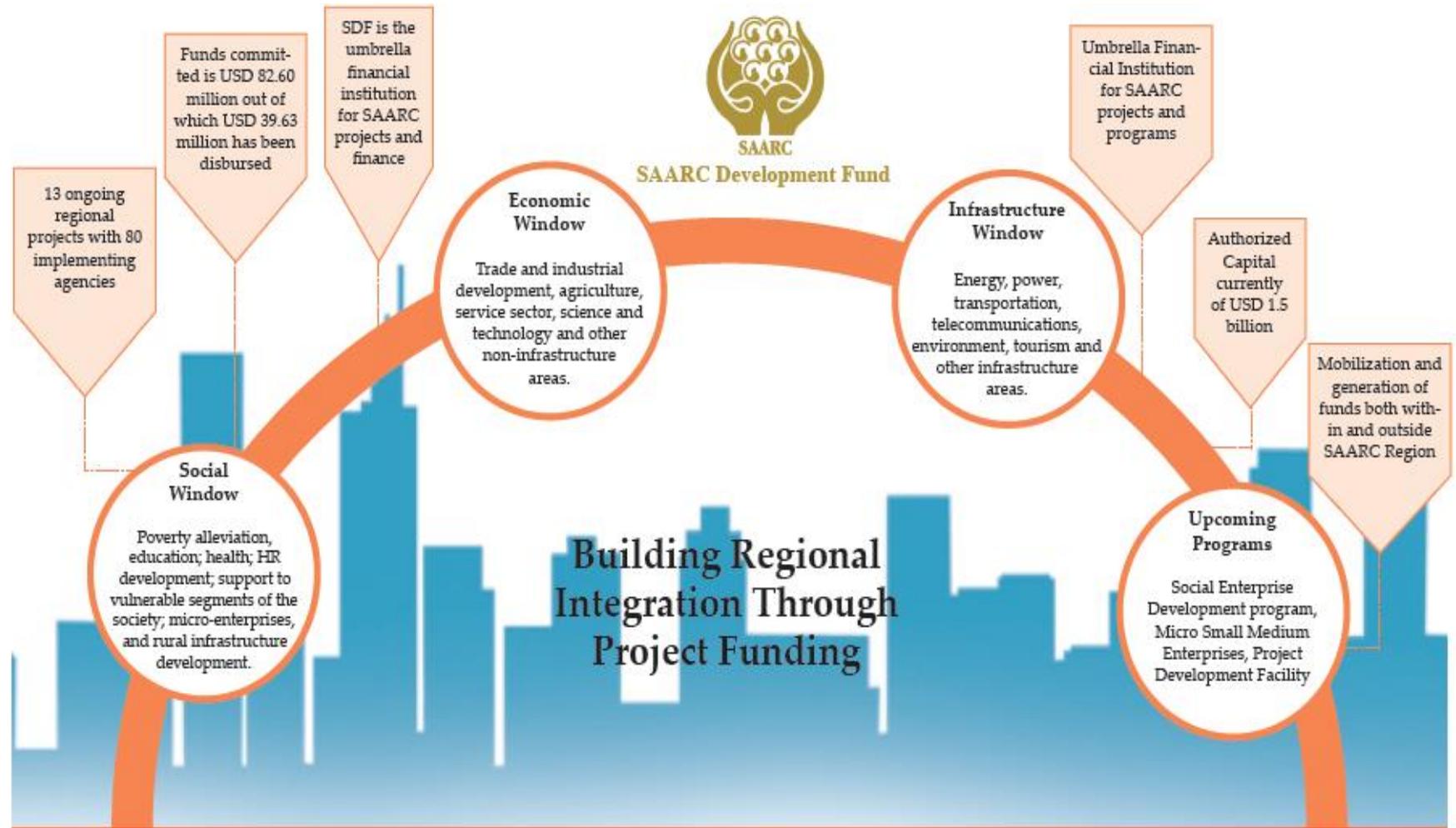


## Organization Structure of SDF

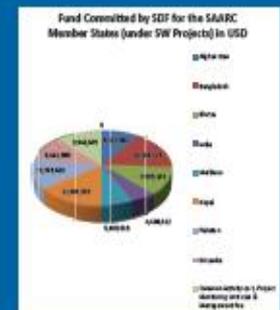
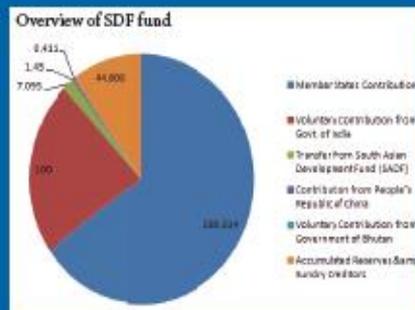




## SAARC Development Fund



# Building Regional Integration Through Project Funding





## 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 STRATEGIC PARTNERS AND COUNTERPART AGENCIES

1. Counterpart Agencies are the focal point of SDF appointed by the Ministry of Finance of SAARC Member States.
2. The World Bank.
3. Asian Development Bank (ADB).
4. United Nations Development Program (UNDP).
5. UNCIEF.
6. Small Industries Development Bank of India (SIDBI).
7. SAARC Secretariat., Kathmandu, Nepal.
8. SAARC Chamber of Commerce & Industry.
9. South Asian University (SAU).
10. SAARC Arbitration Council (SAC).



## STRATEGIC ADVANTAGES OF SDF

1. Umbrella Financial Institution for SAARC projects and programs.
2. Funding priority regional projects.
3. Bring synergies of eight Member States.
4. Sharing of regional best practices.
5. Can identify and develop regional programs/projects.
6. Governing Council consists of Finance Ministers of SAARC Member States.
7. Board of Directors comprise the senior officials representing Finance Ministries of Member States.
8. A number of projects being implemented along with different ministries of SAARC Member States.
9. Collaboration with multilateral organizations such as the UN agencies, World Bank Group, ADB, NDB, AIIB, etc.



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## SDF's Funding Windows

### SOCIAL WINDOW

GRANT under 50:50 partnership with the Implementing Agencies.



### ECONOMIC & INFRASTRUCTURE WINDOWS

100% Secured Loans under Co-Financing mode.





## EFFORTS FOR COLLABORATION WITH MULTILATERAL ORGANIZATIONS

CEO SDF has been working for collaboration and co operation arrangements with the international institutions, multilateral organizations to achieve the following objectives :

Co funding , Refinancing of projects to achieve SDG targets.

1. Fund mobilisation.
2. SDF has to be positioned as a Catalyst/Facilitator for SAARC region in collaboration with international FIs and Multilateral Banks/Organizations.
3. Achieve objectives of Regional co operation and Integration.
4. Strengthening SDF Secretariat including HR Development.



## EFFORTS FOR COLLOBARATION WITH MULTILATERAL ORGANISATIONS

### MOU executed

1. Asian Development Bank (ADB)
2. The World Bank
3. UNICEF
4. UNDP
5. SAARC Arbitration Council (SAC)
6. SIDBI- Small Industries Development Bank of India (SIDBI)
7. South Asian University (SAU)
8. SAARC Chamber of Commerce & Industry (SCCI)



### MOU to be signed in near future

1. Asian Infrastructure & Investment Bank
2. New Development Bank (NDB)
3. European Investment Bank (EIB)
4. Japan International Cooperation Agency
5. Exim Bank





## SOLICITING COLLOBARATION

1. Increased co-operation among development agencies.
2. Common programs.
3. Co-operation and trust among countries.
4. Catalyzing private sector investment.
5. Innovative solutions required for inclusive, sustainable and equitable development.
6. Common fund for project funding.
7. Thematic funds.
8. Co-funding of projects.
9. SDF to act as catalytic institution for channelizing funding.



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# PRESENTATION

On

# FINANCE & ACCOUNTS

December 15, 2017



## SDF's CORPUS AND FUND STATUS

1. Authorized capital of USD 1.50 billion.
2. Supported by 8 SAARC Member States by way of capital and voluntary contributions.
3. SDF has received a total fund of US\$ 488.172 million, consisting of US\$ 297.835 million as capital subscription.
4. Mobilization and generation of funds both within and outside SAARC region.
5. Permitted to obtain technical and/or financial support from UN agencies, multilateral/regional and other non –regional partners.



## ACCOUNTS & AUDIT

1. Accounts are maintained in USD as Functional Currency. Special Drawing Rights (SDR) is the reporting currency.
2. IFRS Based Financial Statements.
3. The Financial Statement of the Fund shall be audited by internationally reputed certified Chartered Accountant, as approved by the Governing Council.
4. Current Statutory Auditor – Deloitte, Haskins & Sells, Kolkata, India.



## FUND MOBILIZATION

1. Current Scenario – FD/TD with BFIs within SAARC MS
2. FD Size – USD 489.00 Million

### **Focus Areas for fund Mobilization**

1. Co-Financing with Development Banks, Financial Institutions, Banks, Infrastructure Companies or any other financial organization in the SAARC member States.
2. Line of Credit from the various Banks/ FIs aiming towards lending to Social Development and MSME sectors in the SAARC Member States.
3. To mobilize the funds through Corporate Social Responsibility (CSR).
4. To approach the Capital Market and invest in the High Return structured products including treasury/sovereign bonds.



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# Social Window Projects





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## SDF's Funding Mode



### SOCIAL WINDOW

1. GRANT under 50:50 partnership with the Implementing Agencies.



## FOCUS AREAS UNDER SOCIAL WINDOW

1. Poverty alleviation.
2. Education.
3. Health.
4. Human Resource Development.
5. Support to vulnerable / disadvantaged segments of society.
6. Funding needs of communities, micro enterprises.
7. Rural Infrastructure Development.
8. Projects in line with the regional consensus.



## ELIGIBILITY CRITERIA FOR FUNDING OF PROJECTS

- 1. Contribution** : The proponent/ IA should contribute/co-finance a 50% of total budget in the form of cash or kind or combination of both.
- 2. Participation of SAARC Member States** : At least have 3 or more SAARC Countries participating in the proposed project.
- 3. Implementing Agency** : The proponent/ Implementing Agency should be registered in any of the SAARC Member States having experience of working continuously for minimum of 5 years in the relevant field with a commitment of co-financing (if NGO/private sectors/agencies).



## CURRENT STATUS OF SDF FUNDED SOCIAL WINDOW PROJECTS

1. Ongoing projects – 11 projects.
2. Projects in pipeline – 1 project.
3. 80 Implementing Agencies and Lead Implementing Agencies.
4. Total commitment by SDF – USD 73.55 million.
5. Funds disbursed as on date – USD 45.46 million.

SL. No.	Name of Project	Proponent of the project/Country	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	Miscellaneous	Total (SDF Commitment)	Co-funding
			US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
<b>On-Going Projects:</b>													
1	Strengthening the livelihood initiative for homebased workers in SAARC Region	SEWA, Ahmedabad, India	2,190,726	2,200,500	2,074,057	-	2,233,890	2,335,105	2,218,464	2,339,283	5,483,796	21,075,821	-
2	Strengthening Maternal and Child Health Including Immunization	HLL Lifecare Ltd, India	2,072,257	3,315,275	1,172,875	-	1,141,916	2,072,257	2,072,257	2,432,611	759,781	15,039,229	-
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	737,998	-	517,459	557,871	-	682,776	-	-	884,841	3,380,945	-
4	Empowering Rural Communities : Reaching the Unreached	Ministry of Information Communication, Bhutan	-	1,348,074	2,533,371	-	1,892,607	1,933,069	-	-	231,214	7,938,335	-
5	South Asia Initiative to End Violence Against Children (SAIEVAC)	SAARC Secretariat, Nepal	241,000	345,000	197,500	-	191,500	289,500	341,500	291,500	702,500	2,600,000	-
6	Post Harvest Management and Value Addition of Fruits in Production Catchments in SAARC Countries	SAARC Secretariat, Nepal	727,500	873,000	582,000	-	-	727,500	873,000	727,500	468,575	4,979,075	-
7	Regional Inter-professional Master's Program in Rehabilitation Science	Center for Rehabilitation of Paralysed (CRP), Bangladesh	-	1,500,000	-	-	-	-	-	-	-	1,500,000	-
8	Toll Free Helplines for Women and Children in SAARC Member States	SAARC Secretariat, Nepal	437,950	547,200	328,700	-	328,700	437,950	547,200	437,950	934,350	4,000,000	-
9	Strengthening of Water, Sanitation and Hygiene (WASH) services in selected areas of SAARC Countries	SEWA, Ahmedabad, India	955,509	-	566,885	1,499,789	-	1,122,523	975,462	940,544	237,695	6,298,408	-
10	Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries <b>(Note-1)</b>	Foundation for MSME Clusters (FMC), India	749,004	695,950	597,195	790,762	-	640,400	671,176	-	243,897	4,388,384	733,458
11	Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries	Pakistan Science Foundation, Islamabad, Pakistan	80,000	80,000	50,000	80,000	80,000	80,000	200,000	80,000	-	730,000	-
	<b>Sub-Total</b>		<b>8,191,944</b>	<b>10,904,999</b>	<b>8,620,042</b>	<b>2,928,422</b>	<b>5,868,613</b>	<b>10,321,080</b>	<b>7,899,059</b>	<b>7,249,388</b>	<b>9,946,649</b>	<b>71,930,197</b>	<b>733,458</b>
<b>Pipeline Projects:</b>													
12	Livelihood enhancement of small farmers in SAARC region through small agro-business focusing on value chain development	SAARC Agriculture Centre & CIRDAP, Bnagladesh	185,956	184,314	185,197	185,348	186,600	186,157	187,866	185,956	135,233	1,622,627	-
	<b>Sub-Total</b>		<b>185,956</b>	<b>184,314</b>	<b>185,197</b>	<b>185,348</b>	<b>186,600</b>	<b>186,157</b>	<b>187,866</b>	<b>185,956</b>	<b>135,233</b>	<b>1,622,627</b>	<b>-</b>
	<b>Grand-Total</b>		<b>8,377,900</b>	<b>11,089,313</b>	<b>8,805,239</b>	<b>3,113,770</b>	<b>6,055,213</b>	<b>10,507,237</b>	<b>8,086,925</b>	<b>7,435,344</b>		<b>73,552,824</b>	<b>733,458</b>



## SDF Funded Projects in SAARC Region

### Afghanistan

- SABAH
- MCH
- ZECs
- SAIEVAC
- Post Harvest Management
- Toll Free Helplines for Women & Children
- WASH
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Bamboo Based Enterprise Development
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries

### Pakistan

- SABAH
- MCH
- SAIEVAC
- Post Harvest Management
- Toll Free Helplines for Women & Children
- WASH
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Bamboo Based Enterprise Development
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries
- Economic Empowerment of Women through Energy Access.
- Support to Value Chain, Entrepreneurship and Skill Development.

### India

- ZECs
- WASH
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Bamboo Based Enterprise Development
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries
- Support to Value Chain, Entrepreneurship and Skill Development.

### Maldives

- SABAH
- MCH
- CeCs
- SAIEVAC
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Toll Free Helplines for Women & Children
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries

### Nepal

- SABAH
- MCH
- ZECs
- CeCs
- SAIEVAC
- Post Harvest Management
- Toll Free Helplines for Women & Children
- WASH
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Bamboo Based Enterprise Development
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries
- Economic Empowerment of Women through Energy Access.
- Support to Value Chain, Entrepreneurship and Skill Development.

### Bhutan

- SABAH
- MCH
- ZECs
- CeCs
- SAIEVAC
- Post Harvest Management
- Toll Free Helplines for Women & Children
- WASH
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Bamboo Based Enterprise Development
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries
- Economic Empowerment of Women through Energy Access.
- Support to Value Chain, Entrepreneurship and Skill Development.

### Bangladesh

- SABAH
- MCH
- CeCs
- SAIEVAC
- Post Harvest Management
- Toll Free Helplines for Women & Children
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Bamboo Based Enterprise Development
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries
- Economic Empowerment of Women through Energy Access.
- Support to Value Chain, Entrepreneurship and Skill Development.

### Sri Lanka

- SABAH
- MCH
- SAIEVAC
- Post Harvest Management
- Toll Free Helplines for Women & Children
- WASH
- SAARC Regional Inter-Professional Master's Program in Rehabilitation Science
- Networking and capacity building of women entrepreneurs (SMEs) from SAARC Countries
- Support to Value Chain, Entrepreneurship and Skill Development.



# SOCIAL WINDOW-ONGOING ACTIVITIES



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**Inauguration of the Malalai Maternity Hospital SNCU ward by SDF Funded project  
MCH-Afghanistan Component**



**Community Centre under Senggey Gewog, Sarpang Dzongkhag.  
Community monk availing services from Community Centre**

# SOCIAL WINDOW-ONGOING ACTIVITIES



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**Empowering Home-based Workers of the SAARC Region through SDF funded project  
"SABAH"**

# SOCIAL WINDOW-ONGOING ACTIVITIES



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**International Hostel under SDF funded project “Regional Professional Masters Program in Rehabilitation Science” is near completion (Bangladesh)**



**Monitoring of Water Infrastructure Development and Documentation of WASH Activities in Yoeseltse and Phuntshopelri Gewogs in Samtse, Bhutan**



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# PRESENTATION

## ON

# ECONOMIC AND INFRASTRUCTURE WINDOWS



## Economic & Infrastructure Windows with Focus Areas

SDF has three funding windows viz. Social Window , Economic Window and Infrastructure Window.

Under Economic & Infrastructure Windows , SDF focuses on financing projects pertaining to following sectors –

### **Economic Window:**

- (a) Trade, (b) Agriculture and allied value additions, (c) Industry / Manufacturing,
- (d) Micro Irrigation, (e) Any other sectors.

### **Infrastructure Window:**

- (a) Renewable energy, (b) Water harvesting, (c) Forestry, (d) Tourism, (e) Climate change, and (f) ICT ,(g) Any other sectors.



## Co – Financing of Economic and Infrastructure Projects

- SDF shall Co-finance projects under the E&I Windows with various agencies like commercial banks, regional financial institutions, or the other similar type of organization
- The Infrastructure Window shall finance projects in collaboration with national, regional and international agencies to maximize development impact.
- SDF shall conduct the project appraisal under its robust internal appraisal process - however SDF shall also rely on due diligence of the lead banker/local/ regional financial institutions and their market reports.



## Eligibility Criteria

### Eligibility Criteria for Economic & Infrastructure Projects

Projects/programs involving any one or more than one SAARC Member State with the direct benefit going to more than one Member State

1. **Funding Exposure** - SDF will consider the projects (equity 25% minimum, loan 75% maximum) with the SDF's contribution of maximum 75% of the total project cost and maximum implementation period of 5 years with 2 years of grace period for repayment;
2. **Loan Pricing** – Pricing of the SDF funding E&I windows will be near to the opportunity cost of the funding / weighted average rate of at least 3 member states;
3. **Funding Structure** – 100% Secured Loan under Co-Financing mode.



## Terms and Condition of Loan

**Provision of Currency:** SDF shall finance in international currencies, mainly in USD as well as in local currencies of Member States. The local currency loan rates would be considered on a project to project basis based upon the market rates, opportunity cost and other factors.

**DER :** Maximum 3:1; Promoter's contribution: min 25%

**Tenor :** Maximum 7 years (including grace period of maximum 2 years)

**Rate of interest :** Pricing of the SDF funding E&I windows will be near to the opportunity cost of the funding / weighted average rate of at least 3 member states.

**Charges:** Appraisal fee/Up-front fee/Commitment Fee/Documentation fee apply as per Policy Guidelines for Economic and Infrastructure Windows of SDF.

For Economic and Infrastructure projects being co-funded with other banks/FIs, lending norms of the lead banker can be applied.



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## LAUNCHING OF CO-FINANCING OF MICRO SMALL MEDIUM ENTERPRISES PROGRAM IN SAARC MEMBER STATES

1. SDF is in the process of launching its MSME program in order to upgrade Micro Small Medium Enterprises in the SAARC region by providing line of credit.
2. SDF would create access to financial services which can in-turn boost job creation, raise income, reduce vulnerability and increase investments in human capital in SAARC Member states.

### **Objective:**

Considering limited resources of the SDF , Co Financing under MSME programme is strategically advantageous.



SDF can be positioned as a REGIONAL FUNDING INSTITUTION for funding MSME Sector in SAARC Member States.



# Social Enterprise Development Program (SEDP)



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## AIM

❖ To promote sustainable Social Enterprise business models that will have positive impact on the vulnerable people at the base of the pyramid, contributing towards eradication of poverty and empowerment of communities for a better future in the regions.

## OBJECTIVE

❖ To identify and support highly innovative social enterprises in the SAARC region with the potential to scale and expand to different geographies.

# Analysis : Social Enterprise in SAARC Region

Afghanistan	Bangladesh	Bhutan	Nepal	Maldives	Pakistan	Sri Lanka
						
<ul style="list-style-type: none"> <li>SE is a relatively <b>new concept</b></li> <li>Not-for-profits SEs in agriculture and healthcare sector</li> <li>For-profit models are more common in the renewable energy sector</li> </ul>	<ul style="list-style-type: none"> <li>Concept of SE is <b>well developed and recognized</b></li> <li>BRAC and Grameen key players and enablers</li> <li>Many SEs operating as not-for-profits</li> </ul>	<ul style="list-style-type: none"> <li>SE is a <b>new concept</b> and activity is very nascent</li> <li>A small number of private enterprises and very few not-for-profits as SEs</li> <li>Government aims to promote social entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>SE is a relatively <b>new concept</b></li> <li>For-profit focus, especially in the agriculture and renewable energy sectors</li> <li>Health sector has few successful cases of not-for-profit models of SEs</li> </ul>	<ul style="list-style-type: none"> <li>SE is a <b>new concept</b> and activity is very nascent</li> <li>Most of the needs of the BOP are catered to by the government or NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Concept of SE is <b>well established with increasing activity</b></li> <li>Both for-profit and not-for-profit SEs emerging across impact sectors</li> <li>High presence of NGO in healthcare</li> </ul>	<ul style="list-style-type: none"> <li>SE is a relatively <b>new concept</b></li> <li>SE are gradually moving from traditional not-for-profits to sustainable models as the donor/ grant aid is dwindling'</li> </ul>
<b>Common Business models</b>						
Not-for-profits	Not-for-profits	Limited SE activity	<b>Both for-profit and not-for-profits</b>	Limited SE activity	<b>For-profit and not-for-profit</b>	Not-for-profits
<b>High presence of SEs in sectors</b>						
Agriculture	Agriculture	Limited SE activity	<b>Healthcare Renewable Energy</b>	Limited SE activity	<b>Healthcare</b>	Agriculture



## **SE operating in the following areas:**

- Agribusiness
- Health Care and
- Renewable Energy



**Stage 1 - Identifying and supporting for sustainability (grant funded)**

- Capacity Building
- Common services
- Returnable Grant - in the form of working capital (inventory finance) etc.

**Stage 2 - Growth (grant and returnable capital)**

- Concessional loans
- Grants for capacity building



Fund about 10 SEs annually in each of the SAARC countries.  
A total of about 400 SEs at the end of 5 years in all the SAARC countries.

## Knowledge Partner

The program will be undertaken with the WBG as the knowledge partner.



## Project Submission

Concept Note along with Detailed Project Report (DPR) of potential projects qualifying the SDF eligibility criteria can be submitted or emailed to CEO, SDF at the following address:

SAARC Development Fund  
3<sup>rd</sup> Floor, BDBL Building, Norzin Lam  
Thimphu 11001, Bhutan  
Phone No +975-2-321152/53  
[info@sdfsec.org](mailto:info@sdfsec.org)  
[zeeshan@sdfsec.org](mailto:zeeshan@sdfsec.org) (For E&I Windows)  
[dorji@sdfsec.org](mailto:dorji@sdfsec.org) (For SEDP)  
  
[www.sdfsec.org](http://www.sdfsec.org)





## ELIGIBILITY CRITERIA

<b>Focus</b>	<i>“To strengthen the Credit Portfolio of SDF and implementing the robust RISK Management practices adhering towards the international lending norms”.</i>
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## CREDIT PROCESS

<b>Credit Management</b>	Credit process begins with the business development and ends with repayment of the last and final installment .
	(A) Pre-sanction and Appraisal . (B) Documentation and Security Creation . (C) Disbursement, repayment etc . (D) Follow-up and monitoring.



## FINANCING STRUCTURE

### Co-Financing & Collaboration

1. Under the Economic and Infrastructure Windows, the funding structure will be the Co-Financing.
2. SDF will also be involved in financing the various projects in the SAARC region by availing on-lending /Line of Credit facilities from the various Financial Institutions, RDBs or Banks.

## ADVANTAGES OF CO-FINANCING & COLLABORATION

1. **Bankable Projects** : The Credit would be extended to the bankable projects.
2. **Robust Credit & Risk Appraisal** : Joint Credit Appraisal will lead to 360° analysis of a Project Proposal, better Risk Management and framing the legal documentation as per prevailing law in the respective SAARC Member state.
3. **Exposure Caps**: The funding will remain within the prescribed Exposure Caps of the respective Co-Funders.
4. **Strategic Growth** : Co-Financing will lead towards the Strategic growth in SAARC region.
5. **Credit Portfolio** : Through financing collaboration, SDF is planning to build a strong and sound credit portfolio in SAARC Member States .



## CREDIT APPRAISAL & RISK MANAGEMENT

### CREDIT APPRAISAL

#### **Business or Economic Assessment**

To understand the Business Model, Industry Profile, Country Conditions, Sustainability Plans.

#### **Technical Assessment**

To understand the Management Expertise, Technical Know-How, Market Feasibility.

#### **Financial Assessment**

To analyze the Financial Statements, Ratio Analysis, Bank Management.

#### **Environmental and Social Assessment**

Compliance towards Environmental Laws of the respective SAARC Member States.

#### **Legal Assessment**

To understand the project proposal w.r.t legal framework of the respective SAARC Member States.

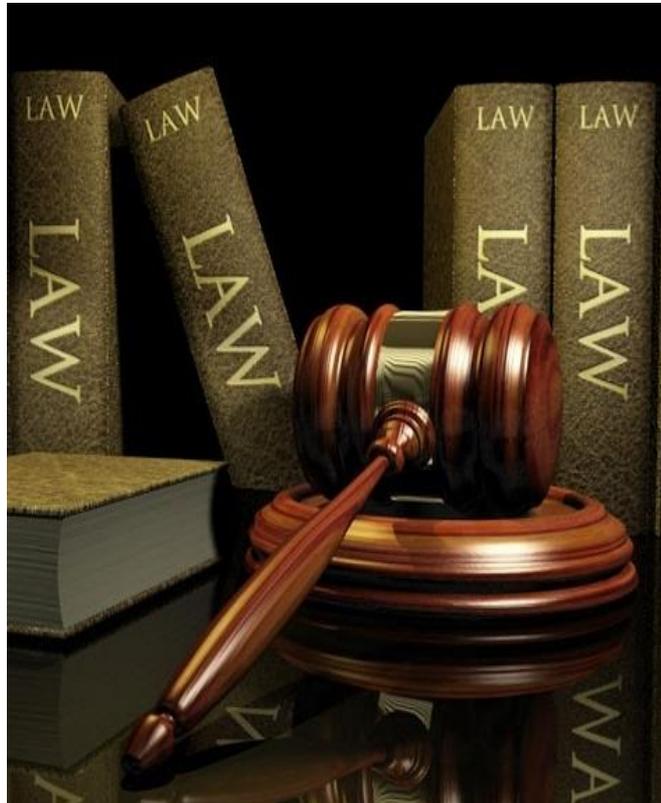
#### **Risk Assessment**

Exposure Risk, Interest Rate Risk, Country Risk, Currency Risk, Market Risk, Operation Risk, Default Risk, Liquidity Risk, Sustainability Risk.



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## LEGAL ASPECTS





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## WHAT WE DO in LEGAL DEPARTMENT

1. Management of SDF project financing agreement.
2. Management of legal aspects of SDF funded projects.
3. Provide inputs/ advice on Legal or Regulatory issues.
4. Provide legal protection and risk management advice.
5. Ensure legal compliance.
6. Continuously monitor compliance with statutory obligations.



## Legal Services



## LEGAL ASPECTS of SDF LENDING & GRANTS

SAARC Development Fund (SDF) has been created under a Charter ratified by the Parliament of eight Member States. As an “Umbrella Financial Mechanism” for all SAARC projects and programmes; SDF has the Legal Authority to lend under Economic and Infrastructure Window and provide grants under Social Window.

### Governing laws:

1. Member State Laws
2. SDF Rules, SDF By – Laws, SDF Charter





## FUND MOBILIZATION, CO-FINANCING in SDF BYE-LAWS AND CHARTER

**As per SDF Bye-laws {Section 10(1)(vi)}**, the Infrastructure Window should, as far as possible finance projects in collaboration with national, regional and international agencies to maximize development impact.

**As per Article 7 (2) of SDF Charter**, the fund may mobilize and generate funds both within and outside the SAARC region. It may obtain technical and/or financial support from UN agencies, multilateral/regional funds and other non-regional partners as approved by the Governing Council

### **As per Article 2 of SDF Charter**

To implement its objectives, the Fund shall have the following functions:

- (i) Identify, study prospects and approve projects;
- (ii) Finance approved projects in SAARC Member States;
- (iii) Leverage funding; arrange and mobilize financing and/ or co-financing projects;
- (iv) Provide grants for projects of strategic importance to SAARC;
- (v) Provide financial and technical assistance; and
- (vi) Management of the Fund.





## LEGAL DOCUMENTATION

### Documentation:

SDF has robust but simple legal documentation and due diligence process. We have developed documentation to cover our loans or grants and established forms and agreements.

### Some of our documents:

- ✓ Project Finance Agreement
- ✓ Facility Agreement
- ✓ Loan Agreement
- ✓ Security Documents



**LEGAL  
DOCUMENTS**

#### Purposes of Documentation

- It's required by LAW!!!
- Keep track of activities.
- Create legal documents.
- Provide a historical record.

*Keep in mind, after the product is distributed to the customer, what remains with us is documents.*

Cost for Poor/No Documentation



Cost for Good Documentation





## DISPUTE RESOLUTION MECHANISM

### Management of Settlement of Dispute

In the event of any disputes that arises, the settlement proceedings will be executed as below –

- a) The parties will attempt in good faith to resolve such dispute. If the dispute cannot be otherwise resolved, the parties shall consider settling disputed through arbitration under the provisions of SAARC Arbitration Council.





## MISSION

To make SDF the most professionally managed, vibrant and strategic regional financial/funding institution in the SAARC Member States



## ACTION FOR FUTURE

1. Funding of projects for activation of Economic and Infrastructure windows.
2. Activation of Micro Small Medium Enterprise Program.
3. Activation of Social Enterprise Development Program.
4. Fund mobilization and co funding of projects.
5. Collaboration and Strategic alliance with Financial Institutions for co-funding of projects.
6. External Rating of SAARC Development Fund.
7. Fund raising at later stage through Capital market.
8. Implementation including Action Plan and taking initiatives based on Strategic Plan of SDF 2022.



SAARC Development Fund

*THANK YOU*